



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #658

### Public Library System Aids (DPI -- Administrative and Other Funding)

[LFB 2023-25 Budget Summary: Page 513, #20]

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#### CURRENT LAW

Public library systems receive state aids in order to supplement public library services provided by local and county funds. In 2022-23, public library aid totaled \$20,013,100 SEG from the universal service fund.

The state segregated universal service fund (USF) receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers. The USF currently funds universal telecommunications services programs under the Public Service Commission (PSC); the telecommunications access program under the Department of Administration (DOA); BadgerLink, Newsline for the Blind, and public library system aid under DPI; and BadgerNet under the University of Wisconsin (UW) System. Total USF appropriations are budgeted at \$48.2 million in 2022-23. The PSC modifies assessments each year to reflect appropriation levels and unappropriated assessments.

#### DISCUSSION POINTS

1. Public library systems were created by the Legislature in 1971 in order to improve and extend public library services, promote resource sharing among libraries, and increase access to library materials and services by the state's residents. Serving a specific geographic region, each system provides special services and programs not offered by municipal and county libraries individually. Currently, there are 16 library systems serving all 72 counties and every state resident. Library systems receive state aids for coordination and supplementation of services beyond what could be provided by county and local funds.

2. Library systems do not oversee the administration of local libraries, which remain

autonomous in regard to local services and operations. Municipal funds support the costs of providing basic library services at a municipal library to residents who pay taxes for library services. A county board may provide funds to individual municipal libraries or to public library systems. County funds, which must be provided under current law, are most commonly used to provide library service or access to it for county residents not residing in a municipality that operates its own library. Counties may also provide services themselves through county libraries.

3. State aids are distributed according to a statutory formula based on the amount of state aid each public library system received in the prior year. State funds are intended to fund system services that are required by statute. Such services include interlibrary loans, reference referral, continuing education, services to users with special needs, resource library services, collection development, and multi-type library cooperation. However, systems also have the authority to develop programs that meet area needs and support such programs with state aid. Each system must provide DPI with an annual report and a proposed service plan as a condition of receiving aid, and state statutes require DPI to conduct an annual audit to ensure that no more than 20% of state funds are used for administrative purposes.

4. Prior to 2003 Act 33 (the 2003-05 biennial state budget), public library aids were fully funded with general purpose revenue (GPR). Under Act 33, a supplemental public library aid appropriation was created, funded with USF moneys. Public library systems were funded from a combination of the two appropriations through 2008-09. Under 2009 Act 28 (the 2009-11 biennial budget), the GPR appropriation was deleted and the SEG appropriation was increased, becoming the sole funding source for state aid to library systems.

5. One-time funding of \$500,000 SEG in 2017-18 and \$1,000,000 SEG in 2018-19 was provided under 2017 Act 59 as a result of a corresponding decrease in funding for the Technology for Educational Achievement (TEACH) program under DOA. TEACH provides eligible entities, including public libraries, with access to the Internet and two-way interactive video services through rate discounts and subsidized installation of data lines and video links. The one-time funding is not part of the base for the 2019-21 biennium. However, the Legislature provided an additional \$1,000,000 SEG annually beginning in 2019-21 under 2019 Act 9, which maintained funding at the same dollar amount as under the one-time funding. A further increase of \$2,500,000 SEG in 2021-22 and \$4,000,000 SEG in 2022-23 was provided under 2021 Act 58.

6. Historically, state funding for public libraries has been indexed relative to total operating expenditures from local and county sources for all public library systems in the state. Prior to 2017 Act 59 (the 2017-19 biennial budget), state statutes required DPI to include in its agency budget request a request for additional funding for public library systems so that state aid would be equal to 13 percent of estimated prior year local and county expenditures. Act 59 eliminated that requirement.

7. The table below shows the level of state aid for public library systems between 2013-14 and 2022-23, as well as total operating expenditures from local and county sources and state aid as a percentage of local expenditures.

**State Aid to Public Library Systems, Local and County Expenditures, and Aid as a Percentage of Local and County Expenditures, 2013-14 through 2022-23  
(\$ in Millions)**

| <u>Fiscal Year</u> | <u>Appropriation</u> | <u>Local Expenditures*</u> | <u>Aid as a % of Prior Calendar Year Expenditures</u> |
|--------------------|----------------------|----------------------------|---|
| 2013-14            | \$15.0               | \$217.1                    | 6.9%  |
| 2014-15            | 15.0                 | 223.4                      | 6.7   |
| 2015-16            | 15.0                 | 232.1                      | 6.5   |
| 2016-17            | 15.0                 | 225.9                      | 6.6   |
| 2017-18            | 15.5                 | 243.7                      | 6.4   |
| 2018-19            | 16.0                 | 248.6                      | 6.4   |
| 2019-20            | 16.0                 | 254.9                      | 6.3   |
| 2020-21            | 16.0                 | 245.6                      | 6.5   |
| 2021-22            | 18.5                 | 248.6**                    | 7.4**   |
| 2022-23            | 20.0                 | 253.5**                    | 7.9**   |

\*Library expenditures are recorded on a calendar year basis; the expenditures shown for fiscal year 2013-14 are from calendar year 2013, the expenditures for fiscal year 2014-15 are for calendar year 2014, and so on.

\*\* Estimated.

8. It is estimated that the current level of state public library aid will equal 7.8% of local and county expenditures in 2023-24 and 2024-25. Assembly Bill 43/Senate Bill 70 included an increase of \$7,000,000 SEG annually above base level funding of \$20,013,100 SEG for public library system aid, but in a technical errata, the Department of Administration requested that the amount be reduced to \$5,000,000 SEG annually, the same amount as was included in DPI's agency budget request. This \$5 million increase would provide state funding equal to approximately 9.8% of local and county funding in the first year of the biennium and 9.7% in the second year. [Alternative 1] The bill reduces funding for the USF-funded TEACH program under DOA by \$5,254,000 in 2023-24 and \$5,532,800 in 2024-25, which would cover the cost of the increases provided to USF funded programs under DPI (including public library aid, funding for library service contracts, funding for BadgerLink and Newslines for the Blind, and funding for a new appropriation for Recollection Wisconsin).

9. The Wisconsin Library Association (WLA) has proposed an increase of \$2,000,000 in 2023-24 and \$4,000,000 in 2024-25. [Alternative 2] These amounts would provide state funding equal to 8.6% of local and county funding in 2023-24 and 9.3% of local and county funding in 2024-25. WLA indicated that additional state aid would be targeted to three priority areas: (1) workforce and economic development, including online courses and in-person resume and interview coaching and business plan development assistance; (2) information technology, such as providing wireless internet access, coding initiatives, and technology trainings; and (3) reading proficiency and lifelong learning, including providing STEM programs, summer reading programs, and creative learning labs for all ages to learn robotics, 3D modeling, and other skills.

10. If the Committee wishes to provide additional funding for library systems at a reduced

cost, the Committee could provide an increase of \$2,000,000 SEG in each year, which would fund an estimated 8.6% of local and county funding in each year. [Alternative 3]

11. The Committee could also consider providing additional funding totaling \$1,000,000 SEG in each year, which would fund an estimated 8.2% of local and county funding in each year. [Alternative 4]

## ALTERNATIVES

1. Provide an increase of \$5,000,000 beginning in 2023-24 above base level funding of \$20,013,100, which would fund an estimated 9.8% of local and county funding in 2023-24 and 9.7% in 2024-25.

| ALT 1 | Change to Base |
|-------|----------------|
| SEG   | \$14,000,000   |

2. Provide an increase of \$2,000,000 in 2023-24 and \$4,000,000 in 2024-25 above base level funding of \$20,013,100, which would fund an estimated 8.6% of local and county funding in 2023-24 and 9.3% in 2024-25.

| ALT 2 | Change to Base |
|-------|----------------|
| SEG   | \$6,000,000    |

3. Provide an increase of \$2,000,000 annually above base level funding of \$20,013,100, which would fund an estimated 8.6% of local and county funding in each year.

| ALT 3 | Change to Base |
|-------|----------------|
| SEG   | \$4,000,000    |

4. Provide an increase of \$1,000,000 annually above base level funding of \$20,013,100, which would fund an estimated 8.2% of local and county funding in each year.

| ALT 4 | Change to Base |
|-------|----------------|
| SEG   | \$2,000,000    |

5. Take no action.

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