

To: Montana State Library Commission
From: Karen Strege, State Librarian
Re: FY 2003 budget reduction
Date: August 20, 2002

Personnel reductions

This year, the shortfall in MSL's personnel services budget is \$50,000. We have achieved a \$28,000 reduction in the shortfall by leaving the Data Coordinator position vacant and reassigning these duties to staff members in administration and in the Library Development Department.

This afternoon, Kris and I met with Director Swysgood, from the Governor's Budget Office, and members of his staff. We asked the Director to assure us that \$22,000 would be available to MSL from the contingency fund at the end of this fiscal year to cover our shortfall. Director Swysgood reluctantly said that he could not assure us of this funding.

I believe that a reduction in force is necessary to eliminate the \$22,000 deficit in personnel services. We propose eliminating the position of clerical services assistant effective September 20, 2002. This RIF would save the agency \$18,288 in personnel costs. At this time, we believe that the additional deficit might be ameliorated by the usual, annual variations in our personnel costs due to requests for leave without pay and other status changes. I propose that the managers monitor personnel budgets closely and report the status of the deficit to the Commission at its December meeting.

We considered the use of voluntary furloughs to mitigate the need for a reduction in force. However, this action would not close the gap in the budget. The savings to the general fund if all staff members took a one-day furlough is only \$2,500. Also, only furloughs of staff who are funded through the general fund would help relieve the deficit. Furloughs by staff who are paid through the Resource Indemnity Trust (RIT), federal funding, or contracts would not help reduce the deficit.

I have sought to make up this shortfall by reviewing other budget items. As you know, the proposed 2/3 reduction of the agency's equipment budget, which funds library materials, was restored by legislative action. However, this restoration only allows @ \$60,000 in FY 03 for library materials, which is less than half of the FY 02 expenditures. We cannot eliminate any additional funds from this budget -- doing so would cause us to lose irreplaceable information for our clients, the state employees and officials of Montana, and Montana libraries.

The legislature also restored 25% of the 50% coal severance tax reduction proposed for MSL. However, all of the restored dollars fund the operations of Library Federations, an external program, and therefore, these dollars are not available to fund our shortfall.

Other major budget items, funded by the general fund, are fixed costs and cannot be reduced. In fact, 58% of our operations budget consists of these fixed costs.

Therefore, I conclude that a reduction in force is necessary. This reduction in force of this position will cause the following harm to agency clients:

- Materials will be shelved less often; causing delays in locating materials for clients and staff.
- Montana citizens will see delays in their receipt of loans from the state library, as this position is responsible for locating, copying, and sending these materials to other Montanans.

- Incoming new materials will wait longer to be processed and placed on the shelves for use by clients and staff.
- Materials to be withdrawn from the collections will wait longer on the shelves, making it more difficult for clients and staff to find the item they are looking for.
- Materials in need of repair will be unavailable for circulation for a longer period of time.

Management will reassign these duties to other staff. This produces more inefficiency as staff that are graded higher on the classification scheme will be required to perform duties that are considered appropriate for a lower grade.

Other reductions by Department

The following proposed reductions were required by 1% cut in general funds, the 25% in the Coal Severance Tax (CST), the Governor's executive order, and the 25% reduction in office supplies. Managers appropriated these cuts through the departments where they determined they would have the least impact. The Library and Information Services Department is hardest hit because its funding is from both CST and the general fund.

If you approve these reductions, we will present you with the revised statements at your October meeting.

Library and Information Service Department

Book Budget	59,932
Subscriptions	1,153
Communications	300
Supplies	11,174
Online budget	21,252
Travel	1,000
Total	94,811

Library Development Department

Federation grants	27,217
Ill Reimbursement	27,800
Travel	2,400
Communications	550
Legal/Printing	1,000
Supplies/Equipment	1,000
Total	59,967

Talking Book Library

Book Budget	2,500
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Supplies	1,368
Travel	1,000
Total	4,868

Administration

Supplies/equipment	4,631
Communications	3,000
Travel	2,000
Total	9,631

NRIS

Equipment	5,667
Contracted Services	1,121
Communications	4,000
Total	9,788

Grand total	179,065
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