

DRAFT

**MONTANA STATE LIBRARY (MSL) COMMISSION MEETING
1:00 P.M., AUGUST 31, 2017
HELENA, MONTANA
OR GOTOMEETING**

ATTENDEES:

Commissioners: Chairman Bruce Newell, Kenning Arlitsch, Connie Eissinger, Anne Kish, Aaron LaFromboise, and Ken Wall.

Elsie Arntzen excused.

Staff: Tracy Cook, Evan Hammer, Tom Marino online, Cara Orban online, Jennie Stapp and Kris Schmitz.

Visitors: Pamela Benjamin online.

Chairman Newell called the meeting to order at 1:02 p.m.

TEN PERCENT GENERAL FUND BUDGET REDUCTION PLAN:

State Librarian Stapp updated the Commission on a request from the Governor's Office to submit a ten percent budget reduction plan. For the Montana State Library (MSL) this amounts to \$221,129 in FY'18 and \$220,707 in FY'19. All agencies are asked to submit a plan for reducing their general fund budgets by ten percent by Friday, September 8, 2017. These plans will be shared with the Revenue and Transportation and Legislative Finance Interim Committees during the month of September.

The Governor's Office will review the plans and make a decision in late September/early October about how to implement the plans. This work is within the Governor's statutory authority. Budget Director Dan Villa has asked other agencies that fall outside of the Governor's statutory authority to voluntarily identify reductions.

Stapp reviewed the FY'18 Reduction Options. This spreadsheet details the budget cuts from House Bill (HB) 2 and Senate Bill (SB) 261 as well as their impacts on staffing and MSL's financial status.

Stapp reported that Leadership Team worked hard to develop an operations budget with remaining FY'18 funds that continues to meet the mandatory requirement for Maintenance of Effort required by the Institute of Museum and Library Services. If we cannot meet this requirement, it jeopardizes LSTA funding.

Stapp continued to review the FY'18 spreadsheet showing how the loss of funds has resulted in a 32 percent decrease in the number of staff. The document also reveals

that MSL has taken a 24 percent cut above and beyond that of the five percent cut required of other agencies in HB 2.

Stapp also pointed out that implementing SB261 created an additional \$180,000 of costs due to buyouts and paying for the costs created by closing the downstairs portion of MSL.

The overall impact of all of these cuts and the additional costs from implementing cuts has reduced the State Library's budget by \$861,461 on top of the five percent reduction in HB2 - a reduction of 30 percent.

Stapp reported that she and the other managers have reviewed the general fund budget. There is not much left. Fixed costs cannot be reduced, we have \$1.2 million left in personal services, and then \$191,000 in general operations. Stapp stated that she could not recommend layoffs. MSL is at bare bones. We have some flexibility with general operations but if we lose that money, we have no money for travel, no money for supplies, or even for the copiers. It would be a dire situation.

Stapp stated that we have tried not to pass our cuts onto the libraries, and that we have maxed out our usage of Coal Severance Tax funds which are projected and not guaranteed.

Commissioner Kish asked how much eliminating travel would save. Stapp reported that it was not much. We could wipe out the entire general operations budget and still not have enough for the ten percent budget cut. Fixed costs for rent have been reduced as of July 1. The Budget Office said the State Information Technology Services Division (SITSD) are reviewing their fixed costs, but Stapp did not think we would see a reduction in SITSD fixed costs.

Stapp's recommendation to the Commission was that she request a meeting with the Budget Office to present this information where she would propose that our \$180,000 of additional costs from SB261 as well as an \$80,000 general fund reduction be considered MSL's plan for the ten percent budget cut. She will offer the \$80,000 as a good faith recognition of the dire straits the state is in when it comes to revenue.

If the Budget Office refused to accept Stapp's proposal, she recommends wiping out operations and seeing if we have any vacancy savings in order to make up the remaining \$30,000 necessary to meet the ten percent budget cut. This plan would apply for FY'19 as well. Stapp stated that she saw a strong argument for MSL.

Commissioner Wall asked if there are any other options for handling the budget reductions such as furloughs or closing the library for a month.

Stapp reported that we are required by statute to be open Monday – Friday from 8-5, so we would need permission to close the library. Furloughs are hard on staff and do not generate much cost savings, because we still need to pay for benefits.

Commissioner Kish asked if State Librarian Stapp had already scheduled a meeting and how difficult would it be to get one before the deadline. Stapp responded that no, she has not scheduled a meeting. She was waiting for the Commission. If Stapp cannot meet with Director Villa, she can send the information and request electronically. The Budget Office would respond.

Commissioner Wall asked if there were any other options besides operations. Commissioner Newell responded that we would have to look at personal services. We would need to reduce MSL's FTE by another two people to make up the cut.

Stapp responded that doing so would cripple the divisions as there are so few general fund positions left. Schmitz stated that any positions left are critical. If we offer them up, their duties would have to be assumed by those who are remaining.

Commissioner Newell responded that the only place where we have enough FTE to make up the cut is the Digital Library, and that we are statutorily obligated to provide those services.

Stapp stated that she believed eliminating the operations budget, while difficult, would position the State Library to build up again after the next legislative session. Commissioner Newell reiterated that one of the principals of planning for the last round of cuts was that we leave enough for MSL to re-build.

Commissioner Arlitsch stated that Stapp made a strong case for the human condition of these budget cuts, but that the spreadsheet does not reflect that. He recommended showing the human impact in the documents that are sent to the Budget Office.

Stapp and Schmitz discussed the process and its limitations. We can submit a narrative, but we probably cannot submit visuals with our budget proposal. However, Stapp can send other documents electronically to the Budget Office. Commissioner LaFromboise volunteered to assist Stapp with an infographic showing the impacts of the budget cuts.

Commissioners asked about what would make up the difference if we zeroed out our operations, since we do not have enough in operations to address the full cut? Commissioner Newell did not think we could make up enough with vacancy savings.

Schmitz stated that we could finance the retirement buyouts over ten years at seven and three quarters percent. It would cost the state more in the long run, but it would help with the immediate issue of the cuts. This interest rate is in statute. We do not have to request permission. This is an option for agencies.

Motion was made by Commissioner Wall and seconded by Commissioner Arlitsch recommending that State Librarian Stapp present a case for making smaller cuts. The motion passed.

Commissioners, Stapp, and Schmitz discussed what would happen if our proposal was not accepted by the Budget Office. Stapp recommended a general fund hiring freeze and that we reduce operations to almost zero. She stated that cutting fixed costs is not an option, and that she recommended that we not pass along any resource sharing cuts to libraries as they are already suffering from the loss of state aid.

Commissioners Kish and Newell discussed timing of the plans and how best to give guidance to the managers without micromanaging them. Schmitz stated and Stapp agreed that we need to save staff as much as possible and that hearing the Commissioners state that fact would reassure staff.

Motion was made by Commissioner Wall and seconded by Commissioner Eissinger that MSL is at barebones with staffing, so the Commission directs the Leadership Team to start a ten percent budget reduction plan with operations and financing for retirement buyouts. Motion passed.

Stapp recommended that Commissioners and staff plan on attending federation meetings via GoTo Meeting. She also recommended that we consider having Commission meetings via GoTo Meeting.

Commissioner Newell stated that he believed this was a time that Commissioners needed to be present at meetings, and that as much as possible he is asking Commissioners to either ask their institutions to pay for their travel costs or pay for these costs out of Commissioners' pockets. He will send a memo to the Commission about travel and attendance at meetings.

PUBLIC COMMENT:

There was none received.

ADJOURNMENT:

The meeting adjourned at 2:03 p.m.