

# Nicolet Federated Library System (NFLS)

Trustee Training

June 2022





# Funding for Library Systems & Public Libraries

Where does the money come from?

# Funding for Library Systems

- Funding for each library system comes from:
  - Federal Funding
  - State Funds (State Aid)
  - Revenue from Services Provided
- Federal Funding:
  - Library Services and Technology Act (LSTA) grants for statewide or regional projects - <https://dpi.wi.gov/pld/lsta>
    - Priorities based on 5-year plan
    - Support for Division staff and programs such as WISCAT
  - During COVID additional funds included CARES Act and ARPA
    - <https://dpi.wi.gov/pld/cares-act-libraries>
    - <https://dpi.wi.gov/pld/arpa-libraries>

# Funding for Library Systems


- What makes up the State Funds?
  - Universal Service Fund
  - Additional allocations from the state budget
- How are the State Funds allocated between each of the 16 Library Systems?
  - Over 15 years ago, the funding formula for allocation was frozen. The funding levels at which the systems were at when the formula was frozen is now the base funding.
  - As state funding increases or decreases, each system's base is adjusted based on the percentage of increase or decrease in the overall budget.

# Funding for Library Systems

- Revenue Sources
  - Example: South Central Library System generates revenue from their statewide delivery.

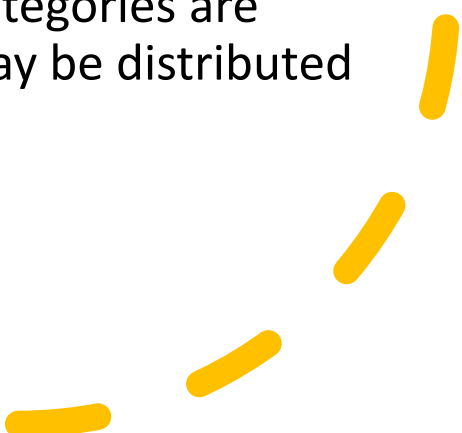
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# Funding for Public Libraries

- Funding for public libraries comes from:
    - Federal Funds
    - State Funds
    - Municipal Appropriations
    - County Appropriations (Act 150/420)
    - Fines and Fees
    - Carryover/Fund Balance
    - Donations/Grants
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# Funding for Public Libraries

- Funding for public libraries comes from:
    - Federal Funds
      - The Library Services and Technology Act (LSTA) program supplies seed money for projects that improve library services.
      - The Wisconsin LSTA program is administered by the Division for Libraries and Technology in the Department of Public Instruction.
      - Libraries can apply for grants in specific competitive categories. Other non-competitive categories are available to library systems, which may be distributed to member libraries.
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# Funding for Public Libraries

- Funding for public libraries comes from:
  - State Funds
    - While Wisconsin does not directly fund public libraries with State funds, library systems are operated with funds appropriated by the State, based on the library's system membership, and your library system may provide grants or project funds to member libraries.




# Funding for Public Libraries

- Municipal Appropriations
  - The bulk of the funding for most Wisconsin public libraries is provided by the municipality or county that established the library (or, in the case of a joint library, each of the municipalities).
  - These funds come from the municipal levy
  - Increases in the tax levy are restricted to net new construction which support all municipal services, not just the library.
  - Municipalities can exempt themselves from the county library tax if they tax themselves for library service at a higher tax rate than the county. [Wis Stats. 43.64(2)(b)]

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# Funding for Public Libraries

- County Appropriations (Act 150/420)
    - Under the County funding section of the law (WI SS Sec. 43.12), all counties are required to pay each public library in the county or in an adjacent county at least 70 percent of the cost of library services provided to residents of the county that do not maintain a public library.
      - The only exception to this requirement is counties with a population over 500,000.
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# Funding for Public Libraries

- County Appropriations
  - Home County (ACT 150)
    - In general, we are talking about payments *from* the County *to* individual libraries based on the usage of individuals that live in parts of the county that do not have a library.
    - Act 150 created county funding based on a formula that provided a baseline representation of library services. It was not meant to be dollar for dollar reimbursement but meant to be an equalization method for funding libraries in the state.
    - Prior to this, libraries were required to lobby County Boards for funding and it became a very political conversation. County funding therefore was inconsistent across the state.
    - Act 150 was intended to create a minimum for funding.

# Funding for Public Libraries

- County Appropriations
  - Adjacent Counties (Act 420)
    - What happened when a municipality crossed county lines? If a library spanned the border, they were able to get 70% from both counties. But other libraries were not be getting the same funding.
    - Act 420 was applied to your county and all adjacent counties that you touch to equalize the differences in funding across different counties.
  - Does the County payment to a municipal library for library services provided to non-residents of the municipality go to the library or the municipality's general fund?
    - To the library (League of WI Municipalities Libraries FAQ #2)

# Funding for Public Libraries

- Cost Calculations
  - Based on the total library operating expenditures, minus capital expenditures and expenditures of federal funds.
  - The cost per circulation is determined by dividing the total operating expenditures by the Total Circulation.
    - $\$437,908 / 130,597 = \$3.35$  (Sample library)

	100%	70%
• Barron – 101 items	= \$338.35	\$236.85
• Chippewa – 5,701 its	= \$19,098.35	\$13,368.85
• Price – 361 items	= \$1,209.35	\$846.55
• Sawyer – 4,605 items	= \$15,426.75	\$10,798.73
• Taylor – 2,913 items	= \$9,758.55	\$6,830.99
• Washburn – 5 items	= \$16.75	\$11.73

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# Funding for Public Libraries

- Cost Calculations
  - 70% is the minimum amount but some counties have increased it to 100%
  - Alternative formulas are permissible, but must meet the minimum funding level as defined by Statue Section 43.12.
  - Funding should be outlined in the County Library Plan.





# Funding for Public Libraries

- County Appropriations
  - Additional County funds can be used for other purposes such as capital projects, or county-wide services such as a bookmobile or delivery services.





# Funding for Public Libraries

- Fines & Fees
  - Under Wisconsin Statutes Section 43.52(2), public libraries may not charge fees for basic services (information-providing services).
  - Fees can be charged for such things as making computer printouts or using a copy machine.
  - Most fees, charges, and sales by public libraries may be subject to the Wisconsin sales tax and any county and special sales taxes.



# Funding for Public Libraries

- Fines & Fees
  - Fines may be a source of library revenue, but the practice of charging fines is the subject of debate in the library community.
    - Some argue that fines' effectiveness in recovering materials is questionable, the revenue stream is minimal compared to other sources, and fines can create ill feelings among borrowers, or discourage use of the library.
    - Others say that, without fines, patrons would not consistently return materials on time.
  - In establishing a fine policy, a library board should consider not only the possible revenue but also the potential negative public relations effects.

# Funding for Public Libraries

- Carryover/Fund Balance
  - Funds carried forward
    - Municipal appropriations or fines and fees revenue unspent from the prior year.
  - Under normal circumstances these funds should be nothing or very minimal.

# Funding for Public Libraries

- Carryover/Fund Balance
  - These funds should be budgeted for expenditure and not used to create a reserve.
  - 2006 Attorney General Opinion – In matter involving the City of Washburn
    - The authority of the library board to make budget transfers within the library budget and to carry forward unexpended funds is expressly granted under section 43.58(1), which provides that "[t]he library board shall have exclusive control of the expenditure of all moneys collected, donated or appropriated for the library fund..." and is necessarily implied from the provisions of section 43.58(4)...
    - "While a library board may not maintain unexpended monied a "generic" funds on hand, it may (indeed must) re-budget such funds for the following year."



- Donations/Gifts

- All persons wishing to make donations of property for the benefit of a public library may vest the title thereto in the library board, to be held and controlled by the board, when accepted, according to the terms of the deed of gift, devise or bequest.
- As to such property the board shall be deemed special trustees.
  - Who was the check made out to?  
Library or Friends group?



Funding for  
Public  
Libraries



## • Donations/Gifts

- Should not be viewed as a replacement for operational expenditures.
  - What was the purpose of the grant?
  - Specifying how the funds can be spent can protect it from municipality.
- Where will the funds be deposited (Sec. 43.58(7))?
  - Bank
  - Municipality
  - Community Foundation
- Yearly accounting of trust accounts are required for DPI Annual Report.



# Funding for Public Libraries

# Sources:

- IFLS Spring Webinar Series #2: Where Does the Money Come From? Wisconsin Public Library Funding with John Thompson (<https://iflsweb.org/knowledge-base/ifls-webinars/>)
- Library Director Orientation by John Thompson, IFLS
- ‘Wisconsin Library Ecosystem,’ Presented by Shannon Schultz (DPI), John Thompson (IFLS) and Jennifer Thiele (Assistant Professor at LSU), August 23, 2021, <https://www.wistrusteetraining.com/archive>.
- Trustee Essential 8: Developing the Library Budget (<https://dpi.wi.gov/sites/default/files/imce/pld/pdf/TE08.pdf>)
- Trustee Essential 9: Managing the Library’s Money (<https://dpi.wi.gov/sites/default/files/imce/pld/pdf/TE09.pdf>)