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**HOUSE OF REPRESENTATIVES
COUNCIL FOR SMARTER GOVERNMENT
ANALYSIS**

BILL #: CS/HB 1115

RELATING TO: Public libraries

SPONSOR(S): Council for Smarter Government and Representative Garcia and others

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) STATE ADMINISTRATION YEAS 4 NAYS 0
 - (2) TRANSPORTATION & ECONOMIC DEVELOPMENT COMMITTEE YEAS 15 NAYS 0
 - (3) COUNCIL FOR SMARTER GOVERNMENT YEAS 13 NAYS 0
 - (4)
 - (5)
-

I. SUMMARY:

The State Aid to Libraries program, in order to promote delivery of free library service to the residents of the state, provides operating grants to public libraries. These operating grants are established by law, and are capped at a maximum matching fund amount of 25 percent of the funds expended locally for the operation and maintenance of a public library. These funds go principally to county libraries, and currently, the only way (with one exception, see footnote #4 in Present Situation portion of this analysis) municipal libraries can receive funds is by entering into cooperative agreements with county libraries.

This Committee Substitute implements the statutory proposals recommended in the Department of State, Division of Library and Information Services' status report to the Legislature on improving the State Aid To Libraries grant program. This Committee Substitute:

- Makes municipalities eligible to participate in the State Aid to Libraries program and directly receive state funds;
- Requires each municipality that offers library service and receives operating grants to provide the same level of service to the residents of any other municipalities or unincorporated areas of the county receiving grant money, as a condition for grant eligibility;
- Effectively bars complete privatization of a local government's library operation (by providing that any county which does so cannot receive funds from the State Aid to Libraries program) ; and

This Committee Substitute does not appear to have a fiscal impact on state government. This Committee Substitute does not have a fiscal impact on the amount of funds local jurisdictions, in the aggregate, will receive. However, by enabling *additional* local jurisdictions to receive a share of a finite amount of state grant money, the amount *each* local jurisdiction will receive will be smaller. An *additional potential* fiscal impact to local governments is discussed under "Other Comments" section of this analysis.

THIS DOCUMENT IS NOT INTENDED TO BE USED FOR THE PURPOSE OF CONSTRUING STATUTES, OR TO BE CONSTRUED AS AFFECTING, DEFINING, LIMITING, CONTROLLING, SPECIFYING, CLARIFYING, OR MODIFYING ANY LEGISLATION OR STATUTE.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|--|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

The Committee Substitute does not support the principle of less government, in that it effectively bars privatization (as opposed to allowing piecemeal "out-sourcing") of a local government's library operation.

B. PRESENT SITUATION:

The Department of State, Division of Library and Information Services, administers the State Aid to Libraries program which provides operating grants to public libraries.¹ State operating grants are established by law, and are capped at a maximum matching fund amount of 25 percent of the funds expended locally for the operation and maintenance of a public library.² These funds go principally to county libraries,³ and currently (with one exception),⁴ the only way municipal libraries can receive funds is by entering into cooperative agreements with county libraries.

The 2001 Legislature⁵ required the Department of State, Division of Library and Information Services, to review the State Aid to Libraries program and determine any revisions that may be needed to encourage and improve the delivery of free library service to the residents of the state. The Division was specifically asked to explore the feasibility of extending the benefits of the State Aid to Libraries program to municipal libraries.

The Division hired a consulting firm with expertise in statewide library development and state aid programs to assist the Division in reviewing Florida's State Aid to Libraries program. The consulting team worked extensively with all segments of the public library community, and on December 17, 2001, the Division issued its report.⁶

¹ Pursuant to ss. 257.14-257.25, F.S.

² Section 257.17, F.S.

³ Section 257.17, F.S., provides that the grants go to the "single library administrative unit" designated by a county.

⁴ Section 257.17, F.S., added in 2000, provides that a municipality with a population of 200,000 or more that establishes or maintains a library is eligible to receive from the state an annual Operating Grant of not more than 25 percent of all local funds expended by the municipality during the second preceding fiscal year for the operation and maintenance of a library, under specified conditions. This is an exception provided solely to allow the City of Hialeah library to receive funds. According to the final staff analysis for CS/HB 337, (2001), ch. 2001-263, L.O.F., the City of Hialeah is the only city of the required population that is not incorporated into a consolidated county library system, tied to a county by an interlocal agreement, or part of a county public library cooperative.

⁵ CS/HB 337 (Chapter 2001-263, Laws of Florida).

⁶ *Improving The State Aid To Libraries Grant Program*, the Department of State, Division of Library and Information Services' status report to the Senate President and the Speaker of the House of Representatives, December 17, 2001.

According to the report, with the exception of the first year of grants in 1962-63, the appropriation has not been sufficient to meet the goal of the legislation (25 percent of matching funds). Consequently, available funds have been prorated among the eligible political subdivisions. The grant program, first enacted in 1961, is based on home rule and a state policy of encouraging the establishment and extension of library services to the residents of the state by providing an incentive grant program to counties. The Legislature reviewed and updated the State Aid to Libraries program in 1973, 1983 and 1992.

The report also notes that leading up to the revisions of the State Aid to Libraries program in 1992, the Department of State, Division of Library and Information Services conducted a review of the state assistance program which, when enacted by the Legislature, made substantial improvements. First, changes in the funding formula aided rural areas with limited financial resources in supporting public library services for their residents. Secondly, provisions were enacted and rules amended that made it more attractive for independent municipal libraries to establish and form county public library cooperatives and for poorer counties to establish multicounty library programs.

The report states that as a result of these changes, all 67 counties now meet the requirements to receive State Aid to Libraries. However, there are still 26 municipal libraries that do not participate in county or multicounty libraries and therefore do not receive State Aid.

Included in the report are a number of specific recommended statutory changes.

C. EFFECT OF PROPOSED CHANGES:

This Committee Substitute implements the statutory proposals recommended in the Department of State, Division of Library and Information Services' status report to the Senate President and the Speaker of the House of Representatives: *Improving The State Aid To Libraries Grant Program*, issued December 17, 2001.

The Committee Substitute makes all municipalities eligible to participate in the State Aid to Libraries program and directly receive state funds.⁷ The Committee Substitute also requires each municipality that offers library service and receives operating grants to provide the same level of service to the residents of any other municipalities or unincorporated areas of the county that receives operating grants, as a condition for grant eligibility. See Section-By-Section portion of this analysis for additional details.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends s. 257.17, F.S., making a number of changes, including:

- Making all municipalities eligible to participate in the state aid program and directly receive state funds;
- Requiring political subdivisions to employ a professional librarian as an eligibility requirement (currently required by rule);
- Eliminating the requirement that a library have an annual operating budget of at least \$20,000 from local sources;
- Requiring each eligible political subdivision in a county that offers library service and receives operating grants to provide the same level of service to the residents of any other political subdivision in the county receiving grants, as a condition for grant eligibility;

⁷ See footnote 4.

- Requiring that the administrative head of any library receiving these state funds must be an employee of the library (i.e., a municipal or county employee or official). This effectively prevents the administrator of these funds from being an employee of a privatized entity (nationally, some libraries are privatizing or "out-sourcing" their operations).
- Requiring at least one library outlet to be open for 40 hours or more each week;
- Requiring libraries to have a long-range plan, annual plan of service, and an annual budget as conditions for grant eligibility;
- Requiring that all libraries within a county that receive operating grants engage in joint planning for coordination of services;
- Repealing this section granting eligibility to municipalities with populations over 200,000 (under this bill, population is not a determinant of eligibility).

Section 2. Amends s. 257.191, F.S., revising current language, retaining the dollar for dollar local match requirement unless the requirement is waived for applicants from designated rural communities pursuant to s. 288.06561, F.S.⁸ The section also provides that initiation of a library construction project twelve months or less prior to a construction grant award will not affect the eligibility of an applicant to receive a library construction grant.

Section 3. Amends s. 257.23, F.S., allowing all eligible political subdivisions to receive warrants.

Section 4. Amends s. 257.23, F.S., aligning the December 1 document submission date with political subdivision budget development timelines; clarifying appropriate authority responsible for signing the application.

Section 5. Repeals s. 257.19, F.S., eliminating grants that were provided to assist newly formed county systems in meeting their non-recurring start-up costs. Since library service is available in all 67 counties, these grants are no longer needed.

Section 6. Provides an effective date of July 1, 2002.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

See Fiscal Comments section.

⁸ According to *Improving The State Aid To Libraries Grant Program*, the Department of State, Division of Library and Information Services' status report, at 11, this provides clarification to reflect that the required local match is dollar for dollar. Specified rural communities are exempted from state grant match requirements under legislation passed in the 2001 regular session. According to the report, this revision is necessary to accommodate that exemption and will make it easier for rural libraries to build or expand facilities.

2. Expenditures:

See "Other Comments" section of this analysis.

C. **DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

The Committee Substitute will effectively prevent any local government from choosing to employ a private sector corporation from operating that local government's library service. See "Other Comments" section of this analysis.

D. **FISCAL COMMENTS:**

This legislation makes all municipalities eligible for operating grants under the State Aid to Libraries grant program. Section 257.17, F.S. makes political subdivisions eligible to receive from the state *up to* 25 percent of local funds expended.

This legislative appropriation, to be divided among eligible local jurisdictions, varies annually. However, the amount appropriated has essentially never been enough to provide the maximum of 25 percent. According to figures provided in the Department of State's fiscal analysis of this bill, the match in FY 2001-02 is 9.18 cents on the dollar (from an appropriation of \$32.4 million). The Governor has proposed appropriating approximately \$25 million for 2002-03 for the State Aid to Libraries grant program. Under the Governor's proposal (and without including funding for the municipalities), the match could drop as low as 4.32 cents.⁹ The House proposed General Appropriations Act provides \$30.25 million for 2002-03 for the State Aid to Libraries grant program. Under the House proposal (and without including funding for the municipalities), the match would be approximately 7.51 cents.

The provisions of this Committee Substitute will not provide more revenue, or require more expenditure, so far as state funds are concerned. Nor will the Committee Substitute lessen or increase the amount of money local jurisdictions, as a group, will receive. However, since the state grant money the local jurisdictions can receive, in the aggregate, is finite, by adding (as this Committee Substitute does) additional local jurisdictions as recipients of the money, the amount of funds each local jurisdiction currently receiving funds will receive will become smaller (since it will be split among a larger number of entities).

The Department of State estimates that up to 26 municipalities may be eligible to apply, but it is not clear how many would actually do so.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. **APPLICABILITY OF THE MANDATES PROVISION:**

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. **REDUCTION OF REVENUE RAISING AUTHORITY:**

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

⁹ Department of State fiscal bill analysis for HB 1115, February 5, 2002

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

The provision requiring that the administrative head of any library receiving the State Aid to Libraries program funds must be *an employee of the library* effectively prevents privatization of a county or city's library operation. A representative of Library Systems and Services Inc., at the February 26, 2002, meeting of the Council for Smarter Government, strenuously objected to the provision, and asserted that by creating such a requirement, local governments would be barred from choosing to employ a private company to operate their library, even if privatization would mean a substantial savings to the local government.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On February 26, 2002, the Council for Smarter Government made the bill a Committee Substitute, engrossing the two amendments discussed below.

On February 7, 2002, the House Committee on State Administration adopted one amendment, which is traveling with the bill. The amendment provides that the administrative head of any library receiving these state funds must be an employee of the library (i.e., a municipal or county employee or official). This effectively prevents the administrator of these funds from being an employee of a privatized entity (nationally, some libraries are privatizing or "out-sourcing" their operations). It is intended to assure accountability regarding the administration of state grant money.

On February 22, 2002, the House Committee on Transportation & Economic Development Appropriations adopted one amendment, which is traveling with the bill. The amendment provides that initiation of a library construction project twelve months or less prior to a construction grant award shall not affect the eligibility of an applicant to receive a library construction grant.

VII. SIGNATURES:

COMMITTEE ON STATE ADMINISTRATION:

Prepared by:

Gip Arthur

Staff Director:

J. Marleen Ahearn, Ph.D., J.D.

STORAGE NAME: h1115s1.sgc.doc

DATE: February 27, 2002

PAGE: 7

AS REVISED BY THE COMMITTEE ON TRANSPORTATION & ECONOMIC DEVELOPMENT
COMMITTEE:

Prepared by:

Staff Director:

Kurt Hamon

Eliza Hawkins

AS FURTHER REVISED BY THE COUNCIL FOR SMARTER GOVERNMENT:

Prepared by:

Council Director:

Gip Arthur

Don Rubottom
