

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 21 State Aid to Public Libraries
SPONSOR(S): Economic Expansion & Infrastructure Council, Davis and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 82

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Tourism & Trade</u>	<u>5 Y, 0 N</u>	<u>McGill</u>	<u>Hoagland</u>
2) <u>Economic Expansion & Infrastructure Council</u>	<u>14 Y, 0 N, As CS</u>	<u>McGill/Madsen</u>	<u>Tinker</u>
3) <u>Policy & Budget Council</u>	<u>27 Y, 0 N</u>	<u>Martin</u>	<u>Hansen</u>
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

CS/HB 21 amends the State Aid to Libraries grant program by revising eligibility criteria for multicounty and equalization grants. The bill revises the determination for and amount of multicounty base grants and changes the process for calculating equalization grants. The bill also limits the amount of equalization grants counties can receive under specified conditions. The bill changes the formula for equalization and multicounty grants which directs more of the State Aid appropriation to operating grants, benefiting counties of all sizes.

The bill does not have a fiscal impact on state government, as the bill only changes calculations affecting the distribution of State Aid funding that are appropriated in the General Appropriations Act. No additional funding is allocated.

The bill does have a fiscal impact on local governments. Under the new calculations based on FY 2007-08 funding levels and anticipated local effort, all but 4 counties would receive a slight (2%) decrease in funding. Transitioning counties will receive additional funding for a three year period. Some counties, with significant local effort, will have a reduction in funds due to the 10 percent cap for equalization grants under the new formula. In addition, one multicounty library will receive additional funds through the addition of a base funding eligibility for a two county service of \$50,000 in addition to the per capita funding allocation.

The bill provides an effective date of July 1, 2008.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House principles.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Public libraries are governed by chapter 257, F.S. Specific provisions for State Aid Grants to Libraries relating to this bill are provided in ss. 257.17, F.S., 257.171, 257.172, and 257.18, F.S. The State Aid to Libraries program was established in 1961 with the legislative intent to aid and encourage the establishment and development of free library services throughout the state by providing grants of state money to counties maintaining a free library or free library service.

The State Aid to Libraries grant program is comprised of three interrelated grants: operating, equalization, and multicounty grants. The funding provided by each grant is based upon local expenditures.

- Operating grants- awarded to any county or municipality that meets basic criteria for professional library service. Grants may not be more than 25 percent of all local funds expended by that political subdivision during the second preceding fiscal year for the operation and maintenance of a library.¹
- Equalization grants- awarded to county library systems that meet the requirements for operating grants but have limited financial resources to spend on libraries, thereby limiting their capacity to draw state operating grants.
- Multicounty grants- awarded to systems of two or more counties that have joined together to provide library service to their residents.

Total State Aid funding has remained at essentially the same level, \$32 million, since FY 2001-02. In FY 2001-02 State Aid was matching local expenditures at 9.18 cents per local dollar. This amount in FY 2006-07 has fallen to 4.6 cents per local dollar due to increased local expenditures. The proportion of total State Aid resources awarded for equalization grants over the past six years has steadily increased, due in part to the way the grant funds are calculated. The proportion of State Aid that has been awarded to equalization grants has increased from 11% of the total State Aid appropriation in FY 2000-01 to nearly 31% in FY 2007-08. Based on FY 2007-08 funding, under the current formula, operating grants total \$19,689,564 or 62%; equalization grants total \$9,915,823 or 31%; and multicounty grants total \$2,393,846 or 7%.

The current criteria for equalization grant eligibility in s. 257.18, F.S., is based on a county's value of a mill and the per capita local funds spent for library support in relation to the median for all counties in the state. The current formula does not limit the percentage of equalization grant funds that can be awarded to a single county, enabling a few counties to receive large grants, thereby reducing the funds available for operating grants that benefit all qualified libraries. The formula does not have a mechanism for a gradual phase-out for libraries that no longer qualify for the equalization grant, nor does it prevent counties from moving in and out of equalization grant eligibility from one year to the next.

¹ Section 257.17, F.S.

Library support is also provided by several other state and federal funding grants in addition to the three programs under the State Aid to Libraries. These include:

- Public Library Construction Grants provide state funding for the construction of public libraries. A dollar-for-dollar match is required for all construction grants. Grants are awarded from \$10,000 to \$500,000. During FY 2007-2008, \$5 million was awarded for 10 projects.
- Library Cooperative Grants provide state funding to multitype library cooperatives to assist them in meeting the educational and informational needs of Florida residents by encouraging and assuring cooperation among libraries of all types for the development of library service. Eligible multitype Library Cooperative organizations may apply for an annual grant of up to \$400,000. This program was funded at \$2.4 million in FY 2007-08.
- Library Services & Technology Act (LSTA) Grants is a federal grant program for libraries. It is a state based competitively awarded grant program with a broad mandate to use technology to bring information to people in innovative and effective ways, and to assure that library service is accessible to all. In FY 2007-2008, Florida received \$8,429,449.
- Community Libraries in Caring assists small, rural public libraries to improve library collections and services, improve adult and family literacy, and develop the economic viability in targeted counties and communities. The Florida Legislature determines the amount appropriated annually for the program. Applicants may apply for a grant of \$3,000 to \$10,000 per county or community. This program received \$100,000 in FY 2007-08.

Proposed changes

CS/HB 21 amends the State Aid to Libraries grant program by revising eligibility criteria for multicounty and equalization grants. The bill revises the determination for and amount of multicounty base grants and changes the process for calculating equalization grants.

The criteria used for awarding multicounty library grants found in s. 257.172, F.S., is amended to:

- Restrict multicounty grants to systems serving a population of 50,000 or more and that include at least one county that is eligible for an equalization grant;
- Establish a multicounty base grant of \$50,000 for systems serving two counties, which will come from the State Aid appropriation;
- Increase the multicounty base grant for systems serving three or more counties from \$250,000 to \$350,000, which will come from the State Aid appropriation if appropriations are increased from the FY 2007-08 amount by 3 percent.

The criteria used for awarding equalization library grants found in s. 257.18, F.S., is amended to:

- Limit equalization grants to only counties that received an equalization grant in FY 2007-08 and have been continuously eligible since that period.
- Determine the need for an equalization grant by using the county's operating millage or per capita income in relation to the average for all counties rather than by using the county's expenditures for library services.
- Establish a three year phase out from the equalization grants when a county becomes ineligible for an equalization grant.
- Limit the amount of equalization that can go to any single county, restricting the county to no more than 10% of the total amount required to fund equalization grants to all eligible counties.
- Provide a base level of funding for equalization grant funds.
- At the point where state aid increases beyond the base amount, a cap of 15 percent of all State Aid funds for operating, multicounty and equalization grants is established for the equalization grants.

Based on FY 2007-08 funding of \$31,999,233 and using the criteria established by this bill, operating grants will represent 65% of total aid, equalization grants will decrease to 28% of total aid, and multicounty grants will slightly increase to 8% of total aid.

Because of the cap placed on counties receiving equalization grants and due to some counties possibly entering the phase out provision, a decrease in funding may be realized by counties in the first year of the new formula. Actual funding amounts and eligibility for equalization grants will be determined based on applications submitted in October 2008. The funding counties receive from year to year varies depending on their local expenditures as well as their eligibility for an equalization grant. Over time the change in the formula will allow a greater proportion of State Aid to be awarded for operating grants as the number of counties receiving equalization grants is gradually decreased.

The chart below shows that, assuming FY 2007-08 appropriation levels and estimating local effort expectations, all but 4 counties would receive a slight (2%) decrease in funding in FY 2008-09 when compared to the current formula. However, when compared to actual funding received for FY 2007-08, some counties would receive an increase in funding and some would experience a decrease.

Counties transitioning off of an equalization grant will receive additional funding for a three year period. Counties that would have normally experienced an immediate zeroing out of their equalization grant under the current formula will receive more funds in FY 2008-09 under the new formula. For example under the current formula Clay County received \$2,123,553 in a equalization grant in FY 2007-08, but in the FY 2008-09 estimated grants it might not be eligible for an equalization grant and would receive only operating funding, and its portion of the equalization funding would be reallocated to all the other counties. In the proposed formula, Clay County would receive additional funds for three years under the provision for transitioning out of eligibility for equalization grants. Also, Nassau County will enter the three-year transition period. In the future, other counties will also receive an additional three years of transition funds as they lose eligibility for equalization grants.

Some counties, with significant local effort, will have a reduction in funds due to the 10 percent cap for equalization grants under the new formula. Hernando and Santa Rosa counties lose some funding due to the 10 percent cap for equalization grants under the new formula.

In addition, one multicounty library will receive additional funds due to base funding eligibility for a two county service of \$50,000 in addition to the per capita funding allocation.

	2007-2008 Final Grants With appropriation of \$31.99 million (Does not include 4% reduction)				2008-2009 Estimated Grants Based on appropriation of \$31.999 million using present formula				Estimates using base equalization of \$8,877,057 2008-2009 Estimated Grants Based on appropriation of \$31.999 million using proposed formula			
	OPERATING GRANT AFTER PRORATION	MULTICOUNTY GRANT	EQUALIZATION GRANT	TOTAL GRANT: OPERATING AND EQUALIZATION	OPERATING GRANT AFTER PRORATION	MULTICOUNTY GRANT	EQUALIZATION GRANT	TOTAL GRANT: OPERATING AND EQUALIZATIO	OPERATING GRANT AFTER PRORATION	MULTICOUNTY GRANT	EQUALIZATION GRANT	TOTAL GRANT: OPERATING AND EQUALIZATION
	ALACHUA	499,635	0		499,635	542,984	0		542,984	531,039	0	
BAKER	5,198	0	62,645	67,844	5,146	0	69,793	74,938	5,032	0	68,650	73,682
BAY	77,481	0		77,481	81,618	0		81,618	79,822	0		79,822
BRADFORD	17,669	0	425,180	442,849	14,920	0	404,072	418,992	14,592	0	397,456	412,048
BREVARD	697,985	0		697,985	718,135	0		718,135	702,338	0		702,338
BROWARD	2,517,523	0		2,517,523	2,469,387	0		2,469,387	2,415,065	0		2,415,065
CALHOUN	6,229	0	151,482	157,710	7,031	0	192,449	199,480	6,876	0	189,298	196,174
CHARLOTTE	130,981	0		130,981	124,889	0		124,889	122,142	0		122,142
CITRUS	110,289	0		110,289	140,806	0		140,806	137,709	0		137,709
CLAY *	105,971	0	2,123,553	2,229,524	144,590	0		144,590	141,410	0	873,170	1,014,579
COLLIER	320,886	0		320,886	279,502	0		279,502	273,354	0		273,354
COLUMBIA	26,383	0	615,787	642,170	28,825	0	757,202	786,026	28,191	0	744,803	772,993
DESOTO	5,492	0	64,789	70,281	7,854	0	104,278	112,133	7,682	0	102,571	110,252
DIXIE	4,589	0	55,467	60,056	5,425	0	73,809	79,234	5,306	0	72,600	77,906
DUVAL	1,193,413	0		1,193,413	1,272,826	0		1,272,826	1,244,826	0		1,244,826
ESCAMBIA	161,609	0		161,609	181,041	0		181,041	177,058	0		177,058
FLAGLER	38,605	0		38,605	43,139	0		43,139	42,190	0		42,190
FRANKLIN	7,405	0	83,008	90,413	8,101	0	102,201	110,301	7,922	0	100,527	108,450
GALDSEN	19,211	0	457,631	476,842	15,888	0	425,977	441,865	15,539	0	419,002	434,541
GILCHRIST	3,029	0	36,611	39,640	3,797	0	51,655	55,452	3,714	0	50,810	54,523
GLADES	2,566	0	30,967	33,533	1,453	0	19,727	21,180	1,421	0	19,404	20,825
GULF	6,132	0	70,966	77,098	6,190	0	80,631	86,821	6,054	0	79,310	85,364
HAMILTON	8,844	0	213,335	222,179	7,805	0	211,895	219,700	7,633	0	208,425	216,058
HARDEE	7,604	0	90,292	97,896	7,341	0	98,102	105,443	7,179	0	96,496	103,675
HENDRY	22,933	0	264,950	287,883	23,146	0	300,976	324,123	22,637	0	296,048	318,685
HERNANDO	103,109	0	990,761	1,093,870	99,027	0	1,070,960	1,169,987	96,849	0	873,170	970,018
HIGHLANDS	40,428	0	433,182	473,610	27,802	0	335,285	363,087	27,190	0	329,795	356,985
HILLSBOROUGH	1,506,300	0		1,506,300	1,394,680	0		1,394,680	1,364,000	0		1,364,000
HOLMES	3,821	0	46,403	50,223	5,061	0	138,364	143,424	4,950	0	136,098	141,047
INDIAN RIVER	167,960	0		167,960	163,007	0		163,007	159,421	0		159,421
JACKSON	12,819	0	152,671	165,490	11,267	0	151,025	162,291	11,019	0	148,552	159,570
JEFFERSON	5,437	0	131,711	137,148	5,398	0	73,598	78,996	5,280	0	72,392	77,672
LAFAYETTE	5,398	0	131,573	136,971	5,197	0	142,584	147,782	5,083	0	140,250	145,333
LAKE	291,147	0		291,147	316,843	0		316,843	309,873	0		309,873
LEE	1,087,058	0		1,087,058	1,027,168	0		1,027,168	1,004,572	0		1,004,572
LEON	241,712	0		241,712	233,071	0		233,071	227,944	0		227,944
LEVY	7,876	0	91,944	99,820	7,777	0	102,176	109,953	7,606	0	100,503	108,109
LIBERTY	2,592	0	63,181	65,773	2,947	0	80,845	83,792	2,882	0	79,521	82,403
MADISON	8,892	0	214,786	223,678	7,623	0	207,265	214,888	7,456	0	203,871	211,326
MANATEE	252,931	0		252,931	263,060	0		263,060	257,273	0		257,273
MARION	232,650	0		232,650	285,608	0		285,608	279,325	0		279,325
MARTIN	204,172	0		204,172	158,164	0		158,164	154,685	0		154,685
MIAMI-DADE	2,142,968	0		2,142,968	2,892,419	0		2,892,419	2,828,791	0		2,828,791
MONROE	105,494	0		105,494	105,280	0		105,280	102,964	0		102,964
NASSAU **	46,881	0	484,295	531,176	40,123	0	466,505	506,628	39,240	0	476,365	515,605
OKALOOSA	140,031	0		140,031	158,281	0		158,281	154,799	0		154,799
OKEECHOBEE	11,217	0	130,708	141,925	13,713	0	179,853	193,567	13,412	0	176,908	190,320
ORANGE	1,142,801	0		1,142,801	1,436,597	0		1,436,597	1,404,995	0		1,404,995
OSCEOLA	290,100	0		290,100	310,428	0		310,428	303,599	0		303,599
PALM BEACH	1,267,309	0		1,267,309	1,368,642	0		1,368,642	1,338,535	0		1,338,535
PASCO	277,469	0		277,469	287,519	0		287,519	281,195	0		281,195
PINELLAS	1,149,113	0		1,149,113	1,107,513	0		1,107,513	1,083,150	0		1,083,150
POLK	351,640	0		351,640	388,026	0		388,026	379,490	0		379,490
PUTNAM	22,047	0	248,790	270,838	30,729	0	390,275	421,003	30,053	0	383,884	413,937
SAINT JOHNS	173,408	0		173,408	185,971	0		185,971	181,880	0		181,880
SAINT LUCIE	177,024	0		177,024	176,918	0		176,918	173,026	0		173,026
SANTA ROSA	76,679	0	759,349	836,029	94,003	0	1,047,741	1,141,744	91,935	0	873,170	965,105
SARASOTA	421,563	0		421,563	411,115	0		411,115	402,071	0		402,071
SEMINOLE	226,472	0		226,472	251,765	0		251,765	246,226	0		246,226
SUMTER	44,073	0	485,257	529,330	43,292	0	536,473	579,765	42,340	0	527,688	570,028
SUWANNEE	16,353	0	387,898	404,250	14,158	0	188,989	203,147	13,846	0	185,894	199,741
TAYLOR	10,675	0	127,306	137,981	10,288	0	138,085	148,373	10,062	0	135,824	145,885
UNION	4,125	0	100,533	104,657	3,550	0	97,382	100,932	3,472	0	95,787	99,259
VOLUSIA	550,088	0		550,088	705,157	0		705,157	689,645	0		689,645
WAKULLA	9,028	0	107,181	116,209	10,163	0	135,806	145,969	9,940	0	133,582	143,522
WALTON	31,194	0		31,194	36,830	0		36,830	36,020	0		36,020
WASHINGTON	6,813	0	81,631	88,444	6,425	0	86,653	93,079	6,284	0	85,234	91,518
Various Municipalities	823,035			823,035	867,632			867,632	848,545			848,632
Multicounty		2,393,846		2,393,846		2,424,526		2,424,526		2,474,526		2,474,526
Totals	19,689,564	2,393,846	9,915,823	31,999,233	21,112,077	2,424,526	8,462,631	31,999,234	20,647,650	2,474,526	8,877,057	31,999,233
Percent of Total	62%	7%	31%	100%	66%	8%	26%	100%	65%	8%	28%	100%

The FY2008-2009 estimates were calculated using estimated expenditures submitted in December 2006. The grant amounts and possibly eligibility for equalization grants will change once the actual certified expenditures are submitted in October 2008.

The FY2008-2009 estimates using the base equalization amount from 2006-2007 require that the Equalization grants be pro rated because the total equalization amount for which counties qualified for (\$9,024,827) exceeds the equalization cap of \$8,877,057.

* Using the current formula and estimated expenditures Clay County does not qualify for Equalization in FY2008-09. They do qualify for Equalization under the proposed formula.

** Using the current formula and estimated expenditures Nassau County qualifies for Equalization in FY2008-09. They do not qualify for Equalization under the proposed formula and would begin phasing out of Equalization. The proposed formula stipulates that a library that is in the first year of phasing out of Equalization receives the same amount as the prior year.

The bill also eliminates the reference that the Chief Financial Officer shall issue warrants to the eligible political subdivisions. This is reflected in current practice and is seen as removing an unnecessary reference to the current practice.

C. SECTION DIRECTORY:

Section 1: Amends section 257.172, F.S., changes the determination and base grant for multicounty grants.

Section 2: Amends section 257.18, F.S., changes the process for determining eligibility for equalization grants, limits the amount of equalization grant funds that can go to any one county, and provides a maximum amount of State Aid that can go to equalization grants.

Section 3: Amends section 257.22, F.S., removes the provision that the Chief Financial Officer shall issue warrants to the eligible political subdivisions.

Section 4: Provides an effective date of July 1, 2008.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None. The bill changes the formula for State Aid funding to be distributed if appropriated. It does not appropriate additional monies.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Assuming FY 2007-08 appropriation levels and estimating local effort expectations, all but 4 counties would receive a slight (2% decrease) in funding. Transitioning counties will receive additional funding for a three year period. Some counties, with significant local effort, will have a reduction in funds due to the 10 percent cap for equalization grants under the new formula. In addition, one multicounty library will receive additional funds through the addition of a base funding eligibility for a two county service of \$50,000 in addition to the per capita funding allocation. Specifically, Clay County would receive additional funds for three years under the new formula's provision for transitioning out of eligibility for equalization grants. Under the new formula Nassau County will enter the three-year transition period. This will result in a slight increase under the new formula's direction to provide the same funding as last year in the first transition year, based on the assumption that their local effort will be reduced from the previous year. In the future, other counties will also receive an additional three years of transition funds as they lose eligibility for equalization grants. Hernando and Santa Rosa counties lose some funding due to the 10 percent cap for equalization grants under the new formula.

2. Expenditures:

Expenditures by local governments will likely need to be adjusted to reflect the change in state revenues received by local libraries.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or take action requiring the expenditure of funds. This bill does not reduce the percentage of state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

CS/HB 21 makes revisions in criteria for library multicounty and equalizations grants. This will prove to level the playing field and provide equality in funding for those counties that receive state aid for their public libraries. Although in all but 4 counties state aid will decrease by 2%, those counties that are not adequately funded will receive more monies, and those counties who are transitioning out of eligibility will receive three years of funding to compensate for the changes.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On January 24, 2008, the Committee on Tourism and Trade adopted an amendment that does the following:

- Corrects a technical error in the bill with the cap on the amount for equalization grants and clarifies how to factor in the cap of \$8,877,057 when the state aid appropriation does not fully fund equalization grants.