

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 200
 Ways and Means

(Delegate Hixson, *et al.*)

Budget and Taxation

Libraries - Funding - Public Libraries and Regional Resource Centers

This bill phases in enhancements to the formulas that fund public libraries over a four-year period. Beginning in fiscal 2007, the current \$12 per resident amount for the State library formula is raised by \$1 per year to reach \$16 by fiscal 2010. During the same four-year period, the current \$4.50 per resident State aid amount for libraries that act as regional resource centers is raised by \$1 per year to reach \$8.50 per resident by fiscal 2010.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$3.3 million in FY 2007 due to enhancements in State funding for libraries. Future year expenditure estimates reflect the phase-in of formula increases and projected increases in population. Revenues would not be affected.

(\$ in millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	3.3	6.6	10.0	13.6
Net Effect	\$0	(\$3.3)	(\$6.6)	(\$10.0)	(\$13.6)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: State aid through the library formula would increase by an estimated \$2.4 million in FY 2007 and by an estimated \$9.8 million in FY 2010. Funding for regional resource centers located in Charlotte Hall, Hagerstown, and Salisbury would increase by an estimated \$887,600 in FY 2007 and by an estimated \$3.7 million in FY 2010.

Small Business Effect: Minimal.

Analysis

Current Law: State funding for local libraries is calculated through the library aid formula. A total program cost for each county and Baltimore City, which is shared by the State and local governments, equals \$12 per county or city resident. The formula calculates a local share of the program cost using a uniform local contribution rate applicable to all jurisdictions, and the State pays the remainder of the program cost. The State pays approximately 40% of the total cost, although the percentage in any one jurisdiction depends on local wealth.

Regional resource centers may be established in at least three jurisdictions outside the major metropolitan areas of Maryland and must provide books, information, and other material and service resources that an individual library cannot provide adequately by itself. Each resource center must serve a region with a population of at least 100,000. The State provides \$4.50 per resident of the areas served by regional resource centers.

Background: The proposed fiscal 2006 State budget includes \$28.0 million for the library aid formula, an increase of approximately \$260,000 over the fiscal 2005 appropriation. **Exhibit 1** shows the funding Baltimore City and the counties are scheduled to receive under the formula in fiscal 2006. The funding formula was most recently enhanced by Chapter 575 of 1998, when the per resident amount used to calculate the formula was increased from \$9.25 in fiscal 1998 to \$12 in fiscal 2002.

Exhibit 1 State Library Formula Aid Proposed Fiscal 2006 State Budget

Allegany	\$626,684	Harford	\$1,231,030
Anne Arundel	1,735,771	Howard	634,236
Baltimore City	5,427,213	Kent	86,068
Baltimore	4,207,905	Montgomery	2,205,314
Calvert	330,436	Prince George's	5,496,826
Caroline	221,402	Queen Anne's	112,681
Carroll	789,937	St. Mary's	504,400
Cecil	533,756	Somerset	226,186
Charles	677,970	Talbot	83,208
Dorchester	198,588	Washington	889,393
Frederick	930,005	Wicomico	615,050
Garrett	148,882	Worcester	119,050

There are three regional resource centers in Maryland located in Charlotte Hall, Hagerstown, and Salisbury. The centers serve the Southern Maryland, Western Maryland, and Eastern Shore regions, respectively. The proposed fiscal 2006 State budget includes \$3.9 million for regional resource centers, as shown in **Exhibit 2**. Funding for the regional resource centers was most recently enhanced by Chapter 547 of 2000, which phased in increases in the State grant from \$1.70 per area resident in fiscal 2001 to \$4.50 per area resident in fiscal 2004.

Exhibit 2
State Funding For Regional Resource Centers
Proposed Fiscal 2006 State Budget

Southern Maryland (Charlotte Hall)	\$1,394,609
Western Maryland (Hagerstown)	1,082,309
Eastern Shore (Salisbury)	1,450,607

State Expenditures: General fund expenditures would increase by an estimated \$3.3 million in fiscal 2007, \$2.4 million for the library aid formula and \$887,622 for regional resource centers. By fiscal 2010, general fund expenditures would increase by an estimated \$13.6 million, \$9.8 million for the library aid formula and \$3.7 million for regional resource centers. Annual funding estimates are shown in **Exhibit 3**. The estimates assume statewide population growth of approximately 1.3% per year and population growth in the areas served by regional resources centers of approximately 1.7% per year.

Exhibit 3
Estimated Funding Increases
Fiscal 2007 to 2010

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
<u>Library Aid Formula</u>				
HB 200	\$30,746,378	\$33,527,717	\$36,378,072	\$39,299,559
Current Law	<u>28,381,272</u>	<u>28,738,043</u>	<u>29,102,457</u>	<u>29,474,669</u>
Increase	\$2,365,106	\$4,789,674	\$7,275,614	\$9,824,890
 <u>Regional Centers</u>				
HB 200	\$4,881,921	\$5,868,549	\$6,888,671	\$7,943,600
Current Law	<u>3,994,299</u>	<u>4,062,842</u>	<u>4,133,203</u>	<u>4,205,435</u>
Increase	\$887,622	\$1,805,707	\$2,755,468	\$3,738,165
 Total Increase	 \$3,252,728	 \$6,595,381	 \$10,031,083	 \$13,563,055

Local Fiscal Effect: Local revenues from State aid would increase by an estimated \$3.3 million in fiscal 2007 and by an estimated \$13.6 million in fiscal 2010, as discussed above. The additional State aid would support local libraries.

Increases in the per resident formula amount for the State library aid formula also increase the required local share of the program. However, every local jurisdiction currently exceeds the required local share by a substantial margin. The bill, therefore, would not directly impact local expenditures.

Additional Information

Prior Introductions: None.

Cross File: SB 421 (Senator Miller) – Budget and Taxation.

Information Source(s): Maryland State Department of Education, Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2005
ncs/rhh

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