

ACTION

AGENDA ITEM: Planning and Budget Report

RECOMMENDED MOTIONS FOR CONSIDERATION BY THE BOARD:

I move that the Library of California Board adopt the 2003/04 CLSA Budget as displayed in the chart entitled "Recommended 2003/04 CLSA Baseline Budget by Program" and that the aforementioned chart be included in the minutes of this meeting and that no other actions with respect to the 2003/04 CLSA Local Assistance Budget be taken at this time.

BACKGROUND INFORMATION:

With the passage of the 2003/04 California Budget at the beginning of August 2003, the Library of California Board's responsibilities have been modified.

- CLSA programs for loan reimbursement, statewide databases and public library systems continue to be funded under the Board's authority.
- The California Library Services Act (CLSA) has been modified by the deletion of the Adult Literacy and Families for Literacy programs from the Act. A new California Library Literacy and English Acquisition Services program which is under the authority of the State Librarian.
- The Library of California (LoC) Act continues in force but is unfunded. New language has been added to the act that specifies the "funding for the purposes of this chapter is contingent upon an appropriation being made for that purpose in the annual Budget Act."

The CLSA and LoC acts and regulations are included in the Board packet behind Tab 6.

STAFF RECOMMENDATION:

Given that the funding for the current CLSA programs are scheduled by the Department of Finance, the only necessary action for the Board to take at this

meeting is to approve the budget so that funds can be distributed (see Exhibit D). In the past, staff has tried to anticipate future CLSA activity and to ask the Board to consider options for budget changes. Last year, between the November and February meetings, both a midyear reduction and reductions in the Governor's Budget were proposed. With the current uncertainties about the State Budget, and the potential for midyear reductions, staff believes it is premature to speculate on options for 2004/05. Therefore, staff is recommending that the Board take action on the current year's budget and defer further discussion of the 2004/05 budget to the Board's February 2004 meeting.

BUDGET DOCUMENTS FOR DISCUSSION:

Included with this agenda item are copies of the following budget documents:

- Exhibit A: The Legislative Analysts Summary of the 2003/04 California Budget which provides an overview of the areas funded and impacted by budget cuts.
- Exhibit B: 2003/04 Final Budget Summary, published by the Department of Finance: sections containing the Summary of Budget totals, General Budget Summary Changes, and the sections of the Budget Act, Chaptered for the California State Library in Chapter 157, pages 465-468.
- Exhibit C: Department of Finance Budget Letter 03-33, September 5, 2003, requesting 2004/05 20-Percent Reduction/Elimination Proposals.
- Exhibit D: Recommended 2003/04 CLSA Baseline Budget by Program.

Included in the Board packet as Document 8 is the report from the CLSA Systems and the LoC Regional Library Networks that updates the Board on how programs are functioning and on the fiscal health of the systems/regions. A summary spreadsheet will be distributed at the Board meeting to assist with discussion of their responses.

Initial analysis reveals the following:

- 1. Library of California has not been funded for 2003/04.** Neither the existing statewide services nor the seven regional library networks are proposed for any continuing funding.

Since 1999, the LoC has developed and deployed regional and statewide services. However, because funding has never been provided to cover anything but planning, offerings of regional and statewide services have been hampered. Regions are now faced with the options of continuing operation without state funding, and determining whether or not they will

continue to exist. All regional library networks are 501(c)3 Not for Profit Organizations, so each has the ability to continue to exist if its board of directors supports continuance. A summary is included with Document 18, pages 2-3, on each region's status to continue as a network.

Statewide service development has been slow due to lack of funding for both development and implementation. While LSTA funds have been used to supplement development, they are not currently authorized for delivery of LoC statewide services. Included among these programs are interlibrary loan reimbursement, cooperative database purchasing, cooperative catalogs among libraries, reference referral services and other possible services which extend the capability of local libraries to serve their clientele. The services proposed for LoC would supplement and enhance those being delivered through CLSA systems.

2. Reductions occurred in state operations funding to the State Library's budget resulting in the loss of over 55 positions, and further reductions are anticipated for 2004/05.

The LoC Board is likely to be affected by state operations cuts both in 2003/04 and 2004/05. Staffing in Library Development Services has been reduced, and with a continuing hiring freeze, vacancies are unable to be filled. State-level administration is imposing increasing restrictions on travel funds, meetings for boards, and other expenditures in the current year that will likely reduce the ability of the Board to meet and for staff and the Board to travel at state expense. Travel cuts are also either announced or anticipated for the next fiscal year.

3. State funding for CLSA systems has decreased both in funds appropriated and the actual value of funds over time.

Funding for CLSA has been increased in the past as a result of budget change proposals (BCPs) being funded for increased services and functions or as a result of cost of living (COLA) increases. With the state eliminating funding for discretionary COLAs in the late 1980s, state funding for CLSA programs became stagnant. In 2002/03, system funding was reduced to \$2,850,000 from \$3,226,000 in 2001/02. In addition, the buying power of these funds has been reduced by close to 30% as allocations have remained steady in spite of increases in the cost of living.

At the Budget and Planning Committee meeting on October 15, 2003, Committee Chair Fred Gaines intends to conduct a discussion on the following issues:

- Strategies the Board might choose to take to address the continuing decline in funding for CLSA and LoC programs
- Activities individual Board members might undertake to assist in promoting these statewide and regional programs and services
- Development of a Board action plan and timeline to promote and preserve library services represented in the CLSA and LoC acts, and
- Consideration of the number and frequency of Board meetings needed to accomplish the Board's mission and goals.

Staff intends to support these discussions by reviewing the information provided in the packet, summarizing and analyzing information provided by the field, and providing an overview of the state budget and the state library's budget as of the time of the meeting.

RELATED ISSUE TO COME BEFORE THE BOARD IN THE FUTURE:

Discussion and consideration of Library of California and CLSA budgets following the release of the 2004/05 Governor's Budget in January 2004.

Relevant Committee: Budget and Planning

Staff Liaison: Diana Paque