

# FISCAL BRIEF



## STATE AID TO PUBLIC LIBRARIES

Samuel Christensen, Fiscal Analyst  
November 2, 2018

### FAST FACTS

- State Aid to Public Libraries equals \$12.1 million GF/GP in FY 2018-19.
- Statute directs State Aid through 5 grants primarily based on population.
- To fully fund the statutory formula would require an increase of \$3.1 million.
- Generally, State Aid annually makes up around 2-4% of total library income.
- Local libraries' primary income source is local millages—\$329.3 million or 78% of total income.

### INTRODUCTION

The Library of Michigan, housed in the Department of Education (MDE),<sup>1</sup> administers State Aid to Public Libraries (State Aid). The Fiscal Year (FY) 2018-19 appropriation was \$12.1 million, which makes up just 3% of total local libraries' income. To fully fund State Aid based on the statutory formula would take an additional \$3.1 million, or a total of \$15.2 million.

### STATE AID TO PUBLIC LIBRARIES: GRANTS

The State Aid to Public Libraries Act 89 of 1977 was enacted to supplement local and federal fund sources for libraries in Michigan. State Aid includes the following 5 grants, which are monitored by the State of Michigan Library for compliance and subject to proration based on available appropriations:

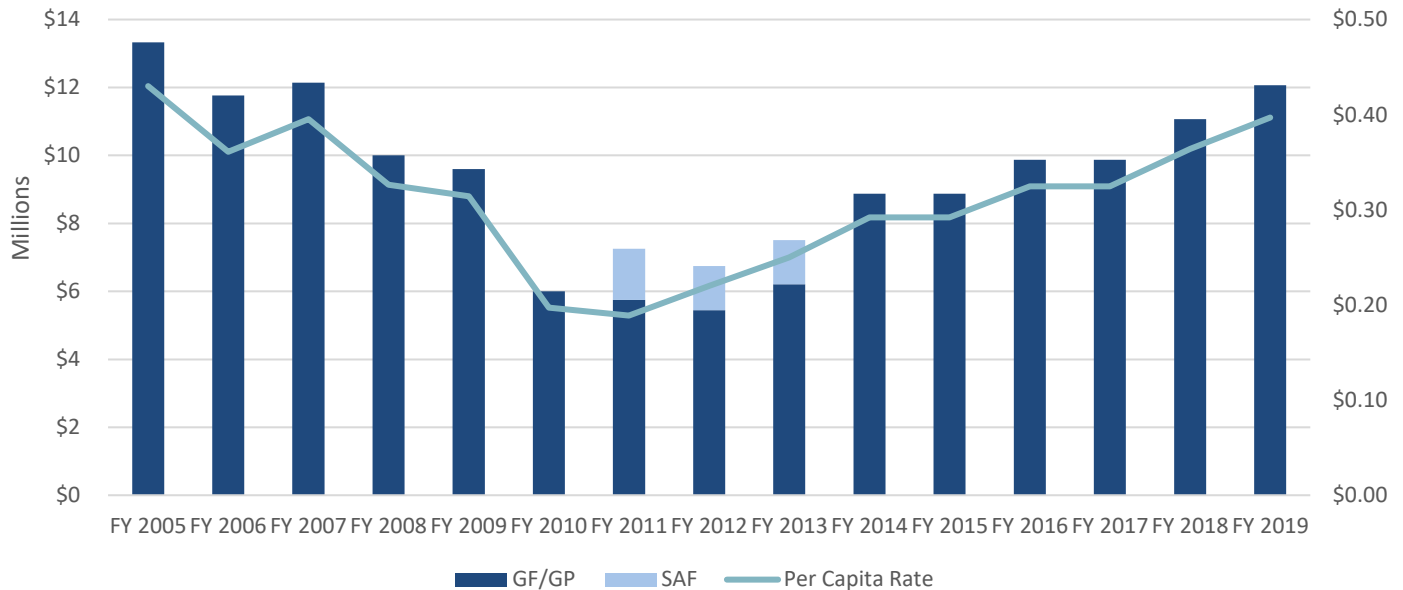
- **\$0.50 per capita to public libraries meeting minimum standards**
  - FY 2018-19 Prorated Rate: \$0.39689
  - Minimum standards: Lawfully established as a public library; maintain local support equal to 3/10 mill; meet personnel certification requirements set by Library of Michigan
- **\$0.50 per capita to public libraries for cooperative services**
  - FY 2018-19 Prorated Rate: \$0.39689
  - Cooperative services to member libraries to provide in-service training, centralized processing, materials, and other related services
- **\$0.50 per capita to Cooperative Libraries**
  - FY 2018-19 Prorated Rate: \$0.39689
  - Cooperative Library: 2 or more libraries that maintain minimum local support, participate in the development of cooperative library plans, loan materials to one another, and maintain an open door to state residents
- **\$10 per Square Mile for Cooperative Libraries Density Payment**
  - FY 2018-19 Prorated Rate: \$7.94 per square mile
  - Density Payment: requires fewer than 75 people per square mile
- **County Director Reimbursement: Capped at \$4,800**
  - FY 2018-19 Prorated Rate: Capped at \$3,811
  - County public library serving a population of 50,000 or fewer that meets required certification requirements

<sup>1</sup> The Library of Michigan was transferred to MDE as part of Executive Order 2009-36, which abolished the Department of History, Arts, and Libraries. [https://www.michigan.gov/formergovernors/0,4584,7-212-57648\\_21975-218074--,00.html](https://www.michigan.gov/formergovernors/0,4584,7-212-57648_21975-218074--,00.html)

## STATE AID TO PUBLIC LIBRARIES: APPROPRIATIONS

Each fiscal year, the state appropriation process establishes the amount for State Aid. [Figure 1](#) below displays a 15-year history of the appropriation. Since State Aid grants are based mainly on the state’s population and paid based on per capita rates, changes in the state’s population alter the appropriation necessary to fully fund grant awards.

**Figure 1: State Aid to Public Libraries FY 2004-05 to FY 2018-19**



State Aid to Public Libraries peaked in FY 2005 at \$13.3 million, which equated to a \$0.43 per capita rate, a density rate of \$8.69 per square mile, and a county director reimbursement of \$4,221. State Aid was reduced during the Great Recession, but has gradually increased since then. In FY 2018-19 State Aid equals \$12.1 million and is currently prorated, with a per capita rate of roughly \$0.40, a density rate of \$7.94 per square mile, and a county director reimbursement of \$4,810. Full funding would require approximately \$15.2 million.

## PUBLIC LIBRARIES’ OPERATING INCOME

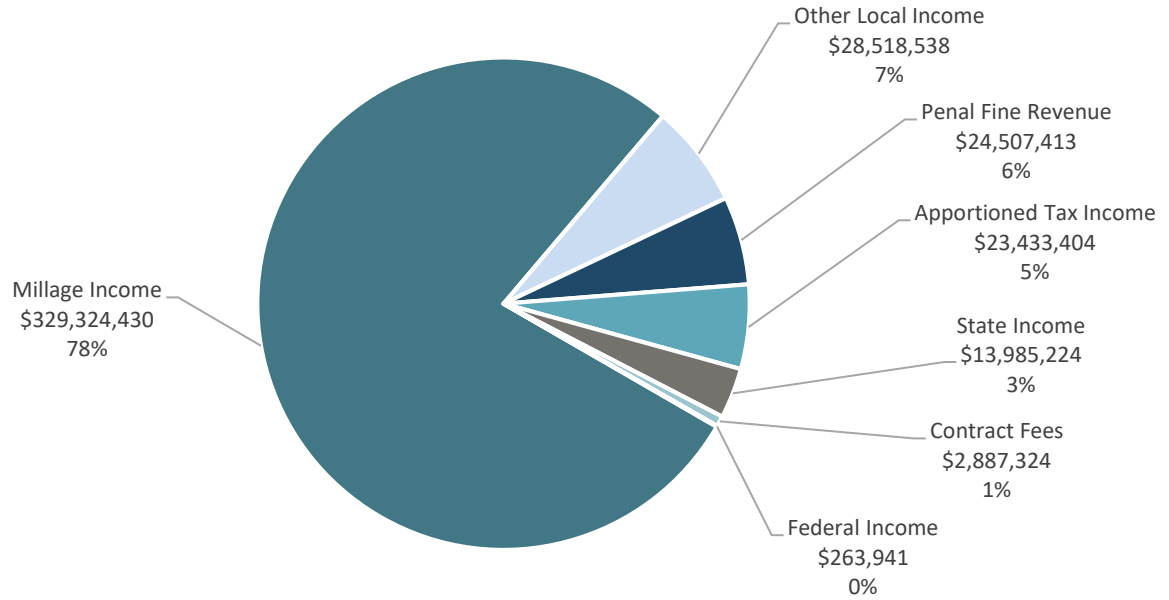
[Figure 2](#) depicts public libraries’ operating income, which was \$422.9 million in FY 2016-17.<sup>2</sup> Property tax millage revenue is the main revenue source for local public libraries at over three quarters of total funding. It’s followed by other local income, penal fine revenue, and apportioned tax income. Penal fine revenue, collected for violations of state penal laws, is constitutionally dedicated to public libraries.<sup>3</sup> Funding from the state is almost \$14.0 million or 3% of total operating income.

State Aid makes up the majority of state income at \$9.8 million. Additionally, the state reimburses local libraries for \$2.9 million in lost local tax revenue in Renaissance zones, which are areas in which businesses and residents receive certain tax exemptions from property taxes in exchange for economic development. Other small grants, reimbursements, or payments make up the remaining state income.

<sup>2</sup> FY 2016-17 is the most recent year for which data are available.

<sup>3</sup> Distribution of Penal fines: <https://courts.michigan.gov/Administration/SCAO/Resources/Documents/other/disttbl.pdf>

**Figure 2: Public Libraries' Operating Income**



**PUBLIC LIBRARIES' OPERATING EXPENDITURES**

Public Libraries' total expenditures were \$392.5 million in FY 2016-17, with almost two-thirds of expenditures spent on staff wages and benefits. Another quarter is spent on "other expenditures" including utilities, maintenance, repairs to equipment. The final 10% is spent on print materials, non-print materials including audio (books on tape and cds) and visual (tv shows, movies, and related items), and digital materials (platforms to retrieve e-books and e-journals and access to various databases).

**Figure 3: Public Libraries' Operating Expenditures**

