Budget projection of Service Models
Gold and Green

The following document is an attempt by the PLSR Funding Subcommittee to examine and project a budget for the two service models (Gold and Green) proposed at the June 8th meeting of the Steering committee and the CRC.

Model Gold Summary
Model Gold proposes to replace the current funding formula (43.24 (1) (a)) with the equity-based formula outlined in 43.24 (1) (c). It also recommends updating the current library systems standards of service and accountability structure.

Methodology
The budget spreadsheets for Model Gold were created using the following information from the model Gold document:

Following the work of the task force, legislative change would be sought to incorporate the recommended revised standards as well as to change the state’s library system aid funding formula as outlined below. This revised formula factors in shared revenue payments instead of local funding which addresses the equity issues that are a significant concern and stated goal of the PLSR project.

The current state aid to library systems formula in WI Stat. 43.24 (1) (a) would be replaced with the equity-based formula outlined in 43.24 (1) (c). Rather than wait for the 11.25% funding trigger as specified in the statute, the formula change could be implemented now through a narrow and specific legislative change. An analysis of state aid to library systems allocated for 2019 shows the new funding formula could be adopted at this time without loss of funding to any library system. Library systems in areas where inequity needs to be addressed would see their funding rise, while the funding of other systems would remain stable. For more information see: https://tinyurl.com/y74dutqm.

A robust 2019-2021 DPI budget request for increased public library system aid that sustains and builds upon the additional capacity realized in the 2017-2019 biennium would further help alleviate the equity issue.

ADDITIONAL CONSIDERATION: Include an incremental disincentive-funding factor that addresses library systems with fewer than 15 libraries to encourage library systems serving a small number of libraries to merge with another library system. The efficiency of a library system correlates to the number of libraries it serves.
Funding Proposal Demonstrated Using Equity Based Formula
A spreadsheet was created to demonstrate how the equity based formula from 43.24(1) (c) could
be implemented in a gradual way to prevent a decrease of funding to any library system. (see
Appendix *)

https://docs.google.com/spreadsheets/d/1aEkM3ckLd3ES6yhBNsIApAt8aiFKp0sKzsYv_CS0h
m0/edit#gid=3213143

The tab labelled “Original 2020-2023” demonstrates this. The first year (2020) has 45% of the
state aid distributed using the new formula and 55% using the current formula. This gradual shift
to the new formula assures that no system would have decreased funds in the first year. On this
tab, state aid is calculated through 2023 using the new formula with an increase in state aid for
each year.

Funding for 2017-2019 Using New Formula
The increase in state aid to public library systems in 2018 and 2019 is for those years only. In
order to demonstrate what would happen if state aid reverted back to the 2017 or 2018 levels or
stayed at the 2019 level with no increase, another study was done to show the distribution for
each year if the new formula were applied. The tab labelled “2017-2019 using new formula”
demonstrates this.

Funding for 2020-2023 Using Current Formula
For comparison sake, a study to show the current formula applied to the proposed increased state
aid for 2020-2023 was also done. The tab labelled “2020-2023 using current formula”
demonstrates this.

Comparison
The tab labelled “Comparison” shows the state aid for each year with the current formula applied
next to the state aid for the same year with the new formula applied. The exception is the year
2020 which has the combination of current and new formulas. This side-by-side comparison
demonstrates the effect of either the new formula or increased state aid on each system through
2023.

Summary
It is difficult to project a completely accurate budget for Model Gold. For example:

1) There are multiple possible scenarios given the uncertainty of legislative change to the funding
   formula, as well as any increase in state funding.
2) While an increase in State Aid is probable, it is unclear how those funds could be directed at any
   of the workgroup model recommendations.

Most, if not all, of the reports recommend additional services that would benefit all Wisconsin
libraries; for example, the Consulting portal, the ILL/ILS discovery layer, and the Digitization
office.
3) The cost of the Portal in the CE/Consulting report and the cost of the Centralized Resource library services center in the Resource Library Report are not given in either Workgroup; therefore their cost is unknown. This, however, this would be true for any structure model.

4) Since the work of the Workgroup Model teams is essential to any model going forward, the subcommittee looked carefully at the recommendations made by each workgroup and tried analyze how the structure might be able to support each recommendation.

   After consultation with the PLSR Funding subcommittee, it was determined that Model Gold did not specifically address any of the workgroup models in the report. Rather, it stated that a particular model recommendation could be implemented of the proposed framework.

   The subcommittee decided not to include any of the workgroup models in the proposed budget calculation.

The final budget number, therefore, was factored using the following:

- The 2017 budgets of each system (the year used for original funding report)

**Total Budget:** $27,023,922
Model Green Summary

Model Green proposes a structure of 6-8 regional service centers, along with a centralized office, providing library services to Wisconsin Libraries. The document uses 7 or 8 geographically based service centers, with no additional central office defined.

Methodology

In order to create a budget based on a hypothetical scenario as outlined by the Model Green document, work had to be done to define the physical service centers, as well as the central office and its services.

Since the document did not define the central office as a separate location, the budget created below assumed that the service center that served Dane County would also be the Central Office.

Taking the original funding documents created by the Funding committee, the group examined all costs expended by the Systems on a wide variety of expenses, including:

- Building costs including rent, utilities, insurance, maintenance, waste removal, and janitorial expenses
- Finance costs including legal fees, audit, finance fees, and bank fees
- General office costs including copier leases, office supplies, postage, printing costs, and telephone expenses
- Development costs including staff training, conferences, publications, and member dues
- Misc. Administrative costs when a category existed in a System budget

In every case, care was taken to separate out any expenses that were direct expenses to member libraries. For example, if the cost of postage was known to be for mailing ILL materials, it was not factored.

To derive at an amount used in the budget, the median cost of providing the service or the median cost of an item such as copier leases was factored.

Next, the Workgroup model budgets were factored into the structure, placing FTE in appropriate locations and increasing the size and cost of a building accordingly. For example, two of the seven service centers include in-house delivery. In each case, and in the case of the central office also being one of the delivery hubs, the cost of the building was increased substantially.
Budget Summary
The total budget of Model Green was composed of the following:

- Cost to provide the physical locations outlined in Model Green report
- Budget numbers proposed by all Workgroup reports
- Existing services currently provided by systems and paid for by a combination of funding sources including state aid, direct billing of libraries, outside revenue sources, and county funding
  - ILS services ($6,797,513.00)
  - Digital collections ($2,457,923.00)
  - Current resource library contracts ($751,889.00)
- Unknown Costs
  - CE/Consulting Portal
  - Central Resource Library Services (Resource Libraries workgroup model)

Total Budget:

- **Six Service Centers**  $29,049,514.08
- **Seven Service Centers**  $29,216,897.76
- **Eight Service Centers**  $29,384,281.44