

Sources of Library Funding

Final Report

Submitted in Response to
Laws of Minnesota for 1995, Chapter 212, Article 2, Section 13

Minnesota Library Planning Task Force

August 1996

**Minnesota Library Planning Task Force
Sources of Library Funding, Final Report**

For information or copies, contact:

Minnesota Higher Education Services Office
400 Capital Square
550 Cedar Street
St. Paul MN 55101

612/296-3974
800/657-3866
info@heso.state.mn.us

For the hearing impaired:
TTY Relay Metro 612/297-5353
TTY Relay Non-Metro 612/627-3529

This document can be made available in alternative formats by calling 612/296-3974.

This information may be reproduced. Please reference appropriately.

Minnesota Library Planning Task Force

Ken Behringer
Director
Great River Regional Library

John Berling
Dean of Learning Resource Services and
Director for Center for Information
Media
St. Cloud State University

Dennis Cabral
Associate to Senior Vice President for
Academic Affairs
University of Minnesota

Gayle Ann Collins
Northfield Public Schools

Bill DeJohn
Director, MINITEX

Lisa DeRemee
Minnesota Department of Finance

Tim Eklund
Superintendent
Rush City Public Schools

Janice Feye-Stukas
Acting Director
Office of Library Development and
Services
Department of Children Families and
Learning

Elaine S. Hansen
Commissioner
Department of Administration

Jeanne Gronquist
Cloquet, Minnesota

Michael Kathman
Director of Libraries and Media
College of St. Benedict/St. John's
University

Leslie Mercer
Director, Data & Programs Division
Higher Education Services Office

David Pratt
Deephaven, Minnesota

Robert Rohlf
Minneapolis, Minnesota

Marianne Roos
Director
Ramsey County Library

Jeffrey A. Scherer
St. Louis Park, Minnesota

David Schroeder
President
Dakota County Technical College

Thomas Shaughnessy
University Librarian
University of Minnesota-Twin Cities

Vicky Smith
President
Austin Community College

Minnesota Library Planning Task Force

VISION STATEMENT

All people in Minnesota will have access to a wide array of high quality library services and global information resources in a range of formats whenever, wherever, and however the information services are needed.

Therefore, the Library Planning Task Force values:

1. Minnesota library services that respond sensitively to users' locations, schedules, and other life circumstances;
2. Minnesota library services that are responsibly cost effective;
3. Minnesota library services that insure a richness of accurate and authoritative educational, cultural, and recreational information in all formats;
4. Minnesota library services that embrace creative collaboration between public and private entities enabling users access to seamless information resources;
5. Minnesota library services that are visionary in their use of technology to create an adaptable and expandable library network conforming to national and international information standards; and
6. Minnesota library services that empower users with skills to acquire new knowledge in the pursuit of lifelong learning.

Adopted July 12, 1995

Contents

Minnesota Library Planning Task Force

Vision Statement

Contents	1
Executive Summary	3
Introduction and Charge	11
Challenges: Minnesota Libraries in the Information Age	13
Traditions of Local Funding and Decision-Making	14
Variations in Funding	15
A Mobile Population	15
Acquisitions Cost Pressures	16
New and Emerging Information Technologies	17
Recommended State Strategies	19
Target state funds strategically to leverage efficient and thorough implementation of information technologies in order to improve cooperative access to library collections	20
Reinforce local responsibilities for providing adequate library services as part of a statewide effort.	22
Focus and strengthen library governance and administrative structures.	24
Include school library media centers in all state library initiatives	25
Identify new sources of library funding	27
Appendix A: Current Sources of Library Funding Summary	29
Library Funding from All Identified Sources	29
Local Decisions about Funding and Services Predominate	30
Most Libraries Receive Significant Funding from Local Users	31
Public Education and State Agency Library Operations Funded by General Appropriations	32
Limited Direct State Appropriations Support Library Cooperation	32
State Coordination of Library Resources is Divided	33
School Library Media Centers Lack Representation	33

Appendix B: Preliminary Report on Sources of Library Funding 35

Executive Summary

In this report, the Library Planning Task Force makes its recommendations on the structures of library funding in Minnesota. The 1995 Minnesota Legislature requested a review of funding sources in the light of the state's growing interest in strategically addressing information technology development.

Minnesota's libraries provide public access to information technologies and teach the skills necessary to use them. The challenge in the years ahead will be to leverage these organizations, largely funded and nurtured at the local level, so that they will be an effective and efficient part of a statewide information infrastructure.

Recommendations

Recommendations of the Task Force would implement five strategies to adapt library financing and decision-making structures to the state's changing information needs. These recommendations would lower barriers to library cooperation, provide incentives for libraries to collaborate and share resources, reduce disparities in library services, and enable all libraries to increase their efficiency through technology and cooperation.

Strategy 1. Target state funds strategically to leverage efficient and thorough implementation of information technologies in order to improve cooperative access to library collections.

The task force makes the following recommendations:

- **Invest additional state funds in the following information technologies that will benefit Minnesota residents regardless of the library they use (see page 21):**
 - ◆ **A statewide on-line library information system,**
 - ◆ **Statewide licenses for electronic data bases, and**
 - ◆ **Pilot projects to explore the potential of a statewide backup reference information referral network.**

- **Sustain state funding for existing programs which allow libraries to be cost-effective by working together and sharing resources (see page 21):**
 - ◆ **The Learning Network of Minnesota, a statewide information infrastructure,**
 - ◆ **Multicounty multitype library systems,**
 - ◆ **Regional public library systems,**
 - ◆ **Document delivery, including information in both electronic and physical formats, and**
 - ◆ **Cooperative collections management.**

Strategy 2. Reinforce local responsibilities for providing adequate library services as part of a statewide effort.

The Task Force makes the following recommendations:

- **Reduce disparities in funding for public libraries through equalization aid payments (see page 23).**

- **Require libraries which benefit from state-funded electronic resources to serve all Minnesota residents on-site (see page 23).**

- **Require post-secondary institutions to make arrangements with other libraries that serve their off-campus and distance education students (see page 23).**

- **Provide incentives for libraries to sustain their acquisitions budgets (see page 23).**

Strategy 3. Focus and strengthen library governance and administrative structures.

The Task Force makes the following recommendations:

- **Consolidate state library initiatives and responsibility for statewide leadership for library services in a new state agency, the Minnesota Library Commission, with the following functions (see page 24):**
 - ◆ **Assume current library-related responsibilities of the Office of Library Development and Services (now within the Department of Children, Families, and Learning) and the Higher Education Services Office,**
 - ◆ **Add state-level representation and leadership to allow school library media centers to become fully-functioning parts of the state's library resources,**
 - ◆ **Allocate state resources for electronic library materials and access,**
 - ◆ **Assist legislative committees that appropriate state funds for libraries in assessing the statewide impacts of their decisions, and**
 - ◆ **Define standards and create incentives for libraries to maintain strong local collections and services that contribute to the state's total library and information resources.**

Strategy 4. Include school library media centers in all state library initiatives.

The Task Force makes the following recommendations:

- **Provide state funding to add media center functions to the on-line systems of public, multitype or academic libraries (see page 26).**
 - ◆ **Provide matching funds to cover conversion costs of school media center catalog records,**
 - ◆ **Upgrade existing library automation systems to include school records,**
 - ◆ **Require schools to commit to a maintenance of effort agreement,**
 - ◆ **Develop shared decision-making for the on-line automation system, and**
 - ◆ **Require school media centers to join a public, multitype or academic on-line system if they want access to state-funded databases.**
- **Explore current regional governance and administrative structures to determine whether services can be consolidated or coordinated (see page 27).**

Strategy 5. Identify new sources of library funding.

While the Task Force considered a number of alternative methods of providing alternative revenue sources, none was viewed as preferable to the historic mixture of state and local tax funds and private and voluntary contributions.

Library Funding and Library Cooperation: Emerging Issues

In Minnesota, like most states, nearly all library policies and funding allocations are responsibilities of cities and counties, schools and colleges, and local and state government agencies. State appropriations specifically for libraries, a small percentage of all library funding, stimulate an effective statewide network by promoting cooperation and assuring that public library services are available in all areas of the state. This system has worked well as long as libraries largely served their local communities.

While serving local users remains their dominant mission, all publicly-assisted libraries cooperate in sharing and using each others' resources, impelled by resource constraints and user demand. Several limitations of current patterns of library service funding and decision-making become increasingly apparent as the state works toward building a comprehensive information technology infrastructure which grants citizens access to all information "whenever, wherever, and however the information services are needed," as stated in the Vision Statement of the Library Planning Task Force.

Users face organizational barriers. While public libraries will serve any Minnesota library cardholder, residents may have restricted access to collections of academic and school libraries. Library catalogs and information technologies vary because libraries make decisions based on their assessments of the needs of local users. Learners and teachers who rely on school media centers can be isolated from the wider world of information technologies because schools have lagged in using library networks and sharing resources.

Most Library Funding Depends on Local Decisions

Minnesota's publicly-assisted libraries include 360 public library buildings, about 1,440 public school media centers, 116 academic libraries in public and private post-secondary institutions, 118 publicly funded special libraries, and several state-supported library organizations that enable library cooperation. Together, these libraries and library organizations reported approximately \$290 million in funding from all sources for fiscal year 1994 operations. Capital expenditures and costs paid by other parties on behalf of libraries are not included in this total.

Libraries receive their funding from many sources, and the basic structures of library funding are different for different types of libraries. Local taxes and receipts that fund public libraries, school media centers, and county law libraries are the largest single source, accounting for \$130 million or 45 percent of funding for library operations. Other local sources, principally tuition revenues of public and private higher education institutions, add to \$57 million, or another 20 percent.

State appropriations for library operations were approximately \$100 million, or 35 percent of reported operations expenditures. Only \$13 million of this amount, however, was directly appropriated to fund library cooperation, the Legislative Reference Library and the State Law Library. The remaining \$87 million was appropriated to the University of Minnesota and the Minnesota State Colleges and Universities, to public school districts, and to state agencies which used a small part of their general appropriations to support their libraries. In 1995, the legislature significantly increased its direct appropriations by funding information technologies used by libraries.

The *Preliminary Report on Sources of Library Funding*, released by the Task Force in February 1996, details the sources of support for public, academic, public school, publicly funded special libraries (state agency, county law libraries and others) and state-funded organizations that enable library cooperation (see Appendix B).

Local funding results in wide variations in library resources.

Public libraries and school media centers, which rely heavily on property taxes, cannot be adequately supported in areas with low property values. All libraries must compete for funding with other local government services, and their funding reflects the relative importance placed on library services by local decision-makers. Poorly funded libraries cannot maintain adequate collections to serve local users, do not have materials to share in cooperation with other libraries, and are unable to connect their communities with the resources that could be made available electronically.

Funding is local, but users are mobile. Few Minnesotans live and work in self-contained communities anymore. Library patrons want to use the most convenient, most appropriate library even if it is not the one supported with their property taxes or tuition. Growing enrollments in off-campus and distance education programs are resulting in larger numbers of patrons who expect library services from libraries that were never funded or organized to support their academic programs.

Individual libraries cannot keep up with skyrocketing acquisitions costs. Prices of library materials, especially magazines and information in specialized fields critical to business and health services, have been steadily increasing faster than the general rate of inflation. At the same time, an exploding knowledge base multiplies the number of newly released publications in both print and electronic formats. Academic libraries, in particular, can no longer afford comprehensive collections for their academic and research needs. More than in the past, libraries rely on other libraries to be willing and able to share resources. Each library's funding and policy decisions affect the entire library community.

New and emerging technologies require statewide solutions.

Information technologies are essential tools for controlling costs, eliminating barriers to access, and serving mobile users with specialized needs. Technology development, however, often exposes limitations of local funding and decision-making. Personal computers in the home and distance education increase public expectations for access to information at any time or place and bring in users who have not contributed to the local funding base. Costs of technology implementation exceed the

capabilities of many libraries. Individual libraries must give up some local decision-making to join networks with libraries across the state.

The years ahead will see dramatic changes in libraries. Information technologies will affect their entire operations and give them new roles in serving citizens of this state. Financing and governing structures will need to evolve to meet changing conditions. The task force's recommendations, while affirming much of the existing organization of library services, point to immediate actions which will promote cooperation in this new environment.

Introduction and Charge

In recent legislative sessions, policymakers have taken significant steps to develop a state information infrastructure which will use the emerging technologies of the twenty-first century. Libraries, a traditional part of information and education services, perform important new roles and functions in this environment. Yet the basic organization and financing structures for libraries were created in an earlier time--a time when the population was less mobile, the growth in new information was more manageable, and few materials were available in electronic forms.

To help libraries take advantage of computer and telecommunications technologies, the 1994 Minnesota legislature established the Library Planning Task Force, composed of both librarians and knowledgeable people from other professions.¹ The following report contains Task Force recommendations regarding appropriate financing structures, in response to the following charge:

[FINANCING SOURCE REVIEW.] The task force shall identify current library financing sources and make recommendations on how to use the money more efficiently. The task force shall also identify additional financing sources. By February 1, 1996, the task force shall provide recommendations to the legislature on financing structures that are designed to promote cooperation and collaboration among all libraries.²

¹*Laws of Minnesota for 1994*, Chapter 643, Section 69. The initial charge to the Task Force was to review proposed library construction projects. In the 1995 session, legislation significantly expanded the charge to the task force, adding six other long-range planning issues related to electronic library and information services.

²*Laws of Minnesota for 1995*, Chapter 212, Article 2, Section 13.

The Task Force began work on its response to this legislation during the summer of 1995. After consultation with legislative sponsors, the Task Force presented a *Preliminary Report* in February, 1996, which identifies current funding sources.³ It spent the next months developing the recommendations in this document.


The Task Force believes that its recommendations will improve efficiency for both libraries and library users. Existing state investments in library cooperation, less than 5 percent of reported operations expenditures in 1994, effectively reduce redundancy, facilitate sharing materials and other resources, and provide access to the full wealth of Minnesota's library collections. New strategic investments, coupled with strong local support, will make it easier and less time-consuming for all library users to access information through technology. Library collections can become more focused and library operations more efficient by encouraging libraries to employ technology in a common effort to serve citizens of the state. Consolidating state library programs will strengthen leadership for this effort and maximize the impact of state funds.

The Financing Source Review is related to other work assigned to the Task Force: to plan to meet the needs of distance learners, to make recommendations about governance and administrative structures, and to identify other issues that should be addressed in coordinating the expansion of library technologies.

³A summary of findings from the *Preliminary Report* is Appendix A of this document. Appendix B includes the entire *Preliminary Report*.



Challenges: Minnesota Libraries in the Information Age



While some people may envision a time when libraries become unnecessary, we believe such a time will never occur. Despite the advances that have been and will be made for electronic dissemination of information, the scenarios proposed by some futurists fail to recognize other important functions and services provided by the nation's libraries. From the earliest days of this country, libraries have been the people's university, a place where learning is self-paced, where no tuition is charged, and where materials for all grade levels--from preschool to postgraduate--are included in the library's collections. We believe that it is the library that is our nation's best hope of preventing the emergence of the information-haves and have-nots.

Other important library functions include being a center of the community--be it a neighborhood, campus, or school--a contributor to both cultural and economic development, an important resource for education, research and student learning, and a convenient source of information for accessing Internet and other electronic information sources. Minnesotans will continue to look to libraries when they need information for education, work or recreation. The traditional library is evolving into an access point for information in new formats.

While libraries remain committed to their traditional missions, library operations are undergoing rapid adjustments to changing patron expectations and needs, the

growth in information technologies, and the squeeze between escalating costs and constrained ability to raise income through traditional revenue sources. All these changes are increasing the importance of library cooperation as a major tool in providing efficient library services to every region in the state.

Traditions of Local Funding and Decision-Making

The Task Force's vision for library services seeks to create a world in which boundaries which limit access are erased or become invisible. Minnesota already has a notable history of achievement in this area. It is one of the few states, for instance, where residents can use any public library in the state. State leadership and voluntary efforts have assisted public, academic and state agency libraries in cooperating across boundaries and readily sharing materials and expertise.

More, however, remains to be done. Public access to academic and school libraries usually is restricted. School library media centers have not participated as full partners in statewide programs and often have limited or no access to library networks which would enable them to share resources and benefit from information technologies used in other libraries. And, to some extent, existing financing structures, grounded in local decision-making and varying by each library's primary mission, are barriers to the full realization of the cooperative vision.

Variations in Funding

Libraries traditionally have been created and supported by local communities, and most funding for library operations comes from locally generated or allocated resources. As a result, public libraries, school libraries, and academic libraries exhibit wide ranges in funding levels, reflecting the “wealth” or budget strength of their sponsoring communities or organizations, as well as the priority that is placed on library services compared to other needs. Poorly funded libraries cannot afford the new costs of electronic technologies which could efficiently link them to other libraries and on-line resources.

These variations in resources also mean that the quality and accessibility of library services are not uniform throughout the state. Libraries that are comparatively well-financed fill some gaps by serving users who are not part of their intended clientele in the library or through interlibrary lending. This practice can be seen as unfair when there is extensive use of a library’s collections and assistance by patrons who have not contributed to the local funding source.

A Mobile Population

The local funding bases (local taxes and tuition revenues) for libraries are in growing conflict with a mobile population that has sophisticated and diverse information needs.

Many of Minnesota's libraries were founded when Minnesotans lived, worked, and went to school in a single community. That made it comparatively easy for a library to know its customer's needs and justified using local sources of funding for libraries. Today, many Minnesotans live and pay property taxes in one city and county, but use a library in another community where they work, shop or attend school. Distance learners pay their tuition to one institution, but may use a nearby public library or another institution's academic library for their information needs. As users develop more sophisticated and demanding requirements, they expect to be able to use any library with appropriate information resources, regardless of funding and governance.

Acquisitions Cost Pressures

Libraries are challenged to keep their collections current while, at the same time, investing in new technologies.

Few acquisitions budgets can keep pace with the explosion in new information being released, especially in specialized journals. Between 1971 and 1991, the number of published serials increased from 70,000 to more than 118,000. Moreover, during the first part of this decade, the median price of a U.S. serial grew at an annual rate of 10.8 percent; the costs of foreign periodicals grew even faster. As a result of price increases, the University of Minnesota subscribes to 1,786 fewer journals now than in 1990. Even with more selective serials acquisitions, many academic libraries have had to reduce book purchases to maintain current coverage of essential journals.

New and Emerging Information Technologies

New and emerging technologies will provide efficient and expanded access to information (especially journals and reference materials), but these technologies, too, require significant investment. The 1995 Legislature appropriated \$800,000 for aid to public regional library systems for data access connections, technical support, and promotion of electronic access to the public. Public and school libraries also are being assisted by a portion of \$15.5 million appropriated for the 1996-97 biennium to create and build upon regional telecommunications links. The emerging Learning Network of Minnesota, a statewide telecommunications infrastructure, will connect all public colleges, schools, and libraries. Despite these critical commitments by the state, on-site equipment, on-going staff training, and site licenses for digital information still require substantial local investments to keep up with this fast-changing environment.

Technology is further blurring the connection between place of residence and use of library resources. The Learning Network of Minnesota and other technologies are allowing more students to take advantage of educational opportunities without travel to a school or college campus. These students often do not have access to their institution's library. They may do without adequate library support, or they may visit nearby public and academic libraries, expecting to find resources and assistance for their programs.

Electronic library services are one function where state and regional coordination are essential, both to share costs and to assure standards so that information can be exchanged across jurisdictions. As these technologies grow in importance, they challenge the tradition of local governance for libraries.

Recommended State Strategies

Despite fragmented governance and many local and state funding mechanisms, Minnesota libraries can demonstrate a solid record of cooperation. In part, this record is due to state programs which organize and support cooperation and, in part, to the efforts of library leaders who have recognized opportunities to improve service and efficiency through cooperation.

One day, technologies may make basic library financing and governance structures very different, but the change is likely to be one of evolution, not sudden or radical change. In the years ahead, there will continue to be conflicts between local governance traditions and statewide objectives. Much of the public's support for libraries now depends upon the commitment of local users whose needs are evaluated and met by librarians who know their customers firsthand. The majority of user requests can still be filled most efficiently through locally-owned print materials, even though increasing amounts of information are available in electronic form.

While local governance and funding are likely to remain the foundation of library services, the Task Force believes that the state has a responsibility to assure a basic level of service to Minnesotans throughout the state with all users paying a fair share. The shape of that responsibility is changing, especially in light of growing information needs and technological developments now on the horizon. Regional and statewide organizations are appropriate for functions which are most efficient when they take

advantage of resource sharing and economies of scale. Information technologies frequently fit these criteria because they are expensive, require consistent standards, and facilitate resource sharing across library jurisdictions.

The following recommendations present state-level strategies to adapt funding and governance structures to the changing context for library services. These recommendations would lower barriers to library cooperation, provide incentives for libraries to cooperate and share resources, reduce disparities in library services, and enable all libraries to increase their efficiency through technology and cooperation.

Target state funds strategically to leverage efficient and thorough implementation of information technologies in order to improve cooperative access to library collections.

Most libraries in Minnesota receive the majority of their funding from their parent body--a city, county, school, or college. This pattern should continue since individual libraries serve different constituents and often provide services that are unique to the needs of their sponsoring organization.

In fiscal year 1994, the state invested approximately \$13 million in direct support for library operations, virtually all used for activities promoting library cooperation. These direct state appropriations make MINITEX and regional library cooperation programs possible. In the 1995 session, the legislature added investments in technology that will improve the entire educational infrastructure, including libraries.

The following recommendations continue to focus the state role on financing activities which are most efficiently handled at the state level and which strengthen cooperative relationships among libraries.

Recommendations

- **Invest additional state funds in information technologies that will benefit Minnesota residents regardless of the library they choose to use.**
 - **Develop a *statewide on-line library information system* available to any resident of the state at any time to:**
 - **View and search the bibliographic holdings of all the state's public and private libraries,**
 - **View and search a core collection of electronic indexes and full text journal articles, and**
 - **Retrieve materials with simple, uniform electronic commands.⁴**
 - **Expand purchasing of *statewide site licenses* for a core collection of electronic indexes and full text journal articles that would be available at all school, college, government and public libraries.**
 - **With pilot projects, explore options for a statewide *reference information referral backup network* to support libraries in meeting the information needs of their users. Potentially, emerging technologies could ensure that library staffs and/or citizens have access to quality reference and information services 24 hours per day, seven days a week.**
- **Sustain state funding for existing programs, such as multitype library systems, regional public library systems, and MINITEX, which allow libraries to be cost-effective by working together and sharing resources.**
 - **Continue investment in the *Learning Network of Minnesota*, linking schools, libraries and higher education into an integrated system for access to digital resources and sharing of educational resources.**

⁴The Library Planning Task Force will make specific recommendations for a statewide on-line information system in a separate report to the 1997 Legislature.

- Continue support for *multicounty multitype systems* in order for all types of libraries within regions to share resources, integrate bibliographic databases, communicate, and provide staff training.
- Continue basic support for *regional public library systems* that provide for consolidation of technology, as well as services, operations, and staff to improve efficiencies so that all areas of the state may have a basic level of public library service.
- Support the costs of *document delivery* around the state, including information held in electronic and physical formats, in order to allow individual libraries to reduce purchases of infrequently requested materials.
- Enable libraries to make efficient acquisitions and disposal decisions in consultation with other libraries through support for *cooperative collections management*.

Reinforce local responsibilities for providing adequate library services as part of a statewide effort.

Voluntary cooperation is threatened when libraries perceive that their resources are used to insulate other libraries from maintaining strong collections and customer service. Off-campus and distance learners pose new challenges to cooperative relationships among Minnesota libraries, and developments in technology will further increase the demand for library services by remote users. While much of the increased demand will represent improved service and library efficiency, some libraries are fearful that they could be overwhelmed by requests from across the state if other communities do not keep their collections current. Inadequate libraries not only limit

the access of their intended users, but also place burdens on other libraries without offering resources that can be shared in return.

The following recommendations on local responsibilities are directed toward maintaining healthy libraries that have the capability to contribute to the state's resource sharing and library cooperation initiatives.

Recommendations

- **Set target standards for public library funding based upon per capita support amounts and/or levy rates in excess of statutorily established minimums. Establish a program that equalizes funding for library support in order to provide a core set of library services in cities or counties with low tax capacities when those entities meet target levy standards.**⁵
- **Require both publicly and privately supported libraries that connect to state-funded electronic resources to allow any Minnesota resident to use the library's collections and services on-site.**
- **Require public and private post-secondary institutions which rely on other libraries to serve their off-campus or distance education students to make service arrangements with those libraries or otherwise ensure that student information and library service needs are supported.**
- **Provide state incentive funds to publicly-supported libraries that sustain their acquisitions budgets.**

⁵This recommendation is based on the work of a joint task force of the Minnesota Library Association and the Office of Library Development and Services in 1994. That group recommended the minimum levy in all participating cities and counties be 1.23 percent of Adjusted Net Tax Capacity and that eligibility for equity funding be established if the minimum tax rate does not generate at least \$15.00 per capita. These criteria need to be reevaluated.

Focus and strengthen library governance and administrative structures.

Library policymaking for the state is now disjointed, both at the legislative and administrative levels. In the legislature, higher education funding committees handle appropriations for public colleges and universities and the Higher Education Services Office, including MINITEX. K-12 appropriations committees fund public library cooperation, multicounty multitype library systems, public schools, library automation in state agency libraries, and the Office of Library Development and Services. Libraries of state agencies and other units of state government receive funding from various committees as part of regular agency budgets. Regions are served by two organizations which are major vehicles for library cooperation, regional public library systems and multicounty multitype library systems.

The following recommendations propose greater unity in looking at the needs of different types of libraries and promote cost savings by:

- combining currently disparate library programs in one agency,
- empowering one agency to negotiate statewide discounted contracts for library services, and
- providing a single focal point for statewide library programs.

Recommendations

- **Create a Minnesota Library Commission as a successor organization to the Library Planning Task Force in order to consolidate the administration of state-funded programs for library cooperation and provide services for all types of libraries. The Commission will:**

- **Assume current responsibilities of the Office of Library Development and Services (for public libraries, multitype library systems, and services for the blind and physically handicapped) and current library-related responsibilities of the Higher Education Services Office (for MINITEX and staffing the Library Planning Task Force).**
- **Provide technical assistance and support for school library media centers, coordinate state policies for school library media centers, and assure that school library media centers are served by all state library and telecommunications services.**
- **Make policy decisions in accordance with state statutes and allocate state resources for electronic library materials and access. Potentially, the Commission may operate the proposed statewide on-line library system.**
- **Assist the K-12 and Higher Education Finance Divisions in the legislature to coordinate and review the impacts of library and information systems funding decisions made in different committees.**
- **Define standards and create financial incentives for libraries to maintain strong collections that are the building blocks of voluntary resource sharing.**

Include school library media centers in all state library initiatives.

Modern school library media programs operate as part of the school's overall learning strategy in partnership with teachers to promote the curriculum of the school. In today's environment, they have a growing role in teaching information and technology literacy skills to learners and to other school staff. It is paramount that all K-12 school library media centers become automated and connected to other automated

information cooperatives, including other libraries, the Internet, and the proposed statewide online system for the following reasons:

- to increase access to information resources not available locally;
- to provide the ability to share resources more effectively with the community;
- to ensure that all students have equal access and that we are not promoting a system of haves and have-nots;⁶ and
- to provide post-secondary option students and adult learners access to information resources in their local communities.

To accomplish these goals, school library media centers could join their public library, multitype or academic online systems, rather than create their own systems. This could connect them to other schools as well as their local libraries and provide an on-ramp to the proposed statewide on-line system. Establishing closer connections between regional public libraries and members of the multicounty multitype library systems, based on common automation systems, will raise broader issues about the relationships between these two regional structures. These issues will vary greatly from region to region.

The following recommendations would allow school library media centers to become full participants in the state's information systems and streamline library operations.

⁶Local academic and public libraries provide services to K-12 students, but usually those students must take the initiative or have parental involvement.

Recommendations

- **Provide state funds for including school library media center functions in public, multitype or academic on-line systems.**
 - **School districts that have established local and wide area networks and telecommunications access through the Learning Network of Minnesota will be eligible for matching funds to cover conversion costs.**
 - **Additional funding will be provided for public, multitype and academic libraries to upgrade their automation systems to accommodate additional school library media records and usage. In order to obtain secure connections and make databases accessible through dedicated access or the Internet, this funding should consider factors including: processor and memory capacity, licensing and software, telecommunications equipment and staff support.**
 - **These school districts will commit to a maintenance of effort agreement in the operation of their media centers in order to be equal partners with other libraries.**
 - **School media centers and cooperating libraries will identify appropriate ways for the school library to be involved in the governance of the on-line system.**
 - **Only those school library media centers that are members of public or academic library automation systems will have state-funded access through local and wide area networks to full-text databases.**
- **State demonstration grant funds should be made available to regional public library and multicounty multitype library systems to explore ways in which services and organizations can be more closely coordinated or consolidated.**

Identify new sources of library funding.

While the Task Force considered a number of alternative methods of providing financial support for libraries, the historic mixture of state and local tax funds and

private and voluntary contributions has worked well. The Task Force discussed, but does not recommend, vouchers and expanded user fees as major ways to restructure library funding. Significant charges to users would harm access to information, just when universal proficiency in the use of knowledge is becoming critical to the state's future.

Previous Task Force recommendations address strategic areas where additional state resources would help position library and information services to take advantage of emerging technologies. General state revenues, the source for most existing state-funded expenditures, would be appropriate to fund these recommendations. Additional revenue sources which could be considered are:

- An excise tax on telecommunications,
- A state tax (such as a portion of the sales tax) to be distributed to local jurisdictions for public libraries, and
- Sales taxes collected on books and computer products to be dedicated toward maintaining the electronic information infrastructure.

Appendix A: Current Sources of Library Funding Summary

Current sources of library funding are identified in the Task Force's *Preliminary Report on Sources of Library Funding*, issued in February, 1996 (see Appendix B for the complete report).

Library Funding from All Identified Sources

Minnesota has 360 public library buildings, about 1,440 public school media centers, 116 academic libraries in public and private post-secondary institutions, 118 publicly funded special libraries, and several state-supported library organizations that enable library cooperation.

These libraries and library organizations reported approximately \$290 million in funding from all sources for fiscal year 1994 operations.⁷ Because Minnesota libraries are operated by a variety of public and private organizations, information on their funding is not maintained or collected in a uniform manner. Information on library funding statewide and for different types of libraries, therefore, must be considered estimates.

⁷Operating expenditures attributable to libraries generally include costs of materials preservation and acquisitions, interlibrary loans and other forms of library cooperation, staffing, and furniture and equipment. Reported expenditures, however, often do not include costs paid by other organizations or budgets. Fringe benefits and telecommunications expenditures, for example, may be covered by the budgets of other departments. Facilities expenditures, including building operation and maintenance, are additional costs of academic, school, and state agency libraries that parent organizations do not usually report separately as library expenditures.

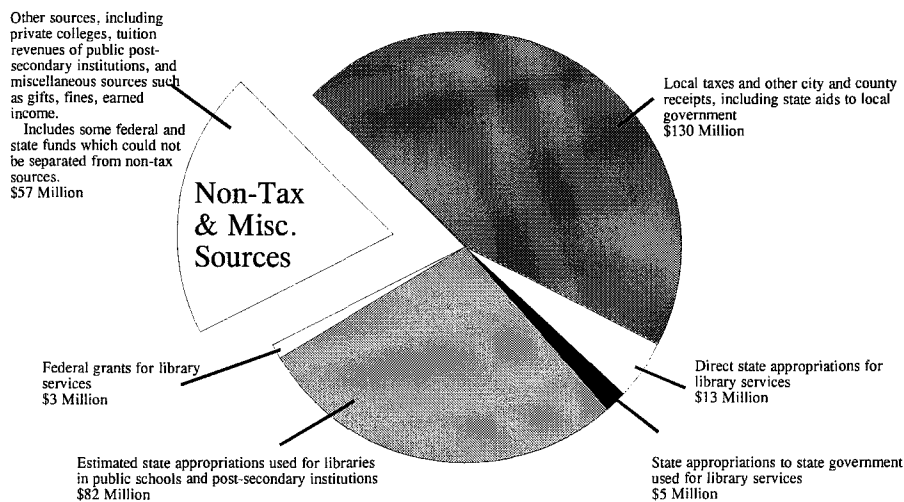
The distribution of reported direct funding for operations by library type in fiscal year 1994 was:

Public Libraries	\$106 million
Public School Library Media Centers	\$ 94 million
Academic Libraries	\$ 75 million
State Agency/Other Libraries	\$ 10 million
Library Coordination and Statewide Services	\$ 4 million ⁸

Local Decisions about Funding and Services Predominate

Most library services are the result of local decisions, dependent on the local ability to raise funds and the priority that library services have within the community,

Reported Sources of Estimated Funding for Library Operations
Fiscal Year 1994



⁸Individual amounts do not add to \$290 million due to rounding.

school, campus or other parent organization. Over 90 percent of public library revenues are raised and allocated to library budgets at the local level. School library media center funding decisions are made by school districts or, increasingly, individual school buildings, from general state aid, local tax revenues, and miscellaneous sources. Public academic library funding decisions are made by campus administrators who manage system allocations from state appropriations and tuition revenues.

Most Libraries Receive Significant Funding from Local Users

Local taxes and other receipts (including homestead credit payments, state aid to counties and cities, and other general purpose revenues which local units of government elect to use for libraries) accounted for 87 percent of public library revenues and 48 percent of public school media center expenditures in fiscal year 1994. Locally-collected fines, fees, and gifts contributed another 3 percent of public library operational support.

Academic libraries in public institutions received an estimated 30 percent of their aggregated funding through tuition revenues allocated to each campus. Academic libraries in private institutions received the great majority of their funding through student tuition. Only state agency and state school libraries are supported entirely with state funds.

Public Education and State Agency Library Operations Funded by General Appropriations

The greatest amount of state tax support for libraries, \$87 million in 1994, is channeled through general legislative appropriations for operating schools, public post-secondary institutions, and state agencies. State appropriations are the major source of funding for these libraries, but policy decisions about library services and funding allocations are made by parent organizations, not by the legislature.

Decisions about construction and remodeling of academic libraries in public institutions are the major exception to local decision-making for libraries. Capital bonding decisions are made at the state level for specific library buildings.

Limited Direct State Appropriations Support Library Cooperation

Direct state appropriations specifically line-itemed for library services accounted for approximately \$13 million spent on library services in 1994, less than 5 percent of reported funding for operating expenditures. Virtually all direct state appropriations for library services support organizations that serve libraries or provide statewide library leadership (exceptions are the Legislative Reference Library and the State Law Library). Direct state appropriations account for about 7 percent of public library expenditures and are used for regional cooperation; no direct state appropriations are line-itemed for academic libraries or school media centers.

State Coordination of Library Resources is Divided

Neither the Minnesota House nor Senate committee structures include a body which focuses solely on library finance and other policies. Higher education funding committees have jurisdiction over public post-secondary institutions, MINITEX and the Higher Education Services Office. K-12 funding committees have jurisdiction over public libraries, multicounty multitype library systems, schools, the Office of Library Development and Services, and automation funding for state agency libraries. Libraries of state government are funded by different committees, depending on the host agency. Library and information system policy issues increasingly overlap with communications technology issues.

State-designated organizations for improving library services are organized by region, by type of library, or by specific library functions:

- The Office of Library Development and Services provides statewide leadership for public libraries and multitype systems.
- Multitype library systems help coordinate regional resources of public, school, academic and other member libraries.
- MINITEX has taken on some of the statewide library issues among academic, public, and state agency libraries, but its primary purpose is to manage resource sharing and other services supported through state appropriations.

School Library Media Centers Lack Representation

School library media centers are no longer represented as a sector by any level of state government. With the elimination of a dedicated unit in the Minnesota

Department of Education (now Department of Children, Families and Learning), the state-level presence of school library media centers disappeared. At the regional level, school library media centers do participate in multicounty multitype library cooperation systems where they gain access to interlibrary loans and other forms of library cooperation agreed to within the region.

Appendix B: Preliminary Report on Sources of Library Funding

The following *Preliminary Report* was submitted by the Task Force to the Legislature in February, 1966. The *Preliminary Report* contains specific information on the sources of funding for public, academic, public school, certain publicly-funded special libraries (state agency, county law libraries and others) and state-funded organizations that enable library cooperation.