

The Florida Senate
PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Governmental Operations Committee

BILL: CS/SB 1736

INTRODUCER: Committee on Governmental Operations and Senator Fasano

SUBJECT: State Grants to Libraries

DATE: April 12, 2007 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Rhea	Wilson	GO	Fav/CS
2.			CA	
3.			TA	
4.				
5.				
6.				

I. Summary:

This bill amends the state aid to libraries grants program by revising eligibility criteria for multicounty and equalization grants. The bill changes the formula for multicounty and equalization grants and also limits the amount of equalization grants counties can receive under specified conditions.

This bill amends the following sections of the Florida Statutes: 257.172, 257.18 and 257.22.

II. Present Situation:

Chapter 257, F.S., governs public libraries in the state. The Department of State, through the Division of Library and Information Services, administers the act.

Under s. 257.17, F.S., a political subdivision that has been designated by a county or municipality as the single library administrative unit is eligible to receive from the state an annual operating grant of not more than 25 percent of all local funds expended by that political subdivision during the second preceding fiscal year for the operation and maintenance of a library. The state aid to libraries grant program is comprised of three interrelated grants programs: (1) multicounty grants; (2) equalization grants; and (3) operating grants. The funding for each grant area is based upon local expenditures. The grants and criteria are:

- Multicounty grants are awarded to systems of two or more counties that have joined together to provide library service to their residents.
- Equalization grants are awarded to county library systems that also meet the requirements for operating grants that have limited financial resources.

- Operating grants are awarded to any county or municipality that meets basic criteria for professional library service.

State aid has remained at essentially the same level, \$32 million, since FY 2001-02. In FY 2001-02 state aid was matching local expenditures at 9.18 cents per local dollar, this amount in FY 2006-07 has fallen to 4.6 cents per local dollar. This is a result of increased local expenditures. The state aid resources have been increasingly going to equalization grants, over the past six years, in part due to the way the grant funds are calculated. The proportion of state aid that has gone to equalization grants has increased from 11 percent of total state aid appropriation in FY 2001-01 to almost 28 percent in FY 2006-07. Based on FY 2005-06 funding and the current formula, operating grants total \$20,790,746 or 65 percent; equalization grants total \$8,877,057 or 28 percent; and multicounty grants total \$2,331,439 or 7 percent.

The equalization grant program is established in s. 257.18, F.S. Any county qualifying for an operating grant is eligible to receive an equalization grant when the value of 1 mill adjusted to reflect the average statewide level of assessment is below the median amount for all counties in the state and the per capita local funds expended for library support during the second preceding year is below the average for all counties. The equalization factor is computed by subtracting the value of 1 mill adjusted to reflect the average statewide level of assessment for each county from the average adjusted value of 1 mill for all counties and dividing that amount by the average adjusted value of 1 mill for all counties. An equalization grant is computed by multiplying the equalization factor times the total local funds expended for library support by that county during the second preceding year and adding that amount to the actual total local funds expended for library support by that county during the second preceding year. The result is the adjusted value for the local funds expended for library service. The amount of the equalization grant is equal to 25 cents of the adjusted value of local funds expended for library service.

When the adjusted mill equivalent of actual local funds expended for library support by the county during the second preceding year is above the statewide average adjusted mill equivalent of actual local funds expended by all counties receiving operating grants, the amount of the equalization grant is equal to 50 cents of the adjusted value of local funds expended for library service.

The division is required to calculate equalization grants based on the amount of local funds expended for library service the second preceding year as certified by the appropriate county officials and information on the level of assessment of property in each county and the taxable value of property in each county as reported by the state agency authorized by law, which shall certify the results of such determination to the division.¹

The equalization grant formula in s. 257.18, F.S., does not limit the percentage of equalization grant funds that can go to a single county, enabling a few counties to receive large grants, and reducing the funds available for operating grants that benefit all qualified libraries. The current formula for equalization grants does not consider a county's ability to levy taxes for library services, only the local funds that are expended. The formula does not have a mechanism for a

¹ For the purposes of this section, s. 257.21, F.S., does not apply. That section provides that any reduction in grants because of insufficient funds must be prorated on the basis of maximum grants allowable.

gradual phase-out for libraries who no longer qualify for the equalization grant, nor does it prevent counties from moving in and out of eligibility.

III. Effect of Proposed Changes:

The bill amends the state aid to libraries grant program by revising eligibility criteria for multicounty and equalization grants. The bill revises the determination for and amount of multicounty base grants and changes the process for calculating equalization grants.

The criteria used for awarding multicounty library grants found in s. 257.172, F.S., is amended to:

- Restrict multicounty grants to systems serving a population of 50,000 or more and that include at least one county that is eligible for an equalization grant.
- Establish a multicounty base grant of \$50,000 for systems serving two counties, which will come from the state aid program.
- Increase the multicounty base grant for systems serving three or more counties from \$250,000 to \$350,000, which will come from the state aid appropriation if appropriations are increased from FY 2006-07 by 3 percent.

The criteria used for awarding equalization library grants established by s. 257.18, F.S., are modified to:

- Add requirements that award equalization grants only to counties that received an equalization grant in FY 2006-07 and have been continuously eligible since that period.
- Determine the need for an equalization grant by using the county's operating millage or per capita income rather than by using the county's expenditures for library services.
- Establish a three year phase out from the equalization grants for counties that become ineligible.
- Limit the amount of equalization that can go to any single county, restricting the county from receiving a grant that is equal to more than 10 percent of the total amount required to fund equalization grants to all eligible counties.
- Provide a base level of funding for equalization grants but limits the portion of state aid that goes to equalization grants.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Based on FY 2006-07 funding of \$31,999,233 using the criteria established by the bill, operating grants increase to 70.5 percent of total aid, equalization grants decrease to 22.1 percent of total aid, and multicounty grants increase to 7.4 percent of total aid.

Assuming FY 2006-07 appropriations levels, all but three counties will receive an increase in one or more types of grants. The three counties affected negatively by the bill are Clay, Hernando, and Nassau counties. Using the new formula that no county may receive an equalization grant greater than 10 percent of the total of all equalization grants:

- Clay County will see a decrease in its equalization grant from \$1,716,179 to \$887,705, an \$828,474 reduction.
- Hernando County will see a decrease in its equalization from \$1,828,026 to \$883,639, an \$944,387 reduction.

Applying the new formula that phases out counties over a three year period that no longer meets the equalization criteria:

- Nassau County will see a \$10,868 reduction as it enters into the first year of the phase out program.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
