

## Summary: Report on Alterations to the State Aid Funding Formula for Libraries

In April 2016, the Library Board of Rhode Island (LBRI) created a committee to determine if the LBRI should endorse a change to how state funds are distributed to support public library services under RI General Law (RIGL) 29-6-2. Independent of that recommendation, the committee was also asked to determine how the existing funding formula might be altered to ensure that all Rhode Islanders have equal access to high quality library services. Findings were reported to the LBRI on December 19, 2016.

RI General Law (RIGL) 29-6-2 provides for the allocation of state funds to support local public library services in the amount of 25% of funds expended from local tax revenues and the library's private endowment. Since 2008, the state allocation has been level funded at \$7,698,411, resulting in a gradual reduction of the state's allocation to 22% of local appropriations in state fiscal year (FY) 2016. An additional allocation of \$900,000 in FY 2017 increased state funding for libraries to 23.65% in 2017.

Over the past several years, bills have been introduced to the General Assembly recommending changes to the library funding formula. These bills were based on the premise that the current formula favors affluent communities able to provide a higher level of funding to their libraries, and inadequately supports poorer communities. As the LBRI anticipates that this debate will likely continue, it was important for the Board to develop a more informed and cohesive position as to whether alterations to the formula would better fulfill the mission of the Office of Library and Information Services (OLIS).

Consisting of representatives from the LBRI, OLIS, the library community, and the City of Central Falls, the committee reviewed the intent of state library aid and examined a body of data that revealed the complexities of state aid to municipalities in general and state aid to libraries in particular. Additionally, the committee reviewed demographics of local communities, including poverty and age demographics.

The committee examined the intent of state library aid to guide their work. Since its inception in 1964, state aid has been available to improve local library services, first through access to materials and professional staff, and in more recent times, to enable all libraries to automate and participate in a statewide network of resource sharing that greatly expands access to library materials. As such, the goal of state aid is to enable all Rhode Islanders to have equal access to high quality library services.

With this guiding principle, the committee examined how the formula supports or does not support that goal, with special attention to whether the goal is met in the state's poorer communities where local support is constrained by a limited tax base and/or competing municipal services. While taking note of the financial challenges of the state's distressed communities in the urban core, the committee also considered equally important challenges in the state's less-populated rural communities.

In the course of their assessment, the committee established several basic principles to guide the development of potential test models for the distribution of state library aid including:

1. No change should in any way lessen the incentive for local communities to fund their libraries.
2. The current formula to determine the total state allocation of funding and eligibility for that funding should remain unchanged.
3. If a new formula is adopted, only a portion of funds should be reallocated by that formula.

The committee developed several potential models for the distribution of library aid, examining formulas based strictly on population, reallocation of a dedicated percentage to distressed communities,

and reallocation of a dedicated percentage based on population. The committee concluded that the optimal solution, which would benefit municipalities with constrained budgets while minimizing the negative impact on other communities, would be to fully fund state library aid at 25%, and reallocate 20% of the total pool of funds to all municipalities based on population. This solution provides additional funding to high population areas, while maintaining funding to nearly all other municipalities at a level that is not less than the aid received in the previous year.

On January 9, 2017, the LBRI adopted the report of the committee. The full report and supporting data are available on the website of the Office of Library and Information Services at [www.olis.ri.gov](http://www.olis.ri.gov).

## Selected Facts and Statistics on State Aid to Rhode Island Public Libraries

State aid to libraries is administered by the Office of Library and Information Services (OLIS). Each year, libraries certify the expenditure of the previous year's state aid and eligibility, and apply for the current year grant through OLIS' Annual Survey and Report.

### Current State Aid Formula

RIGL 29-6-2 provides for the state to support local public library services in an amount that is at least 25% of the amount appropriated and expended in the second preceding fiscal year by the city or town from local tax revenues and funds from the public library's private endowment that supplement the municipal appropriation. The state is not obligated to match any amount from the endowment that exceeds 6% of the three-year average market value of the investments in the endowment. OLIS determines and awards state aid to municipalities based on this formula.

### Eligibility requirements

RIGL 29-6-3 requires that municipalities and libraries meet the following criteria:

- 1) Municipality must appropriate funds from local tax revenues in an amount not less than the amount appropriated the previous year from local tax revenues and expended for library operating expenses. Appropriation exclude any state funds received for public library services. Any funds received from the state shall not be used to supplant funds from local tax revenues.
- 2) Libraries must meet *Minimum Standards for Rhode Island Public Libraries*.
- 3) Libraries must have a strategic plan for addressing priorities established by OLIS.
- 4) Libraries must have a preservation and a disaster plan.

### State Library Aid 2017

Total Public Libraries in Rhode Island	48
Total State Aid to Libraries	\$8,598,411
Tax-based Aid (39 municipalities)	\$7,792,342
Endowment-based Aid (25 libraries)	\$806,069

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