

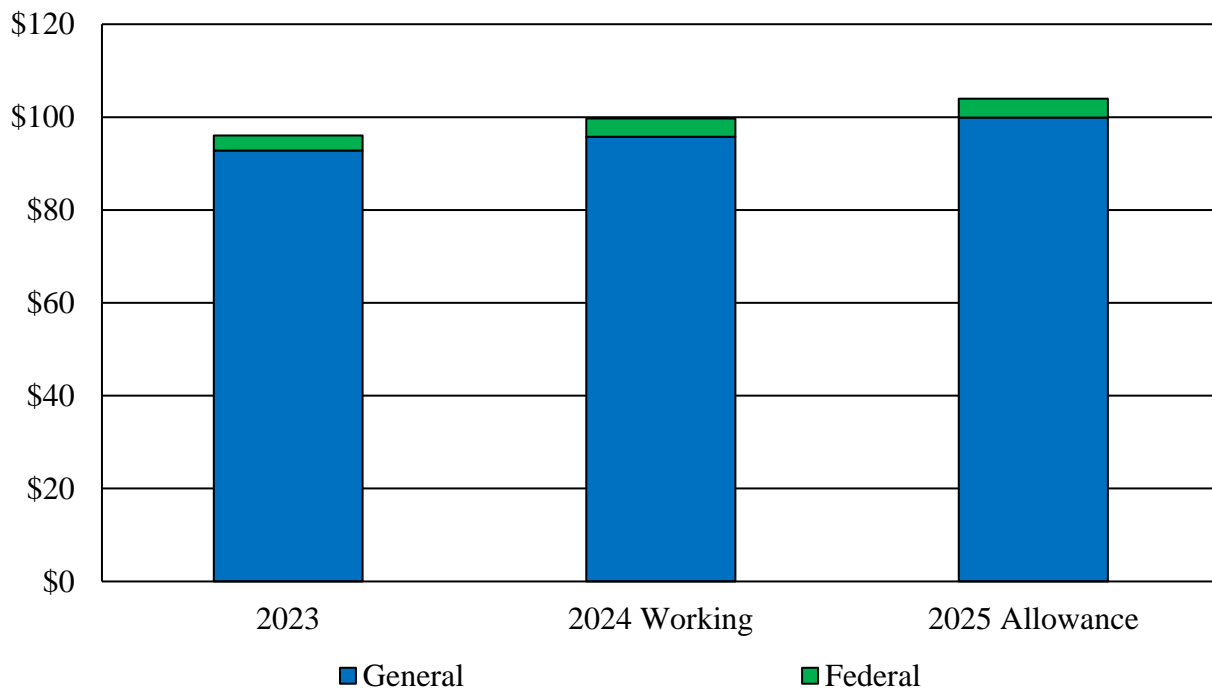
R11A Maryland State Library Agency

Program Description

The Maryland State Library Agency (MSLA) administers State and federal funding for Maryland’s libraries and provides strategic leadership, resources, and support for local, regional, and State libraries. Chapters 337 and 338 of 2017 established MSLA as an independent State agency. In addition to oversight of Maryland’s 24 public library systems, MSLA also oversees the Maryland State Library for the Blind and Print Disabled (LBPD), the State Library Resource Center (SLRC), three regional resource centers, and the Deaf Culture Digital Library. The agency is governed by the Maryland State Library Board.

Operating Budget Summary

**Fiscal 2025 Budget Increases \$4.2 Million, or 4.2%, to \$103.9 Million
(\$ in Millions)**



Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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Fiscal 2024

Implementation of Legislative Priorities

Baltimore City Young Readers and Young Readers Matching Grant Programs

In fiscal 2016, the Governor’s Young Readers Program was established to mail free, high-quality books to Baltimore City children up to the age of five each month, regardless of family income. Chapters 446 and 447 of 2022 codified the program as the Baltimore City Young Readers Program in the Governor’s Office of Crime Prevention, Youth, and Victim Services (GOCPYVS) and required the Governor to allocate \$200,000 annually for this program. Chapters 446 and 447 also established a new program, the Young Readers Matching Grant Program, and required the Governor to allocate \$250,000 annually for this purpose starting in fiscal 2024. This new program provides grants for book-gifting services performed by a nonprofit organization that forms an affiliated partnership with an early reader organization.

Chapters 649 and 650 of 2023 transfer the Baltimore City Young Readers Program and the Young Readers Matching Grant Program from GOCPYVS to MSLA and require the State Librarian to administer both programs. Additionally, the Act increases the mandate for the Young Readers Matching Grant Program from \$250,000 to \$350,000 and requires reporting to the General Assembly on program effectiveness. The fiscal 2024 working appropriation includes a total of \$746,193 for both programs in the GOCPYVS budget: \$246,193 for the Baltimore City Young Readers Program; and \$500,000 for the Young Readers Matching Grant Program, of which \$250,000 was added by the General Assembly. A proposed deficiency allocation for MSLA provides an additional \$45,471 for a 1.0 contractual full-time equivalent (FTE) position for the Young Readers Matching Grant Program. MSLA indicated that fiscal 2024 matching grants had not been awarded as of January 15, 2024.

In the fiscal 2025 proposed budget, both programs are budgeted under MSLA. The Baltimore City Young Readers Program receives \$200,000, which meets the minimum mandate for this program but is \$46,193 less than the fiscal 2024 appropriation. The Young Readers Matching Grant Program receives a total of \$350,000 in fiscal 2025 (\$264,964 for grants and \$85,036 for a new grant administrator position), which meets the mandate for this program.

The agency should comment on when fiscal 2024 funding for both programs will be transferred from GOCPYVS to MSLA. For both programs, MSLA should provide a timetable for fiscal 2024 and 2025 awards.

Proposed Deficiency

In the fiscal 2025 proposed budget, MSLA receives a total of \$215,035 in general funds through three deficiency appropriations: \$89,564 in contractual services for renovation of two elevators at the LBPD; \$80,000 for salary adjustments, including reclassifications for pay equity and noncompetitive promotions; and \$45,471 for 1.0 contractual FTE for the Young Readers Matching Grant Program.

MSLA should comment on the reason for the fiscal 2024 deficiency allocation for salary adjustments, including reclassifications to support pay equity and noncompetitive promotions.

Fiscal 2025 Overview of Agency Spending

The State distributes local library aid through formula funding under three programs: (1) Public Library Aid; (2) the State Library Network; and (3) Aid for Local Library Employee Fringe Benefits.

Public Library Aid

State and local governments share the cost of funding local public library systems through the library aid formula, which establishes minimum State and local contributions. The formula distributes funds on the basis of county population and wealth, with less wealthy counties receiving relatively more aid than wealthier counties. Total program cost for each county and Baltimore City, which is shared by the State and local governments, equals a specified dollar amount per county or city resident. Generally, the State pays approximately 40% of the total statewide formula cost, with the per county amount determined on a wealth-equalized basis. However, no library board receives less than 20% of the program cost from the State.

Chapters 496 and 497 of 2022 increase the minimum per capita funding for the Public Library Aid program by \$0.40 annually, from \$17.10 in fiscal 2022 to \$19.10 in fiscal 2027. Chapter 159 of 2023 codified the General Assembly's intent that program funding remain at the fiscal 2027 level in future years. The program also includes an additional \$3.0 million annually to support operating expenses for branches of the Enoch Pratt Free Library in Baltimore City, which was initially mandated under Chapter 714 of 2016 and is maintained in future years under Chapter 402 of 2021. In fiscal 2024, per capita Public Library Aid is \$18.30.

State Library Network

The State provides funds to libraries that have been designated as resource centers and that support cooperative arrangements through funding for the State Library Network. These libraries include SLRC, which is located at the Central Branch of the Enoch Pratt Free Library in Baltimore City, and three regional resource centers located in Charlotte Hall, Hagerstown, and Salisbury. State Library Network funding also includes funds for Interlibrary Loan and Cooperative Library Agreements, a minimum of 25% of SLRC funding for LBPD (as specified in Chapter 498 of 2014), and \$200,000 for instructional materials (as specified in Chapters 317 and 318 of 2007).

Chapter 27 of 2021 set per capita funding for SLRC at \$1.89 for fiscal 2022, with increases of \$0.04 annually to \$1.97 in fiscal 2024. This amount is maintained in future fiscal years, including fiscal 2025. Chapters 496 and 497 of 2022 increase the per capita for regional resource

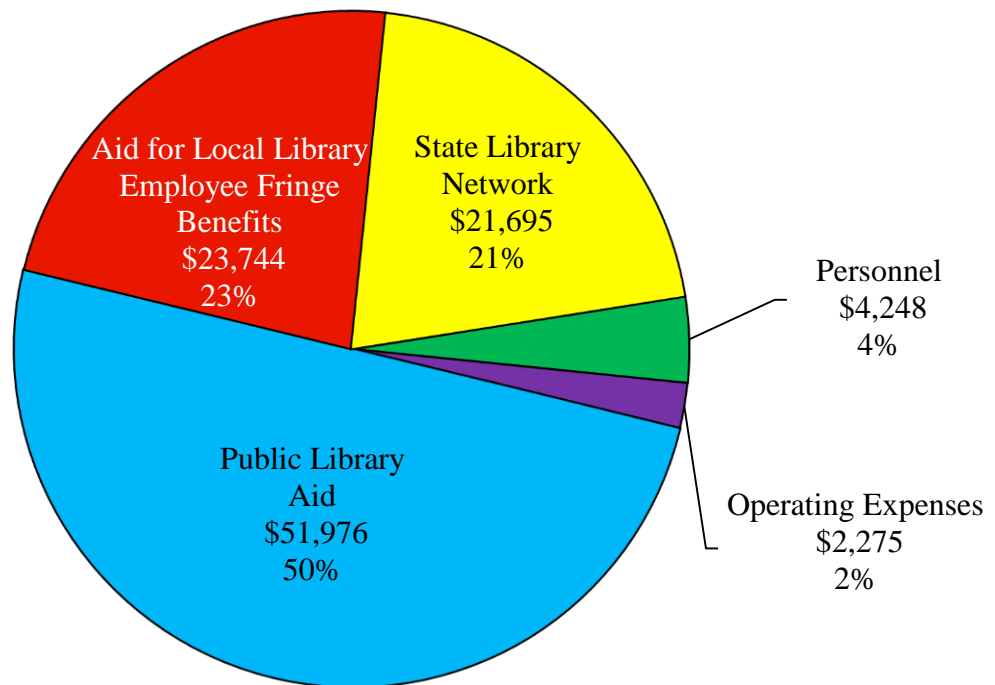
centers by \$0.20 annually from \$9.19 in fiscal 2023 to \$9.99 in fiscal 2027. For fiscal 2025, regional resource center per capita is \$9.59.

Aid for Local Employee Fringe Benefits

The State pays all employer retirement costs for local library employees who are members of the State Teachers' Retirement or Pension systems through Librarian Retirement. For Montgomery County, whose librarians elected to remain in the county's retirement system as part of Montgomery County Librarian Retirement, the State pays the lesser of the employer retirement costs for the county or State systems. The State also pays a Local Libraries Administrative Charge on behalf of county library boards.

Exhibit 1 shows that MSLA's fiscal 2025 allowance is \$103.9 million, with the majority of funds allocated for library aid and retirement costs. Of the total allowance, \$52.0 million (50%) is allocated for Public Library Aid, which includes \$2.5 million in federal funds from the library services program and \$3.0 million for branches of the Enoch Pratt Free Library; \$23.7 million (23%) is allocated for Aid for Local Employee Fringe Benefits; and \$21.7 million (21%) is allocated to the State Library Network. Additionally, \$2.3 million (2%) is allocated for operating expenses, which includes \$235,000 for the Deaf Culture Digital Library as mandated in Chapter 606 of 2014, \$200,000 for the Baltimore City Young Readers Program, and \$264,964 for the Young Readers Matching Grant Program.

Exhibit 1
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Thousands)



Total Expenditures = \$103.9 Million

Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2025 Budget Books

Proposed Budget Change

In fiscal 2025, a net increase in general funds accounts for most of the overall \$4.2 million increase compared to the fiscal 2024 working appropriation. As shown in **Exhibit 2**, expenditures increase by \$3.6 million in mandated library funding, \$400,000 for personnel, and \$419,000 for the Baltimore City Young Readers and Young Readers Matching grant programs. These increases are partially offset by a decrease of \$200,000 for operating expenses.

Exhibit 2
Proposed Budget
Maryland State Library Agency
(\$ in Thousands)

How Much It Grows:	General Fund	Federal Fund	Total
Fiscal 2023 Actual	\$92,813	\$3,197	\$96,010
Fiscal 2024 Working Appropriation	95,754	3,962	99,716
Fiscal 2025 Allowance	<u>99,914</u>	<u>4,023</u>	<u>103,937</u>
Fiscal 2024-2025 Amount Change	\$4,160	\$60	\$4,220
Fiscal 2024-2025 Percent Change	4.3%	1.5%	4.2%
			2024-2025
Where It Goes:			<u>Change</u>
Personnel Expenses			
Salary increases and associated fringe benefits including fiscal 2024 cost-of-living adjustment and increments			\$405
1.0 new position for the Young Readers Matching Grant Program			84
Turnover adjustments (decrease from 0.68% to 0.61%)			2
Net change in reclassification, including fiscal 2024 deficiency allocation for salary adjustments			-92
Other Changes			
Aid to Local Library Employee Fringe Benefits			2,521
Public Library Aid formula funding			814
Net change in Baltimore City Young Readers and Young Readers Matching Grant programs including fiscal 2024 deficiency allocation for administrative costs.....			419
State Library Network formula funding			248
Net change for software including savings from completion of the Library for the Blind and Print Disabled (LBDP) management system and Department of Information Technology services			5
Fiscal 2024 deficiency allocation for LBDP capital project.....			-90
Miscellaneous operating expenses			-99
Total			\$4,220

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

R11A – Maryland State Library Agency

From the fiscal 2024 working appropriation to the fiscal 2025 allowance, approximate changes in general funds for formula funding and operating expenses in the proposed budget include:

- Aid for Local Library Employee Fringe Benefits increases by \$2.5 million, or 11.9%, from \$21.2 million to \$23.7 million, due to increased salary base and contribution rates. This net change reflects:
 - an increase of \$2.9 million, or 5.4%, in Librarian Retirement from \$18.7 million to \$21.6 million;
 - a decrease of \$320,000, or 15.1%, in Montgomery County Librarian Retirement from \$2.1 million to \$1.8 million; and
 - a decrease of \$31,734, or 7.5%, in Local Library Administrative Charges from \$425,648 to \$393,914.
- Public Library Aid increases by \$814,000, or 1.6%, from \$51.2 million to \$52.0 million, which reflects the mandated \$0.40 increase in per capita aid, with no change in population;
- State Library Network aid has a net increase of \$248,000, or 1.1%, from \$21.4 million to \$21.7 million, which reflects the mandated \$0.20 increase in per capita aid for regional resource centers, with no change in population; and
- an increase of \$419,000 for the Baltimore City Young Readers and Young Readers Matching grant programs, which includes \$265,000 in nonpersonnel costs for the Young Readers Matching Grant Program and \$200,000 for the Baltimore City Young Readers Program, partially offset by a decrease of \$45,471 in operating expenses due to a proposed fiscal 2024 deficiency allocation for 1.0 contractual FTE program administrator.

Changes to the MSLA budget that receive both general and federal funds include:

- a total increase of \$400,000 in personnel expenses, which includes \$405,000 for salary increases and associated fringe benefits including fiscal 2024 cost-of-living adjustments, \$84,000 for a new regular position, and a net decrease in reclassifications of \$92,000, mainly due to a proposed fiscal 2024 deficiency allocation of \$80,000 for salary adjustments; and
- an overall decrease of \$184,000 in operating expenses, which includes a decrease of \$90,000 for an LBPD capital project and a net decrease of \$94,000 for computer software and operating expenses, mainly attributed to savings for licenses for the LBPD software project.

Personnel Data

	<u>FY 23 Actual</u>	<u>FY 24 Working</u>	<u>FY 25 Allowance</u>	<u>FY 24-25 Change</u>
Regular Positions	31.00	32.00	33.00	1.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	31.00	32.00	33.00	1.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.20	0.61%
Positions and Percentage Vacant as of 12/1/23	0.00	0.0%
Vacancies Below Turnover	0.20	

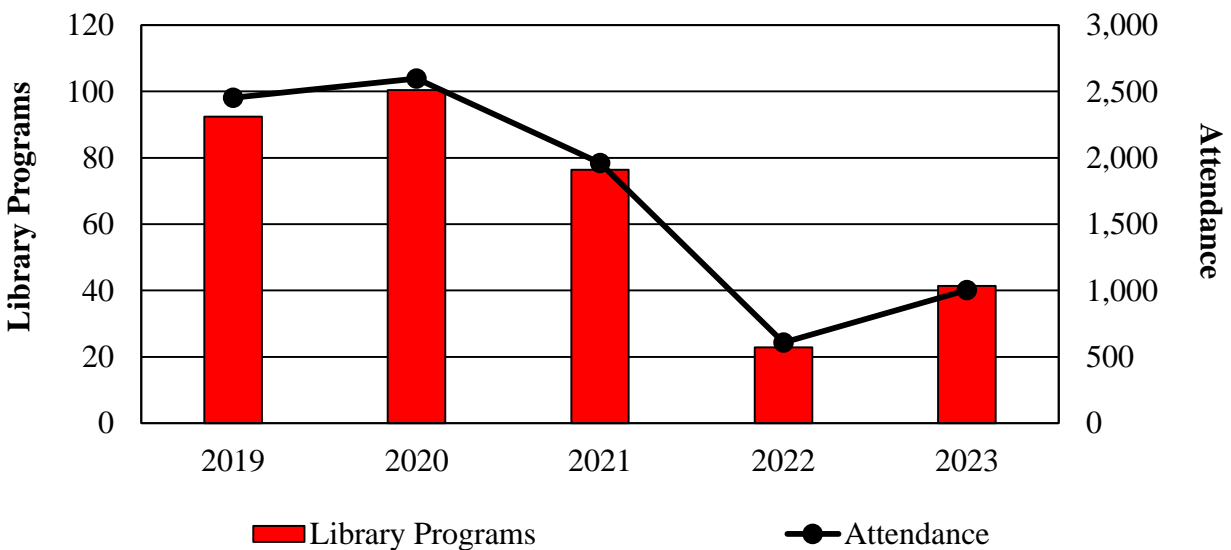
- In calendar 2023, MSLA filled 3.0 vacancies: a management associate for the Maryland Accessible Textbook Program; a procurement officer; and a communications manager.
- In fiscal 2024, for the Young Readers Matching Grant Program, MSLA expects to fill 1.0 contractual FTE grant administrator position. The fiscal 2025 allowance reflects 1.0 new regular position allocated to this program.

Key Observations

1. Library Programming and Attendance Increase

Exhibit 3 shows that due to COVID-19-related library closures in calendar 2020, State libraries experienced a decrease in the number of library programs and program attendance in fiscal 2021 and 2022. From fiscal 2022 to 2023, library attendance and the number of programs increased, though not back to prepandemic levels. Programs offered increased by 18,505, or 81%, from 22,897 in fiscal 2022 to 41,402 in fiscal 2023, and attendance grew to over 1 million participants in fiscal 2023 with an increase of 397,738, or 66%, over fiscal 2022.

Exhibit 3
Library Programs and Attendance
Fiscal 2019-2023
(in Thousands)



Source: Department of Budget and Management; Maryland State Library Agency

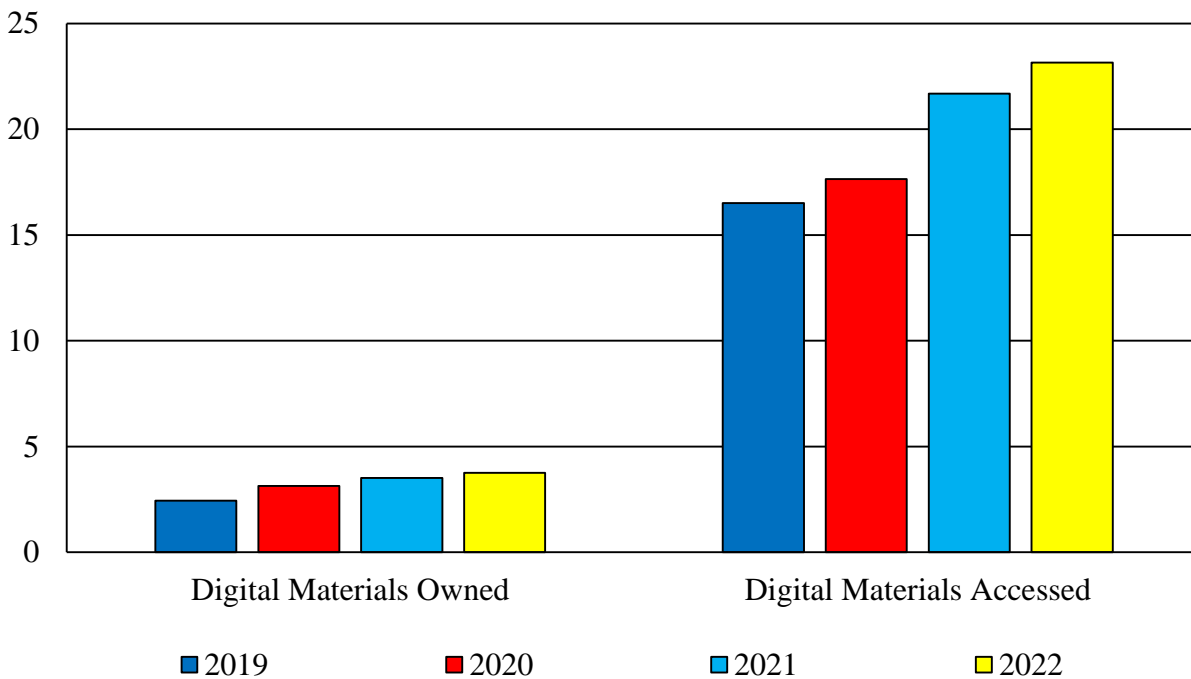
MSLA reported fiscal 2023 attendance at library programs increased because libraries have continued to offer virtual and outdoor programs, even though they are no longer required by COVID-19 restrictions, while libraries have also resumed in-person programming. This programming includes story times, educational offerings, and career services. Libraries are expected to further increase programming in the coming fiscal years in order to return to prepandemic levels.

MSLA should comment on efforts to increase program offerings and attendance in calendar 2024.

2. Digital Materials Data Revised

Exhibit 4 shows digital materials owned and accessed in Maryland libraries. MSLA reports that due to an error in counting digital materials for fiscal 2022, the fiscal 2025 Managing for Results submission updates fiscal 2022 actual data compared to the prior year’s submission. Fiscal 2023 actual data is not available at this time. From fiscal 2021 to 2022, digital materials owned increased by approximately 230,000, or 6.7%, from 3.5 million to 3.7 million, and digital materials accessed increased by 1.5 million, or 6.9%, from 21.7 million to 23.2 million.

Exhibit 4
Digital Materials Owned and Accessed
Fiscal 2019-2022
(in Millions)



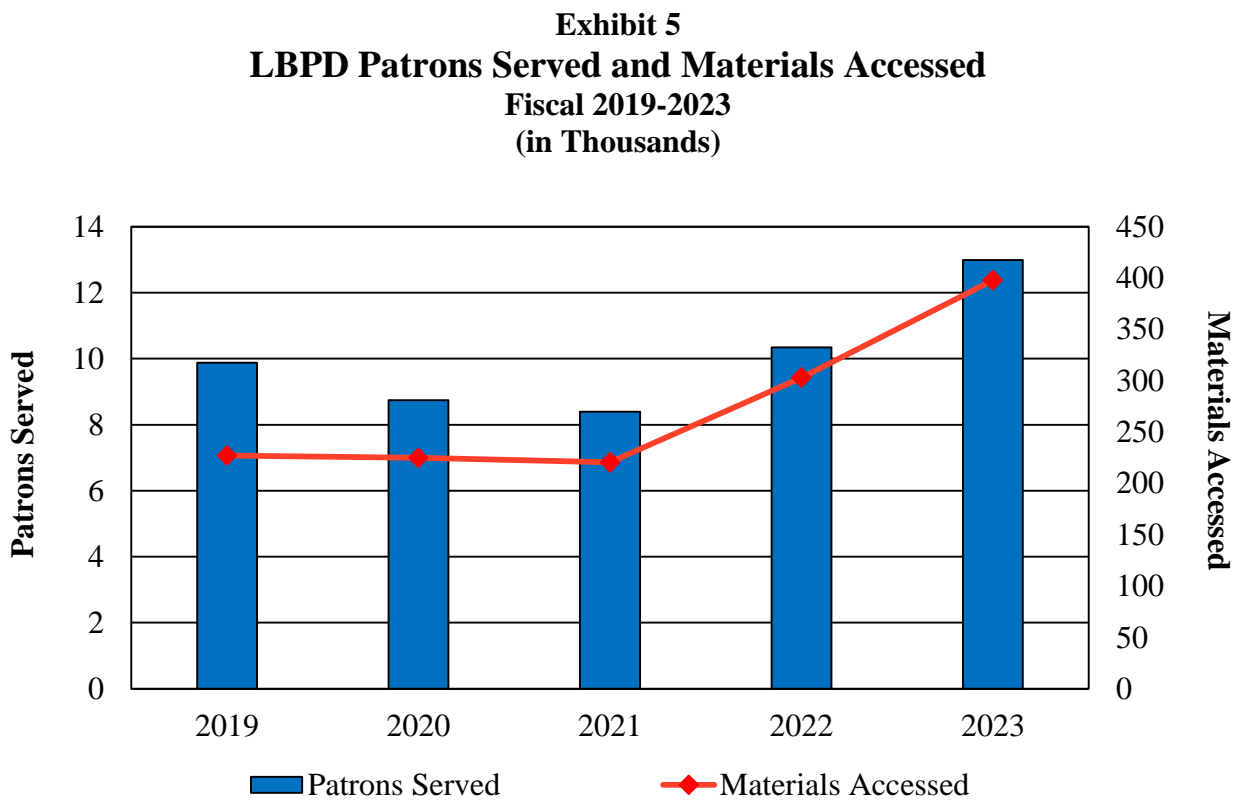
Source: Department of Budget and Management; Maryland State Library Agency

MSLA attributes increases in digital materials owned to investment in e-collections, including books, movies, and audio, which has accelerated a multi-year trend to meet customer

demand. The agency expects this trend to continue in future years, as more libraries acquire and lend digital materials.

3. LBDP Continues Increase in Materials Accessed and Patrons Served

Exhibit 5 shows data on LBDP patrons served and materials accessed from fiscal 2019 to 2023. In calendar 2020, LBDP closed due to COVID-19 concerns; however, the library reopened in calendar 2021 to serve patrons daily. From fiscal 2022 to 2023, the number of LBDP patrons served increased by 2,649 patrons, or 26%, from 10,339 to 12,988. Materials accessed also increased from fiscal 2022 to 2023 by 94,832, or 31%, from 302,945 to 397,777.



LBDP: Maryland State Library for the Blind and Print Disabled

Source: Department of Budget and Management; Maryland State Library Agency

In February 2023, LBDP completed the transition of patrons to the Books on Demand service model. Patrons now receive custom audiobook cartridges with multiple titles based on requests and preferences downloaded from a central National Library Service database, which

means that patrons have access to more books per order and digital books are always available. MSLA notes that, with this transition completed, LBPD expects that patrons served and materials accessed will remain level or decrease slightly in future years.

4. Memorandum of Understanding Between MSLA and LBPD Completed

An audit issued by the Office of Legislative Audits (OLA) in April 2022 found that MSLA did not have a memorandum of understanding (MOU) with the Friends of LBPD to address roles and responsibilities. Despite its use of “Library” in its name and the President’s position on the MSLA Board, Friends of LBPD does not have any affiliation with MSLA. Friends of LBPD is a tax-exempt nonprofit organization whose purpose is to support MSLA in promoting awareness of LBPD. OLA’s concern was that MSLA and Friends of LBPD were affiliated, and therefore an MOU would be warranted.

In March 2023, MSLA and LBPD entered into an MOU that specifies MSLA and Friends of LBPD are not affiliated. As part of this agreement, Friends of LBPD agreed to provide additional monetary support for LBPD for programming and materials including the Summer Reading Program and Bookshare, which is an online library of accessible e-books for people with print disabilities.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

**Appendix 1
Object/Fund Difference Report
Maryland State Library Agency**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 - FY 25 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	31.00	32.00	33.00	1.00	3.1%
Total Positions	31.00	32.00	33.00	1.00	3.1%
Objects					
01 Salaries and Wages	\$ 3,572,489	\$ 3,767,612	\$ 4,247,592	\$ 479,980	12.7%
03 Communication	16,294	20,760	7,740	-13,020	-62.7%
04 Travel	46,221	53,250	38,015	-15,235	-28.6%
06 Fuel and Utilities	82,111	118,000	112,464	-5,536	-4.7%
07 Motor Vehicles	29,711	32,640	33,040	400	1.2%
08 Contractual Services	1,163,001	1,170,200	1,178,846	8,646	0.7%
09 Supplies and Materials	78,575	78,317	50,778	-27,539	-35.2%
10 Equipment – Replacement	35,747	40,000	5,000	-35,000	-87.5%
12 Grants, Subsidies, and Contributions	90,843,210	94,065,462	98,114,372	4,048,910	4.3%
13 Fixed Charges	142,365	155,083	148,701	-6,382	-4.1%
Total Objects	\$ 96,009,724	\$ 99,501,324	\$ 103,936,548	\$ 4,435,224	4.5%
Funds					
01 General Fund	\$ 92,812,826	\$ 95,538,920	\$ 99,913,728	\$ 4,374,808	4.6%
05 Federal Fund	3,196,898	3,962,404	4,022,820	60,416	1.5%
Total Funds	\$ 96,009,724	\$ 99,501,324	\$ 103,936,548	\$ 4,435,224	4.5%

Note: The fiscal 2024 appropriation does not include deficiencies or across-the-board reductions. The fiscal 2025 allowance does not include cost-of-living adjustments.