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STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 1/31/84

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HB ~~498~~

I. REQUEST

Bill/Resolution No.: AG #377-118-84
Title: An Act deleting the COLA provision
Sponsor: Governor
Requestor: Education
Date of Request: _____

II. FISCAL DETAIL

Agency Affected: Education
Program Category Affected: Educ. Info. Cultu
BRU, Program of Subprogram(s) Affected:
State Library & Museums-Library Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
TOTAL						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

This bill would remove the cost of living increase requirement for local expenditures for library operations. There is no fiscal impact requiring additional funds for the change. Remaining provisions for eligibility for grants under the library assistance grant program are unchanged.

IV. ANALYSIS: Attach a separate page for any Analysis See attached

Prepared By: Richard B. Engen Richard B. Engen Phone: 465-2910
Division: State Libraries and Museums Date: Jan 31, 1984

Approved by Commissioner: Harold Reynolds Date: February 1, 1984
Department: Education

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

IV. Analysis

This bill would remove from the library assistance grant program a requirement for a cost of living increase in local operating expenditures of libraries seeking grants. The requirement for COLA creates a hardship for some communities and endangers continuation of the local library service. The COLA requirement has an effect contrary to the intent to strengthen local library services with the grant program.

Increases in local expenditures for local libraries are better determined by local needs and capabilities.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 9, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would eliminate the cost-of-living-adjustment (COLA) requirement in the library assistance grant program. This change was requested by the Department of Education, the state library, and several community libraries. Due to the uncertainty of revenues, public library funding entities are experiencing difficulty in maintaining local funding for library services. Requiring an annual cost-of-living increase in local funding jeopardizes continuation of local library support and handicaps the purpose of the Library Assistance Grant Program to help local libraries provide service.

Usually communities that can increase local support of their public libraries do so. The COLA requirement implies that all communities need to be motivated by a legal requirement when that might be needed for only a few.

Section 1 amends the first sentence of AS 14.56.330(b) to remove the COLA requirement and to make clear that, if a library did not exist in fiscal year 1980, the amount to which the prohibition on using the state money to supplant the local money applies is the amount equal to local expenditures in the first year a matching grant is awarded. Section 2 would make this change effective immediately.

The legislation creating this program in 1981 passed both houses unanimously, and I urge early passage of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

MEMORANDUM

State of Alaska

TO: The Honorable
Mike W. Miller, Chairman
Community and Regional Affairs
Alaska House of Representatives

DATE: March 2, 1984

FILE NO:

TELEPHONE NO:

FROM: Richard B. Engen, Director
Division of State Libraries
and Museums
Department of Education

SUBJECT: HB 598

Richard B. Engen

The Cost of Living Allowance or inflation percentage requirement applied to local support of the local public library as a provision for receiving a Library Assistance Grant from the State was intended to assure that local governments would increase local support of local libraries at least at the rate of inflation.

There are two main problems with the COLA provision. They are:

1. Inflexibility- even though local support were increased, it might not be increased enough to meet a fixed percentage; and,
2. Indirect control of local decision - local support beyond maintenance of local expenditures in the base year should be decided by the local community, not by a fixed grant program.

By FY 1984, the COLA provision has become a potential liability to the local libraries. In some of the smaller communities there may not be any more money available for offsetting inflation. This currently would mean loss of the grant and deterioration of the library service. Since matching grants for Public Library Assistance had to be prorated this year at 73%, the State moved into a position of requiring local governments to spend more to receive less.

This position is not supportive of the purpose of the Library Assistance Grant Program or of the local libraries. Local libraries are part of their communities. The grant program is meant to assist public libraries with their operating costs and to be part of the Alaska Library Network. In addition annual reports from the majority of libraries indicate increases in local support since 1980. The increase in the number of eligible library outlets from 64 in FY 1982 to 89 in FY 1984 shows that both the communities and grants are working positively to improve library service in Alaska.

Removal of the COLA provision represents removal of a built-in conflict which creates a negative result for library service.

Two sample letters are attached.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF EDUCATION

DIVISION OF STATE LIBRARIES AND MUSEUMS

Richard B. Engen, Director

Pouch G, Juneau, Alaska 99811
(907)-465-2910

October 26, 1983

Elva R. Scott
Eagle Public Library
P.O. Box 45
Eagle, Alaska 99738

Dear Mrs Scott:

Your Basic Public Library Assistance grant is being processed for FY 1984. I am pleased to see your plan to purchase a microfiche reader. It should be very useful to you and your library users.

Please start keeping circulation records and train volunteers to keep them, too. We use circulation statistics frequently as a measure of library activity and it is necessary to include Eagle.

I am concerned about your grant application for FY84 in that you request matching funds. Probably this is a repeated warning but if you start having matching for local funds, you must continue the amount plus cost of living increases or forfeit your grant for at least two years. Some libraries are running into this problem already. Since what you plan to do with your local money may relate to repairs and maintenance, I wonder if you will be able to have local money in the future. I really just want to be sure you understand the commitment you are making.

Sincerely,

Margaret

Margaret Leibowitz
Deputy Director

cc: Audrey Kolb

Margaret - Elva is gone for the winter. From your 3rd paragraph, it sounds like we should not apply for the matching funds so, if possible, please cancel that part of the grant.

Betty Berg, Pres

November 14, 1983

Margaret Leibowitz, Dep. Director
St. of Alaska/Dept. of Educ.
Alaska State Library
Pouch G
Juneau, Alaska 99811-0571

Dear Ms. Leibowitz:

The foilowing information is what was requested on October 24th for our 1983 State Library Grant.

The library is kept open fifty weeks out of the year. We have \$1101.94 left from the 1982 grant. The following orders are outstanding: World Book Encyclopedia @ \$473.00; and Story House Corp. @ \$310.00. That leaves about \$319.00 to cover continues cataloging (card kits and labor) until the new grant arrives.

The library use statistics show the following community patron use: from November, 1980 to June, 1981 was 95 items - Cantwell started receiving television that year. July, 1981 to June, 1982 was 150 items. July, 1982 to June, 1983 was 300 items. July, 1983 to November, 1983 was 233 items. The library has one entire wall physically open to the main entrance hallway of the building with about only 35' of hallway reaching to the main doors. I had tried some evening hours in 1981, but haven't tried since then as I had had very little response. I'll be glad to approach the community about hiring someone as I as taking night classes. I do check books out for people any time I am in the building for classes or meetings. The school is still the major center for 95% of the meetings that are held in the community, and all of the adult education classes.

A Community of Cantwell, Inc. meeting was held November 9, 1983. It was decided that I should not apply for the matching grant monies even though the library has been designated to receive monies from them again. I was asked to get the complete procedures for the library grant and the matching grants. Margaret, this is the first time I have ever been told about the community being obligated forever and ever with cost of living increases. I would appreciate receiving ALL the information possible regarding this matter. Thank you.

Sincerely yours,

Armeda A. Bulard
Armeda A. Bulard, Librarian
Cantwell School/Community Library
P. O. Box 29
Cantwell, Alaska 99729

CC:Audrey Kolb
Cantwell Education Association
Community of Cantwell, Inc.
Cantwell School