



**Senate Finance Committee
House Bill 49 Testimony
June 7, 2017**

Good afternoon, Chairman Oelslager, Vice Chair Manning, Ranking Member Skindell, and members of the Senate Finance Committee.

My name is Michelle Francis and I am the Director of Government and Legal Services for the Ohio Library Council (OLC). Joining me today for testimony is Kim Fender, Director of the Public Library of Cincinnati and Hamilton County and Chair of OLC's Government Relations Committee. We are testifying today on behalf of OLC, Ohio's 251 public library systems (rural, urban and suburban) and the 8.7 million library cardholders they serve.

We are here to share our thoughts on certain provisions in HB 49 related to the Public Library Fund (PLF) and we hope to provide you with the latest information regarding state revenues and their impact on the PLF.

Public Library Fund

The Public Library Fund is not a line-item appropriation like the numerous programs and state agencies before you in HB 49. It is in permanent law and is a set percentage of the state's General Revenue Fund (GRF). It ebbs and flows each month depending on state revenues and is currently set at 1.7% of the GRF for Fiscal Year 2017 (FY17).

We understand that the Ohio Senate has difficult decisions to make as state revenues continue to come in below estimate. However, Ohio's public libraries have already received cuts in state funding over the years and have yet to fully recover from the recession. Currently, public libraries receive \$119 million LESS in state funding than what they received in 2001 – a 24% reduction in funding over the last 15 years with no adjustment for inflation. (See Attachment A)

In addition, in FY17, the PLF is receiving \$25.8 million LESS than what was authorized by the General Assembly in the last biennial budget bill (HB 64) – a 6.3% loss in funding. The PLF was authorized to receive \$404.3 million in FY17. However, as of this morning, it will end on June 30 at less than \$378.5 million. (See Attachment B)

Overall, Ohio's public libraries could receive three additional "hits" or cuts in funding under this proposal:

- HB 49 reduces the PLF percentage of the state's GRF from the current rate of 1.7% to 1.66% of the GRF.
- Declining state revenues into the GRF further reduces the PLF distribution to libraries each month.
- HB 49 removes the Medicaid Managed Care Sales Tax (MCO) from the GRF which further reduces tax revenues and ultimately reduces the PLF.

After taking into consideration these additional cuts and the possibility of a \$1.1 billion reduction over the biennium, we estimate that **HB 49 could cut state funding to public libraries by an additional 4.7% in FY18** (a \$17.8 million loss in funding). (See Attachment C)

State funding through the PLF is critically important because it remains a primary source of revenue for public libraries. Statewide, more than 49% of the total funding for Ohio's public libraries comes from the state through the PLF. In addition, 58 of the 251 public library systems do not have a local property tax levy and rely solely on their state funding as their main source of revenue for day-to-day operations.

State funding is not only essential for libraries, but for the communities they serve.

Libraries today provide a wide range of services to Ohio's citizens based on the needs of each individual community. In your local communities, public libraries serve as a critical resource by providing connectivity to the Internet and computers for personal, employment and student use. They provide wrap-around services through after-school homework help centers and feed children during the summer through the Summer Food Service Program. When schools and OhioMeansJobs centers are closed, Ohio's public libraries are open. Libraries will always have books on the shelves, but services in today's public libraries go far beyond books. (See Attachment D).

With state revenues coming in below estimate, we understand that the state must determine its priorities and where it will focus its resources. According to a "Return on Investment" (ROI) study in 2016, Ohio's libraries provide nearly \$2.7 billion in direct economic value to Ohio's citizens and every \$1 spent by libraries returns over \$5 in economic value to Ohio residents.

Some of the key findings include:

- Ohio has the highest library use per capita in the nation.
- Ohio has the highest number of library visits per capita and the highest number of library transactions per capita.
- Ohio ranks 41st nationally in cost per library transaction.

The ROI report makes it clear that Ohio's investment in public libraries is both cost effective and of high value to the state's residents.

Therefore, now is not the time to be making additional cuts in funding to public libraries. Library usage increases during economic downturns as people turn to their local library for computer and Internet access, job search assistance, resume building, online training and to start small businesses.

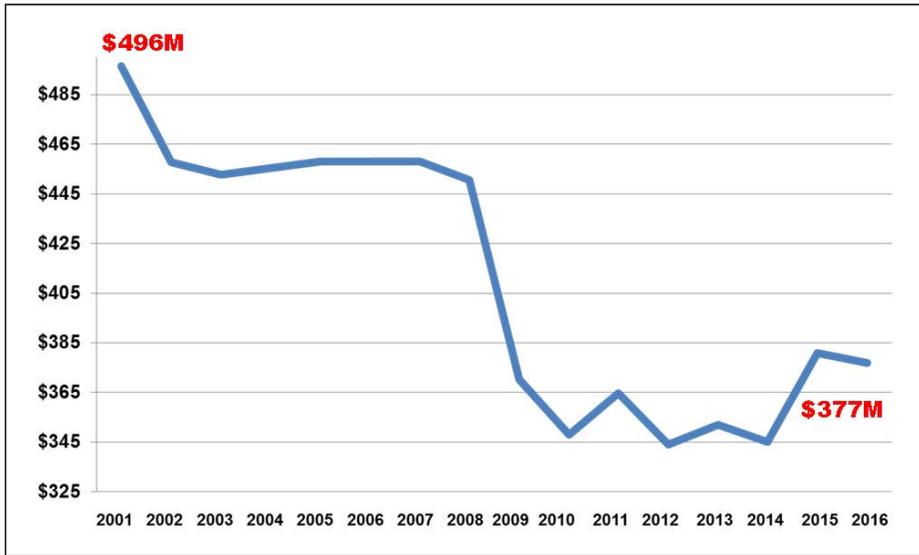
Conclusion

Based on the cuts already made to Ohio's public libraries, we are urging the Senate to not make any additional cuts to the PLF. At this time the OLC is respectfully asking the Senate to **maintain the current PLF percentage at 1.7% of the GRF**, and at the very least **ensure that the PLF receives no less than the actual FY 2017 distribution amount**.

Thank you for your time. With the chair's permission, I will now turn it over to Kim Fender for her testimony and then we will both take questions.

Attachment A

Ohio's Public Library Fund



Attachment B

**Comparison of PLF through Previous Budget Process
(\$ in Millions)**

	HB 64 As Introduced (Gov.'s Proposal) 1.66% of GRF	HB 64 As Passed by the General Assembly 1.7% of GRF	Actual Distribution/Most Recent Estimate*
FY 2016	\$379.5	\$389.5	\$377.6
FY 2017	\$394.3	\$404.3	\$378.5*
	*Updated June OLC Estimate for FY 17		

FY17 @ 1.7% of GRF Authorized = \$404.3 Million
 FY17 @ 1.7% of GRF Updated June = \$378.5 Million

Minimum 6.3% Loss in Funding of \$25.8 Million

Attachment C

Adjusted Baseline GRF Tax Revenue Estimates

Baseline GRF tax revenues after the MHIC changes and the Increased CAT allocation to the GRF are as follows:

FY18 = \$22,288.0 Million

FY19 = \$22,983.8 Million

Adjusting the baseline tax revenues further by \$550 million (\$1.1 billion over the biennium) results in the following adjusted baseline tax revenues:

FY18 = \$21,730.0 Million

FY19 = \$22,433.8 Million

With \$1.1 Billion Reduction in Baseline

FY18 @ 1.66% of GRF Estimate = \$360.7 Million

FY19 @ 1.66% of GRF Estimate = \$372.4 Million

Minimum 4.7% Loss in Funding of \$17.8 Million
(FY17 Update Compared to FY18 Estimate at 1.66%)

Attachment D

Public libraries offer Ohioans a wide variety of programs, services, and materials beyond books including, but not limited to:

Examples of Services

Wi-Fi
3-D Printers
Homework Help Centers
MakerSpaces
eGovernment Assistance
Income Tax Assistance/Tax Form Booklets
Job Search Assistance
Resume Assistance
Storytime
Summer Food Service Program Feeding Sites
Musical & Theatrical Performances
Passport Services
Summer Reading Programs
Early Literacy Programs
Educational/Computer/Technology Programs/Classes
GED/ACT/SAT Test Preparation Programs
Meeting Room Space
Polling Locations & Training
Computers

Examples of Lending

Personal Wi-Fi Devices
Tablets & iPads
Projectors for Laptops
Portable Projection Screens
DVD & Blu-ray Players
Musical Instruments
Digital Materials (eBooks, eAudiobooks, Music, Movies, etc.)
Artwork
Bicycles
Cookware
Tools
Toys
Adaptive Toys for Developmentally Disabled
Telescopes
Microscopes
GoPro Cameras
Basketball, Footballs, Fishing poles & Tackle Boxes
Meters (air quality, radon, & power consumption)
Metal Detectors
Blood Pressure Kits
Memory Kits



Senate Finance Committee

Kim Fender

June 7, 2017

Good afternoon, Chairman Oelslager, Vice Chair Manning, Ranking Member Skindell, and members of the Senate Finance Committee.

My name is Kim Fender and I am the Eva Jane Romaine Coombe Director of the Public Library of Cincinnati and Hamilton County and Chair of the Ohio Library Council's Government Relations Committee. Thank you for allowing me to testify today.

I'm sure you're all aware of the important work public libraries are doing every day. The challenge is how to pay for these services.

When Library funding is reduced at the State level, there are only two options. Libraries may seek additional tax revenue at the local level through a property tax, our only option. This is a lengthy and expensive process that ultimately increases taxes at the local level.

The second possibility is to reduce services. The \$17.8 million reduction in the Public Library Fund (PLF) for FY18 equals:

356 full time jobs lost

48,149 hours of library services and operations cut

912,819 books or 1.78 million eBooks not purchased

Every dollar invested in a public library results in \$5.00 in benefit to the community.

This means the \$17.8 million reduction in the PLF in FY18 really equals an \$89 million reduction in benefits and services to Ohio's citizens and taxpayers.

What's harder to quantify is the loss of services that are badly needed across our State including Kindergarten readiness, 3rd grade reading success, and high school graduation. We also provide services that support GED students and help job seekers find work and develop new skills.

From 2000 to 2017 we saw a 59% increase in items borrowed, a 26% reduction in library funding, deferred \$18 million in building repairs, reduced our hours of operation by 10%, and reduced our staffing by 20%. We also added a local property tax.

At this point we can no longer meet the demand for our services with the funding we have, much less with reduced funding. Our branches need \$54 million in repairs and improvements – like handicapped accessibility.

Each library impacted by the reduction in funding will choose how to address the additional shortfall: either a new or increased local tax or a reduction in library service.

Now is not the time to make additional cuts to the PLF. During an economic downturn and in the middle of an opioid crisis, public libraries can help be part of the solution.

We are respectfully asking the Ohio Senate to not make any additional cuts to the PLF, **maintain the PLF at the current rate of 1.7% of the GRF and ensure that the PLF receives no less than the actual FY 2017 distribution amount.**

Thank you and I am happy to answer any questions you may have.