

June 14, 2011

To: Minitex Participating Libraries

From: Bill DeJohn, Director

Re: Budget Update

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The 2011 Minnesota Legislative Session ended without a resolution on the state budget, so Minitex does not know the level of state appropriations it will receive for the upcoming biennium. I am making the assumption that the final amount of state general fund appropriations to Minitex and MnLINK for the 2011-2013 bienniums will not fall below the level contained in the House/Senate Conference Committee Report (H.F. 1101).

We are planning our FY12 and FY13 budgets using the appropriations contained in H.F. 1101. In addition, State Library Services has informed Minnesota libraries that, due to Congressional cutbacks to the Institute for Museum & Library Services (IMLS), the Library Services & Technology Act (LSTA) amount appropriated to Minnesota has been reduced. This will have consequences for the Minitex program as outlined below beginning July 1, 2011.

Minnesota State appropriations from the Minnesota Office of Higher Education

Based on appropriations in the Higher Education Conference bill, which passed both the House and Senate but was vetoed by the Governor, the appropriations for our operations would be:

- Minitex appropriation is reduced \$406,000 (7.2%) for both FY12 and FY13.
- MnLINK appropriation is reduced \$20,000 (5%) for both FY12 and FY13.
- ELM state appropriations of \$900,000 in the Minnesota Department of Education for both Fy12 and FY13 were approved by the Legislature, but the Education bill was vetoed by the Governor.

Impacts

MnLINK Gateway: The \$20,000 reduction would reduce the payments that the 25 MnLINK Gateway Server libraries receive for being a server site and maintaining their MnLINK connections in support of the resource sharing program.

Minitex: The \$406,000 reduction will have an impact on the Minitex portfolio of services. We have been looking at reductions, and, some weeks ago, we announced the areas we were exploring.

Summary of reductions:

- Eliminated the \$117,529 subsidy for online access to the American Chemical Society resources in FY12 with a calendar year start of January 1, 2012. We have notified the 20 affected libraries.
- Reduced student hours in Resource Sharing and in the Delivery unit in FY12. This could affect processing of resource sharing requests and cause delays and service interruptions during heavy periods of the academic year. Also, we are using technology in new ways that may streamline the processing of requests. It depends upon our daily volume, which can exceed 2,000 requests in a single day during the academic year.
- Notified vendors of ELM resources of the State of Minnesota's budget impasse and the possibility of a government shutdown. We are reviewing ELM usage. We expect contractual increases from ELM vendors in FY12 and FY13. Several ELM vendors did not increase their yearly contracts during FY10 and FY11.
- Reviewed administrative and operational expenses for reductions – and, this work continues.
- Wound down the Minitex Union List of Serials (MULS) program and reassigned staff. This program started in 1971 and has been a major factor in our successful resource sharing program.

LSTA Grants from Minnesota State Library Services to Minitex

Nancy Walton, Acting Director & State Librarian, State Library Services, Minnesota Department of Education, informed the library community on June 9, 2011 that the 2011 allocation of federal LSTA funding was reduced by approximately 11%. She also announced reductions in grants to Minitex. The impact of these reductions is outlined below:

- LSTA grant funding to Minitex for FY12 has been reduced by \$200,000.
 - Eliminated the Minnesota Digital Library's LSTA grant of \$100,000 for which we had applied with a start date of July 1, 2011. However, there is an appropriation for both FY12 and FY13 in the Arts and Cultural Heritage Fund (Legacy Funding) bill for Minitex to operate the MDL. This bill has not been passed by the Legislature at this point and we are hopeful it will be approved when a Special Session is called by the Governor.
 - Reduced the basic-services LSTA grant entitled Reference & Training awarded to Minitex from \$170,000 to \$70,000 for FY12. The award is for one year instead of two years. After July 1, Minitex will no longer accept reference referrals from libraries and schools across Minnesota.
 - LSTA funding for Resource Sharing and Delivery in FY12 and FY13 for Minnesota public and K12 school libraries is a set figure and will not increase to reflect increased operating costs. Reductions are also being made in both programs supported by state and federal funds, so service interruptions may occur, especially in FY13 as we expect an increase in operating costs.

We are reviewing all units and activities in the office with the aim of determining where additional savings may be found. I am hopeful that we can minimize the effects on our operations so we can continue to provide services that our libraries expect from us and that end users have come to expect.