

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: Sub. S.B. 185 DATE: March 12, 2008

STATUS: As Reported by House State Government and Elections **SPONSOR:** Sen. Schuler

LOCAL IMPACT STATEMENT REQUIRED: **No — Minimal cost**

CONTENTS: Revisions to public library laws

State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
General Revenue Fund – State Library of Ohio			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential minimal increase for negotiating OPLIN contracts	Potential minimal increase for negotiating OPLIN contracts offset by savings
Public Library Fund (formerly the Library and Local Government Support Fund)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal decrease	Potential minimal decrease	Potential minimal decrease

Note: The state fiscal year is July 1 through June 30. For example, FY 2008 is July 1, 2007 – June 30, 2008.

- The State Library may experience a minimal increase in expenditures from GRF line item 350-400, Ohio Public Information Network (OPLIN), for potential up-front costs of negotiating contracts, which would likely be offset in the long run by savings resulting from making OPLIN permanent.
- The bill renames the Library and Local Government Support Fund to the Public Library Fund instead. The fund could see a potential minimal decrease in expenditures to library associations that did not receive funding from this source prior to December 31, 2005. However, as no new library associations have been formed since then, this would in fact only apply to new associations formed after the bill's effective date.



Local Fiscal Highlights

LOCAL GOVERNMENT		FY 2008	FY 2009	FUTURE YEARS
School district free public libraries				
Revenues		- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase for library records commissions		Potential minimal increase for library records commissions	Potential minimal increase for library records commissions
Public libraries				
Revenues		- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase for implementing direct deposit, offset by savings		Potential minimal increase for implementing direct deposit, offset by savings	Potential minimal increase for implementing direct deposit, offset by savings

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Public school districts may experience a minimal increase in expenditures for the establishment of library records commissions to review obsolete records and record retention schedules.
- Free public libraries may experience a minimal increase in expenditures to implement the requirement that all library employees be paid by direct deposit. However, these expenses may be offset by the savings of switching from a paper system to an electronic format.

Detailed Fiscal Analysis

The bill makes various changes to the laws governing free public libraries in Ohio. Among other technical changes that have no fiscal effect, such as changing the legal title of a public library clerk to the fiscal officer, the bill creates new requirements for free public libraries and school district libraries. Both of these new requirements could impose a minimal additional cost on free public libraries and school districts.

Direct deposit of library employees' paychecks

Under the bill, public library boards of trustees must pay employees via direct deposit. Employees must provide written authorization to the library's fiscal officer (formerly clerk) for direct deposit. Libraries must also adopt a policy for ensuring the direct deposit of compensation into a financial institution for employees who do not submit a written authorization. It is not known how many libraries in Ohio already use direct deposit. For those that currently do not, the direct deposit requirement may cause them to incur some minimal costs for the transition period, including developing forms for authorizing direct deposits, financial record-keeping procedures, and adopting the policy for employees who do not submit an authorization, as well as meeting any requirements of the library's own financial institution for making the necessary transfers into employees' accounts. However, adopting direct deposit for employee compensation will presumably create long-term savings for libraries since the costs associated with printing and distributing paper paychecks will no longer be a factor.

School district free public library records commissions

The bill also adds school district free public libraries to the list of libraries that must have a library records commission.¹ Records commissions must review applications for the disposal of obsolete records and schedules of records retention and disposition that are submitted by library employees. Commissions are required to follow a process of informing the Ohio Historical Society (OHS) and, in turn, the Auditor of State of any public records scheduled for disposal so that it can be determined if any records are deemed to be of value. It is not likely that the additional costs of creating a records commission and carrying out its functions would create more than a minimal cost to school district free public libraries, since the commission must consist of the existing members and fiscal officer of a library board of trustees, and it is up to library employees to submit applications to the commission for the disposal of records. Any additional costs to school district free public libraries are likely to be administrative in nature, including developing applications for record disposal and the costs of sending materials to OHS.

Public Library Fund distributions

The bill changes the name of the Library and Local Government Support Fund (LLGSF) to the Public Library Fund and alters the way funds are distributed to public libraries from the fund. Under

¹ School district free public libraries are not necessarily school libraries, but public libraries whose taxing authority is a school district.

current law, library associations may receive support from the LLGSF if they were organized and operating prior to January 1, 1968. The bill adds the requirement that library associations must have received a distribution of the proceeds of the fund prior to December 31, 2005 in order to be eligible for further funding. However, according to the State Library of Ohio, there are 251 public library associations in Ohio, with none having been newly formed since that time, so the provision in fact would apply only to new associations formed after the bill becomes effective. Because current law requires county budget commissions to determine whether an entity (public or private) is a library association for the purposes of receiving distributions from a county's LLGSF allocation, the bill would effectively prevent any newly created private entity declared to be a library association from receiving state distributions.

The fiscal effect would be to limit the revenues available to such newly formed library associations to sources other than the Public Library Fund and to limit counties' Public Library Fund allocations only to currently existing public library associations. It is possible that public library associations already participating in LLGSF distributions could cease to exist and then reconstitute themselves after the bill becomes effective. Such an occurrence could have a minimal effect on the total distribution to public library associations. Because the estimated amount available for spending from the LLGSF in FY 2008 is approximately \$460 million, however, there would be no significant fiscal effect on the fund as a whole.

Ohio Public Library Information Network

Currently, the Ohio Public Library Information Network (OPLIN) is reauthorized each budget cycle in temporary law. The bill makes OPLIN permanent by placing it in the Ohio Revised Code. OPLIN is an agency within the State Library of Ohio that provides an electronic network for libraries to access databases, government services, and other information. It is governed by an 11-member board of trustees, has an independent executive director, and is fiscally accountable to the State Library of Ohio. All these aspects of OPLIN were authorized as part of the program's continuation under Am. Sub. H.B. 119 of the 127th General Assembly and are unchanged in Sub. S.B. 185.

The only likely fiscal effect of making OPLIN permanent centers on its ability to negotiate contracts for databases and other services. Currently, contracts depend on the budget-to-budget nature of OPLIN's existence. Making OPLIN a permanent state agency within the State Library could allow it to enter into contracts that may be more cost-effective over time. This could create a slight increase in GRF expenditures for the up-front costs of negotiating these contracts as the current biennium expires, though any additional costs would likely be offset by the savings resulting from not having to enter into new contract deals each budget year. According to the State Library, however, any fiscal effect would be very minor.

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