

**Summary: House Passed  
HISTORY, ARTS, AND LIBRARIES  
FY 2004-05 House Bill 5519**



**Analyst: Steve Stauff**

	FY 2003-04 YTD (as of 2/12/04)	Executive	House	Senate	Enacted	Difference: House Passed from FY 2003-04 YTD	
						Amount	%
<b>IDG/IDT</b>	\$137,500	\$139,000	\$139,000			\$1,500	1.1
<b>Federal</b>	9,322,600	8,151,300	8,151,300			(1,171,300)	(12.6)
<b>Local</b>	0	0	0			0	0.0
<b>Private</b>	577,400	577,400	577,400			0	0.0
<b>Restricted</b>	2,308,800	2,412,400	2,412,400			103,600	4.5
<b>GF/GP</b>	44,201,700	47,463,100	47,463,100			3,261,400	7.4
<b>Gross</b>	<b>\$56,548,000</b>	<b>\$58,743,200</b>	<b>\$58,743,200</b>			<b>\$2,195,200</b>	<b>3.9</b>
<b>FTEs</b>	254.5	238.0	238.0			(16.5)	(6.5)

### **Overview**

The Department of History, Arts, and Libraries administers programs in four major areas: arts and cultural affairs, which includes administration of Michigan's Arts and Cultural Grants program; Mackinac Island State Park Commission, which oversees operational activities at the Mackinac Island State Park, the Michilimackinac State Park, and the Mill Creek State Park; historical program, which includes historical museum system, historical publications, archaeological, and lighthouse preservation activities; and library services, providing reference services to the public and Legislative, Executive, and Judicial branches of state government, as well as assisting public libraries statewide.

### **Summary of FY 2004-05 Major Budget Issues**

#### ***Digitization Pilot Project - NEW***

Preservation and Access for Michigan Project, a new activity, will provide \$1.5 million GF/GP to digitize unique materials currently in the possession of libraries in the state. These digitized images will then be made available via the Michigan Electronic Library (MEL) which is maintained by the State Library of Michigan. Accompanying boilerplate language can be found in Sec. 609 and provides guidance for the use of these funds.

#### ***Detroit Public and Grand Rapids Public Libraries***

The Committee includes \$500,000 GF/GP and \$100,000 GF/GP to the Detroit Public Library and the Grand Rapids Public Library, respectively. In FY 2003-04 the funding levels to these libraries are \$1.0 million and \$125,000, but the fund sources are federal dollars which are not available in the FY 2004-05 budget period.

#### ***Elimination of Reed Act Funding***

A reduction of \$1,211,300 federal Reed Act funding from FY 2003-04 is included. These federal funds are not available in FY 2004-05 and had supported grants to the Detroit Public Library, the Grand Rapids Public Library as well as other public libraries. Funding provided on-line resources to unemployed Michigan residents seeking unemployment information, job development tools and skills building materials.

#### ***Increase in State Aid to Libraries***

The *State Aid to Libraries* appropriation line is increased by \$405,000 over FY 2003-04. This funding provides assistance to public libraries, as a supplement to local funding, to ensure that all Michigan residents have access to library services.

#### ***Economic Adjustments***

There are a series of economic adjustments proposed by the Governor totaling \$622,400 Gross, \$574,200 GF/GP. The adjustments reflect changes in salary and wage base adjustments, and employee wage concessions.

<b>Major Budget Changes from FY 2003-04 YTD Appropriations:</b>		<b>FY 2003-04 YTD (as of 2/12/04)</b>	<b>House Change</b>
<b>1. Preservation and Access for Michigan Project - NEW</b>		<b>Gross</b>	<b>\$0</b>
<b>House:</b> New GF/GP funding to digitize materials currently in the possession of libraries in the state and to preserve, store, and make these digitized images available via the Michigan Electronic Library (MEL). The subject materials are to be significant in the State's history, the only existing copies of unique items, or of broad interest to the citizens of Michigan. An evaluation group comprised of representatives of libraries and universities will decide on items that meet the criteria.		GF/GP	\$0
<b>Executive change: \$1,500,000</b>			<b>\$1,500,000</b>
<b>2. Employee Related Savings</b>		<b>Gross</b>	<b>\$0</b>
<b>House:</b> These reductions will be accomplished through employee concessions.		Federal	(28,500)
<b>Executive change: (\$375,200)</b>		Restricted	(1,600)
		GF/GP	(\$345,100)
<b>3. Employee Economics</b>		<b>Gross</b>	<b>\$0</b>
<b>House:</b> Economic increases for employees covering salaries, wages and fringes. Since no economics were included for the base budget of FY 2003-04, these amounts reflect negotiated economics which would adjust the base for FY 2003-04 and FY 2004-05.		Federal	68,800
<b>Executive change: \$997,600</b>		Restricted	9,500
		GF/GP	\$919,300
<b>4. Detroit Public Library</b>		<b>Gross</b>	<b>\$0</b>
<b>House:</b> In FY 2003-04 the Detroit Public Library received federal Reed Act funding in the amount of \$1.0 million to provide on-line access to resources for unemployed Michigan residents seeking unemployment information, job development tools and skills building materials. FY 2003-04 is the last year these resources are available. The Executive Recommendation included a reduction of federal support in FY 2004-05 but provides for a like amount of GF/GP. The Appropriations Chair concurs but reduces the amount to \$500,000 GF/GP.		Federal	1,000,000
<b>Executive change: \$0</b>		GF/GP	\$0
			<b>(\$500,000)</b>
<b>5. Grand Rapids Public Library</b>		<b>Gross</b>	<b>\$0</b>
<b>House:</b> In FY 2003-04 the Grand Rapids Public Library received federal Reed Act funding in the amount of \$125,000 to provide on-line access to resources for unemployed Michigan residents seeking unemployment information, job development tools and skills building materials. FY 2003-04 is the last year these resources are available. The Executive Recommendation includes a reduction of federal support in FY 2004-05 but provides for a like amount of GF/GP. The Appropriations Committee concurs but reduces the GF/GP amount by \$25,000.		Federal	125,000
<b>Executive change: \$0</b>		GF/GP	\$0
			<b>(\$25,000)</b>
<b>6. State Aid to Libraries</b>		<b>Gross</b>	<b>\$13,327,100</b>
<b>House:</b> Increases the <i>State Aid to Libraries</i> appropriation line by \$405,000.		GF/GP	\$13,327,100
<b>Executive change: \$0</b>			<b>\$405,000</b>
<b>7. Local Historical Societies Grant Program</b>		<b>Gross</b>	<b>\$0</b>
<b>House:</b> Provides \$100,000 included within the <i>Historical Administration and Services</i> appropriation line to fund grants to local historical societies.		GF/GP	\$0
<b>Executive change: \$0</b>			<b>\$100,000</b>

<u>Major Budget Changes from FY 2003-04 YTD Appropriations:</u>	<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>House Change</u>	
<b>8. Book Distribution Centers</b>	<b>Gross</b>	<b>\$307,500</b>	<b>\$20,000</b>
<b>House:</b> Provides an additional \$20,000 over FY 2003-04 for the two book distribution service organizations. Boilerplate in Sec. 607 details how the gross amount of \$327,500 shall be split.	<b>GF/GP</b>	<b>\$307,500</b>	<b>\$20,000</b>
<b>Executive change: \$0</b>			

### **Major Boilerplate Changes from FY 2003-04:**

#### **Sec. 215. Receive and Expend Language – MODIFIED**

Additional language is included that allows revenues collected for services rendered to other state departments, local units of government, judicial branch, other organizations, and patrons to be deposited into a new fund named the "History, Arts and Libraries Service Fund."

#### **Sec. 216. Creates the "History, Arts and Libraries Service Fund" – NEW**

Creates this new fund and allows the balance to be carried forward by the Department for expenditure in subsequent fiscal years.

#### **Sec. 217. Contingency Fund Language – NEW**

Authorizes the Department to receive amounts not to exceed \$1.5 million in federal, \$1.0 million in state restricted, \$150,000 in local, and \$1.0 million in private contingency funding; requires that this funding be transferred to another line item via the legislative transfer process in order to be available for expenditure.

#### **Sec. 410(13). Arts Grants Cap – NEW**

New language requires that no one organization may receive more than 18% of the appropriated funds in part 1 for *Arts and Cultural Grants* in FY 2005. Additional intent language lowers the percentage to 17% in FY 2006, 16% in FY 2007 and 15% in FY 2008.

#### **Sec. 608. Grand Rapids and Detroit Public Library Fund Use Report – NEW**

New language requires the Department to provide a report to the House and Senate appropriations standing committees which details the use of funds appropriated in the *Grant to the Grand Rapids Public Library* and the *Grant to the Detroit Public Library* appropriation lines.

#### **Sec. 609. Digitization Project Language – NEW**

New language details how the Preservation and Access for Michigan Project will be implemented. It outlines what types of materials will be digitized and accessed through the electronic library.