

Prior to the meeting, Steve would like to distribute a review of library funding mechanisms and examples of possible funding formulas. During the meeting, he hopes to achieve a consensus on a funding formula to recommend for use beginning 2022. Mark asked Steve to distribute the presentation material to him via e-mail for the county's records. Mark also reminded everyone that this committee is formed through the statutes. If anyone has a question on the content of information e-mailed, they should not "respond to all" in order to avoid an inadvertent quorum or negative quorum. Any questions concerning materials sent out should be asked of Steve Ohs.

Skip asked that all formulas be sent out as an Excel spreadsheet. Steve noted that he uses Google sheets but will translate them to Excel and distribute them via e-mail. Mark asked that the current plan be distributed as well. Peter asked what the problems of the last plan were. Steve will provide a narrative that explains the previous issues. Catherine James noted that she is also asking for raw data to be shown as a part of the spreadsheet formulas.

The next meeting will be on Tuesday, July 13, 2021 at 6:00 pm. Jill Rodriguez has asked to be excused from that meeting. Steve will try to get the material out as soon as possible.

Skip Mosshamer moved and Brian Broga seconded to adjourn at 7:35 pm. All were in favor and the meeting adjourned.

Notes recorded by:
Janice Martin, Office Manager for Lakeshores Library System

2022 Walworth County Library Planning Committee Comments Regarding Library Funding in Walworth County

Executive Summary:

County plans of library service need to include a section addressing how funding will be provided from the home county to libraries within the county and in adjacent counties. This is related to the statutory requirements in place, which together create “universal access” to public library services. The practical intent of this model is for any resident of the state to be able to access the services of a public library without having to directly purchase a library card.

Recent events have revealed that the funding formula currently in use to calculate reimbursement payments is not optimal, and presents a number of challenges to the county, the member libraries, and to Lakeshores Library System (LLS) with respect to its role as a clearinghouse in the county reimbursement process. There is, therefore, an opportunity to create a more optimal formula and implement it beginning in the 2022 funding year.

Recent History:

While preparing to make the annual unified reimbursement request on behalf of the libraries in 2020, it was brought to the attention of LLS that two of the calculated library payments fell below the minimum amount in the statutes (70% of the cost of service to county residents without access to a library). Upon further research, it was discovered that this problem dated back a number of years, and that certain libraries had consistently been reimbursed amounts that fell below the minimum. Upon realizing the extent of the problem, LLS worked with the member libraries in the county, the LLS Board of Trustees, and Administrator Luberda to engineer a solution to fix the problem. LLS also filed a related compliance plan with the Department of Public Instruction, and kept each stakeholder group informed as to the progress as the solution was implemented. DPI now considers the matter resolved, and the libraries which received the sub-70% reimbursement payments have been compensated to bring them up to the historical amounts they should have received.

Review of the Formula in the Statutes:

To understand the current county formula (i.e. the formula in use from the late 90’s or early 00’s to date), it is helpful to first review the method of determining the cost of serving residents without a library in the actual statutes. As we recall, this method is:

$$\frac{\text{Library Operating Expenditures}}{\text{Library Total Circulation}} \times \text{Library Circulations Made to Residents Without a Library}$$

Put another way, the goal is to “find out what it costs each library for one unit of service, then multiply that rate by the number of units of service provided to the folks who don’t have a home library.”

There are two very important points to consider about the formula in the statutes:

1. Physical circulation is used as the *divisor* of total operating expenses because it is a simple data element that is reported by every public library in Wisconsin, and remains the best available *multiplicand* for determining the portion of a given library's operating expenses that went to serving folks without a home library.
2. The formula in the statutes, as applied therein, is performed for each individual library. Put another way, each individual library's actual unit cost of service is different. This is due to a wide variance in library size, operating budget, and service population, as well as other factors (urban, rural, minimum municipal appropriation to exempt from the county library tax, etc.).

The Current Formula:

Turning once again to the county formula in use to date, we are now better equipped to understand how it differs from the formula in the statutes. The current county formula calculates library reimbursement by doing the following:

1. For each library in the county, determine the three year average of circulations made to county residents without access to a library, then add the individual three year averages together.
2. Calculate 100% reimbursement for each library using the method in the statutes, then add the individual 100% reimbursement amounts together.
3. Divide the total amount from step 2 by the total amount from step 1 to generate an averaged service unit cost.
4. For each library, multiply the averaged service unit cost by the number of circulations made to residents without access to a library.

When compared with the formula approach in the statutes, the key difference is that the county formula bases reimbursement on an *averaged* service unit cost of all libraries in the county, as opposed to the actual service unit costs of each library. There are two key challenges associated with handling library reimbursement in this way:

Wide Variance in the Actual Percentage of Costs Reimbursed to Libraries. Under the current formula, using 2019 data¹, libraries receive between 57% and 164% of their service costs² to residents without access to libraries - if we analyze using the method in the statutes.

Statutory Risk. The variance described above has proven to create an ongoing situation where two or more libraries are almost always receiving less than the statutory minimum on an annual basis, which is a legal risk for both the county and for the regional library system. Continuing to implement the current formula would require that either a) additional funds be appropriated by the county to correct any libraries up to 70%, or b) funds be re-balanced from other library

¹ The analyses used in writing this document are all based on one data set from 2019, created for the purpose of this committee process, and are not necessarily consistent with the actual county request or library payments. The data set was created to "compare apples to apples" and understand how different formulas might compare with one another.

² Percentages vary from year-to-year with the fluctuations of library budgets and circulation data.

reimbursement payments to correct to 70%. If b), a separate balancing formula would need to be created and put into the plan for this scenario.

Potentially Negative Effects of Changing the Formula:

Any changes with respect to county funding for library services have the potential to significantly impact the operating characteristics of some libraries in the county. Because of the averaging that takes place with respect to the service unit cost in the current formula, some libraries will bear the brunt of any pivot away from that arrangement. Put another way, the libraries with the lowest actual service unit costs (i.e. significantly less than the average service unit cost per the formula) would be more heavily impacted. Practical implications of this are reductions in library staff and materials budgets.

Potential Alternatives for a New Formula:

There are a number of options that immediately come to mind as the WCLPC considers a course of action regarding the funding formula to be placed into the plan of library service:

1. Keep the current formula with additional safeguards in place to mitigate situations where a calculated payment falls below the statutory minimum.
2. Switch to the formula exactly as it appears in the state statutes.
3. Switch to a formula that calculates reimbursement based on each individual library's percentage of the total service provided to residents without access to a library, with safeguards in place to mitigate situations where a calculated payment falls below the statutory minimum.
4. Switch to a formula that, for each library, calculates the minimum reimbursement as determined by the statutory formula (70%), plus a *variable amount in addition to the minimum* that is based on each library's percentage of the total service provided to residents without access to a library.

Formula Option Examples Submitted:

Related to the above section, I have created an Excel workbook for use by the WCLPC in comparing the options. In an attempt to "compare apples to apples", I've used a library dataset from the 2019 service year. Data from 2019 was chosen because the service metrics most closely resemble a "normal year", and given COVID-related effects, there are difficulties in considering data from 2020. Also, the workbook assumes a reimbursement level of 70% (using the method of calculation straight from the statutes) for adjacent county usage in all options.

Respectfully submitted,

Steve Ohs, Administrator
Lakeshores Library System
Facilitator, Walworth County Library Planning Committee

Library	100% calculation (based on formula in statutes)	Averaged Service Unit Cost	Amount to be reimbursed	Resulting percentage of actual costs	Additional funding to correct to 70%	Corrected amount to be reimbursed:
ARAM PUBLIC LIBRARY	\$181,067	\$4.73	\$192,813	106%	\$0	\$192,813
BARRETT MEMORIAL LIBRARY	\$139,459	\$4.73	\$146,960	105%	\$0	\$146,960
BRIGHAM MEMORIAL LIBRARY	\$23,998	\$4.73	\$25,405	106%	\$0	\$25,405
DARIEN PUBLIC LIBRARY	\$43,343	\$4.73	\$22,865	53%	\$7,476	\$30,340
EAST TROY LIONS PUBLIC LIBRARY	\$110,270	\$4.73	\$79,033	72%	\$0	\$79,033
FONTANA PUBLIC LIBRARY	\$65,173	\$4.73	\$34,808	53%	\$10,813	\$45,621
GENOA CITY PUBLIC LIBRARY	\$72,504	\$4.73	\$73,206	101%	\$0	\$73,206
LAKE GENEVA PUBLIC LIBRARY	\$273,171	\$4.73	\$241,749	88%	\$0	\$241,749
MATHESON MEMORIAL LIBRARY	\$382,357	\$4.73	\$493,019	129%	\$0	\$493,019
WALWORTH MEMORIAL LIBRARY	\$93,485	\$4.73	\$74,970	80%	\$0	\$74,970
	\$1,384,827		Totals: \$1,384,827			\$1,403,116

County Funding: \$422,982
for Library **\$1,826,097**

Funding Model Description:

This funding model is based on the current formula, with additional calculations in place to ensure that each library is reimbursed at the 70% minimum level.

Library	100 % calculation (based on formula in statutes)	Amount to be reimbursed	Resulting percentage of actual costs reimbursed:
ARAM PUBLIC LIBRARY	\$181,067	\$181,067	100%
BARRETT MEMORIAL LIBRARY	\$139,459	\$139,459	100%
BRIGHAM MEMORIAL LIBRARY	\$23,998	\$23,998	100%
DARIEN PUBLIC LIBRARY	\$43,343	\$43,343	100%
EAST TROY LIONS PUBLIC LIBRARY	\$110,270	\$110,270	100%
FONTANA PUBLIC LIBRARY	\$65,173	\$65,173	100%
GENOA CITY PUBLIC LIBRARY	\$72,504	\$72,504	100%
LAKE GENEVA PUBLIC LIBRARY	\$273,171	\$273,171	100%
MATHESON MEMORIAL LIBRARY	\$382,357	\$382,357	100%
WALWORTH MEMORIAL LIBRARY	\$93,485	\$93,485	100%
	<u>\$1,384,827</u>	<u>\$1,384,827</u>	

Plus Adjacent County Funding: **\$422,982**

Total Funding for Library Service to County Residents Without Access to a Library: **\$1,807,809**

Funding Model Description:

This funding model uses the exact formula detailed in the state statutes, and calculates reimbursement based on 100% of what each library spent to provide services to those without a home municipal library.

Library	100% calculation (based on formula in statutes)	Percentage of total home county circulation to those without a library	Amount to be reimbursed	Resulting percentage of actual costs reimbursed:	Additional funding to correct to 70%
ARAM PUBLIC LIBRARY	\$181,067	14%	\$192,566	106%	\$0
BARRETT MEMORIAL LIBRARY	\$139,459	10%	\$140,474	101%	\$0
BRIGHAM MEMORIAL LIBRARY	\$23,998	2%	\$22,101	92%	\$0
DARIEN PUBLIC LIBRARY	\$43,343	1%	\$19,516	45%	\$10,825
EAST TROY LIONS PUBLIC LIBRARY	\$110,270	6%	\$77,658	70%	\$0
FONTANA PUBLIC LIBRARY	\$65,173	2%	\$32,289	50%	\$13,331
GENOA CITY PUBLIC LIBRARY	\$72,504	5%	\$72,637	100%	\$0
LAKE GENEVA PUBLIC LIBRARY	\$273,171	18%	\$252,754	93%	\$0
MATHESON MEMORIAL LIBRARY	\$382,357	36%	\$494,775	129%	\$0
WALWORTH MEMORIAL LIBRARY	\$93,485	6%	\$80,056	86%	\$0
	<u>\$1,384,827</u>	100%	<u>\$1,384,827</u>		<u>\$24,156</u>

Plus Adjacent County Funding: **\$422,982**

Total Funding for Library Service to County Residents Without Access to a Library: **\$1,807,809**

Funding Model Description:

This funding model calculates reimbursement according to the percentage of total home county circulation each library is responsible for, with additional calculations in place to ensure that each library is reimbursed at the 70% minimum level.

Library	100% calculation (based on formula in statutes)	Percentage of home county circulation to those without a library	70% Core Funding	30% Variable Funding	Amount to be reimbursed	Resulting percentage of actual costs reimbursed:
ARAM PUBLIC LIBRARY	\$181,067	14%	\$126,747	\$57,769.86	\$184,517	102%
BARRETT MEMORIAL LIBRARY	\$139,459	10%	\$97,621	\$42,142.28	\$139,764	100%
BRIGHAM MEMORIAL LIBRARY	\$23,998	2%	\$16,799	\$6,630.44	\$23,429	98%
DARIEN PUBLIC LIBRARY	\$43,343	1%	\$30,340	\$5,854.70	\$36,195	84%
EAST TROY LIONS PUBLIC LIBRARY	\$110,270	6%	\$77,189	\$23,297.51	\$100,487	91%
FONTANA PUBLIC LIBRARY	\$65,173	2%	\$45,621	\$9,686.84	\$55,308	85%
GENOA CITY PUBLIC LIBRARY	\$72,504	5%	\$50,753	\$21,791.17	\$72,544	100%
LAKE GENEVA PUBLIC LIBRARY	\$273,171	18%	\$191,220	\$75,826.20	\$267,046	98%
MATHESON MEMORIAL LIBRARY	\$382,357	36%	\$267,650	\$148,432.39	\$416,082	109%
WALWORTH MEMORIAL LIBRARY	\$93,485	6%	\$65,440	\$24,016.83	\$89,456	96%
	<u>\$1,384,827</u>	100%	<u>\$969,379</u>	<u>\$415,448.22</u>	<u>\$1,384,827</u>	

Plus Adjacent County Funding: \$422,982

Total Funding for Library Service to County Residents Without Access to a Library: **\$1,807,809**

Funding Model Description:

According to this formula option, each library reimbursement amount consists of the sum of a "core" component (which is the statutory minimum of 70%), plus a "variable" component (which is proportional to the library's percentage of total circulation to those without a library). In other words, the core segment guarantees that each library will receive reimbursement that complies with the statutes, while the variable segment proportionalizes an additional amount above 70% to the library's percentage of total service provided to county residents without a library.

Library	Model 1	Model 2	Model 3	Model 4
ARAM PUBLIC LIBRARY	\$192,813	\$181,067	\$192,566	\$184,517
BARRETT MEMORIAL LIBRARY	\$146,960	\$139,459	\$140,474	\$139,764
BRIGHAM MEMORIAL LIBRARY	\$25,405	\$23,998	\$22,101	\$23,429
DARIEN PUBLIC LIBRARY	\$30,340	\$43,343	\$30,340	\$36,195
EAST TROY LIONS PUBLIC LIBRARY	\$79,033	\$110,270	\$77,658	\$100,487
FONTANA PUBLIC LIBRARY	\$45,621	\$65,173	\$45,621	\$55,308
GENOA CITY PUBLIC LIBRARY	\$73,206	\$72,504	\$72,637	\$72,544
LAKE GENEVA PUBLIC LIBRARY	\$241,749	\$273,171	\$252,754	\$267,046
MATHESON MEMORIAL LIBRARY	\$493,019	\$382,357	\$494,775	\$416,082
WALWORTH MEMORIAL LIBRARY	\$74,970	\$93,485	\$80,056	\$89,456
Total county appropriation for libraries in Walworth County:	\$1,403,116	\$1,384,827	\$1,408,983	\$1,384,827
Plus Funding to Libraries in Adjacent Counties:	\$422,982	\$422,982	\$422,982	\$422,982
Without Access to a Library:	\$1,826,097	\$1,807,809	\$1,831,965	\$1,807,809

Library Impact Ratings
Most favorable funding outlook:
favorable funding outlook:
Least favorable funding outlook:

Range between high/low percentages of service costs reimbursed:	76	0	84	25
High/low (percentage) :	129/53	100/100	129/45	109/85
Average percentage of library costs reimbursed:	111.0%	100%	87%	96%

Library	Total Annual Circulation	Total Operating Expenditures	Expenditures from Federal Sources	Home county circulation to those with a library	Home county circulation to those without a library	3 Year Average of Circulation to Residents Without Access to a Library (for Model 1 Purposes Only)
ARAM PUBLIC LIBRARY	114,447	\$505,934	\$0.00	9,030	40,959	40,764
BARRETT MEMORIAL LIBRARY	75,302	\$351,469	\$0.00	8,921	29,879	31,070
BRIGHAM MEMORIAL LIBRARY	15,884	\$81,087	\$0.00	255	4,701	5,371
DARIEN PUBLIC LIBRARY	13,111	\$136,900	\$0.00	2,481	4,151	4,834
EAST TROY LIONS PUBLIC LIBRARY	38,153	\$254,700	\$0.00	515	16,518	16,709
FONTANA PUBLIC LIBRARY	26,640	\$252,795	\$0.00	4,803	6,868	7,359
GENOA CITY PUBLIC LIBRARY	38,440	\$180,392	\$0.00	688	15,450	15,477
LAKE GENEVA PUBLIC LIBRARY	141,494	\$718,962	\$0.00	6,752	53,761	51,110
MATHESON MEMORIAL LIBRARY	254,016	\$922,897	\$0.00	22,834	105,239	104,233
WALWORTH MEMORIAL LIBRARY	43,717	\$240,010	\$0.00	8,162	17,028	15,850
	761,204	\$3,645,146	\$0	64,441	294,554	292,777

Library	Adjacent County	2019 Total Operating Expenses	Operating Expenditures from Federal Sources	2019 Total Circulation	2019 Circulation to Walworth County Residents Without Access to a Library	Service Unit Cost	Amount to be Reimbursed					
Burlington	Racine	\$757,419	\$0	169,268	26,930	\$4.47	\$84,352					
Racine	Racine	\$4,091,126	\$0	648,048	80	\$6.31	\$354					
Rochester	Racine	\$166,986	\$0	25,003	1,212	\$6.68	\$5,666					
Union Grove	Racine	\$303,467	\$0	55,110	327	\$5.51	\$1,260					
Waterford	Racine	\$682,898	\$0	156,975	5,652	\$4.35	\$17,212					
Watertown	Jefferson	Current policy of the Bridges Library System is that libraries in Jefferson County file individual requests to Lakeshores Library System. Some of these libraries did not file requests in 2019, presumably due to a lack (or nominal amount) of circulation activity to residents of Walworth County. This can be changed going forward.						\$0				
Johnson Cr	Jefferson							\$0				
Waterloo	Jefferson							\$0				
Ft. Atkinson	Jefferson	\$800,612	\$0	194809	716	\$4.11	\$2,060					
Palmyra	Jefferson	\$115,875	\$0	22893	606	\$5.06	\$2,147					
Jefferson	Jefferson	\$549,041	\$0	83657	139	\$6.56	\$639					
Lake Mills	Jefferson	\$398,596	\$0	103,609	34	\$3.85	\$92					
Whitewater	Jefferson	\$769,023	\$0	122,111	24,624	\$6.30	\$108,553					
Rock County Total	Rock	Practice to date is that Rock, Kenosha, and Waukesha counties use the state average service unit cost as the basis for reimbursement requests (\$5.12 in 2019). Circulation activity to Walworth County residents without access to libraries is therefore reported in aggregate for the county. This can be changed going forward.					6,129	\$5.12	\$31,380			
Kenosha County Total	Kenosha									2,624	\$5.12	\$13,435
Waukesha County Total	Waukesha									30,436	\$5.12	\$155,832
Total Estimate of Walworth County Reimbursement to Libraries in Adjacent Counties:								\$422,982				

Note: except in cases where service unit cost is determined by intersystem agreements (Rock, Waukesha, and Kenosha counties) all amounts to be reimbursed are set at the statutory minimum level (70%).