

Library Archives Commission Summary of Recommendations - House

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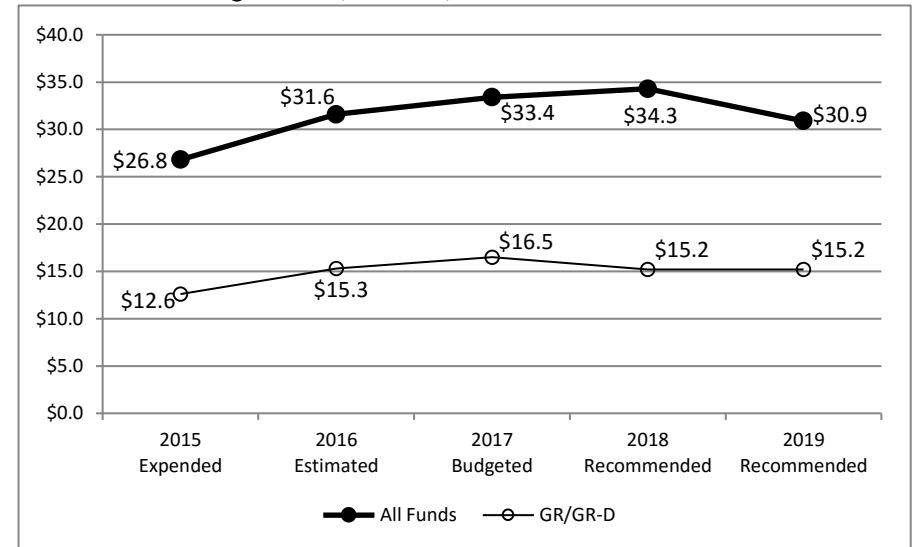
Mark Smith, Director-Librarian

George Gogonas, LBB Analyst

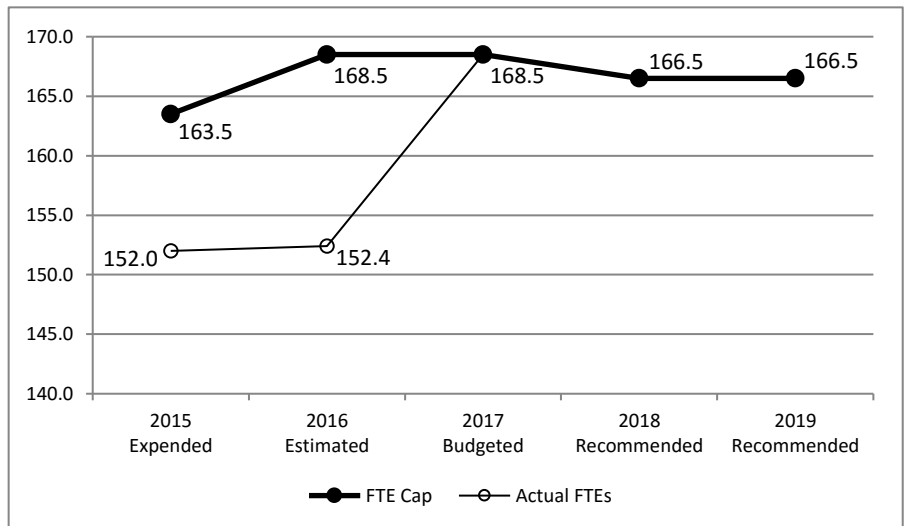
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$31,785,117	\$30,460,639	(\$1,324,478)	(4.2%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$31,785,117</i>	<i>\$30,460,639</i>	<i>(\$1,324,478)</i>	<i>(4.2%)</i>
Federal Funds	\$20,664,591	\$20,760,255	\$95,664	0.5%
Other	\$12,537,874	\$14,023,511	\$1,485,637	11.8%
All Funds	\$64,987,582	\$65,244,405	\$256,823	0.4%

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	168.5	166.5	(2.0)	(1.2%)

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

Library Archives Commission
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Reduction of \$780,000 for TexShare and TexQuest (online information services) and a decrease of \$41,405 for the Talking Book Program (library services to those with visual, physical or learning disabilities), pursuant to 4% reduction.	(\$821,405)				(\$821,405)	A.1.1, A.2.1
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OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

B)	Reduction in the 2016-17 biennium CAPPs funding. (\$200,000 was identified pursuant to 4% reduction). The agency also re-allocated \$300,000 and 2.0 FTEs in their 2018-19 base budget.	(\$500,000)				(\$500,000)	D.1.1
C)	Reduction in federal funding of \$450,943, primarily due to prior allocation for development of a new integrated library system (ILS) for the Talking Book Program, offset by an increase of \$557,239 in Federal Funds for the Library Services & Technology Act (LSTA).			\$106,296		\$106,296	A.1.1, A.1.2, A.2.1
D)	Increase in funding related to additional patron and Gates Foundation gifts used for the Talking Book Program and providing access to state archival data in an electronic format.				\$286,570	\$286,570	A.2.1, B.1.1
E)	Increase in funding related to unexpended balances carried forward from TexShare fees, imaging and storage fees, and license plate revenue.				\$1,209,750	\$1,209,750	A.1.1, A.1.2, C.1.1
F)	Reduction in funding for capital budget funding and authority for the replacement of personal computers.	(\$3,073)		(\$10,632)	(\$10,683)	(\$24,388)	D.1.1

TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations	(\$1,324,478)	\$0	\$95,664	\$1,485,637	\$256,823	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0	\$0	\$106,296	\$1,496,320	\$1,602,616	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	(\$1,324,478)	\$0	(\$10,632)	(\$10,683)	(\$1,345,793)	As Listed

**Library Archives Commission
Selected Fiscal and Policy Issues – House**

1. **TexShare and TexQuest Funding.** TexShare and TexQuest provide Texans with a wider range of electronic information and materials than any single library can provide on its own. TexShare, a resource consortium of 700 libraries, serves as a courier service for library-to-library delivery of materials, a reciprocal borrowing card and provides grants to support digitization of special library collections. TexQuest, the statewide K-12 public school library electronic resources program, provides online resources to support the K-12 curriculum. The agency has indicated, the \$780,000 reduction in General Revenue, pursuant to the four percent reduction will eliminate contingency planning for increases in statewide costs for services and will reduce available resources for training and support to the libraries and users of the two databases.
2. **Federal Funding.** The agency receives approximately \$10.4 million each fiscal year in Library Services and Technology Act (LSTA) federal funds distributed by the federal Institute of Museum and Library Services (IMLS). The distribution formula for these funds is largely population driven, so Texas, as the second most populous state, receives the second largest allocation of LSTA funds. State allocations are dependent on maintenance of effort (MOE) of state expenditures, as well as, state match for funds. The agency allocates these federal funds in the form of competitive grants, interlibrary loans, and digital content.

According to the agency, the four percent required reduction will not impact the availability of federal revenue, however a further reduction in the agency's General Revenue funding would compromise the agency's ability to meet maintenance of effort.

3. **Capital Budget.**

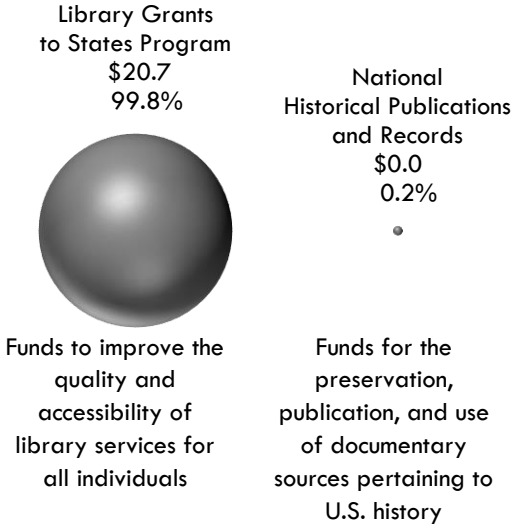
- **PC Replacement.** Recommendations provide funding for PC replacement totaling \$119,069 for the 2018-19 biennium to fund a six-year PC refresh cycle. This is a reduction of \$24,388 from the 2016-17 biennium. The agency's request is \$143,457 for a five-year refresh cycle.
- **Talking Book Program.** The Talking Book Program (TBP) is the only statewide library service for 14,000 Texans with disabilities. The TBP provides free library services for Texans with blindness or visual, physical, or reading disabilities. TBP users may borrow books and magazines in digital audio, Braille, and large print. The operation of this program is entirely dependent upon a 30-year-old legacy system. Recommendations include capital budget funds and authority for the maintenance of the Talking Book Program totaling \$350,000 for the 2018-19 biennium.

The agency is currently implementing a custom modernization and anticipates the modernization to be complete by the end of fiscal year 2017. Texas State Library and Archives Commission (TSLAC) terminated the initial contract on this project and is collaborating with the National Library Service for the Blind & Physically Handicapped (NLS) to implement the WebREADS system at a lower cost. The agency is estimating the new cost of the project to be \$355,000 in All Funds, which is lower than the initial estimated project cost of \$2.5 million.

4. **Eliminate Unnecessary Reporting Requirements.** Since the Seventy-ninth Legislature, the agency has been required by Rider 4, Report of Reports to compile a biennial report, "Required Reports Prepared by State Agencies." This report evaluates the usefulness of statutorily required reports prepared and submitted by a state agency to other state agencies. TSLAC released its current recommendations to the Legislature in November of 2016. LBB staff provided support to TSLAC in the agency's development of a bill draft repealing or modifying outdated reporting requirements. Of the 1,170 reports required to be submitted by state agencies and institutions of higher education, the report recommends 9 reports to be repealed and 12 others to be modified in some way, such as removing an agency as a report recipient. Senate Bill 80, Eighty-fifth Legislature, Regular Session, 2017, by Nelson, has been filed to implement recommendations made in the report. Prior legislation related to this subject assumes a positive but not significant fiscal impact from repealing reporting requirements. However, eliminating outdated reporting requirements would reduce the volume of reports produced by state agencies and is expected to improve government efficiency.

Library & Archives Commission
Summary of Federal Funds (2018 - 19) - House

Total \$20.8M



Selected Federal Fiscal and Policy Issues
Federal Funds estimates for the 2018-19 biennium reflect no significant federal fiscal and policy issues.
However, any reductions in General Revenue funding beyond the four percent submitted by the agency in their LAR could significantly impact the agency's ability to meet federal maintenance of effort
Failure to meet these maintenance of effort requirements could potentially result in a loss of approximately \$1.5 million in the 2018-19 biennium.

There Are No Programs with Significant Federal Funding Changes from 2016 - 17

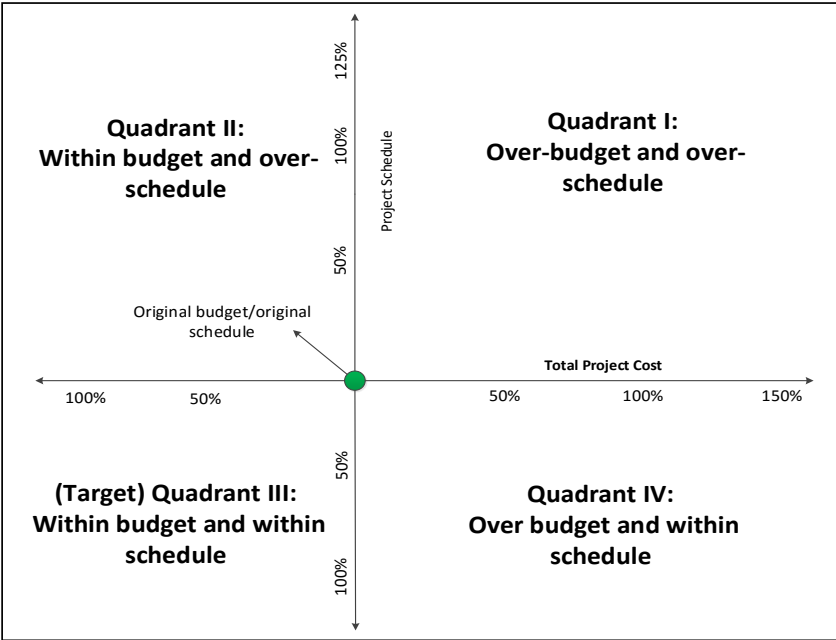
Texas State Library and Archives Commission
Quality Assurance Team Highlights - House

Summary of Total Costs (in millions) and Time Frames reported to the Quality Assurance Team*

Project Name	Original Projected Costs	Current Projected Costs	Difference in Costs	Expenditures to Date	Original Timeline in Months	Current Timeline in Months	Difference in Time	% Complete
1 Talking Book Program *	\$2.5	\$2.1	\$0.4	\$0.7	23	24	-1	41%
Project Totals (1)	\$2.5	\$2.1	\$0.4	\$0.7				

* Note: In April 2016, the agency canceled this project through a Contract Termination for Convenience letter to the vendor, due to a request for an additional \$1 million for items that the agency felt were already included in the scope of work. At the time of termination, the Quality Assurance Team noted that the project was on time and within budget for a successful completion. Current project cost of \$0.5 million reflect updated project costs due to the collaboration with the National Library Service for the Blind and Physically Handicapped (NLS) to acquire the software at a lower cost and implement the WebREADS system.

Major Information Resources Projects



- Legend**
- Project which is within budget and within schedule
 - Project which exceeds budget OR schedule
 - Project which is over budget and behind schedule

*Note: These figures reflect all project costs (Capital and Informational) and timelines from self-reported monitoring reports that are sent to the Quality Assurance Team (QAT) for review. QAT includes representatives from the Legislative Budget Board, the State Auditor’s Office, and the Department of Information Resources.

Texas State Library and Archives Commission
Quality Assurance Team Highlights - House

Significant Project Highlights

1 Talking Book Program

This project was authorized to begin in FY 2016 as a two year project and was appropriated \$1.1 million for project development (Federal Funds -Federal Public Library Service Fund No. 118).

QAT met with staff from Texas State Library and Archive Commission (TSLAC) in March 2016 regarding their contract with Ambonare to automate the Talking Books Program. At that time the agency spent approximately \$400,000 on capital costs and \$300,000 in staff and informational costs. The project was estimated to be 41% complete at the time of cancellation. Shortly before the meeting the agency recognized that the vendor would not be able to fulfill its contractual obligations when the vendor requested an additional \$1.0 million change order for six items that the agency felt were already included in the scope of work. During discussions, the agency was reluctant to accept the change order and shortly terminated the contract. The contract with the vendor included a termination clause but did not include any penalties related to the vendor.

On April 1, 2016, TSLAC issued a Contract Termination for Convenience letter to the vendor effective March 23, 2016.

The agency is continuing to provide basic services to the program that provides materials in digitally-recorded audio on flash cartridges, Braille, large print and computer downloads via an Internet.

In August 2016, the agency began discussions with the National Library Service (NLS) for the Blind and Physically Handicapped vendor - Data Management - regarding the WebREADS system (WebREADS allows user to audio mark web page content and stream to smart phones). Data Management is willing to work with the agency to find the best modernization path if NLS approves. The agency noted that Data Management has never attempted to scale the system to fit their program, but believes it could provide the most cost-effective path for modernization. It is important to note that the old NLS mainframe infrastructure with which TSLAC's legacy system interfaced at the federal level is slated to be decommissioned by the end of fiscal year 2017. The replacement infrastructure, called Patron Information Machine Maintenance System (PIMMS), is in a hosted environment also maintained by Data Management. Depending on the path TSLAC selects, the system will need to interface with PIMMS System.

In January 2017, the agency began conducting a review of the Statement of Work which will go to the identified vendor for a response. The agency expects to deliver the system within the current estimated timeline of August 31, 2017.

QAT Budget Highlights (in millions)

Project Name	2016-17 Base	2018-19 Requested	2018-19 Recommended
Talking Book Program	\$1.1	\$0.4	\$0.4
Total	\$1.1	\$0.4	\$0.4

* Note: Requested amounts for 2018-19 include all baseline and exceptional item funding requested by the agency. Recommended amounts for 2018-19 include baseline funding only.

** Note: On September 9, 2016 TSLAC received a letter from the Dunn/Smith law firm with a formal notice of dispute under Texas Government Code 2260 regarding the statement of work.

The agency is disputing the vendor's allegations, and are currently working with the Office of the Attorney General to move through the 2260 process.

**Library Archives Commission
Rider Highlights - House**

Modification of Existing Riders

8. Electronic Records Archive. Recommendations include the agency's request for UB authority between biennia for the Texas Digital Archive (TDA) storage system which electronically stores records for state agencies. The TDA provides permanent storage for historically-significant electronic records, as the official repository for state government records with archival value.

Deleted Riders

10. Unexpended Balances: Electronic Records. Recommendations include the agency's request to delete this rider, as this rider was specifically for the Governor's digital records project, which are stored in the Texas Digital Archive. All of these funds will be expended in fiscal year 2017, therefore, this rider is no longer needed.

Library Archives Commission
Items Not Included in Recommendations - House

Section 5

		2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
		GR & GR-D	All Funds	FTEs			
Agency Exceptional Items - In Agency Priority Order							
1)	Funding to implement recommendations from the Gartner Consulting study to ensure security of physical and electronic resources. This includes salary expenditures to hire and Information Security Officer and a Security Analyst.	\$1,621,714	\$1,621,714	2.0	Yes	No	\$421,434
2)	Funding to purchase access to e-books in computer technology and technical areas for use by every Texan served by a public, academic or school library.	\$8,000,000	\$8,400,000	0.0	No	Yes	\$8,400,000
3)	Funding to provide salary increases to current staff. The agency indicates 78% of their workforce is below the mid-point of the state range for their positions.	\$500,000	\$500,000	0.0	No	No	\$500,000
4)	Funding to hire two additional Government Information Analysts to train, assist, and advise agencies and local governments on the proper management of their records.	\$241,800	\$241,800	2.0	No	No	\$236,800
5)	Funding to increase the number of communities with public broadband access in libraries by assisting libraries in successfully applying for federal E-rate discounts.	\$1,000,000	\$1,000,000	0.0	No	Yes	\$0
6)	Additional UB authority between biennia for Rider 6. Texas Reads License Plates: UB of Appropriated License Pate Receipts.	\$0	\$0	0.0	No	No	\$0
7)	Increase the FTE Cap by one FTE (Information Specialist III, \$47,688). The requested FTE will serve as a Coordinator for the Texas Center for the Book program that was transferred to the agency in fiscal year 2016 from the federal program at the Dallas Public Library. The agency is currently using existing appropritions to fund the position.	\$0	\$0	1.0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$11,363,514	\$11,763,514	5.0	\$9,558,234		

**Library Archives Commission
Appendices - House**

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* Appendix is not included - no significant information to report

Library & Archives Commission
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
LIBRARY RESOURCE SHARING SERVICES A.1.1	\$37,872,490	\$37,687,926	(\$184,564)	(0.5%)	Recommendations include: 1) \$780,000 reduction in General Revenue for database subscriptions related to TexShare & TexQuest online services, pursuant to 4% reduction; 2) \$3,073 reduction in General Revenue capital budget funding and authority for the replacement of personal computers; 3) \$266,408 projected reduction in Federal Funds; 4) \$864,917 increase in Other Funds related to unexpended balance receipts from the prior biennium for TexShare Membership Fees, per rider 5.
AID TO LOCAL LIBRARIES A.1.2	\$5,649,503	\$6,150,651	\$501,148	8.9%	Recommendations include: 1) \$490,877 increase in Library Services and Technology Act (LSTA) Federal Funds received; 2) \$10,271 increase in Other Funds related to unexpended balance receipts from the prior biennium for license plate revenue.
DISABLED SERVICES A.2.1	\$5,355,099	\$5,277,014	(\$78,085)	(1.5%)	Recommendations include: 1) \$41,405 reduction in General Revenue related to the Talking Book Program, pursuant to 4% reduction; 2) \$100,886 transfer in General Revenue out of Strategy A.2.1 for an IT salary paid from GR to the agency's IT program in Strategy D.1.1, beginning in the 2018-19 biennium; 3) \$11,537 reduction General Revenue capital budget funding and authority for the replacement of personal computers; 4) \$174,940 reduction in Federal Funds primarily due to prior allocations for Integrated Library Systems (ILS) project; 5) \$250,683 increase in Other Funds for gift funds received.
Total, Goal A, DELIVERY OF SERVICES	\$48,877,092	\$49,115,591	\$238,499	0.5%	

Library & Archives Commission
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
PROVIDE ACCESS TO INFO & ARCHIVES B.1.1	\$6,572,151	\$6,582,772	\$10,621	0.2%	Recommendations include: 1) \$155 projected reduction in Federal Funds, related to appropriations from the National Publications & Records Commission (NHPRC); 2) \$10,776 increase in Other Funds for gift funds received.
Total, Goal B, PUBLIC ACCESS TO GOV'T INFORMATION	\$6,572,151	\$6,582,772	\$10,621	0.2%	
MANAGE STATE/LOCAL RECORDS C.1.1	\$3,942,264	\$4,267,047	\$324,783	8.2%	Recommendations include: 1) \$9,779 reduction in General Revenue capital budget funding and authority for the replacement of personal computers; 2) \$334,562 increase in Other Funds related to unexpended balance amounts from appropriated receipts and interagency contracts.
Total, Goal C, MANAGE STATE/LOCAL RECORDS	\$3,942,264	\$4,267,047	\$324,783	8.2%	
INDIRECT ADMINISTRATION D.1.1	\$5,596,075	\$5,278,995	(\$317,080)	(5.7%)	Recommendations include: 1) \$100,886 transfer in General Revenue out of Strategy A.2.1 for an IT salary paid from GR to the agency's IT program in Strategy D.1.1, beginning in the 2018-19 biennium; 2) \$500,000 reduction in General Revenue related to 2016-17 CAPPs conversion funding (of which \$200,000) was reduced in the required 4% reduction; 3) \$56,922 increase in Federal Funds to be allocated for Data Center Consolidation (DCS), internal audit, and other operating expenditures; 4) \$25,112 increase in Other Funds for gift funds received.
Total, Goal D, INDIRECT ADMINISTRATION	\$5,596,075	\$5,278,995	(\$317,080)	(5.7%)	
Grand Total, All Strategies	\$64,987,582	\$65,244,405	\$256,823	0.4%	

Library Archives Commission
Summary of Federal Funds - House
(Dollar amounts in Millions)

Program	Est 2016	Bud 2017	Rec 2018	Rec 2019	2016-17 Base	2018-19 Rec	2018-19 Rec % Total	Recommended Over/(Under) Base	% Change from Base
Library Grants to States	\$9.9	\$10.7	\$10.4	\$10.3	\$20.6	\$20.7	99.8%	\$0.1	0.5%
National Historical Publications & Records Grants	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.2%	(\$0.0)	(19.3%)
TOTAL:	\$9.9	\$10.7	\$10.4	\$10.3	\$20.7	\$20.8	100.0%	\$0.1	0.5%

* Funding amounts for the National Historical Publications & Records Grant is shown as \$0.0 due to rounding. However, program funding totaled approximately \$50,000 and \$40,000 in the 2016-17 and 2018-19 biennia, respectively.

Library Archives Commission
FTE Highlights - House

Full-Time-Equivalent Positions	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Cap	163.5	168.5	168.5	166.5	166.5
Actual/Budgeted	152.0	152.4	168.5	NA	NA
Schedule of Exempt Positions (Cap)					

Director-Librarian, Group 3	\$140,000	\$143,500	\$143,500	\$143,500	\$143,500
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Notes:

- a) The agency indicates their vacancies are across all program areas due to retirements, resignations and involuntary terminations. The agency also notes they are hampered by a lack of qualified applicants and uncompetitive salaries for key professional and technical positions.
- b) FTE cap for fiscal years 2018 and 2019 reflects a reduction of 2.0 FTEs related to the implementation of CAPPs in the 2016-17 biennium.
- c) The State Auditor's Office Reports, Executive Compensation at State Agencies (Report 16-706, August 2016), indicates a market average salary of \$144,710 for the Director & Librarian position at the Texas State Library and Archives Commission and recommends changing the Group classification from Group 3 to Group 4. The agency is not requesting any changes to its Exempt Positions.

Library Archives Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR & GR-D	All Funds	FTEs			
1)	CAPPS Funding	Elimination of 1.5 FTE from 2016-17 CAPPS implementation funds added to the agency's 2018-19 base budget.	\$240,084	\$240,084	1.5	\$0	0.8%	Yes
2)	Preparing and Submitting Report of Reports	According to the agency, this reduction eliminates the agency's capability to prepare and deliver the "Report of Reports," per Rider 4 (GAA 15-16). This report evaluates the usefulness of statutorily required reports prepared and submitted by a state agency to other state agencies. This report also includes assessments from participating agencies as to the ongoing usefulness of reports received, including recommendations to modify or abolish certain reports.	\$64,400	\$64,400	0.5	\$0	0.2%	No
3)	IT Database Reductions: TexQuest Databases, Texas Digital Archive Capital Funds, and TexShare Database	According to the agency, this reduction of General Revenue funds for TexQuest Database programs will result in an elimination of one or more databases from the program; reduce funds dedicated to the Texas Digital Archive (TDA), which will impact the quantity of electronic records that can be ingested and stored in the TDA; and reduce funds dedicated to the Texas Digital Archive (TDA), which will impact the quantity of electronic records that can be ingested and stored in the TDA.	\$1,900,264	\$1,900,264	0.0	\$0	6.2%	No
4)	Safety/Security for Sam Houston Center	According to the agency, this reduction in capital funds for facility repairs and renovations for the Sam Houston Regional Library and Research Center will impact the agency's ability to continue its efforts to address the maintenance of buildings on the 40-year old campus, including the 17,000 square-foot research center, the Jean and Governor Price Daniel Home and Archives, and several historical buildings.	\$310,000	\$310,000	0.0	\$0	1.0%	No
5)	Staff Reductions	According to the agency, the elimination of staff will require existing staff to assume additional responsibilities which may increase the time required to respond to patron requests, decrease the amount of records management training the agency is able to host, and delay data entry for new books and records coming into the agency's collection. These positions considered for reduction include: one Archivist FTE, one Training Coordinator FTE, two Library Assistant FTEs, and the reduction of hours for collections/catalog staff.	\$307,048	\$307,048	4.4	\$0	1.0%	No

Library Archives Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR & GR-D	All Funds	FTEs			
6)	Talking Book Program (TBP)	According to the agency, most of the Talking Book Program's GR funds are allocated to salaries and other personnel expenditures. The agency indicates GR funds available for operations is limited, so this reduction in funds will have effects on all TBP's departments, including operating expenses, one Office Services FTE, one Audio Production FTE, one Reader Services Call Center FTE, and two part-time Program Circulation FTEs.	\$227,576	\$227,576	3.5	\$0	0.7%	No
7)	Travel Costs	According to the agency, this reduction will impact the travel budget for the Government Information Analysts. The agency indicates they will need to eliminate speaking at conferences and/or providing training outside Austin metro area requiring use of GR funds for travel expenditures.	\$2,000	\$2,000	0.0	\$0	0.0%	No
TOTAL, 10% Reduction Options			\$3,051,372	\$3,051,372	9.9	\$0		