

HB1343, Libraries

Bill digest from LSA: [HB1343](#) provides that a public library outside Marion County, the library board of which is comprised of a majority of officials who are not elected, is subject to binding review and approval of the public library's budget by a county, city, or town fiscal body, as appropriate. (Current law requires binding review and approval only if the library's budget is increasing faster than the assessed value growth quotient.)

HB1343 also provides that if a public library that is required to submit the library's budget for binding review and approval wants to make an additional appropriation, the additional appropriation must first be approved by a city, town, or county fiscal body, as appropriate under the binding review and approval statute. (Current law requires that the additional appropriation must be approved only if the additional appropriation would result in the budget for the library for that year increasing, as compared to the previous year, by a percentage that is greater than the assessed value growth quotient percentage.)

Indiana Library Federation response, *abbreviated*

Library Boards are appointed by, and can be removed by, elected bodies. Under current law, IC 36-12-2-7 through IC 36-12-2-17, public library board members are appointed by elected bodies within and representative of their library district. The independent authority granted to public library boards is intended to protect the historic role of the public library as a source of unbiased information. Appointing bodies can replace ineffective board members.

Information on Gateway requires context. The financial information contained in reports on Gateway provides a level of transparency, but does not tell the complete story.

- Tax disbursements, the primary source of revenue for most public libraries, are made twice a year, so if the "snapshot" is taken at disbursement, the amounts appear artificially higher, not recognizing that the library will spend down funds over six months.
- Information on Gateway does not include long-range plans which are approved as a part of Public Library Standards (IC 36-12 and 590 IAC 6). Plans may include facility maintenance, capital improvements, etc.
- Compensation reports do not include tenure or job responsibilities, which include management duties.

Current law and requirements provide multiple levels of accountability and transparency for libraries.

- Libraries are required to follow budget and audit processes by Department of Local Government Finance (DLGF) and State Board of Accounts (SBOA) just like counties and other units of government.
- Libraries follow required public processes for bond and for public bids when conducting building projects.
- All important decisions must be reviewed and approved at public meetings, including library policies, salaries, budgets and monthly finances. All expenditures are approved in public meetings.
- All Library Board meetings must be posted and open to the public (with exception of executive session as allowed by law) and with minutes kept and available to public, etc.
- All libraries complete annual reports to the State Board of Accounts and to the Indiana State Library, and those reports are available online at [Indiana Gateway](#) and [Indiana State Library](#).

Libraries model taxpayer stewardship and budget frugality. Libraries take their fiscal responsibilities seriously and plan for Rainy Day funds and Library Improvement Reserve Funds (LIRF) as allowed under the law to enable facility maintenance or capital projects without requiring an adjustment to the tax rate, new bonds or additional debt and to sustain during economic downturns.

Additional information and examples of each of the points above are available.

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Indiana Library Federation response to HB1343, detailed

Background on Library Organizational Structure

Historically, libraries in Indiana have existed since the establishment of the state, but without sustainable funding until the early 1900s when library laws were written to allow for sustainable funding through the levy of property taxes for libraries. Prior to that, libraries fell under the counties (Constitution of 1816, Article IX) or townships (1860s) without measures to annually fund them. Libraries have always existed in Indiana in order to provide life-long learning opportunities essential to maintaining a democracy.

Appointed Boards for Public Libraries

Periodically, someone raises the question of whether public library board members should be appointed—as is current law—or elected. Under current law, IC 36-12-2-7 through IC 36-12-2-17, public library board members are appointed by elected bodies within and representative of their library district. Most public library boards are comprised of seven members, though four county contractual libraries have an additional four members. Appointing authorities vary depending upon the formation of the library district and are usually elected offices such as the county or municipality executive, the county fiscal body (council) and school boards or corporations. Elected offices make appointments to library boards, whose members serve voluntarily, are unpaid and may serve up to four, four-year terms (16 years). Library boards set library policies, approve the budget and have fiscal responsibility, hire and evaluate the library director and oversee library planning.

In providing this governance structure for libraries, the Indiana General Assembly has kept library operations under library board oversight and as far as possible outside the political sphere of government. The independent authority granted to public library boards is intended to protect the historic role of the public library as a source of unbiased information. ILF historically has advocated for the continuation of appointed boards, citing the importance of volunteers who guide policy based on service to mission and community rather than based on political goals.

While some will make the case for elected boards, one should remember that even elected boards deal with many of the same issues on transparency, finances, communication with public, etc. Appointing bodies can replace ineffective board members.

Information on Gateway requires context

[Indiana Gateway for Governments](#) provides Indiana taxpayers access to a range of reports about units of government, including budgets, operating and reserve funds and compensation of public employees. The financial information contained in reports on Gateway provides a level of transparency, but does not tell the complete story.

- Property tax disbursements, the primary source of revenue for most public libraries, are made twice a year, so if the “snapshot” is taken at disbursement, the amounts appear artificially higher, not recognizing that the library will spend down funds over six months.
- Information on Gateway does not include information from long-range plans which are submitted to, and approved by, the Indiana State Library as a part of Public Library Standards (IC 36-12 and 590 IAC 6). Long-range plans may include plans for facility maintenance, capital improvements and special initiatives.
- Compensation reports do not include the length of tenure or job duties of an employee. For example, Public Library Standards requires a ratio of staff who hold a Master’s of Library and Information Science for the library’s population served. A certain number of masters-level librarians are employed in management positions. The managing librarians in a public library may be comparable to the managers in a unit or the principals in a school system. The public library director may be comparable to a superintendent. Public Librarians and library staff generally are compensated at or below those in school systems, work more days each year and are required to work night and weekend shifts.

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Public Library Transparency and Accountability

Current law and practices provide transparency and accountability for public libraries, their budgets, revenues and expenditures and policies. Libraries are highly regulated through the Indiana Code (IC 36-12) and the Indiana Administrative Code (590 IAC 6). One could argue that public libraries are more transparent by nature and more aware of the need for transparency because, as the cornerstone of democracy, libraries inform and help the public navigate local governments.

- **Appointed by Elected Officials** - Library Board members are appointed by elected bodies, and thus may be removed if the board members are not performing their duties, as desired by the elected body.
- **Open Door compliance**— Libraries comply with open door laws.
 - All Library Board meetings must be posted and open to the public (with exception of executive session as allowed by law) and with minutes kept and available to public, etc.
 - Policies must be approved at public meetings.
 - Salaries must be approved at public meetings and reported to county and state, etc.
 - Finances are reviewed and approved at public meetings.
- **Budget processes** –
 - Libraries follow budget processes by State Board of Accounts (SBOA) and Department of Local Government Finance (DLGF) just like counties and other units of government.
 - Some might argue that library efforts are more transparent given that budgets and reviews are done independently and not as a department that may be buried in a county budget.
- **Public bids and bond processes** - Libraries go out for public bids when conducting building projects. Sometimes libraries will borrow money or sell bonds, which is a very public process by requirements.
- **Long-range planning** - Libraries are required to submit a long-range plan every 3-5 years for approval by the Indiana State Library as a part of public library certification. Public Library Certification processes are outlined in Indiana Code (IC 36-12) and in Indiana Administrative Code (590 IAC 6).
- **Audits and Reporting**
 - All libraries complete annual reports to the State Board of Accounts and to the Indiana State Library and those reports are available online at [Indiana Gateway](#) and [Indiana State Library](#).
 - All libraries are audited by the State Board of Accounts.

One could argue that the levels of transparency are far beyond other units of government, as county or city departments do not have every expenditure for review and approval, as required for libraries. No matter what entity has binding authority over a library budget (whether county, township, city), it is in their best interest to reduce the libraries' budgets so that more revenues come to them - revenues including income tax (and in addition, if the county has even more ability to change the formulas) and/or property taxes. With a reduction in property taxes for one unit, the other units gain (because of property tax caps).

Taxpayer Stewardship and Budget Frugality – Libraries are good stewards of taxpayer funds.

- Good leadership and stewardship shares more information than is required by law – regardless of whether a library, a county, a city, etc. Good leadership seeks input and welcomes questions. A board can require additional information, and appointing bodies can replace ineffective board members.
- Unlike some other units of government that feverishly spend at the end of a fiscal year because of a “use-it-or-lose-it” budget, the law enables frugality and financial preparation for the future by allowing unspent funds to be placed into a Rainy Day or transferred to a Library Improvement Reserve Fund (LIRF).
- Unlike some other units of government that rely on bonds and new debt, Rainy Day and LIRF funds can be saved over time to enable facility maintenance or capital projects without requiring an adjustment to the tax rate or a new bond or debt.
- Long-time library directors and boards remember the delayed assessment that delayed release of funds in (2002-2004) and the recession (2008-2011) when tax revenues declined. Libraries with reserves were able to borrow against or use reserves rather than going to a bank or laying off staff or closing libraries.

With specific questions, please contact one of the members of [the ILF Advocacy/Legislative Committee](#) or [Lucinda Nord, ILF executive director](#), at 317-257-2040 or exec@ilfonline.org.

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