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The Wisconsin Library Funding Model: Navigating the Legal and Financial Framework under Chapter 43

Collaborating for Community Success: Leveraging Library and Municipality Relationships Webinar Series – Part 2

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Presentation Roadmap

- Libraries in Wisconsin law
- Tri-partite funding model
- Three pillars of Wisconsin library funding
- State library aids
- County library aids
- Library board authority
- Library funding challenges
- Key takeaways

Libraries: Issue of Statewide Concern

- Wis. Stat. Section 43.001 policy statement
  - The Legislature recognizes:
    - The importance of free access to knowledge, information, and diversity of ideas by all residents of this state
    - The critical role played by public, school, special and academic libraries in providing that access
    - The importance of libraries to the democratic process
    - That the most effective use of library resources in this state can occur only through interlibrary cooperation among all types of libraries and effective use of technology

The Tri-Partite Funding Model

WISCONSIN STATE GOVERNMENT
(System Aid via USF/GPR, Infrastructure, DPI & LSTA)

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COUNTY GOVERNMENT
(Act 150/420 Reimbursements & County Library Tax)

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LOCAL MUNICIPAL GOVERNMENT
(Primary Operating Levy, Facilities, s. 43.52)

Three Pillars of Wisconsin Library Funding

- **Municipal**
  - Primary funding for local operations, personnel and physical facilities ‘
- **County**
  - Supports non-resident access
  - Regional operations
- **State of Wisconsin**
  - Strategic infrastructure
  - Regional systems
  - Resource networks

State Aid to Libraries

Public Library Systems - Wis. Stat. § 43.15

- State aid:
  - Goes to systems - not individual libraries
  - Supports resource sharing, interlibrary cooperation, and equitable access to library services
  - 2026 state public library system aid:
    - FY 2025–26: $26.0 million
    - FY 2026–27: $28.0 million

State Library Funding – Wis. Stat. § 43.15

- What State Aid Supports:
  - Interlibrary loan and delivery services
  - Shared technology infrastructure
  - Online resources and databases
  - Continuing education and training
  - System administration and coordination
  - Support for resource sharing among member libraries

County Tax Exemption

- Preventing double taxation
  - Counties levy a county library tax on all properties to fund
    - Countywide library services
    - Payments to municipal libraries
  - This creates the challenge of possible double taxation
  - Wis. Stat. § 43.64 provides that any municipality may seek a county tax exemption where:
    - Municipality funds its own library at a level equal or greater that what would occur under the statutory funding formula
    - The formula:
      - Divide the prior year's county library levy (excluding certain capital costs) by the equalized value of the taxable property that paid the levy.
      - Multiply that rate by the municipality's current equalized value.
      - If the municipality appropriates at least that amount for library service, it may qualify for exemption from the county library tax.
  - Must apply to the county board for the exemption

County Library Aids

County Library Plans

- Required under Wis. Stat. Chapter 43 for counties participating in county library service programs
- Adopted by the county board
- Developed with input from libraries, library systems, and county stakeholders
- Typically updated every five years
- Influence county appropriations and access to services

County Payments

- Wis. Stat. § 43.12 - requires counties to reimburse libraries for non-resident use
  - Minimum of 70% of the calculated unit cost of service
  - Counties can exceed 70%
  - Does not include capital expenditures
    - Building renovations
    - New construction
    - Municipal taxpayers bear 100% of physical facility costs

1997 Wisconsin Act 150 – A Historical Perspective

- Created Wis. Stat. § 43.12
  - Requires counties to pay public libraries for services provided to county residents who live in municipalities that do not maintain a public library.
  - Major policy change because many libraries served nonresident users without receiving adequate compensation from counties
  - Act 150 also addressed:
    - Public library system aids
    - Public library system effectiveness reports
    - Public library advisory committees
    - Library standards
    - Participation in and withdrawal from library systems

1997 Wisconsin Act 150 – A Historical Perspective

- Prior to Act 150, state aid to library systems was based on three primary factors:
  - Geographic area
  - Population
  - Local library expenditures
- Act 150 reduced the expenditure factor in the state aid formula
  - Less emphasis on local spending levels when allocating state aid to public library systems
  - Impact:
    - A more even distribution of state aid among library systems
    - Relatively more aid for library systems serving large or less affluent areas that cannot generate the same level of local library expenditures as wealthier parts of Wisconsin

County Library Payments

- Payments made are based on prior year library circulation and expenditures
- Payment Timeline
  - January–December (Year 1): library tracks circulation, including nonresident use
  - By July 1 (Year 2): library submits required data to county clerk
  - County budgets for the payment
  - By March 1 (Year 3): county pays the library
- Payment delay from 15 to 26 months
  - Depends on when book was checked out by non-resident

Calculating county library payments

6 step process for calculating the county payment to libraries for non-residents under Acts 150/420

Operating Expenditures (excluding capital & federal funds)

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Divide by Total Circulation

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Cost Per Circulation

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Multiply by Nonresident Circulation

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Value of Service Provided

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Multiply by 70%

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ACT 150 PAYMENT

Reimbursement Calculation

Step	Calculation	Example
1. Determine Library Operating Expenditures	Total operating expenses excluding capital expenditures and federal funds.	$600,000
2. Determine Total Library Circulation	Total annual loans of materials.	100,000 circulations
3. Calculate Cost Per Circulation	Operating Expenditures ÷ Total Circulation	$600,000 ÷ 100,000 = **$6.00**
4. Count Nonresident Circulation	Loans to county residents living in municipalities that do not maintain a public library.	5,000 circulations
5. Calculate Value of Service Provided	Nonresident Circulation × Cost Per Circulation	5,000 × $6.00 = **$30,000**
6. Apply Act 150 Reimbursement Rate	Value of Service × 70%	$30,000 × 70% = **$21,000**
7. County Payment Due	Minimum payment required by law.	**$21,000**

Poll Question:

- What percentage does your county reimburse under Act 150?“
  - 70%
  - 71–79%
  - 80–89%
  - 90–99%
  - 100%

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Wisconsin Act 420

- 2005 Wisconsin Act 420
  - Amended Wisconsin's county library funding law (Wis. Stat. § 43.12)
  - Expanded Act 150 funding requirement beyond libraries located within a county to include eligible libraries in adjacent counties serving residents of the paying county
  - Calculation remains the same

Non-County Resident Example

- A resident of the Town of Arena (Iowa County) regularly uses the Mazomanie Library in Dane County
- The Mazomanie Library records circulations to that Iowa County resident
- The library calculates its cost per circulation
- The library submits the required report to Iowa County
- Iowa County reimburses the library at the statutory rate (minimum 70% of calculated cost).

Iowa County Resident

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Uses Library in Dane County

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Library Records Circulation

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Library Bills Iowa County

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Iowa County Reimburses Library
(at least 70% of calculated cost)

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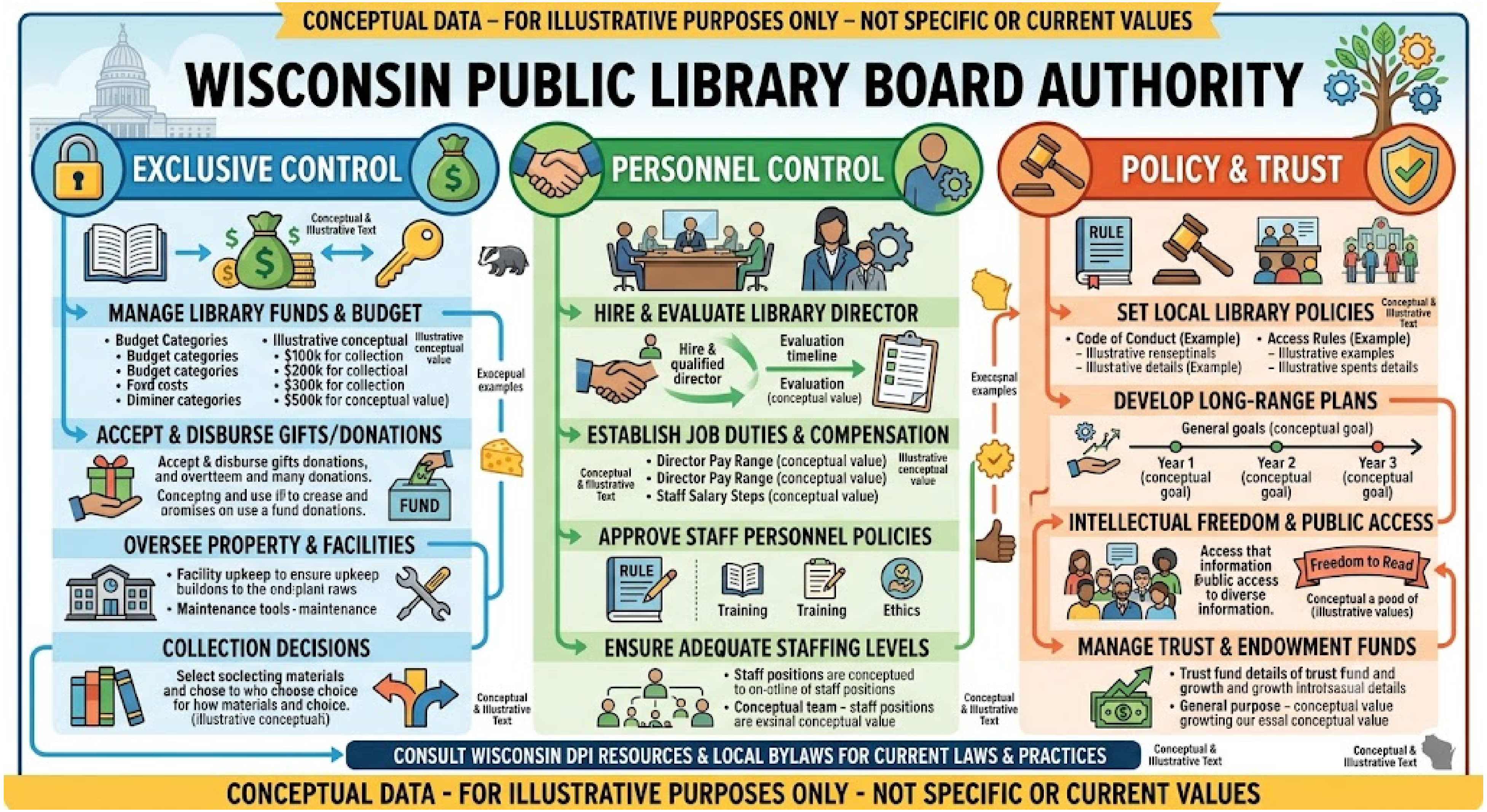
Library Board Authority – Wis. Stat. § 43.58(1)

The library board shall have exclusive control of the expenditure of all moneys collected, donated, or appropriated for the library fund.

Library Board Authority



Municipal Library Funding Process

- Library board creates, reviews and adopts budget request
- Municipality ultimately appropriates library funds
- Library board has exclusive control of expenditures after county board appropriation
- Board does not have taxing authority

Library Funding Challenges

- Municipal levy limits
  - Created by Wis. Stat. § 66.0602
  - May only increase operating levy by valuation factor (net new construction)
  - Does not account for inflation, rising utility costs, or personnel cost adjustments
  - Land-locked municipalities with little or no new construction are locked into flat budgets
  - Mark choices between police, fire, EMS, public works, and libraries
- No county levy exemption for libraries
- “Maintenance of Effort” repealed in 2011-2013 State Budget
- 76 Op. Att'y Gen. 203 (1987): local governments may not create ordinances conflicting with Wis. Stat. Chapter 43 through home rule authority

What Everyone Should Understand About Library Funding; Key Takeaways

- ✓Municipal funding remains the primary funding source for most library operations
- ✓County payments support service to nonresident users but generally do not fund library facilities
- ✓State aid primarily supports public library systems and statewide resource sharing
- ✓Municipal taxpayers bear virtually all local facility costs
- ✓Counties reimburse nonresident use but generally do not fund library buildings
- ✓Library boards request budgets, but municipalities make appropriations
- ✓Library boards have exclusive authority over library expenditures after appropriation
- ✓Effective trustee advocacy is critical during the municipal budget process

For More Information

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