

COUNTY FUNDING OF PUBLIC LIBRARIES

Legislative changes during the past two decades have made the role of Wisconsin's counties even more vital to the development of our state's public libraries.

- In 1998, Governor Thompson signed SB 269 which became law as **1997 Act 150**. This law amended Wis. Stat. 43.12 so that municipal libraries within a county could receive payment for services provided to residents of the county not living in a municipality served by a library.
- In 2006, Governor Doyle signed SB 272 which became known as **2005 Act 420**. This law, which further amended Wis. Stat. 43.12, extended county library funding requirements to libraries in adjacent counties.
- In 2014, Governor Walker signed AB 288 which became law as **2013 Act 157**. Consolidated county libraries that choose to bill adjacent counties for service to nonresidents may be billed, in turn, by libraries across county lines, but only for services to residents of the consolidated library county who live in municipalities without a brick and mortar branch library. Counties with consolidated libraries that do not bill adjacent counties may not be billed in return.

While these laws address some of the persistent challenges associated with seamless, equitably funded library services, they only established a minimum payment of 70% of the actual cost of service.

Payments Timeline

Year 1: January-December, public library circulates its materials to nonresidents in home and adjacent counties.

Year 2: In January, WVLS calculates the number of circulations to nonresidents in home and adjacent counties for each public library. Each public library reports the data in its annual report.

In March, WVLS calculates each library's cost per circulation from public library annual report data. The cost per circulation amount is derived from the library's total expenditures (minus capital) divided by total circulations. Cost per circulation information is shared with public library directors and reported annually in the *WVLS Statistics Booklet*.

By July 1, each public library director generates "cost per circ" invoices based on circulations to nonresidents the previous year, and submits to clerks in their home and adjacent counties.

Between July-August, county library boards are notified of invoices received from home libraries (Act 150), and from libraries in adjacent counties (Act 420).

County library boards develop a library budget that includes reimbursements to home and adjacent public libraries, and submit/present it to county boards for approval.

By November, county boards pass/approve budgets for the next year.

Year 3: By March 1, county clerks submit checks for reimbursement to home and adjacent county libraries.

Question: How is the county payment made? Is the county payment check made out to the library or to the municipality? Can the library deposit the check in its own bank account?

Answer: By Wis. Stat. 43.12(2) and (3), the county payment must either be made directly to the library, or to the library system which then pays the library. The check must then be deposited with the municipality in a fund under library board control. Wisconsin libraries are not allowed to maintain custody of government appropriated funds.

Question: The county must make payment to libraries in adjacent counties for service to its residents not living in a municipality that supports a library. Why aren't the incoming reimbursements sent to the county rather than the libraries?

Answer: The library is presenting the bills for providing the service, not the county.

Question: How are circulations to people living in municipalities that directly supports a library addressed?

Answer: There is no legal requirement for this type of reimbursement for cross-county library service.

Best Practices for libraries that bill for cross-county use

These Best Practices were drafted by the Wisconsin Library Association's Library Development and Legislation Committee (LD&L) and submitted to the System and Resource Library Administrators Association of Wisconsin (SRLAAW) in response to concerns raised by counties and legislators. Uniform practices for library record-keeping and billing are intended to help address these concerns.

Address verification

Library staff verify that the cardholder's or applicant's record contains a code or other information that defines the cardholder's legal place of residence. This information must indicate the city/village/township and county of residence. Government-based search sites, such as county GIS sites and property owner and tax databases, are used for verification for the location of addresses.

Card expiration and renewal

Library cards are set to expire at least every 18 months, so that records remain current. Or, as an alternative, cardholder registration files are matched against a reputable address change database at least every 18 months, and the accounts of cardholders who are identified as having moved are updated or are blocked to disallow checkout until a new address can be confirmed.

Audit of cardholder records

A random sample consisting of a statistically significant number of cardholder records is reviewed once each five or fewer years by the library consortium. The addresses are checked against the residence codes to ensure that database quality is being maintained.

Common billing information

When billing, libraries provide at a minimum, the following information:

- The number of materials loaned attributable to each non-library community.
- The library's total expenditures (minus federal funds and capital expenditures) for the year in which the service was provided.
- The total number of the library's loans of materials for the year in which the service was provided, as reported on the library's annual report to the state.
- If requested by the county, a copy of those pages of the annual report referencing checkouts and expenditures.

Library Staff Training

Library staff are made aware of the importance of accurate records and are trained in address verification.

<http://dpi.wi.gov/pld/legislation-funding/funding-adjacent-county>

FAQ About County Library Funding to Libraries in Adjacent Counties

Cross county payment formula – Payment based on the total cost of providing all library services

Library payments are based on a "loan" of a single item for use outside the library, but a library is less and less a lending institution and more a cultural center. Shouldn't a formula that compensates for all the library services be developed?

The current non-resident payment formula estimates the cost of providing library service to county non-residents (those without a local library) based on the library's total operating expenditures. In other words, payment is based on the total cost of providing all library services. The amount of payment is calculated by using circulation statistics to determine the relative share of service being provided. A percentage of all circulation is to non-residents. That same percentage of the total operating budget is attributed to non-resident use, giving an actual dollar amount for payment. For example, if a library has an operating budget of \$100,000 and 20% of all circulation is to its county's non-residents, the library can request \$20,000 for reimbursement. Statutes direct that the county pay at least 70% of the calculated payment amount. In this example, the county is required to pay at least \$14,000, but the county can pay any amount above that level.

Although the terminology in the payment statutes (s.43.12) uses "number of loans" to determine the amount, it is actually the library's total operating cost necessary to provide all services (including the physical loaning of materials) that is being paid. We regret that the bill drafters used the language now in statute instead of referring to the ratio of non-resident to total library use based on the loan of library materials. In reality, while "number of loans" has unfortunately become the focus, if the total cost of operation and ratio of non-resident to total circulation stayed the same, library circulation could fall by 50% and the county payment to the library would not change.

The current payment system was selected because it uses readily available data (circulation statistics for both residents and nonresidents, and total library operating costs) to pay the library for all its costs of serving non-residents. Library circulation and use by non-residents have been collected and tracked by libraries for more than a century. Other types of usage are not collected consistently or reliably throughout the state. To change, the library community would need to agree on some other service measure(s) and agree to a methodology to collect data for the measure(s), probably by resident and nonresident users. Then, state statutes would be needed to implement the change. Also, other changes may run afoul of library privacy law (s. 43.30). It's difficult to imagine everyone who uses the library having to present a library card for all services. Until it can be demonstrated that other use of the library, whether programs or computer resources, is used on a higher relative basis than circulation, the library community is best served using measures and methods that can withstand scrutiny.

At present, the funding levels are primarily left to the local and county funding bodies to decide. It is ultimately the success of local library boards and of the users of public libraries in getting adequate funding from municipal and county sources that matters most.

<https://dpi.wi.gov/pld/legislation-funding/funding-adjacent-county>

FAQ About County Library Funding to Libraries in Adjacent Counties

In April 2006, the legislature passed Senate Bill 272, which was signed into law as 2005 Act 420 by Governor Jim Doyle on May 19, 2006. Because of this law, libraries in adjacent counties - both within and across regional public library system borders (but excluding Milwaukee County) - may be paid for library use by residents of each of those counties who do not maintain a public library. Due to the passage of 2013 Act 157 (AB 288) in 2014, consolidated county public libraries now have the option to bill adjacent counties for library service to county residents without a municipal library (and the option to be billed).

Text of the [Wisconsin Statutes s. 43.12](#) county library funding law.

How and when does our library seek payment? 2005 Act 420 utilizes the same schedule and requirements that were established under 1997 Act 150 for payments to public libraries within counties. To receive payment by March 1st of the following year, a library must provide the following information to county clerks by July 1st:

- the number of loans of library materials by the library during the prior calendar year to residents of an eligible adjacent county who are not residents of a library municipality,
- the library's total number of all loans of material during the prior calendar year,
- the total library operating expenditures (not including capital expenditures or expenditures of federal funds) for the prior calendar year.

From these the county clerk can determine the cost-per-loan and the amount to be paid to the library. Staff at the regional public library system may be able to facilitate this process. In some cases, new patron variables or residence fields may have to be established in the library's automation system in order to extract the relevant residency information.

It is essential that data be collected in a manner that can withstand scrutiny by the county. If your library has rigorous procedures for confirming the place of residence of each user and keeps an actual count of annual usage broken down by place of

residence, the county will probably have no problems accepting your data.

The statute provides that a county clerk may have access, upon request, to all books and records used to determine both the annual library material loans to county residents who do not maintain a public library and the total annual library material loans. However, the identity of individuals using the library is protected under Wisconsin Statutes s. 43.30.

Each year by July 1st a library must submit the appropriate information based on prior year activities in order to be paid by the county by the following March.

Do libraries automatically get paid?

No. Each year libraries must submit their request to the clerk of the adjacent county by July 1st for loans during the previous year to residents in eligible areas of the county. The county must then pay the library for at least 70% of the cost by March 1st of the following year.

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How do we track the use?

Shared ILS consortia should make certain that circulation reports can be generated for member libraries to establish patron use in adjacent counties so that residents of municipalities that do not maintain a public library can be distinguished from those that

do. Libraries with stand-alone ILS systems should establish procedures to track the loan of materials to library users in such a way as to be able to determine the total loans each year to residents of individual municipalities. The total number of loans for the prior year to residents of areas without direct library service should be submitted to the county clerk by July 1st of each year, along with the total cost of library operations for the previous year and the total circulation for the library.

Will we be paid by all adjacent counties?

Not necessarily. Counties with a consolidated library service were specifically exempt from being billed in the past. However, with the passage of Act 157 (AB 288) in March of 2014, consolidated county libraries are now able to bill adjacent counties for service provided to their residents without a municipal library - see [Summary of 2013 Wisconsin Act 157 \(AB 288\)](#). There are other counties that have a large number of municipal libraries (city, village, tribal, or joint libraries) encompassing most of the area of the county, so there may be very few eligible areas in that county. The county is only required to pay for use by their county residents who do not maintain a public library.

What is an "adjacent county?"

A county is considered adjacent if it shares a border, even at a single point, with your county.

Can we establish what areas of the adjacent county are eligible for payment by requesting a list of municipalities that are subject to the county library tax?

Not necessarily. Municipalities with public libraries are not required to request exemption from the county library tax under s. 43.64(2)(b). Loans to their residents would not be eligible for county payments even though their property is subject to the county library tax.

The municipalities in our joint library have property that spans over three counties. Is our library eligible for payment by any county adjacent to any of those three counties?

Yes. So long as one of the municipalities has a border extending into another county, any counties adjacent would be subject to payment, assuming eligible residents from those counties use your library.

Are counties that have a joint city-county structure required to make payments to libraries?

Yes. In a joint city-county structure, only the residents of the city that is part of the joint city-county agreement are considered exempt from county payments under s. 43.12. This is because counties are not defined as "municipalities" and because there is not a single tax rate across the entire county. Those people living in the city are taxed by their municipality for support; the rest of the library support comes from the county.

Do we have to subtract 500 loans from the total for each eligible municipal area?

No. That provision is related to the threshold at which a library can refuse to serve residents of an adjacent library system under s. 43.17(10) & (11).

Can counties refuse to pay?

No. The payment for library service is required in the statutes. While no specific penalty is incorporated in the statute, a county that fails to reimburse when properly notified could be sued by the library seeking payment.

Can our library be paid by other cities, villages, or towns in adjacent counties that have libraries?

Yes, although those municipalities are not required to do so.

Are the payments to public libraries subject to levy limits?

The amount that a county levies to make payments to public libraries under s. 43.12 is exempt from county levy limits. See Wisconsin Statutes s. 66.0602(3)(e)(4).

I have other questions. Who do I contact?

Contact your library system for specific questions about your library's situation. More general questions can be directed to [Shannon Schultz](#), Public Library Administration Consultant, DPI, (608) 266-7270.

June 4, 2014

TO: Directors of libraries in Forest, Langlade, Lincoln, Oneida, and Taylor counties
FROM: Marla Sepnafski
SUBJECT: Cross border reimbursement regarding city/county libraries

DPI/DLT staff has informed the directors of the Antigo Public Library, Shawano City-County Library, and Rusk County Community Library in Langlade, Shawano and Rusk Counties of a change in interpretation of status regarding cross border payments.

Those three counties are now subject to payments to libraries in adjacent counties under [s. 43.12](#) for areas of the county outside the city that is party to the joint city-county agreement.

- WVLS member libraries in Lincoln, Oneida, and Forest Counties may request payments before July 1, 2014 for cross border service to Langlade County residents who do not reside in the City of Antigo in 2013.
- WVLS member libraries in Taylor County may request payments before July 1, 2014 for cross border service to Rusk County residents who do not reside in the City of Ladysmith or in any of the municipalities participating in the Bruce or Hawkins libraries in 2013.
- Libraries in Oconto County may also request payments before July 1, 2014 for cross border service to Langlade County residents who do not reside in the City of Antigo in 2013
- City-county libraries in Langlade and Shawano Counties may also request reimbursement from each other for the first time for service to each other's residents who reside outside the City of Antigo or the City of Shawano.
- Under Act 157, libraries in counties adjacent to Marathon County may not request payments for 2013 service unless Marathon County Public Library chooses to bill at least one of its adjacent counties and has notified libraries in all adjacent counties by April 1 of its intent to request payments. Marathon County is one of eight consolidated county libraries directly affected by Act 157.

See also "What does this mean?" section below.

Why is this happening now?

Act 157 (formerly known as AB 288) made changes to cross border borrowing reimbursement statutory language concerning consolidated county libraries like Marathon Co. Public Library. Although Act 157 does not mention city-county libraries, questions were also raised about city-county joint library agreements while Division staff was addressing questions related to AB288.

According to an email from DLT Public Library Administration Consultant Denise Anton Wright to Antigo Public Library Director Cynthia Taylor (and confirmed by Public Library Development Director John DeBacher), it became clear to the DPI legal team during consideration of the impact of AB 288 that counties included in joint library agreements are not exempt from county library payments under s. 43.12. Only the municipal partner (the specific city or municipality/municipalities that are party to the joint agreement) would be considered a

“municipality that maintains a public library.” The definition of “municipality” in s. 43.01(3) does not include county.

Act 157 addressed conditions under which consolidated county libraries are required to honor requests for reimbursement from libraries in neighboring counties. It added new language defining “unserved” residents to s.4312 (2) (b). “If the library is in a county that is adjacent to a county with a consolidated library system, the number of loans of material made by that library during the prior calendar year to residents of the adjacent county who are not residents of a municipality that contains a branch of the consolidated library.”

The provision for “branches” applies specifically and only to consolidated county public libraries. There is no similar provision for joint libraries that include a county and a municipality such as in the case of Langlade County and Shawano County.

What does this mean?

In Langlade County, circulations to residents of the City of Antigo are exempt from county payment requirements. Circulations to all other residents of the county are subject to the county payment.

In Rusk County, three municipalities directly support the joint Bruce Public Library – Bruce (Village), Atlanta (Town) and Stubbs (Town); three others directly support the Hawkins Public Library – the Village and Town of Hawkins and South Fork (Town). The City of Ladysmith is a municipality in the joint city-county library, so the residents of the City of Ladysmith are not subject to county payments under s.43.12. However, circulation to residents from the rest of Rusk County, outside of the seven municipalities listed here, are subject to a county library payment under s.43.12.

In Shawano County, the agreement is between the City of Shawano and the county. It is not a consolidated library county so, as with the branches in Langlade County, circulations to residents of the municipalities where the five branches of Birnamwood, Bonduel, Mattoon-Hutchins, Tigerton and Wittenberg are located are not exempt. Only residents of the City of Shawano are exempt from county payment requirements under s.43.12.

Please don't hesitate to contact us if you have any questions.

Marla Sepnafski msepnafs@wvls.org
Kris Adams Wendt kawendt@wvls.org

COUNTY PAYMENTS FOR LIBRARY SERVICES

Wisconsin citizens annually borrow 57.6 million items without regard to county boundaries, an average of 10 items per person.

3.6% of statewide library usage is by residents of municipalities without a library who use adjacent-county libraries.

Statute 43.12 allows libraries to annually bill adjacent counties a portion of the \$8 million of operating costs for serving their residents who live in municipalities without libraries.

Counties reimburse adjacent-county libraries at a much lower amount than it would cost to build, stock, and staff additional in-county libraries to cover underserved areas.

Wisconsin
Statute
43.12
works!

**Sharing
services**
through cross-
county cooperation

distributes
costs and
**saves counties
money**

while providing
all citizens
**vital library
access**

Since 1872, Wisconsin has been committed to providing tax supported public libraries for all. Wisconsin residents contribute to public library operations through local property taxes if they live in a municipality with a library, or through their county's library tax if they live in a municipality without a library.

Most residents choose to use libraries that are accessible to their home, workplace, or school, irrespective of geographic or tax boundaries. Sometimes that library is across a county line.

Wisconsin Statute 43.12 allows libraries to bill an adjacent county when residents of a non-library municipality in that county borrow items from them.

Cross-county payments are beneficial to residents, municipalities, counties, and libraries. Here's how:



Counties pay only for services that were actually used. Libraries bill counties only for actual usage during the previous calendar year by residents of municipalities without libraries. The county reimburses the library in the following budget year.



Cross-county library payments are exempted from levy limits.

- Payments do not reduce a county's ability to fund other services.
- Payments need not reduce a county's commitment to fund its in-county libraries.



Cross county payments require no reimbursement for capital costs incurred by the lending library. This means that counties pay far less than the full cost of providing service to their residents.



Municipalities with libraries are relieved of some of the costs of serving residents of municipalities that have chosen not to build their own libraries. Taxes follow use.

When any library succeeds, all libraries benefit. Strong libraries build strong communities. Strong communities help strengthen the state of Wisconsin and improve the quality of life for its residents.

Ending cross-county library payments could result in a statewide loss of over \$5 million in library funding, or in an unfair shift of the financial responsibility from one governmental entity to another. That's not good for Wisconsin residents, municipalities, counties, or libraries.