



## 2012 Adopted Budget Saint Paul Public Library



SAINT PAUL  
PUBLIC  
LIBRARY

Kit Hadley, Library Director  
Mayor Christopher B. Coleman



## **Cover Photo**

In the foreground of this aerial photo is Central Library. Built in 1917 and renovated in 2002, Central Library is listed on the National Register of Historic Places and had over 288,400 visitors in 2010.

Behind Central Library are Rice Park and the Landmark Center.

Saint Paul Library Agency  
2012 Adopted Budget

Table of Contents

	Page
Board of Commissioners.....	3
Budget Process.....	4
City and Library Agency Composite Summary.....	5
Library Overview.....	7
 <b>Appendices</b>	
Glossary .....	16

Prepared by:



Office of Financial Services  
700 City Hall  
15 West Kellogg Boulevard  
Saint Paul, MN 55102-1658  
(651) 266-8797  
Website: [www.ci.stpaul.mn.us](http://www.ci.stpaul.mn.us)

Todd Hurley, Director  
Betsy Hammer, Budget Assistant



Saint Paul Public Library Agency  
Business Office  
90 West 4<sup>th</sup> Street  
Saint Paul, MN 55102-1658  
(651) 266-7073  
Website: [www.sppl.org](http://www.sppl.org)

Kit Hadley, Director  
Susan Cantu, Accounting Tech.

## **Saint Paul Public Library Agency**

### **Board of Commissioners**

	Term of Office	
	From	To
<hr/>		
<b><u>Commissioners</u></b>		
Amy Brendmoen	January 1, 2012	December 31, 2015
Daniel Bostrom	January 1, 2012	December 31, 2015
Malvin Carter	January 1, 2012	December 31, 2015
Kathy Lantry	January 1, 2012	December 31, 2015
Russ Stark	January 1, 2012	December 31, 2015
Dave Thune	January 1, 2012	December 31, 2015
Chris Tolbert	January 1, 2012	December 31, 2015

### **Officers**

Chairperson – Russ Stark

Vice Chairperson – Chris Tolbert

Secretary/Treasurer – Amy Brendmoen

## Budget Process

The budget process is designed to conform with Minnesota law, the City charter, and the legislative code. The process to develop the budget commences in February.

### January - March

The budget for following year is finalized during this time. This includes preparing, printing and distributing books reflecting the adopted budget. The accounting section of the Office of Financial Services prepares the annual financial report for the previous year. During this time, the “base budget” for the upcoming year is identified.

### April - June

The Library Director presents a needs and resource assessment to the Library Board with priorities, no later than April 1<sup>st</sup>. Forms, instructions, printouts and the Mayor’s guidelines are distributed. These tools are used to plan for and develop the operating budget. The department management and staff identify objectives, performance indicators and the resources needed to accomplish goals. Services are reviewed to determine purpose, need and cost-saving ideas.

The department request for the following year’s budget is submitted to the Office of Financial Services in June. After that, the department’s budget is analyzed by the OFS budget staff. The Mayor meets with the Director to discuss needs, and to ensure the budget meets the service level and taxing objectives that have been established for the City.

### July - September

The budget staff finalizes the Mayor’s recommendation and the Mayor’s proposed budget is produced. The Mayor then presents the recommended budget to the Library Board within one week of the deadline for the City budget presentation, as required by the city charter.

In August, the Library Board begins reviewing the Mayor’s proposed budget. The Board will hold meetings with the Director, management and staff to obtain a clear understanding of the department’s goals, service priorities and objectives that are represented in the proposed budget. As required by state law, the Library Board sets the *maximum* property tax levy in September. Governmental units can adjust budgets, resulting in property taxes that are less than, but not more than, the maximum levy.

### October - December

The Library Board holds public hearings on the budget. Ramsey County mails property tax statements to property owners indicating the *maximum* amount of property taxes that the owner will be required to pay. These statements also indicate when the budget and property tax public hearings will be held. State law requires a meeting be held to give residents the opportunity to comment on the information in their notices.

This meeting is held in early December. The Library Board then adopts a recommended budget and tax levy for the Library Agency. The adopted budget represents changes made by the Library Board to the Mayor’s proposed budget. The Mayor has veto authority over the Library Board-adopted budget.

# **Overview of Combined City, Library Agency and Debt Service Budgets**

**Property Tax Levy and State Aid: City, Library Agency and Port Authority Combined  
2011 Adopted vs. 2012 Adopted**

	<b>Property Tax Levy*</b>				Pct of City	Pct of City
	<u>2011 Adopted</u>	<u>2012 Adopted</u>	<u>Amount Change</u>	<u>Pct. Change</u>	<u>11 Total</u>	<u>12 Total</u>
City of Saint Paul						
General Fund	65,133,176	71,078,611	5,945,435	9.1%	70.4%	72.7%
General Debt Service	9,815,423	9,671,043	(144,380)	-1.5%	10.6%	9.9%
Saint Paul Public Library Agency	17,548,921	17,059,404	(489,517)	-2.8%	19.0%	17.4%
<b>Total (City and Library combined)</b>	<b>92,497,520</b>	<b>97,809,058</b>	<b>5,311,538</b>	<b>5.7%</b>	<b>100.0%</b>	<b>100.0%</b>
Port Authority	2,111,700	1,511,700	(600,000)	-28.4%		
<b>Overall Levy (City, Library &amp; Port)</b>	<b>94,609,220</b>	<b>99,320,758</b>	<b>4,711,538</b>	<b>5.0%</b>		

\* This is the total property tax levy used to determine tax rates. Actual financing available to support the budget is less, due to a 2.5% "shrinkage" allowance for delinquent taxes.

**Local Government Aid Financing**

	<u>2011 Adopted</u>	<u>2012 Adopted</u>	<u>Amount Change</u>	<u>Pct. Change</u>	<u>Pct. of 11 Total</u>	<u>Pct. of 12 Total</u>
City of Saint Paul						
General Fund	62,505,032	50,320,488	(12,184,544)	-19.5%	100.0%	100.0%
General Debt Service	-	-	-	N.A.	0.0%	0.0%
Saint Paul Public Library Agency*	-	-	-	N.A.	0.0%	0.0%
<b>Total (City and Library combined)</b>	<b>62,505,032</b>	<b>50,320,488</b>	<b>(12,184,544)</b>	<b>-19.5%</b>	<b>100.0%</b>	<b>100.0%</b>

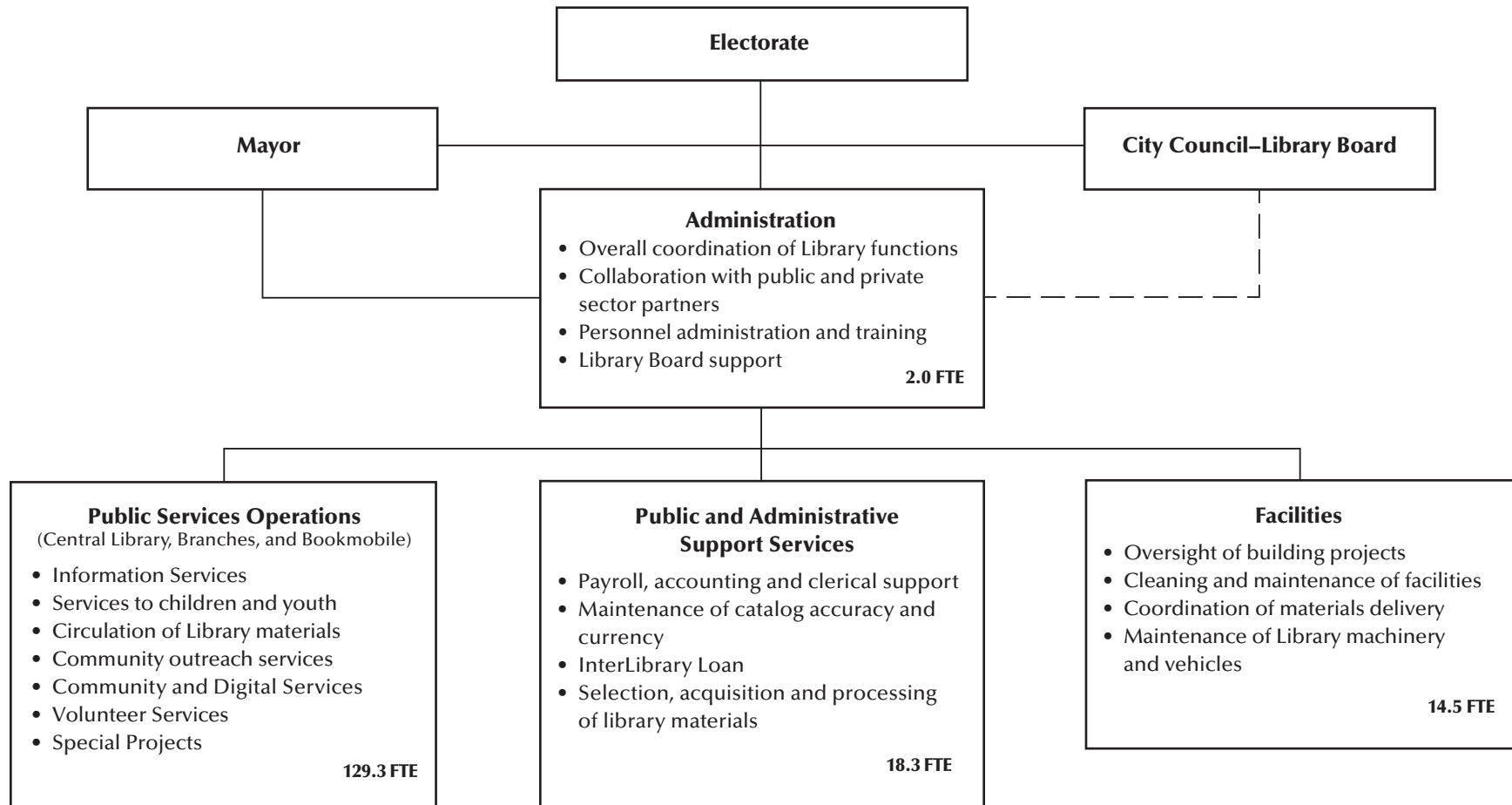
\* As of 2010, no LGA is allocated as a revenue source to the Saint Paul Public Library Agency.



## **Library Agency Overview**

# Saint Paul Public Library Agency

*The mission of the Saint Paul Public Library Agency is to anticipate and respond to the community's need for information; to facilitate lifelong learning; to stimulate and nurture a desire to read in young people; to provide reading materials to meet the interest of all ages; and to enrich the quality of life in the community.*



**(Total 164.1 FTE)**

1/05/12

## 2012 Adopted Budget

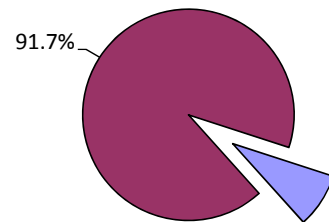
### Library Agency

#### Department Description:

Saint Paul's Public Library has long been recognized as one of the community's most cherished assets. We connect people in Saint Paul with the imperative and the joy of learning through a lifetime.

The system is the third largest in the state of Minnesota with a Central Library, 12 branches and a bookmobile, and a collection of over 1 million items. In 2010, there were 2.6 million visits to the Saint Paul Public Library by library users.

#### **Public Library Property Tax Supported Spending (including debt service)**



#### Department Facts

- Total General Fund Budget: 15,912,869
- Total Special Fund Budget: 2,534,299
- Total FTEs: 164.10
- Items in St. Paul's Collection: 1,049,883 ● 2012 hours open weekly system-wide: 657
- In 2010, 484,487 info requests were answered ● Homework Center Visits: 18,421
- 85,982 cardholders checked out items in 2010 ● 2010 Web Site Visits: 1,767,801
- 20,651 Summer Reading Participants ● 2,379 adult programs with 22,267 attendants
- 392 public access computers with 413,920 uses ● Total Wireless Connections: 41,074
- Hosted 1,622 children/teen programs attended by 78,468

#### Department Goals

- Sound stewardship of public and private funds
- Every child ready to read
- All youth ready to succeed in school and work
- Community and individual prosperity
- Active centers for community and civic engagement

#### Recent Accomplishments

- Sun Ray Library and 3M have formed a partnership to create a demonstration branch where 3M can test new hardware, software & digital concepts. A first step has been the donation of an automated materials handling system and RFID tagging of Sun Ray's collection to streamline checking in of library materials. In August Sun Ray and two other branches join other libraries across the country in a beta test of 3M's "Cloud Library" for eBooks.
- The Library launched world language story times in June at seven libraries. Fluent speakers offer story times in Somali, Spanish and Hmong at Rondo, Highland, Riverview, Sun Ray, West 7th, Rice Street, and Arlington Hills.
- In summer 2011, the Library offered the summer meals program Monday through Friday to children and youth under age 18 at Arlington Hills, Dayton's Bluff, Riverview and Rondo Libraries. This program, offered by Saint Paul Recreation Centers for over 15 years, will increase the number of locations where hungry children can find food.
- Computer classes in all library locations began using the Northstar Digital Literacy Standards developed under the leadership of the Saint Paul Community Literacy Consortium. These standards are intended to provide a credential that will be accepted by employers and educational institutions.
- The Library played a key role in launching Sprockets, Saint Paul's out-of-school-time network.

## 2012 Adopted Budget

### Library Agency

#### Fiscal Summary

	<u>2010 Actual</u>	<u>2011 Adopted</u>	<u>2012 Mayor's Proposed</u>	<u>2012 Adopted</u>	<u>Change from 2011 Adopted</u>	<u>% Change from 2011 Adopted</u>	<u>2012 Adopted FTE</u>
<b>Spending</b>							
2150: Library Agency	15,419,810	16,680,085	15,536,289	15,912,869	(767,216)	-4.6%	162.10
2500: Library Grants	1,527,038	1,540,944	1,316,025	1,539,249	(1,695)	-0.1%	2.00
3200: Library Debt	711,050	1,356,075	995,050	995,050	(361,025)	-26.6%	-
4200: Library Capital	22,954	-		-	-	0.0%	-
<b>Financing</b>							
2150: Library Agency	15,563,169	16,680,085	15,536,289	15,912,869	(767,216)	-4.6%	
2500: Library Grants	1,249,009	1,540,944	1,316,025	1,539,249	(1,695)	-0.1%	
3200: Library Debt	694,510	1,356,075	995,050	995,050	(361,025)	-26.6%	
4200: Library Capital	(468)	-		-	-	0.0%	

#### Budget Changes Summary

The 2012 Library budget reduces the number of hours libraries are open systemwide from 691 in 2011 to 656 in 2012. All library branches will remain open, but hours will be reduced based on factors like available services and amenities, collections, programming needs, and staffing needs. Adjustments will also be made to achieve efficiencies in the materials management and administration section. Overall spending on materials will be reduced.

**2150: Library Agency****Library Agency**

Library Agency's general fund. This company is supported by property taxes.

		Change from 2011 Adopted		
		<u>Spending</u>	<u>Financing</u>	<u>FTE</u>
<b><u>Current Service Level Adjustments</u></b>		(167,174)	(1,143,796)	-
	Subtotal:	<u>(167,174)</u>	<u>(1,143,796)</u>	<u>-</u>

**Mayor's Proposed Changes****Reduce Library Hours**

Reduce hours at all libraries. The total systemwide library hours per week was proposed at 644, down from 691 in 2011. Hours reductions are based on various service and staffing factors.

Staff Reductions	(528,377)	-	(9.10)
Subtotal:	<u>(528,377)</u>	<u>-</u>	<u>(9.10)</u>

**Materials Management and Administration**

Efficiencies will be achieved by reassigning duties within the section.

Staff Reductions	(153,245)	-	(2.50)
Subtotal:	<u>(153,245)</u>	<u>-</u>	<u>(2.50)</u>

**Library Materials Reductions and Shifts**

Reducing the budget for library materials will decrease the number of materials available to customers. The Library is committed to increasing the percentage of the collection budget spent on digital materials in 2012, so print materials will be further affected by this change. Some of the reduction in the materials budget represents a shift to the Library Special Fund to utilize new revenue in that fund.

Materials reductions	(295,000)	-	-
Subtotal:	<u>(295,000)</u>	<u>-</u>	<u>-</u>



**2150: Library Agency****Library Agency**

Library Agency's general fund. This company is supported by property taxes.

		Change from 2011 Adopted		
		<u>Spending</u>	<u>Financing</u>	<u>FTE</u>
<b><u>Adopted Changes</u></b>				
<b>Reduce Cut to Library Hours</b>				
Add funding for an additional 12 systemwide hours per week for a total systemwide of 656 hours per week. This will enable the three largest branches (Highland, Rondo, and Sun Ray) to maintain morning hours. This is financed by a shift of property taxes from the general fund.				
Personnel costs		376,580	-	6.80
Property Taxes		-	376,580	-
	Subtotal:	376,580	376,580	6.80
<b>Fund 2150 Budget Changes Total</b>		<u>(767,216)</u>	<u>(767,216)</u>	<u>(4.80)</u>

**2500: Library Grants****Library Agency**

Budget for grants and contributions from outside agencies, such as the Friends of the Saint Paul Public Library; also includes all fine revenue.

		Change from 2011 Adopted		
		<u>Spending</u>	<u>Financing</u>	<u>FTE</u>
<b><u>Current Service Level Adjustments</u></b>		(269,919)	(381,814)	(0.50)
	Subtotal:	(269,919)	(381,814)	(0.50)
<b><u>Mayor's Proposed Changes</u></b>				
<b>Revenue Adjustments</b>				
Recognize revenue from outside sources, including the Legacy Amendment and the Friends of the Saint Paul Public Library. Also, increase fines to \$0.30 per day - consistent with many other metro libraries. This will generate an estimated \$45,000 in new revenues, which will be dedicated to library materials.				
Legacy Amendment Grant Program		-	20,000	-
Contribution from Friends of the Library		-	91,895	-
Increase in fine revenue		-	45,000	-
Shift spending on materials		45,000	-	-
	Subtotal:	45,000	156,895	-
<b><u>Adopted Changes</u></b>				
<b>Technical Adjustments</b>				
Technical adjustments include rolling forward a grant for materials based on updated spending projections, and using fund balance update the integrated library system.				
Roll forward grant		155,749	155,749	-
Integrated library system		67,475	67,475	-
		223,224	223,224	-
<b>Fund 2500 Budget Changes Total</b>		(1,695)	(1,695)	(0.50)

**3200: Library Debt**

Library Agency debt budget.

		Change from 2011 Adopted		
		<u>Spending</u>	<u>Financing</u>	<u>FTE</u>
<b>Current Service Level Adjustments</b>		(361,025)	(361,025)	-
Note: current service level adjustments include an increase in debt service due to new projects financed by Library bonds and the structure of debt service funds, as well as a decrease in spending due to restructuring of debt funds across the City. This resulted in a net decrease for Library debt.				
	Subtotal:	(361,025)	(361,025)	-
<b>Fund 3200 Budget Changes Total</b>		(361,025)	(361,025)	-

**CITY OF SAINT PAUL**  
**Department Budget Summary**  
**(Spending and Financing)**

Department: PUBLIC LIBRARY AGENCY

Budget Year: 2012

		2009	2010	2011	2012	Change From
		Actuals	Actuals	Adopted	Adopted	2011 Adopted
<b><u>Spending by Fund</u></b>						
2150	LIBRARY AGENCY	16,773,021	15,419,810	16,680,085	15,912,869	(767,217)
2500	LIBRARY AGENCY GRANTS	1,129,627	1,527,038	1,540,944	1,539,249	(1,696)
3200	LIBRARY AGENCY DEBT	716,800	711,050	1,356,075	995,050	(361,025)
<b>TOTAL SPENDING BY FUND</b>		<b>18,619,448</b>	<b>17,657,898</b>	<b>19,577,105</b>	<b>18,447,167</b>	<b>(1,129,937)</b>
<b><u>Spending by Major Account</u></b>						
EMPLOYEE EXPENSE		10,733,260	10,712,995	11,346,096	11,290,102	(55,994)
SERVICES		2,050,701	2,073,204	2,361,901	2,496,100	134,199
MATERIALS AND SUPPLIES		2,644,464	2,486,591	2,545,768	2,387,780	(157,988)
CAPITAL OUTLAY		13,435	100,194	442,215	294,800	(147,415)
DEBT SERVICE		716,800	711,050	1,356,075	995,050	(361,025)
TRANSFER OUT AND OTHER SPEND		2,460,789	1,573,864	1,525,050	983,336	(541,714)
<b>TOTAL SPENDING BY MAJOR ACCOUNT</b>		<b>18,619,448</b>	<b>17,657,898</b>	<b>19,577,105</b>	<b>18,447,167</b>	<b>(1,129,937)</b>
<b><u>Financing by Major Account</u></b>						
GENERAL FUND REVENUES			371			
SPECIAL FUND REVENUES						
BUDGET ADJUSTMENTS				735,775	117,475	(618,300)
TAXES		15,191,890	16,041,201	17,196,135	16,732,919	(463,216)
INTERGOVERNMENTAL REVENUE		2,372,001	155,261	259,270	153,955	(105,315)
FEES SALES AND SERVICES		77,714	74,017	67,900	86,900	19,000
FINE AND FORFEITURE		329,361	307,289	340,224	376,224	36,000
INTEREST EARNINGS		(6,271)	16,373	25,016	20,016	(5,000)
TRANSFERS IN OTHER FINANCING		903,973	912,547	952,784	959,679	6,895
<b>TOTAL FINANCING BY MAJOR ACCOUNT</b>		<b>18,868,668</b>	<b>17,507,059</b>	<b>19,577,104</b>	<b>18,447,168</b>	<b>(1,129,936)</b>

## Glossary

**Account Code.** A five-digit code assigned to a specific type of receipt or expenditure. A major account code is a grouping of expenditures or receipts on the basis of the types of goods or services purchased or rendered. For example, personal services, materials, supplies, and equipment are major account codes.

**Accounting Unit (AU):** An accounting unit is a subunit of a fund. Each fund contains one or more activities, a specific and distinguishable budgetary unit of work or service. Activities are detailed levels of budget spending authority created to accomplish the approved objectives of the fund.

**Accounting Unit Number:** A seven (7)-digit number which uniquely identifies the accounting unit. The first digit indicates the fund type, while the second digit indicates the department.

**ALA:** The American Library Association is a national organization for library staff.

**Allocation:** A portion of a lump-sum appropriation which is designated for expenditure by specific organizational units or for special purposes. See *Appropriation*.

**Appropriation:** An expenditure authorized by the city council for a specified amount and time.

**Assessed Valuation:** The value that is established for real estate or other property by a government for use as a basis for levying property taxes.

**Bond:** A written promise to pay a specific sum of money (called the principal amount or face value) at a specified future date (called the maturity date) along with periodic interest at a specified rate.

**Budget Document:** The written record of the comprehensive financial plan the mayor presents to the city council for review, revision if deemed appropriate, and adoption.

**Capital Allocation:** Assignment of available capital (dollars) to specific uses.

**Capital Expenditure:** Actual spending of capital (dollars) for capital improvement projects.

**Capital Improvement:** The purchase or construction of durable/fixed assets. Examples include streets, bridges, parks or buildings.

**Capital Outlay:** Equipment, machinery, vehicles or furniture items included in the operating budget. See *Capital Improvement Budget*.

**Capital Projects Fund:** A fund established to account for all financial resources used for the construction or acquisition of major capital facilities, except those financed by special assessment, proprietary or fiduciary funds.

**Debt Service Fund:** A fund established to account for the financial resources used for the payment of long-term general obligation debt principal, interest, and related costs.

**Division:** An organizational subunit of a department. Each department has one or more divisions, which are responsible for one or more activities.

**Encumbrances:** Legal commitment of appropriated funds (in the form of purchase orders or contracts) to purchase goods or services to be delivered or performed at a future date. They cease to be encumbrances when paid or when the actual liability is created.

**Expenditures:** Total charges incurred, whether paid or unpaid, including the provision for retirement of debt not reported as a liability of the fund from which it will be retired, and capital outlays (for governmental funds and fiduciary funds, except non-expendable trust funds) .

**Expenses.** Charges incurred, whether paid or unpaid, for operation, maintenance, interest, and other charges which benefit the current fiscal period (for proprietary funds and non-expendable trust funds). See *Expenditures*.

**Financing Plan:** Identifies sources of revenues that support the spending plan.

**Full Time Equivalent (FTE):** A personnel position which is financed for the equivalent of 80 hours per pay period, for 26.1 pay periods (a typical year), or 2,088 hours in a year. This is roughly equivalent to 40 hours per week for 52 weeks. For example, a .5 FTE would represent 20 hours per week for 52 weeks, or 40 hours per week for 26 weeks. A 1.0 FTE is a general reference to a position normally working for a year.

**Fund (Company):** Each individual fund is a separate accounting entity having its own assets, liabilities, revenues and expenditures or expenses. City financial resources are allocated to, and accounted for, in individual funds based on legal, donor, or administrative restrictions or requirements. In the City's new ERP software, the system term "Company" is used. For the purposes of the City of Saint Paul, "Company" is equivalent to Fund.

**Fund Balance:** An equity account reflecting the excess of accumulated assets over accumulated liabilities and reserves (monies set aside for specific purposes).

**Fund Manager:** Fund managers are accountable to and receive authority from their department director and division manager, and ultimately from the mayor, the city council, and city residents/taxpayers. Each fund manager is responsible for correctly preparing and submitting the portion of the city's financial plan that is provided by their fund. This includes a properly completed budget request consisting of performance, spending and financing plans. Fund managers are responsible for monitoring the collection of receipts, authorizing spending payments, cash flow planning, and service delivery in accordance with the adopted plan. Fund managers are also responsible for forecasting significant performance, spending or financing variances, determining their cause, creating a solution, and reporting such information to their department director and the director of the office of financial services. See *Performance Plan*, *Spending Plan*, and *Financing Plan*.

**Fund (Company) Number:** A four-digit number which uniquely identifies the fund. For example, the general fund is fund number 2150. See *Activity Number*.



## Glossary – Continued

*Fund Type:* A classification of funds by similar purpose. The fund types are: governmental (general, special revenue, debt service, capital project, special assessment), proprietary (enterprise, internal service), and fiduciary (trust and agency funds). Although the city hall annex operating fund and the public works engineering fund are separate funds, they are the same fund type (internal service). See each fund type for its definition. Also see *Fund*.

*General Fund:* The fund used to account for all financial resources not specifically earmarked for other purposes. The general fund is the primary operating fund for the Public Library Agency.

*IMLS:* The Institute of Museum and Library Services is a federal grant-making agency supporting the nation's museums and libraries. It was created by the Museum and Library Services Act of 1996.

*LGA:* Acronym for local government aid. See *State Aids*.

*LSTA:* Library Services and Technology Act of 1996, a section of the federal Museum and Library Services Act, promotes access to library services for people of all ages. The funds are distributed to State Library Agencies according to a formula based on population. The state agencies may further distribute the funds to individual libraries through a series of sub-grants.

*MELSA:* The Metropolitan Library Services Agency, serving the nine public library systems in the metropolitan area, is one of twelve Regional Public Library Systems in Minnesota. The Regional Public Library Systems are multi-county public library service agencies that provide free access to all residents of the region without discrimination and are organized under the provisions of Minnesota Statutes 134.317 or 471.59.

*MINITEX:* The MINITEX Library Information Network is a publicly supported network of academic, public, state government, and special libraries working cooperatively to improve library service for their users. The MINITEX program is funded by the Minnesota Legislature through the Minnesota Higher Education Services Office (MHESO). Programs for Minnesota public libraries are funded through a contract with the Minnesota Office of Library Development and Services.

*MLS:* The Master of Library Science is the primary professional degree for librarians.

*Operating Budget:* The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled.

*Operating Transfer In/Out:* Interfund transfers are legally authorized transfers between a fund receiving revenue and a fund where resources are expended.

*PJ:* Perrie Jones, a former Saint Public Library director, made a bequest of her estate to the Library to be used for staff training and development and outreach

services. The fund is administered through the Friends of the Saint Paul Public Library and the Perrie Jones Library Fund Advisory Board.

*Special Revenue Fund:* A fund established to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, and capital projects) that are legally restricted to expenditures for specified functions or activities.

*Spending Plan:* Provides a unit or subunit of an organization with spending authority to pay for the resources required to effectively accomplish the performance plan.

*State Aids:* The following are the major types of intergovernmental revenues received by the City of Saint Paul from the State of Minnesota:

*Local Government Aid (LGA):* Begun in 1971, this program was designed to provide indirect property tax relief through the redistribution of income tax and sales tax revenues collected at the state level to local units of government. The amount of funding received by local units of government is based on a distribution formula determined by the Minnesota State Legislature. The distribution formula is based on "need" as well as "capacity". The 2001 State Legislature rolled the Homestead and Agricultural Credit Aid into Local Government Aid.

*Market Value Homestead Credit (MVHC).* The MVHC program reduces the property tax owed on a homestead property by 0.4% of the homestead's market value, up to a maximum per property of \$304. The maximum credit of \$304 occurs at a market value of \$76,000. For homesteads with market values over \$76,000, the credit is reduced by 0.09% of the excess market value. Homesteads with market value of \$413,778 and higher do not receive any credit. On each homeowner's property tax bill, the market value homestead credit is allocated to the local taxing districts according to the share of the total tax rate that each taxing district represents.

*Municipal State Aids (MSA).* This program is financed by motor vehicle related taxes collected at the state level. The state gasoline tax is the largest revenue source and the dollars collected are constitutionally dedicated for expenses related to MSA routes. The revenues are redistributed back to municipalities of 5,000 or more residents to be used for construction and maintenance of their MSA designated routes.

*VISTA:* Volunteers in Service to America are college age individuals who work for a nominal salary in public service locations.