

**Director's Report**  
**ODL Board Meeting of December 4, 2009**

**Budget.** Since the Board last met in August, the revenue situation in the state has begun to reflect the national economy and has failed to meet the estimates on which the legislature appropriated funds for the state fiscal year 2010 budget. As a result, funds have been reduced to all state agencies by 5% beginning in August. Actual revenue collection has been down anywhere from 26% to 18%. The state has used other funds to keep the budget reductions to 5%. For many agencies this 5% monthly reduction came on top of a 7% reduction. ODL was reduced only \$300 coming into this fiscal year. In addition, in anticipation of budget reductions we began the fiscal year with approximately \$300,000 in carryover funds. It was our hope that we would be able to maintain services without impacting customers or staff at ODL. Unfortunately it does not appear that we will be able to avoid making cuts.

The Oklahoma Senate Education Appropriations Committee held a performance review hearing on November 9<sup>th</sup> and 10<sup>th</sup> for state agencies it oversees. Our hearing was on Monday, November 9<sup>th</sup>. I am including the handout we distributed to committee members for your information. At the hearing, Senator James Halligan, committee chair, informed us that it was very likely that additional cuts above the 5% level were imminent and that agencies should begin preparing for at least 7.5 or 8% total reduction and perhaps higher. Senator Halligan believed that it might be December or January before agencies would be notified of the additional cuts. We expect to make a performance review to the Education Appropriations Committee in the House of Representatives in early December.

The budget situation is unclear and fluid. There is much uncertainty as to when we will know about additional cuts, how much the reductions will be, and if there will be only one additional reduction or if more will be needed. It is an anxious time in the face of so many unknowns. If the budget reductions to ODL do not exceed 8%, we will be able to minimize the impact on our customers. Over 8% will mean that we will need to reduce state aid grants to public libraries. One of our agenda items this month is to adopt the state aid formula. I will be proposing that all state aid awards be granted for 90% of the total with the remaining 10% paid, if possible, in June. If it is necessary to reduce state aid, this will allow us to reduce only the amount necessary and will apply to all libraries uniformly. Prior to the Board meeting I will notify all public libraries of the proposed change to awarding state aid and the reasons for the change. It is my sincere hope that no reductions will be needed this year or that any reductions will be very small. We simply cannot know at this point what the need will be.

On a more positive note, I encourage you to read the division reports that follow. ODL staff continues to provide exceptional service to our customers in many ways. I believe you will be inspired as I am by their dedication, creativity, and talent. I look forward to seeing all of you in December.