



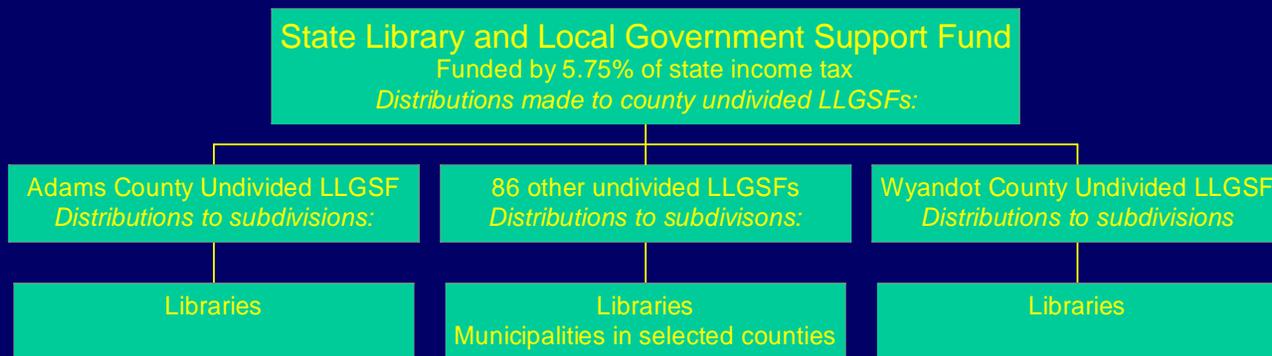
- A History of the Library and Local Government Support Fund -

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Presented to the Local Government and Library Revenue
Distribution Task Force
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Presentation Organization

- Introduction to the LLGSF, including distribution and certification process
- Intangible property tax – predecessor to the LLGSF
- Replacement of intangible tax with the LLGSF
- Description of how the LLGSF formula works
- Library funding in Ohio relative to other states
- Final comments and observations

Structure of the LLGSF: Monthly distributions to 88 county undivided library and local government support funds



Annual Timetable for LLGSF Entitlements

- By July 20, Tax Commissioner certifies to each county auditor the estimated amount the county undivided LLGSF is entitled to receive during the *following* calendar year.
- Each December, Tax Commissioner provides a revised certification to each county auditor of the estimated county undivided LLGSF entitlement for the *following* calendar; each county's computed percentage share is used in making the January-June LLGSF distributions for the following calendar year.
- In June of the distribution year, Tax Commissioner again makes a revised certification to the county auditor of the estimated county undivided LLGSF entitlement for that year; the resulting county shares are used in making the July-December LLGSF distributions.
- By December 20 (after the calendar year's final distribution), Tax Commissioner computes and certifies the actual entitlement for the just-ended calendar year; the difference between a county's calendar year unadjusted distributions and its actual entitlement is computed and this amount (spread evenly over 6 months) is either added to or taken from the following year's January-June distributions.

LLGSF Distribution Process

- As income tax revenue is received by the state, 5.7% is deposited into the LLGSF (in addition, 4.2% deposited into LGF, 0.6% deposited into LGRAF and nearly all of the remainder deposited into GRF); during the current “freeze”, this percentage-based funding method has been suspended.
- By the 10th of each month, the Tax Commissioner distributes the prior month’s state LLGSF deposits to each county undivided LLGSF.
- By the 15th of the month, the county treasurer disburses that month’s county undivided LLGSF distribution among libraries (and, in a few counties, municipalities) pursuant to the distribution formula adopted by the county budget commission, using the percentage shares derived under that formula.
- One restriction is that the percentage share of the county undivided LLGSF going to all libraries may not be smaller than the average percentage share of the county’s classified (intangibles) taxes that were distributed to all libraries in 1982, 1983 and 1984.

Intangible Property Tax – Predecessor to the LLGSF

- The predecessor to the LLGSF was the “local situs” (locally-assessed) intangible property tax.
- The local situs intangible tax was levied on the intangible property (investments, credits, money and other intangible property) of individuals, unincorporated businesses and single-county corporations.
- The intangible tax rate varied by type of property.
- The tax was collected by county authorities (auditor and treasurer) and the revenue stayed within the county.
- Revenues were to libraries and local governments by the county budget commissions; over time, the majority of revenue went to libraries.

Intangible Property Tax – Predecessor to the LLGSF (con'd)

- In 1983, per capita local situs intangible tax revenue per county ranged from \$1.75 to \$30.13, with a statewide per capita mean of \$12.57; in that year, mean per capita funding for Ohio libraries ranked 6th among all states.
- Intangible tax revenue across the state was quite disparate – many rural counties had little intangible property and thus collected minimal tax revenue.
- Only 14 counties had per capita collections above the statewide \$12.57; median per capita revenue was \$8.66.
- Although libraries benefited from having a revenue source devoted almost exclusively to them, in many (if not most) counties this source did not provide sufficient funds to support high-quality library services.

Replacement of Local Situs Intangible Property Tax with the LLGSF

- The severe economic recession of the early 1980's resulted in a state fiscal crisis.
- Major tax reforms and revenue changes occurred, including substantial revisions to the intangible taxes.
- The intangible tax was difficult to administer, unpopular, and uncompetitive relative to other states; policymakers decided to subject intangibles income to the state income tax rather than a stand-alone intangible tax.
- HB 291 (FY 1984-85 budget bill) eliminated the local situs intangible tax beginning in CY 1986.
- Without a revenue replacement, these changes would have drastically reduced revenues for libraries.

Replacement of Local Situs Intangible Property Tax with the LLGSF (con'd)

- HB 291 established the Library and Local Government Support Fund to replace the local situs intangibles tax.
- HB 291 also created a 12-member Public Library Financing and Support Committee to help the General Assembly and Governor devise an appropriate distribution method.
- The distribution approach contained in the committee's report was essentially incorporated into HB 146 (116th General Assembly) which became law in July 1985.
- Funding for the new LLGSF began in CY 1986, consisting of 6.3% of the state income tax.

How the LLGSF Formula Works

- The LLGSF formula is comprised of two components - a “guarantee share” and an “equalization share” – which are added together to yield the county’s entitlement.
- The guarantee share equals the county’s prior year entitlement plus an adjustment for inflation (i.e., the change in the consumer price index for urban consumers).
- To the extent the amount of the fund exceeds the counties’ guarantee shares (that is, if there is any excess beyond the prior year’s total inflation-adjusted distributions), such excess amount is multiplied by each county’s “equalization ratio” in order to derive each county’s equalization share.

How the LLGSF Formula Works (con'd)

- Equalization ratio is comprised of several components:
- (1) Compute the county's population as a percentage of the total state population, and square that result;
- (2) Divide the result from (1) above by the percent that the county's entitlement for the prior year is of all counties' entitlements for the prior year; and
- (3) Divide the quotient from (2) above by the sum of the quotients so obtained for all counties.
- Impact: If a county's prior-year entitlement share is low relative to its share of state population then the county is rewarded by a relatively high equalization ratio and share.

| County | CY 1998 | CY 1999 | 1997 | 1997 | CY 1998 | Numerator of | | CY 1999 | CY 1999 | Percent | CY 1999 |
|------------|-------------|------------|------------|------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | Entitlement | Guarantee | Estimated | Population | Entitlement | Equalization | Equalization | Equalization | Equalization | Change, | Per Capita |
| | Share | Share | Population | Percentage | Percentage | Ratio | Ratio | Share | Entitlement | Entitlements | Entitlements* |
| Huron | 1,964,946 | 1,998,350 | 60,035 | 0.54% | 0.46% | 0.62% | 0.60% | 144,430 | 2,142,780 | 9.1% | 35.69 |
| Jackson | 1,069,208 | 1,087,385 | 32,404 | 0.29% | 0.25% | 0.33% | 0.32% | 77,327 | 1,164,712 | 8.9% | 35.94 |
| Jefferson | 2,719,765 | 2,766,001 | 76,014 | 0.68% | 0.64% | 0.72% | 0.70% | 167,284 | 2,933,284 | 7.9% | 38.59 |
| Knox | 1,669,899 | 1,698,287 | 52,498 | 0.47% | 0.39% | 0.56% | 0.54% | 129,955 | 1,828,242 | 9.5% | 34.82 |
| Lake | 8,032,147 | 8,168,694 | 223,715 | 2.00% | 1.89% | 2.11% | 2.05% | 490,632 | 8,659,326 | 7.8% | 38.71 |
| Lawrence | 2,077,340 | 2,112,655 | 64,485 | 0.58% | 0.49% | 0.68% | 0.66% | 157,619 | 2,270,274 | 9.3% | 35.21 |
| Licking | 4,471,355 | 4,547,368 | 139,411 | 1.25% | 1.05% | 1.48% | 1.43% | 342,257 | 4,889,625 | 9.4% | 35.07 |
| Logan | 1,436,802 | 1,461,228 | 45,937 | 0.41% | 0.34% | 0.50% | 0.48% | 115,645 | 1,576,872 | 9.7% | 34.33 |
| Lorain | 9,210,510 | 9,367,089 | 282,465 | 2.53% | 2.17% | 2.94% | 2.86% | 682,092 | 10,049,182 | 9.1% | 35.58 |
| Lucas | 17,464,253 | 17,761,145 | 451,325 | 4.03% | 4.11% | 3.96% | 3.85% | 918,389 | 18,679,534 | 7.0% | 41.39 |
| Madison | 1,261,466 | 1,282,910 | 41,486 | 0.37% | 0.30% | 0.46% | 0.45% | 107,430 | 1,390,340 | 10.2% | 33.51 |
| Mahoning | 9,367,367 | 9,526,612 | 257,489 | 2.30% | 2.21% | 2.40% | 2.33% | 557,311 | 10,083,923 | 7.6% | 39.16 |
| Marion | 2,210,848 | 2,248,433 | 65,115 | 0.58% | 0.52% | 0.65% | 0.63% | 151,008 | 2,399,441 | 8.5% | 36.85 |
| Medina | 4,321,175 | 4,394,635 | 141,961 | 1.27% | 1.02% | 1.58% | 1.54% | 367,226 | 4,761,861 | 10.2% | 33.54 |
| Meigs | 778,027 | 791,253 | 23,994 | 0.21% | 0.18% | 0.25% | 0.24% | 58,265 | 849,518 | 9.2% | 35.41 |
| Mercer | 1,370,933 | 1,394,238 | 40,984 | 0.37% | 0.32% | 0.42% | 0.40% | 96,474 | 1,490,712 | 8.7% | 36.47 |
| Miami | 3,407,360 | 3,465,285 | 97,742 | 0.87% | 0.80% | 0.95% | 0.92% | 220,771 | 3,686,056 | 8.2% | 37.71 |
| Monroe | 509,627 | 518,291 | 15,331 | 0.14% | 0.12% | 0.16% | 0.15% | 36,315 | 554,606 | 8.8% | 36.18 |
| Montgomery | 22,628,301 | 23,012,982 | 561,303 | 5.02% | 5.33% | 4.73% | 4.59% | 1,096,328 | 24,109,310 | 6.5% | 42.95 |
| Morgan | 470,975 | 478,982 | 14,615 | 0.13% | 0.11% | 0.15% | 0.15% | 35,711 | 514,693 | 9.3% | 35.22 |
| Morrow | 944,557 | 960,614 | 31,080 | 0.28% | 0.22% | 0.35% | 0.34% | 80,525 | 1,041,139 | 10.2% | 33.50 |
| Muskingum | 2,831,130 | 2,879,259 | 84,539 | 0.76% | 0.67% | 0.86% | 0.83% | 198,771 | 3,078,030 | 8.7% | 36.41 |
| Noble | 413,401 | 420,429 | 12,304 | 0.11% | 0.10% | 0.12% | 0.12% | 28,835 | 449,264 | 8.7% | 36.51 |
| Ottawa | 1,425,424 | 1,449,656 | 40,651 | 0.36% | 0.34% | 0.39% | 0.38% | 91,284 | 1,540,941 | 8.1% | 37.91 |
| Paulding | 678,136 | 689,665 | 20,157 | 0.18% | 0.16% | 0.20% | 0.20% | 47,177 | 736,842 | 8.7% | 36.56 |
| Perry | 1,070,377 | 1,088,573 | 34,144 | 0.31% | 0.25% | 0.37% | 0.36% | 85,761 | 1,174,334 | 9.7% | 34.39 |
| Pickaway | 1,609,507 | 1,636,869 | 53,218 | 0.48% | 0.38% | 0.60% | 0.58% | 138,555 | 1,775,423 | 10.3% | 33.36 |
| Pike | 844,941 | 859,305 | 27,565 | 0.25% | 0.20% | 0.31% | 0.30% | 70,809 | 930,114 | 10.1% | 33.74 |
| Portage | 4,878,160 | 4,961,089 | 150,792 | 1.35% | 1.15% | 1.58% | 1.54% | 367,027 | 5,328,116 | 9.2% | 35.33 |
| Preble | 1,346,178 | 1,369,063 | 42,862 | 0.38% | 0.32% | 0.46% | 0.45% | 107,458 | 1,476,522 | 9.7% | 34.45 |
| Putnam | 1,135,517 | 1,154,821 | 35,080 | 0.31% | 0.27% | 0.37% | 0.36% | 85,334 | 1,240,155 | 9.2% | 35.35 |
| Richland | 4,624,383 | 4,702,998 | 127,762 | 1.14% | 1.09% | 1.20% | 1.16% | 277,938 | 4,980,935 | 7.7% | 38.99 |
| Ross | 2,356,353 | 2,396,411 | 75,195 | 0.67% | 0.55% | 0.81% | 0.79% | 188,945 | 2,585,356 | 9.7% | 34.38 |
| Sandusky | 2,124,266 | 2,160,378 | 62,296 | 0.56% | 0.50% | 0.62% | 0.60% | 143,850 | 2,304,228 | 8.5% | 36.99 |
| Scioto | 2,698,767 | 2,744,646 | 80,756 | 0.72% | 0.64% | 0.82% | 0.80% | 190,275 | 2,934,921 | 8.8% | 36.34 |
| Seneca | 2,105,076 | 2,140,863 | 60,025 | 0.54% | 0.50% | 0.58% | 0.56% | 134,770 | 2,275,633 | 8.1% | 37.91 |
| Shelby | 1,607,200 | 1,634,522 | 47,415 | 0.42% | 0.38% | 0.47% | 0.46% | 110,144 | 1,744,666 | 8.6% | 36.80 |
| Stark | 13,802,237 | 14,036,875 | 373,719 | 3.34% | 3.25% | 3.43% | 3.34% | 796,780 | 14,833,655 | 7.5% | 39.69 |
| Summit | 19,858,499 | 20,196,094 | 531,650 | 4.75% | 4.68% | 4.83% | 4.69% | 1,120,735 | 21,316,829 | 7.3% | 40.10 |
| Trumbull | 7,906,138 | 8,040,542 | 226,082 | 2.02% | 1.86% | 2.19% | 2.13% | 509,056 | 8,549,598 | 8.1% | 37.82 |
| Tuscarawas | 2,915,793 | 2,965,362 | 88,209 | 0.79% | 0.69% | 0.91% | 0.88% | 210,120 | 3,175,481 | 8.9% | 36.00 |
| Union | 1,159,743 | 1,179,458 | 38,634 | 0.35% | 0.27% | 0.44% | 0.42% | 101,339 | 1,280,797 | 10.4% | 33.15 |
| Van Wert | 1,033,903 | 1,051,480 | 30,278 | 0.27% | 0.24% | 0.30% | 0.29% | 69,819 | 1,121,298 | 8.5% | 37.03 |
| Vinton | 383,246 | 389,761 | 12,034 | 0.11% | 0.09% | 0.13% | 0.12% | 29,754 | 419,515 | 9.5% | 34.86 |
| Warren | 4,050,439 | 4,119,297 | 140,080 | 1.25% | 0.95% | 1.64% | 1.60% | 381,459 | 4,500,756 | 11.1% | 32.13 |
| Washington | 2,132,920 | 2,169,180 | 63,612 | 0.57% | 0.50% | 0.64% | 0.63% | 149,383 | 2,318,563 | 8.7% | 36.45 |
| Wayne | 3,832,993 | 3,898,154 | 109,548 | 0.98% | 0.90% | 1.06% | 1.03% | 246,529 | 4,144,684 | 8.1% | 37.83 |
| Williams | 1,339,037 | 1,361,801 | 37,870 | 0.34% | 0.32% | 0.36% | 0.35% | 84,333 | 1,446,133 | 8.0% | 38.19 |

| <u>County</u> | CY 1998 <u>Entitlement</u> | CY 1999 Guarantee Share | 1997 Estimated <u>Population</u> | 1997 Population <u>Percentage</u> | CY 1998 Entitlement <u>Percentage</u> | Numerator of CY 1999 Equalization <u>Ratio</u> | CY 1999 Equalization <u>Ratio</u> | CY 1999 Equalization Share | CY 1999 Entitlement | Percent Change, CY 1998-1999 <u>Entitlements</u> | CY 1999 Per Capita <u>Entitlements*</u> |
|---------------|-------------------------------|--|--|---|---|---|---|---|--------------------------------------|---|---|
| Wood | 4,643,073 | 4,722,006 | 119,156 | 1.07% | 1.09% | 1.04% | 1.01% | 240,782 | 4,962,788 | 6.9% | 41.65 |
| Wyandot | <u>769,262</u> | <u>782,339</u> | <u>22,709</u> | <u>0.20%</u> | <u>0.18%</u> | <u>0.23%</u> | <u>0.22%</u> | <u>52,786</u> | <u>835,126</u> | 8.6% | 36.78 |
| TOTAL | \$424,663,381 | \$431,882,659 | \$11,186,331 | 100.00% | 100.00% | 102.93% | 100.00% | \$23,881,967 | \$455,764,625 | 7.3% | 40.74 |

*Using 1997 population.

How the LLGSF Formula Works (con'd)

- The LLGSF has (1) provided a robust revenue source for libraries and (2) helped equalize funding across counties.
- Between 1986 and 2005, the LLGSF has grown by 157%; in comparison, the state GRF has grown by 151% and total state income tax revenues have grown by 210%.
- Funding data confirm that distributions have become more equalized over time: the coefficient of variation (a measure of dispersion from the mean) decreased from .40 in CY 1986 to .10 in CY 2000.
- 99% of the LLGSF goes to libraries; the remainder goes to municipalities in a few counties.
- See the next page for a history of LLGSF funding.

Library and Local Government Support Fund Actual Entitlements, Calendar Years 1986-2005

(\$ in millions)

| Calendar Year | Guarantee Share | Equalization Share | Total Entitlements / Distributions | Yr-to-yr change | Yr-to-yr percentage change | Total distributions in real (2005) dollars | Yr-to-yr percentage change in real (2005) dollars |
|-------------------|-----------------|--------------------|------------------------------------|-----------------|----------------------------|--|---|
| 1986 | \$167.5 | \$10.7 | \$178.2 | -- | -- | \$317.5 | -- |
| 1987 | 181.1 | 26.3 | 207.4 | \$29.2 | 16.4% | 356.6 | 12.3% |
| 1988 | 215.3 | 3.0 | 218.3 | 10.9 | 5.3% | 360.4 | 1.1% |
| 1989 | 226.8 | 24.6 | 251.4 | 33.1 | 15.2% | 396.0 | 9.9% |
| 1990 | 262.7 | 0.0 | 262.7 | 11.3 | 4.5% | 392.5 | -0.9% |
| 1991 | 268.8 | 0.0 | 268.8 | 6.1 | 2.3% | 385.4 | -1.8% |
| 1992 | 268.8 | 0.0 | 268.8 | 0.0 | 0.0% | 374.2 | -2.9% |
| 1993 | 276.9 | 7.8 | 284.7 | 15.9 | 5.9% | 384.8 | 2.8% |
| 1994 | 293.8 | 3.2 | 297.0 | 12.3 | 4.3% | 391.4 | 1.7% |
| 1995 | 303.8 | 15.0 | 318.8 | 21.8 | 7.3% | 408.5 | 4.4% |
| 1996 | 329.0 | 13.6 | 342.6 | 23.8 | 7.5% | 426.4 | 4.4% |
| 1997 | 352.5 | 23.5 | 376.0 | 33.4 | 9.7% | 457.5 | 7.3% |
| 1998 | 384.3 | 40.4 | 424.7 | 48.7 | 13.0% | 508.9 | 11.2% |
| 1999 | 431.9 | 23.9 | 455.8 | 31.1 | 7.3% | 534.3 | 5.0% |
| 2000 | 465.4 | 25.7 | 491.1 | 35.3 | 7.7% | 557.0 | 4.2% |
| 2001 | -- | -- | 496.5 | 5.4 | 1.1% | 547.5 | -1.7% |
| 2002 | -- | -- | 457.7 | (38.8) | -7.8% | 496.9 | -9.2% |
| 2003 | -- | -- | 452.6 | (5.1) | -1.1% | 480.4 | -3.3% |
| 2004 | -- | -- | 455.5 | 2.9 | 0.6% | 470.9 | -2.0% |
| 2005 | -- | -- | 458.0 | 2.5 | 0.5% | 458.0 | -2.7% |
| Change, 1986-2005 | -- | -- | -- | 279.8 | 157.0% | -- | 44.2% |

"Embedded" equalization share in CY 2000 (cumulative equalization shares)*

\$217.7

"Embedded" equalization share as % of total CY 2000 distribution*

44.3%

*\$217.7 million, or 44.3%, of the CY 2000 entitlement was based on the accumulated impact of the equalization formula.

How the LLGSF Formula Works (con'd)

- Since the early 1930's, the county budget commission has been required to distribute the county's local situs intangible tax according to "need"; first preference was to be given to libraries.
- To this day, there is no single specific formula for how county undivided LLGSF monies are to be distributed by county budget commissions, but there are some requirements and some guidance.
- The percentage share of the county undivided LLGSF going to all libraries may not be smaller than the average percentage share of the county's classified (intangible) taxes that were distributed to all libraries in 1982, 1983 and 1984; that is, the aggregate library share of the fund may not fall below its average 1982-84 level.

How the LLGSF Formula Works (con'd)

- The allocations to libraries shall include monies for construction of new library buildings, parts of library buildings, improvements, operations, maintenance or other expenses.
- No reduction is to be made on account of additional revenues realized from increased taxes or service charges voted by the electorate, or from federal, state or private grants, projects or programs.
- Guidance has also been provided by court cases and the State Library Board's statement of allocation factors.
- A 1990 study undertaken by the State Library of Ohio indicates that counties use a variety of methods for determining county LLGSF allocations to libraries.

Developments During the 1990s and Beyond

- Ohio experienced a recession in 1990-91 that required a variety of fiscal measures to balance the budget.
- As a state revenue saving device, HB 298 (the FY 1992-93 budget bill) and HB 904 (budget balancing bill) temporarily suspended the LLGSF funding percentage from January 1992 through July 1993, constituting a “freeze” on distributions.
- Under the “freeze”, additional revenues that normally would have been deposited into the LLGSF were instead deposited into the state GRF (revenue growth must occur in the income tax in order for the GRF to realize this benefit).

Developments During the 1990s and Beyond (con'd)

- For CY 1992, the total amount distributed from the LLGSF equaled the amounts distributed during 1991; during the January-July 1993 period, the total amount distributed equaled the January-July 1992 distributions.
- Although the “freeze” was lifted beginning in FY 1994, the LLGSF funding percentage was reduced to 5.7% (from 6.3%).
- Since revenues were swiftly recovering, the reduced funding percentage still resulted in considerable funding growth for the LLGSF during the latter half of the 1990's.
- LLGSF also received 5.7% from the Income Tax Reduction Fund to make up for the temporary income tax rate reductions in tax years 1996-2000.

Developments During the 1990s and Beyond (con'd)

- HB 94 (FY 2002-03 budget) enacted a “freeze” in which each county undivided LLGSF would receive the same amount that it received in FY 2001 (July 2000-June 2001).
- However, the LLGSF was reduced from the “freeze” amount by \$6.4 million in FY 2002 and \$6.5 million in FY 2003 in order to fund the OPLIN Technology Fund.
- Revenue performance was so poor for most of the FY 2002-03 biennium that the freeze essentially did not save the state GRF any revenue (in fact, a semi-annual reconciliation adjustment prevented a revenue loss); the only appreciable savings in the biennium came from a \$30 million local funds reduction in 2003 pursuant to HB 40, with \$9.7 million of that amount attributable to the LLGSF.

Developments During the 1990s and Beyond (con'd)

- The freeze was extended in FY 2004 and 2005 by HB 95.
- During FY 2004 and 2005 each recipient received the amount received in FY 2003 (before OPLIN reductions); the FY 2004 distributions were then reduced by a \$5 million transfer to the OPLIN Technology Fund (with no transfers thereafter).
- The state saved \$127 million during FY 2004 and \$241 million in FY 2005 as a result of the freeze on all three funds; savings attributable to LLGSF were \$28 million in FY 2004 and \$79 million in FY 2005.
- The current biennial budget (HB 66) originally contained local fund cuts but ultimately extended the freeze for another two fiscal years.
- According to ODT estimates, the state will save \$228 million in FY 2006 and \$252 million in FY 2007 from the freeze; the LLGSF share of this is \$84 million in FY 2006 and \$91 million in FY 2007.

Ohio Library Funding Compared to Other States

- By nearly every measure, Ohio's libraries rank among the highest in the nation.
- The well-regarded HAPLR (Hennen's American Public Library Ratings) ranking of library systems across the nation consistently place Ohio near or at the top; Ohio was ranked #1 in both the 2004 and 2005 HAPLR ratings.
- Three Ohio library systems (Columbus, Cuyahoga County and Cincinnati-Hamilton County) rank within the top ten of the nation's largest library systems (with Columbus #1 in the nation).
- Ohio also has strong representation among the various medium-sized library system rankings (Medina County, Washington-Centerville, Westlake, North Canton, and Wright Memorial libraries all at the top of their population categories).

Ohio Library Funding Compared to Other States (con'd)

- There is little question that a major reason for the high quality of Ohio's libraries is the level of funding; at \$56.76 per capita, Ohio ranks #1 in the nation.
- See the table on the next page for state comparisons in fiscal year 2003.
- At nearly \$39.87 per capita, the LLGSF drives the relatively high funding of Ohio libraries; no state comes close to this level (Hawaii is the next highest, at \$18.92).
- Due to the high funding levels provided by the LLGSF, Ohio's libraries are relatively dependent on state revenues; 70% of total operating revenues come from the state, exceeded only by Hawaii (at 88%) and followed by West Virginia (at 31%).

**Total per capita operating income of public libraries,
fiscal year 2003**

| | Total per capita operating income | Per capita operating income provided by State |
|----------------------|--------------------------------------|--|
| Ohio | \$56.76 | \$39.87 |
| District of Columbia | 50.18 | 0.00 |
| Illinois | 48.35 | 2.76 |
| New York | 47.96 | 2.66 |
| Conneticut | 44.54 | 0.37 |
| Colorado | 42.66 | 0.01 |
| New Jersey | 42.62 | 1.10 |
| Washington | 42.52 | 0.28 |
| Rhode Island | 40.62 | 6.35 |
| Oregon | 40.19 | 0.19 |
| Indiana | 39.94 | 2.94 |
| Alaska | 38.34 | 1.07 |
| Kansas | 37.41 | 0.72 |
| Iowa | 37.22 | 0.74 |
| Maryland | 37.09 | 5.06 |
| Wyoming | 36.96 | 0.03 |
| Massachusetts | 35.52 | 2.61 |
| Michigan | 35.11 | 1.21 |
| Missouri | 33.94 | 0.89 |
| Wisconsin | 33.06 | 0.89 |
| Minnesota | 31.88 | 1.49 |
| New Hampshire | 31.41 | 0.02 |
| U.S. Average | 30.07 | 2.56 |
| Nebraska | 29.04 | 0.32 |
| South Dakota | 28.74 | # |
| Nevada | 28.53 | 0.08 |
| Virginia | 28.41 | 2.21 |
| Louisiana | 27.96 | 1.16 |
| California | 27.65 | 1.52 |
| Utah | 27.54 | 0.34 |
| Florida | 26.40 | 2.02 |
| Maine | 25.75 | 0.13 |
| Vermont | 25.48 | 0.01 |
| Idaho | 24.78 | 0.68 |
| Pennsylvania | 24.64 | 6.60 |
| Arizona | 24.38 | 0.01 |
| Oklahoma | 23.70 | 0.66 |
| Kentucky | 23.39 | 1.07 |
| Delaware | 22.79 | 3.21 |
| Hawaii | 21.48 | 18.92 |
| South Carolina | 20.60 | 1.57 |
| Georgia | 19.76 | 3.80 |
| Montana | 19.40 | 0.42 |
| North Carolina | 18.88 | 1.89 |
| New Mexico | 18.21 | 0.34 |
| North Dakota | 17.08 | 1.06 |
| Texas | 16.99 | 0.21 |
| Alabama | 16.91 | 0.93 |
| Arkansas | 16.42 | 0.37 |
| Tennessee | 15.68 | 0.07 |
| West Virginia | 15.21 | 4.77 |
| Mississippi | 13.54 | 2.59 |

indicates rounds to zero.

Source: U.S. Dept. of Education National Center for Educational Statistics.

Final Comments and Observations

- Ohio's library system has been regarded as the best-funded and best-performing in the U.S. and the LLGSF (and its intangible tax antecedent) accounts for much of this fact.
- According to NCES statistics, Ohio libraries depended on the LLGSF for 70% of their total revenues in FY 2003.
- There is a wide range of dependence, however - from 10% reliance in Hudson to 98% reliance in Celina.
- There has been significant growth in the LLGSF over the years; net growth from 1986 to 2005 has been in line with growth in the state GRF (over 150%).

Final Comments and Observations (con'd)

- As a funding and distribution formula, the LLGSF appears to have worked as intended – all counties have experienced growth but the largest relative growth has occurred in the historically lowest-funded counties, resulting in significant equalization.
- The LLGSF – with its guaranteed share and its equalization mechanism applied to excess revenues – might serve as a model for other local fund formulas.
- Note that to the extent equalization has occurred, it has been due to increased funding (if funding had not increased as much as it did, then there would have been less equalization).
- Relative to many other spending programs (including the LGF/LGRAF), the LLGSF grew at a high rate through the most of the 1990's, a direct result of being synched up with the state income tax.
- The challenge is to find a way to fund libraries in an age of tight budgets and a changing revenue landscape.