

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 Third Reader

Senate Bill 108 (Senator Ellis)
 Education, Health, and Environmental Affairs

Ways and Means

Charles County Public Library – Imagination Library Program – Funding

This bill authorizes the Charles County Public Library (CCPL) to partner with an Imagination Library Program (ILP) to provide free books to children up to five years of age. From fiscal 2024 through 2033, the Governor must annually include an appropriation to CCPL of \$2.10 for each child for each month that the child is registered in the program. **The bill takes effect July 1, 2022 and terminates June 30, 2032.**

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$54,300 in FY 2024 and by an estimated \$135,600 in FY 2027, as discussed below. Revenues are not affected. **This bill establishes a mandated appropriation from FY 2024 through FY 2033.**

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	54,300	81,400	108,500	135,600
Net Effect	\$0	(\$54,300)	(\$81,400)	(\$108,500)	(\$135,600)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: CCPL revenues increase by an estimated \$54,300 in FY 2024 and by an estimated \$135,600 in FY 2027, as discussed below. Expenditures are assumed to increase correspondingly for program activities.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Imagination Library Program” is defined as a program run by a nonprofit organization that provides free books to children up to five years of age.

Current Law: State law does not currently authorize per pupil funding in any jurisdiction for the activities specified in the bill.

State/Local Fiscal Effect: Dolly Parton’s ILP is a book gifting program that mails free, high-quality books to children from birth to age five, regardless of the family’s income. The Maryland State Library Agency (MSLA) advises that the program is responsible for the distribution of materials to registered participants, while CCPL is responsible for management of other aspects of the program on behalf of the county. These activities may include (1) coordinating efforts with ILP; (2) promoting the program to the targeted population; and (3) identifying additional donors to financially support the expansion of the program.

MSLA further advises that the first two years of funding for the program have been appropriated from a combination of CCPL’s operating budget and private donations. These amounts total an estimated \$16,926 in fiscal 2023 and \$40,701 in fiscal 2024. CCPL advises a nonprofit affiliate (in this case, CCPL) is responsible for paying \$2.10 per child per month for the wholesale cost and mailing of the books; ILP is covering all other costs (*e.g.*, overhead, book selection, *etc.*).

Under the bill, the Governor must include in the annual budget \$2.10 per month for each child registered in the program (*i.e.*, \$25.20 per year). The exact number of children that may participate in the program in future years is unknown. However, MSLA notes that the program typically budgets for 60% of the eligible population. Furthermore, MSLA estimates a participation rate of about 20% in the first year (*i.e.*, 20% of the assumed portion of the population that will participate). That amount increases each year under the program until reaching the full estimated participation rate by fiscal 2027.

Exhibit 1 Assumed Participation Rate and Per Pupil Funding Fiscal 2023 - 2027

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
Number of Participants	1,077	2,153	3,230	4,306	5,383
Annual State Appropriation*	n/a	\$54,257	\$81,385	\$108,513	\$135,642

Source: Maryland State Library Agency; Department of Legislative Services

*These figures represent estimated appropriations from the State based on the assumed participation rate in the program. To the extent participation differs from the estimate, funding levels will vary accordingly.

Although MSLA and CCPL report that the program can likely be funded locally in fiscal 2023 and 2024, the mandated appropriation takes effect in fiscal 2024. Therefore, any State funds appropriated in fiscal 2024 may result in excess funding for the program. To the extent excess funding is received, this analysis assumes local funds can be repurposed for other activities. Once the full program participation is reached (presumably in fiscal 2027), funding from the State is assumed to continue at that level until the mandated appropriation terminates. The Department of Legislative Services notes that while the bill specifies that funding is mandated through fiscal 2033, the bill terminates at the end of fiscal 2032.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Charles County; Maryland State Library Agency; Department of Budget and Management; Department of Legislative Services

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