

Memo

To: State Library Commission
From: Karen Strege
Date: 12/19/2007
Re: LSTA 2004 Budget

Overview

President Bush signed the bill that contains the Institute of Museum and Library Science appropriation for this federal fiscal year (2004) on January 23. The good news is that MSL will receive approximately \$150,000 increase. As of this writing, IMLS has not yet notified us about the exact amount of the grant award.

During the past 10 days, MSL staff has been busy preparing budget recommendations to present to the Commission. We wanted our recommendations to be clear-cut; however, our wish was thwarted by ongoing discussions with OCLC about the offer of the Group Catalog to replace the current state's contract for OCLC services.

OCLC Group Services Contract and the new "Group Catalog"

For the past four years, MSL, under the leadership of MLN Director Bruce Newell, has successfully brokered OCLC services to Montana libraries both large and small. OCLC services include access to catalog records, ability to add individual holding to the World Cat, and to use OCLC to place interlibrary loans for users. These contracts saved money for all participants and allowed libraries, which could not otherwise afford these services, to receive OCLC services. MSL has not supplemented the contracts. The cost is divided among the participants in a formula devised by the Networking Task Force (NTF).

This year, OCLC has developed a new proposal for Montana and other states, called the Group Catalog; this proposal offers the same services as the previous contracts with an improved Web interface to WorldCat and a partial but significant upgrade for the MLN Gateway. Additionally, OCLC's proposal locks in an all-inclusive statewide price at a 4% fixed annual increase for four years. The NTF and MSL staff members believe that the Group Catalog will be of great value to libraries, and more importantly to their users.

Although all agree upon the Group Catalog's value, the price of the contract seems, at this writing, to be out of reach of the participants and requires supplemental funds. Acknowledging this, the NTF made a recommendation to the Commission that \$30,000 of LSTA funds should be

used to subsidize the contract, in addition to the \$23,000 in the LSTA budget used in previous years to purchase a license to the World Cat.

However, since the NTF made that recommendation, we realized that approximately \$107,000 in additional funds needs to be raised to pay for the contract. To fill this hole, LDD staff has recommended that we raise the rates for the approximately 200 copy-cataloging or smaller libraries that currently participate in the contract. We acknowledge that raising the rates may prevent some libraries from participating; however, we attempted to make the increases small enough to be in reach of most participating libraries. We estimate that this increase will garner \$25,000 more funds. We also have asked OCLC to reconsider their price.

We also have an unanticipated source of revenue that consists of surplus funds left from previous joint projects. MSL's collects these funds before knowing how many libraries will participate in a joint project. Therefore, we either cannot predict an account surplus or in some cases an account deficit. Fortunately, during the past two years we have had a surplus. We all agree that these funds are to be spending on projects or services that benefit Montana's library community and agree that the OCLC contract is indeed such a service. This account contains one-time only funds of approximately \$34,000.

As you can see, the lack of information regarding OCLC's ability to move their price lower prevents me from providing a recommendation to you regarding the allocation of the whole LSTA budget as of this writing. Depending on when OCLC provides us with this information, I will either send you an update recommendation or provide one to you at our February meeting.

Because of this lack of information, I recommend that the Commission approve the budget items listed on the budget sheet. Doing so, will allow us to continue operations at MSL and continue the work of building the Montana Shared Catalog (MSC). The particular items in the budget proposals are discussed below.

Recommendation Process

To develop the recommendations for the Commission, Library Development staff members and I reviewed the long-range plan provided by the Commission and by IMLS. I asked staff members to develop brief project descriptions and budgets for projects outlined within the plan. After receiving these briefs, Darlene and I reviewed them and devised a draft budget for feedback by LDD. We met on February 3 to do so and the attached budget document is the result of that meeting, which featured much debate.

In my memo to LDD, I said that Darlene and I used the following criteria for the budget.

- 1. The proven statewide impact of each project**
- 2. Staff resources available for project management**
- 3. Sustaining worthwhile current projects**
- 4. The straw poll taken by the Networking Task Force**
- 5. The priority of issues given by the library community during the long-range planning process**

I continued in the memo to say the following:

Darlene and I are both disappointed that the available funds are not available to fund new projects; however, we heard from LDD and the library community that current projects are achieving results and we should sustain these efforts. In particular, I am disappointed that we were not able to add a category of innovative projects that would have solicited grant applications from Montana libraries or a project that would have funded a district library pilot.

Library Services Advisory Committee

It is my recommendation that the Commission not appoint an Advisory Committee to guide the LSTA budget. If the Commission agrees to use the criteria listed above, the amount of additional LSTA funding is only sufficient to sustain our current efforts and does not allow us to develop significant new proposals. I believe that the primary role of an advisory committee would be to guide us if we were to cease current projects and to start anew. I do not believe that the library community desires this action. The Networking Task Force will continue to provide broad based advice for our networking efforts.

Montana Shared Catalog costs:

The MSC must move its server from its current location. Doing so will allow SIRSI, the software vendor, access to the server for more productive support and will provide an improved computer platform and a more robust Internet connection; these improvements will significantly increase the reliability of the shared catalog. MSC cooperative members will pay approximately \$90,000 – 100,000 for this move.

The NTF and the staff recommend that the MSC continue to offer assistance for libraries to join the catalog. We also believe that targeting a larger library makes good business sense as a large library can contribute more resources to the cooperative pool of funds. The budget allows for one such library. The budget also anticipates that anywhere from \$10,000 to \$15,000 would be available to add four to five smaller libraries. Details regarding this can be found in the adopted MSC business plan.

The expenses for the license is the result of the state assuming the upfront license cost for the catalog. Ongoing licensing costs are borne by the cooperative.

Children's Services

We pay a representative to attend the regional meeting in which participants choose a the summer reading theme The representative represents Montana interest and returns to share new ideas from other states. The representative also assists with the statewide order process for the summer reading manuals.

04 Summer Institute

This is to supplemental our current budget, as the nationally known library educator, Sandra Nelson, has agreed to present the weeklong institute and focus on her specialty, planning for public libraries.

Marketing

This budget includes $\frac{1}{4}$ of the marketing and communications coordinator salary and about \$10,000 for a statewide marketing campaign.