Top level changes to affect all options listed below:

State Library covers the cost of Interlibrary Loan and the Group Catalog through Resource Sharing state funding ($98,885) and LSTA:

FY15 estimated unlimited ILL:	133,818
FY15 estimated Group Catalog:	19,567
TOTAL:	153,385

Enrolling libraries cover the cost of the First Search WorldCat "seats" and Cataloging through enrollment fees:

FY15 estimated FS WorldCat (unlimited/grandfathered in by OCLC):	45,628
FY15 estimated unlimited Cataloging:	349,172
TOTAL:	394,800

Libraries would enroll for a period of three years and be invoiced annually. This enrollment would inform us on the amount we have across a three year period to cover the enrolling libraries' costs of the contract. This information could be used to negotiate a contract that does not include a gap, every three years. Ideally, OCLC would hold costs stable during the contract period but if they raised costs enrolled libraries would be able to pan for future increases during the contract period in which they are enrolled. Additionally, MSL would negotiate with OCLC so that if a library does drop out, OCLC would reduce the total cost of the WorldCat seats and Cataloging by that library's enrollment amount.

Pros:

- Because MSL's contract with OCLC states pricing for these services for three year's out, in a three year contract, LSTA planning would be more stable
- Knowing what to plan for may encourage enrollment
- This would free up some LSTA to go towards other new and existing statewide projects
- The total amount noted above for ILL and the Group Catalog is fairly close to what MSL currently contributes to the contract
- The focus of the MSL contribution is encouraging resource sharing

Cons:

- Less flexibility to increase MSL funding through LSTA, if needed, to cover the contract

Some cost share formula options:

Option One:

Cost share formula for enrolling libraries remains as is with an average 270 libraries enrolling annually. (Note: about 20-25 of these are enrolled under their library's "main" institution and as such do not pay a separate enrollment fee.) The current approach is yielding about $370,000 per year from libraries.

Pros:

- The largest ("full" cataloging) libraries get a discount, though small, over what it would cost to purchase these services on their own. This continues to be a plus for those libraries paying the highest enrollment fees.
- Minimally disruptive

Cons:

- These cost parameters no longer apply.
- The list of "full" and "copy" libraries does not reflect reality in some cases
- This option does not provide any relief for net-lending libraries, in their statewide resource sharing roles; nor does it incentivize these larger libraries to play an increasingly active resource sharing role
- Having to negotiate with OCLC each time there is a gap is not a sustainable way to manage a contract

Option Two:

The cost share formula remains the same, but an evaluation of OCLC cataloging and interlibrary loan statistics is done to ensure that the list of "full" and "copy" libraries reflects activity. This may change a library's category, in some cases.

Pros:

- Results in a more accurate list of "full" libraries
- May make cost sharing more equitable in isolated situations

Cons:

- It would be difficult to determine what to charge a library newly considered a "full cataloging" library, using parameters that no longer exist
- Probably not enough change to the two lists to deal with the funding gap we've experienced the last few years

Option Three:

A new cost share formula is created for all libraries with new parameters that define the current levels. Parameters could include:

Academics: collection size and student FTE
Publics: population served and circulation
Specials: collection size and FTE
Schools: enrollment

Or, parameters could be based on Interlibrary Loan and Cataloging transactions: those with higher levels of each pay more.

Based on these new parameters, levels would be established that simply define a library as “Very Large”, “Large”, “Medium”, “Small” and “Very Small”.

Additionally, small discounts would be included that encouraged use of OCLC group services for purposes of resource sharing. For instance, we could offer discounts for libraries that added records to WorldCat and for those that are net lenders. OCLC transactions could be analyzed to determine the level of these discounts.

If we change to a 3 year enrollment cycle, we could use a 3 year average to determine the enrollment levels and discounts.

Pros:

- Addresses the issue that the current cost share approach is based on parameters that are no longer valid
- Would create a more equitable distribution of costs across all libraries

Cons:

- Would increase costs for some “full” libraries
- May increase costs too much for current “copy” libraries
- Can libraries make a three year commitment in their budget?

A rough example, meeting the FY15 cost for Cataloging and WorldCat seats, is below. In this example, the average for various sets of existing fees was calculated:

$	56,354	Average of Mansfield, MSU
$	17,386	Average of Flathead, Lewis and Clark, Missoula, MSU-B, Parmly
$	8,280	Average of Bozeman, Great Falls, Univ of Great Falls
$	3,543	Average of remaining fulls
$	1,324	Average between top 2 levels of current copy formula)
$	813	Average between middle 2 levels of current copy formula)
$	340	Avereage between first 2 levels of current copy formula)

	Number of Libraries	Annual Subscription Cost	Extension
Jumbo	2	$56,000	$112,000
Very Large	5	17,000	85,000
Large	5	8,000	40,000
Mid-Medium	10	3,000	30,000
Medium	25	1300	32,500
Small	50	800	40,000
Very small	150	350	52,500
TOTALS	247		392,000