

Memo

To: Jennie Stapp, State Librarian **To:** Montana State Library Commission
Network Advisory Council

From: Sarah McHugh, Director **From:** Montana State Library OCLC
Statewide Library Resources Cost Share Task Force

Date: February 4, 2014

Re: **Approved new OCLC cost share formula and recommendation for LSTA funding:**

The Network Advisory Council has approved a new cost share formula for the statewide OCLC Group Services contract, to begin with the FY2015 enrollment period. This new formula was recommended to the Council by the OCLC Cost Share Task Force, following several months of analysis and discussion. The details of this new formula are described in this document. Enrollment fees under this new formula are shown in the attached spreadsheet. Negotiations with OCLC about the next three year contract have commenced.

Recommendation for LSTA Funding:

The new formula includes committing Library Services Technology Act funds towards the cost of the contract's unlimited Interlibrary Loan and Cataloging subscriptions. For the next three year contract with OCLC (FY15-17), the Network Advisory Council recommends that LSTA in the amount of \$54,933 per year be set aside within the Statewide Projects annual budget, to put towards the State Library's contribution to the overall new cost formula. This amount, added to the state resource sharing funding (\$98,885.50) already allocated to the Group Services contract, will cover the total cost of the Interlibrary Loan subscription and provide \$20,000 towards the cost of the Cataloging subscription.

New OCLC Group Services Cost Share Formula:
Approved by Network Advisory Council, January 13, 2014

1. The Group Catalog subscription within our Group Services would be discontinued since this has shown a steady drop in usage over the last several years. OCLC has confirmed that a Group Catalog subscription is not necessary for the other services in our contract, and is not necessary for future services such as WorldCat Local or Webscale Management Services.
2. MSL would cover the total cost of the Unlimited Interlibrary Loan subscription within Group Services, through LSTA funding
3. MSL would put \$20,000 towards the total cost of the Unlimited Cataloging subscription within Group Services, having discontinued the Group Catalog, through LSTA funding
4. Enrolled libraries would cover the cost of the First Search WorldCat seats and the remaining cost of the Cataloging subscription based on enrollment fees under a relational cost share formula

State Library covers the cost of Unlimited Interlibrary Loan and commits \$20,000 towards the Unlimited Cataloging subscription, through Resource Sharing state funding (\$98,885) and LSTA.

FY15 estimated unlimited ILL:	133,818
FY15 contribution to unlimited Cataloging:	20,000
TOTAL from MSL/LSTA:	153,818

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
Minus MSL/LSTA contribution:	20,000
Total due from enrollment fees:	374,800

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 plan 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.

- 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 to encourage resource sharing
- Depending on negotiations with OCLC concerning a gap, if there is a gap, MSL will know what it will be for the next three years and can plan for that accordingly

New Cost Share Formula

The new formula is based on the number of OCLC holding records the library has in OCLC, as reported by OCLC, and:

For academics: total student FTE

For publics: number of patron records in the library's ILS

For schools: total student enrollment

For specials: number of patron records in the library's ILS

The total amount each library type has to collect, as a group, of the total amount due, is based on their collective percentage of the total holdings in OCLC for all libraries. This formula does not further identify a group of libraries that would bear a larger percentage of the overall costs.

Where a library and branches or a multi-library school district shares a single OCLC code, OCLC reported their holdings once under the main library. Where the libraries currently choose to be billed separately and pay separately, their user counts are indicated separately and their OCLC holdings are shown as zero. The main or district head library pays for the total holdings across that system as part of their enrollment. Where the libraries in these kinds of situations currently choose to be billed under a single library and a single library pays for all, their total user counts are combined (their holdings already are reported once for all).

The formula is based on the assumption that all the libraries listed will enroll each year. However, only Montana Shared Catalog libraries are required as part of their MSC

membership to enroll in OCLC annually. The amounts each current MSC library contributes are listed to show how much can be counted on each year.

The formula has a minimum enrollment fee of \$236.00. This represents a 5% increase of the current lowest enrollment fee level of \$225.

In this formula, no library's enrollment fee increases more than 10% over what that library paid in FY2014.

There is a funding gap as a result of implementing a restriction on how much enrollment fees can increase. Doing away with this gap would be a major focus in negotiations with OCLC, along with the other negotiation points described above.