

Administrative Rule Hearing
Interlibrary Loans Reimbursement
June 8, 2006
State Library Grizzly Conference Room

Hearing Officer:
Darlene Staffeldt, Montana State Library

Attendees:
Honore Bray, Missoula Public Library, Marsha Hinch, Choteau Teton-City County Library, Ron Moody, Montana State Library Commissioner, John Rice, Trustee of Jefferson County Library, Diana Zimmerman, Lewis and Clark Library

Montana State Library Staff:
Bob Cooper, Sue Jackson, Julie Klauss, Maggie Meredith, Julie Stewart

Staffeldt:

Good morning. This is the time set for the public hearing on rule changes for the Reimbursement to Libraries for Interlibrary Loans which was published in the Montana Administrative Register dated May 8, 2006. My name for the record is Darlene Staffeldt, and I've been appointed by the Commission to preside over this hearing today as the hearing officer.

Let me introduce Julie Stewart, our administrative assistant who is recording and capturing minutes for this hearing.

Before we begin, I have approximately three pages of stuff to read to you that is required by state law. Some I need to read verbatim, some I'll just use as a guide and paraphrase, but you all have to listen.

The purpose of this hearing is to obtain public information and comments concerning these rules. This is not a contested case proceeding. Witnesses may not be cross-examined or questioned.

This hearing is being recorded so that we can have an accurate account of the testimony represented, and will be able to sufficiently respond to all the comments when we prepare our final notice of rule adoption.

All persons making statements, please state your name before making the statement. If you are representing some organization or entity, please indicate who that might be. If you're making comments from a prepared statement, please provide me with a copy of that statement at the conclusion of your presentation so that it can be entered into the formal record of this hearing.

There will be time allowed after the presentations for questions. State Library staff will attempt to answer those questions at this hearing, however, you may ask questions later. Address questions to me at the State Library's address, and I'll provide that to you if you need that.

The order of presentation which is set by state law is the following:

- I will read the Code Committee Statement into the record.
- State Library staff will open with an overview of the proposed rules that are before you today.
- Any person with amendment or suggested changes to the rules is classified as an Opponent. That doesn't mean you're opposed to the whole thing.
- Other opponents will speak – those truly against the whole rule change.
- Then any Proponents will be allowed to speak, the proponents are those in favor of the rule.
- Questions
- We'll close the hearing.

The record for this hearing will remain open until June 16, 2006. If you have additional written comments, you can send them to Julie Stewart either by email, fax, or at the State Library's address.

Any person wishing to be placed on the State Library's permanent mailing list to receive information regarding this rule or any other rule, should contact me in writing, and I think that you are all here, and all public libraries, are on this list anyhow. All public libraries did receive a notice of these rules according to state law. The last official notice was sent on May 19, prior to that two other electronic mailings have gone out to library directors regarding the interlibrary loans rules.

Now I have to read a few paragraphs called "notice of functions of the Administrative Rules Committee." The committee reviews all proposals for adoption of new rules or amendments, or repeal of existing rules filed with the Secretary of State. Proposals of the Montana State Library are reviewed only in regard to the procedural requirements of the Montana Administrative Procedures Act (MAPA).

The committee has authority to make recommendations to an agency regarding adoption, amendment, or repeal of a rule or a request that the agency prepare a statement of estimated economic impact of the proposal. In addition, the committee may poll the members of the legislature to determine if a proposed rule is consistent with the intent of the legislators, or during a session, introduce a bill that repeals a rule, direct an agency to adopt or amend a rule. The committee welcomes comments from the public, and invites members of the public to appear before it or to send in written statements in order to bring to the committee's attention any difficulties with the

existing or proposed rules, and I have the address of the committee here, should you want it. That completes the Administrative Rule Committee required statement.

That means, if you have any difficulties with the rules, that I as the State Librarian and/or the Commission is not able to address those concerns or difficulties, you have another step along the way and that's to go to the Administrative Rules Committee and they will listen to your comments on these rules. It also means to us that the legislature has control over us, because it could change the law and require a rule change during the session, so this is never a final process. These rules will be adopted or not by the Commission pending the outcome of the hearing and they are always subject to more change.

Copies of the proposed rules were sent out on May 19, there are also copies at the back if anybody needs them. We'll just briefly go over those rules and then we're here to hear comments and concerns regarding the rules. I'm just going to briefly highlight them for the record.

These rules allow the Commission to implement their motion made on August 10, 2005. Monies available for interlibrary loan reimbursements will be divided into two equal pots. The first half will be distributed as it has been in the past, based on the number of reimbursement requests submitted. Each request receiving the same amount of money, variation on the total amounts to libraries will be due to the total amount of interlibrary loan reimbursement requests submitted by the library. The second half of the reimbursement monies will be distributed to net lenders only and will be based on the number of loans over borrows that are submitted for reimbursement.

The hearing is officially open and anyone may make comments or suggestions. This is your time to speak to us.

Do we have anyone wanting to make any suggested changes to the current rule change recommendations?

Attachment #1 is comments provided by Marsha Hinch, Library Director for Choteau/Teton City-County Library. She was not able to attend the meeting and Maggie Meredith read the comments as presented into the record on her behalf.

See attachment #2 as Honore Bray's written presentation of her statement.

John Rice, a trustee of Jefferson County Library system, but am talking for myself, not on behalf of any library. I am not as articulate as these ladies but I would like to echo some of what they said. We have three very small libraries and ILL is what keeps them going as far as the big readers. Our libraries do not carry the amount of books I go through and I feel this is a penalty to the small community libraries. It is taking away

the money they need. We are a net borrower and always will be. We need to have the money for ILL. Our budgets are extremely tight. I am opposed to this rule.

Diana Zimmerman, Lewis and Clark Library. She said she is not prepared at all. We are a net lender but we have really struggled to get there. I can't imagine not having that support for smaller libraries. I think it's been one of the great, great things about Montana, that all Montana libraries have access now to OCLC and ILL. It's been a wonderful transition and this would negate it.

Attachments #3 is an email we received on or before the hearing date.

Staffeldt asked if there were any other opponents. She then asked for any proponents? Attachments #4 and #5 are emails we received on or before the hearing date.

Newell asked for an explanation as to the comments being due on June 16, but the Commission is meeting on June 14.

Staffeldt said the Commission won't be able to take official action on June 14, but we can get a sense of direction from the comments. We might have to do another conference call.

Moody asked for Staffeldt to explain the concept of the new system that is under consideration under the statewide lending account. In listening to the opposing comments, he's not sure if we've made it clear that this is suppose to be an interim procedure to something new.

Bray said the new procedure is a great procedure because it's not taking money away from the libraries. It's allowing them to still participate because they have their OCLC money. But these two years in between, the small libraries quit lending for two years. That's going to hurt the state of Montana. The smallest of libraries have some of the most precious information because that local information that people want that can't be accessed from anywhere else and they can't afford to loan it to us and we have no access to it. And two years is a long time.

Staffeldt said that it's important for everyone to be aware that even if the process does not change, the amount of money that everyone is going to get is less, but what I'm hearing is that even if they are getting less, they still feeling like their in the total pot and are still participating in the maximum way possible. The other side of the coin is that those net lenders that do extremely more lending than borrowing, their making local financing efforts which you all are when you serve beyond your current constituents and so that's where the argument comes in for net lending. They feel they are subsidizing more of the statewide activity with their local resources. The Commission heard from a lot of them too and that's why the decision to try to find a better balance is out there in the process. The new legislation with the funding will be

much better for 95% of the libraries. There are a handful of libraries that are getting more ILL reimbursement than the cost of the OCLC bill, but that is a very small handful compared to the rest of libraries who will get more by not having to pay more OCLC bill and using that money for postage and resource sharing. The solution in the 2007 legislation will be great for everybody. In the mean time, we have a couple of years that we need to find a solution that works.

Moody said he is optimistic that driving down the costs of a transaction is going to be as helpful as moving money out of the local library budget and into the State Library. It costs a lot of money to move a book. The Commission became concerned that the lending of books was being concentrated in a small number of libraries and while the smaller libraries who are net borrowers but are also lenders, we might not pull this together in two years.

Rice asked that since we have a small number of large libraries, they have to be the ones that are going to lend the materials, because the smaller libraries don't have the collection and are not able to keep a collection. He said most of the books he receives are out of state. When his librarian is looking for a book for him, she has to look elsewhere. Those costs for our small library get to be a very big deal.

Newell shared information from a chart that shows who received the most money for reimbursement over the last two years. The top is Missoula Public, Flathead County, the Mansfield Library at the University of Montana, MSU Bozeman Libraries. These are big libraries so that makes sense. Bitterroot Public Library, Bozeman Public, Hearst Free in Anaconda, Belgrade Community Library, West Yellowstone Library and finally MSU Billings. The weird thing is that when you give users access to a bigger pot of books and you have systems that basically don't use librarians are real efficient, basically they go out and grab the first available book. Small libraries have a smaller population going against their collections and even though their collections are smaller, the books are more available. What you will find as your libraries get into that mosh pit so that people from Great Falls are seeing your books when they are looking for a book, more stuff will start coming from the Boulder Library. It is not really just a question of the depth the collection or number of books they have, but also the availability because just because you own it, that doesn't mean a thing. If I want a book and your library owns it, if your book isn't available, it's not going to do me any good. If it is available, it does me some good. So there is that weird mixture of depth to collection vs. availability. You can see in the statistics that when you give users a bigger pool you make the request process unmediated, access becomes really important and it changes the whole complexion. A lot of what we've imagining is really based upon an old model where the biggest collections have traditionally been the biggest lenders. The numbers tell us that's no longer true which is why it's so important that we move to a different model. We want the reader to have access to every book in the world. If you can find it, we want you to be able to get it.

Staffeldt said there are a number of net lenders of all sizes that are considerably net lenders. They do a lot more lending than borrowing. We only reimburse for the transactions in Montana libraries. Those out of state transactions aren't subsidized, but rather is just the ones within Montana libraries that are subsidized.

Moody referred to the comments from Marsh Hinch. She made the point that we need to advocate for more money for libraries. Basically we can't foresee a time when the complete cost of ILL is going to be covered by the state. It is going to cost the libraries something. That probably will never be completed by the legislature, but rather will probably always come from your county commissioners and your local funding source.

Staffeldt said that Marsha Hinch wanted us to go for more ILL specific money. We did that a few years in the past and we were able to get a little more. She doesn't feel that it would work this time. The argument for that wouldn't have worked as well as it did in the past because we're in an electronic world and a lot of issues have changed since we were able to convince them, plus the fact that even getting an additional \$100,000 or \$200,000 is not going to solve the issue because the costs keep going up. The bottom line is that libraries need money and she believes the proposal we are taking to the legislature is the best we can do overall for the most number of libraries. That's not to say that every single library will get a check mailed to them or an extra dollar, but every library will have to opportunity to say they want to participate in this and see some benefit.

Staffeldt introduced Ron Moody. He is the chair of the State Library Commission.

I'll go ahead and close the hearing on the Interlibrary loan reimbursement rules for the Montana State Library on June 8, 2006 at 10:30 am. Again, as a reminder any additional comments, questions or thoughts can be sent to us at the Montana State Library at P. O. Box 201800, Helena, Montana 59620-1800 on or before the 16th of June. All comments should be directed to Julie Stewart as the caretaker of these official records. Following that deadline, the State Librarian and staff will review all the comments and respond to those comments. Following the hearing process, the Commission will take action on the proposed rules. We will respond to the comments and then we will move ahead. Thank you all for attending and providing input to the process. Have a good day.