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Money, Money, Money—Or Not! Budget Realities and Transparency in Collection Development Decision-Making

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Abstract

Each library’s budget is unique; however, the importance of providing information about the budget is common across all libraries and is a critical factor in how the library is perceived by its constituents. The cost of e-resources, balancing the collection, and optimizing a flat budget in an era of escalating costs are issues often misinterpreted by the campus community, leading to both misunderstandings and misinformation. Limited budgets, escalating prices, and new acquisitions strategies necessitate clear communication with librarians and faculty about the financial realities and complex decisions surrounding collection development.

One academic library used a two-day workshop format to inform librarians about budget realities in order to provide financial transparency and minimize concerns about budget decisions. Library administrators at a large public university met with librarians to review and clarify funding sources, allocations, expenditures, deficits, high-cost e-resources, collection decision factors, and strategies for acquiring content. With a fuller understanding of the complexities of budget guidelines and limitations, librarians brainstormed solutions to real life collection development scenarios. Both an information-sharing forum and professional development event, the workshop served to update, educate, and generate discussions for both veteran and new librarians.

Strategies described in this paper reflect a comprehensive public university perspective and are scalable and adaptable to other types of institutions.

Introduction

As budgets become more restricted, resources become more expensive, and users’ expectations become more demanding, the need for transparency and clear communication about collection budget realities becomes essential. Both librarians and discipline-based faculty need to understand the realities and complexities of collection development in the current environment.

In the interests of transparency and to clear up possible misunderstandings about collection expenditures, the dean of University Libraries and the assistant university librarian for content management developed and presented to the Towson University librarians a two-part forum on the library’s collection budget. During the first day of the workshop the library administrators explained and reviewed funding sources, allocations, expenditures, deficits, high-cost e-resources; collection decision factors, and strategies for acquiring content. In part two of the workshop, librarians brainstormed solutions to real-life collection development scenarios and shared suggestions. Participants agreed that the workshops provided an informative foundation for future approaches to collection development. Both an information-sharing forum and professional development event, the workshop served to update, educate, and generate discussions for veteran and new librarians. Subsequently, during the annual fall collection development meeting, librarians presented an abbreviated version of the workshop content to discipline-based faculty, highlighting the realities of a flat budget, clarifying misconceptions, and attempting to alleviate concerns.

Welcome to Reality

Budget questions are always a hot, and often emotional, topic at the university, especially in
today’s environment of rising costs, limited funds, flat budgets, and state-imposed financial restrictions. Multiple sources of funds for collections can lead to confusion. Coupled with limitations on income and restriction on expenditures, the allocation/spending process is complex.

Most librarians and faculty are not familiar with the funding model for the library’s budget, and they are unclear about how these funds are allocated and spent. The flat university allocation for collections is problematic, and expectations for income from fines, fees, and endowment are unpredictable and low at best.

Expenditures include collections and support for collections; in other words, access and support expenditures. It is usually a shock to see how much the library pays to have the bibliographic records available in the catalog and discovery service, the amount required for copyright permissions, and the fees associated with document delivery. Most users have no idea the library must pay for these access and support services as part of collection management. In fact, nearly 5% of the collections budget goes to support and access.

Most surprising to our constituents is the fact that we routinely run a deficit in our collections budget to simply maintain current resources. This deficit model forces difficult decision-making, reprioritizing, and creative budget management.

Cost Factors

Few users are aware of all the factors contributing to electronic resources costs. For example, the most common pricing model for databases relies on full-time equivalency enrollment (FTE). Calculations based on FTE result in higher licensing costs for a large comprehensive university than for a research-intensive university with fewer students. This discrepancy is particularly visible within library consortia where institutions of varying sizes exist. Although a few vendors do charge by program enrollment instead of university enrollment, this isn’t a common pricing model at this time. Additional significant factors affecting costs include inflation (varies from 3%–15%), discipline (science versus humanities), format (electronic versus print), packages (bundle versus single title), and provider (type of publisher). These intricacies may be unfamiliar to librarians not involved in the fiscal side of collection management.

Decision-Making

The unanswered question is, “With a limited budget, how do we support the entire curriculum and collection needs of the university community?” The starting point focuses on selection considerations such as current holdings, accreditation requirements, new programs, and program growth or decline.

Each year one of the biggest and most critical issues the library faces revolves around determining what journals and databases to renew, an important and fiscally far-reaching decision, since over 70% of the library’s budget goes to support journals and databases.

Cost per use (CPU) of e-resources is one of the principal methods used to determine subscription renewal. In an attempt to save money, however, simply canceling the most expensive databases most likely will not be the most responsible decision. For example, a database costing $40,000 but having over 50,000 searches results in a CPU of only $.08. Another database that costs $8,000 but has only 200 uses would have a $40 cost per use. Relying on CPU as a primary consideration has its limitations and doesn’t cover all circumstances, such as low enrollment programs with expensive databases. CPU does, however, give a snapshot of the library’s database use and identifies areas of excessive cost per use.

From a practical viewpoint, the library’s budget cannot sustain a high CPU, and often will make the decision to cancel the database or journal and instead rely on interlibrary loan to provide requested articles. Additional methods to acquire content and stretch the budget include using demand-driven acquisitions (DDA or PDA) for e-books or to license videos, both of which are methods which focus on use to determine purchase.
Expenditure Guidelines and Alternative Strategies

Each library operates with its own established guidelines for collection development and spending. This institution follows long-established guidelines to assist with decision-making. With over 86% of the collections budget going for electronic resources, reserving some funds for traditional materials such as print books and media is deemed essential. Current guidelines include the following: cancel a journal of like value to add a journal; cancel print journals available electronically or in full-text journal databases; restrict use of departmental allocations to books, DVD’s, and music; avoid purchasing duplicate copies; and don’t rely on database aggregators for access to full-text journals.

Budget restrictions and pessimistic forecasts lead the library to reconsider current guidelines and explore creative though sometimes unappealing strategies such as canceling journal subscriptions and relying on aggregator databases for full-text journal access; expanding use of interlibrary loan; advocating for shared collection development through the consortium; and dramatically cutting database and journal subscriptions.

Recognizing the library budget limitations, some academic departments have transferred funds from their college accounts to pay for critical resources. In addition some academic departments have requested that the library use their book and media allocations to fund journals and databases. These contributions and minimal endowment income are helpful but practically speaking have marginal effect on buying power.

Scenarios

Collection decisions in a constrained budget climate are difficult and often elicit strong reactions from users. No decision is ideal, and all have pros and cons. To more fully understand the complexities of these decisions, librarians benefit from experiencing the dilemmas firsthand. To do so, librarians worked in small groups to consider actual collection budget scenarios faced by the library. Each scenario group crowd-sourced suggestions and articulated the benefits and pain points of their proposed solutions. The discussion scenarios gave librarians a realistic view of the funding available for collections, the complexities of collection decision-making, and the struggle to stay within the budget.

In scenario one, an academic department requests a new database. The database is heavily used in the trial, has good reviews, and is considered critical to the academic program. The library has already cut low-use databases and spent or encumbered all collection funds. What strategies can be used to acquire this database?

In scenario two, 3 departments offer to contribute funds from their library book/media allocations to subscribe to a database they all want but the library cannot afford. The departments agree to fund 75% if the library will fund 25% of the subscription. Should departmental allocations be used in this manner? How will annual inflation be managed? What if one of the departments drops out of the agreement the following year?

Scenario three is similar to scenario one. Several new journals are requested, and each is deemed critical for the requesting discipline. No library funds are available, and the requesting department strongly resists canceling other journals in its discipline in order to fund the new journals. The library offers to reallocate subscription funds to the new journals by canceling journals in that discipline that are available through aggregators. What are the arguments for and against this solution? Once the issues are considered, what solution is proposed?

Scenario four examines subscriptions to print journals. While the library prioritizes electronic journals over print, some titles are available only in print format. JSTOR provides access to back issues. The library retains print issues until JSTOR catches up and then recycles the print copies. Is this approach a responsible use of resources? Should the library cancel the print subscription, use interlibrary loan for current issues, and rely on aggregators for access to back issues? What factors should be considered in this decision?
Conclusion

While each library's circumstances are different, no library can acquire everything it wants without making hard choices and difficult trade-offs. Limited budgets, escalating prices, and new acquisitions strategies necessitate clear communication about the financial realities and multifaceted decisions surrounding collection development. Academic libraries must deliberately and repeatedly allay unrealistic expectations, misunderstandings, and misinterpretations of their abilities to provide unlimited resources. Conversations and presentations filled with budget numbers tell only part of the story. Librarians immersed in realistic decision-making scenarios gain a more complete view of the dilemmas. Subsequently, librarians are better prepared to explain collection development complexities to their discipline-based faculty.