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Nancy Slight-Gibney
University of Oregon Libraries, nsg@uoregon.edu

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A Budget Picture: The University of Oregon Libraries

by Nancy Slight-Gibney (Director of Library Resource Management, University of Oregon Libraries) <nsg@uoregon.edu>

Founded in 1872, the University of Oregon (UO) is a state-supported research institution serving 20,034 students granting bachelors, masters, doctorial, and professional degrees. (http://www.uoregon.edu/)

The UO Libraries, a member of the Association of Research Libraries, has a collection of over 2.6 million volumes and a General Fund budget of just over $13.5 million. The Libraries receive a single budget amount rather than separate appropriations for operations and collections. The budget is divided into these categories: Collections and Access; Supplies and Services (S&S); Classified Salaries and Wages for unionized staff; Faculty Salaries and Wages (i.e., librarians); Student Pay; Benefits and Other Payroll Expenses for all categories of staff. C&A is allocated about $5 million of the total budget. Our collections budget once received a separate, legislatively approved augment (i.e., additional appropriation). That disappeared a few years ago when the statewide Oregon University System changed funding models. In my opinion this disadvantaged all of the public university libraries in the state, but I am happy to report there is a pending proposal that includes a base inflationary increase for library collections in the next biennial budget. We are hopeful this will be approved by the next legislature.

Two years ago my job changed from managing the acquisition department to overseeing the entire budget for the UO Libraries. This has given me another perspective on the nature of resource management issues for the Libraries and for the University.

The overall appropriation to the Libraries has been flat or declined over the last decade, with the most recent reduction of 3% for fiscal year 2003/04 and possibly another 2% or 3% for fiscal year 2004/05. Statewide, the Oregon University System's share of the state general fund budget has dropped from 12.2% in the 1987-1989 biennium to 6.1% in the current biennium. Other pressures on the state's budget include a required balanced budget, decreased taxes, and a voter-approved mandate to fund K-12 education and prisons. Legislators were left with the choice to cut higher education or increase tax rates. The result was unfortunately predictable. The percentage that UO receives in operating expenses from the state has now dropped from 34% in 1988 to a low of 16% this past year. Tuition increases have partially made up the difference.

The UO experience does not differ from many other state universities. Sampling last year's articles in The Chronicle of Higher Education, one sees a number of stories noting reduced funding for higher education. One article suggests that Congress should punish states that cut budgets too deeply. Another article contends that the fault lies with the colleges not doing enough to control costs.

These factors are nearly universal:
- Overall tax revenues are down. Taxpayers want greater accountability before agreeing to pay more if they ever will.
- Costs for benefits (i.e., pensions and health insurance) are going up as steeply. At the UO Libraries, while experiencing a salary freeze and reducing the size of our permanent staff by 5%, our benefits costs (Other Payroll Expenses) still rose 6%.
  - Energy costs are going up. This usually does not come directly out of the library budget, but has a big impact on the overall institutional fiscal picture.
  - Every institution is looking at how to increase revenue. Fundraising and grant writing activity is up almost everywhere. (At a recent American Library Association conference, the discussion group meeting on Fee Based Services in Academic Libraries had a standing room only audience.)
  - Public universities are moving toward funding models that include greater reliance on tuition revenue, much like private institutions. To make this shift in funding model work, tuition increases must be balanced by increased financial aid. Those who can afford to pay more do and those who cannot can apply for financial aid. In Oregon, unfortunately, state-funded financial aid programs were also cut. This, combined with sharp increases in tuition, created a big problem for many students trying to gain access to higher education. When I look at the demographics of our student population, I see a clear trend of greater wealth and less economic diversity.
- The Oregon State Board of Higher Education is working on a number of initiatives, including one commonly referred to as "More, better, faster." (And "cheaper" goes without saying.) There is a competitive advantage for an institution accommodating more undergraduates who complete their degrees in four years. The increasing demand for online courses or courses with an online component is a key issue for "More, better, faster." Online courses accommodate more students without the need to increase classroom space. Also, online courses provide for students at diverse geographic locations. Enhanced flexibility accommodates local students who want and expect the scheduling options which online and hybrid courses provide. Libraries can play a big part in this endeavor and have a great deal of experience in providing services to patrons outside of the physical building. Our electronic reserves and e-reference services can only expand.
- Increases in subscription costs of 8%-10% annually are not sustainable by the Libraries. Nor can taxpayers or tuition payers afford these increases. Libraries, unfortunately, cannot expect to be given budget increases to cover inflation. Libraries have no choice but to cut subscriptions or cut something else. There is recognition that serials inflation is not just a library problem and there is a growing broad interest in new models of scholarly communication.

Figure 1

Expense Reduction

Figure 1 shows the major categories of expense for our Libraries are Faculty and Staff; Student Pay; S&S; and C&A. In years past, we either ran budget deficits (no longer an acceptable option for the University Administration continued on page 26
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as the deficit had to be covered from somewhere else) or achieved a balanced budget by cutting around the edges: trimming the student wage budget, belt tightening for supplies and travel expenses, and/or moving expenses on to other fund lines. By the fall of 2003, it was clear that this was no longer going to be enough. We had already used gift and endowment funds for purchasing all new equipment. We had already shifted almost all supply purchases to library income funds (i.e., revenue from fees and fines). A University instituted technology fee substantially supplemented the student wage budget. It was clear to the UO Library Council of department heads and library leaders that in order to achieve overall reductions, other sources of the Libraries’ General Fund must be tapped.

From the time the Libraries stopped receiving targeted augment for collections, the C&A budget received the same proportionate increase or decrease as other budget categories. In other words, we decided not to protect collections when the library budget as a whole had to be cut. Some institutions have absorbed budget cuts entirely from salaries and wages. We chose not to go down that road. In past years, with largely flat funding, we were able to preserve our buying power for books by funding serials inflation with serials cancellations. This year we are looking at cutting approximately $300,000 in serials as well as reducing monograph expenditures by roughly 10%, and making significant cuts to the binding budget. These decisions are not unique to the UO, they are being replicated all across the country. We can no longer hold the monographs budget harmless. We anticipate being able to meet the research needs of researchers through the Orbis Cascade Alliance and the Summit union catalog, with holdings of over 22 million items and with patron-initiated borrowing. In practice, what this means is that selectors will take into consideration the overall holdings of the Alliance and will focus on being more selective in their decision-making.

Early in our Library Council budget discussions University Librarian Deborah A. Carver stated that we would not run a deficit, administratively mandated. Also, we would not lay anyone off, a strongly held shared value of the library leaders, library staff, and indeed a value held throughout the university. Our great asset is our people. These two “givens” shaped our decision-making: balancing the budget without laying anyone off. There is nothing like an inseparable budget cut to illuminate what your values truly are.

This past year to accommodate the 3% cut, in addition to the previously noted reductions in C&A, we eliminated seven positions. We did this through attrition. Because of statewide cuts in pension benefits, many long-term employees realized a benefit by retiring sooner rather than later. Of fourteen positions that became vacant during the past year, six were due to early retirements. Seven of the vacancies were filled or are in the process of being filled. Seven positions were eliminated. Vacancies were assumed to result in the elimination of the position unless a strong case could be made that mission critical services could not be preserved in any other way. In some cases, labor was redirected to cover increasing service needs in another area. Aggressive vacancy management, a state mandated wage freeze, and careful monitoring of every expense brought our budget into balance. In fiscal year 2005 we will likely have to trim another two or three positions through attrition. In addition, there will be further reductions in the number of student workers hired plus instituting other, smaller cost reductions.

Revenue Enhancement

The Libraries get substantial benefit from the Educational Technology Fee collected from all students based on the number of credit hours taken. This fee pays over $100,000 annually in

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<http://www.against-the-grain.com>
costs must be anticipated well in advance to allow for sufficient time for cancellation decision-making and communication to both vendors and the University community. Vendor supplied data is extremely valuable for projecting future collection costs. Knowing how your own local situation mirrors or differs from the vendor data and published averages, such as the Library Materials Price Index, is useful. These tools can help fine-tune planning.

Monographs, sometimes seen as the only sources of discretionary spending, may be scooped up to fund an emergency or unanticipated shortfall. We have been able to avoid this robbing of monograph funds. Personally, I would consider it a failure of the planning process if this were to happen. I rely heavily on University budget projections for anticipated tuition revenue based on enrollment trends. A hot topic, discussion of budget issues is intensive and extensive at UO. Although firm budgets are not settled until after the fourth week of fall term when tuition revenue is known, good University predictive tools give us a pretty close estimate as far ahead as the previous spring, so that planning for budget cuts to be implemented in November can begin months ahead.

Without a doubt, the hardest category of expense to predict is the cost of electronic resources. The products change every year with new entries into the market; old entries with enhancements; bundling or unbundling; assembling, disassembling or reassembling of buying groups; and suppliers entering or leaving the market place. “Current service level” has almost no meaning when trying to make a multi-year projection for electronic resources. Our approach has been to anticipate as many of the changes as we can as early as we can before we set a firm budget for C&A. This happens in late spring or early summer. New products or substantial changes in existing products after the budget is set must be scaled to fit the available funds.

Over the last decade our Libraries have seen a 5% drop in staffing, most of that occurring during the past year. At the same time we have increased the range of services offered, better meeting the needs of our students and faculty. We have fewer subscriptions for print and electronic resources, but easier access to a broader range of content with aggregated databases and first-rate interlibrary loan and desktop delivery services. We have managed to avoid big cuts in our monograph expenditures even with this year’s anticipated reduction. Our patrons have quick access to 22 million items in Summit, the Orbis Cascade catalog. In spite of the fiscal challenges, our Libraries, like so many others, may actually be doing a better job of supporting teaching, learning, and research. We are learning how to achieve “More, better, faster... and cheaper.”

Endnotes

Books, Bytes and the Quintessential Library: Information Resources Budgeting at the University of Washington

by Linda Di Biasi (Collection Development Librarian, University of Washington Libraries)
<ldibiase@u.washington.edu>

The other day my nineteen-year-old daughter Diana came to visit me at my new home. Recently a couple of new bookcases had been installed to accommodate the overflow from my bookseller friend’s collection which is too large to fit into his own living space. Eying the voluminous rows of art books, Diana commented, “It really looks like a library now.” So, this child of the Internet age, well aware of the array of electronic resources at her mother’s institution as well her own college campus, views the quintessential library...books.

Some may cringe at such a stereotypic identification as my daughter’s, but I did not rush to dispute her of any outdated notion. Many of us came into this profession precisely because we loved books and ideas and people and the yeasty fermentation of it all. And, many like me, who for years have had a part in creating and sustaining such a heady brew, wonder if the ingredients and methods of the future will be so changed that the drink we helped to craft will lose its fizz and disappear for good.

Let me tell you a little about the microbrewery that is the University of Washington (UW) and its library system. The University was established in 1861, making it the oldest public university on the West Coast. Under the direction of several visionary leaders, beginning with Henry Suzzallo whose administration (1915-1926) laid the foundation of a “university of a thousand years,” it grew to its present three Puget Sound campuses and su-

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