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Simplifying the Collections Budget to Maximize Flexibility and Increase Responsiveness to User Needs

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Introduction

This paper considers management of the collections budget via fund structures. A common approach in collections budget management is to distribute allocations via format (e.g., monograph and serials) and subject areas. While tracking spending at a granular level provides more information, it also generally results in a large number of funds. As more and more materials are purchased in consortial packages or other types of “big deals,” or are simply interdisciplinary in nature, the allocation and expenditure on specific and narrowly defined funds begins to become inaccurate and less useful. Library administrators from two large Association of Research Libraries (ARL) libraries describe their experiences reviewing and revising their budget structures for resources in order to focus greater time and effort on priorities that meet user community needs and university-wide priorities.

The two case studies will illustrate the benefits of following an approach to reduce fund structures with the goal to simplify processes and maximize flexibility of the budget, while increasing responsiveness to user needs. The University of Alberta will explain how they significantly reduced reliance on a large number of fund codes over a five-year period beginning in 2012 and currently have completely eliminated subject-based funds. The University of Washington (UW) Libraries initiated a multiyear process in the fall of 2017, and is starting by simplifying and reducing the number of funds for ongoing serials costs. Both will describe the concerns raised, the challenges of implementing such a change, and how a simplified structure is beneficial for how collections and acquisitions work.

University of Alberta Case Study

University of Alberta Libraries Context

The University of Alberta Libraries (UAL) is a large ARL institution serving approximately 38,000 students and 15,000 employees, stretching over five campuses and 18 faculties. The UAL Libraries have 10

locations that house library collections, and a collections budget of \$25M (CAD).

Over the past five years, UAL has been going through a transformation in how we approach collections-related work. When the work of reducing fund codes began in 2012, UAL had a very distributed model of collection development, wherein a central collections and acquisitions coordinator oversaw a distributed group of collection managers in each of the subject-based libraries, and within each of those libraries liaison librarians were responsible for selection and spending a portion of the budget assigned to them.

Since then, in 2014 the UAL Libraries ceased title by title selection of monographs and moved fully to automated approval plans, eliminating slips completely. Approval plans are supplemented with purchase requests directly from faculty and students. This change meant that liaisons no longer had a selection role for monographs, and instead focused on ensuring the approval plans were functioning well. Immediately following this change, the UAL Libraries convened a Collection Management Structure Working Group to look into how we structure collections work on the whole. The working group recommended centralization of all collection functions into a new Collection Strategies Unit, which was formed in April 2016, and since that time has undertaken all aspects of collections work that were previously distributed.

The Process of Change

Within the aforementioned context of the overall change to how UAL approaches collection development, changes related to how we manage the structure of the collections budget play an important role, and the final result of UAL's drastic change in fund codes goes hand in hand with a change in our collections structure. Hence, the process of change to fund codes was an incremental one that evolved over time, without any idea at the start that such radical change would occur in such a relatively short period of time.

In the fall of 2012 (FY12–13), UAL had 736 base budget fund codes for monographs, with 427 of these being active funds. Budgeting was done on a historical basis, with allocations given per subject library, and managed at a local level with specific fund codes dividing up the total allocation. At this time, a directive came from the interim chief librarian to reduce the number of fund codes being used. The senior financial officer had alerted her to the large number of fund codes being used and issues associated with this practice. Invoices often had multiple fund codes associated with them, and splitting products between multiple codes was also occurring. This led to a level of complexity for both acquisitions and financial services staff that was prone to error and created a level of work that was unnecessary. In addition, there was the managerial burden of constantly moving money between codes to pay for electronic resources that were being managed centrally, such as when individual journal titles moved in or out of big deals.

To begin the work of reducing fund codes, the collections and acquisitions coordinator met with heads and collection managers from the subject libraries. Understanding had to be established about why the change was required, and what the impact would be on each subject library. Reasons for the change were discussed, and an approach was agreed upon that would begin with eliminating funds that were the least contentious. There was some resistance, but with a fairly conservative approach and not really changing the overall structure, all areas were able to reduce their funds in that initial year. At the beginning of FY13–14, 200 monograph fund codes remained active, with all others being deleted from the financial system.

The 2013–14 fiscal year was when UAL moved to a new preferred vendor for English language monographs and removed individual selection from liaison work; however, subject libraries were still responsible for oversight of their budget allocations. With this major change and given that individual librarians no longer had budgets to spend against, further reduction of fund codes proceeded. By the end of that fiscal year, UAL reduced base-budget monograph fund codes to 43 to start the new 2014–15 fiscal year. Each library had two main codes—one for approvals and one for firm orders. However, materials in languages other than English continued to maintain their own codes, and there were a number of central codes for areas such as the demand-driven acquisition program, textbook program, and credit card orders.

The final step in the transformation of UAL's fund code structure came with our move to completely centralize all collections work with the formation of the Collection Strategies Unit in April 2016. The collections budget was now fully centralized and managed within the new unit. No changes were made to the fund structure in the first year as staff both within and outside of the unit settled into new roles and ways of working. However, as the year went on, it was clear that we were using a structure that was no longer necessary. During the year a new plan was developed by the associate university librarian responsible, to more drastically simplify the fund structure. It was determined that we could proceed with just two fund codes for the acquisition of all materials within the collections base-budget—one for ongoing expenditures and the other for one-time expenditures. Hence, we were no longer talking just about monographs, but also subscriptions, which went from a similar model to the one used with monographs in 2012 directly to the two-code model in 2017. The main consideration has shifted from subject-based allocations to whether a resource has one-time or ongoing costs, since that determines the degree to which it needs to be tracked and accounted for in the future. After consultation with acquisitions, financial services, collection strategies, and the Strategic Leadership Team, implementation began in April 2017 (the start of FY17–18).

Outcomes of the Change

Making this change in how the University of Alberta's collection budget is allocated and tracked has been a significant undertaking. Some of our initial goals for streamlining work processes by reducing errors and finding efficiencies for staff were realized. The simplicity of the structure has meant less complexity for staff, resulting in fewer errors. All staff now have a common language to use and can think in terms of the type of payment (ongoing/one-time) to begin the acquisition process.

But perhaps more importantly, the change to fund code structure has provided much greater flexibility in making collection decisions, and resulted in a change toward thinking more holistically about the needs of our university community. Librarians within Collection Strategies can work with the overall budget and no longer need to be concerned with subject-specific-level allocations. Instead, we discuss what is needed overall and try to ensure balance when making decisions about the acquisition of new resources. It also means that the Collection Strategies team can be

more responsive when specific needs arise, or when there is a clear and immediate need to move forward with a resource. Since the budget is all in one pot, there is no longer any need to get buy-in from related areas or piece money together to purchase something with a higher cost. The motivating factor is whether it is needed and strategically important for the university community. There is no longer any sense of territoriality, or spending money in a particular area just for the sake of appearance that it needs to be spent. Instead, our common question has become whether we are meeting the needs of faculty and students in the best way possible.

The fact that change to our fund structure came at the same time as we made major changes to how we approach collections work definitely helped in making the transition to simplifying the collections budget structure a successful one. In keeping with these organizational changes, and aided by shifts in how libraries now acquire materials, the timing for change in this case was right, and the transition made easier as a result.

University of Washington Case Study

Introduction and UW Context

The University of Washington Libraries is one library serving three campuses. According to the Association of Research Libraries (ARL), the UW Libraries ranked in the top 10 of U.S. public research universities. The UW Libraries serves a large population (50,000 full-time students, over 12,000 graduate students) with great breadth and depth of subjects (granting PhDs in 116 fields). In addition the UW Libraries spends on average about \$16M per year on collections, manages 16 physical library locations, and employs a staff of about 350.¹

For over 20 years, the budget structure and allocation model at UW Libraries remained fundamentally unchanged. The UW allocates to about 70 different subject areas, and about 50 subject librarians select books and make collection development decisions. The associate dean (AD) for Collections & Content began working at the University of Washington in June 2016. Soon after arrival, it became clear to the AD that the budget model no longer aligned with university needs. The AD initiated a process with the goal of developing a collections budget allocation model and process that would facilitate serving students and researchers better, and allow UW Libraries to respond nimbly to the challenges and opportunities.

The catalysts for changes at UW are hardly unique. Like many academic libraries, students and faculty are demanding new resources and the UW Libraries have limited funding and staff to support. UW Libraries are experiencing staff turnover with numerous retirements, resignations, and recruitments. There was strong interest and desire among subject librarians to make changes. However, the existing budget structure constrained collection development efforts and the ability to seize opportunities.

The established budget process began with off the top allocations for ongoing and serial costs. These expenditures were based on negotiated prices, market, and usage estimates for packages; and other associated acquisition, access, and discovery expenses (e.g., interlibrary loan and cataloging). The remaining budget is allocated to monograph approvals and firm orders for subject areas based on historical amounts or percentages. The subject librarian could only fund new serials by cancelling subscription(s) or moving funds from their monograph budget. Funding for new formats and initiatives was an ad hoc process and during “good years” when additional funding is available. For a subject fund with historically small allocations, it was incredibly difficult for subject librarians to order a new database or journal. No matter how relatively inexpensive the database, the cost could be prohibitive because the subject librarians would need to draw upon their own monograph allocation to start a new print or electronic subscription. The end result is that the fund structure and allocation practices limited their means to be responsive to user needs.

Leading Transformation

From attending several meetings and discussions during the summer of 2016, the AD learned about past practices and apprehension about the future. These conversations made an indelible impression. While there was agreement that the fund structure for collections budgets needed to change, it was clear that implementing a change would not be simple and easy. The situation was very personal to the subject librarians and required a process that was sensitive to the impact, while still moving the Libraries forward. Inspiration and insight came from John P. Kotter’s eight steps to provide strategic leadership and encourage culture change: (1) *Establishing a sense of urgency*; (2) *Forming a powerful guiding coalition*; (3) *Creating a vision*; (4) *Communicating the vision*; (5) *Empowering others to act on the vision*; (6) *Planning for and creating short-term*

wins; (7) Consolidating improvements and producing still more change; and (8) Institutionalizing new approaches.²

These eight steps were implemented over a two-year period, albeit in a slightly modified order. The first step was to convene a Communication Process Review (CPR) committee in September 2016. The committee was charged with reviewing the strengths, weaknesses, and effectiveness of communication channels and decision-making processes. To establish a sense of urgency the AD presented “Resources Budget Reflections and 10-Year Forecast” in November 2016. Stark and dire consequences were described to demonstrate the potential ramifications if the Libraries continued with current collection development practices. After presenting the worst case scenario, a vision of hope for future sustainability strategies and potential next steps was also shared.

In March 2017 the CPR committee identified a more effective and efficient organizational structure that could become the foundation of a powerful guiding coalition that would support collections and resources central to the success of the University of Washington. Since many of the recommendations in the report had broader implications, the AD wrote and shared a memo that reiterated the urgency that “the Libraries are faced with significant challenges—limited state appropriations, flat or reduced University funding, and unsustainable publisher prices for journals.” The memo also communicated the vision that, “We have been good stewards of University resources, now we need to be strategic stewards. I believe we can ensure success by recognizing that collection development is a collective process; individual decisions have a cumulative effect; and improved collaboration and communication among all participants can produce more strategic decisions.” The first four steps and first year of activities are summarized in Table 1.

The Collections and Resources Council (CRC) officially began meeting in July 2017, which enabled the AD to empower others to act on the vision. The group is co-chaired by the AD and the director of Collection Analysis & Strategy, and is intended to be the primary body for investigation, discussion, and decision making on issues related to Libraries collections and budgets. With CRC established, the Libraries could proceed with planning for and creating short-term wins and consolidating improvements and producing still more change. The AD convened an Environmental Scan Task Group in November 2017 with the charge

Table 1. Kotter steps 1–4 and UW activities FY17.

Step	Kotter	Step	UW Activities FY2017
1	Establishing a sense of urgency	2	Present consequence of staying the course with current practices
2	Forming a powerful guiding coalition	1	Initiate communication and process review of decision making
3	Creating a vision	3	Identify need for sustainable strategies
4	Communicating the vision	4	Strategic stewardship and collaborative decision-making

to “establish baseline data for sustaining and transforming our collection development practices.” They provided examples of budget allocation models and processes by conducting a literature review, surveying budget allocation practices of peer institutions, and recommending short- and longer-term actions. To facilitate the process, the Libraries hired an external consultant to facilitate discussions and to write a report that reframed the recommendations within the context of feedback received. The consultant report was reviewed and discussed in May, and the committee decided to implement the first phase of the budget structure changes in July with the start of the 2018–2019 fiscal year. Steps 5 to 8 and the second year of activities are summarized in Table 2.

Table 2. Kotter steps 5–7 and UW activities FY18.

Step	Kotter	Step	UW Activities FY2017
5	Empowering others to act on the vision	5	Convened Collections & Resources Council
6	Planning for and creating short-term wins	6	Multiyear review of budget structure and environmental scan
7	Consolidating improvements and producing still more change	7	Task force recommendations; consultant leads discussion and reports findings
8	Institutionalizing new approaches	8	Implement first phase of the budget structure changes

Implementing New Fund Structure/ Allocation Practices

As a result of leading change with Kotter's eight steps, UW Libraries has begun a process of reducing the number of funds for ongoing serials costs at the fund group level. Starting in fiscal year 2018–2019, two serial fund lines have been established for each affected fund group, one for database-like subscriptions and one for journals, both print and online. The separate fund lines will simplify the inflation calculation during the allocation process. The impact is most evident for cancellations and cessations. Whereas previously the credits were returned to the monograph fund for the individual subject fund, such as Chemistry, Engineering, Math, now the credits are returned to the fund group, like the Sciences. Historical allocation practices continue to persist within the fund groups.

For now, the UW Libraries is focusing on the fund groups that have more similar serial procurement process. Therefore, this first phase is limited to the Fine Arts & Humanities, Social Sciences, Sciences, and Business fund groups. However, in future years, UW Libraries plans to expand the model to include other fund groups, such as special collections, and international studies including vernacular languages.

In addition, CRC implemented a desiderata or wish list database for purchases with ongoing commitments that exceed a fund group's capacity to finance. This provides opportunities to discuss needs on a subject fund and fund group level.

Leading Culture Change

In conclusion, the University of Washington Libraries has more consensus and buy-in to start making changes. UW Libraries has established a shared understanding of problems and potential solutions. In this first year of the multiyear process, consensus has been achieved to implement recommendations to start by simplifying and reducing the number of funds for ongoing serial costs. While this change might not sound particularly bold or dramatic, it marks a shift in culture from individual management to collaborative decision-making. Throughout the process it has been continuously reiterated and reinforced that this is a multiyear process to review collections budget structure and allocation process. By following Kotter's eight steps UW Libraries was able to navigate through a change process and will be better able to support the increasingly interdisciplinary research at the university, increase efficiency in acquisitions and technical processing, and move toward a more sustainable budget model.

Notes

1. Libraries Fact Sheet 2018 at <http://www.lib.washington.edu/assessment/statistics/facts> and Selected Library Statistics by Campus at <http://www.lib.washington.edu/assessment/statistics/default> (downloaded November 20, 2018).
2. Kotter, John P. (2007, January). Leading change: Why transformation efforts fail. *Harvard Business Review*, 85(1), 96–103.