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Post-Secondary Acquisitions Budget Challenges: a Canadian Perspective



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Introduction

The **University of Regina Library** has been experiencing acquisitions budget challenges for years. The analogy of an acquisitions budget ticking time bomb describes the transition over the past several years from the University Library acquiring mainly print resources to primarily electronic resources. By 2014-2015 a majority of the Library's budget (79%) was allocated to online resources. (**Murphy and Nelke**, February 25 and 29, 2016) Acquisitions budget challenges have been compounded by increases in expenditures due largely to annual inflationary increases of electronic subscriptions. Additionally, purchasing power was significantly reduced in 2015 by a weakened Canadian dollar (CAD). Approximately 82% of **University of Regina Library** resources are priced in U.S. dollars (USD). (**Murphy and Nelke**, February 25 and 29, 2016) The article will discuss the challenges the University Library faced with experiencing a rapid weakening of the CAD, a subsequent large budget shortfall, developing a strategy to review subscription renewals, and communicating cancellations and the new fiscal reality to faculty.

Background

Located in the capital city of Regina in the Western Canadian province of Saskatchewan, the **University of Regina** is a mid-sized comprehensive institution. It was established as **Regina College** in 1911 by the Methodist Church. The college later became a satellite campus of the **University of Saskatchewan**, Saskatoon. The **University of Regina** was established as an autonomous university in 1974. The main campus and historic College Avenue campus utilize more than 75 hectares in Wascana Park which is one of the largest urban parks in North America. (**University of Regina**, 2014/15 Annual Report, 4) The University works closely with its three federated colleges: **Campion College**, **First Nations University of Canada**, and **Luther College**. All degrees are issued by the **University of Regina**. The University has 10 faculties, 25 academic departments, and 18 research centres and institutes with programs leading to bachelor's, master's, and doctoral degrees. (**University of Regina**, Campus Facts, 2015/16) More than 120 undergraduate programs and 78 graduate programs are offered. (**University of Regina** Profile, 2015) Full-time equivalent student enrollment in Fall 2015 was 12,177. (**University of Regina**, Campus Facts, 2015/16)

Exchange Rate Challenges

Many U.S. based organizations conduct foreign business transactions using the USD. This has been the scenario with post-secondary libraries in Canada that have signed license agreements with U.S. based companies in the library and information management industry. **Canadian Research Knowledge Network (CRKN)** recently investigated measures to mitigate risk in post-secondary libraries associated with the fluctuating CAD/USD exchange rate. **CRKN** is a partnership of 75 Canadian universities and it undertakes many licensing initiatives on behalf of those institutions. In *University Library Acquisitions Budgets: Foreign Exchange Risk and CRKN*, a report by **CRKN** and available only to its members, stated:

According to Statistics Canada and the **Canadian Association of University Business Officers (CAUBO)**, Canadian university libraries expend some \$358M annually on library acquisitions... **CRKN** manages roughly \$100M through negotiating licenses for electronic research content. Approximately 95% of **CRKN's** licences...are negotiated and settled in USD...in aggregate, 60% of Canadian university library acquisition budgets are exposed to USD foreign exchange risk. (**CRKN**, 3)

The recent decline of the CAD has compounded an already difficult funding environment and has added a layer of complexity with setting acquisitions budgets. The CAD has appreciated and deappreciated

relative to its U.S. counterpart for a variety of reasons — from a low of 61.98 cents U.S. (1.6134 CAD/USD) in 2002 to a high of 108 cents U.S. (0.9259 CAD/USD) in 2007. (**CRKN**, 6) Then the CAD rose to average around parity against the USD between 2010 and 2013. (**Patterson**, 2016) However, the CAD drastically fell from 83.82 cents U.S. (1.19 CAD/USD) in January 2015 to 69.97 cents U.S. (1.42 CAD/USD) in January 2016. (**Bank of Canada** 2015-16) Like many institutions in Canada, the **University of Regina** had not experienced a currency crisis of this magnitude since the CAD reached an all-time low against the USD in 2002.

Large Budget Shortfalls

CRKN's report provided sobering statistics about declining Canadian university expenditures spent on library acquisitions:

Between 2000 and 2014 nominal (i.e., unadjusted for inflation) funding for acquisitions increased by an average of 4.04%. During this same time, total university revenues have increased at an average of 6.83% annually (with component provincial grants increasing by 5.73%, and tuition and fees increasing by 8.3% annually). As a result, the proportion of university expenditures spent on library acquisitions has decreased nearly every year — from 2.6% in 2000 to 1.65% in 2014. (4)

The **University of Regina** has experienced a similar situation by its acquisitions budget decreasing 7% between 2008-09 and 2015-16. (**University of Regina Library**, 2015) In fact the Library's acquisitions budget in 2000-01 (\$2,998,682 CAD) was higher than in 2015-16. (**Murphy and Nelke**, 2016) During that time the Library managed shortfalls by using voluntary staff retirements from its operating budget and capitalizing on a healthier USD exchange rate. In 2014-15 there was a smaller University Library shortfall of approximately \$230,000 CAD. This was covered by six library staff (one professional and five support staff) out of 15 who participated in the **University's Voluntary Incentive Plan for Retirement (VIPR)** plan.

The analogy of the **University of Regina Library's** acquisitions budget being a ticking time bomb is indicative of three trends: transition from acquiring mainly print resources to primarily electronic resources; annual inflationary cost of leased big deal packages; increased licensing costs of big deal packages based upon the rising full-time equivalent (FTE) student enrollment. As per board policy the **University of Regina's** Board of Governors approved a balanced operating budget for 2015-16 [21st consecutive year]... and reductions of 2.15 million CAD were required from academic and administrative units. (**University of Regina**, 2015, 1) The University's cuts also resulted from receiving a smaller than anticipated funding increase from the provincial government. The Library calculated that an increase in acquisitions expenditures due to a projected inflation rate of 3% and an estimated CAD/USD exchange rate of 1.25 CAD would result in a shortfall of \$475,767 CAD for 2015-16. (**Murphy and Nelke**, September 30, 2015) Tables 1 and 2 illustrate recent Library acquisitions budget changes.

Category	2008-09	2015-16
Acquisitions	\$3,310,415	\$2,939,598
Electronic Resources	\$2,000,000	\$2,493,795
Monographs	\$626,915	\$186,573
Periodicals (paper)	\$295,000	\$46,400
Standing Orders (paper)	\$200,000	\$172,900

Source: *Murphy and Nelke*, 2016.

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Table 2
University of Regina Library Acquisitions Budget Comparison by Percentage

Collection Format	2008-09	2014-15
Electronic Resources	63%	79%
Monographs (print)	20%	13%
Periodicals (print)	10%	2%
Standing Orders (print)	6%	5%
Audio Visual	1%	1%

Source: Murphy and Nelke, 2016.

Immediate Steps Taken to Address the Budget Shortfall

The Library's first action in tackling the \$475,767 CAD shortfall was reducing the monograph budget and other one-time purchases by approximately 50% or \$150,000 CAD. (Murphy and Nelke, 2015 and 2016) A signed multi-year monograph approval plan with a preferred vendor was not affected by this decision. Professional staff were instructed to only submit recommended materials to acquisitions that were requested by instructors who had an immediate need (e.g., supplementary course readings, research for a course, etc.). The strategy was successful and in late winter 2016 professional staff were permitted to resume submitting hardcopy or online requests priced under \$200 CAD. The University Library's Collections and Assessment Team (CAT) would need to be consulted for items priced more than that amount. The University redirected \$96,000 in savings from the Library by not renewing the institutional license to **Access Copyright**. **Access Copyright** is a Canadian non-profit organization that licenses reproduction of Canadian works. Many post-secondary institutions have been reviewing their license to the organization. These two actions resulted in a reduced acquisitions shortfall to \$336,446 CAD. (Murphy and Nelke, 2015 and 2016)

Developing a Strategy to Review Subscription Renewals

Since the offering of the first big deal package in 1996 (Murphy and Nelke, 2016), staff and students at the University of Regina and many other Canadian universities have enjoyed unprecedented increases in access to research content online. Patrons became accustomed to having immediate access to a growing number of owned and licensed full-text material. However, repercussions of signing large big deal packages encumbered a tremendous amount of money coincided with a decline in hard copy material checkouts and document delivery requests. In fall 2015 CAT was tasked to devise a cost reduction strategy to review all upcoming individual and consortial renewals and develop cancellation criteria to help eliminate the budget shortfall. One challenge was that many packages were due for renewal at the end of the 2015 calendar year. Time sensitive decisions were needed so CAT, comprised of professional staff and chaired by the Head of Technical Services and Collections, scrutinized COUNTER and non-COUNTER usage statistics from eJournal and eBook resources.

Criteria for Evaluating E-resources

The consensus of CAT was to scrutinize high cost/low use resources multidisciplinary big deal packages that did not impact one discipline. Three formats of e-resources that were investigated were full-text databases with journal articles, indexed databases, and full-text eBook databases. Suggested evaluation criteria for those resources were accreditation, comments from faculty, cost of acquiring material via other means (e.g., cost per view and document delivery), impact factor, overlap in content/comparable resources, and usage statistics.

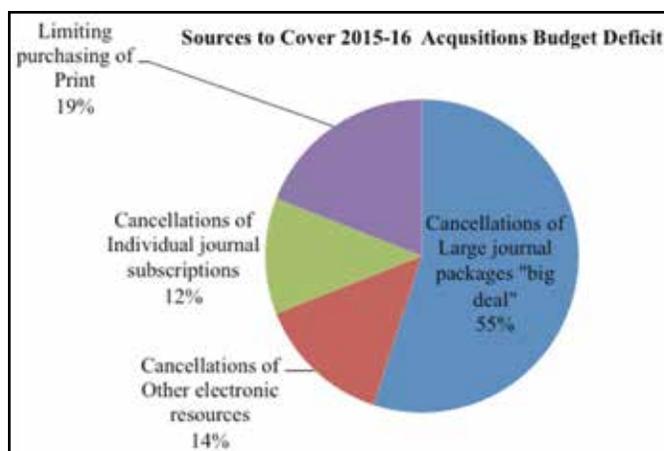
CAT created a simple cost per use formula for full-text downloads, page views, and searches. Available statistics for the previous calendar year were divided by the cost of the resource for the same year. A cost per use threshold of \$25.00 (CAD) was used to make non renewal license decisions. The figure was based upon the average cost it takes for a library staff member to obtain a requested item via document delivery. CRKN has been using a journal value metrics methodology (JVM), based upon the California Digital Library, to provide its member

libraries usage journal title statistics that measure their quality and value. **Cambridge University Press** and **Springer** e-journal packages were analyzed using JVM and figures assisted the University Library in making renewal decisions. By December 2015 53 individual eJournal titles and nine e-resource packages were identified by CAT for non renewal:

- Access UN
- Books 24x7
- Books In Print
- Cambridge University Press
- Canadian Literary Centre
- Compustat
- CRSP
- New York Times
- Wall Street Journal

The primary cancellation rationale was high cost per use. Resources like **Access UN**, **Books In Print**, and **Canadian Literary Centre** also had content overlap in other licensed resources or was freely available online. Some titles in **Books 24x7** that had moderate to high use were purchased individually. Sources like **Amazon** and preferred library vendor databases were deemed reliable substitutes for **Books In Print**. **Compustat** and **CRSP** were very esoteric sources and used by only a few instructors from the Faculty of Business Administration. The faculty decided to fund the resources but shifting costs from the Library to another unit was not ideal. The cancellation of e-journal packages amounted to 2,137 titles.

Chart 1



Source: Murphy and Nelke, 2016.

Communicating Cancellations

The Library began calculating a shortfall soon after the University announced the 2015-16 budget in summer 2015. The Acting University Librarian and Head of Technical Services and Collections made an acquisitions budget presentation to the Deans' Council on September 30, 2015. Despite the sobering theme of the presentation, most in attendance understood the financial situation. The Acting University Librarian also sent an announcement to the Deans and Directors listserv and had the presentation posted on the Library's home page. CAT began drafting an acquisitions budget site to provide details the reductions process and sources that were not renewed. This new site is regularly updated. (University of Regina Library, 2016)

The Acting University Librarian and Head of Technical Services and Collections subsequently conducted two detailed open forum presentations in the Library on February 25 and 29, 2016. Announcements to attend either session were sent to University listservs and the forums were also promoted by liaison librarians in department and faculty meetings. Most professional staff came and despite low numbers of faculty attending both presentations, feedback from professors was constructive. Critical comments were mainly directed at using a cost per use formula. It was deemed to be an inaccurate form of making decisions and also difficult to qualify the impact of usage statistics on research. Faculty concerns were noted and it was emphasized that cost per use was the best criteria to make time sensitive decisions and meet legal obligations of whether or not to renew e-resources.

It was also explained that the Library's membership in three national and regional consortia (**Council of Prairie and Pacific University**

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Libraries, CRKN, and Saskatchewan's Multitype Database Licensing Program) provided large discounts and constituted 60% of all e-resources in the Library's collections. Cancellations of big deal packages did not mean the complete loss of all content. Favorable post cancellation terms allowed full-text content to be accessible up to 2015. Tables of content and abstracts would be available in most current journal issues. There were also favorable Interlibrary Loan license terms. Some publishers had a grace period of up to 60 days from the cancellation date of subscribed packages for the University Library to transition to purchase individual title subscriptions.

In early 2016 lists of cancelled titles with their cost per use were emailed to faculty. The University President was also emailed a list of all cancelled ejournal titles that had no usage. Instructors could request that titles be reinstated with no justification. A majority of faculty requests to the Head of Technical Services and Collections came from the departments of Geography, History, and the Faculty of Education. The Head of Technical Services and Collections discussed all requests with CAT. As of April 2016, 19 of 47 reinstated journal requests totaling \$40,046 CAD had been accepted and were subsequently forwarded to the Acting University Librarian for final approval. Then the Head of Technical Services and Collections notified faculty members and appropriate liaison librarians with the final decisions.

Conclusion

Canadian consortia are exploring solutions to the foreign exchange and acquisitions budget crisis. Invoicing projects may show promise with Canadian institutions. In September 2015 CRKN offered a foreign exchange management program for two big deal packages. For a modest administrative fee members could lock in their foreign exchange needs for a better USD rate. More than 25% of members opted in and net savings were substantial. Some institutions are investigating establishing individual foreign exchange plans and the University of Regina may do the same. Another option is exploring the efficacy of piloting an on demand journal article service from sources such as the Copyright Clearance Office's Get it Now, Deep Dyve or from publishers. At present University Library e-journal packages constitute approximately 45% of electronic resources. Out of that percentage about 73% are from four big deal packages that are worth approximately one million CAD. The University of Regina Library will scrutinize all forthcoming e-resource renewals because budget shortfalls are anticipated annually. Perhaps there needs to be a paradigm shift about what is more important to researchers. Is it access to journals or articles and is their ownership or discoverability more critical? (Murphy and Nelke, 2016) These are difficult questions to answer and economics plays a large role. The University community is more keenly aware of the Library's new fiscal situation and higher levels of faculty participation is expected.

against the grain people profile

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J. Michael Shires

BORN AND LIVED: Born and raised in Edmonton, Alberta, Canada.

EARLY LIFE: Happy memories of summer vacations in Spokane, WA and Cannon Beach, OR. They were exotic places compared to life on the Canadian Prairies. Earned MLIS degree from the University of Alberta.

PROFESSIONAL CAREER AND ACTIVITIES: Can't believe I've reached my mid-career mark with great library experiences at Gonzaga University, Broward County (FL), Nova Southeastern University, and the Petroleum Institute (Abu Dhabi, UAE).

FAMILY: Wonderful wife Darcy, whom I met in library school, and a beautiful 6 year old daughter, Sophia.

IN MY SPARE TIME: Practicing Iyengar style yoga and lifting weights at home, tent camping in the summer with my family, and watching Friday night movies at home with them.

FAVORITE BOOKS: I seldom finish books so I can't mention many. But *These are the Voyages TOS Seasons 1-3* by Mark Cushman is the most encyclopedic work about the original Star Trek series (1966-69) that I've ever read.

PET PEEVES: Windy days.

PHILOSOPHY: Living in faraway places is wonderfully enriching.

MOST MEMORABLE CAREER ACHIEVEMENT: I'm cheating and have two — being granted tenure at the University of Regina and being elected President of the Saskatchewan Library Association.

HOW/WHERE DO I SEE THE INDUSTRY IN FIVE YEARS: I think all libraries will continue tailoring their resources and services to meet their local needs while resource sharing within all library sectors and forming partnerships in untapped marketplaces will continue to expand. 🍷



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