

## **WYLD Fees and Budget Committee Recommendations**

### **Background:**

WYLD Presidents Marci Mock and Mary Jayne Jordan reactivated the Ad Hoc WYLD Fees and Budget Committee in 2017. WYLD Member Fees are based on a formula created over 15 years ago. Due to a number of factors, the WYLD Governing Board chose to freeze Member Fees in FY13. Libraries have paid the same amount since that time; the Member Fee formula was not run against annual library statistics to update member fees.

In 2017, the WYLD Consortium migrated to SirsiDynix Software as a Service (SaaS). The contract for that migration includes additional SirsiDynix products and services as well as universal access to SIP2 connections, a standard protocol used by vendors to authenticate library users for certain provided services or resources such as self-check stations and access to databases. The WYLD Governing Board recognizes that the SaaS contract has an impact on the fees that WYLD member libraries should be charged and believes that the annual Member Fees must be based on current statistical data to provide fair and equitable bills to member libraries.

The Ad Hoc WYLD Fees and Budget Committee was created to look at the WYLD Member Fee structure and make recommendations to update the Member Cost Recovery Fee Formula if needed.

### **Members include:**

Cameron Duff, Sheridan County Library; Co-Chair

Jamie Markus, State Library; Co-Chair

Brad Matthies, Casper College Library; Academic Library Representative

Matt Swift, State Law Library; Special Library Representative

Frances Clymer, Park County Library; Public Library Representative

Desiree Saunders, WYLD Office; ex-officio

## WYLD Network Funding Overview

The cost to run the WYLD Network for FY18 is \$975,327. The State Library and WYLD Governing Board billed member institutions \$268,855 for access to the Integrated Library System and \$16,800 in network fees to run the consortium. Public and Academic Libraries received a Resource Sharing Stipend credit on their individual ILS bills bringing the total amount paid by member libraries to \$220,655. The remaining funds came from the State Library as State General Funds and Library Services and Technology Act Federal Funds.

Cost to run the WYLD Network (FY18)		
SirsiDynix Software as a Service	\$465,271	
SirsiDynix BlueCloud Mobile	\$23,220	
VDX Interlibrary Loan	\$55,000	
OCLC Statewide Services	\$66,245	<i>Individual bills are passed through to libraries</i>
OCLC WZV Charge	\$7,255	
WYLD Meetings/Overhead	\$16,800	<i>WYLD Network Fee</i>
WYLD Staff	\$341,536	
<b>Total</b>	<b>\$975,327</b>	

Member Payments (FY18)		
Member Portion of SaaS	\$268,855	<i>Plus Individual SirsiDynix Connectors (SIP2, ERC, etc.)</i>
WYLD Network Fee	\$16,800	<i>\$400 per member institution (42)</i>
Resource Sharing Stipends	- \$65,000	
<b>Total</b>	<b>\$220,655</b>	

State Library WYLD Support (FY18)		
SirsiDynix SaaS	\$225,000	
Resource Sharing Stipends	\$65,000	<i>For public and academic libraries</i>
VDX Interlibrary Loan	\$55,000	
OCLC Statewide Services	\$66,245	
WYLD OCLC WZV Charge	\$7,255	
WYLD Staff	\$341,536	
<b>Total</b>	<b>\$760,036</b>	

## Committee Recommendations

1. The Committee recommends that the Governing Board move away from the 60% State Library / 40% WYLD member institutions Cost Recovery Split and instead set an annual Cost Recovery amount to be paid by member institutions. This amount should increase a minimum of 2.5% each year. The Committee recommends a Cost Recovery amount of \$270,000 for FY19.

### Reasoning:

The Cost Recovery Method has not been recalculated to update fees for Members for a number of years. As a result, the amount recovered from Member institutions is now closer to 20% rather than 40% of the cost of running the Consortium. Should the existing Cost Recovery Method be applied to calculate a 60%/40% split for FY18, WYLD member institutions would be responsible for \$361,706; nearly \$93,000 more than in previous years.

SirsiDynix Software as a Service	\$465,271	<i>No Hardware needed.</i>
SirsiDynix BlueCloud Mobile	\$23,220	
OCLC WZV Charges	\$7,255	
WYLD Staff Salaries & Benefits	\$341,536	
Administrative Overhead 8%	\$66,983	
<b>Total</b>	<b>\$904,265</b>	
<b>Member 40%</b>	<b>\$361,706</b>	

The seven-year contract with SirsiDynix calls for an annual increase of 1.9% per year. The Governing Board should consider an annual increase of at least 2.5% to the Cost Recovery Fee over the term of the contract to ensure that enough money is gathered to pay for the contract, any one-time fees associated with adding/updating BlueCloud Services, and to build the WYLD Network reserve account.

2. The Committee recommends that the Governing Board eliminate charges for standard SIP2 connections and continue to charge member libraries for optional connections to the SirsiDynix Integrated Library System.

### Reasoning:

SIP2 connections are included in the SaaS contract. This change will save member libraries roughly \$5,000 per year.

Libraries that connect non-SIP2 connectors or other optional software connections, such as eResource Central connectors, Collection Agency connectors, Collection Management Software connectors, etc., should be charged a reasonable fee for the connection/service. SirsiDynix charges the Consortium for these optional connections. The WYLD Office should continue to determine the reasonable fee amount and pass the charges on to the member institutions using those services.

3. The Committee recommends that the Governing Board change the Cost Recovery Formula.

Currently, each member institution pays a Base Fee and their portion of the Consortium's Holdings and Circulation. The Committee recommends increasing the Base Fee for all library types and adding Patron Count into the formula.

**The recommended Formula:**

Cost Recovery = Base Fees + Holdings (50%) + Circulation (30%) + Patron Count (20%)

Base fees would be:

\$1,500 for Academic, Public and the State Library

\$1,000 for School Libraries

\$750 for Special Libraries

The recommended WYLD formula will charge the 42 WYLD member institutions \$270,000:

Base Fees (\$55,750) + Holdings (\$107,125) + Circulation (\$64,275) + Patrons (\$42,850)

**The Current WYLD Cost Recovery Formula:**

Cost Recovery = Base Fees + Holdings (67%) and Circulation (33%)

Base Fees are:

\$750 for Academic, Public, School and the State Library

\$375 for Special Libraries

The current formula charges the 42 WYLD Member institutions \$268,855:

Base Fees (\$28,875) + Holdings (\$160,787) + Circulation (\$79,193)

**Reasoning:**

The \$750/\$375 Base Fees places too small of a value on the basic software and services provided to all libraries. The 2017 WYLD Cost Analysis shows that libraries could expect to pay 4-10 times more for an ILS, plus any increase in staff costs, to run a comparable system on their own. Library types are charged a Base Fee related to their use of ILS Modules and Services.

Adding the Patron Count metric to the formula allocates the Cost Recovery Fee to members based on their use of the system. Members will pay for their portion of the Consortium's collection, circulation, and patrons. These three metrics were present in other Consortium models that the committee researched.

Applying the new, recommended Formula will change the cost for all member institutions. However, applying the current formula with 2017 Calendar Year data would also result in changes in costs for all members. The Committee believes that the updated formula is more equitable for all member institutions.

4. The Committee recommends that the Governing Board continue to charge a Network Fee to all member institutions to support Network activities. The Network Fee is currently set at \$400.

**Each \$400 Network Fee is divided into the following accounts:**

\$60	Migration Fund	\$110	WYLD Training Budget
\$60	WYLD Enhancements	\$65	COSUGI Conference Expenses
\$100	WYLD Annual Meeting	\$5	Postage, Printing, Supplies