

INFORMATION AND GUIDELINES

Fiscal Year 2012

Proposed SWAN Budget

EXPLANATION OF FY2012 SWAN FEES

The total seven fees collected for Fiscal Year 2012 increase 7% on average. No member library increases more than 10% from the previous year.

Patron Circulation Access Fee was adjusted to include half-percentage increases for the range of 3.0% - 5.5%, and expanded to include a 6.0% category.

Database Maintenance Fee was increased per title for the 74 non-cataloging members of SWAN. The per title fee was decreased from the FY2011 amount for the six cataloging member libraries.

Access Fee, Unlimited OPAC Fee, and Reserve Fund Fee calculation are unchanged from the prior year. Telecom Fee is lower.

The **Equalizer Fee** was added for FY2012 to allow a smooth range of increases for the membership fees. SWAN member fees which increase beyond the 10% range from the FY2011 SWAN Fees have a reduction so that the member library SWAN Fees for FY2012 are capped at a 10% increase. Those member libraries which did not increase beyond 5% were "equalized" with an additional fee.

REVENUES

Revenues have been compiled to meet all operating expenses. Fees have been adjusted as noted in the Explanation of Current SWAN Charges. The Patron Circ Access Fee is what is used to fund all expenses not paid by other specific fees. The Reserve Fund Fee total amount of \$125,750 will be routed into operating expenses. Interest Income has been decreased to reflect current interest rates.

EXPENSES

Personnel & Benefits

The FY2012 SWAN budget has been compiled based on the following criteria:

- All SWAN employee costs are in the SWAN personnel, including the Director of SWAN Services.
- All health, dental, & life benefits are included.
- No merit/COLA increase.
- Reduction in the total personnel & benefits of 23%

Retirement costs for IMRF have been budgeted with a 10% increase. Health, Dental, and Life Insurance expense is included in FY2012, where previously in FY2011 it was paid for from the MLS General Fund, and includes a 12% increase.

The total staffing for FY12 (which includes SWAN Executive Director and part-time SWAN Administrative Assistant positions) without any position elimination or changes would have totaled \$1,267,250. Reduction of staffing costs to a proposed \$980,029 for the FY12 budget will be achieved through position changes and a reduction of services to the membership. Without these changes, the FY12 SWAN Fees would have increased 23% on average.

Changes with SWAN staffing will be completed by the end of FY2011 (June 2011).

Buildings & Grounds

Anticipated costs for remaining at the MLS location 125 Tower Drive were excessive if SWAN were to assume 100% of the costs. SWAN FY2012 has been budgeted for a new location with an anticipated lease.

- MLS 125 Tower Drive costs for FY2011 were \$221,850
- New location costs for FY2012 are budgeted for \$99,207

SWAN moving to a new location creates an opportunity for 54% savings than remaining in the current location. Remaining at 125 Tower Drive with full staffing levels would have resulted in a total SWAN budget expense of \$2,425,135 and resulted in an average 30% increase for SWAN Fees.

Travel, Meeting & Continuing Education

Travel, Meeting & Continuing Education has been budgeted for a reduction for participation of two staff members based on known conferences (previously four staff attended out-of-state conferences, including the SWAN Director). In-State Travel is based on travel associated with library visits and there is no longer System vehicle available. Innovative Users Group and Public Library Director's Conference have been included as in past years.

Supplies, Postage & Printing has been budgeted with a savings on pressure-sealer notice paper purchases from an alternate vendor. Office supplies are 100% assumed by SWAN. Postage expenses include office mailings and member library notices sent directly from SWAN facility.

Telephone & Telecommunications

ICN costs and leased lines have been decreased. Office phone service is anticipated on the high-end of actual MLS costs for supporting phone service as of August 2010.

IT Services

This is a new budget line for SWAN in FY2012. Several costs for contracts and services in previous budgets were split between MLS and SWAN. This budget area also includes expenses previously included in Equipment Rental, Repair & Maintenance.

Equipment Rental, Repair & Maintenance

Innovative Maintenance includes recommended 5% increase and increased maintenance charges with the addition of the Oak Park Public Library.

Professional Services has been adjusted for anticipated activity with Marcive Authority Control based on previous year usage, increased use with legal service, and continued use of Versatile contract.

- Versatile Computing Services, Inc. contract has been revised for a reduction in service hours for a \$30,200 in savings.
- ILS Consulting is a 1 year service contract with Innovative Interfaces, Inc. for a Personal Services Representative.

Contractual Services includes a reduction in costs previously associated with the state-wide contract with OCLC. The SkyRiver quote for SWAN and its six cataloging members of \$85,000 is used for FY2012, which presents a substantial savings of 53% from the FY11 budget with OCLC services at \$181,430. Payroll service is included for the first time. Other services include tape backups with Iron Mountain and computer floor cleaning as in past years.

Membership Dues includes continued membership in IUG and WILIUG.

Miscellaneous increase is due to bank fees associated with continued growth of patron OPAC E-commerce activity.

Capital Outlay is estimated for computer related equipment needed by member libraries from Innovative including staff licenses and review files. Subscription services such as Baker & Taylor Content Café and Research Pro are included. Annual services performed are listed which include the Test Server Refresh and Database Rescoping. The practice of buying and selling equipment and supplies to libraries such as scanners, sonic walls, etc was discontinued in 2010 resulting in a zero expense budget line.

SWAN Executive Director Recommendations for SWAN Council

Challenges

There are several challenges facing SWAN. The first is economic. SWAN has always received a portion of financial support from the Metropolitan Library System. With state funding of systems in jeopardy, SWAN members will need to fully support SWAN. This will require study of SWAN services and potential changes in operations and services. The second challenge is the capacity of the current ILS software in relation to adding new members, expanding functionality, and providing consistent levels of service despite a wide range of old and new technology in operation in the member libraries. The third challenge is continuous evaluation of new technology, determining its value to SWAN and its operations.

Long Term / Strategies

Because of the state's economic condition, SWAN is undergoing a detailed review of its finances and services and the support it has received from Metropolitan Library System. Once this has been completed, a new strategic plan can be developed for the future of SWAN.

Next Phase of Service

The SWAN organization needs to transition to a new model in the 2011 fiscal year due to the fiscal situation with MLS, and the possibility of having to move to a new location. SWAN services must undergo changes where some service options to the membership will be narrowed, shifted to the member library, and/or eliminated, resulting in an elimination of some SWAN staff positions. Some of my recommendations will create new positions. These changes are necessary for short term fiscal year 2012 cost-cutting but will also prepare the organization strategically for the future.

Specific Note on Versatile Contract

While the Versatile contract is a tempting area to cut for FY12 because it is an outsourcing contract, it is important to keep in mind that SWAN is a technology service and Versatile is the IT department for SWAN. At this time, I cannot recommend cutting the entire IT department of SWAN. The Versatile contract has been re-negotiated for FY11 for a reduction of hours from 48 to 40 hours per week which will result in an estimated \$30,200 in savings for SWAN.

Specific Note on OCLC Service

SWAN will review its bibliographic record provider OCLC against a new provider SkyRiver. The new competitor SkyRiver should be evaluated for size and quality of database records for SWAN usage. The Illinois State Library (ISL) contract with OCLC ends June 30, 2011 and ISL will supposedly go out to bid for the state-wide contract. SWAN should take an active role in making sure the RFP for this bid allows actual competition by splitting the bibliographic database provision from the state-wide ILL service.¹

¹ SkyRiver was launched in October 2009 to provide a high quality, low cost alternative to OCLC cataloging, potentially allowing customers to achieve savings of up to 40%. In July 2010, SkyRiver filed a lawsuit against OCLC in federal court alleging that OCLC is unlawfully monopolizing the markets for cataloging services, interlibrary lending, and bibliographic data, and attempting to monopolize the market for integrated library systems, by anticompetitive and exclusionary practices. The complaint details how public sector SkyRiver customers, like Michigan State University and California State University, Long Beach, turned to SkyRiver to achieve cost savings, only to have OCLC quote them a price increase of over 1100% to upload their holdings to OCLC. The SkyRiver lawsuit against OCLC focuses on resource sharing fees from OCLC rising considerably after bibliographic database resource was no longer provided by OCLC.

SWAN should consider abandoning the OCLC holdings update requirement: the SWAN consortium is large enough that its members rarely need ILL outside of SWAN, and even when ILL's is needed, the cost burden to SWAN is particularly high.² The ISL contract with OCLC requires SWAN perform quarterly updates of member library holdings with OCLC. SWAN will need to determine if stopping this update is a violation of ILLINET, and if it is, what the consequences are and if SWAN is willing to proceed.

Recommended Service Changes Affecting the SWAN Membership

I recommend these changes to services in order to achieve the operations consolidation for SWAN staffing. This list is not comprehensive but is indicative of what the membership should accept in exchange for the consolidated staffing model.

- No research or implementation of new ILS products in FY12 other than those required for the new staffing model.
- No weekend staffing; libraries experiencing a dire emergency will be assisted with a phone answering service which utilizes on-call staff.
- Notices will be automated on schedule; generated daily Monday – Sunday, allowing email notices to be sent.
- No notices printed on weekend; notice will be printed and mailed on Monday.
- No Status Reports run by SWAN; this will transition to member libraries.
- No Daily Circ Stats run by SWAN; this will transition to member libraries.
- No option to review printed notices at member libraries; all printed notices will be sent from SWAN, with the exception perhaps of billing notices.
- Automated service for collection services presently provided by MLS Resource Sharing's fee-based service.
- No longer use two options for collection agency; sole option will be Unique Management. Transworld will no longer be used as it cannot be automated within Millennium Collection Agency product.
- No library migrations/add-ons into SWAN; SWAN staffing will not have capacity to migrate library data, train library staff on ILS modules and procedures.
- On-site training at member libraries will be limited.
- INNOPAC (Telnet character) access to SWAN ILS ends July 2011; critical to one Enhanced Access library (Lansing Public Library). Sporadic use throughout membership must end. This will have a minor reduction on the Innovative software maintenance, but the purpose is to cut an older ILS module that creates problems within the holds process.

² OCLC cost for SWAN in 2009 was \$141,848 and was budgeted \$159,559 for 2010. The FY2011 invoice cost is \$181,430 for SWAN. This cost is the combined seven OCLC invoices for six cataloging libraries Downers Grove PL, Elmhurst PL, Morton Arboretum, Oak Lawn PL, Oak Park PL, Tinley Park PL, and the SWAN Bibliographic Services.

- Internet Access Libraries will no longer have SWAN staff assistance with multiple holds; this group will convert to “multiple holds” WebPAC port. No other staff support will be part of the Internet Access membership.
- SWAN member libraries which have problems with the Millennium client will need to resolve issues locally with own staff using the SWAN website “Tech access” for client re-installation, problem solving documents.

Service Unchanged Affecting the SWAN Membership

- Bibliographic database will continue to be maintained by Bibliographic Services (Database Maintenance).
- Sonicwall assistance with WAN and VPN connections will continue at same level.
- Millennium SIP2 licenses, Express Lane licenses and Review Files will be available for purchase from SWAN and will be installed by Innovative.
- Email notices will run Monday – Sunday. SWAN libraries that focus on moving patrons to use email will get weekend notices.
- Millennium Release upgrades will continue. SWAN will continue to use the pre-packaged client installation files as was done for the R2009A upgrade in April 2010.
- Encore upgrades will continue. However, Encore upgrades with a pre-dependency on a Millennium release upgrade will be delayed significantly.