Even cowgirls get the blues: how research libraries are coping with reductions in their collections budgets

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Abstract:

There has been a widely known and well documented trend in the loss of collections purchasing power in academic libraries over the past several decades. Libraries, universities, and higher education in general have had resource constraints imposed by the downturn in the economy, smaller returns on endowments, and smaller allocations at the state level. U.S. research libraries have had to look for different and creative solutions to sustain their level of buying activity. In most cases, the programs that libraries are leveraging are based on cooperative relationships, consortial activities. This paper will evaluate the success of three consortium-based collection activities.

1. Background

There has been a widely known and well documented trend in the loss of collections purchasing power over the past two decades that has been attributed to aggressive inflation set by the publishing industry. But more recently, libraries, universities, and higher education in general have had resource constraints imposed by the downturn in the economy, smaller returns on endowments, and smaller allocations at the state level. Traditionally research libraries have protected materials budgets from underfunding or university mandated recisions because of their commitment to support the needs of researchers and students.

Increasingly, this is no longer the case and research libraries have had to look for different and creative solutions to sustain their level of buying activity. In most cases, the programs that libraries are leveraging are based on cooperative relationships, consortial activities. While there is not a single solution for the trend of chronic underfunding, a look at a sample of U.S. research libraries, all members of the Association of Research Libraries (ARL), provides a roadmap that could be adopted by any academic libraries seeking to provide more in a time of less. The libraries and examples cited in this paper are members of the Committee on Institutional Cooperation consortium (CIC) and the Orbis Cascade Alliance. These libraries have annual collection budgets ranging between $6,000,000 and $20,000,000.

The International Coalition of Library Consortia (ICOLC) organization, currently lists 233 participating organizations representing North America, Europe, Asia, Australia, Africa and South America (http://www.library.yale.edu/consortia/icolcmembers.html). All of these organizations may not include collection development as part of their portfolio of services. This list does reflect the global opportunity though to use partnerships to think innovatively and strategically about how to maximize the use of collection dollars.

2. Three Models for Cost-Savings

a. Cooperative licensing for electronic journals and electronic books

Library consortia have been working with their member libraries for almost twenty years now to take advantage of the power of collective e-journal licensing. Typically member libraries pool their dollars and in return for a larger investment than any single library could make, each library has access to more content and pricing controls to offset inflation and publisher increases. While the journal "big deal" has been very attractive to librarians and users, the terms of the deals have been quite inflexible and libraries have had few options to control or reduce spending with big deal publishers when their budget allocations are flat or reduced.

Big journal deals, however, generally do have terms that allow libraries to take advantage of some cost saving strategies. Large libraries often overlook or cede those opportunities because of the difficulty of managing the decision-making process. One approach to save money in a big e-journal deal is to cancel all print duplication. Not only do publishers add a surcharge for libraries that want to receive print, there are also costs inherent in selecting and ordering print, receiving and processing it into the library collection, and housing and preserving it. For example, at the CIC consortium, one publisher charges libraries a 15% surcharge on the subscription price for every journal the libraries elect to take in print. In real dollar terms, for 2009 the CIC libraries spent approximately $4.2 million in electronic subscriptions with this publisher but paid an additional $180,000 to secure print for a subset of titles. That additional $180,000 is redundant, duplicative and would be difficult to justify in this economic climate.

Big journal deals also typically include a cancellation allowance. Admittedly these are often quite low percentages, in our case less than 5% annually of a library's base spend. When libraries actively-manage these cancellations, there is an opportunity to retrieve dollars for low-use or low-quality titles without having to breakup a big deal. A publisher recently remarked to me how few libraries actually ever take advantage or their full cancellation allowance. They cite lack of time for review as a reason or disagreement on which titles to cancel. There are dollars left on the table for libraries to recover that can help balance the books or save other individual journal titles not protected in a big deal. To use the publisher described above, if CIC libraries were to annually exercise their cancellation allowance, cost recovery would be just over $200,000.

E-book licensing is a relatively new activity for many library consortia. As publishers migrate to making most titles simultaneously available in print and electronic, libraries can lower their per-unit price by bundling those purchases, especially for core publisher and university press titles that are collected most comprehensively. Title by title selection of ebooks through book jobbers or third party aggregators seldom yields savings. It is only by adopting models similar to journals deals that the greatest savings is returned.

For example, the CIC has a multi-year agreement with a publisher to purchase approximately the 400 monograph titles they publish each year. In print these or when purchased individually these titles average about $150 per title. Because of our collective commitment to purchase and because we can predict that the use of that publisher's materials by our users is exceedingly high, our purchase price looks closer to about $75 per title. Libraries that do not need to secure purchase or perpetual access rights to monographic content can lower those costs even further. By licensing access to ebook content annually and by reducing the number of simultaneous users that have access to an individual title, annual rental costs can be a fraction of the purchase price. Those types of options are offered through aggregators such as netLibrary or ebrary or EBL.

b. New pricing models for e-journals

Although we just proposed strategies for cost containment within the e-journal big deal, research libraries continue to be interested in moving away from that historical pricing model for e-journals while retaining the desirable aspects of more content and less title by title ordering and reconciliation. Most e-journal deals in place right now are based on a library's historic print subscription spend. In many cases, that base spend on which current pricing is based can be from more than a decade ago. It is not an exaggeration to write that all of the major STEM publishers are actively working with library and consortial stakeholders globally to examine new pricing models more relevant to the current economic climate and based on metrics derived in the online environment.

Will these new models result in cost savings? Potentially. Publishers are aware that they need to develop multiple big-deal like options for consortia and libraries. They are aware that increasingly customers are coming to them to realize more cost-savings than available through their current license options. The cost of handling each request to customize a pricing model or a license so that a library or consortium can right-size its spend is expensive and inefficient for publishers. Elements of a new model could include: variable subscription pricing, author-pays open access, individual pricing to secure certain rights for the content and credit for scholarship.

Libraries know much more about the use patterns for journals now that they have access to reports from publishers via COUNTER. Big deals could be crafted by which high use journals are rewarded with subscription dollars and low use journals are dropped from deals or libraries pay a much lower subscription cost for “underperformance” relative to other journals. Author-pays models that help to subsidize the subscription costs for journals have been marginally effective, but there is still potential to grow that model. For example, Nature Publishing Group has an author pays model for their journal EMBO whereby the more revenue they get from authors to make articles open access, the lower the subscription cost to libraries.

A new big deal model might offer price relief levers for libraries based on a list of desired permissions a library chooses or elects to forgo. For example, if libraries are willing to give up perpetual access rights, or interlibrary loan rights, or use of content for e-reserves, savings could be attributed to each of those. While it might seem extreme to try to assign a value to any of those options or to consider giving up any of those uses of content, some libraries would rather retain the greatest amount of content even with some restrictions.

Finally, rather than always proposing a cost savings model based on debiting or removing content, there have been some recent and productive conversations around a model that credits libraries and their institutions for scholarship. Universities and researchers are the engine for scholarship that fuel the business of publishing. So in theory, publishers could apply credits or discounts to journal packages for universities/libraries that make significant contributions to the publisher’s bottom line. This contribution can be defined as: manuscripts submitted and subsequently published; editorial activities; or peer-review services.

3. **Shared print monographs**

Enacting cooperative collection development strategies for materials in print and microform to save individual library dollars is not new. In fact it is now a concept from the last century. But it is a cost-saving measure that is taking on new importance now that there are sufficient tools to provide objective data about print acquisitions and use. Another factor that makes this option more attractive is the consolidation of the number of book jobbers active in the U.S., only two of which are serious competitors for research library business.

When libraries in a consortium can find ways to divide collection building responsibilities or to reduce the number of copies of a title purchased by the group, libraries can recapture dollars to offset the reductions in monograph budgets, an all too common trend. Regardless of whether those dollars are used to increase the depth and breadth of the monograph collection for the participating libraries or whether those dollars are diverted to cover serials inflation, partnerships for collection building can save money.

In a program such as this among a group of libraries in the pacific northwestern U.S., the Orbis Cascade Alliance, the group determined that by using the same book vendor and reducing the number of duplicate copies purchased by members, cost savings would approach $500,000 annually. Selectors in the consortium will use vendor-supplied tools to determine how many copies of a title already exist in the consortium before placing an order. The goal is to bring no more than three copies of a single print title into the consortium.

While the program is in place, libraries can monitor and evaluate the success of the program using three factors. Selectors can determine whether they are able to buy more comprehensively because they do not have to have an “institutional” copy of every title. The consortium will keep statistics on the number of times that there is a resource sharing request for titles held by only a few libraries. And finally, each library’s circulation system can report on how often titles are circulated.

Clearly institutional priorities can override the ability to apply such a program to every English-language title. And programs for collection building are generally most successful among consortium members who have a high degree of trust, a history of other successful collaborative projects, and a robust delivery system in place. But this strategy allows libraries to take advantage of saving money without a concomitant reduction in the collections available for research and instruction.

4. Consortial Opportunities

In a time of resource constraints and yet growing demand for content, libraries frequently turn to their consortial relationships to maximize their purchases and to work collectively to save money. Many library consortia in the U.S. do exist simply as “buying clubs,” whereby staff act as agents on behalf of their members to realize the greatest discounts on licensing and purchases. In many cases, research libraries have more than one consortial relationship to choose from when comparing discounts and services. Although it may not seem that there should be a wide degree of variance among consortial pricing for content, there are several factors that affect the final price. Those factors include: number of libraries in the consortium; level of investment and uptake in a product; the volume of business the consortium brings to a company through other purchases; and whether the consortium charges members a surcharge on products being licensed.

However, it is not necessary in every case to have a highly organized and staffed consortium in place for libraries to act collectively to save money. Many publishers and aggregators are willing to work with a loosely formed group of libraries provided that they are willing to self-organize and manage the business processes that also save the company time and effort. Businesses invest heavily in sales and marketing efforts to go library by library. The cycle for promotion and selling to libraries can be substantially reduced if the business only has to communicate with one person, or a few people, willing to act on behalf of a group of libraries. Businesses also save in legal and billing costs when a single license will cover a set of libraries and the consortium can collect all the individual payments and make a single payment to the vendor.

Without question, the greatest opportunity for cost savings comes when a group of libraries pool their money in advance of any purchase. Going into the marketplace with the ability to commit a group of libraries and knowing what level of investment and participation is available is a clear negotiating strength. The relentless back and forth of libraries opting in and out of deals is neither efficient nor cost-effective. Sometimes it is necessary, but it won’t bring about the greatest level of savings.

The activities and programs of the CIC and Orbis Cascade Alliance consortia go far beyond content licensing and purchases for electronic and print collections. Each consortium has a central staff and an ambitious set of strategic directions agreed upon by their members.

However, libraries do expect their consortia to provide cost-savings for joint activities and investments. It is a simple but powerful measure of the benefits of cooperative activity and investment.

5. Conclusion

For U.S research libraries, the collections or materials budget approaches 50% of total library expenditures annually. Libraries must maximize the use of these dollars to meet an array of competing demands for the dollars. User demand for content continues to grow now that discovery tools have made it easier for students and researchers to find citations to scholarship. Publishers can demonstrate an enormous growth in amount of material submitted for publication annually which results in new serial titles and more content per issue. And libraries find that budgets are increasingly flat or reduced and that they must find ways to offset those downturns and sustain collection building to support their academic missions.

The potential cost-savings figures presented in this paper may seem small relative to the sizes of the libraries and their budgets. However, it is not in the nature of research libraries to move away from decades of collection-building practice through sweeping or dramatic changes. More likely, libraries will act by aggregating small changes to shore up deficiencies in collection budgets.

Library consortia have long provided support for collective activities and action through which their members achieve cost savings and operational efficiencies. Through a variety of collection-based activities such as e-journal licensing, e-book licensing, and print cooperative collection development, consortia can return significant cost savings to libraries at this time of constrained resources.