

**REPORT OF THE PLANNING COMMITTEE
TO THE
ODIN ADVISORY COUNCIL**

APRIL 17 – 18, 2000

The Planning Committee has met five times since November, 1999, to work on its charge to establish a new funding formula for the operating costs for ODIN. The committee members have been involved in lengthy discussions, proposed and scrutinized nearly twenty formulas and matrices, discussed basic principles, answered a questionnaire, and given their best efforts to determining how to allocate the costs of the network in a way which would be fair to all member libraries, large and small. This report will detail the results of these efforts.

A review of the history of the current funding formula is our starting point.

When ODIN was founded, no one knew what the use on the system would be. While each library knew its own circulation figures, the number of circulation transactions in an online environment was unknown, as were many other uses which would affect costs. In addition, at the time there was a strong fear that any attempt to allocate costs according to transactions would lead librarians to discourage patron use in order to keep costs down. The only reliable bedrock figure was the one which was basic to setting up the database in the first place – the bib record. Consequently, the operating costs for ODIN were divided by the number of bib records in the database, resulting in a figure which has ranged between \$ 0.23 and \$ 0.26 per record. Libraries were billed annually by the number of bib records that each owned.

Over the past decade, normal use of ODIN has resulted in a set of statistics which gives us a clearer picture of its true operation. The system has grown to include many different modules, resulting in many different kinds of records and transactions. Transactions of every kind far outnumber records of every kind and place more demand upon the system. Consequently, a formula which is based upon only one element, and that an element which in some ways represents only a small part of the activity in the database, is skewed, and the time has come to revise the formula.

Discussions with the members of the committee identified four issues that relate to funding issues but are not incorporated directly into the formula. These are detailed in the document headed **RECOMMENDATIONS FROM THE PLANNING COMMITTEE TO THE ODIN ADVISORY COUNCIL**. The committee has voted to accept these recommendations, and requests that the OAC review and accept or reject them before proceeding to consideration of the formula, as they are the basic principles which form the ground on which the formula stands.

**RECOMMENDATIONS
FROM THE
PLANNING COMMITTEE
TO THE
ODIN ADVISORY COUNCIL**

Recommendation 1. Any formula which allocates the operating expenses of the ODIN network will not include an element relating to the net-lending/net-borrowing status of individual libraries. The Planning Committee requests that the ODIN Advisory Council refer the question of adjusting interlibrary loan expenses to the OCLC Directors Council.

Rationale. ODIN is not the only library network operating in North Dakota, and an attempt to adjust the formula for credit or debit based on how much is loaned or borrowed would skew the figures, as this would leave out the materials loaned to or borrowed from the other networks in the state. It is possible to look only at the interlibrary loan traffic in ODIN, but the Planning Committee feels that this solution would be only a short term one. As the LaND software makes our networks more transparent and accessible to each other, and as the possibility of easy borrowing among the networks increases, interlibrary loan traffic will likely increase among the networks. A formula which looks only at the figures generated by one network would not reflect a complete or accurate picture of the patterns of interlibrary loan in North Dakota, and so would provide a flawed basis for the formula.

Recommendation 2. Any new formula for allocating the operating expenses of ODIN to the libraries already in the network will be phased in over a period of five years, with the reallocation progressing at a rate of 20% for each library each year. Capital costs may or may not be allocated differently.

Rationale. The libraries in the ODIN network are working with a variety of budget years. These include calendar years, varying fiscal years, legislative years, and federal years. This results in a wide variety of starting and ending dates for funding. A large and sudden increase in the funds needed to maintain membership in the network is difficult to explain, justify, plan for, or fund; the chance to work gradually into the formula will benefit the libraries whose charges increase without damaging the libraries whose charges will decrease. The result is stability in the network.

Recommendation 3. Any libraries which join the ODIN network after the adoption of a new formula for allocating the operating expenses of the ODIN network will be charged according to the new formula. The transaction and record costs for the first year will be estimated by the ODIN director in cooperation with the library director based on comparable libraries.

Rationale. It will be possible with the new formula to tell any additional libraries what their costs will be; therefore, it makes little sense to start them under the old formula and migrate them to the new under the provisions of Recommendation 2.

DISCUSSION OF THE ELEMENTS IN THE FORMULA

While reviewing the proposed formula, it must be remembered that ODIN just ended the hardware and software lease/purchase contract for the 1996 software re-license and hardware upgrade. This lowers the current base cost by \$ 167,000. Consequently, the figures that we have used reflect a base cost of \$ 306,176, not the current \$ 473,176. While this does not affect the principles on which the formula is based, it most certainly does affect its outcome.

The committee also decided to use only the figures generated by the current membership in ODIN, leaving aside the impact that the addition of NDSU or the State Historical Society would have on the network. However, it should be understood that the addition of other libraries will further spread out the cost sharing and reduce the individual costs to each library in the network.

The committee spent a great deal of time identifying and weighting possible elements in the formula. These included *transactions* (circulation and other), *records* (bib and other), *budget*, *membership*, *module use*, *voting*, and *legislative funding*. Based on discussions and a questionnaire which the members answered, the committee came to the following conclusions.

LEGISLATIVE FUNDING. The State Legislature could be approached to fund the operating, not the capital, expenses of ODIN. This would negate the need for any additional formula. The rationale here is that ODIN is a state-wide network, operating for the benefit of all the citizens of North Dakota. It is funded through private and public entities and used by people who are not their primary clientele and have no financial stake in their operations. A state-wide service should be funded by the state, not by a few libraries which are willing to extend the courtesy of use to people they are not required to serve. If the OAC decides to pursue this funding option, the best strategy would be to aim for the 2003 legislature, and roll it into a new version of *Library Vision 2004*. The question of allocating capital costs would remain with the OAC.

Although state funding is a possibility, the committee felt the need to build a formula in its absence. Consequently, the remaining elements in the list were considered.

VOTING. One plan allocated costs based on the number of votes that each library has in ODIN. This resulted in a very skewed matrix, and led the committee to reject votes as an element in the formula. As another committee is considering reapportioning the voting structure, adding this element to the formula would increase rather than decrease the uncertainty of the effect of this element.

BUDGET. After lengthy consideration, the committee also rejected budget as an element in the formula. The rationale for this is that in many cases the figures would be difficult or impossible to gather. Libraries which are physically resident in another structure, like the hospital or school libraries, or are part of a larger entity, like the academic libraries, do not generally budget for the maintenance and functioning of their buildings, as do

public libraries. Personnel costs are also frequently not within academic, school, or hospital library budgets. Also, North Dakota has a number of hybrid school/public libraries; dividing expenses in these operations is extremely difficult. The committee felt that no true comparisons could be made, given these difficulties, and that gathering these figures for what would likely be a very small weight in the formula was not worth the effort and aggravation.

MEMBERSHIP AND MODULES. Opinion was divided about whether there should be a membership fee for ODIN. Remedies suggested included a percentage of the total budget, a small fixed fee, or a sliding fee based on size. This rapidly became a discussion of how size was to be determined, which partly returned the committee to consideration of the previously rejected budget element. However, the committee agreed that the use of a per module fee approximated a sliding membership fee scale, as the larger libraries use more modules and hence pay a larger price. As even the smallest library uses at least one module, each library has a stake in this element which is geared to its size and level of use.

Therefore, the committee recommends to the OAC that the following formula be used to allocate the annual fee (\$ 37,917) for licensing the modules:

The cost of each module is divided equally by the number of libraries using it. The cost for each library is determined by adding up the charge per library per module.

The first chart shows this breakdown per library.

TRANSACTIONS AND RECORDS. These two items seem to be inseparably intertwined in any discussion. Based on the discussion coming out of the agreement on paying for the modules, the committee made a strong effort to get at true costs.

The committee first discussed a formula based on cpu usage. Each library would pay its per module charge plus its percentage of the cpu based on use. After investigating this possibility, however, it appears that these figures are not available; they are a function of the Unisys, not the PALS, programming and we have no access to them. Consequently, this line was abandoned.

The committee considered a formula based entirely on transactions (after subtracting the module fee) as a way of determining usage. This, however, resulted in another extremely skewed matrix.

The committee then reviewed the principles underlying the formula. It was generally agreed that both records and transactions are vitally important operational elements, and that each had a moderating influence on the other. Furthermore, while it is possible to break out both records and transactions in a variety of ways and to weight each type of record or transaction separately, ultimately it makes very little difference to the outcome.

The committee therefore decided

to treat ALL records and ALL transactions equally, and to weight each at 50% of the remaining portion of the cost. Each library will have its percentage of records applied against the total records portion and its percentage of transactions applied against the total transactions portion to determine its total cost.

The formula will then be written as:

Elements definition:

- Number of records each library (TRL)
- Total number of records of all libraries (TRA)
- Dollars to be shared (DTBSR)
- Number of transactions for each library (TTL)
- Total number of transactions of all libraries (TTA)
- Dollars to be shared transactions (DTBST)

$(TRL/TRA)*DTBSR = \text{share of cost assigned to records}$

$(TTL/TTA)*DTBST = \text{share of cost assigned to transactions}$

For each library the billing is composed of the portion assigned from the split of the module cost plus the share of cost of the records and the transaction share per the above formula.

The Planning Committee feels that this formula best fulfills its charge to find a way to spread the costs for ODIN across more elements than the bib record, as is currently done. This formula provides relief for libraries with large collections, responsibility for libraries with large circulation, and a basic stake in network operations for libraries of every size.

The Planning Committee unanimously urges the ODIN Advisory Council to adopt this formula. (Dave Davis was not present for this vote.)

Respectfully submitted,

Phyllis Bratton, Chair

Mike Jaugstetter, Vice Chair

MEMBERS: Lillian Crook Dave Davis Shelby Harken Liz Mason Dennis Page Lila Pedersen	Ex Officio: Tony Stukel Former Members : Frank D'Andraia Fran Fisher
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Update: 04/2000 tjs

cost-20000417-02.xlw \$2,633.04 \$6,629.04 \$3,100.68 \$5,987.52 \$2,673.00 \$6,094.44 \$2,673.00 \$3,421.44 \$4,704.48 \$37,916.64

Current Libraries	WebPALS	Catalog	MED	Database	ILL	Cirulation	Inventory	Serials	Acquisitions	Total
UND Chester Fritz	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$588.06	\$1,710.15
UND Harley French	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$588.06	\$1,710.15
UND Thormodsgard Law	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$588.06	\$1,710.15
Lake Region	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$0.00	\$1,122.09
Williston	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$0.00	\$1,122.09
MISU Bottineau	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$0.00	\$1,122.09
Bismarck State College	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$0.00	\$1,122.09
Dickinson State U.	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$588.06	\$1,710.15
Mayville State U.	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$588.06	\$1,710.15
Minot State U.	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$0.00	\$1,122.09
ND State College of Science	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$0.00	\$1,122.09
Valley City State U.	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$0.00	\$1,122.09
Jamestown College	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$0.00	\$1,122.09
Graham Lib/TBC Ellendale	\$67.51	\$169.98	\$79.50	\$153.53	\$0.00	\$277.02	\$68.54	\$0.00	\$0.00	\$816.08
ND State Library	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$588.06	\$1,710.15
ND Supreme Court	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$0.00	\$68.54	\$0.00	\$0.00	\$631.23
ND Vision Resource Center	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$0.00	\$0.00	\$908.25
Grand Forks Public	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$0.00	\$1,122.09
Fargo Public	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$0.00	\$588.06	\$1,496.31
Dickinson Public	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$213.84	\$588.06	\$1,710.15
*Golden Valley Public	\$67.51	\$169.98	\$79.50	\$153.53	\$0.00	\$0.00	\$68.54	\$0.00	\$0.00	\$539.06
*Bottineau County Public	\$67.51	\$169.98	\$79.50	\$153.53	\$0.00	\$0.00	\$68.54	\$0.00	\$0.00	\$539.06
Leach Public Library, Wahpeton	\$67.51	\$169.98	\$79.50	\$153.53	\$0.00	\$0.00	\$68.54	\$0.00	\$0.00	\$539.06
Q&R MedCenter	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$0.00	\$0.00	\$908.25
Dakota Heartland Hospital	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$0.00	\$68.54	\$0.00	\$0.00	\$631.23
MeritCare	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$0.00	\$68.54	\$0.00	\$0.00	\$631.23
ALTRU	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$0.00	\$68.54	\$0.00	\$0.00	\$631.23
State Hospital	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$0.00	\$68.54	\$0.00	\$0.00	\$631.23
Cameron Medical Library	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$0.00	\$68.54	\$0.00	\$0.00	\$631.23
St. Alexis	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$0.00	\$68.54	\$0.00	\$0.00	\$631.23
SE\VA	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$0.00	\$68.54	\$0.00	\$0.00	\$631.23
Dickinson HS	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$0.00	\$0.00	\$908.25
Hillsboro HS / Public	\$67.51	\$169.98	\$79.50	\$153.53	\$92.17	\$277.02	\$68.54	\$0.00	\$0.00	\$908.25
Trinity H.S. - Dickinson	\$67.51	\$169.98	\$79.50	\$153.53	\$0.00	\$0.00	\$68.54	\$0.00	\$0.00	\$539.06
*Bottineau Public Schools	\$67.51	\$169.98	\$79.50	\$153.53	\$0.00	\$0.00	\$68.54	\$0.00	\$0.00	\$539.06
*Halliday School Library	\$67.51	\$169.98	\$79.50	\$153.53	\$0.00	\$0.00	\$68.54	\$0.00	\$0.00	\$539.06
*Beach Public Schools	\$67.51	\$169.98	\$79.50	\$153.53	\$0.00	\$0.00	\$68.54	\$0.00	\$0.00	\$539.06
ND Yourth Corrections - Mandan	\$67.51	\$169.98	\$79.50	\$153.53	\$0.00	\$0.00	\$68.54	\$0.00	\$0.00	\$539.06
ND School for the Deaf - Devils Lake	\$67.51	\$169.98	\$79.50	\$153.53	\$0.00	\$0.00	\$68.54	\$0.00	\$0.00	\$539.06
	2,633.04	6,629.04	3,100.68	5,987.52	2,673.00	6,094.44	2,673.00	3,421.44	4,704.48	37,916.64

Module cost breakout

4/16/2000

DRAFT

Date sent: **Wed, 12 Apr 2000 17:07:07 -0700**
To: **dpage@sage.und.nodak.edu, stukel@badlands.nodak.edu,
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Subject:

REPORT OF ODIN GOVERNANCE COMMITTEE
For ODIN Advisory Council Meeting of April 17-18, 2000

The ODIN Governance Committee met April 12 regarding the voting structure of the ODIN Advisory Council. The committee proposes the following:

1. That the THOR cluster be allotted one vote on the Council, effective immediately.
2. That the THOR cluster decide among its constituent libraries which individual will represent the cluster in discussion and in vote.
3. That further revision of the voting structure be studied by the Governance Committee.
4. That when a new voting structure, yet to be determined, is in place, the votes per institution or voting unit be recorded as part of the Advisory Council minutes, except in cases where voting is unanimous and except for election of officers.

The committee will ask for input from ODIN Advisory Council members at the April 17-18 meeting regarding future voting configurations. The configurations that have to date considered viable options by the committee are:

- A. Each unit -- that is each individual library or designated cluster -- be allotted one and only one vote.
- B. That voting be weighted similar to the current voting structure, but be based on the library's or cluster's financial support of ODIN rather than number of bibliographic records, and that no library or designated cluster would be allotted less than one vote. Designations or distinctions such as "original participant", "NDUS participant", "full participant", and "limited participant" would be discontinued.

Governance Committee members:

Lila Pedersen, chair
Dennis Page
Bernnett Reinke
Tony Stukel

Lila Pedersen
Director of Libraries
School of Medicine and Health Sciences