



## **Service Fees Paid to MHLS – Revised Report to the MHLS Board – May 2015 - Executive Summary**

- A. Background
  - 1. Library Directors have reported concerns about the payment of service fees to MHLS. These fees are calculated based on resource sharing services (e.g., Sierra/ILP, Delivery) and eResources (e.g., databases).
  - 2. The MHLS Board has requested a report from the DA regarding DA concerns.
  - 3. The DA conducted March table talks to review information association with services fees.
  - 4. The SSAC has considered the table talk discussions and are proceeding on reviewing issues regarding service fees.
- B. Member Assessment & e-Resources Service Fees Paid by Members to MHLS
  - 1. In 2014, Members paid \$584,902 in Member Assessment and eResources fees.
  - 2. Attachment A provides additional information
- C. What percent of the MHLS budget is represented by member service fees?
  - 1. In 2014, 18.58% of MHLS Total Operating Fund Receipts were provided by Member Assessment and eResources fees.
  - 2. Attachment B provides additional information
- D. How does the percentage of the MHLS budget represented by member service fees compare with similar systems?
  - 1. Based on the 4 systems larger and the 4 system smaller than MHLS, 5 of the systems have larger percentages and 3 of the systems have smaller percentages.
  - 2. Attachment C provides additional information
- E. How does increases and decreases to MHLS funding compare to increases and decreased in member libraries funding?
  - 1. Based on the period of 2008-2013, MHLS funding has decreased 12.34% and the total funding for member libraries has increased 24.3%.
  - 2. Rate of Inflation increased 11.24% for the period of January 2008 to December 2014.
  - 3. Attachment D provides additional information.
- F. What percent of the Member Libraries Operating Funds does Member Libraries Service Fees paid to MHLS represent?
  - 1. In 2013, Members Libraries Services Fees represented 1.93% of Member Library Operating Funds.
  - 2. Attachment E provides additional information.
- G. **NEW** - What percent of Operating Funds of each Member Library does Member Library Service Fees represent?
  - 1. MHLS service fees represent an average of 1.64% of the total operating funds of member libraries, a median<sup>1</sup> of 2.3% of the total operating funds of member libraries, and a high of 7.33% and a low of .64%.
  - 2. Attachment F provides additional information.
- H. Requested information being compiled:
  - 1. What percent of Cash Grants and what percent of Local Funds does Member Library Service Fees represent?

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<sup>1</sup> Middle value in the list of percentage



## Attachment A

1. Service Fees – The calculations of MHLS Member Assessment Fees are based on: (1) the elements listed in the Member Assessment Table, and (2) the cost of selected eResources. All fees and eResources are annually approved by the Directors Association.
2. Member Assessment Fees
  - a. Background - Due to: (1) the lack of full funding for Chapter 917; (2) the Great Recession leading to a 22% reduction in NY State Aid to MHLS during the period of 2008-2011; and (3) the need to use MHLS reserve funds for MHLS annual operating expenses; member libraries considered how to ensure the continuation of key MHLS services. The original projected amount of the Member Assessment was \$707,000. The Member Assessment amount was changed to a target of \$600,151, recognizing the amount may be adjusted based on State Aid and the overall condition of the MHLS budget.
  - b. The Member Assessment is calculated by combining a General Fee with assessments based on system holds activity and Sierra usage. Member Assessment service fees are associated with: (1) Holds Delivery; (2) Sierra Fee General; (3) Sierra Hosting Fee (3) Sierra Licenses; and (4) Sierra Fee Capital.

- c. Member Assessment Fees<sup>2</sup> by Year:

2012	2013	2014
\$445,678 <sup>3</sup>	\$533,985	\$532,397

- d. Based on the Moving Forward Assessment Project, a relationship between Member Assessment Fees and the actual cost of ILP/Cataloging/Deliver Services can be considered:
    - i) Funding Sources
      - a) Member Assessment = \$532,374 (59%)
      - b) MHLS General Operating Funds = \$329,673+ (36%+)
      - c) Central Library Aid = \$47,755 (5%)
    - ii) MHLS Actual Cost for Services in Member Assessment Table
      - a) ILP Services = \$271,175+
      - b) Cataloging Services = \$135,202+
      - c) Deliver Services = \$503,425+

<sup>2</sup> A "Member Assessment" based on the current formula was first implemented in 2012. In 2011, an Automation Maintenance License Service Fee (\$101,236), a Circulation Service Fee (\$109,240), and a Delivery Service Fee (\$220,000) were charged for a total amount of \$430,476.

<sup>3</sup> Final 2012 Assessments included a \$56,000 reduction in the delivery fee, distributed proportionately as well a credit for the loans provided. The adjustments will be issued on MHLS billing after July 15, 2012. This is a one-time credit and member libraries were advised that the draft 2013 Assessments will not include either the CLDA Delivery Subsidy (\$40,000) nor the 2012 credits/adjustments (\$116,000).



Attachment A - continued

3. e-Resources Fees

a. e-Resources<sup>4</sup> fees paid by members libraries

2012	2013	2014
\$55,188	\$60,813	\$52,505

- b. Member library fees for e-Resources are pass-through payments to vendors. MHLS uses NONE of these fees for MHLS operations.
- c. Based on the Moving Forward Assessment Project, a relationship between Member Fees paid for eResources and the actual cost of eResources Services can be considered:

d. Cost & Funding Sources for eResources - 2013

i) Cost = \$154,832

- a) Licenses = \$131,186 (85%)
- b) Staff/Administration = \$23,646+ (15%)

ii) Funding Sources

- a) Central Library = \$70,373 (45%)
- b) Member Service Fees = \$60,813 (40%)
- c) MHLS General Operating Funds = \$23,646+ (15%)

4. Summary - Member Assessment & e-Resources Service Fees Paid by Members to MHLS

	2012	2013	2014	Amount of Change 2012-2014	Percent of Change 2012-2014
ASSESSMENT	\$445,678	\$533,985	\$532,397	+\$86,719	
E-RESOURCES	\$55,188	\$60,813	\$52,505	-\$2,683	
TOTAL	\$500,866	\$594,798	584,902	+\$84,036	+16.77%

<sup>4</sup> eResources are Databases, eBook/eAudio, and Catalog Enhancements annual approved by the Directors Association for funding by member fees and Central Library Aid.



### Attachment B

Based on the Directors Association reviewing/discussing member service fees, the question was asked what percent of the MHLS budget is represented by member service fees.

	<b>2012</b>	<b>2013</b>	<b>2014</b>
Member Assessment for ILP/Delivery Services	\$445,678	\$533,985	\$532,397
Member Fees for eResource Services	\$55,188	\$60,813	\$52,505
MEMBERS TOTAL (Assessment + eResources)	\$500,866	\$594,798	584,902
MHLS TOTAL (Operating Fund Receipts <sup>5</sup> )	\$2,941,371	\$3,140,877	\$3,148,431
% of Members Assessment/Fees Compared to MHLS Total Operating Fund Receipts	17.03%	18.94%	18.58%

<sup>5</sup>State Annual Report – Total Operating Fund Receipts (Total Local Public Funds, Total State Aid, Total Federal Aid, Total Contracts) includes Local Library Services Aid Distributed to Members, Member Library Assessments & e-Resource Service Fees, Central Library Development Aid, Central Book Aid, Correctional Facilities Library Aid, County Jails Library Aid, Literacy Grants, Special Legislative Grants, Construction Grants to MHLS, Library Services and Technology Act Grants



### Attachment C

Based on the Directors Association reviewing/discussing member service fees, the question was asked about the percentage of the MHLS budget represented by member service fees compare with similar systems. The table below reports the 4 systems larger and the 4 system smaller than MHLS.

<b>Cooperative System</b>	<b>% of Total System Aid Compared to MHLS</b>	<b>What percentage of your system's total budget is funded by state aid?</b>	<b>What percentage of your system's total budget is generated by member fees?</b>
Suffolk Cooperative	183%	32%	64%
Nassau Library System	164%	68%	30%
Westchester Library System <sup>6</sup>	120%	36%	41%
Ramapo Catskill Library System	112%	57%	35%
North Country Library System	79%	90%	7%
Four County Library System	73%	56%	17%
Upper Hudson Library System	70%	77%	15%
Southern Adirondack Library System	68%	65%	22%

Source: Informal and unpublished survey conducted in 2014 by PULISDO to assess what percentage of systems total budgets are generated by member fees using the description of fees paid annually by all member libraries (as per question 5.92 in your 2013 system annual report).

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<sup>6</sup> County funds at \$1 Million (16%)



## Attachment D

Discussions by the MHLS Board and the Directors Association have raised the question of how MHLS funding compares to member libraries funding.

YEAR	State Aid Operating Funds to MHLS	MHLS % Decrease -Increase	MHLS Total Operating Funds <sup>7</sup> as Reported in Annual Report	MHLS % Decrease -Increase	Member Libraries Total Operating Funds <sup>8</sup> as Reported in Annual Report	Member Libraries % Decrease-Increase
2008	\$1,735,832		\$3,211,293		\$24,782,364	
2009	\$1,535,881	-11.51%	\$2,867,177	-10.71%	\$25,334,685	+2.22%
2010	\$1,476,230	-3.88%	\$2,394,824	-16.47%	\$27,317,015	+7.82%
2011	\$1,383,072	-6.31%	\$3,634,069	+51.74%	\$28,372,514	+3.86%
2012	\$1,450,422	+4.87%	\$2,941,371	-19.06%	\$28,749,975	+1.33%
2013	\$1,521,566	+4.90%	\$3,140,877	+6.78%	\$30,806,331	+7.15%
Difference for the Period of 2008-2013	-\$214,266	-12.34%	-\$70,416	-2.19%	+\$6,023,967	+24.3%
2014	\$1,537,315	+1.04%	\$3,148,431	+0.24%		
Difference for the Period of 2008-2014	-\$198,517	-11.44%	-\$62,962	-2.00%		

(Rate of Inflation increased 11.24% for the period of January 2008 to December 2014<sup>9</sup>)

<sup>7</sup> State Annual Report for Systems – Total Operating Fund Receipts (Total Local Public Funds, Total State Aid, Total Federal Aid, Total Contracts) includes Local Library Services Aid Distributed to Members, Member Library Assessments & e-Resource Service Fees, Central Library Development Aid, Central Book Aid, Correctional Facilities Library Aid, County Jails Library Aid, Literacy Grants, Special Legislative Grants, Construction Grants to MHLS, Library Services and Technology Act Grants

<sup>8</sup> State Annual Report for Public and Association Libraries – Total Operating Fund Receipts - Sum of Total Local Public Funds, Total System Cash Grants, Other State Aid, Total Federal Aid, Contracts and Total Other Receipts

<sup>9</sup> Rate of Inflation has increased 11.24% for the period of January 2008 to December 2014. <http://inflationdata.com/>



## Attachment E

Discussions by MHLS Board members has raised the question of how what percent of the Member Libraries Operating Funds does Member Libraries Service Fees paid to MHLS represent.

	<b>2012</b>	<b>2013</b>	<b>2014</b>
Member Libraries Total Service Fees Paid to MHLS (Assessment + eResources)	\$500,866	\$594,798	584,902
Member Libraries Total Operating Funds as Reported in Annual Report	\$28,749,975	\$30,806,331	
% of Members Assessment/Fees Compared to Members Total Operating Fund Receipts	1.75%	1.93%	

	<b>2012</b>	<b>2013</b>	<b>2014</b>
Member Assessment Only (e.g., ILP/Delivery)	\$445,678	\$533,985	\$532,397
Member Libraries Total Operating Funds as Reported in Annual Report	\$28,749,975	\$30,806,331	
% of Members Assessment/Fees Compared to Members Total Operating Fund Receipts	1.55%	1.73%	



## Attachment F

### Member Libraries Assessment Service Fees as Percentage of Total Operating Funds

Library	Chartered Population	2012	2013	Average - 2012 & 2013		
		Total Operating Fund Receipts	Total Operating Fund Receipts	Total Operating Fund Receipts	Member Assessment <sup>1</sup> Service Fees	Assessment as % of Total Operating Funds
Livingston	352	\$21,917	\$27,159	\$24,538	\$1,800	7.33%
Pine Hill	275	\$27,488	\$32,164	\$29,826	\$1,580	5.30%
Valatie	4344	\$86,030	\$90,747	\$88,389	\$4,138	4.68%
Clinton	4,312	\$91,850	\$76,976	\$84,413	\$3,738	4.43%
Hunter	3,688	\$55,025	\$55,552	\$55,289	\$2,205	3.99%
Claverack	4642	\$129,450	\$133,256	\$131,353	\$4,951	3.77%
Hurley	2,865	\$95,892	\$117,318	\$106,605	\$3,993	3.75%
Greenville	3,739	\$167,370	\$172,471	\$169,921	\$6,103	3.59%
Coxsackie	8,918	\$217,123	\$216,444	\$216,784	\$7,785	3.59%
Amenia	4,436	\$74,692	\$96,559	\$85,626	\$3,043	3.55%
Athens	3,058	\$108,278	\$119,292	\$113,785	\$4,025	3.54%
Pine Plains	2,473	\$87,715	\$84,739	\$86,227	\$2,973	3.45%
Phoenicia	3,085	\$127,750	\$113,317	\$120,534	\$4,124	3.42%
Philmont	1379	\$88,456	\$63,782	\$76,119	\$2,510	3.30%
Town of Ulster	12,327	\$315,678	\$318,743	\$317,211	\$10,035	3.16%
Germantown	1954	\$108,580	\$102,833	\$105,707	\$3,285	3.11%
Windham	1,703	\$88,615	\$90,254	\$89,435	\$2,728	3.05%
Haines Falls	1,894	\$77,533	\$88,432	\$82,983	\$2,497	3.01%
Stanfordville	3,823	\$131,584	\$135,487	\$133,536	\$3,984	2.98%
Staatsburg	3,406	\$145,180	\$152,122	\$148,651	\$4,157	2.80%
Hudson	10878	\$195,324	\$228,751	\$212,038	\$5,879	2.77%
Hyde Park	18,183	\$434,370	\$444,608	\$439,489	\$12,018	2.73%
Kinderhook	6486	\$234,429	\$256,832	\$245,631	\$6,556	2.67%
Dover Plains	8,699	\$243,235	\$244,956	\$244,096	\$6,456	2.64%
New Paltz	14,003	\$446,289	\$428,921	\$437,605	\$11,154	2.55%
Wappingers Falls	25,490	\$674,153	\$661,536	\$667,845	\$16,789	2.51%
Beekman	14,621	\$408,929	\$410,411	\$409,670	\$10,220	2.49%
Chatham	9459	\$342,830	\$370,029	\$356,430	\$8,747	2.45%
West Hurley	3,352	\$190,770	\$194,500	\$192,635	\$4,723	2.45%
Brewster	18,404	\$410,707	\$417,183	\$413,945	\$10,125	2.45%
Rosendale	6,075	\$269,669	\$276,749	\$273,209	\$6,661	2.44%
Highland	12,514	\$416,010	\$426,610	\$421,310	\$10,246	2.43%





# Mid-Hudson Library System

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Red Hook	1,961	\$270,998	\$269,583	\$270,291	\$6,315	2.34%
East Fishkill	29,029	\$825,626	\$840,724	\$833,175	\$19,211	2.31%
North Chatham	997	\$93,270	\$98,356	\$95,813	\$2,202	2.30%
Saugerties	19,482	\$555,038	\$584,552	\$569,795	\$12,961	2.27%
Rhinebeck	7,548	\$369,997	\$379,504	\$374,751	\$8,431	2.25%
Carmel	7,643	\$261,163	\$261,310	\$261,237	\$5,861	2.24%
Cairo	6,670	\$359,250	\$186,667	\$272,959	\$6,080	2.23%
Putnam Valley	11,809	\$343,308	\$383,312	\$363,310	\$7,886	2.17%
Esopus	9,041	\$379,939	\$359,340	\$369,640	\$7,952	2.15%
Hillsdale	7115	\$242,737	\$254,895	\$248,816	\$5,344	2.15%
Fishkill	12,608	\$453,432	\$483,718	\$468,575	\$10,041	2.14%
Tivoli	1,118	\$161,448	\$167,207	\$164,328	\$3,476	2.11%
Stone Ridge	5,607	\$300,378	\$307,554	\$303,966	\$6,346	2.09%
New Lebanon	2305	\$166,270	\$194,997	\$180,634	\$3,680	2.04%
Kent	13,507	\$596,110	\$596,328	\$596,219	\$11,145	1.87%
Olive (West Shokan)	4,419	\$204,733	\$218,042	\$211,388	\$3,844	1.82%
LaGrange	15,730	\$655,756	\$659,819	\$657,788	\$11,956	1.82%
Pleasant Valley	9,672	\$386,778	\$392,374	\$389,576	\$6,900	1.77%
NE Millerton	3,031	\$169,115	\$183,322	\$176,219	\$3,087	1.75%
Kingston	23,893	\$793,111	\$805,758	\$799,435	\$13,611	1.70%
Pawling	8,463	\$476,977	\$432,632	\$454,805	\$6,985	1.54%
Woodstock	5,884	\$599,483	\$541,028	\$570,256	\$8,500	1.49%
Milton	1,403	\$132,554	\$160,667	\$146,611	\$2,177	1.48%
Patterson	12,023	\$670,132	\$665,788	\$667,960	\$9,856	1.48%
Catskill	12,473	\$707,600	\$697,881	\$702,741	\$10,228	1.46%
Rhinecliff	685	\$127,703	\$142,227	\$134,965	\$1,838	1.36%
Plattekill	8,388	\$418,293	\$424,150	\$421,222	\$5,722	1.36%
Cold Spring	2,641	\$334,253	\$340,197	\$337,225	\$4,482	1.33%
Millbrook	4,741	\$472,664	\$493,894	\$483,279	\$6,118	1.27%
Beacon	27,294	\$924,815	\$994,607	\$959,711	\$11,899	1.24%
Marlboro	12,688	\$61,842	\$1,743,896	\$902,869	\$8,628	0.96%
Garrison	7,021	\$539,312	\$619,863	\$579,588	\$5,281	0.91%
Mahopac	26,662	\$2,849,189	\$2,799,224	\$2,824,207	\$21,525	0.76%
Poughkeepsie	75,135	\$6,333,780	\$6,474,182	\$6,403,981	\$41,050	0.64%
<b>System Total</b>	<b>619523</b>	<b>\$28,749,975</b>	<b>\$30,806,331</b>	<b>\$29,778,153</b>	<b>\$489,831</b>	<b>1.64%</b>
<b>System Median (i.e., "middle" value in the list of percentage)</b>						<b>2.30%</b>

<sup>1</sup> Member Assessments includes General, Hold Delivery, Sierra: General, Sierra: Hosting, Sierra: Licenses, and Sierra: Capital Fees.