

# Library Budget Crisis Taskforce Report

Summer 2015

Florida State University



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## 1. Executive Summary

The University Libraries at Florida State University face an acute budget crisis. The Libraries have requested an increase of \$700K in their materials budget for the 2015-16 FY. The actual budget deficit is estimated to be **\$1.3M**, but could have been significantly higher if Library Leadership had not worked to realize cost savings in the general library operations expense budget to help support library technology and collections. At least \$700K in extra funds will be needed to avoid a substantial loss of scholarly information resources.

The materials budget pays for a range of items that are indispensable to research on campus, including journals, databases, and monographs. If the Libraries' request for a budget increase is not granted, it will have a budget deficit. University Libraries has \$7.1M available but needs \$8.4M to maintain database and journal subscriptions and book allocations at current levels (the Law, Medical, and Music Libraries have separate budgets). A \$1.3M deficit would force a **14.28%** reduction in research materials currently provided by the Libraries. This situation is caused primarily by two factors. One, the Libraries' requests for more funding have been denied for the past four years. Two, there is a systemic problem in the marketplace of academic publishing—major vendors of journals and databases, such as Elsevier, increase their prices far above the rate of inflation each year. This combination of factors is not sustainable. The ability of FSU to carry out its mission as a research university will be compromised if additional funding is not provided to the University Libraries.

To give faculty a voice in determining anticipated cuts, the Libraries asked the Faculty Senate Library Committee to create a Library Budget Crisis Taskforce. This body produced the following report, which has three main objectives:

1. To recommend cuts that will allow the Libraries to operate within its budget deficit
2. To explain the root causes of the Libraries' budget crisis
3. To recommend a series of policy actions that could improve the Libraries' budget situation

This report is designed for several audiences. It is for library officials, to provide advice on how budget cuts could be implemented. The report is also for other university leaders, including the President and the Board of Governors. Finding long-term solutions to the Libraries' budget crisis requires leadership at the highest levels of the university and Florida's higher education system. The report is also designed to give faculty, and the broader university community, an overview of the budget problems facing the Libraries and the factors that have produced this situation. If faculty members are discouraged by the cuts recommended by this taskforce, we encourage them to express to their chairs and deans their views about why the Libraries have not been given enough funding to sufficiently carry out their research mission.

The taskforce was guided by several principles in determining what should be cut. One was efficiency—to see which databases and journals packages have low usage relative to their cost. We also looked at allocations per subject area. The top three packages of journals and databases, provided by major vendors such as Elsevier, are expensive and include a vast range of items that extend to numerous subject areas. Other packages are much smaller, and obviously cheaper, and tend to have materials primarily of value to a specific discipline. Another major factor guiding our analysis was thus necessity—given the size of cuts the Libraries face, if we did not recommend that top journal/database packages be cut, then virtually all of the smaller packages would have to be eliminated. This would drastically affect some disciplines, while others would not be touched at all. Another of our core principles was equity—we tried to spread the austerity as equitably as possible, to avoid an overly excessive impact on a specific department or field. So we recommend in this report that two large, mainstream journal packages be cut—Springer, which is STEM-heavy, and Taylor & Francis, which is Social Sciences-heavy. The wide range of the materials included in these packages means that complete fairness in terms of how the cuts are distributed across fields is impossible.

This taskforce hopes that the cuts recommended in this report are never implemented. We wish the Libraries were determining how to expand their holdings, not reduce them. The difficult cuts itemized here will hopefully prompt university leaders to find long-term solutions to the Libraries' budget situation.

## **2. The Library's Budget Crisis and Faculty Support**

In Spring 2015, the Libraries requested an additional \$1,000,000 for its 2015-16 budget: \$700,000 for the materials budget (i.e., books, journals, databases, etc.) and \$300,000 for its technology budget. Additional information about this request and the library budget can be found in Appendix A, "The Library's 2015-16 Budget Situation." In Spring 2015, Julia Zimmerman, Dean of the Libraries, informed various groups on campus that if this budget request were not granted, then there would be no alternative but to make substantive cuts in the materials budget, which would significantly hinder the library's mission to support faculty research and student research and instruction. The Faculty Senate Library Committee, an administrative body that is the main conduit for communication between the faculty and the library, was also informed about this situation. This committee drafted and unanimously ratified the following resolution in support of the Libraries:

The Faculty Senate Library Committee recognizes that the Libraries currently face a serious budget crisis. This committee heartily endorses Dean Zimmerman's budget request of an increase of \$1,000,000. The consequences of not granting this budget request would be catastrophic to faculty research.

The Committee recognizes that funding for University Libraries has been flat for four years. FSU lags far behind our peer and aspiration schools with regard to Library spending. The proposed budgetary increase will not close this gap but rather will allow current operations to continue. The Committee strongly endorses substantive and regular increases to the Libraries' budget. At a minimum there should be annual adjustments for inflation (4-5% per year). Only with significant increases to the Libraries' budget can Florida State University actually become a top 25 university.

In Spring 2015, the Library Committee, as a Standing Committee of the Faculty Senate, brought this resolution to the floor of the Senate, which also gave it unanimous approval. This helped spread awareness of the budget situation facing the library. In addition, library liaisons who are directly assigned to departments fanned out to speak at end-of-year departmental meetings to make sure that faculty understood that the library was facing a budget crisis. Many faculty members understand that the Libraries face a budget crisis and support the funding request.

### **2.2 The Charge of the Library Budget Crisis Taskforce**

In Spring 2015 Dean Zimmerman also asked the Library Committee to form a taskforce that would be primarily charged with recommending how the anticipated cuts, were they to happen, would be carried out, since they would directly impact faculty. The taskforce was given the following charges:

- To develop a list of cuts to the Libraries' materials budget that the library administration would take into consideration, if it had to cut costs because of a budget deficit
- To develop a ranked series of cuts, so that various levels of budget austerity, from mild to severe, could be accommodated
- To provide the final results of the taskforce by the middle of August, since, if any cancellations were to be initiated, vendors would have to be informed by the end of that month

The taskforce was chaired by the Library Committee co-chairs, Matthew Goff (Religion) and Alysia Roehrig (Education), and its members were drawn from faculty representing colleges and disciplines throughout the campus. (See Appendix B.)

The non-binding recommendations in this report are the result of a joint effort by librarians and faculty members to determine how the Libraries' cuts could be implemented in a responsible and equitable manner, and to better understand the causes of the budget problem. Taskforce members understood that library leaders would take their recommendations seriously if cuts had to be made. Several of the recommended cuts would eliminate journal and database packages that are standard materials that faculty members at any research university would reasonably expect to be in their institution's library. Taskforce members would like the stark nature of the cuts to prompt university leaders to find long-term solutions for the Libraries' budget crisis.

We would much prefer to discuss expanding rather than cutting the Libraries' budget. Based on 2013 data (see Appendix A), annual per-student library expenditures at FSU are \$434.17. This is a fraction of the amount spent at peer or aspirational institutions. The annual per-student library expenditure at North Carolina State, for example, is \$937.38. This provides a sobering context for the library budget crisis at Florida State. FSU's current library funding allows it to provide a level of research support that substantially lags behind comparable institutions, not by choice but by necessity. Cutting the collections budget means that our comparatively low level of research support will be reduced, and FSU will fall even further behind its peer institutions. If FSU wants to attain a top-25 ranking, the library budget crisis needs to be addressed.

### **3.1 Recommendations (Policy)**

In addition to recommending ways to cut library expenditures to fit within its budget, the taskforce thought it was important to recommend several policy actions that could help to address the root causes of the Libraries' budget crisis:

1. Increased funding for the Libraries. Leadership at the presidential and BOG levels is required to ensure that the Libraries have sufficient funds to successfully carry out their mission of supporting faculty and student research and instruction. A one-time increase in current funding is not enough. We recommend an annual budget increase indexed to the rate of inflation of library materials. One option we encourage the Libraries and university administration to explore is a revision of the student technology fee, so that more funds from this fee could go to the Libraries and that these new resources could be applied to the materials budget.
2. Collective action to counteract exploitative vendors. The present budget crisis is primarily a combination of two factors—a lack of new funding for the Libraries in recent years and the rising cost of research materials. It is well-known that the major providers of journals and databases annually raise their prices far above the rate of inflation.<sup>1</sup> These vendors exploit the fact that the materials they provide are central for research, meaning that research universities are compelled to pay for them whatever the cost. While increased library funding is critical,

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<sup>1</sup> Vincent Larivière, Stefanie Haustein, Philippe Mongeon (2015). "The Oligopoly of Academic Publishers in the Digital Era." *PLoS ONE* 10(6): e0127502. doi:10.1371/journal.pone.0127502; George Monbiot, "Academic Publishers Make Murdoch Look Like A Socialist," *The Guardian* (Aug. 29, 2011).

this step does not address the broader structural problem in the academic publishing market. Predatory practices carried out by major vendors of academic materials are problematic for all research libraries, not just FSU. For this reason we call on FSU to embark on collective action with other libraries at other universities, at the regional and national levels, to create negotiating blocs that will provide leverage that will encourage vendors to stop their exploitative pricing practices. These actions require decisive action not simply from the Libraries but also from the President and Board of Governors. To this end we also encourage the continued progress of open access initiatives, which provide quality academic journals and databases with different access methods and funding models, with the hope that over the long term this will change the academic marketplace and force the for-profit vendors to change their pricing policies.

3. Support from the Office of Sponsored Research. Many university libraries receive annual support from their university's Office of Sponsored Research as part of grant overhead distribution. For example, the University of Florida library receives \$1.4M per annum. Faculty research encouraged by the Office of Sponsored Research depends on materials provided by the University Libraries. Currently the small increment of 0.33% of the indirect cost rate of 53% is attributable to the library. This funding has provided small travel grants to librarians. None of it, to the best of our knowledge, goes to the Libraries' materials budget. We encourage the Libraries and this office to explore the possibility of establishing a percentage of overhead for the materials budget. This will help connect ongoing research funding to library support. If the Libraries must make substantive cuts in research materials, it will be much harder for the Office of Sponsored Research to carry out its mission. The taskforce acknowledges that if the Libraries were to get funds from this office, this would prevent these funds from being applied elsewhere.
4. Consortium reform. The price of several large database packages available through the Libraries is determined by a price structure established by FSU's participation in a consortium composed of Florida's twelve public universities. The cost distribution is based on journal subscriptions purchased in the late 1990s, a time when FSU had a larger student enrollment relative to other Florida universities. However, in the past fifteen years, several Florida universities have grown significantly, added medical schools, and begun significant research programs. Florida Polytechnic (a public university) was created in 2013. Despite this change in student population, the cost distribution formula has remained the same. Thus FSU pays *twice as much* as comparable schools for access to the exact same journals. (See Appendix C for details.)

It is time to re-negotiate the cost-sharing of journals packages within the SUS consortium, which could significantly reduce FSU's costs. The Libraries have tried for several years on their own to encourage their consortium partners and the SUS Council of Academic Vice Presidents to address this issue, without success. Substantive consortium reform will require leadership from the President and the Board of Governors.

Funds to address this issue are part of a legislative budget request being proposed by the Board of Governors for the 2016 Legislative Session. FSU Governmental Relations Staff and FSU Administration are aware of the bill and should actively support it. If it fails, FSU should encourage the BOG leadership to address the problem by requiring that other universities pay their fair share; FSU should not have to subsidize the rest of the system.

5. Alternative means for acquiring research materials. We remind faculty, should major budget cuts go into effect, that research materials can be obtained via Interlibrary Loan, through U-Borrow and various open-access channels. Resources regarding open access are available through the Office of Scholarly Communications of University Libraries.

## 3.2 Recommendations (Budget)

### 3.2.1 Process of Decision-Making

The task force met in July and August 2015. We were informed that FSU would be getting \$22M for the 2015-16 FY, \$16M of which would be non-recurring. At the time of this writing, we do not know what funds the Libraries might get from this pool. One likely possibility is that the budget crisis will be addressed for the current fiscal year with non-recurring funds. While such funds are certainly welcome, this is a 'kick the can down the road' solution that does not substantively engage or solve the Libraries' budget situation.

At our first meeting, Associate Dean and University Librarian Roy Ziegler presented two major data sets to the committee: the library's materials budget and spreadsheets that provide extensive data regarding the journals and databases which the library provides. The bulk of our meetings consisted of review and discussion of these data.

The projected deficit will be **\$1.3M** if the Libraries' budget request of \$700K to the materials budget is denied and \$600,000 if it is granted. The Libraries' total materials budget is \$8.4M. The worst-case scenario is that this fiscal year the library must initiate a **14.28%** cut to its total material budget. If their budget request is granted, there would be a **5.9%** cut.

Of the \$8.4M materials budget, \$7.1M goes to continuations (items for which there is an annual charge, such as databases, e-journals, print journals). Continuations are estimated for the 2015-16 FY to have a 6% inflation rate. Continuations are also the sector of the budget in which excessive price increases are running rampant. The purchase of monographs (books) and similar materials are a much smaller portion of the overall materials budget.

The committee decided that the two most important criteria for evaluating the budget data are subject area and usage statistics. With regard to usage statistics, it must be kept in mind that the data that vendors provide measure different kinds of usage, such as article downloads and page views. The resulting usage statistics, from which the cost per usage is derived, are not the product of a single metric. The taskforce concluded that expenditures by subject area for FY2014-15 would provide the most equitable distribution of cuts, so as to avoid an excessive impact on any specific discipline. The data regarding spending by subject area can be found on page 3 of Appendix A, where it is in bar graph form. Following is a breakdown of the materials budget into subject areas:

<b>Subjects</b>	<b>% of 2014-15 expenditures</b>
STEM	52%
Social Sciences	14%
Arts and Humanities	11%
General	19%
Business	4%

STEM-related materials constitute approximately half of the library’s material budget, and all other disciplinary materials make up the other half. Combining that distribution with three budget scenarios of different levels of severity, we developed a prioritized list of cuts. This exercise produced the following cancellation targets by subject area:

<b>Subjects</b>	<b>% of 2014-15 expenditures</b>	<b>Scenario 1: \$1.3M deficit</b>	<b>Scenario 2: \$900,000 deficit</b>	<b>Scenario 3: \$600,000 deficit</b>
STEM	52%	\$724K	\$468K	\$308K
Social Sciences	14%	\$181K	\$126K	\$83K
Arts and Humanities	11%	\$142K	\$99K	\$65K
General	19%	\$245K	\$171K	\$113K
Business	4%	\$52K	\$36K	\$24K

This table provides the core metric the taskforce used in its analysis to identify cuts to databases, journals, and monographs.

3.2.2 Recommended Cuts to the Library's Materials Budget

## Library Materials Budget Crisis Task Force Recommended Budget Expenditure Reductions

	Scenario 1	Scenario 2	Scenario 3
<b>Humanities (11% of total budget)</b>			
Reductions in Bradley, New Faculty Grants and A&H book allocation	\$79,000	\$59,000	\$37,000
Cancel discipline specific Springer journals (4% of package)	\$25,000	\$18,000	\$13,000
Cancel discipline specific Taylor and Francis journals (9% of package)	<u>\$38,000</u>	<u>\$28,000</u>	<u>\$20,000</u>
	\$142,000	\$105,000	\$70,000
<b>STEM (51% of total budget)</b>			
Cancel discipline specific Springer journals (73% of package)	\$449,000	\$336,000	\$241,000
Cancel discipline specific Taylor and Francis journals (23% of package)	<u>\$155,000</u>	<u>\$115,000</u>	<u>\$81,000</u>
	\$654,000	\$451,000	\$322,000
<b>Social Sciences (14% of total budget)</b>			
Cancel discipline specific Springer journals (37% of package)	\$141,000	<b>\$106,000</b>	<b>\$76,000</b>
Cancel discipline specific Taylor and Francis journals (54% of package)	<u>\$227,000</u>	<u><b>\$167,000</b></u>	<u><b>\$119,000</b></u>
	\$368,000	<b>\$273,000</b>	<b>\$195,000</b>
<b>Business (4% of total budget)</b>	\$63,000	\$ 44,000	\$19,000
Cancel Ebsco's Business Source Complete \$44K			
Cancel Thomson One \$19K			
<b>General (19% of total budget)</b>			
Cancel Incites Global Comparisons	\$18,000	\$18,000	\$18,000
Total reduction of expenditures	<u>\$1,195,000</u>	<u>\$891,000</u>	<u>\$624,000</u>
Deficit reduction from Foundation Accounts	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>
<b>Total reduction of Library Materials Expenditures</b>	<u><b>\$1,145,000</b></u>	<u><b>\$841,000</b></u>	<u><b>\$574,000</b></u>

**NOTES:**

**Humanities**    **Scenario 1:** \$50K from Bradley Grants, \$27K from New Faculty

**Scenario 2:** \$50K from Bradley Grants, \$9K from New Faculty Grants,

**Scenario 3:** \$37K from Bradley Grants

**Humanities, STEM and Social Sciences**    Scenarios 2 and 3: retain high-usage Springer and Taylor & Francis journal titles and maintain \$50K per publication package for on-demand article delivery

**Business**                    **Scenario 1:** Both databases, **Scenario 2:** Business Source only, **Scenario 3:** Thomson One only

The following points help explain this table and the rationale behind it.

1. The taskforce opted to recommend the cancellation of two large packages: Springer and Taylor & Francis. We opted to look for large packages, which cover many journals and databases of numerous fields, since this would spread out the pain caused by these cuts across the board. Because of the size of the cuts involved, and the concentration of many journals and databases into the packages of a handful of vendors, if the committee did not target any of these large providers, virtually all of the smaller packages would have to be cut. Smaller packages of materials generally have more concentration within particular disciplines than the larger ones. Selecting a range (or most) of the smaller packages would unevenly distribute the pain caused by these cuts to particular fields and departments.
2. The above chart breaks down the cost of the Springer and Taylor & Francis packages per discipline. The total cost of Springer is \$665,771 but has been reduced \$50K to accommodate faculty requests for Springer articles, resulting in \$615K as the amount to be cancelled (see further #4 below). The journals included in this package break down into subject area in the following manner: 73% STEM, 23% Social Science, 4% Arts & Humanities. The total cost of Taylor & Francis is \$471,007 but has been reduced \$50K to accommodate faculty requests for Taylor & Francis articles, resulting in \$421K as the amount to be cancelled (see further #4 below). The journals included in this package break down into subject area in the following manner: 54% Social Science, 37% STEM, 9% Arts and Humanities. The two packages we have recommended when added together best fit our cancellation target of \$1.3M. They have higher cost per usage than other big packages. As explained above, we decided not to cut smaller packages. We acknowledge that the recommended cuts affect the Social Sciences more than we would have preferred. We would like to emphasize that the broad scope of the disciplines served by these packages prevent recommending more equitable cuts.
3. When major vendors of journals and databases bundle materials into large packages, much like cable channel providers, they force purchasers to buy the entire package, rather than let them subscribe only to some of the items that are part of that package. Scenario 1 recommends that Springer and Taylor & Francis be cut. Scenarios 2 and 3 allow for acquisition of selected high-usage journals that the library currently offers as part of these packages. The taskforce is aware that vendors typically charge much higher rates for individual journals that are not bought within package frameworks. This 'partial' (non-package) approach, while producing overall savings, is not an efficient use of funds. This report does not itemize specific journals that would be targeted for purchase, if the Springer and Taylor & Francis packages were to be discontinued. The above recommendations for Scenarios 2 and 3 are intended as budgetary guidelines that would help the Libraries determine how many journals could be selected for purchase, if it were necessary to do so.
4. Our budget analysis allows for \$100K in extra costs with regard to the cancellation of Springer and Taylor & Francis. These extra costs would be incurred by providing faculty with journal articles starting with January 2016 issues that would no longer be available at FSU if these large packages were to be cancelled. Other means such as Interlibrary Loan, U-Borrow and on-demand document delivery services would be utilized to provide faculty with requested articles. Providing articles via these means would entail a longer delivery time for faculty than if the Libraries' subscriptions to Springer and Taylor & Francis were to continue. Because the

recommended package cuts disproportionately affect the Social Sciences, this \$100K will help in particular faculty who work in this subject area.

5. The target reached in the above list is \$1.2M. In terms of providing recommendations for the library as to how to accommodate a \$1.3M budget deficit, the senior librarians on the taskforce informed us that our list of cuts would provide them with sufficient guidelines to help them solve a budget deficit.
6. As for the cuts in Business, ThomsonOne was selected because it will require an expensive upgrade which is not feasible in the current budget climate.
7. Incites Global Communications was selected for cancellation because it has a high cost per use and was determined to have a relatively low contribution to research. The Office of Institutional Research has requested that the Libraries subscribe to this item. If this item is to be continued the taskforce suggests that this office pay for it.

#### **4. The Future of the Taskforce**

Since the budget crisis facing the Libraries is caused by systemic problems in the marketplace of academic publishing, the underlying causes will continue beyond the current fiscal year. While the taskforce has met its basic charge, it is possible that in subsequent years the Libraries will also face budget deficits and may have to even further shrink their materials budget. The Libraries may ask the taskforce for advice on these issues as they arise.