

UC's Fragile Funding Coalition for Systemwide Licensed Content

The Council of University Librarians perspective

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UC's Fragile Funding Coalition: Background

How do the Libraries provide UC Scholars with access to publications?

Tailoring for unique local needs

Local licensing: tailoring local electronic resources to meet unique local needs



Sharing for a common baseline



Systemwide licensing: a common baseline of electronic access for all UC scholars



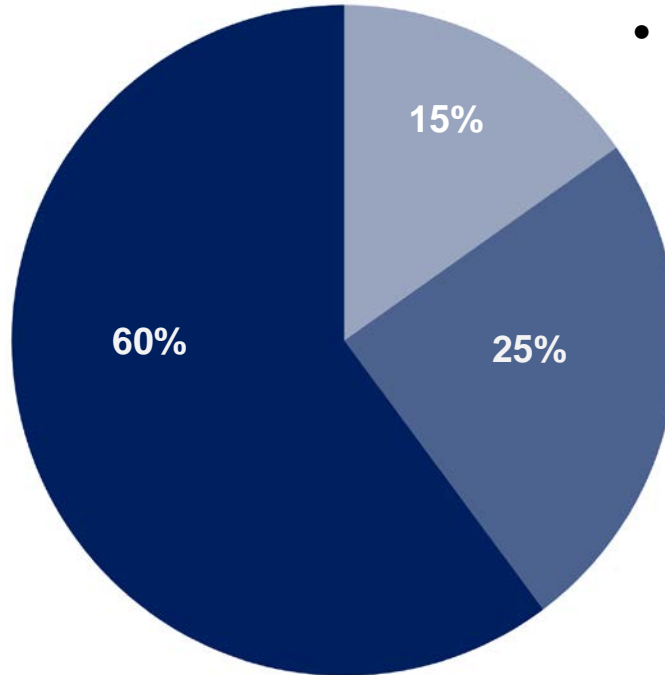
Bedrock of print: 39.5M print volumes (surpassed only by the Library of Congress)



How do the Libraries allocate funds by format type?

Systemwide licensed electronic content

- Allocations for systemwide content grow annually to meet baseline needs and to cover inflationary increases.



Local print content

- Though print purchasing has declined over the years, all ten campuses continue to purchase print (particularly print-only materials, where no digital surrogate exists).

Local licensed electronic content

- Allocations for local electronic content erode as the cost of systemwide licensed content increases.
- A subset of campuses may band together to license a resource.



What does electronic/licensed access cost?

	2017/18 budget for systemwide (tier 1) electronic content	2017/18 budget for local (tiers 2-3) electronic content	2017/18 budget for all (tiers 1-3) electronic content
UC Berkeley	\$ 6,651,500	\$ 3,894,700	
UC Davis	\$ 5,180,496	\$ 1,847,504	
UC Irvine	\$ 4,501,239	\$ 3,823,114	
UC LA	\$ 6,741,435	\$ 3,250,800	
UC Merced	\$ 980,000	\$ 425,000	
UC Riverside	\$ 2,850,000	\$ 543,600	
UC San Diego	\$ 5,217,552	\$ 2,061,248	
UC San Francisco	\$ 1,750,445	\$ 456,300	
UC Santa Barbara	\$ 3,498,732	\$ 2,238,481	
UC Santa Cruz	\$ 2,260,741	\$ 412,384	
Subtotal	\$ 39,632,140	\$ 18,953,131	
California Digital Library (CDL)	\$ 6,833,141	N/A	
Grand Total	\$ 46,465,281	\$ 18,953,131	\$ 65,418,412

More information about UC's tiered approach to licensed collections can be found [here](#).



What are UC's "big 5" systemwide licensing contracts?

Provider	2015 Cost	2016 Cost	2017 Cost	2017 Total Journals
Elsevier	\$9,670,478	\$9,909,202	\$10,182,214	1,960
Wiley-Blackwell	\$4,194,634	\$4,331,350	\$4,402,796	1,402
Springer Nature	\$3,977,207	\$4,141,846	\$4,399,841	1,382
Taylor & Francis	N/A	\$2,308,016	\$2,394,837	2,550
Sage	\$1,064,083	\$1,085,257	\$1,324,863*	843
Total	\$18,906,402	\$21,775,671	\$22,704,551	8,137

*For Sage, there was a 20% content increase in 2017.



What are the benefits of our systemwide licensing coalition?

- The libraries secure **\$100M+ in annual savings** through “the power of ten;” for every \$1 spent on systemwide resources, \$4.50 worth of content is made available to UC students, faculty, staff, and researchers.
- The libraries’ co-investment efforts and CDL’s centralized negotiation team **streamline the procurement process** and create significant efficiencies.
- A **robust baseline of electronic access** is ensured across the UC system, from UC Merced to UCLA.
- In 2016/2017, over **37 million** articles were downloaded from the **72,000** electronic journals made available through systemwide licensing.



What are the benefits of UC negotiating multi-year systemwide contracts?

- Multi-year systemwide contracts have **lower base costs** and **lower capped annual increases** (e.g. 3%), ensuring **higher cost avoidance** over time.
- All ten UC campuses enjoy **greater access to scholarly content** in systemwide contracts.

Example: The **Taylor & Francis** systemwide contract was cancelled in 2012 and replaced with local contracts until a systemwide, multi-year contract was re-licensed for 2016.

Taylor & Francis contracts	Total cost	No. of titles available on a campus	Range in no. of titles available on a campus
<u>Systemwide</u> contract: 2012	\$1,933,211	1,051	N/A (1,051)
10 <u>local</u> contracts: 2013	\$1,036,803	135 (<i>avg.</i>)	13 - 399
9 <u>local</u> contracts: 2014	\$1,295,613	121 (<i>avg.</i>)	3 - 449
10 <u>local</u> contracts: 2015	\$1,657,202	150 (<i>avg.</i>)	3 - 453
<u>Systemwide</u> contract: 2016	\$2,308,016	2,550	N/A (2,550)
<u>Systemwide</u> contract: 2017	\$2,394,837	2,550	N/A (2,550)



How have we historically allocated costs for systemwide licensed content?

Historically, UC employed multiple cost allocation models using a range of criteria, including:

- Historical print subscription expenditures.
 - This fails to reflect how journal portfolios and campus needs have changed over time.
- Total library collections budgets.
 - This rewards campuses where collections are under-funded.
 - In the current fiscal climate, no campus can afford to subsidize the rest of the system.

Managing multiple models created an inefficient and time-consuming process, and made cost allocations **unfair, unpredictable, and opaque.**



How do we allocate costs for systemwide licensed content now?

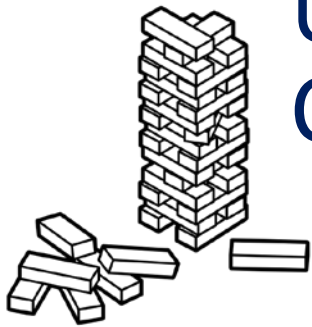
- ✓ The new FTE cost share model is **predictable, transparent, and equitable**.
- ✓ To be phased in for 2018/19, the model is based on a 3-year student and faculty FTE average.
- ✓ FTE **correlates closely to other important factors**, such as usage, and is **much easier to obtain and analyze**.
- ✓ The model was **endorsed by all** ten campuses and CDL.

Implementation will cause allocation shares for UCI, UCLA, UCR, and UCSC to increase significantly.

Cost share model based on FTE

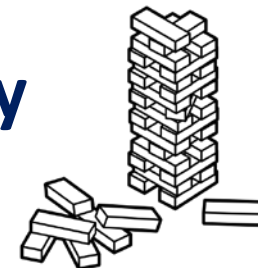
UC Berkeley	15%
UC Davis	14%
UC Irvine	12%
UC LA	17%
UC Merced	2%
UC Riverside	8%
UC San Diego	13%
UC San Francisco	3%
UC Santa Barbara	9%
UC Santa Cruz	7%

Note: CDL pays for a portion of each systemwide contract off the top, lowering the cost allocated to each campus.

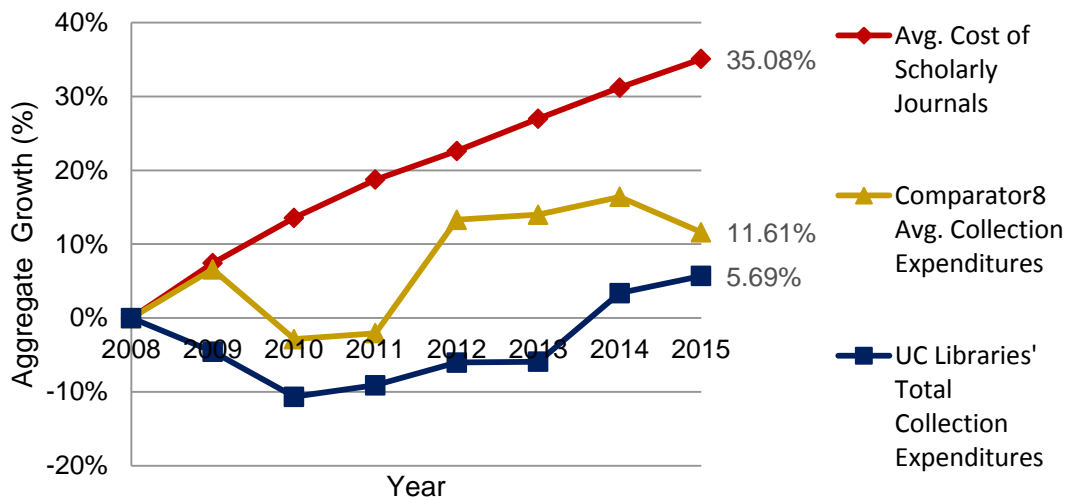


UC's Fragile Funding Coalition: Challenges

What are the historical trajectories for library budgets and journal costs?



Journal Cost and ARL Budget Growth
between FY07/08 and FY14/15



From 2008 to 2015...*

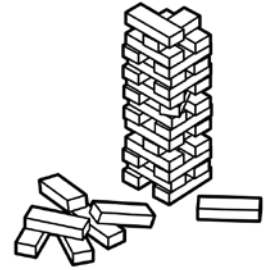
- Scholarly journal costs increased by 35%.**
- The UC total collection budget increased by only 5.69%.
- Comparator 8 average collection expenditures increased by 11.61%.

* Association of Research Libraries (ARL) data used; UCM, UCSC, UCSF, and CDL are not ARL members and are not represented in the data.

** According to *Library and Book Trade Almanac*.

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Apart from inflation, what other pressures impact library collection budgets?



An ever increasing amount of information is being published each year.

→ To retain its standing among preeminent research universities, UC scholars need access to more and more scholarly content.

UC campuses continue to launch new degree programs.

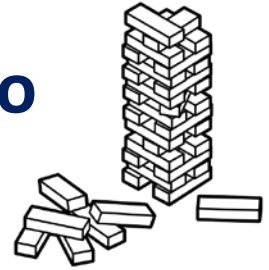
→ This requires new content and services to support the additional teaching and learning needs.

Faculty and student FTE continues to increase.

→ This results in higher usage of licensed content, which publishers use to increase licensing costs.

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How have the UC campus libraries adapted to these budgetary pressures to date?



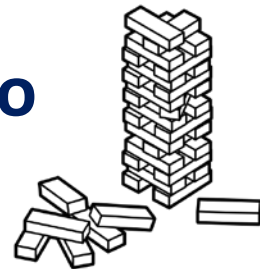
Local priorities are sacrificed to ensure support for the systemwide baseline collection.

- Across this year and next, **UC Berkeley** will reduce its local collections budget by 7.4%. With inflation, local purchasing power will be reduced by 15.6%.
- Since 2008, **UC Santa Cruz**'s local collections budget has been reduced by 76%, of which 22% was redirected to the systemwide baseline collection. UCSC's wish list for new resources to meet local teaching and learning needs now totals 55 items.

UCB and UCSC libraries have and are working with faculty to minimize the resulting harm from loss of access. Significant professional staff time has been diverted to this effort.

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How have the UC campus libraries adapted to these budgetary pressures to date?

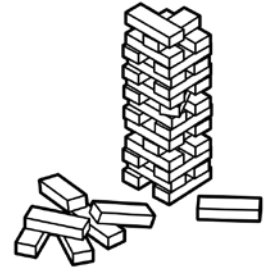


Reserves and salary savings are already used to cover cost increases.

- Historically, **UC Santa Barbara** used salary savings to cover cost increases for licensed collections. When the new library building opened in 2016, library operating costs increased by 91%. As the library's base budget did not increase, all UCSB library salary savings are now applied to the library's operating expenses.

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How has CDL adapted to these budgetary pressures to date?



FY18/19 CDL collections shortfall due to inflationary increases: \$700,000

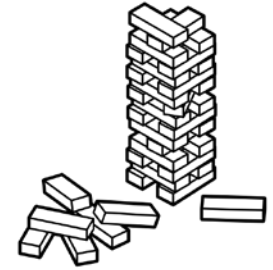
Another flat budget will exhaust CDL's options for triaging this shortfall:

- We can reallocate one-time content funds to cover systemwide licenses one last time.*
- New OP rules effectively preclude the use of salary savings.
- CDL can't carry forward reserves.

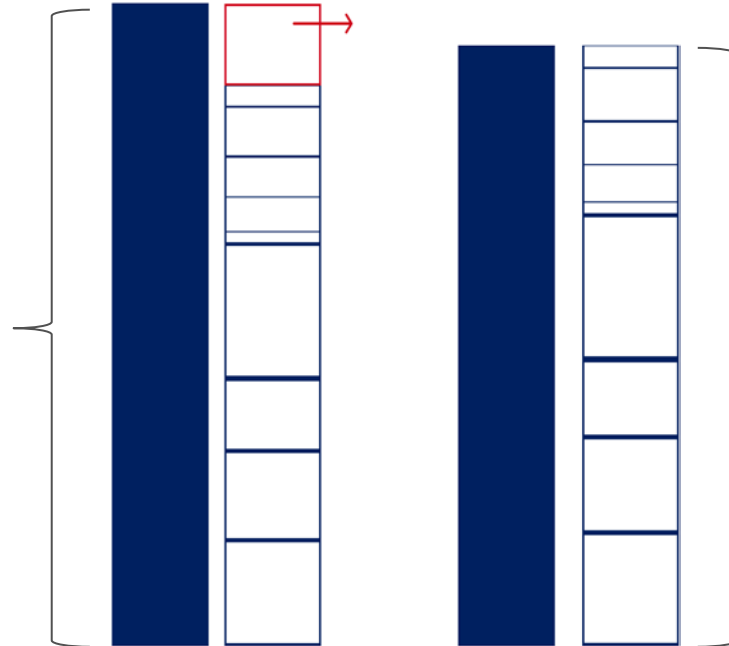
*This means trading one kind of access for another kind of access. One-time content represents outright purchases of significant journal backfiles or datasets.

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What is the impact on the system when one campus leaves a systemwide contract?



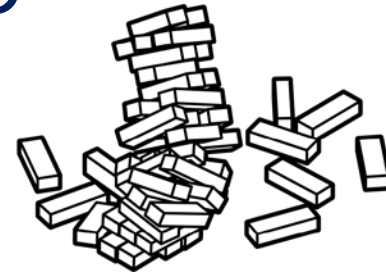
Together the UC Libraries can negotiate a lower contract cost, in addition to better terms of use and lower capped annual increases.



When a campus leaves a systemwide contract, the total cost is lower, but the per campus cost typically increases.

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UC's Fragile Funding Coalition: Forecasts for FY18/19



Why does a local campus decision impact the systemwide bill for each campus?

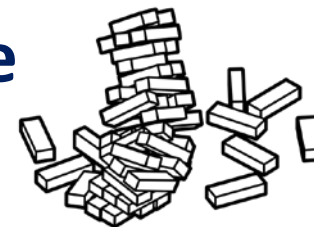


When a campus needs to invest less (or wants to invest more)...

- ALL campuses need to invest less (or more) to keep each campus spend proportional and fair according to the FTE model.
- The maximum total systemwide spending power is determined by the financially weakest campus.

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How do local campus decisions impact the systemwide spending power?

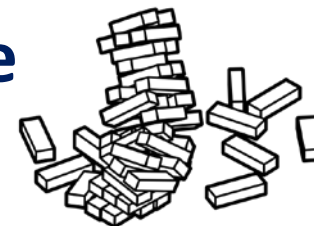


Scenario: a big campus \$100K budget cut (*based on FY17/18 data*)

	Systemwide Budget Before	Shortfall	FTE Model	Adjustments based on shortfall	Systemwide Budget After
UC Berkeley	\$ 6,651,500		15%	\$ 89,414	\$ 6,562,086
UC Davis	\$ 5,180,496		14%	\$ 82,131	\$ 5,098,365
UC Irvine	\$ 4,501,239		12%	\$ 73,014	\$ 4,428,225
UC LA	\$ 6,741,435	\$ 100,000	17%		\$ 6,641,435
UC Merced	\$ 980,000		2%	\$ 14,942	\$ 965,058
UC Riverside	\$ 2,850,000		8%	\$ 47,019	\$ 2,802,981
UC San Diego	\$ 5,217,552		13%	\$ 79,454	\$ 5,138,098
UC San Francisco	\$ 1,750,445		3%	\$ 20,516	\$ 1,729,929
UC Santa Barbara	\$ 3,498,732		9%	\$ 52,096	\$ 3,446,636
UC Santa Cruz	\$ 2,260,741		7%	\$ 39,439	\$ 2,221,302
Total	\$ 39,632,140			\$ 598,025	\$ 39,034,115

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How do local campus decisions impact the systemwide spending power?

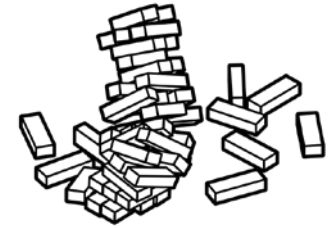


Scenario: a small campus \$100K budget cut (based on FY17/18 data)

	Systemwide Budget Before	Shortfall	FTE Model	Adjustments based on shortfall	Systemwide Budget After
UC Berkeley	\$ 6,651,500		15%	\$ 226,713	\$ 6,424,787
UC Davis	\$ 5,180,496		14%	\$ 208,246	\$ 4,972,250
UC Irvine	\$ 4,501,239		12%	\$ 185,129	\$ 4,316,110
UC LA	\$ 6,741,435		17%	\$ 253,554	\$ 6,487,881
UC Merced	\$ 980,000		2%	\$ 37,886	\$ 942,114
UC Riverside	\$ 2,850,000		8%	\$ 119,218	\$ 2,730,782
UC San Diego	\$ 5,217,552		13%	\$ 201,458	\$ 5,016,094
UC San Francisco	\$ 1,750,445		3%	\$ 52,019	\$ 1,698,426
UC Santa Barbara	\$ 3,498,732		9%	\$ 132,091	\$ 3,366,641
UC Santa Cruz	\$ 2,260,741	\$ 100,000	7%		\$ 2,160,741
Total	\$ 39,632,140			\$ 1,516,314	\$ 38,115,826

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What is the current FY18/19 forecast for campus funding of systemwide licensing?



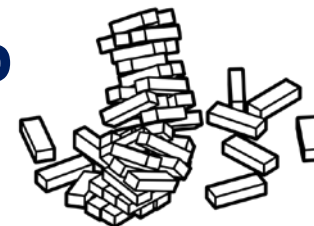
The libraries have historically protected their systemwide licensing budgets; now **we are running out of options.**

Only three campuses and CDL estimate that they'll be able to redirect sufficient funds to cover their projected 18/19 bill for systemwide licensed content.

	Forecasted budget (2018/2019)	Projected bill (2018/2019)	Delta, forecasted budget and bill (\$)
UC Berkeley	\$ 6,103,412	\$ 6,103,412	\$0
UC Davis	\$ 5,335,911	\$ 5,606,236	(\$270,325)
UC Irvine	\$ 4,892,652	\$ 4,983,910	(\$91,258)
UC LA	\$ 6,741,435	\$ 6,825,995	(\$84,560)
UC Merced	\$ 980,000	\$ 1,019,944	(\$39,944)
UC Riverside	\$ 2,764,624	\$ 3,209,502	(\$444,878)
UC San Diego	\$ 5,423,504	\$ 5,423,504	\$0
UC San Francisco	\$ 1,400,413	\$ 1,400,413	\$0
UC Santa Barbara	\$ 3,530,000	\$ 3,556,061	(\$26,061)
UC Santa Cruz	\$ 2,547,412	\$ 2,692,127	(\$144,715)
Subtotal \$	39,719,363	\$ 40,821,104	
California Digital Library	\$ 6,894,180	\$ 6,894,180	\$0
Grand Total \$	46,613,543	\$ 47,715,284	

See slides 14, 15, and 25 for more on local resource cuts.

What is the potential magnitude of loss to systemwide access in FY18/19?

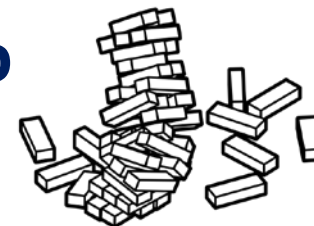


	2018/2019 forecasted bill	Shortfall	FTE Model	Adjustments based on shortfall	New budget
UC Berkeley	\$ 6,103,412		15%	\$ 846,011	\$ 5,257,401
UC Davis	\$ 5,606,236		14%	\$ 777,096	\$ 4,829,139
UC Irvine	\$ 4,983,910		12%	\$ 690,834	\$ 4,293,076
UC LA	\$ 6,825,995		17%	\$ 946,171	\$ 5,879,824
UC Merced	\$ 1,019,944		2%	\$ 141,377	\$ 878,567
UC Riverside	\$ 3,209,502	\$ 444,878	8%		\$ 2,764,624
UC San Diego	\$ 5,423,504		13%	\$ 751,767	\$ 4,671,737
UC San Francisco	\$ 1,400,413		3%	\$ 194,115	\$ 1,206,298
UC Santa Barbara	\$ 3,556,061		9%	\$ 492,916	\$ 3,063,145
UC Santa Cruz	\$ 2,692,127		7%	\$ 373,163	\$ 2,318,964
Total	\$ 40,821,104			\$ 5,658,330	\$ 35,162,774

The largest individual campus shortfall (\$445K) will bring about a **\$5.7M loss in systemwide purchasing power**.

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What is the potential magnitude of loss to local access in FY18/19?

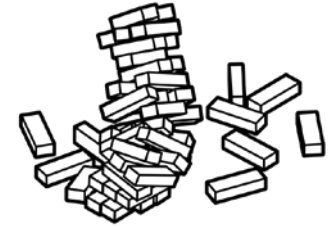


	2017/18 budget for local (tiers 2-3) electronic content	2018/19 budget for local (tiers 2-3) electronic content	Delta, this year to next (%)	Delta, this year to next (\$)
UC Berkeley	\$ 3,894,700	\$ 3,594,700	-7.70%	\$ (300,000)
UC Davis	\$ 1,847,504	\$ 1,939,879	5.00%	\$ 92,375
UC Irvine	\$ 3,823,114	\$ 3,470,929	-9.21%	\$ (352,185)
UC LA	\$ 3,250,800	\$ 3,500,950	7.70%	\$ 250,150
UC Merced	\$ 425,000	\$ 425,000	0%	-
UC Riverside	\$ 543,600	\$ 478,976	-11.89%	\$ (64,624)
UC San Diego	\$ 2,061,248	\$ 2,164,310	5.00%	\$ 103,062
UC San Francisco	\$ 456,300	\$ 474,600	4.01%	\$ 18,300
UC Santa Barbara	\$ 2,238,481	\$ 1,984,158	-11.36%	\$ (254,323)
UC Santa Cruz	\$ 412,384	\$ 274,615	-33.41%	\$ (137,769)
Total	\$ 18,953,131	\$ 18,308,117	-3.40%	\$ (645,014)

Budgets for locally licensed content are already being reduced, in part, to protect systemwide contracts.

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What is the impact on campuses when systemwide contracts are cut?



- Campuses that need to maintain access will re-license resources at a higher cost and with higher annual increases.
- Local negotiations to re-license resources will place an additional strain on campus staff.
- Systemwide parity in access to scholarly resources core to UC's teaching, learning and research mission is lost.
- Faculty might turn to illegal file sharing to regain lost access, which would be a liability risk for the institution.

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Will CoUL's \$10M Collections Ask to the President save the day?



The Collections Ask consists of:

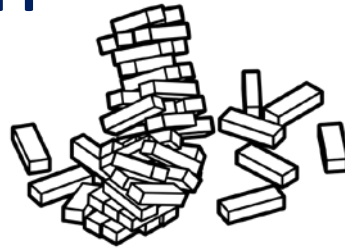
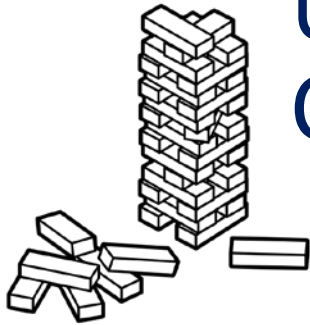
- \$6.5 million for licensed content (our focus today): to assist with inflation, provide higher subsidies to campuses in need, and cover new systemwide collection investments that restore UC's academic competitiveness.
- \$3.5 million for other collections issues (not a topic today): including open access transformation, research data management, and collections digitization

If successful, OP's \$6.5M investment could lower campus costs and make more resources available.

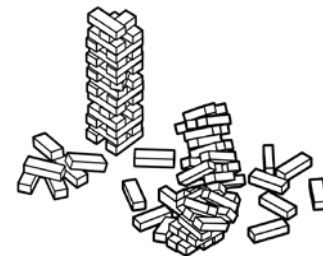
OP's investment assumes continued campus investment; if the forecasted shortfall becomes reality, \$6.5M will barely maintain the status quo for one more year.

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UC's Fragile Funding Coalition: Conclusion



What challenges do we face as a system?



The universe of licensed content expands every year.
The demand for licensed content increases every year.
The cost of licensed content inflates every year.



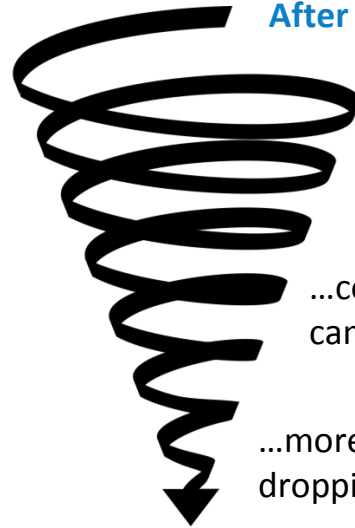
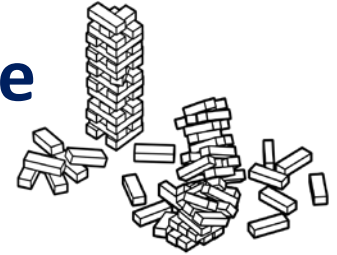
We continue to rely on 11 budget processes to reach a +3% outcome just to maintain status quo.



We have maximized systemwide efficiencies.
We are cutting local resources to protect systemwide resources.
We are exhausting salary savings and reserves.

Jenga images created by Lluisa Iborra from the Noun Project

What's the problem with putting systemwide purchasing at risk?



After a local campus budget cut...

...the campus drops out of a systemwide deal

...costs go up for the remaining campuses

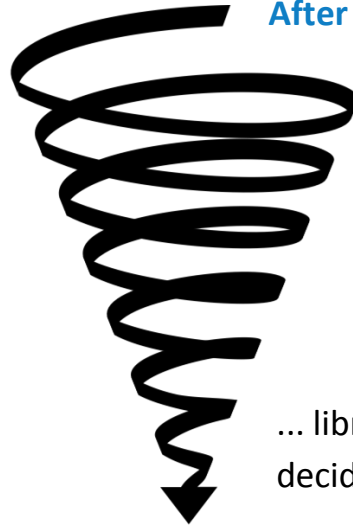
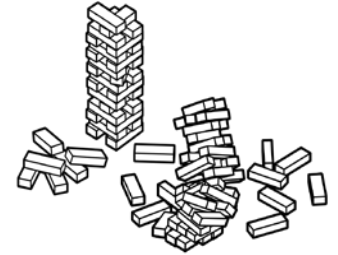
...more campuses contemplate dropping out.

We've eroded our baseline.

We spend just a little less. We get a lot less.

Spiral created by Davo Sime and Jenga images created by Lluisa Iborra, both from the Noun Project

What's the problem with putting local purchasing at risk?



After a local campus budget cut...

...the campus decides to remain in a systemwide agreement for a core resource

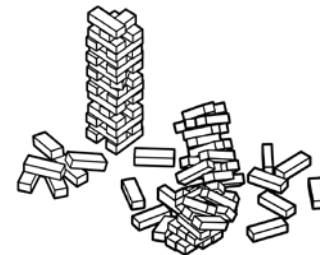
...the campus needs to now cut a local licensed resource

... library and faculty time is spent on deciding what to cut.

Specialized campus programs lack access to the scholarly resources needed to excel.

Spiral created by Davo Sime and Jenga images created by Lluisa Iborra, both from the Noun Project

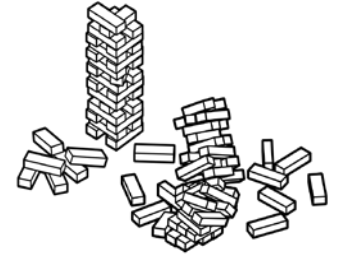
Why does it matter?



Our present prediction is that the UC Libraries will have to make a significant cut to collections.

- Faculty will lose access to content from one of our large contracts, like Elsevier.
- Many faculty won't have access to key journals in their field.
- Faculty's productivity will be impacted.
- Fewer publications means lower rankings.

What does CoUL want CoVC to consider?



- Short term:
 - Support CDL's collections ask.
 - Support local library collection budgets.
 - Support inflationary increases for library collection budgets tied to the Higher Education Price Index ([HEPI](#)).
- Long term:
 - Acknowledge the interdependence in systemwide collections licensing.
 - Provide a mechanism for an annual collective conversation to discuss the state of our UC collection budgets, new programs, and new faculty / student FTE.

Jenga images created by Lluisa Iborra from the Noun Project



Thank you

