



DA Meeting - February 2015 - Supplemental Document 4

Summary Report on MHLS Service Fees – Revision Highlighted in Yellow

Based on the MHLS 2013 Annual Survey, the MHLS Board of Trustees identified as a 2014 priority the review of service fees paid to MHLS by MHLS member libraries.

A. Service Fees - MHLS Member Libraries pay service fees to MHLS for: (1) ILP/Cataloging/Delivery Services via the Member Assessment Fees, and (2) Databases/eBook-eAudio/Catalog Enhancements via eResources Fees. These service fees are annually approved by the Directors Association.

1. 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 determined 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 Fees¹ by Year:

2012	2013	2014
\$445,678	\$533,985	\$532,397

d. Funding Sources & Actual Costs - Sierra (ILS), Cataloging, and Delivery Services (2013)

- 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+

¹ 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.



2. e-Resources Fees

a. e-Resources² fees paid by members libraries

2012	2013	2014
\$81,863	\$60,813	\$60,911

b. Member library fees for e-Resources are pass though payments to vendors. MHLS uses NONE of these fees for MHLS operations.

c. Cost & Funding Sources for eResources - 2013 Estimates

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%)

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

YEAR	2012	2013	2014	Amount of Change 2012-2014
ASSESSMENT	\$445,678	\$533,985	\$532,397	+\$86,719
E-RESOURCES	\$81,863	\$60,813	\$60,911	-\$20,952
TOTAL	\$527,541	\$594,798	593,308	+\$65,767

B. MHLS Funding Cut = \$198,517 (-11%) for a time period in which the Rate of Inflation increased 11.24%³

YEAR	State Aid Operating Funds	% Decrease/Increase
2008	\$1,735,832	
2009	\$1,535,881	-12%
2010	\$1,476,230	-4%
2011	\$1,383,072	-6%
2012	\$1,450,422	+5%
2013	\$1,521,566	+5%
2014	\$1,537,315	+1%
2008-2014	-\$198,517	-11%

² eResources are Databases, eBook/eAudio, and Catalog Enhancements annual approved by the Directors Association for funding by member fees and Central Library Aid.

³ Rate of Inflation has increased 11.24% for the period of January 2008 to December 2014. <http://inflationdata.com/>