



**STAFF REPORT
INFORMATION ONLY**

10.

Collections Budget: Breakdown and Prioritization

Date:	October 16, 2012
To:	Budget Committee
From:	City Librarian

SUMMARY

The purpose of this report is to provide the Budget Committee with a comprehensive breakdown of the collections budget, including the way in which collections are prioritized for purchasing and the justification for the inflationary increase submitted as part of the 2013 operating budget.

FINANCIAL IMPACT

The 2012 collections budget is \$17.457 million and a 1.7% inflationary increase of \$0.299 million is included in the 2013 operating budget submission, which brings the collections budget to \$17.756 million.

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

At its September 12, 2012 meeting, the Budget Committee approved the motion:

That staff report back to the October meeting on the following:

- b) a comprehensive breakdown of the Collections budget, including how collections are prioritized for purchasing and the justification for the proposed increase.*

ISSUE BACKGROUND

TPL's success in circulating over 33 million items in 2011 is directly linked to the availability of current collections that serve a variety of interests and audiences. This represents a 2.9% increase over 2010 or 11.9 items borrowed per capita.

TPL's total collection size is 11 million items, and contains 3.5 million titles.

The 2012 collections budget is \$17.457 million. According to the Canadian Urban Libraries Council (CULC), TPL's collections per capita expenditure of \$6.08 ranks 6th out of 9 library systems serving a population over 500,000, behind cities such as Calgary (\$7.28), Edmonton (\$7.38), and Vancouver (\$7.93).

After significant reductions in the 1990's, the collections budget has recovered to pre-reduction levels when adjusted for inflation and exchange rates (see attachment 1).

However, a number of factors have placed additional pressures on the collections budget in recent years:

- the necessity of purchasing materials in new and emerging languages and formats, and in particular, the growth of electronic formats such as e-books has developed while demand for traditional formats remains strong. New languages are requested with Malayalam, Tamil, Urdu, Somali, Tibetan added in recent years;
- when new formats emerge, additional funding is required for a number of years to build the breadth and depth of the new collections;
- some customer groups are slower to adopt new formats of material so the older formats have to be maintained;
- the currency of collections is important so new materials covering a broad cross-section of audiences and interests are required;
- wait times for holds are monitored carefully with additional copies purchased so customers receive holds within reasonable timeframes.

In an effort to stretch the collections budget further, efficiency measures have been put in place to maximize purchasing power and customer access:

- print reference resources such as encyclopaedias, dictionaries, and periodicals are eliminated when electronic versions become available: (e.g. the print version of *Scott's Business Directories Online* was eliminated at 28 of 30 locations in 2011);
- volume and consortium purchases have resulted in greater discounts;
- a strong Canadian dollar provides greater buying power for U.S. based materials; at times, a strong dollar has put deflationary pressures on materials originating in Canada;
- for U.S. vendors, TPL requires invoices in U.S. dollars to minimize conversion charges;
- approximately \$200K annually in Foundation and grant funding provides the ability to build up particular parts of collections, as directed by donors or grants;
- *Best Bets* collections with no holds and a one-week loan were introduced for popular English and Chinese books;
- new DVDs were made holds exempt for six months;
- the loan period for magazines was reduced from three weeks to one week;
- locations of multilingual collections were revised based on census data and use;
- circulation, delivery and holds processes were analyzed to ensure customers have access to materials more quickly (e.g. analysis revealed approximately 14% of customers place their holds after 9 p.m. so IT adjusted the time for the overnight holds report so these holds are captured in the following day's holds list);

- use of virtual/electronic resources has helped respond to increased demand and multiplicity of formats by providing access to:
 - electronic sources of information that are available 24/7;
 - increasingly rich digitized content;
 - multilingual content available electronically (e.g. e-books in other languages);
 - micro-sites that aggregate resources to help customers locate traditional and electronic material (e.g. Job Help site);
 - functionality that allows customers to independently place holds, renew, search for information and check personal accounts;
 - downloadable e-content.

COMMENTS

Collections Budget Breakdown:

An annual collection development plan is created in consultation with librarians with selection responsibility and based on analysis of circulation statistics, publishing industry trends, and customer feedback.

The plan represents a hybrid approach to collection building that balances the needs of system level collections with the needs of local communities. Funds are allocated to the Research and Reference branches and to centralized funds for system collections such as bestsellers, multilingual and electronic materials, as well as for costs such as shipping and HST. System level purchases are available throughout the branch network.

To ensure the collections needs of local communities are met, funds are distributed to the Library's 17 district and 79 neighbourhood branches across the city using an allocation formula. The use of a formula ensures collections are developed equitably and funds are apportioned fairly and effectively across the city. The formula is based on objective criteria and reliable, quantifiable data:

- population served
- circulation
- holds placed
- registered borrowers
- visits
- branch size
- incidence of low income.

Within the Research and Reference division, costs for periodicals and databases are first taken off the top of the allocated envelope. Remaining funds are then allocated first between North York Central Library and the Toronto Reference Library using criteria that include: circulation; in-library use of material; reference requests, collection size and number of visits. Between subject departments, the allocation is based on factors that include: use of the subject collection and demand for the subject area; size of the collection; average cost of subject material; volume of publishing in the field; and the support available in other formats such as periodicals and databases.

There are different ways to break down the collections budget. A comprehensive breakdown of the collections budget is provided in Attachment 2: Table 1 provides details of the budget breakdown at the system and location (Research and Reference branches, District and Neighbourhood branches and City-wide Services) level; Table 2 provides the breakdown by Tier; Table 3 breaks down the budget by format.

Prioritizing Collections for Purchasing:

The Board-approved Materials Selection Policy provides the policy framework for the development of the Library's collections, including the selection of new materials. The policy has been in place since June 26, 2000. At its June 25, 2012 meeting, the Library Board approved revisions to the policy which reinforce the role of libraries in guaranteeing and facilitating intellectual freedom, and provide more detail about the formats of material public libraries make available, including books, periodicals, films, recordings, other materials, and the provision of access to electronic sources of information, including access to the Internet.

In accordance with the policy, the responsibility for selection of materials is vested to the City Librarian who delegates this professional activity to qualified and knowledgeable staff. The policy provides both guidance for staff when selecting material and provides the public with information about the principles upon which selection decisions are made.

Collections are developed based on three foundational principles reflected in the Materials Selection Policy and guide the way in which funds are allocated to purchase new materials each year:

- Diversity – Collections are built to reflect the diversity of interests, ages, languages, backgrounds and reading abilities of the people of Toronto;
- Responsiveness – The Library is committed to ensuring that collections are balanced and developed through responsive, open and informed processes;
- Intellectual Freedom – The Library supports intellectual freedom by building collections that make available the widest variety of materials.

Based on these principles, the Library selects for all audiences and age groups; it collects in multiple formats such as books, e-books, large print books, mass market paperbacks, CDs, videos, audio books, magazines, newspapers, mixed media sets; and it actively budgets for new materials in about 40 different languages in each year. The principles and practices guiding selection of new materials at TPL are consistent with library systems around the world, where collections reflect a diverse range of interests, reading levels, languages and formats for the residents they serve.

The Materials Selection Policy also provides the criteria for selecting materials for the Library's collections, including such considerations as the reputation and skill of the originator of the work, attention of critics, reviewers and the public, demand for the material, clarity and accuracy of the presentation and the purchase price.

Selection is done by committees, individual selectors, and through profiles. The selection of all materials in the system is centrally coordinated according to an annual collection

development plan. A collection development calendar and selection targets provide guidance to selectors and a monitoring mechanism for ensuring budgets are expended throughout the year.

Selection of new materials in different categories is made concurrently throughout the year. Using the example of adult books, the selection process is described below. It may vary slightly for each category, but the decision-making process is the same.

New adult books are primarily selected by the adult materials selection committee, which consists of public service librarians. Selection is done online from publisher carts. There are three publishing seasons for adult books – Spring, Fall and Winter. Each season the committee follows the same schedule, selecting anticipated bestsellers first, then working its way sequentially from major to small trade publishers, with an emphasis on Canadian titles. Most books are selected pre-publication, which guarantees that the Library receives the number of copies required and makes titles available for holds as soon as possible.

Selectors consider anticipated customer demand for each title based on the author's reputation and popularity, subject importance, reviews and media attention. Customer requests and feedback are other important sources that are considered when making selection decisions about titles and subject areas.

Librarians from the Research and Reference branches select material through the committee and also use their subject expertise to select third-tier service level materials for their libraries from more specialized publishers. The Research and Reference Libraries are mandated to provide extensive and in-depth collections in a range of formats to meet the research, informational and recreational needs off all types of users across the City.

At TRL, a large portion of the budget is allocated to the purchase of annual publications for current information and periodicals where emerging cultural, literary, intellectual, social, economic and political ideas first appear. TRL's purchase priorities also include additions to its special collections and a breadth and depth of print monographs that build an historical treatment of world knowledge that is available to users in perpetuity.

As well as developing a strong reference collection to serve the north part of the City, North York Central selects material to provide circulating adult, youth and children's material in all formats to achieve its mandate to provide district branch level material to its immediate community. It also builds collections to meet the system-wide demand for circulating copies of more expensive and unique material for which there is a steady demand across the city, but for which multiple copies may not be necessary.

Inflationary Increase in 2013:

The economic adjustment was retained for the 2012 collections budget for the first time since 2007 as illustrated in the chart on Attachment 1; it was eliminated for four

consecutive years (2008-2011 inclusive) as part of the budget process to reduce operating budget pressures.

The inflation estimate for the 2013 collections budget takes into account a number of factors and is likely lower than required. It was reduced to a more conservative percentage in consideration of the 2013 budget guidelines and based on past experience where any inflationary increases create budget pressures. Factors considered include:

- the price inflation experience in 2012 for new English language books is 1.5%;
- with the growing popularity of e-books, TPL is spending more on this format. At a time when some publishers will not sell e-books to public libraries at all, others are charging much higher prices. The most notable example is the Random House 300% price increase for e-books that came into effect March 1, 2012. Inflationary increases for e-books of this magnitude were not forecast in 2011;
- *Library Journal*, a professional journal that is consulted internationally, conducts an annual survey of periodical prices, and reports that costs continue to trend up in 2012 at approximately 6% and will continue in 2013 for both print and online periodicals. Major periodical vendors such as Ebsco confirm this upward trend;
- the strong Canadian dollar has mitigated some of the steeper inflationary increases, particularly those associated with electronic products and periodicals at a rate of approximately 1.4%.

Based on all these factors, the inflationary increase for the 2013 collections budget was estimated at 1.7% or \$0.299 million.

Reductions to the Collections Budget:

When there is a reduction to the collections budget, there are three overriding principles that provide a framework for allocating this reduction:

- minimize the impact on the public as much as possible;
- distribute the reductions so that adult, teen, children's, and multilingual collections are not particularly disadvantaged;
- maintain an equitable distribution of materials across the branch network.

The first step is to identify any collections with declining use. The next step is to identify ways to reduce numbers of copies purchased as opposed to titles. Loss of titles reduces the scope and currency of collections. This could involve purchasing fewer copies of bestsellers for holds and/or deferring purchase of replacement copies to a future year.

However, it is important to note that the size of a budget reduction may necessitate a reduction in titles purchased. In terms of the Toronto Reference Library, a reduction to its budget would invariably result in fewer titles purchased because much of these selections are for single copy titles.

The Growth of E-Content:

In response to circulation trends and demand, TPL is purchasing more e-content than ever before. Circulation was up 103% in 2011 and up another 104% so far this year. It is estimated that e-content circulation will represent approximately 3% of overall

circulation in 2012. This upward trend is international in scope with public libraries throughout the world experiencing dramatic increases in use.

However, despite increased use and demand, public libraries face challenges both in terms of being able to purchase content from publishers as well as in terms of making that content readily discoverable through its websites. Many publishers are wary of selling e-content to public libraries due to concerns about future sales revenue, and finding content on library websites is complicated by processes imposed by the digital rights management (DRM) protocols designed to protect content from being illegally copied and shared.

The greatest challenges in purchasing e-content lie with the six large multinational publishers. Simon & Schuster, Macmillan, Penguin, will not sell to libraries and Hachette makes only its backlist available. Harper Collins caps circulation at 26 uses for each purchase, and Random House imposed a 300% price increase effective March 1, 2012.

The purchase of e-content has become an increasingly important component of TPL's collection development plan, and TPL will continue to work with other libraries in Canada and internationally to improve public library access to e-content from all publishers.

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SIGNATURE

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ATTACHMENTS

Attachment 1: Library Collection Budget History 1993-2012

Attachment 2: 2012 Collection Development Plan Budget Breakdown