

**MALC**  
**(Montana Academic Library Collaborative)**  
**Task Force Feasibility Study**

6.30.15

**Executive Summary**

The MALC Task Force recommends that the consortium of Montana's academic libraries most immediately focus on leveraging their collective buying power through the shared acquisition of e-resources. However, it should be the understanding that the consortium will work toward eventually establishing a formal, official, 501(c)(3) organization. In order to create a successful and enduring formal consortium, it is recommended that the support of the majority of Montana's higher education administrators be secured. The timeline for this may exceed two or three years. At present, the collaborative structure may be legally organized via a memorandum of understanding (MoU). It is recommended that the MoU designate the MSU and/or the UM as the fiscal agent(s) until such time as the consortium can assume this role. The governing structure recommended is a Governing Council (one member with one vote), a Consortial Director (to direct day-to-day operations), 5 Standing Committees, and Task Forces as needed. The membership structure would include a full and affiliate level. The fee for full membership would be .5 % of Collection Budget per yr. or \$1,000 annually (whichever is more). The affiliate fee would be \$500 annually. It is recommended that an administrative fee of 2 to 4% of an institution's cost for a resource be charged to cover the cost of a consortial director. Various funding possibilities to assist institutions with costs are being researched and pursued. The core services to be offered (and integrated over time) are: Cooperative Purchasing of E-resources, Reciprocity of Materials, E-Resource Management, and Professional Development Opportunities (with consideration given to Information Literacy and Digital Preservation). It is strongly recommended that institutional participation in the new ILS/ library services platform be voluntary for consortial members. The sharing of e-resources should begin by or before January, 2016. Meanwhile, a process of advocacy should continue to garner administrative support in order to secure the potential financial and authoritative backing to establish a formal, non-profit, incorporated consortium.

**I. Introduction**

The Montana Academic Library Collaborative Task Force was charged on 2.4.2015 with producing a feasibility study to determine the requirements to successfully create a statewide consortium of academic libraries. This study takes into account the economic, legal, structural, technological, scheduling and other factors that are essential to the process.

- Recommendations are based upon results from the MALC consortial survey (see Appendix A), research (see Appendix B), advice of current academic library consortial leaders, professional consortial organizations, and MALC Task Force discussions.
- The charge to determine the best path for building a consortium was complicated by the great variety of consortial structures and a lack of broad, comprehensive data on consortial

organizations. Information garnered was collated from different resources and surveys with limited sampling.

- Although the variety of consortial structures are great, most academic libraries are members of at least one, and many belong to multiple.
- Consortial membership, legal, and financial structures are all interrelated. It is nearly impossible to discuss one without touching on the others.

## II. Fiscal Models

Research indicates that most academic library consortia are primarily supported by membership fees or a combination of membership fees and public taxes or state support. However, there is no comprehensive data breaking down exactly how and from where academic library consortia are receiving financial support. Again, there are a variety of situations.

### A. Options for Funding Possibilities

- From existing operating budgets over which each library director has discretion.
- Via support from a larger institution in which a library is housed – e.g. a university.
- From legislative appropriation.
- Some combination of the above.
- Some combination of the above with the assistance of external funding from a source or sources to-be-determined. (Potential external funding sources have been researched. Please see Appendix C.)

In addition, although too early to confirm, there may be several other possible avenues of financial assistance:

- Support for tribal colleges via the Montana INBRE Program (IDeA Network of Biomedical Research Excellence) from the National Institute of General Medical Sciences (NIGMS) division of the National Institutes of Health (NIH).
- A proposed request by MSU and UM for a total of \$1 million from the MUS appropriation of \$15 million in state funds to leverage university-based research into strategic advancements for state's economy. The money is to assist with anticipated one-time implementation fees for a new library services platform to include every Montana academic library.

### B. Fiscal Agency

Fiscal agency can be an important factor in achieving the greatest savings for electronic resource services in a consortium.

The survey project, U.S. Academic Library Consortia: A Review (Guzzy, 2010, *Community & Junior College Libraries*, pp. 162-183), summarizes the common fiscal agent structure.

*“In general, colleges and universities pay for electronic resources procured through a consortium either by paying the vendor directly; or by paying the consortium, which then issues one payment to the vendor for all of its participating members. In the second instance, the consortium is using itself or a partner to act as a fiduciary or fiscal agent for its membership. **There is a common assumption amongst libraries***

***that those consortia who utilize fiscal agents get the best pricing and steepest discounts for its membership.”***

According to this survey (although limited to a sampling of 15 consortia), “two-thirds of the academic consortia interviewed use a university or state agency as a fiscal agent” (Guzzy, pg. 176). However, this may be best as a temporary arrangement because a difficult economy or rotating administrators can threaten stability. Fiscal agency usually includes billing and invoicing but vendor negotiations can take more time and is increasingly valuable for members.

### **III. Legal Structure**

There is great variance in the formality of consortial structures. Consortia usually go through an evolution of stages – starting informally and moving into an increasingly formal or official organization, specifically a 501(c)(3). Although there is no comprehensive data on how many academic library consortia are 501(c)(3)s, research indicated that a significant portion of consortia were either in the process of moving to a 501(c)(3) structure or were already established as one.

An analysis of 11 small to medium-sized consortia of primarily academic libraries in five countries (Wade, 1999, The very model of a modern library consortium, *Library Consortium Management: An International Journal*, pp. 5 – 18) found that many consortia had only a limited range of services which may be appropriate for an informal arrangement. The activities included: reciprocal borrowing, interlibrary loan agreements, negotiating database licenses and seminars. The researcher did not feel that a formal legal structure was required because the services “represent arm’s length cooperation in that each library operates independently and there is no handing over control of service delivery that would otherwise be the responsibility of the individual member library.” (pg. 9)

However, joint services such as: electronic database systems (as opposed to simply negotiating licenses), union catalogues, shared library systems, shared interlibrary loan systems, digital facilities and physical cooperative storage facilities can require a consortium to provide services to end-users on behalf of their members. These services directly influence the clients of the member libraries and are beyond the members’ direct control. In this case, library consortia become more formal when they want to own assets in common or need to take on contractual obligations. Assets may be hardware, software licenses, a union database or a building. The Wade report states:

“It is at this point that a consortium usually initiates the process of becoming a legal entity for as much as anything else, the needs of perpetual succession and the need for accountability. The models of library consortia to date only provide for one option once assets are owned and joint provision of services is required: legal incorporation.” (Wade, pg. 14)

The analysis also noted that staff of consortia considered to be legal entities often are not under the same terms and conditions as university staff. Consequently, the organization has more staffing flexibility which serves to reduce costs.

#### **Issues when a consortium is not incorporated:**

1. Liability is unclear.
2. Too easy for members to quit when difficulty arises.

3. Decision making and agreements difficult to obtain when multiple parties and multiple institutional departments have to sign off on everything.
4. Can be unreasonable/unfair expectations because institutions are not running the same services or systems.
5. Ambiguity of infrastructure ownership.
6. Issues due to Volunteer Staffing:
  - Staff have other jobs
  - Staff may be too associated with one institution
  - Places limits on accountability
  - No true cost accounting
  - Staff may not be as professional  
(a.k.a. they feel like they are doing other institutions “a favor”)
- vs.
- Dedicated Consortium Staff
  - + High accountability
  - + Availability to focus expertise and time
  - + Clear staff roles and responsibilities
7. Limited funding/grant sources, as foundations, etc. frequently require recipients to have a 501(c)(3) status.
8. Staff have significant restrictions regarding lobbying.
9. Harder to establish succession due to changing institutional personnel.
10. Weak management.
  - i.e. The more formally established the organization the more responsibilities can be vested in the director.
11. Vendors less likely to view/treat the group as a consortia.
12. Consortia members less likely to feel like equals when the group is supported/hosted by one institution.

Due to the above, it is the recommendation of this task force that a consortium of Montana’s academic libraries work toward eventually establishing a formal, official, 501(c)(3) organization. The timeline for this may exceed two or three years.

- Most immediately, however, it is recommended that the consortium initially focus on leveraging their collective buying power through the shared acquisition of e-resources. The collaborative structure may be legally organized via a memorandum of understanding (MoU). This document can establish partnerships and clearly define services, responsibilities, benefits, as well as possible future consortial objectives. (See MoU examples in Appendix D.)
- It is recommended that in order to create a successful and enduring formal consortium, it will be necessary to secure the support of the majority of Montana’s higher education administrators. Ultimately, their backing is required to obtain legal and financial approval from state government officials i.e. Office of Commissioner of Higher Education (OCHE), Board of Regents (BOR), Montana Legislature, and the Governor.

- The MoU, ideally, will serve as a legal structure until a 501(c)(3) consortium may ultimately be established.
- It is recommended that the MoU designate the MSU and/or the UM as the fiscal agent(s) until such time as the consortium can assume this role.
- Bylaws to be determined by the General Council or its designee with assistance, if needed, from Pamela Benjamin.
- Guidelines to be included in the MoU:
  - A service statement regarding what is needed.
  - A definition of the process and mechanics to fulfill those needs.
  - Description of the quantities of work to be handled.
  - Statement regarding the group’s intent to establish of a formal, 501(c)(3) organization.
  - Info regarding the duration of the agreement.
  - Concretely defined deliverables and methods.
  - Institutional and contact names for all parties.
  - Schedule and timeframe for completion.
  - Quality assurance measures.
  - Costs and resources.
  - Provisions for member withdrawal.
  - Specifications flexible enough to allow for changes and unforeseen roadblocks.

#### **IV. Governing Structure**

Governing structures, again, vary widely according to the consortium’s needs. However, there are some commonalities which have guided the task force’s recommendations. The largest consortia often have a smaller, designated group empowered to make executive decisions and guide the organization. Consortia with a manageable number of members can more reasonably have a governing body made up of representatives from every member institution.

Standing committees, or some variation thereof, are the foundation of consortia and a major factor in the stability of ongoing operations. In addition to the committees and the senior governing body, there is usually some kind of consortial staff.

According to *U.S. Academic Library Consortia: A Review*:

“Most consortia have at least one part-time staff member; these employees tend to focus on day-to-day operations while coordinating their efforts closely with member representatives. The majority of governance is relegated to consortia members, who volunteer extensive time and talent to assist in consortia administration.” (Guzzy, pg. 169)

**The task force proposes the below governing structure:**

### **General Council (GC)**

- One member for each participating institution, one vote each
- Members will be Library Directors, Deans, or a Director designee
  - MoU should include verbage which states that Director Designees are granted the power by their respective institutions to make decisions
- Terms are indefinite (no limit/cap)
  - Chair and Secretary to be determined by GC
  - Positions to be rotated according to institution
  - Terms are 2 years
- Ex officio members to include:
  - Representative appointed by the MT State Librarian
  - Consortial Director
  - Chairs of Standing Committees
  - Student and faculty representative from the institution of the current Chair of the GC

### **Consortial Director**

- Coordinator day-to-day operations of the consortia  
Duties may include: vendor negotiations, billing, meeting coordination, communication with members and committees, statistics, identifying and securing funding, marketing, etc.
- Takes directives from the GC
- Ex officio member of the GC

### **Standing Committees (SC)**

- Created and disbanded by the GC as needed
- Reports to the GC
- GC puts out a general call to their respective institutions for a volunteer to serve on designated SC
- No limits/caps on terms
- Determination of Chair, etc. is self-governed by Committee
- Chairs are ex officio members of the GC
- Recommended Committees for initial consortium:
  - E-Resources  
Charge – to make recommendations regarding the acquisition and sharing of e-resources amongst consortial members
  - Professional Development  
Charge – to make recommendations regarding content and speakers for webinars, workshops, and tutorials

- Cataloging  
Charge – to make recommendations regarding cataloging and joint-cataloging issues and regulations
- Advocacy/Outreach  
Charge – to make recommendations regarding marketing and external consortial relationships
- IT/Library Services Platform  
It is assumed by this Task Force that general IT assistance and Library Services Platform implementation support will be the purview of the URM Group and the GC

**Task Forces**

- Created on an adhoc basis by the SC
- Reports to the SC
- Governance self-determined

**V. Membership Structure**

There are no constants when looking at consortial membership structures. Consortia often have multiple membership levels. Those that do not have this option may have been developed through statewide initiatives with state funding or grants. Per the results from the MALC survey and from the task force’s research, it is recommended that the consortium offer multiple membership levels to provide participants with the most flexibility.

- Full Membership
  - Representation on the GC with 1 vote
  - Ability to present issues to the GC and propose agenda items
  - Ability to participate in all consortial opportunities
  - Discounted administrative fees on consortial services or products
- Affiliate Membership
  - Member of the GC without voting privileges
  - Ability to serve on the Standing Committees and Task Forces
  - Ability to participate in all consortial services
  - No discounted administrative fees on consortial services or products

**Fee Structure**

As previously stated, most consortia are supported by membership fees. How these fees are determined and whether they are flat or on a sliding scale varies widely. The factors commonly used include: library budget, reciprocal borrowing loans, number of students, and size of collection.

The task force considered different fee options and recommends the below:

- **Base Fee**
    - Full Member =**                    **.5 % of Collection Budget per yr.**
    - or**
    - \$1,000 per yr.**
  - Affiliate Member =**            **\$500 per yr.**
- } **Whichever is more**
- **Administrative Fee**  
**for shared resources =**            **2 to 4% of an Institution’s Cost for a Resource**

The task force suggests that the membership fees and administrative fees would be sufficient to collectively cover e-resource acquisitions for the consortium and the cost of a consortial director. Research indicates that for academic library consortia that do not apply administrative charges, annual membership or consortia fees often serve to cover overall administrative costs.

## VI. Core Services

Research indicates that beginning consortia frequently focus on just a few products or services initially and grow additional services over time. In order to provide consortium members with the most value this often means there is a set of core and subsidiary services.

According to the survey, the most support was expressed for four consortial services. Therefore, the task force recommends the consortium’s core services to be:

- Cooperative Purchasing of e-resources, including databases, e-books, e-journals, etc. on behalf of a group of libraries so the price to each library would be reduced.
  - \* Note – The choice to participate in a purchase would be optional for each institution.
- Reciprocity of Materials between member institutions i.e. the mutual ability for faculty, students, and patrons to borrow materials from any of the consortia’s academic library members.
  - \* Note – A “local use only” policy would be an available option for each institution.

Also –

- E-Resource Management
- Professional Development Opportunities  
i.e. the consortium would coordinate opportunities for webinars, speakers, workshops, etc.

In addition, there are two other areas which have been of great interest to the Montana academic library community recently:

- Information Literacy  
A statewide alliance including multiple academic libraries has been formed.

- Digital Preservation

A working group including multiple academic libraries has been formed.

It would seem most appropriate and efficient to include these two groups in the consortium's core collection of services (in the form of Standing Committees) either now or at some point in the future.

As less support was expressed in the survey for the below services, they may be considered subsidiary and developed at a later time –

- Cooperative Collection Development
- Cataloging or Joint Cataloging
- Digitization of Library Holdings
- Library Print Repository

#### **Regarding a preferred ILS/Library Services Platform –**

Due to an error in the survey wording, the information regarding this item was discarded.

According to the 15 consortia surveyed in *U.S. Academic Library Consortia: A Review*, less than a third (just four) had an integrated library system component or option. Of those four, three required participation in the shared system (or a system compatible with the OCLC Navigator and the holdings in the shared catalog) in order to be considered a full member.

From research and feedback received by the task force, it is strongly recommended that participation for consortium members in an ILS/ library services platform – yet-to-be-determined for the Montana University System - be a voluntary option. However, institutions which do not choose to participate in the ILS/Library services platform will need to rely on their own institutional IT staff and vendors for support with products purchased via the consortium.

In addition, this study would be deficient if it did not note that research strongly indicates library collaborations are most successful when there is a common backend or shared technological backbone. Moreover, it is understood that a common library services platform provides technology better adapted to share e-resources.

#### **VII. Suggested Timeline:**

(See Appendix E for Timeline Graphic).

	START	CONCLUDE BY
<b>MALC Feasibility Study</b>	2/4/2015	6/30/2015
<b>Initiate MALC Consortium</b>	7/20/2015	7/31/2015
<b>Create Consortial MOU</b>	7/20/2015	7/31/2015
<b>Activate General Council &amp; Standing Committees</b>	7/20/2015	7/31/2015
<b>Garner Support from Campus Administration and Leaders</b>	7/20/2015	ongoing
<b>MSU a/o UM Serves as Fiscal Agent</b>	7/31/2015	tbd
<b>Continue to Research 501c3</b>	8/1/2015	—
<b>Begin Sharing E-Resources</b>	1/1/2016	—
<b>BOR Selects Priorities</b>	5/1/2016	—
<b>Start Consortial Fees</b>	7/1/2016	—
<b>Governor's Budget Released</b>	11/15/2016	—
<b>New Legislature</b>	1/1/2017	—

### VIII. Conclusion

This study has tried to address the major questions involved in the creation of a consortium of academic libraries in Montana. It may not be viewed as definitive, but rather as suggested guidelines.

- Further research may be conducted by the General Council (with the assistance of Pamela Benjamin and/or designees) regarding various funding sources, appropriate bylaws, 501(c)(3) status attainment, and the role of the OCHE and the BOR in the creation of a consortium.
- Looking toward the future, a point of concern for Montana’s academic libraries may be the challenge of the concurrent costs of a new library services platform and fees for a consortium.
- General items recommended for examination by the General Council (or their designee):
  - Institutional Leadership  
How will each library gain buy-in from their institution’s president and chancellor? Going beyond simple support, institutional leadership must agree that a library consortium is a priority equal to or above other needs proposed to the Legislature or the Board of Regents.
  - Funding Support  
If there is no change in status in the restricted nature of library budgets and the lack of significant governmental funding, what other sources of financial support and/or grants should be secured?

- Clarification of Consortial Goals  
Due to confusion over the separate, but related endeavors of the acquisition of a new library services platform and the initiation of a consortium, how can the purpose of the collaborative be more clearly communicated?
- Strong Partnerships  
In order to create the trust and respect essential for a successful and enduring consortium, additional time is required. This seems especially true due to the historical lack of strong, working partnerships between many of Montana's academic institutions. Is there a way to build and improve institutional relationships?
- Specific items recommended for examination by the General Council:
  - The name of the consortium.
  - The consortial bylaws and goals.
  - Formula(s) to be used to determine price sharing.
  - IT Support for the consortium. Pending fiscal support, can a consortial IT position be created? Due to a potential decrease in time devoted to hardware and software issues for MSU and UM, could that time be transferred to consortial IT issues? Is there a possible distributed system of IT support which could be shared by the MUS institutions?
  - The collection and comparison of e-resource acquisition figures for Montana's academic libraries before and after collective purchasing is implemented.
  - The success metrics to be used to measure consortial services.

A consortium is, in fact, a continuation of the ideals behind the unification process begun by the Board of Regents in 1994. The below was observed by Jeffrey D. Baker, MT Commissioner of Higher Education, in 1995:

*"If information technology is important, investment in equipment and people should be at the top of the list, not given whatever is left after everything else is budgeted incrementally... Access to education rather than a particular unit of the Montana University System is the objective....Overcoming access constraints such as time, distance, and location will enhance workforce development, streamline the education process, and minimize barriers to opportunity. Education is no longer site-specific, and planning needs to consider these evolving changes"*

*What Lies Ahead?* (Baker, 1995, Educational Resources Information Center [ERIC] document, pg. 8, ED 402879).

A consortium is not only in line with Montana's historical objectives for higher education, but also with the nation's goals for the future i.e. a national digital platform. The country is moving towards state and

regional service hubs that help libraries, museums, and archives with digital content and services. Montana needs to be prepared in order to be included.

**Appendices:**

- A. MALC Consortium Survey Results
- B. Research Resources (books, articles, organizations, etc.)
- C. Potential External Funding Sources
- D. MOU/Collaboration Agreement Examples
- E. Suggested Consortial Timeline
- F. ACL (Association for Collaborative Leadership) Consortial Checklist
- G. MT Academic Library FTE, Volume, Current ILS List
- H. “Environmental Conditions that Foster Collaboration” extract from the article -  
*If You Build It, Will They Come? Building the Collaborative Infrastructure and the OhioLINK CollaboraTeS Toolbox*. Maurer, Margaret Beecher; Gedeon, Julie A.; and Strauss, Barbara (2012). Paper 143. <http://digitalcommons.kent.edu/libpubs/143>.

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