

CDL Content Budget – Overview and Status

SLASIAC Meeting 2.6.2012

Narrative to accompany powerpoint presentation
([content_budget_presentation_slasiac.pdf](#))

1. Title slide
2. Outline
3. As noted on this slide, there are three main purposes to the CDL's content acquisition program.
 - a. Facilitating the digital transition has been a core mission since CDL's founding, with a focus on systemwide access to level the playing field for all campuses
4. There are 2 main components to the CDL content budget
 - a. *Ongoing commitments* that CDL takes on need to be funded in a stable way; this is a problem in an era of declining budgets. This includes the SCAP fund (Shared Content and Access Program), a fixed line item in the Regents budget which doesn't receive inflationary increases from year to year and was cut significantly a few years ago.
 - b. *Discretionary 'one-time purchase' funds* allow CDL to apply leverage in negotiations to procure superior discounts and maximize systemwide access. Some of this funding is earmarked for new resources that become ongoing commitments, but new ongoing commitments are carefully managed so that the bulk of this funding can be flexibly deployed from year to year for maximum strategic advantage. Three typical ways that these funds are deployed are outlined on the slide
5. This slide depicts additional detail about the strategic deployment of CDL funds.
 - a. Equitable access – CDL works with the campuses to develop cost-sharing arrangements that differ from straight vendor pricing, to make participation possible for all campuses. A key principle is that no campus will ever have to pay more for a CDL license than they would have to pay to a vendor individually. Sometimes this means that CDL has to contribute to a new resource to 'smooth out' the distribution of costs and make it attractive for all campuses.
6. Examples of how CDL's strategic use of funds benefits the campuses:
 - a. Discounts on large journal package purchases are a primary benefit of CDL funds. By aggregating purchases across the campuses, campuses can access each others' subscriptions, greatly expanding the total pool of journals available at all campuses while minimizing the number of copies that have to be purchased. Campuses pay what they paid for their print subscriptions (or less), and CDL pays systemwide access surcharges of about 10%.
 - b. Significant cost control has been obtained over time for many of our journal licenses when accompanied by large ancillary purchases such as journal backfiles or other products.
 - i. 0% annual increases with Wiley, Springer, Sage, Taylor & Francis, and numerous others, have been obtained over multiple years (e.g. 0% for 6 years

in a row with Springer). If not 0%, then increases are still lower than most other institutions (3% range)

- ii. CDL was able to negotiate a 5-year contract with Elsevier (2009-2013) with stepped annual increases at 0%, 1%, 2%, 3.5%, 3.5%. Since this is our most expensive journal contract (equaling roughly \$10 million today), every percentage point of cost control produces significant cost avoidance.
 - iii. Our analysis suggests that CDL contracts produced \$5M in annual cost avoidances for the campuses in 2011 journal contracts worth \$19.6M (these are the large licenses that we track, not the figure for total journal expenditures). One thing we haven't done is to try to graph the cost-avoidance benefit over time, but we're considering doing that as the cumulative effect is significant.
- c. Discounts on other products – many of the big-ticket products would be out of reach of the smaller campuses without CDL's ability to aggregate volume purchases at a high discount. Typical purchases include products from providers such as Gale, ProQuest, Readex, Alexander Street Press, Lexis-Nexis, and the like (and many others).

7. Size and Scope of CDL vs. Campus Online Resource Expenditures

- a. The expenditures that we discuss in this section are limited to shared electronic resources that are accessible systemwide – the figures don't take into account digital resources that campuses acquire locally, whether journals or other types of databases. So the total figure for electronic content across the campuses is higher than what is illustrated here. CDL doesn't have the ability to track or report on these expenditures.

8. Who pays for systemwide e-resources? -- In 2011, the CDL content budget contributed 16% to all systemwide resource expenditures. This percentage has been on a downward trend and will decline further to 14% in 2012, as you'll see in a later slide when we discuss the effects of the economic downturn.

9. Breakdown by category -- Nearly 70% of all systemwide resource expenditures are for journals. This percentage has been increasing at a fairly rapid rate – it was a little over 60% in 2007. This is partly due to inflation, partly to the growth in journal publication, and also partly due to the conversion of more print journals to online counterparts (e.g. new licenses with Taylor & Francis and other providers). We don't have a good way to tease apart the effects of these different factors.

10. The proportion of expenditures funded by CDL vs. the campuses varies significantly by type of resource.

- a. Only 11% of total journal expenditures come from CDL's budget – the bulk of journal costs are in the original subscription fees borne by the campuses, while CDL generally pays only the access surcharges that are typically charged for shared systemwide access (typically in the range of 10%).
- b. CDL purchases the lion's share of one-time products for the system. (As noted above, campuses also purchase these types of products locally as local capacity allows; those expenditures aren't accounted for here.)

- c. The CDL contribution for other types of databases is higher than for journals because of the ‘smoothing’ effect – i.e. CDL contributions that make a systemwide deal ‘work.’

11. How has CDL’s content budget fared during the downturn?

12. Answer: Not very well. Content funds are the primary discretionary line in the CDL’s overall budget and have therefore absorbed a disproportionate fraction of the budget cuts in recent years. The other major component of CDL’s budget that has absorbed cuts is the technology infrastructure. However, we are always working on taking advantage of cost reductions and economies of scale and can plan for reductions there. Due to the volatility of the budget process in the last few years, often we don’t know the extent of our cuts until the last minute, making it difficult to plan for orderly transitions. The content funds are the only part of the budget that can be reduced quickly—and also restored quickly.

13. This is dramatically evident on this slide, which shows a 76% decline in the discretionary / one-time budget from 2006 – 2012. On the plus side, we’ve been able to exercise good cost control in our ongoing commitments, managing to live within increases that average 1.6% per year. Some of this is due to shifting certain costs to the campuses, however, as you’ll see on a later slide.

14. Most of the cost control however is a testimony to the coping strategies described in the next few slides.

15. In 2009 after the economic meltdown, we – that is, CDL on behalf of the UC Libraries – issued an open letter to content providers about the California budget crisis and our intention to work with all of our providers to achieve as much savings and cost control as possible with the least sacrifice of core content. Thanks to the incredibly hard work and dogged persistence of CDL licensing staff in Oakland and San Diego (which manages an acquisitions unit on behalf of CDL), this strategy has been very successful.

16. The Council of University Librarians established a reduction target of 15% for our systemwide agreements. We haven’t been able to reduce overall costs that much, but we have met that target in a host of important and expensive resources, negotiating outright reductions with several major providers.

- a. We’ve also worked very hard to procure 0% increases for products large and small – much of this is the unsung work of CDL’s acquisitions unit in San Diego.
- b. Campus bibliographers and collection officers engaged in several rounds of database cancellation reviews, one in 2008 and another in 2011. Nine products have been canceled as a result of these reviews. At this point there is little in the way of additional savings to be obtained through database cancellation without cutting into core resources. However, the campuses continue to monitor database use, which seems to be declining over time.
- c. In preparation for a large number of major journal contracts coming up for renewal in 2013, we’re launching a broad-based journal evaluation project this spring, to look at all 8,000 of our systemwide licensed journals and rank them according to the value they provide to UC. This project will involve all of the campuses and takes as its

starting point a multi-factored value algorithm that CDL has developed to rank journals within their subject disciplines according to objective criteria such as usage, impact, and cost-effectiveness. At the end of this project we'll have a better idea of which journal packages provide the greatest value to UC and where some renegotiation or trimming might be warranted. A memorandum to faculty is being developed to explain this project and provide for faculty input as well.

17. Despite our success in achieving real cost control, the current budget situation is having palpable negative impacts on the health of the libraries' shared collections as well as on access to information resources for students and faculty.
18. First, despite our success at cost control, the gap between the cost of resources and our funding capacity is widening. This chart focuses on journals where the gap is greatest, but it holds for all types of resources, and will probably worsen as vendors tire of holding prices steady and begin to demand increases.
19. In 2008 we had to shift a significant cost burden to the campuses to bring the SCAP fund back into balance. We've also had to cancel databases and about 7.5% of our journals, and we may have to cancel more journals or scale back access to fewer campuses in future.
20. A significant concern is the re-emergent gap between the have and have-not campuses. CDL licenses have been effective in leveling the playing field for more than a decade, but we're back-sliding as individual campuses find themselves having to pull out of specific deals. CDL could use some of its discretionary budget to fill the breach, but will that be perceived as a fair and equitable use of CDL funds by the campuses who manage to stay in these deals, or as free-rider-ism? A fundamental cost-sharing principle for CDL licenses is 'pay to play,' or as our policies more graciously put it, 'there is no systemwide access without coinvestment.'
 - a. On a related note, we're also reviewing our cost-sharing mechanisms, particularly in light of the availability of usage data that tell us which campuses are more or less intensive users of a given resource. Basing cost-sharing arrangements on usage has its challenges however; large campuses with high usage don't welcome the idea of being asked to pay more on that basis, particularly when their own budget capacity hasn't changed. We're actively studying our cost-sharing arrangements to determine if there is an opportunity to rebalance contributions across the campuses.
 - b. CDL is beginning to purchase fewer big-ticket resources, which may be causing UC to fall behind its peers. Here again the larger or more well-endowed campuses are often able to purchase these resources locally, increasing the gap among the campuses.
 - c. Typically even when large campuses purchase a resource before other campuses, CDL has been able to procure some level of benefit for the 'early-adopter' campuses when it makes a systemwide purchase – this too is becoming harder, leading to concerns about equitable use of CDL funds.
21. Forecasting 2012 – CDL's overall contribution to systemwide e-resources has declined significantly, from 26% of overall systemwide spend in 2006 to 16% today, and it will decline by another 2% in 2011-2012. This reflects the fact that the CDL's content budget has

by-and-large declined more steeply than campus materials budgets.

22. Most of this is in discretionary spending – i.e., that portion of the budget that we use to greatest strategic advantage in negotiations. It would be ideal to replenish this portion of the budget in 2013 when we face many journal renewal negotiations, and in 2014 when we'll be negotiating again with Elsevier. This is why our #1 increase scenario includes restoration of the core content budget while also adding funds toward dealing with new digital formats.
 - a. This is also the portion of the budget that allows us to equalize costs across the campuses by selectively contributing to more challenging licenses. For example, CDL has been contributing a 20% share to the Springer ebook license, which some campuses wanted to retain in its entirety, but other campuses felt they could not afford. The CDL contribution benefits all campuses, not just the ones who are financially challenged. However, this kind of strategic leveling is becoming more difficult.
23. In addition to the general problem of maintaining cost control at a time of declining resources, we face a number of specific challenges beginning in 2013.
 - a. It will almost surely be impossible to preserve 0% increases for the major journal contracts up for renegotiation in 2013 (although that will be our goal, if not outright reductions in the base fee). The UK Research Libraries consortium recently conducted very high profile and well-publicized journal negotiations with both Wiley and Elsevier, and although they did improve their terms somewhat, reports suggest they did not achieve the cost reductions they were seeking.
 - b. Our dispute with Nature Publishing Group is still unresolved – we're still at 2010 pricing now, we're having positive discussions, and we're pretty certain we'll be able to turn aside a four-fold increase, but the status for 2013 is still murky.
 - c. New ebook offerings are of great interest to the libraries as they explore the opportunities to convert a substantial amount of book purchasing from print to electronic form – but indications are that publishers will charge more for this content at a time when library monograph budgets have been significantly eroded by journal increases. These increases are driven largely by publisher fears about the impact of library ebooks on their course adoption sales.
24. All of this is symptomatic of the larger so-called “scholarly communication” problem
25. This is a very well-know chart produced regularly by the Association of Research Libraries (ARL) – libraries are very familiar with it, but SLASAC members may be less so. It shows the increasing long-term disconnect between journal costs and library materials budget capacity. Although this chart ends in 2007, the picture hasn't changed very much since then.
26. This companion ARL chart shows how monographic purchasing has suffered as a result. Although the chart is a little harder to interpret – it's unclear what a negative number means in terms of monographs purchased – the trend is pretty clear, and faculty and graduate students in the humanities and social sciences who need access to scholarly books, and who also need to be published, are as aware of it as anyone.

27. We tend to look at this problem not solely as a problem of avaricious publishers – although certainly the profit margins of some large publishers are breathtaking – but as a structural issue as well. Research output is increasing, and this leads to more journals, and more articles in existing journals. This is shown in the chart on the left, which shows a correlation between increases in the number research workers, journals, and journal articles. A recent sales brochure from the Royal Society of Chemistry proudly proclaimed a 50% increase in the number of articles published in RSC journals from 2011 to 2012. Where will the funding come from for all of this publication?
- a. Against this background, ARL (again) has documented the steady decline of library budgets as a percentage of university expenditures over a very long timeframe (see chart on the right). While this only represents a decline from 4% to 2, the figures are still significant. Is there any way to reverse this decline? How should libraries cope?
 - b. This is one reason why we're actively exploring alternative means of funding research publication, and working closely with UCOLASC and others on these strategies. While the jury is still out on the sustainability of these alternative models (e.g. open access publication funded through 'author-side' article publication fees), our early analyses suggest that this may provide a viable path to institutional cost control, especially if grant funding can be deployed to fund research publication. This is a larger topic for another day, but it's an important part of the story of the pressures under which library collections budgets are currently operating.