Next Generation Technical Services Phase 2

Financial Infrastructure Task Group Recommendations

September 10, 2010

The UC Libraries are already operating a model of cost effective collection licensing and cost sharing. It has been recognized by vendors, publishers, other library consortia, and UCOP itself. The savings it provides for each of us are easy to document on our local campuses. The UC libraries are recognized as models of systemwide collaboration worthy of emulation. CDL Licensing, Acquisitions, and E-Resource Management are among the most cost effective staffing, services, and infrastructures in place in the UC. This is also true for the repository services of the RLFs. The recommendations in this report are meant to build upon that success by expanding our way of thinking about our collaboration as we move forward in support of acquisitions, cataloging, metadata creation, licensing, preservation, programming support, and digitization within UC Libraries.

Recommendations are grouped under three categories: a) centralized approaches, b) the recharge process, and c) operational efficiencies. Within those categories, the recommendations are noted as high, medium, or low priority.

A. CENTRALIZED APPROACHES

RECOMMENDATION 1 – High Priority

UC Libraries fund commonly held collections and technical services operations from a central source. System-wide resources and technical services activities common to all campuses would be funded off the top.

Examples of such collections might include CDL Tier 1 resource management, a common monograph approval plan, a common e-book subscription, or widely held non-CDL continuations (print and online). Examples of such operations might include (but are not limited to) print and electronic materials acquisition, cataloging, metadata creation, licensing, preservation, programming support, and digitization.

Once the central collections and operations have been funded, remaining monies would be allocated to campus libraries to support their specialized resources and services designated as "UC Research Collections of Distinction," building on their existing collection strengths and local teaching, and research strengths and needs.

RATIONALE

NGTS has been asked to view technical services operations as a single enterprise, within a "One Library, One Collection" framework. Building on that idea, we recommend that common collections and technical services activities be funded as one enterprise for one collection. The location and management of collections as well as staff and activities needed to accomplish this might be within decentralized operations.

BENEFITS

This provides for the efficient acquisition and cataloging of a commonly held core collection on behalf of all UC campuses, while allowing the campus libraries to build on their strengths. With much of the collection being acquired centrally – the duplication of technical service activities across the campuses will be significantly reduced – resulting in greater efficiency and cost-savings, allowing staff to be re-deployed from the commonly held materials to work with those materials that are more unique. By consolidating some activities such as approval plans or placing multiple subscriptions with a single vendor, UC might achieve additional discounts from vendors.

BARRIERS TO IMPLEMENTATION

This is a radical departure from the way UC Libraries are currently funded - from UCOP down to campus administrations, then within the campuses to the Libraries. It represents a significant loss of control for both campus administrators and the University Librarians. It is assumed that these funds in support of the common collections are primarily 19900A funds – unless UCOP designates other kinds of funding they can distribute. Given the loss of 19900A funds to UC overall, it is hard to imagine there would be sufficient funds to cover all the “common resources” needed system-wide, much less have money to distribute to enhance the UC Research Collections of Distinction. Campus libraries rely heavily on non-19900A funds in many cases, and we can identify no easy way to capture grants and contracts, education and opportunity funds into a central pool that could be deployed to support common collections. Endowment funds are almost always campus-specific and restricted. Only 26% of the University’s total budget comes from core funds (state funds account for 50%, student fees for 38%, and UC general funds constitute 12%).[1]

Within UC Libraries there exists a great amount of pride in campus collections – and with good reason. We should capitalize on that in the “UC Research Collections of Distinction” approach. Several campuses are consistently highly ranked by external bodies. There are many constituencies at the campus level (faculty, alumni, donors, and collection development librarians) who might not be comfortable with a move toward a more “common collection-building” approach. There are also rivalries between campuses in certain areas which would make carving out these “collections of distinction” a difficult task.

There will likely be concern about how these centrally funded collections will impact the rankings of the campus libraries that are ARL members. UC should work closely with ARL to ensure that any centralized expenditures are reflected in campus totals reported to ARL.

COST BENEFIT

This is such a radical departure from how UC Libraries currently do business that it is extremely difficult to come up with any numbers. CDL management of shared license content has resulted in significant

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[1] *The UC Budget: Myths & Facts.* p.1. UC Office of the President. January 2010. http://www.ucop.edu/newsroom/newswire/img/10/10500071724b8c09659d8df.pdf (Accessed September 9, 2010).

savings at the campus level – both in staff time and in the value of the content. If that centralized management could be extended more widely to UC collections and technical services more broadly, we would likely achieve additional significant savings. Simply put, how much is spent at each campus acquiring and cataloging the same material? However, we clearly need a much more efficient cost-recovery model than the Coinvest/campus recharge process to further achieve savings.

NEXT STEPS

Examine collections overlap data, do cost calculations on labor, estimate materials costs of the acquisitions and cataloging activities associated with these materials at each of the campuses for that body of material.

Define a significant body of material that will constitute the "Common Collection" – those commonly acquired monos, serials, standing orders that could be managed centrally on behalf of everyone and agree to manage them as a single enterprise. Begin to develop the infrastructure to manage this centralized approach to funding and centralizing some operations while allowing for decentralized operations where it is more practical. This would allow UC to capitalize on the expertise and infrastructure in place at many of the campuses and take advantage of retirements and open positions to recruit staff needed for systemwide activities that might be based at those campuses or the RLFs.

TIMELINE

It would likely take a minimum of two to three years to get the necessary approvals and buy-in to begin to move forward and begin to do this in a large-scale way, however, it is possible that it might be phased in incrementally through various pilot projects, such as a shared monograph approval plan for certain categories of material. Further study is needed to understand which projects—and e-books are a good example—might benefit most from a strategy of shared building and which might be used to help us to move vendors to licensing models that are even more convenient and cost effective for the campus libraries.

WHAT WE WOULD NO LONGER BE DOING

Under this model, there would be no need for recharges passing between campuses, certainly not on a transactional basis. Because the model is not based on co investment, there would be no need to negotiate complicated share models. Funding would flow directly to the entity doing the work (a campus library, an RLF, etc.) through a transfer of funds.

RECOMMENDATION 2 – High priority

Positions doing work on behalf of system-wide collections and technical services based at a campus need consistent and stable funding, and should be granted terms of employment consistent with their campus-funded peers. Staff with specialized skills and knowledge is key to the success in building and providing access to the collections of the University of California Libraries. They will be playing a greater role in providing service throughout the system. The suggestions contained herein for centralized funding for shared staff resources are meant to stimulate further study. Some campuses have indicated their matrixed staffing for processing operations requires fine tuning to understand how they would be participants in models proposed here.

BACKGROUND

Currently these positions are funded in one of three ways:

1. CDL Funding (CDL Acquisitions, Shared Print Operations at UCLA)
2. Shared Collections and Access (SCAP) Funding (Shared Cataloging Program)
3. Annual commitments of certain campus funds to temporarily support staff (e.g. the East Asian Digital Cataloger at SCP)

RATIONALE

These employees are highly integrated in the campus libraries in which they work. Many are represented in collective bargaining; others are academic staff going through peer review at that campus. They need to be provided with stability of employment and the other guarantees of their peers (e.g. professional development support) that are campus-funded. In the case of campus reductions in force because of budgetary problems, they are often included in the “targets” set by the campus library administration, although their funding comes from external sources. The “double-edge sword” of their employment is that their external funding is also vulnerable – leaving the campus to meet the requirements of labor agreements in place under which they might be covered. If UC Libraries are to move into more of these shared positions, provisions need to be made to make these positions equitable with campus positions and be able to attract and retain the greatest talent.

ALTERNATIVE FUNDING MODELS

Below are three alternative funding models for staff doing work on behalf of the system. Although we are not recommending one model over another nor excluding a combination of models, we would like to point out the advantages/disadvantages of each one:

A. CENTRAL FUNDING OFF THE TOP BEFORE FUNDING GOES TO CAMPUSES

In an email conversation with Mike Clune, Director of Budget and Capital Resources, UCOP- he referred to “the Funding Streams Project” – a UC initiative to simplify the way funds flow across the system and support the Office of the President and other central activities. Essentially, campuses will keep all source revenues, and a flat assessment on all campus expenditures will be levied to provide funds for central activities. It was not clear if libraries are part of this discussion of “central activities.” If they are part of these central activities envisioned by this group, it might provide a new model to fund these employees that are doing systemwide work, even if based at a campus. The UC Berkeley campus is in the information gathering phase of identifying a “common good funding model” based on recommendations from the operational excellence analysis currently underway to improve administrative processes on that campus. It is unclear whether the Library is considered a common good, but this effort seems to be similar if not related to the work underway at UCOP.

The funding could be enterprise or project based – not necessarily a permanent transfer of to a campus indefinitely. Campuses would operate under a service level agreement and provide clear accounting of their expenditures on behalf of UC.

BENEFITS

- Centralized funding could provide a relatively stable source of funding for people doing systemwide work, other than depending on the good will of campuses to support systemwide work through contributions from their own budget or from funding from CDL or SCAP which has remained stagnant in recent years.
- Hiring of staff can be more neutral, allowing UC to hire the best candidate and not be driven by incumbent campus personnel who are simply re-assigned to do systemwide work.
- Funding is allocated based on demonstrated need of UC as a whole, and not tied to a particular campus need or to abilities of one campus to provide funding for staff over another campus' lack of funding due to budget constraints.

BARRIERS TO IMPLEMENTATION

- Campuses would relinquish significant control over their own personnel budgets. Lines are currently assigned at the campus level. Campuses might be very reluctant to turn over existing lines to do systemwide work.
- Campus recipients of these funds would need to prepare requests for funding, operate within a service level agreement framework, and provide accounting on how the funds were expended on behalf of systemwide activities. There is a certain overhead connected with this.
- Because funding is external, it is subject to availability from the funding source - raising questions about the terms of employment for these individuals. (e.g. are these people eligible for career status as librarians, or only temporary appointments?)
- How do they fit into the collective bargaining structures at the campus level?
- How are they handled in reduction in force implementations?

B. CAMPUSES CONTRIBUTE TO A CENTRAL POT (COINVESTMENT)

In this scenario, campuses would participate in an initiative and would benefit from the services provided by staff funded through that contribution. Those services and the campus share in the costs would be clearly spelled out in memorandum of agreement among the participating campuses.

BENEFITS

- Campuses would have more control over which programs they support and participate in.
- Campuses could utilize opportunities that open up in their own budgets to meet immediate system-wide needs (e.g. your Spanish cataloger leaves, but the system really needs a Japanese cataloger and you are willing to support that position be recruited).
- This is a familiar model to UC; it has been used for collections.

BARRIERS TO IMPLEMENTATION

- Systemwide positions become vulnerable to campus budgets, which are usually not finalized at the same time.
- Campuses with little or no interest in given areas/formats would be reluctant to support those activities, even though researchers at their own campus might benefit from the work being done elsewhere in the system.
- It could create very difficult decision-making in reduction in force scenarios – do I lay off one of my staff to support a system-wide initiative? Politically this is very unpopular.
- Overhead in administration. The funding has to be collected from the campus, and then redistributed again.

C. CAMPUSES CONTRIBUTE IN KIND ("BARTER AGREEMENTS")

BENEFITS

- This is probably the most "money" neutral.
- There is no big overhead to administer. A memorandum of understanding between the campuses might suffice. It requires less moving of money around the campuses.
- It allows some campuses to make better use of skills and talents resident in campus staff that they may not be able to use in their current campus job assignment.
- Employees may get greater job satisfaction of working for the greater good.

BARRIERS TO IMPLEMENTATION

- It will be difficult for all campuses to contribute at the same level.
- In kind "offerings" from a campus may not be where greatest need is.
- It is hard to measure equitable exchange (technological skill vs. subject/language expertise).
- If campuses offered to provide an in-kind service, it could affect their ability to provide adequate service at their own campus.
- A campus is vulnerable to another campus' personnel changes, while if they had been using a commercial provider (e.g. WorldCat Cataloging Partners) their service might continue uninterrupted.

TIMETABLE FOR ADOPTION AND/OR NEXT STEPS FOR ADOPTION AND/OR NEXT STEPS

We are not recommending one model over another. One might be more suitable for a particular enterprise or project. In kind exchanges could begin at any time. The other two models would require advanced budget planning one to two years in advance and would depend on when lines for positions become open at the campus level or are approved for systemwide work.

RECOMMENDATION 3 – Medium priority

Tools and services used by CDL and the campuses to support collections and technical services, (*with the exception of campus based OCLC accounts*) should be funded, negotiated, and acquired centrally.

BACKGROUND

Technical Services operations across UC license or purchases many common "tools" or bibliographic utilities. Some examples include: Cataloger's Desktop, Classification Plus, RDA Toolkit, and ISSN Portal. Many campuses also use services such as Backstage Library Works to do their authority work. In addition, all libraries maintain active OCLC subscriptions. Currently each campus administers its own OCLC accounts. There is an interest in getting a system-wide account for outsourcing through WorldCat Cataloging Partners.

CDL has not taken on the role of licensing or payment for "non-content" services such as this. One option would be to have them take this on, and apply existing share models or ask HOTS to come up with new ones for it. This would likely take a low priority at CDL as their licensing work plan is developed well in advance. It might be more appropriate for another entity or a campus to take on this activity.

BENEFITS

With the exception of OCLC services, this might be fairly low-hanging fruit. It is unclear if there would be significant pricing discounts. The savings would be in license negotiation and the acquisitions and payment process – particularly if the service were funded centrally. Since everything is electronic – the process is not tied to a physical location.

BARRIERS TO IMPLEMENTATION

- Who will do the work (licensing, ordering, payment, troubleshooting?)
- If not funded centrally, would it be possible to use the Deposit Account Model to get deposits up front, and then pay for the tools and services as they are used? What would be the basis for the co investment model? Amount of use? Size of campus? Standard CDL shares model?
- There would probably not a whole lot of staff savings at the campus since campuses often have very specific requirements about numbers of simultaneous users, levels of participation etc. All of this would need to be communicated to the office doing the ordering. Savings would be in negotiation and payment only.
- Troubleshooting and problem resolution might be more complicated within the context of a shared account.

OCLC SERVICES

This is extremely complicated because the accounts include not only technical services operations (cataloging, outsourcing services through WorldCat Cataloging Partners) as well as ILL. The invoicing from OCLC also includes campus credits for cataloging and ILL. It appears that OCLC would only handle cataloging outsourcing systemwide if a Systemwide Account were established. This may actually be a case of "in addition to" the campus accounts rather than an "instead of" case. It seems that campuses will need to manage the individual campus accounts with OCLC for the immediate future. Part of this might be tied up with UC's ongoing pilot relationship with WorldCat Local and needs to be coordinated with that implementation team.

TIMETABLE FOR ADOPTION AND/OR NEXT STEPS FOR ADOPTION AND/OR NEXT STEPS

HOTS and other related all campus groups (PAG, CAMCIG) should identify those resources they feel would be most appropriately managed in this way. They should provide recommendations as to who might take on the work, how it could be funded, and what their service support expectations might be. It would be possible to phase this activity in gradually as campus renewals come up for existing products. Once a mechanism is in place, it could become more formalized.

WHAT WE WOULD NO LONGER BE DOING

Campuses would not be going out individually to license tools used in collections and technical services activities. UC would capitalize on the efficiencies of a single license, invoice, and payment – eliminating the need to do that at multiple campuses.

B. THE RECHARGE PROCESS

The group spent a considerable amount of time focusing on the current recharge method in place to handle CDL coinvestments, because that is the current method by which we do most inter-campus transfers of funds to cover payments for resources. They are a pressure point at most of the campuses and with CDL Acquisitions. CDL coinvests represent anywhere from 31% of individual UC campus' collections budget up to 92.9% - with the mean being 56.5%. (See **Appendix A** for a campus breakdown). This reflects a considerable percent of the collections budget that is being managed in a very labor intensive way for CDL Acquisitions, campus library staff, and campus accounting staff. The group identified this as potential "low hanging fruit" that might lend itself to some short term solutions. In general, recharges done on a transactional basis (i.e. done regularly and repeatedly for individual services or products of relatively low value) are not a cost-effective way to handle inter-campus financial transfers. It is important that this process not be applied in the same way to other systemwide activities that might come out of NGTS recommendations.

Simply put, because of the lack of interoperability of UC campus financial systems, this is essentially a paper-based process that requires data to be tracked in multiple locations by many different people. For individual purchases over $50,000 the recharge must be channeled via a treasurer's journal prepared by UCSD Financial Control to have STIP (Short Term Investment Pool) funds captured by UCOP. This can delay the recharge process even more. The approvals and audit processes in place at campuses make it extremely costly, with the amounts ranging from $84.70/annually at UCSF to $15,418/annually at UCLA. (See **Appendix B** for details on each campus' process and its associated costs).

This is simply not scalable if applied more widely with UC to collectively fund collections and technical services. We are hopeful that these recommendations on how better to manage the inter-campus transfer of funds might be applied more widely to other initiatives that come out of NGTS.

RECOMMENDATION 4(A) – High Priority

Move to a Deposit Account System for CDL Coinvests to reduce the number of recharges processed by each campus and CDL Acquisitions.

BARRIERS TO IMPLEMENTATION

Some campuses pay coinvests from other than 19900 funds, which means they would have to handle fund transfers internally at the campus before depositing the money. UCSD pays all CDL invoices on UCSD 19900 Funds.

UCLA currently uses a dozen different 19900 FAUs plus a few gift funds for CDL resources. UCLA would need to consolidate in its ILS fund accounting all CDL titles, except for those paid with gift funds, into one 19900 FAU. The upfront costs of attaching a single 19900 FAU to all CDL titles in the ILS order records will add a one-time labor cost for that campus. UCLA is willing to consider taking on the cost of making this change, however, if it will make this methodology possible.

Some campuses have complicated processes for getting approvals for recharges, particularly if they are funded outside the libraries. They would need to handle these approvals internally and deposit funds in advance to cover CDL recharges.

Some campuses have expressed a concern about depositing their campus funds at another campus for fear they would be "swept up" in UCSD budget cuts. One recommendation is that the funds be deposited at UCOP (this does not necessarily mean at CDL). Its web site indicates it has a role in managing fiscal operations. "The Office of the President is the systemwide headquarters of the University of California, *managing its fiscal and business operations* and supporting the academic and research missions across its campuses, labs and medical centers." (UCOP Web site, accessed September 1, 2010).

TIMETABLE FOR ADOPTION AND/OR NEXT STEPS

Ideally, it should be in place at the beginning of the fiscal year. However, campuses could transition into a deposit account method during a fiscal year.

CDL/CDC needs to decide whether this will be the required method, or a preferred method, as soon as possible to facilitate the transition.

BENEFITS

A Deposit Account for each campus would require only two recharges per campus per year (total of 20) - one at the beginning and one near the end to "reconcile" accounts. This is in contrast to the 287 recharges done last year. These deposit account recharges would not list specific resources, so would take much less time to prepare.

CDL Acquisitions staff would spend far less time following up with campuses on recharges and UCSD accounts would not run at a deficit as often (which is currently the case). Often when large invoices have been paid, but recharges not yet returned and processed, CDL accounts show a significant deficit that has to be explained to UCSD campus accounting.

Staff at the campus level would spend less time approving what are fairly routine purchases. It is very difficult to withdraw from participation in a Tier 1 or Tier 2 resource by the time an invoice is being processed by CDL Acquisitions.

RECOMMENDATION 4(B) - Medium Priority

Establish a CDL Acquisitions "pass through" account at UCOP, that will allow CDL Acquisitions Staff to process campus coinvests through this account– reducing the need to send out and receive recharges for specific resources. This is a modification on the process above, which would address the issue of funds being deposited at a single campus (e.g. UCSD). CDL Acquisitions would pay the invoices while the recharges to campuses would pass through UCOP accounts.

RATIONALE

UCOP serves a specific role in "managing its fiscal and business operations and supporting the academic and research missions across its campuses, labs and medical centers" (UCOP Website). As such, it seems more appropriate that pooled funds be deposited at UCOP, rather than at a campus, where they are vulnerable to campus sweeps. In order to pay invoices and manage the financial transactions – staff at campuses doing systemwide work (e.g. CDL Acquisitions) need the ability to work within the UCOP Financial System.

We explored the possibility of allowing CDL Acquisitions to pay using UCOP's Financial System. We were advised by Beaumont Yung, Manager of Business operations at CDL that there was no precedent for this.

COST ANALYSIS

Although we did not do cost analyses specifically for this, it appears that the some workload would be shifted from CDL Acquisitions in San Diego to CDL or UCOP, however much of it would be one time in setting up the campus accounts. The overall number of recharges would be reduced, which should offset the workload for either UCSD or CDL staff.

BENEFITS

It would reduce the number of recharges by 80% to 90%.

BARRIERS TO ADOPTION/IMPLEMENTATION

UCOP has reduced administrative support at CDL – so they would need additional FTE to handle the workload, assuming these transactions would pass through CDL accounts with the UCOP financial system. Although it might reduce the number of recharges, there were a number of questions from CDL's Manager of Business Operations surrounding who would oversee the Deposit Account, handle campus deficits, etc. The response from CDL Acquisitions staff indicated that they would still carry out the same role they currently do in monitoring the accounts and following up on recharges and working directly with the campuses on recharge issues, so the impact on CDL financial staff would be limited.

TIMETABLE FOR ADOPTION AND/OR NEXT STEPS

The UCOP Budget Office would need to agree to this change. If adopted, CDL might need to either hire or reassign staff to handle the transition. CDL Acquisitions staff would need "read only" privileges in parts of the UCOP financial system to view activity related to CDL recharges in real time.

WHAT WE WOULD NO LONGER BE DOING

In 3A, recharges would be reduced from nearly 300 annually to between 9 and 30 and would be simpler recharges to prepare (not listing individual resources). In 3B, the reduction would be similar to somewhere between 5 and 45; depending on how often campuses chose to deposit funds.

RECOMMENDATION 5 – High Priority

Establish a secure web site to allow campus representatives and CDL to see CDL payment and recharge activity in real time and record their account strings for recharge purposes. Campuses would provide their account string in advance to CDL Acquisitions that would enable the recharge to take place without the cumbersome approval process of sending recharge forms back and forth between CDL Acquisitions and the campuses. This would allow transactions to be viewable in real time by staff at both CDL and the campuses that need very current information on the status of recharges.

RATIONALE

Much of the activity surrounding recharges relates to the process of supplying account strings back to CDL Acquisitions. For the 9 campuses that are recharged, there are about 35 account code strings in use. Some campuses only use one or two but UCLA uses 14 different codes. Some campuses use 19900 funds exclusively to pay coinvests, while others use a mixture of state funds and endowment funds. In most cases, these don't change much, but to give campuses some flexibility in determining their funding sources, they would have the ability to supply these and change them in advance of recharge submissions. The "CDL Payments and Projections Spreadsheet" has to be maintained anyway as part of the CDL Acquisitions Process. This would enable us to repurpose that data and eliminate the need for the recharge forms to be sent back and forth, if campuses were willing to delegate the approval process to CDL Acquisitions. Once the account string had been supplied by the campus – CDL Acquisitions would consider this as an approved recharge and begin the process. This is currently the process for CDL Acquisitions recharges to CDL.

COST ANALYSIS

This would eliminate the need to send out recharges to campuses entirely, provided they agreed to allow CDL Acquisitions to recharge their campuses using the account strings they provided in advance of the recharge. The potential savings to UC could be as much as $9280 annually for CDL Acquisitions and ever greater for the campuses, depending on their current approval processes. (See Appendix B for calculations.)

BARRIERS TO ADOPTION/IMPLEMENTATION

This might need approval from campus business/general accounting offices. It is unclear if all campuses require actual recharge forms to be exchanged between the campuses. The current process does not require a signature as the form itself is submitted as an email attachment and it is confirmed by each campus and sent back to CDL Acquisitions. This has been considered an electronic approval.

TIMETABLE FOR ADOPTION AND/OR NEXT STEPS

UC Davis IT Staff did a Proof of Concept test for this method and tested it internally. This process could be implemented within three months. UC Davis has done the IT work, and campuses would need some training. UC Davis has indicated that the costs to maintain it are minimal.

BENEFITS

In addition to the cost savings noted above, this would allow the recharge to proceed much more smoothly with less back and forth between CDL Acquisitions and the Campuses. At times, CDL Acquisitions has had to contact campuses three or four times to get recharges returned. This is particularly critical near the end of the fiscal year when everyone is trying to meet fiscal closing deadlines.

C. OPERATIONAL EFFICIENCIES

The following recommendations reflect efficiencies that campuses can make at the operations level that would facilitate more cost-effective technical services.

RECOMMENDATION 6 – Medium Priority

Campuses should be encouraged to make better use of campus procurement cards, whenever possible, to reduce the overhead associated with paying invoices and cutting checks. In the case of low value resources (under $5000), CDL and campus libraries should always investigate paying by credit card to reduce the overhead in processing invoices. The group conducted a survey of 117 CDL vendors to determine their acceptance of credit cards which indicated that 94% accept credit cards. These represent many of the largest vendors used by UC Libraries. (See **Appendix C**).

RATIONALE

Although the costs may vary among campuses, estimates at most campuses are able to pay low-value transactions with credit cards (normally up to $5,000), however exceptions can be made in extraordinary circumstances.

COST ANALYSIS

It is impossible to do a cost analysis campus by campus as practices vary widely within the UC system. However, data from UCSD's Office of General Accounting indicates that it takes $80 in staff time to process a purchase order through campus – while it takes only $11 to process a credit card transaction. Although most library resources are not purchased through a purchase order generated in a campus financial systems (most are done through orders generated in an ILS), the payment can be made by credit card. On the UC Berkeley campus, the Library has a dedicated Buyer with higher purchasing authority ($100,000) and has been able to maximize the use of credit cards for purchases in excess of $5,000 for the majority of vendors. Many of these vendors are also CDL vendors and the payment process and invoice processing has been significantly reduced resulting in a more efficient business process and improved service to the vendors who may have not received timely payments in the past.

BARRIERS TO ADOPTION/IMPLEMENTATION

An obstacle for many libraries is the spending limits in place at campuses (often less than $5000). Many invoices are more than $5000. However, even with CDL Acquisitions – it was noted that well over half their invoices were for amounts less than $5000. If other campuses were able to follow Berkeley's example with a dedicated buyer, this might not be an obstacle.

Because vendors are charged service fees on the use of credit cards, very large expenditures could pose a problem. Some (e.g. Springer) clearly would impose a limit on what could be charged to a credit card. In all likelihood, CDL would not choose to use a credit card to pay the very large publisher package invoices anyway (Elsevier, Springer, Wiley-Blackwell, etc.).

Some campuses have reported that business processes in place at their campus make using credit cards more labor intensive, particularly in matters of providing backup documentation. In one case, it appeared that library staff were following outdated procedures that had recently been simplified by the campus.

UCLA's procurement card process has tighter audit controls than any other UC campus and UCLA (the campus) has passed every IRS audit of p-card on their campus. However, other campuses have had more problems with the IRS because of their lax audit controls on procurement cards. This would be a huge investment of time for UCLA (the campus, not just the Library), and it is unlikely UCLA will be willing to invest in it.

Due to UCLA Corporate Finance's very strict audit controls, every time a procurement card is used, an order must be input to the campus purchasing system matching that card charge. Thus, the UCLA Library must enter each procurement card order twice, once into the ILS and once into the campus purchasing system. For non-procurement card ordering, the ILS is considered by UCLA Corporate Finance to be the system of record and no orders are entered into the campus purchasing system. The UCLA Library, in order to preserve the capacity to meet strict audit controls, must discourage the use of procurement cards except in special cases, such as overseas and Internet vendor procurement. Therefore it must be understood that the costs for p-card implementation and processing that some campuses represent in this document may very well be true for those specific campuses, but should not be taken as accurate representations of the situation at other campuses, and especially not at UCLA.

Other campuses (e.g. Merced) have also reported that in many ways it is more cost effective for them not to use procurement cards because of the process and paperwork involved.

CDL Acquisitions has traditionally resisted paying invoices with credit cards because of the need to return a copy of the invoice with the payment to the vendor. This practice dates from the early days when CDL was set up – mainly to help prevent confusion on the part of the vendor as to what account the payment is for (UCSD versus CDL) as the cut checks show the issuer as UCSD. Standard practice is to inform the vendor of the account number when payment is made. This should not prevent payment of CDL Invoices using credit cards whenever possible.

TIMETABLE FOR ADOPTION AND/OR NEXT STEPS

Depending on campus approvals process and training, it could take several months to one year. CDL Acquisitions could move forward in about three months. It will not be possible for all campuses to move to procurement cards at the same rate.

RECOMMENDATION 7 – High Priority

The University of California needs to develop interoperability between campus financial systems that allow inter-campus transactions to flow more smoothly. The University needs to develop a common Chart of Accounts to make data flows more consistent across campuses.

RATIONALE

All units of the University would benefit from this interoperability, not just the Libraries. Many of our labor intensive operations are the result of campus systems that are either not interoperable with each other or because we use different account structures.

COST ANALYSIS

Conversations with Peggy Arrivas, Associate Vice President and Systemwide Controller, UCOP, indicate that current UCOP attention is focused on the Payroll System, and that an interoperable financial system seems to be at least five years in the future and ballpark estimates of costs range between $50 to $100 million.

BARRIERS TO IMPLEMENTATION TO ADOPTION/IMPLEMENTATION

The biggest barriers to implementation are the cost and the cultural resistance of campuses to move from systems in which they have invested heavily and have been designed to meet specific needs at their own campus. Although we are recommending interoperability, it is likely that some campus practices and accounting structures would need to be modified to work within a shared system.

TIMETABLE FOR ADOPTION AND/OR NEXT STEPS

Five or more years out. This process will require consultation at the highest levels of the University. Because UC Libraries are big users of campus financial systems, library administrators should work to promote discussion of interoperability within their own campus and at the systemwide level.

BENEFITS

The benefits will be not only to the libraries in terms of collections but will enhance human resources activities and reporting as our campus libraries (both staff and collections) become far more interdependent on each other to carry out our mission.

CONCLUSION

The recommendations set forth in this report are not intended to be exhaustive. They represent a best effort to identify the obstacles that exist at both the campus and systemwide levels that undermine UC's efforts in collections and technical services operations. Some of these are entirely outside the control of the Libraries. Others are in place in the interests of financial accountability and audit standards. We are recommending that these ideas be explored more fully.

Members:

Mark Cianca-UCSC
Tony Harvell-UCSD (Co-Chair)
Helen Henry-UCD (Co-Chair)
Carol Ann Hughes-UCI (Liaison to Steering Committee)
Susan Parker-UCLA
Keith Powell-UCI
Joan Starr-CDL
Elise Woods-UCB