Cost Formula Work Group Recommendation for 2015

Cost Formula Work Group Process (Jan Berg)

Members:

Ben Miller: Sauk City
Shannon Schultz: Portage
Julie Chase: DCLS
Carol Froistad/Susan Lee: Madison
Vicki Teal Lovely: SCLS, Chair
Brian Simons: Verona
Jan Berg: DeForest
Nikki Busch, Brodhead
Martha Van Pelt: SCLS
Kerrie Goeden: SCLS

Goal: Develop budgets for three distinct technology services: ILS, Network Services and PC Support.

Goal: Resolve the smoothing issue.

Goal: Create formulas with factors that are easy to measure and which reflect services used as much as possible.

Definition of Technology Services (Vicki Teal Lovely)

2014:

- Technology Services currently includes network services and PC support and are included in the same budget. There are three libraries participating in Technology Services that are not also participating in the shared ILS. They are billed only for Technology Services
- ILS Services are budgeted separately. It is a requirement that in order to participate in ILS Services, you must also participate in Technology Services. Libraries participating in the ILS are billed for both Technology and ILS Services.

Proposed 2015:

Technology Services will include the following four services which will each be explained later on:

- Infrastructure
- Network Services (requires participation in Infrastructure)
- PC Support (requires participation in Infrastructure and Network Services)
- ILS Services (requires participation in Infrastructure)

Each of these services will have its own budget. Libraries will be billed for each of the services in which they participate.

SCLS Supported Services

SCLS will continue to provide the following services to all SCLS member libraries for no fee: email (including the upcoming Office 365 service), email lists, web site hosting, domain name management and database authentication.

Infrastructure: ==$338,097== (Brian Simons, Nikki Busch)

$572,097 minus ==SCLS contribution of $234,000== = $338,097

Budget Includes:

- Central network hardware and maintenance
- Central broadband
- Central equipment
- Central equipment software licenses
- Misc support needs
- Infrastructure staff (system administrators plus the Technology Services Coordinator)

This is the core cost that is required to support any of the three technology services. Any library participating in any of the three technology services, or any combination will pay the Technology Infrastructure fee.

==Formula factors:==
After discussing and eliminating many options, the work group recommends using an average of the previous 3 year's circulation as the sole factor for infrastructure. Circulation is an indicator of the size of the library and is easy to understand and to measure. The three year average is proposed to average out any anomalies.

- Average of previous 3 year's Circulation as reported in the state annual report (100%)

Network Services: $237,166 (Ben Miller and Shannon Schultz)

Budget Includes:

- Network hardware and maintenance
- Broadband costs for libraries (BCN, Charter VPN, WiscNet VPN, MUFN)
- 25% of the field tech support staff costs
- 25% of the help desk support staff costs

The recent upgrade to Enterprise Wireless licenses has provided us with potential tools to manage the SCLS network (Cisco Prime Infrastructure). Enterprise Wireless costs will be incorporated into the Network Services budget for 2015 and libraries will no longer be billed separately for Enterprise Wireless.

Formula Factors:

There is a building fee which reflects the most basic equipment required at each building, amortized over 5 years (15% of formula). The other factor is all connected devices which includes all supported devices (one of the factors in the current formula) and with the addition of devices considered "SCLS as ISP." Connected devices will make up 85% of the formula.

- Building fee (15%)
- Connected devices (85%)

Required additional services: Infrastructure

Network Services Include:

Automatic Network Software Updates
ISP Service provider fees (BadgerNet, Charter, MUFN, WiscNet)
Enterprise Wireless (setup fee required)
Field support
Library network hardware , replacements and upgrades
Help Desk - Network support
Internet Connectivity and response time support
New building and remodeling support
SCLS as ISP
Third party vendor support
Wide-area network planning

PC Support: <mark>$290,099</mark> (Vicki Teal Lovely)

Budget Includes:

- 75% of the field tech support staff costs
- 50% of the help desk support staff costs
- PC Software fee

<mark>Formula Factors:</mark>

Straight supported PC counts will be used to calculate fees. The fee will include software which will no longer be billed separately (currently $65 per PC). The per PC support fee will go up or down only if the budget changes and will remain fairly constant. This will be reviewed periodically to make sure that costs are covered. PCs added in mid-year will incur a pro-rated maintenance fee.

- Supported PCs (100%)

Required additional services: Infrastructure and network

Services include:

Anti-virus
Automatic PC Software Updates
Browsers Update
Field support
Help Desk - PC Support
New building and remodeling support
MS-Office
PC Ordering
PC Spares during repair
Printers
PC Software testing & support
Technology planning
Third party vendor support
Windows licenses

ILS Services: <mark>$1,014,639</mark> (Vicki Teal Lovely & Susan Lee)

Budget Includes:

- ILS Contracted support
- ILS Contracted development
- Third party maintenance & startup
- Telephone notice charges
- Cataloging & OCLC
- Authority control
- ILS Staff salaries
- 25% of the help desk support staff costs

<mark>Formula Factors:</mark>

There is a per building fee which represents the base level of work and fees required to maintain each library or branch in Koha (15% of formula). The other two factors are annual circulation and total collection (each at 42.5%). Circulation and collection together represent most activities in the ILS (circulation, PAC, holds, cataloging, acquisitions and serials).

- Building fee (15%)
- Annual circulation as reported in state annual report (42.5%)
- Total items owned as reported in state annual report (42.5%)

Required additional service: Infrastructure

Services Include—ILS Only	ILS + Network
Acquisitions Module	Crystal Reports
Automatic ILS Software Updates	Response Time troubleshooting - ILS
Cataloging	RFID, Self Checks, Sorters Response time support
Cataloging Module	
Circulation Module	ILS + Network + PC
Cover art & other enhanced content	Receipt Printer Setup
Debt Collection	Spine Label Printer Setup
E-Commerce	
Help Desk - ILS Support	
ILS Forms (printed and online)	
ILS Migration Support	
ILS Software testing and support	
New building and remodeling support	
PAC Module	
Publicity materials for ILS features	
Receipts	
RFID, Self Checks, Sorters Koha support	
Serials Module	
Standards Support (SIP, LC, MARC, RDA)	
Third party vendor support	

The New Cost Formula as applied to the 2014 budget (Vicki Teal Lovely)

- Uses 2014 budget numbers and formula factors
- Final cost formula will use the 2015 budget numbers and updated formula factors; as these numbers change, the final numbers for each library will change
- "2014 Amount Paid" is the amount each library actually paid in 2014 (this is the "smoothed" amount)
    - "smoothing" was applied which caused increases and decreases to be spread out over 5 years
- "Current Cost Formula (without smoothing) is the amount that the library should be paying based on the old 2014 formula
    - This is the amount the library would have been expected to pay in 2017