

ACTION

AGENDA ITEM: Access Services: Multitype Pilot Loan Programs

GENERAL OVERALL PROGRAM UPDATES:

ISSUES TO COME BEFORE THE BOARD AT THIS MEETING:

1. Consideration of funding for support of the extension of the interlibrary loan pilot program through December 31, 2000.
2. Consideration of rescheduling implementation of the direct loan pilot program until the Board develops Library of California loan compensation protocols and formulas, or until a date to be determined by the Board.

RECOMMENDED MOTION FOR CONSIDERATION BY THE BOARD: I move that the Library of California Board direct its Chief Executive Officer to allocate 2000/2001 Library of California funds not to exceed \$500,000 to support the extension of the current interlibrary loan pilot program through December 31, 2000.

RECOMMENDED MOTION FOR CONSIDERATION BY THE BOARD: I move that the Library of California Board reschedule implementation of the direct loan pilot program until the Board develops Library of California direct loan compensation protocols and formulas, or until a date to be determined by the Board.

CURRENT STATUS: A focus group comprised of representative librarians from Library of California planning regions and State Library staff met on May 18 to review Himmel and Wilson's report, *Supporting Interlibrary Loan and Direct Loan Services in California's Multitype Library Environment*, and to advise and assist staff in developing recommendations for the Board regarding interlibrary loan and direct loan compensation. Consultant Joan Frye Williams was discussion leader and also wrote the summary report (Exhibit A).

The focus group did not follow the Himmel and Wilson recommendation to continue the current transaction-based reimbursement program and expand it to include all types of libraries, but instead suggested a multi-tiered, multitype library loan compensation program, where all participants received some level of compensation.

Briefly, the focus group consensus was to recommend a more creative approach to loan compensation, based on these concepts:

- Think "compensation," not "reimbursement"
- Provide sign-up incentives for new participants
- Don't limit compensation to cash payments
- Provide baseline compensation annually
- Compensate all loans, both interlibrary and direct (no net imbalance)
- Recognize the efforts of "top tier" lenders

Most of these proposals are outside current practice and may be outside current law. Because of this, participants felt that the group's work should be distributed to the library community for further comment before staff proposals are delivered to the Library of California Board for comment and direction.

Therefore, staff has distributed the focus group report to the planning regions and has asked for comments. The report is also available on the Library of California Web site, and comments have been solicited through a posting on CALIX as well as through messages sent to all public library directors, CLSA system coordinators, and others interested in Library of California programs. Staff will compile all of the comments from the field and annotate the focus group report accordingly for the Board's review and direction at the August 2000 Board meeting.

ISSUE 1: Consideration of funding for support of the extension of the interlibrary loan pilot program through December 31, 2000.

BACKGROUND:

Interlibrary Loan Pilot Program

The table below shows actual and estimated expenditures for the interlibrary loan (ILL) pilot program through June 30, 2000. Additional statistical information is available in Exhibit B.

Total Library of California funds expended on the ILL pilot program:

Quarter	FY 1998/99	FY 1999/00
Apr - Jun	\$ 81,246	
Jul - Sep		\$ 107,910
Oct - Dec		\$ 115,876
Jan - Mar		\$ 157,340
Apr - Jun *		\$ 248,000
Fiscal Year totals	\$ 81,246	\$ 629,126
Total funds expended		\$ 710,372

(* estimated; includes fifth payment for pro rate refund)

Staff proposes that the ILL pilot program be extended through December 31, 2000, and estimates that the pilot will require up to \$500,000 of Library of California funds. The estimate includes the anticipated increase in reimbursement based on an increase in handling fees that is in the Governor's 2000/2001 budget. The Board would always have the option of stopping or modifying both the program and the allotment of funds at any time.

Although the Board may eventually determine that the current CLSA transaction based reimbursement program will not be the model used to develop protocols and formulas for the interlibrary loan component of Library of California access services, staff feels it would be premature to discontinue funding the ILL pilot program at this time. During the fifteen months the pilot has been in operation, interest and activity in the program have continued to increase, and this pilot is currently the only visible access services component.

Staff also has been contacting those libraries that have joined the ILL pilot program but have never submitted claims for reimbursement. Thus far, reasons why the libraries have not been active in the pilot program tend to be because either they feel their interlibrary loan volume is too low to make participation worthwhile, or they joined with the intent of offering interlibrary loan services but have not yet begun to do so.

ISSUE 2: Consideration of rescheduling implementation of the direct loan pilot program until the Board develops Library of California loan compensation protocols and formulas, or until a date to be determined by the Board.

BACKGROUND:

Direct Loan Pilot Program

The Golden Gateway Planning Region (Library of California Planning Region II) has been developing a direct loan pilot program to be implemented in July. However, there has been concern, both from within and outside Golden Gateway, about the appropriateness of beginning a direct loan pilot at this time, especially given the results of the focus group. Staff proposes that the direct loan pilot, which in all probability will be more difficult to initiate and maintain than the ILL pilot, be postponed until the Board has a clearer concept of what the protocols and formulas for direct loan should be under the Library of California. This may be before, during, or after regulations supporting the direct loan component of Library of California access services are developed.

While interlibrary loan is a well-established procedure that has been practiced by different types of libraries for many years and is relatively simple to statistically manage, that is not the case with direct loan. The concept of loaning directly to the patron of another library, and especially doing so without charging the user a fee, has been primarily a public library program, although certainly there have been clusters of different types of libraries that have developed a direct loan agreement among

themselves. In California, only public libraries have been reimbursed by the state for allowing other public libraries' users to borrow directly from them, and then only to the extent that a public library's loans to other libraries' patrons exceed its patrons' loans from other public libraries.

If the Board eventually determines to follow and expand the current transaction based reimbursement, net imbalance direct loan program, then perhaps a pilot and certainly a full-fledged program will be developed and implemented. There is some justification for developing a direct loan pilot based on the current program at this time, since it would help determine how well the CLSA model will work in a multitype library environment. However, staff believes that Library of California funds and the resources of participating libraries would be better served in testing a program that the Board believes is the preferred model for compensating libraries for offering direct loan services. Staff recommends that implementation of a direct loan pilot be postponed at least until the Board has reached that point of determination.

RELATED ISSUES TO COME BEFORE THE BOARD IN THE FUTURE:

1. What funding formulas are appropriate for the loan components of Library of California access services?
2. What onsite, patron referral services should be supported under the Library of California, and what funding formulas are appropriate?
3. How will electronic direct access services be defined, authorized, delivered, and funded?

Relevant Committee: Access Services
Staff Liaison: Tom Andersen