

ACTION

AGENDA ITEM: Access Services: Multitype Pilot Loan Programs

ISSUE TO COME BEFORE THE BOARD AT THIS MEETING: Library of California Direct Loan Pilot Program.

RECOMMENDED MOTION FOR CONSIDERATION BY THE BOARD: I move that the Library of California Board direct its Chief Executive Officer to allocate Library of California funds not to exceed \$1,085,000 to implement a year-long Direct Loan Pilot Program commencing in April 2000.

BACKGROUND AND SUMMARY:

Reimbursement for direct loan services is a program element authorized by the Library of California Act, which allows an eligible library to provide access to Californians by providing direct borrowing privileges to the primary clientele of other libraries and to be reimbursed for handling costs of direct loan transactions (Education Code, Sections 18870 (2) (c) and 18844 (c)).

Currently under CLSA, a public library may be reimbursed for the handling costs of its net direct loans, that is, its loans to non-resident borrowers from other public library jurisdictions to the extent that the number of such loans exceeds the number of items borrowed by that library jurisdiction's residents from other public libraries.

Under the Library of California, direct loan reimbursement is still based on the handling cost of the loan transaction but the program is expanded to include academic, school, and special libraries in addition to public libraries. The Library of California regulations proposed by the Board and currently under review provide for direct loan reimbursement in the following manner:

- 1) Each loan to a borrower from a type of library different from the lending library shall be reimbursed.
- 2) Each loan to a borrower from the same type of library as the lending library shall be reimbursed on a net imbalance basis.

Staff recommends that the Board authorize a year-long Library of California direct loan pilot program that will adhere to the provisions of the Library of California Act and the

proposed Library of California regulations currently under review. The formula for reimbursement will be the same as that for CLSA direct loan reimbursement until such time that a direct loan reimbursement formula is established for the Library of California.

As with the interlibrary loan pilot program, funding for the pilot will come from two sources:

- 1) CLSA funds will continue to pay for reimbursement to public libraries for direct loans to the clientele of other public libraries.
- 2) Library of California funds will be used to pay for reimbursement to: a) public libraries for direct loans to the clientele of non-public libraries; and b) non-public libraries for direct loans to the clientele of all types of libraries.

All libraries in the pilot will be paid for net loans to the clientele of other libraries of the same type. Libraries loaning materials to the clientele of other types of libraries will be reimbursed per transaction.

The expansion of the direct loan program to include all types of libraries has the potential to greatly increase the amount of reimbursement required. Staff recommends that instead of a statewide program, the pilot be limited to one planning region at this time. Eligibility to participate in the program will be based on a library's ability to meet the interim eligibility requirements established by the Board in February 1999. If the planning region is subsequently established as a Regional Library Network by the Board, a library must be a member of the Network in order to participate in the program.

Details of how the pilot program will operate and be administered, other than what has been described above, have not yet been determined. In terms of administration of the pilot program, there is more than one possibility. The direct loan pilot could be administered by the State Library, as is the interlibrary loan pilot. Or, it could be administered jointly by the region and the State Library. Within the latter, there could be variations, ranging from oversight by the state to an equitable division of duties between the region and the state. The proposed regulations require state funds to be used for direct loan reimbursement; the Library of California Act includes access services (including direct loan) under Regional Library Network Services.

Staff believes Planning Region II is a very appropriate region in which to conduct the pilot. Planning Region II has an excellent mix of urban, industrial, suburban, and rural locales and populations. It has a heavy concentration of all types of libraries within its defined boundaries. It also has a long history of active multitype library cooperation. Of course, it shares some of these characteristics with other planning regions, but with 23% of California's population residing within its borders, Planning Region II represents a

significant sample of the statewide library environment without posing overwhelming administrative, operational, or fiscal barriers to conducting the pilot program.

Staff proposes an initial budget of \$1,085,000 for the pilot program over a period of twelve months once the program is implemented, with the understanding that the Board may reduce, increase, or terminate the amount of the allocation. In FY 1998/99, public libraries within Planning Region II received a total of \$2,017,000 in direct loan reimbursements. Staff estimates that the pilot program may require up to 50% additional reimbursement; this includes a probable increase in the CLSA reimbursement rate. Therefore, 50% of last year's total reimbursement was rounded down to \$1,000,000. Up to \$85,000 was added to cover actual costs should Planning Region II assume most of the administrative, reporting, and payment responsibilities. Staff plans on advising the Board at its April meeting on the manner in which the pilot will be administered; the Board may reduce or increase the allocation if desirable.

In preliminary conversations with the Planning Region II contact person, staff received a favorable response regarding conducting the direct loan pilot program in that region. There was also a willingness to consider having the region share or assume most of the administrative responsibilities.

GENERAL OVERALL PROGRAM UPDATES:

CURRENT STATUS:

Interlibrary Loan Pilot Program

Participation in the interlibrary loan pilot has increased to 114 non-public libraries. Exhibit A shows the current list of participating libraries and their reported ILL transactions for October through December 1999. Exhibit B shows the percentage of libraries participating by type of library, loans to libraries by type of library, the top five libraries (in terms of transactions reported), and the number of libraries that have not submitted any claims.

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

April – June	\$ 81,245.70
July – September	\$103,842.60
October – December	<u>\$111,952.56</u>
Total	\$297,040.86

Formats of Materials

At its August meeting, the Board expressed an interest in knowing the different kinds of materials represented in the number of ILL transactions reported under the pilot program. Staff informally contacted a sample of participating libraries to determine whether this was feasible. The results were mixed: those libraries contacted said that they either could not easily determine format or that what they could report was limited to loans and copies. Loans were items that were returned and were usually books; copies were almost always copies of periodical articles in lieu of loaning the actual issue or bound volume.

Staff then sent a voluntary, informal survey to all libraries participating in the pilot program, basically to determine if: 1) libraries were able to sort their interlibrary loan statistics by format, i.e. books, periodicals, audio and visual cassettes, maps, etc.; and 2) if doing so was easily done using their current circulation system. Forty-three libraries replied, and twenty-nine of those also included format statistics. Although some libraries labeled the formats differently from others, in almost all cases they supplied statistics for the two categories mentioned above – loans and copies. Although there were a few cases where loans included non-book items, such as videocassettes, these were so few in number as to be statistically insignificant. The remaining fourteen replies indicated either that the library had more questions about reporting formats or that the library simply could not do it.

Although this was not a scientific survey – the time period covered by the format statistics varied from library to library – the results do represent 39% of the total number of libraries participating in the pilot and a higher percentage of those which have actually submitted claims. Staff believes this information is a fair sample of the pilot program activity. The table below summarizes the format statistics reported by the libraries.

Libraries		Format %	
		Books	Periodicals
	CSU Libraries (05)	42%	58%
	Community College Libraries (11)	88%	12%
	Private Academic Libraries (07)	76%	24%
	Academic Libraries (23)	74%	26%
	Special Libraries (06)	26%	74%
	All Libraries (29)	63%	37%

Overall, books accounted for almost two-thirds of the materials lent by the libraries. However, for the six special libraries that submitted statistics, copies of periodicals occurred three times as often as book loans. On the other hand, that ratio was reversed overall by the twenty-three academic libraries, although of these, the five California State University libraries reported more photocopies than book loans.

Consultant's Report on Loan Services

Supporting Interlibrary Loan and Direct Loan Services in California's Multitype Library Environment, by Himmel and Wilson Library Consultants, was delivered to the State Library on January 25, 2000. Copies of the report were sent to all Board members. A compilation of public comments on the draft report that were received by the consultants was also mailed to Board members.

Although staff has not had time to prepare a detailed analysis of the report, a brief summary of the report's recommendations and projections has been prepared and is included as Exhibit C.

RELATED ISSUES TO COME BEFORE THE BOARD IN THE FUTURE:

1. Update on activity levels of the ILL pilot program.
2. Update on the Direct Loan pilot program, if adopted by the Board.
3. What funding formulas are appropriate for the interlibrary loan component of Library of California access services?
4. What onsite, patron referral services should be supported under the Library of California, and what funding formulas are appropriate?
5. How will electronic direct access services be defined, authorized, delivered, and funded?

Relevant Committee: Access Services
Staff Liaison: Tom Andersen