

SHARE Finance & Policy Committee Meeting

Thursday, July 12, 2018 at 10:00 a.m.

Illinois Heartland Library System

6725 Goshen Road, Edwardsville, Illinois 62025

(618) 656-3216

via Zoom at <https://zoom.us/j/720604847>

Minutes

Call Meeting to Order and Roll Call: The meeting was called to order at 10:00 a.m. by Jill Pifer.

In attendance: Amy Byers, Janet Cler, Esther Curry, Jill Pifer, Chair, Miranda Shake, and Diane Yeoman.

Absent: Anita Driver

Also in attendance: Cassandra Thompson, Colleen Dettenmeier, Traci Edwards, Adrienne Elam

Approval of Minutes from the May 10, 2018 Meeting: A motion to approve the minutes was made by Janet Cler and seconded by Diane Yeoman. Motion passed.

Old Business:

- **Referral Bonus**—The committee reviewed an updated draft for a member referral bonus. Cassandra Thompson explained language had been removed for up to three referrals to avoid confusion. Esther Curry made a motion to approve the referral bonus as written, which will then be sent out for member comment and to the Executive Council before a final vote. Janet Cler seconded the motion. Motion passed by a unanimous roll call vote.
- **Database Cleanup (RDA)**—Joan is working to draft a Request for Proposals (RFP) for the RDA database cleanup project. Once the project is completed, she will review vendors with the Bibliographic Services Committee. Jill Pifer clarified this is just to determine estimates to consider moving forward and Cassandra confirmed.
- **Cataloging Back to Books Grant**—Joan has begun contacting eligible Barcoding B libraries to offer the free cataloging of 15 items purchased with the Back to Books Grant. She will report once the program is completed. Janet asked how many libraries would be affected, but that information was not readily available. No items have been sent in as of yet, but will continue to report. Should be completed by the end of December with a final report.
- **Other:** None.

New Business:

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- **SHARE Budget Update**—Adrienne Elam provided a budget update and draft review of FY18. This is considered a draft, since finance department is still waiting on finalized expenditures for 2018. June’s statement of revenues versus expenditures shows a negative balance of \$48K, but this does not take into account that the \$256K paid for the server migration was actually a capital expense and paid for through the SHARE reserve fund. The overall final balance will be positive. Revenue was higher than anticipated at \$44K, with \$27K coming from the Walmart grant, but expenditures were above expected. The statement of net position breaks out the funds to include the reserve fund and committed funds, specifically for eBook expenses. This includes the platform fee, which has been paid for FY18, and the reserve funds for member libraries to purchase titles. This amount decreases throughout the year, and will be billed again in July 2018 for FY19. The \$250K committed from IHLS has been transferred, and the \$142,500 was transferred to the reserve fund. As of 6/30/2018, the SHARE cash balance was \$615,647.62, but again this does not represent the June expenditures that are still incoming from credit cards and other invoices. The FY19 Budget has also been sent to the State Library, but has not yet been approved.

Janet asked to confirm that the \$142,500 was transferred to the special reserves fund, and Adrienne confirmed it was transferred in September 2017. Janet also asked for the bottom line; how much will SHARE end with in FY18 after all revenues expenses are accounted for? Adrienne calculated this to be approximately \$73K, but this is still tentative, since there are still bills outstanding. Janet asked about the delay in the end-of-year accounting, and Adrienne explained that it is due to delayed receipt of invoices, credit card statements still incoming, and end-of-the-year purchasing decisions which can sometimes slow the process.

Jill asked when the final audit will be completed. Adrienne confirmed that the IHLS/SHARE audit will take place August 1-6, with a report sent to the Illinois State Library due by September 30. She did explain the numbers may not match exactly, since the state uses an accrual method of accounting versus IHLS using a cash balance method. There will be discrepancies due to these different accounting methodologies.

Traci Edwards asked to clarify, the \$142,500 transferred to reserves was for FY17, and Adrienne confirmed. The next transfer will be in September for FY18, and is budgeted in FY19. This was due to a decision to postpone transfer during a difficult financial year and the inflow of SHARE income. Traci also asked if the excess from FY18 will also be transferred to the special reserves, and Adrienne explained that it would not, since it provides a cushion to sustain the program while invoices are being billed in the first quarter. It also allows for the program to sustain smaller projects without having to go to the reserve fund.

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- FY20 Fee Increase**—A request was brought to discuss a potential fee increase in FY20. Janet asked that the finance committee consider holding occasional in-person meetings, especially when discussing important topics like fee increases and the SHARE budget. She asked why the fees would need to be increased, why expenditures have increased, and the direction of the SHARE program. She stated that it was also unclear how the SHARE budget is determined. Adrienne explained that the staff draft the day-to-day budget, but any major changes, like the previous decision to transfer money to the special reserves fund, are made by the committee. The budget is presented to the committee and approved by the IHLS board. She also explained that expenditures increase yearly for cost-of-living, but the IHLS revenues are static, so some increases are passed on to members. Janet concurred that revenues can be static, since some counties are under tax caps. She wondered how many libraries were affected by tax caps. Adrienne stated that since final numbers were still unavailable, discussion about fee increases should be tabled. She wants to investigate how revenue shortages for libraries will have affected SHARE rates. She explained that when the SHARE growth outpaces expenses, there may not need to be an increase, but eventually when growth will inevitably slow, expenditures will outpace current rates. At this time, it is unclear whether fees should be increased for FY20, but we still should be thinking about FY21 and beyond.

Cassandra explained that member fees for public libraries were determined by a percentage of member library revenues. In good years, the fees will increase. In static or lean years, the fees will not. Janet asked Adrienne if she thinks we will need an increase in FY20 based on current information. Adrienne said it is possible, but additional information is needed. Janet also asked Adrienne her recommendation of how much should be carried in the operating fund. Adrienne stated there is no one specific number, but 3 to 4 months of operating expenses is ideal to sustain the program, especially in the first quarter while libraries are being billed. The goal is to avoid a negative cash flow or to be forced to transfer money to cover anticipated expenses.

Adrienne asked the group how budget shortfalls affected libraries in the last couple of years. Jill explained that she does not include the per capita grant in her budget, and since she is municipal versus property tax draw, her budget cannot be cut. Other committee members stated that the cuts to the per capita grant had a bigger impact on smaller libraries and school libraries, since they do have to rely on that funding.

Cassandra suggested that after reviewing a potential change to the eResources billing scale, if given an across-the-board increase, smaller libraries are actually taking a harder hit to their overall budget. Jill asked if numbers will skew due to collection sizes, since the IPLAR reports eResources numbers of the group, not just the individual library purchases. Cassandra explained that eResources is determined by budget, not collection size, but the calculations for SHARE

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basic fees are entirely revenue-based for public libraries. Esther cautioned that larger libraries have to absorb a greater percentage of costs from all sides, which is why they do not participate in other IHLS cost-sharing opportunities, and asked to not discount that either. Cassandra agreed, that it needs to be reasonable increases. Jill also reminded the group that it is a very fine line, because we never want to reach a tipping point where larger libraries may find the cost so prohibitive, that they determine they can provide equal service on their own. Diane stated that the committee will look out for everyone, which makes the SHARE program so successful.

Jill asked Janet to clarify that when we are ready to discuss fee increases, that she recommends that an in-person meeting should be considered, and Janet agreed. Janet stated it can be easier to communicate in an in-person setting. Cassandra explained that we could even consider a hybrid meeting, like what has worked with the Executive Council, where we call an in-person meeting, with a Zoom backup for those unable to travel due to other commitments.

Jill also mentioned that in the past, the committee has been very diligent in reviewing increases, with robust discussion based on the SHARE budget. She just wanted to remind the committee that the conversation needs to begin, since it can be a very long process.

- **Other:** Jill agreed with Janet that an in-person meeting may be a good option and to keep that in mind for the future.

Public Comment: None.

Announcements: Cassandra will not be at the next meeting in September, but Adrienne, Traci, and/or Joan will be available.

Next Meeting: Thursday, September 13, 2018 at 10:00 a.m.

Adjournment: The meeting adjourned on a motion made by Esther Curry, and seconded by Janet Cler. The motion passed and meeting adjourned at 10:55 a.m.

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