MEMBERSHIP FEES

FEE SCALE CHANGE

After a review of six different membership fee models, an inclusive model was determined to be the best overall option for FY2025.

History

The SHARE Finance & Policy Committee began a fee increase review in 2022, after three years without an increase. After a review of the cash flow projections beginning in FY2023 and beyond, there was a deficit emerging. Unfortunately, due to inflation, the increase needed was significant, even without major changes in staffing levels. There were also additional projects during this time. While those were not factored into the need for an overall increase in the traditional model, the analysis quickly revealed that an inclusive model might offer a better overall value for members, if not the lowest cost.

The committee met to discuss the different proposals and debate the best option. There were several financial concerns that our members are facing, too: cost of inflation on their budgets, tax caps, increased cost for salaries due to minimum wage, and very real worries about sustainability for the smallest libraries.

The following proposal and scales took these concerns into account. The scales were developed and debated, with some additional considerations.

1. The libraries with the smallest budgets would be most heavily impacted by an increase, as the overall percentage of their budget for SHARE membership is often much higher than the larger libraries, even though their overall contribution is smaller.
2. While the largest libraries pay the most, they should not be expected to always have the highest percentage of increases, because there is a risk of raising membership prices higher than what software they could purchase independently.
3. A per-location pricing model, instead of a mix of agency and location, would simplify billing.
4. The costs are much more affordable when they are spread out among the entirety of the group.
5. The change to an inclusive model will be much more dramatic for those libraries that have not had additional services or modules in the past.
6. Based on comparative analysis, the pricing for cloudLibrary needs to increase, in order to maintain a lower holds ratio and remain competitive with other e-resources consortia. This is another area where inflation in digital content pricing and checkout limitations from publishers have also had a major influence.

7. The SHARE community prides itself on having exceptional technology and service, no matter the community size or affluence. The existing fee model worked initially, but as services are added, SHARE member libraries are being split into haves and have-nots.

Two conflicting models emerged, so members were surveyed twice, member comment was solicited, and the committee held three Town Hall meetings to talk to members about the need for the increase and their overall preference for a fee model.

Even after that work, there was not a clear preference from members. After analysis and thoughtful consideration, the inclusive model was determined to be the best overall value. Without an overwhelming preference to stay with the traditional model, the following proposal will be based on an inclusive model for modules, cloudLibrary, and Aspen.

Proposed Scale

The new scale will continue to be based on full-time enrollment (academics, schools), revenues (publics), and usage (special), with an increased minimum and a tiered membership fee, which will correspond to cloudLibrary carts for purchasing power.

The new scale will impact some libraries more than others. The average increase is 16%, with a proposed cap on fee increases of 17% in FY2025 and FY2026.

The cap would apply to each library location, except for public library branches, which will be included in the overall calculation of the 17% cap of the agency. There will now be two tiers of library branches. A full-service branch will be $950 per location, which is defined as libraries open more than 15 hours per week. A limited-service branch will remain $200, which is open 15 hours per week or less. There are also schools that are identified as branches (identified as one school, but with libraries at two locations, for example), that may also have a limited-service branch fee. Please see the full scales on the chart below.

Inclusive			
Type	**Basic**	**Membership**	**Total**
Academics	*FTE *.5*	*Minimum*	*$ 2,000.00*
0-999		$ 200.00	$ 2,200.00
1000-1999		$ 500.00	$ 2,500.00
2000+		$ 1,500.00	$ 3,500.00
Publics	*Revenue*		
0-59,999	$ 1,500.00	$ 200.00	$ 1,600.00
60,000-99,999	$ 2,200.00	$ 200.00	$ 2,400.00
100,000-299,999	0.0227	$ 500.00	
300,000-499,999	0.0227	$ 700.00	
500,000-599,999	0.0224	$ 1,000.00	
600,000-699,999	0.0200	$ 1,000.00	
700,000-999,999	0.0179	$ 1,000.00	
1M+	0.0157	$ 2,000.00	
Full-Service Branch	$ 950.00		
Limited-Service Branch	$ 200.00		
Schools	*FTE*		
0-199	$ 950.00	$ 100.00	$ 1,050.00
200-399	$ 1,200.00	$ 100.00	$ 1,300.00
400-599	$ 1,450.00	$ 100.00	$ 1,550.00
600-799	$ 1,800.00	$ 100.00	$ 1,900.00
800-999	$ 2,250.00	$ 100.00	$ 2,350.00
1000-1199	$ 2,900.00	$ 100.00	$ 3,000.00
1200-1399	$ 3,550.00	$ 100.00	$ 3,650.00
1400+	$ 4,300.00	$ 100.00	$ 4,400.00
Limited-Service Branch	$ 200.00		
Specials	C*I*P	*Minimum*	*$ 1,500.00*
		$ 100.00	$ 1,600.00

Impact

During the projected cash flow analysis, SHARE needs to generate approximately an additional $238K of revenue per year, plus additional funds to better support cloudLibrary and the Aspen project. IHLS committed an additional $50K as part of their annual financial support, which will contribute to Aspen as well.

The projected total with the new scale is $1.75M, which is projected to raise approximately $298K of additional revenue. With a 17% cap, the projected revenue would be about $110K less.

Reserve Fund

Recently, the IHLS Finance Department recommended moving the bulk of operating cash out of the US Bank checking and into the Illinois Funds account to take advantage of increased investment income. While the investment income generated by Illinois Funds has been a small windfall, SHARE cannot rely on that revenue on an annual basis, since future earnings may go back to a lower rate of return, but utilizing this income may be a stopgap measure to reduce the impact of fee increases for members.

In FY2023, the generated revenue from the investment account was approximately $80K, which will help offset any deficit generated because of the 17% cap. The Reserve Fund is also very close to the approved benchmark of $1.2M, so these funds can and should be used to support members.

The IHLS Finance Department schedules an annual transfer of $142,500 each year. The SHARE Finance & Policy Committee will review the projected cash flow in advance of this transfer and determine if that amount should be reduced to cover projected budget deficits from the 17% cap in FY2025 and FY2026.

Estimate

To review the impact on each of our members, please see the attached SHARE fee increase proposal estimates. Please note that these estimates are based on data from FY2023 and may fluctuate once new data on revenue and enrollment becomes available in early 2024.