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Serious Savings With Short-Term Loans

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Abstract

The Liberty University Jerry Falwell Library serves a student body of over 100,000 students, most of whom are enrolled in online programs. By necessity the library prioritizes electronic resources, and in recent years, it has begun to invest more heavily into e-books. In spring 2010 the library adopted a patron-driven acquisition (PDA) program with ebrary in an effort to better support the needs of the online students. The program was very successful, but as patrons became more comfortable with e-books and the online student population increased, costs also rose dramatically. In addition, the library had implemented an evidence-based method for additions to the patron-driven acquisition selection pool in fall 2012. This strategy added to the higher costs involved in running the program. In order to control the expenses in light of limited funds, the library decided to pilot short-term loans (STLs) in fall 2013. The pilot was very successful and resulted in significant cost avoidance. In fall 2014 the library included STLs as a standard fund in the budget. In the summer of 2014, however, STL prices were raised by some publishers, so the cost-effectiveness will need to be monitored.

Background

Liberty University, founded in 1971, began pioneering distance education in 1985. It is now the nation's largest private, nonprofit online educator. Of the University's over 100,000 students, more than 90,000 receive online instruction. These students are usually enrolled in one of the 187 degree programs Liberty University Online offers at the undergraduate, graduate, and doctoral levels. The demand for online resources for these students is enormous. The Jerry Falwell Library provides those resources, focusing more on e-books in recent years. The library also provides access to the physical collection through interlibrary loan, but the fast pace of many online classes (eight weeks) often does not allow for the shipping time. Online students are also mostly middle-aged, working full-time or have a family. These other demands on the students mean that many of them are working on assignments at the last minute, so interlibrary loaning physical books is not an option.

To respond to the need for scholarly books available online, the library began a pilot e-book patron-driven acquisitions (PDA) program through ebrary in 2010. While many libraries choose to pilot the program with a very small collection, the Jerry Falwell Library decided to immediately create a large collection of over 40,000 titles. To

better manage the e-book collections the library also hired an E-Books Librarian, Erin Crane, in the spring of 2011.

The library's philosophy of collection development, especially in terms of the PDA program, is to provide access to what is needed when it is needed. The priority is to provide access "just-in-time" rather than "just-in-case." The library does not intend to be a storehouse for scholarship in general like other larger research institutions might be. This philosophy is part of why the library emphasizes the patron-driven acquisition program in funding.

The library has also never limited the profiles to a small pool of publishers or subject areas. Some publishers have been excluded based on whether or not the content provided is academic, but otherwise many smaller publishers have been included. However, the Head of Collection Management at the time, Carl Merat, did determine that the scope of the profile should be limited in other ways. In the summer of 2011, a major weed of the profile was conducted which removed e-books with prices over \$200 and publication dates earlier than the past 5 years. The first criterion was introduced to start controlling costs. The second was introduced to provide focus to the PDA program. Only the most recent publications would be added. This weed

reduced the profile to approximately 15,000 e-books. To further narrow the scope, in the fall of 2012 a formula was created which would help predict potential usage of titles added to the PDA pool. This formula became the main method for selecting e-books to add to the profiles.

Goals

The library has multiple goals for the PDA program broadly and the STL program specifically. One of the goals is, of course, cost savings. However, “savings” is a misleading term which can frighten publishers. The library has a budget for e-books that it will spend one way or another. The hope is that the PDA program helps spend the library funds more effectively. The library would never purchase everything which it includes in the PDA profile. If PDA were no longer an option, the library would not purchase more than it had with the PDA program. The same amount of funds would simply be spent in a different way. Thus, while many librarians who discuss PDA programs and STLs use the term “savings,” anything that is “saved” is spent on more e-books.

The goals of the PDA program are to:

1. Meet the information resource needs of the ever-increasing number of online programs and students.
2. Increase ROI by only purchasing titles with the most use.
3. Satisfy an institutional priority to create comparability between residential and online student experiences.
4. Fulfill institutional strategic plan objectives (the library’s PDA program is actually delineated in the institution’s strategic plan).

The goals of the STL program are to:

1. Decrease the overall cost the PDA program.
2. Further increase ROI by only purchasing titles which have received multiple triggers.

Context

Why Short-Term Loans?

As mentioned, in the fall of 2012 the E-Books Librarian and a colleague created a formula to predict the use of a potential batch of e-books for the PDA profile. Historical e-book use based on Library of Congress (LC) Classification was used to create a percentile rank for LC classes by the hundreds (BS300, BS400, etc.). The percentile rank indicates the likelihood that, given its LC class, the title will receive high use. When potential additions to the PDA profile are run through the formula, they are assigned the appropriate rank based on classification. Thousands of records were added in fall 2012 and spring 2013 based on this formula, though the E-Books Librarian also included e-books from YBP recommended lists. The predictions proved accurate, and the cost for the program grew to outpace the PDA program’s first year, despite the fact that the pool of titles was now much smaller than the original pool. The program expenses increased beyond the limits of the budget. While in FY12 the cost for the program was \$121,968, in FY13 it increased incredibly, by 138%, to \$290,769. A correspondingly high increase in use occurred, with section requests (COUNTER Book Report 2) on ebrary rising by 182% from FY12 to FY13. Twice the library staff had to transfer a large amount of funds from the print book allocation to the e-book allocation in order to maintain the PDA program until the end of FY13.

Since the program effectively helped meet the needs of online students, the E-Books Librarian and the Head of Collection Management, now Rusty Tryon, did not consider ending the program even though the costs were high. As a large budget increase was unlikely, they assessed whether STLs could provide the cost savings necessary to continue the PDA program without decreasing the size of the profile. In fall 2013, the library began a pilot STL program with \$25,000 allocated.

Implementation

Implementing an STL program with ebrary involves making a few decisions about the setup.

Libraries can choose to mediate PDA or STL programs, but the Jerry Falwell Library librarians have always left the PDA program unmediated. The STL program would also be unmediated. Ebrary also allows libraries to determine how many STLs to trigger before a purchase and whether each STL is for one day or one week. STLs cost a percentage of the list price of the e-book (determined by the publisher), with one-week loans at a higher percentage. The library chose to implement STLs as follows:

- Loan in one-day increments.
- Loan three times and on the fourth trigger purchase the e-book.

The fast pace of the online courses informed the decision to choose one-day loans. As mentioned, students often conduct their research at the last minute or over a weekend and do not need a week's worth of access. The E-Books Librarian also analyzed past usage patterns, especially the number of sessions per e-book, and determined that allowing three STLs before purchase would be cost-effective.

With ebrary librarians have the capability to create and manage fund codes. The E-Books Librarian added a Short Term Loans fund code with \$25,000. Ebrary can then alert the library when the fund code is reaching a low balance.

STLs were activated starting in September 2013. July and August 2013 both operated under regular PDA conditions without STLs. Costs were therefore higher than they would have been if STLs were used the entire fiscal year.

Results

STLs have proven wildly successful in maintaining costs and improving ROI, as only those titles with demonstrated significant use are actually purchased. Costs from FY13 to FY14 decreased 50%, dropping \$144,562 (see Figure 1). Ebrary use continued to increase during this time, making it clear that the cost control was necessary. From FY13 to FY14 section requests increased 63% (see Figure 2).

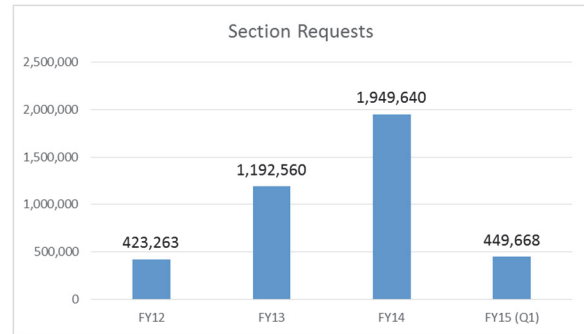


Figure 1. Ebrary PDA and STL costs by fiscal year.

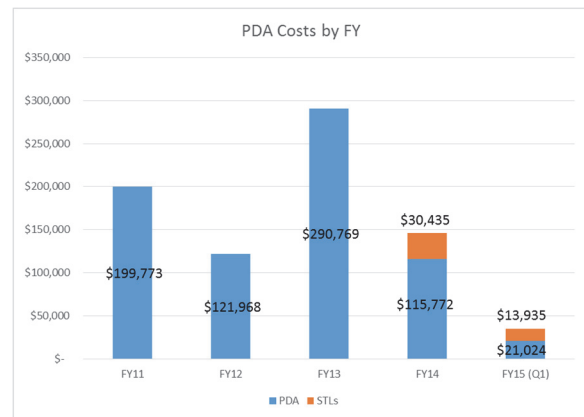


Figure 2. COUNTER Book Report 2 for ebrary section requests by fiscal year.

The original \$25,000 allocated almost covered the entire cost of STLs for the fiscal year. Two transfers were made to boost the funding so that it would last until the end of the FY. One week in April 2014 the STLs had to be shut down for lack of funds, so for one week in April all triggers created purchases rather than STLs. At the end of FY13, the total STL cost was \$30,435 for 2,929 STLs. The average cost for an STL in FY13 was \$10.39.

In order to reveal the cost savings, the E-Books Librarian determined what purchasing all of the triggered content would have cost compared to the actual cost using STLs (see Figure 3). The cost savings totaled \$131,694, reducing the potential cost by 47%. The library also analyzed whether choosing the one day STL was effective. The E-Books Librarian tracked the number of times STLs occurred within the same week. At the end of FY14 that percentage was 27%, so the majority of the STLs occurred more than a week apart. This result confirmed that the decision to use one day STLs was cost-effective.

STL Savings, FY14

Potential All PDA Cost:	\$ 277,900
Actual STL and PDA Cost:	\$ 146,206
Cost Savings:	\$ 131,694

Figure 3. Potential cost if all triggered titles were purchased vs. actual cost with STLs activated.

Future Considerations

Though the STL program produced significant, there are options to consider for the further enhancement and effectiveness of the program.

First, as mentioned, the cost-effectiveness of the program must be monitored because of the publisher STL pricing changes begun in summer 2014. The library found that some publishers were not included in the current profile, but many were. These cost increases have upped the average STL costs for FY15 by 55%.

- FY14 Average STL Cost: \$10.39.
- FY15 (Q1) Average STL Cost: \$16.09.

Soon after the library received the notification of the change in STL costs, publishers whose one-day loan percentage cost was increased to over 35% were removed from the profiles. If costs become unmanageable, the cutoff for loan percentage cost will be lowered. The content from these publishers will either be removed from the profiles altogether or moved to a profile which does not use STLs. The titles would instead trigger a purchase upon the first use.

Second, the library will investigate a combination approach of STLs with Extended Access enabled to provide better “just-in-time” service. Ebrary’s Extended Access option allows another user to view an e-book that is already in use. If the second user reaches the trigger point, either an STL or a purchase is triggered. From November 2012 to February 2013 the library piloted Extended Access with triggers creating purchases. \$25,000 was allocated, but because of the popularity of online resources, the funds were spent quickly. If Extended Access were used in combination with STLs instead, costs would be more manageable.

By providing Extended Access, the library reduces the number of turnaways and allows unmediated access to more users where there is demand.

Last, the E-Books Librarian and Head of Collection Management are attempting to acquire more funding for e-books. The library administration recently collaborated with a consultant to create a plan for funding print books into the next several years. The original plan was to aggressively purchase print for the next few years. However, with the increasingly large online population, it may become necessary to shift print book funds to electronic book funds sooner. The collection management team at the library believes that print and electronic will both be valuable in the near future, but the focus is shifting to electronic sooner at the Jerry Falwell Library because of the large online population. Many of the students most likely prefer print books, but the fast pace of the online classes does not allow them to easily access the print books at the library. Our electronic e-book use likely outpaces other institutions because of this scenario. As the use of e-books continues to grow, the costs will creep back up even though STLs have been implemented.

Conclusion

The Jerry Falwell Library’s STL pilot program was a success. STLs effectively provided cost savings and allowed the library’s funds to stretch into more access to more content. The price increases that publishers have introduced, however, will require the E-Books Librarian and the Head of Collection Management to continue monitoring the cost-effectiveness. As of Q1 of FY15, the program is still providing cost savings and there have been no more announcements of price increases. Publishers and vendors question the sustainability of STLs, and some doubt that STLs will remain an option. If STLs were to be removed, however, the E-Books Librarian would have to further limit the profile with more selective criteria. Removing STLs would not mean that the library would spend more funds on purchasing e-books. Instead, the scope of the program would shrink to accommodate the costs and the library would

have to offer faculty and students a smaller selection. Hopefully STLs will remain an option with most publishers and the library can maintain the e-book development strategy it currently has.