



Structures Study Committee Responses to Questions Posed by Public Library Directors August 2008

At a special meeting of the SELCO Advisory Committee on August 5, 2008, those present approved a "SELCO Advisory Committee Statement on Structure Study."

We, the SELCO Advisory Committee, affirm the following:

1. Southeastern Libraries Cooperating is a consortium of public libraries.
2. Southeastern Libraries Cooperating is a federated regional library system.
3. Member libraries of Southeastern Libraries Cooperating retain local control of library services.
4. Member libraries of Southeastern Libraries Cooperating are cooperating members - not simply customers. We are SELCO!

The SELCO Advisory Committee, having made these affirmations, has reviewed the document entitled "Recommendation from the Structure Committee" and respectfully request that the Committee suspend their proposed timeline until they have thoroughly researched and provided answers in writing to the following:

1. The stated potential cost savings of \$22,140 are not true savings, but rather cost avoidance there is no reduction of staffing. We request further explanation of how this justifies changes to state law. In addition, we request detailed information on the costs of the proposed merger.

Audit Cost Savings The cost of the SELS audit as conducted by an independent accounting firm for FY 2007 was \$4,050 and the estimated cost for the FY 2008 audit is \$4,500. After discussions with the auditors and pending the implementation of their recommendations to implement "program budgeting" for SELCO, should SELCO integrate the SELS fiscal operation as a program within the SELCO budget, the auditors estimate that there will be an annual cost savings of approximately \$4,000. With recent auditing standards, it is becoming advisable for best accounting practices to transition to a more efficient program budget, especially in light of the Federal Sarbanes-Oxley Act. For information about Sarbanes-Oxley Act: http://www.soxxlaw.com/ Copy of the Sarbanes-Oxley Act: http://www.pcaobus.org/About the PCAOB/Sarbanes Oxley Act of 2002.pdf	\$4,000
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<p>Accounting Staff Cost Shifting SELCO conducts an annual workload analysis study. Based on the time recorded to handle the double bookkeeping for SELS accounts receivable and payable, there will be estimated annual savings of accounting salary and benefits of \$10,085. SELCO does not anticipate any personnel reductions rather this will delay the need to add additional delivery and ILL staff. The results of the FY 2008, FY 2007, and FY 2004 work load analysis are online. http://www.selco.info/about-us/studies-reports/workload-analysis.</p>	<p>\$10,085</p>
<p>Salary Cost Adjustments SELCO originally estimated salary cost adjustments of \$8,055 based on the proposed reduction from four Advisory Committee meetings to two per year and discontinuing the Directors' Roundtable. This salary cost adjustment will not be realized if this reduction in meetings does not occur. Based on the public comments, it appears that there will continue to be regular public library directors' meetings.</p>	<p>\$8,055</p>

Dunlap & Seegar estimate that it will cost approximately \$3,000 to complete the necessary legal documentation, should a merger move forward. There are no plans to hire an independent lobbyist but to work within the MLA/MEMO legislative structure other libraries have used when seeking statutory modifications.

There will be additional time spent by the Executive Director implementing these changes, much of which is already part of the job description.

It is the opinion of the Structures Study Committee that the annual cost savings and the clarity of the accounting changes justifies changes to the state law.

2. SELCO is a consortium of public libraries whereas SELS is a cooperative network of academic, public, school and special libraries. We find these missions incompatible and request further rationale for their compatibility.

The SELCO/SELS Mission Statement is: *We Connect Libraries.*

While it is true that the missions of libraries vary based on the unique clientele and that even libraries of the same type may view their role differently, the regional library systems – both SELCO and SELS – were created to support library cooperation. The SELCO staff and the Board of Directors are committed to enhancing quality library service as provided by local libraries.

3. We request an explanation of how the proposed structure addresses the efficiency and effectiveness of the Board of Directors.

The Structures Study Committee seriously considered a wide variety of governance options ranging from the status quo to county appointments as allowed by statute, to direct voting by the public for regional board members. In the end, despite all of the complications with a Board currently composed of 38 members, the Committee felt strongly that the best advocates for quality library service have come from and would continue to come from the local communities making the appointments. The SELCO staff and the Structures Study Committee trust local library boards to make their

appointments and that the individuals will come prepared to cooperatively govern the regional library system.

Samples of the organizational and governance models considered by the Structures Study Committee are posted on the Structure blog with the March 5, 2007 and May 21, 2007 Committee meeting materials.

<http://www.selco.info/blogs/structure/archive/2007/03/21/structures-study-committee-meeting-3-05-07>

<http://www.selco.info/blogs/structure/archive/2007/05/15/structures-study-committee-meeting-may-21-2007>

4. The proposed structure ignores the significance of the disproportional amount of State funding for each organization. SELCO receives \$1.7 million whereas SELS receives \$157,000. We seek further explanation of how and to what level RLBSS funds are currently used to underwrite/subsidize SELS library services and to what level RLBSS funds are to be used in the proposed merger to underwrite/subsidize current and future SELS library services.

Budget streams will remain separate as required by state and federal law.

SELCO receives an annual contribution from SELS to provide Multitype services. As approved in the FY 2009 budget and itemized below, SELS will provide SELCO with \$152,135 of financial support. Copies of the SELCO and SELS FY 2009 and FY 2008 budgets are available online.

<http://www.selco.info/about-us/governance-advisement/sels-bylaws>

<p>Administrative Contract</p> <p>Since 1987 when SELCO assumed responsibility for SELS programs and services, SELS has paid an annual administrative fee. The particular details are specified in a contract between the two organizations and include:</p> <ul style="list-style-type: none"> • 75% of the salary and benefits for the Assistant Director • A portion of staff time for administration, accounting, and training based on the annual workload analysis study • Space rental and one phone line with long distance service <p>The items listed above were identified by the State Library when SELCO and SELS moved into shared governance and represent basic costs if SELS were to operate in a separate space</p>	<p>\$80,635</p>
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<p>Delivery SELS funds two of three delivery days per week to the academic, school, and special libraries participating in SELCO's Integrated Library System (ILS.) The participating academic, school, and special libraries are responsible for paying the costs of the third delivery day. <i>(Note: SELCO covers all costs for public library delivery stops.)</i> SELS member libraries not participating on the SELCO ILS are also eligible for delivery service, with SELS paying a portion of the costs and the balance at local expense.</p>	\$41,500
<p>ILS Support Since 2002, SELS has provided an annual contribution to the SELCO ILS. Initially this amount was capital revenue to help fund the purchase of a new ILS. During the migration project, the SELS contribution totaled \$63,941. This contribution enabled SELCO to undertake a major endeavor without assessing any capital fees to the Online Libraries. SELS continues to support overall system development as part of the statutory responsibility (135.351, Subd.3) for "sharing of resources and the development of a bibliographic database."</p>	\$15,000
<p>ILL Dividend As part of the current SELCO automation fees (approved by the Board of Directors in April 2005 and implemented in 2006) SELCO offers an ILL Dividend to Online Library net lenders. SELS annually contributes to this dividend program and in FY2008 this amount was \$8,000. A list of 2006 and 2007 net lenders is available online.</p> <p>http://www.selco.info/online-library-services/ill-delivery/ill-net-lending</p>	\$8,000
<p>Database License Support The contracts for supplemental database licenses include in-building access for the Online Libraries and remote access for their patrons. SELCO contributes 68% of the licensing fees on behalf of the public libraries, SELS contributes \$7,000 and the Online Libraries contribute a portion of the costs through their automation fees.</p>	\$7,000
<p>Total</p>	\$152,135

5. RLBSS funds are to be spent on public libraries per state law. One class of membership risks redefining multitype cooperation to the detriment of public library patrons. How would the proposed "one class of membership" benefit public library services?

The intent of the Committee was to stress the importance of all types of libraries in meeting local information needs. The intent was never to promise that all libraries, regardless of type, would receive the same services. This is physically and fiscally impossible.

SELCO staff and members of the Structures Study Committee admit that "one class of membership" may have been a poor choice of words in light of the concern this has caused. This language was taken directly from the SELCO bylaws with respect to the

current voluntary membership of public libraries and the mandatory membership of the 11 southeastern counties as specified in Article II, Membership of Public Libraries and Counties, Section 3 Classes of Membership. Working within the legal strictures of funding streams, statutory requirements, and organizational policy decisions, SELCO and SELS will continue to provide regional services based on the funding streams whereby public libraries receive greater support based on the proportion of state funding allocated for public library endeavors.

6. The proposed structure minimizes the voice of those who purchase/receive SELCO services and deliver library services. We affirm the importance of the SELCO Advisory Committee and oppose eliminating this constituent voice.

The Structures Study Committee never intended to eliminate the voice of the public library directors. The Committee sought adjustments to accommodate the challenging schedules of local staff and a number of requests for different approaches. The idea to reduce the number of meetings from four to two and add zone or cluster meetings was a response to a variety of comments from the public library directors. More details can be found at: <http://www.selco.info/blogs/structure/archive/2008/06/04/proposed-meeting-schedule>. Specifically:

- Attendance at the SELCO Advisory Committee meetings has declined and it is not unusual to start the meeting without a majority (18) of the directors present. From FY 2005 to FY 2008 there has been a decline in attendance of 17%.
- In FY 2006, the public library directors suggested a discussion of operational topics from a director's perspective in an effort to make the Advisory Committee meeting more applicable to daily operations. While this seemed like a great idea at the time and received wholehearted enthusiasm by the group, attendance has been relatively low and not what was expected. At the April 2008 SELCO Advisory Committee meeting, it was suggested that the Directors' Roundtable Discussions be discontinued.
- At the strategic planning retreat in March 2008, several participants requested SELCO organize opportunities to visit other libraries. Based on experiences in another region where periodic "zone" meetings (based on geography) are very popular, SELCO staff proposed introducing smaller meetings held on location.
- Among the suggestions voiced at the public discussions about a possible merger of SELCO and SELS has been the proposal that public library directors should self-direct their meeting. This concept is very similar to one proposed by Judy Harris, former SELCO/SELS Board President, during the FY 2001 strategic planning process. At the time, the SELCO Advisory Committee did not agree with the concept and thus it was not included in the FY 2002-2005 plan. It may be an appropriate time to revisit this idea.
- The public library directors have clearly stated their preference for opportunities to continue meeting. SELCO staff and members of the Structures Study Committee will incorporate this information from the public discussions into the Committee's final recommendation to the Board of Directors.

Reviewed and approved by the Structures Study Committee, August 25, 2008.