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# How to Manage the Serials Budget In Today's Climate

October Ivins

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Serials inflation is not a new problem. In 1976 and 1977, well-known librarians like Richard DeGennaro and Herb White wrote to warn and complain about the growing trend for serial renewal prices to limit monographic purchases.<sup>1</sup> More recently, Deana Astle and Charles Hamaker have examined parallels to the pricing crisis of the 1930s. The situation is now so serious that research and college libraries are reporting materials budgets with serials purchases consuming seventy to eighty percent of the funds, while monographic purchases have been reduced by an estimated twenty percent since 1985. The phenomenon has generated discussion at recent library meetings and in print. Many participants are in agreement that the problem is not just prices, but the whole system of how research is funded, produced, and communicated.

Although the situation is very serious, progress has been made. We now have better methods for projecting costs and conducting deselection projects. Mary Elizabeth Clack and Sally Williams demonstrated the limitations of using national price indexes to project costs for an individual library and provided a methodology for using index prices with local information. A new ARL SPEC Kit on "Serials Control and Deselection Projects" provides practical assistance with documents from twelve ARL libraries and from the Research Libraries Group, Inc.

Thanks to the research efforts of Deana Astle, Stuart Grinell, Charles Hamaker, Bob Houbeck and others, we have gained a much clearer understanding of pricing patterns. This research examines the premise that higher costs are associated with particular subject areas; that is, that scientific/ technical/ medical journals are the most expensive. Research confirms this premise and adds information: three large, commercial publishers dominate this segment of the publishing industry. These firms are Springer-Verlag, Elsevier, and Pergamon. There is some evidence that for comparable journals in the same subject area, those published by other presses are less

expensive. This raises in turn a number of other questions, such as how quality is evaluated and whether the more expensive publications are more valuable. Perceived charges of price gouging have encouraged publishers to attend library meetings and discuss their points of view, and a dialogue has developed that may eventually produce a more efficient means of disseminating information, if not lower prices.

What do these developments mean to the practicing librarian with responsibility for managing the serials budget in one library? Whether serials budgeting decisions are shared among several staff members and departments (for example, among serials, acquisitions, and collection development) or are the primary responsibility of one individual, effective management of the serials budget must be a high priority. The goals of serials budget management are similar to those for maintaining any budget: to identify how funds were spent, to track current spending, and to project future expenses. For many libraries, the only way to balance the serial budgets has been to cancel some titles, while reducing or suspending orders for new titles. The issue of deselection, while related, is only briefly addressed here. Additionally, there are many opportunities in the daily processing of serials and their invoices to employ good financial practices and conserve funds. A discussion of practical methods of serials budget management and funds conservation is the focus of this article.

## Historical Budget Data

The serials budget should document where the money has gone with enough specificity to use in projecting future costs. Clack and Williams suggest that nine years worth of budget data is needed to project the next year's prices with high accuracy. Unless payment records were automated for the entire nine-year period, I suspect that locating and analyzing nine years of pricing data would be a gigantic undertaking in many libraries. It is also likely that some changes were made in the recording and collecting of payment data in a nine-year period. For example, when

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October Ivins is head of Serials Services at Louisiana State University Libraries, Baton Rouge, Louisiana.

automation is introduced, one expects some information previously collected to be discontinued while new data is added. Thus, libraries that can closely follow the nine-year guide are fortunate. The rest of us can use some short cuts.

Hamaker, Astle and Houbeck determined that titles costing more than two hundred dollars account for more than half of the budget, but less than ten percent of the titles. Thus, tracking the earlier prices of only the ten percent of high-priced titles would be one useful shortcut. This approach to reconstruction is particularly useful if these titles are also targeted for a deselection review. Faculty members may recall the original purchase price and be shocked to see the evidence of huge annual increases.

Another short cut is to use vendor-supplied data. Several large vendors can supply data showing prices over a multi-year period. Even if your titles have not been with the same vendor for the entire period, earlier prices can be supplied. This data is the most useful if a majority of titles are ordered through vendors who provide this service. There are other advantages to ordering from a variety of vendors, especially for research libraries, so this method is probably the most useful for smaller libraries.

### **Current Budget Practices**

Probably no two libraries employ the same treatment definition for serials, so it follows that no two library serial budgets will include the same categories. Nevertheless, some general guidelines are suggested. Examine what is purchased with the serials budget. Even if you choose to pay everything out of one fund, it is very useful to create internal sub-funds for different kinds of materials. Continuing commitments should be separated from one-time purchases. Subscriptions, where payment is made in advance of receipt, would be one division with two sections: initial charges and added charges. The ability to track added charges is especially critical in monitoring expenditures during the course of the fiscal year. True annuals are more similar in billing to subscriptions and could be included in that fund. Continuations, where publication is irregular and volumes are billed as they are shipped, would be a second division. Other continuing commitments such as memberships in bibliographic utilities, consortia, etc. should be a separate category, as should binding, if these are paid from the serials budget. Back files and replacement copies should be assigned a separate fund. The library may also choose to assign subject or location funds, and/or to track purchases by format (microform, video,

CD-ROM).

Various forms of automation are available to assist with budgeting requirements. In the absence of more sophisticated options, using a simple database management system on a personal computer is preferable to compiling data manually. Regular statements, produced monthly in the first half of the fiscal year, weekly early in the second half, and finally daily are needed to track spending. It is not uncommon to exhaust funds in some lines months before the end of the year, and adjustments may be needed. If the decision to suspend invoice payments for the remainder of the fiscal year is made, it should be communicated to firms supplying invoices with an estimated date of expected payment.

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### **Reviewing Continuations**

Many libraries are deciding that standing orders for monographic series are no longer appropriate. There is a feeling that the subject integrity of some series is not as well controlled as it once was, and that every volume of a series may no longer meet the collection development criteria of the library. Such titles are available through approval plans or as firm orders, and can appropriately be purchased from the book budget. Shifting this material from the serials budget helps solve the problem of irregular publication and wide variations in prices from volume to volume that makes budget projections difficult.

Ask the reference or collection development staff to examine annuals, directories, and similar materials. Does the library need every year, or would every second or third year be adequate? Vendors will accept orders like this, so complex tracking and reordering procedures are not required. What can be cancelled entirely based on availability in online databases or other new sources?

### **Reviewing Subscriptions**

Although vendors provide many important services and serials staffs could not begin to cope with their workload without them, some titles are more appropriately ordered directly from the publisher. Several publishers offer lower rates for direct renewals; the extra work required of staff must be weighed against the savings in price. If



problems with duplicates and then gaps with fulfillment center titles occur, direct orders offer an improvement. Expensive translation journals are often billed far in advance of publication; if ordered direct, publication can be monitored and renewals paid only as due.

Multi-year renewals can offer savings, but are sometimes prohibited by local accounting regulations. This practice should be avoided for titles that are candidates for cancellation. It is most effective when a pool of titles can be divided so that two year renewals come due for half of the group each year; this avoids budget imbalance. Multi-year renewals are also recommended for fulfillment center titles, whether ordered directly or through vendors.

### **Vendor Selection and Reassignment**

The selection of a vendor or vendors has implications for service provided and cost in terms of price of materials and service charge. Changes in vendor assignment require advance planning and notification to minimize duplication and avoid gaps in subscriptions and continuations. Knowing the total volume of business with each vendor and adjusting these totals as titles are ceased or cancelled, as orders are transferred, and as new orders are placed is another shortcut to determining budget projections.

### **Exchange Rates, Service Charges, and Prepayment Bonuses**

This area overlaps with evaluating vendor performance. Commercial publishers do not set one universal price that both vendors and libraries pay. Publishers may or may not grant a discount to a vendor, which may or may not pass along the discount on a title by title basis. The vendor may simply use all of the discounts to offset a library's service charge. Similarly, there are a variety of ways that exchange rates are calculated. Libraries should spot check prices in current issues with the price they are charged to determine how their charges relate to list prices. The charge recorded in the serials payment records may include handling, postage, and the service charge. If it does not, use the original invoice to evaluate charges.

### **Higher costs are associated with particular subject areas . . .**

Many vendors offer early payment discounts, such as a reduction in service charge rate or a credit. This is because the vendor invests your

payment. Evaluate each offer; some are more advantageous than others. Consider whether holding your payment in an interest bearing account will be more cost effective than prepayment. In other situations, you may want to pay a foreign vendor early while exchange rates are advantageous.

### **. . . nine years of budget data is needed to project the next year's prices with high accuracy.**

### **Automatic Renewals**

Always ask to review renewal lists before large annual invoices are issued by vendors. Check the renewal against check-in and payment records. Do not renew titles already paid in advance and not received. Such titles are either a supply or publication delay problem. Either way, your subscription should be current before authorizing additional payments. If the publisher goes out of business or sells the title to another publisher, the vendor is not obligated to refund your money unless the publisher does. Reviewing the renewal is also an opportunity to see that previously cancelled titles have been deleted and that title changes are accurately recorded.

### **Monitoring Serials Procedures**

The serials staff has many opportunities to support or undermine the fund allocation process. Procedures should be developed and employed to report several types of information to collection development and/or accounting. Price increases above a set dollar amount or percentage for new or established titles should be reviewed. Mid-year added charges should be added to the initial charge and the total price increase considered. If a title has not been invoiced for more than two years, it should be reevaluated like a new order rather than automatically reinstated. Unsuccessful claims for single issues or gaps should not be automatically handled as orders; purchases above a set amount should be referred to collection development. Simple replacement orders should not be converted into expensive out-of-print searches without collection development review. Title and scope changes should be reviewed by collection development in case the change makes the title less appropriate for the collection.

### **Duplicate Issues, Credits and Refunds, Statements**

Publishers don't like to return money. They

would prefer to fulfill the balance of a subscription to a ceased or merged title with another title, often one the library already receives. (This is one reason to check duplicates carefully. If the amount due back is small, it is probably not worth the staff time to request and process a refund.) Another way publishers and vendors avoid refunding money is to issue credit memos. If you can apply the credit in a reasonable amount of time, such as six months, there is no problem. If you do not anticipate using the credit, your staff should write immediately and ask for a refund check. Generally, it is safe to accept credits from large vendors and publishers. When in doubt, check last year's payment file to see what the volume of business is likely to be. When staff first write about billing problems, they should be careful to specify when a refund is desired.

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Another source of duplicates are volumes received on firm order or through approval plans which duplicate titles received on continuing order. Depending on the price of the material, the non-standing order duplicate should ordinarily be returned for credit. Continuation orders should be clear, and pre-order and post-receipt searching should include the continuation file. Careful review of publisher- and vendor-supplied account statements can indicate duplicate payments, unapplied credits, payment delays, and other situations in need of investigation by a supervisor.

#### **Unsolicited Material**

There are several varieties of unsolicited material, that is, material that does not appear in the check-in file and has not been ordered or requested as a gift. Sometimes such material involves financial transactions and should be examined carefully. Some publishers send unordered material with an invoice. The library has no obligation to pay for the material or to return it. Instructions developed by the ALA RTSD Publisher/ Vendor/ Library Relations Committee are available.<sup>2</sup> Other items may come as the result of a renewal error; for example, the vendor or publisher may have entered an order for a package of

several titles when only one title was requested. It is also fairly common for publishers to supply a relatively "new" publication free as a come-on; but only the first year is free. Issues of a publication new to the library may be sent in fulfillment of another ceased subscription. Such problems must be identified in a timely manner, or the supplier will not be willing to make an adjustment and the library's subscription funds will have been misspent.

#### **Clear Procedures and Good Staff**

As all of these items suggest, the librarian responsible for managing the serials budget can determine budget projections and design procedures, but there are many other savings that can be realized only by a conscientious serials acquisitions staff. Constant exceptions are the rule with serials, and encouraging staff to question and investigate them is the best way to ensure that procedures are steadily refined and new variations are recognized.

#### **Other Activities**

Many additional suggestions for becoming involved in the serials pricing debate are outlined in a recent article by Charles Hamaker in *American Libraries*. He suggests writing publishers, attending meetings, keeping up with the literature, conducting research and sharing the results, participating in cooperative deselection projects, and so forth. There is a quarterly column in *Serials Review* by the author that discusses new developments with serials pricing. Marcia Tuttle, University of North Carolina, Chapel Hill, is the chair of a subcommittee of the ALA RTSD Publisher/ Vendor/ Library Relations Committee that is planning to produce an electronic mail news memo with current information about the problem.<sup>3</sup> Solutions to the serials pricing crisis must be found through a combination of sound local fiscal management and a current awareness of the developing dialogue.

#### **References**

1. All articles cited in the text are listed in the selected bibliography instead of in footnotes.
2. To obtain the handout on handling unsolicited material shipped with invoices, write: Publisher/Vendor/Library Relations Committee, c/o American Library Association, Resources and Technical Services Division, 50 E. Huron Street, Chicago, IL 60611.
3. The news memo will be distributed both electronically and by regular mail. For information, or to be added to the distribution list, contact Marcia Tuttle at (919) 962-1067, or Tuttle@UNC.Bitnet or Tuttle on DataLinx (Faxon).

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