

## DALNET Cost Allocation Task Force: Preliminary Information Worksheet

### Charge

The Cost Allocation Task Force's charge is as follows:

- Review the cost allocation formula for current members. This includes evaluating fees charged to DPL, WSU and DMC, along with the advisability of continuing the practice of across-the-board annual fee increases.
- Assess the cost benefits for all DALNET members.
- Evaluate whether or not "volumes" remains an appropriate basis for allocating costs.

The Cost Allocation Task Force will coordinate its work with the New Member Policy Task Force, and deliver its recommendations by March 2003.

### Relevant passages from the Planning Retreat

- Given the membership's diverse needs, should DALNET implement a "cafeteria pricing model," by offering a menu services beyond the ILS for members to select from? How could such a pricing model be configured to sustain the consortium for the benefit of all libraries, large and small, and to ameliorate the sense that some members are subsidizing others? (Page 3, December Planning Retreat Summary)
- Can the DALNET office be re-structured? Should DALNET staff resources be deployed differently to better meet member needs? (Page 3)
- Grappling with large libraries – what would it take to make it beneficial for WSU to stay in DALNET? (Meeting the needs of all members, page 18)
- Cost effectiveness for larger libraries, how to make it applicable and still maintain smaller libraries (Meeting the needs of all members, page 18)
- Change cost model to be more equitable between library size – so big libraries don't feel like they are subsidizing smaller (Page 18)
- I wish DALNET would pay more attention to using technology to reduce costs/ staffing in member library internal operation. I see too much patron searching going directly to the Web and by-passing our Web site (much less the OPAC itself) to feel confident our patrons will use MiLE, DALNET's Web initiatives, unified searching or any databases we create by digitization. I think the primary value to membership will be reducing costs; not expanding resources available (page 20)

*Is it possible to reallocate current costs  
Is it feasible*

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**Task Force charge element 1:** Review the cost allocation formula for current members. This includes evaluating fees charged to DPL, WSU and DMC, along with the advisability of continuing across-the-board annual fee increases.

*What questions need to be answered to fulfill this charge element? What information do you need to address these questions?*

- 1) What are current members paying? (Background information required: List of current costs for DALNET members. Staff will provide. Background on current cost formula. Will ask Bob Harris to provide.)
- 2) What are the bases for assessing the equity of what members are paying? For example, DMC feels its costs should be comparable to those paid by the consortium's other medical libraries. Is this a reasonable claim? Is type of library a valid basis for allocating costs? (Background info required: List of current costs, with analysis of costs paid by libraries within each category. Staff will provide.)
- 3) Based on a comparison of what libraries within each category are paying, are their imbalances that need to be addressed? (Background: Committee will brainstorm scenarios, which will likely require developing spreadsheets.)
- 4) What are the best strategies for addressing these imbalances? (Background: Committee will brainstorm scenarios, which will likely require staff to prepare spreadsheets.)
- 5) What are the criteria for assessing DALNET's cost allocation formula? (Background: TBD.)

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### Charge element 2: Assess the cost benefits for all DALNET members.

*What questions need to be answered to fulfill this charge element? What information do you need to address these questions?*

- 1) What would members pay if they bought a system from *epixtech* on their own? (Background info: Quote for each member, listing what *epixtech* would charge that library for an ILS with equivalent functionality. Worksheet should also provide required equipment and staffing levels to run equivalent local ILS. Staff will provide.)
- 2) What would members pay if they opted for other consortia that offer shared ILS services? (Staff is compiling information on comparison ILS costs from other consortia.)
- 3) What other services, beyond the ILS, need to be included in assessing the cost-benefits of DALNET membership? (Staff will compile a listing of services, such as MiLE, RPA, consulting, training, etc.)

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**Charge element 3: Evaluate whether or not “volumes” remains an appropriate basis for allocating costs.**

*What questions need to be answered to fulfill this charge element? What information do you need to address these questions?*

- 1) What other bases are there for allocating costs? (Brainstorm possibilities during task force conference call, then evaluate. Background info: to be determined as Task Force identifies alternatives.)