Cost-Sharing for Winnefox Automated Library Services (WALS)

March 2017

1. Brief history of WALS

a. Introduction

When WALS was formed in 1985, it was done with a contract between the Winnefox Library System and the Oshkosh Public Library, establishing WALS as a program under Winnefox. Oshkosh Public Library had secured capital funding for an automation system, but felt that that there would be more potential to add other Winnefox libraries to the consortium if Winnefox were the contracting agency. Also, Winnefox had more flexibility in handling the automation funds.

From the beginning, WALS has existed to deliver value to public library patrons. The most visible way it does that is by combining the holdings of many public library collections into a single, shared virtual collection containing more than 1.2 million items. The shared collection, partnered with frequent van delivery, makes it possible for even the smallest Winnefox library to satisfy the broad

1

reading, viewing and listening tastes of its patrons. Without WALS, each library's patrons would be limited mainly to the materials that their own library could afford to purchase.

WALS also delivers value is by creating economies of scale and procedural efficiencies. A major purpose of WALS has always been to increase efficiency by automating and standardizing basic library functions like circulation, patron registration and the public access library catalog. The 1990s witnessed rapid expansion in the number of libraries wanting to automate. During that decade, the state of the art in library technology also rapidly evolved from the older "dumb" terminal – server network architecture to PC-based networks running over Internet protocols. Thus, from the late 1990s into the early 2000s, WALS grew far beyond the automation of core library operations to support increasingly complex library automation needs: email, digital file storage, public computing, public Internet access (with all of its complications, like content filtering, printing, patron queuing, PC security / virus protection, and Wi-fi). Without WALS, each library would face the challenge of independently acquiring, installing, and supporting the digital technologies that are hallmarks of modern public library service.

b.   Members and Associates

Between 1988 and 2003, the WALS contract was amended to add Menasha, Neenah, Berlin, Ripon, and Fond du Lac as they joined the automation system as members. Until 2009, WALS operated as a consortium governed by an executive council its large "member" library directors. Smaller libraries were not members but associates – i.e., customers. They had no contract with WALS for automation and no voice in decisions made by the executive council. The associate fees were established each year as part of the budgeting process. By 2007, the associate libraries were making a strong case for greater influence over WALS decision-making. In 2008, WALS ceased to be a member-funded Winnefox program and became a Winnefox service, still largely funded by Winnefox libraries. At that time the WALS contracts were withdrawn and replaced with two new documents: WALS Terms and Conditions of Services, and the Winnefox Technology Executive Council By-Laws.

c. Member fees pre-2009

The WALS fee formula has always been based upon each library's relative demand upon shared resources. Early on, WALS funding used a formula of ports, file size, and circulation to allocate costs to the members. (Ports were connections to a terminal server, a type of networking device common in the 1990s. As technology changed from CRT terminals to PCs, ports were dropped from the formula.)

d. Associate fees pre-2009

Before 2009, associate libraries fees were based upon the number of PCs they had. The year 2000 is a good example of pre-2009 services and the logic behind associate fees. In 2000, in addition to providing library automation system services to associate libraries, WALS began providing Internet access to a number of smaller (or "linked") libraries. Associate library fees were based on the number of PCs that the library had ($6,400 for 2 PCs, $7,200 for 3 PCs, or $8,000 for 4 PCs, and $8,800 for 5-9 PCs) plus postage for mailing hold notices. The WALS associate fee covered telecommunications charges, a portion of central site hardware and software maintenance, the license to use DRA library automation software, ongoing training and support, statistical reports, and Internet access. "Linked" libraries paid for Internet access also based upon the number of PCs they had in their buildings. Internet linking fees were pro-rated for partial year service.

A major goal in setting each library's annual associate fee was to have it be very stable and predictable for the smaller libraries. If a library decided to add PCs, it knew its associate fee would increase. Between 2000 and 2008, most associate libraries saw modest increases in their fees for IT services even as their digital services exploded: Green Lake PL went from $8,800 to $9,200; Montello PL went from $7,200 to $8,700 and Winneconne PL went from $8,000 to $10,200. Several libraries saw their associate fees decrease over this period: Coloma PL went from $8,000 to $7,200 and Wild Rose PL went from $8,800 to $8,700.

e. Change to all Members in 2008 (budget impacted in 2009)

With the change from WALS being a Winnefox program to a Winnefox service, the differentiation between WALS Members and Associates became obsolete. Thus, as part of the budgeting

3

process for 2009, the WALS fee structure was changed to include all of the libraries in the formula, and to institute a base fee. The base fee kept the WALS fees close to the amount the libraries had paid in the past, and prevented the mid-size libraries from seeing a dramatic increase. Winnefox funds were used to offset the fees for the four libraries that did see substantial increases to phase in their formula costs over a multi-year time period.

As associates in 2008, the smaller Winnefox libraries' fees ranged from $6,800 to $10,200. That lowest fee amount -- $6,800 -- became the base fee in the new formula. 17 of the 24 former associate libraries saw their WALS fee decrease from 2008 to 2009. Despite automation software maintenance costs increasing 6-7% per year prior to 2013, the base fee was held static at $6,800 throughout the recession. In 2013, we signed a long-term agreement with SirsiDynix, which capped our annual maintenance cost increases at 3%. At that point, we sought to reflect some cost increases in moderate annual increases to the base fee. We raised it to $7,200 in 2013; $7,400 in 2014; $7,475 in 2015; $7,575 in 2016; and $7,775 in 2017. Of the 14 libraries that will pay the WALS base fee in 2017, 12 libraries are paying less than $1,000 more than they were in 2008; 2 libraries are paying less than they did in 2008.

2. **Components of the WALS annual budget (using 2017 as example)**

a. Expenditures

	2017 Budget	
Personnel	$263,979	Salaries and benefits for Winnefox employees
Contractual Expenditures	$282,116	Contracted services from OPL, OCLC & Heartland
Administrative Supplies & Expenses	$16,440	Rent, office supplies & equipment, telephone, etc.
Maintenance	$149,403	SirsiDynix ILS, 3rd party add-ons, telecom hardware/software
Travel, Training, Dues	$13,730	SirsiDynix meetings/conferences; WALS meetings
Telecommunications	$35,400	Internet access
Online Fine Payment	$35,000	Payment of fines collected on behalf of WALS libraries
Total Operating Expenditures	$796,068	
Capital Expenditures	$54,000	Planned capital purchases funded by reserves
Total Expenditures	**$850,068**	

b. Revenues

	2017 Budget	
Member Library Funding	$657,748	Fees paid by 29 WALS libraries
LSTA	$19,230	Federal grant funding, administered by WI DPI
Winnefox Funding	$126,100	Winnefox subsidy of WALS services via state system aids
Winnefox Funding for Visibility	$10,090	Winnefox support from New Services Reserve Fund – Yr 1 of 3
Other	$1,900	Interest and other miscellaneous revenues
Online Fine Payment	$35,000	Fine collected by Winnefox on behalf of WALS libraries
Total Operating Revenue	**$850,068**	

3. Current method of library cost-sharing for WALS

The current method of sharing costs for WALS rests upon two principles: the base fee, and a formula that represents the relative demand for WALS services from those larger libraries that do not pay the base fee. The formula uses the libraries' shares of the total numbers of library items in the shared database, the total numbers of library cardholders, and the total circulation as proxies for likely demand for WALS services. The base fee recognizes that the full value of the support services provided to small libraries by WALS is not adequately captured by the Library Items / Cardholders / Circulation formula. While it is true that the base fee represents a very large share of total expenditures for some of the smaller WALS libraries, in absolute dollars, the base fee (and its predecessor associate library fees) have risen very little in almost 20 years. Some of the current base fee libraries are paying less for WALS services now than they did in 1998, and they are receiving very much more in services than they did back then. The steps in the current cost sharing method are as follows:

Step One: Determine how much of the cost of operating WALS will be borne by the member libraries

	2017
Total Estimated Expenditures	$850,068
minus	
Winnefox state aids contribution	$126,100
minus	
Federal grants & other revenues	$66,220
equals	
Amount to be divided among libraries	$657,748

Step Two: Identify which libraries will pay the base fee and how much they will pay as a group.

Step Two-A: Apply the Items/Cards/Circulation formula *to all 29 libraries* to derive the relative share of demand for services from WALS (called the "Library Average %" in the tables).

	Total Library Card Holders	Items	Total Dec. 2015 File Size	Library % of File Size	Total 2015 Circulation	Library % of 2015 Circulation	Library Average %
BERLIN	6,858	62,423	69,281	4.9108%	100,507	3.1462%	4.0285%
BRANDON	1,072	6,781	7,853	0.5566%	15,634	0.4894%	0.5230%
CAMPBLSPRT	3,928	22,552	26,480	1.8770%	58,568	1.8334%	1.8552%
COLOMA	1,585	12,064	13,649	0.9675%	25,811	0.8080%	0.8877%
ENDEAVOR	792	9,907	10,699	0.7584%	9,258	0.2898%	0.5241%
GREENLAKE	2,956	33,219	36,175	2.5642%	64,748	2.0268%	2.2955%
HANCOCK	765	9,978	10,743	0.7615%	15,792	0.4943%	0.6279%
KINGSTON	758	12,309	13,067	0.9262%	20,304	0.6356%	0.7809%
MARKESAN	2,459	17,873	20,332	1.4412%	28,069	0.8787%	1.1599%
MENASHA	23,922	154,197	178,119	12.6256%	427,419	13.3797%	13.0027%
MONTELLO	3,550	17,161	20,711	1.4681%	47,146	1.4758%	1.4719%
NEENAH	36,205	220,852	257,057	18.2210%	895,341	28.0274%	23.1242%
NESHKORO	357	8,149	8,506	0.6029%	4,691	0.1468%	0.3749%
NFONDDULAC	3,516	26,413	29,929	2.1215%	45,146	1.4132%	1.7673%
OAKFIELD	1,148	18,796	19,944	1.4137%	25,111	0.7861%	1.0999%
OMRO	3,421	28,144	31,565	2.2374%	57,634	1.8041%	2.0208%
OSHKOSH	56,363	287,733	344,096	24.3905%	826,904	25.8850%	25.1378%
OXFORD	1,551	9,955	11,506	0.8156%	19,767	0.6188%	0.7172%
PACKWAUKEE	552	9,161	9,713	0.6885%	9,298	0.2911%	0.4898%
PINERIVER	806	14,861	15,667	1.1105%	20,804	0.6512%	0.8809%
PLAINFIELD	1,624	20,787	22,411	1.5886%	22,865	0.7158%	1.1522%
POYSIPPI	601	16,510	17,111	1.2129%	9,704	0.3038%	0.7583%
PRINCETON	2,165	22,846	25,011	1.7729%	36,020	1.1276%	1.4502%
REDGRANITE	1,373	13,222	14,595	1.0345%	17,078	0.5346%	0.7846%
RIPON	8,511	71,272	79,783	5.6553%	140,617	4.4018%	5.0285%
WAUTOMA	5,964	35,221	41,185	2.9193%	81,512	2.5516%	2.7355%
WESTFIELD	2,959	18,143	21,102	1.4958%	52,536	1.6446%	1.5702%
WILDROSE	2,341	16,279	18,620	1.3198%	41,765	1.3074%	1.3136%
WINNECONNE	4,050	31,816	35,866	2.5423%	74,469	2.3311%	2.4367%
	182,152	1,228,624	1,410,776	100%	3,194,524	100%	100%

7

Step Two-B: Multiply the "Library Average % by the total amount of costs to be shared by all libraries ($657,748 in 2017). Those libraries whose fee would fall below the base fee amount ($7,775 for 2017) are identified as the base fee libraries.

The result of this step is that 14 libraries were allocated the base fee in 2017, raising $108,850 in revenues towards WALS costs.

If each of the base fee libraries had paid the amount in their preliminary fee calculation (i.e., based solely upon the Items/Cards/Circulation formula), the total revenues would have been $70,782, or $38,068 less than they pay as a group with the base fee.

	Library Average %	Preliminary Fee Calculation	2017 WALS Fee
BERLIN	4.0285%	$26,498	
BRANDON	0.5230%	$3,440	$7,775
CAMPBLSPRT	1.8552%	$12,202	
COLOMA	0.8877%	$5,839	$7,775
ENDEAVOR	0.5241%	$3,447	$7,775
GREENLAKE	2.2955%	$15,099	
HANCOCK	0.6279%	$4,130	$7,775
KINGSTON	0.7809%	$5,136	$7,775
MARKESAN	1.1599%	$7,629	$7,775
MENASHA	13.0027%	$85,525	
MONTELLO	1.4719%	$9,682	
NEENAH	23.1242%	$152,099	
NESHKORO	0.3749%	$2,466	$7,775
NFONDDULAC	1.7673%	$11,625	
OAKFIELD	1.0999%	$7,234	$7,775
OMRO	2.0208%	$13,292	
OSHKOSH	25.1378%	$165,343	
OXFORD	0.7172%	$4,717	$7,775
PACKWAUKEE	0.4898%	$3,221	$7,775
PINERIVER	0.8809%	$5,794	$7,775
PLAINFIELD	1.1522%	$7,578	$7,775
POYSIPPI	0.7583%	$4,988	$7,775
PRINCETON	1.4502%	$9,539	
REDGRANITE	0.7846%	$5,160	$7,775
RIPON	5.0285%	$33,075	
WAUTOMA	2.7355%	$17,992	
WESTFIELD	1.5702%	$10,328	
WILDROSE	1.3136%	$8,640	
WINNECONNE	2.4367%	$16,027	
TOTAL	100%	$657,748	$108,850

Step Three: Share the remainder of the costs among the larger libraries.

Step Three-A: Subtract the revenues raised from the base fee libraries from the total costs to be shared:

	2017
Amount to be divided among libraries	$657,748
minus	
Amount raised by base fee libraries	$108,850
equals	
Amount to be shared among the larger (non-base-fee) libraries	$548,898

Step Three-B: Distribute the additional revenues raised by use of the base fee ($38,068 in 2017) among the larger, non-base-fee libraries.

The larger non-base fee libraries need to be considered as a separate group apart from the smaller base-fee libraries in order to share out these additional revenues as adjustments to their fees. We need to apply the Items/Cards/Circulation formula one more time *using only the larger non-base fee libraries*. This results in a "New Library Average %" that is somewhat greater than the "Library Average %" that was calculated in Step Two-A above using all 29 libraries.

Step Three-B.i.: Multiply the original "Library Average %" by the amount of costs to be shared by the larger libraries ($548,898 in 2017) to arrive a "scratch pad" fee amount. The only purpose of these "scratch pad" amounts is to sum them for the large libraries and to use them to calculate a "New Library Average %" that will sum to 100%.

	Library Average %	"Scratch Pad" Amount for New %	New Larger Library Average %
BERLIN	4.0285%	$22,113	4.5143%
CAMPBLSPRT	1.8552%	$10,183	2.0789%
GREENLAKE	2.2955%	$12,600	2.5723%
MENASHA	13.0027%	$71,371	14.5707%
MONTELLO	1.4719%	$8,079	1.6495%
NEENAH	23.1242%	$126,928	25.9127%
NFONDDULAC	1.7673%	$9,701	1.9805%
OMRO	2.0208%	$11,092	2.2645%
OSHKOSH	25.1378%	$137,981	28.1692%
PRINCETON	1.4502%	$7,960	1.6251%
RIPON	5.0285%	$27,602	5.6349%
WAUTOMA	2.7355%	$15,015	3.0653%
WESTFIELD	1.5702%	$8,619	1.7595%
WILDROSE	1.3136%	$7,210	1.4720%
WINNECONNE	2.4367%	$13,375	2.7306%
	100%	$489,829	100%

Step Three-B.ii.   Use the "New Library Average %" to share out the additional revenues raised by the base fee libraries.

	New Larger Library Average %	Fee Adjustment Amount
BERLIN	4.5143%	$1,719
CAMPBLSPRT	2.0789%	$791
GREENLAKE	2.5723%	$979
MENASHA	14.5707%	$5,547
MONTELLO	1.6495%	$628
NEENAH	25.9127%	$9,864
NFONDDULAC	1.9805%	$754
OMRO	2.2645%	$862
OSHKOSH	28.1692%	$10,723
PRINCETON	1.6251%	$619
RIPON	5.6349%	$2,145
WAUTOMA	3.0653%	$1,167
WESTFIELD	1.7595%	$670
WILDROSE	1.4720%	$560
WINNECONNE	2.7306%	$1,039
	100%	$38,068

Step Three B.iii.   For each of the larger, non-base-fee libraries, subtract their share of the $38,068 adjustment amounts from their preliminary fee calculation to arrive at their cost share for the budget cycle.

	Preliminary Fee Calculation	New Library Average %	Fee Adjustment Amount	Actual 2017 WALS Fee Amount
BERLIN	$26,498	4.5143%	$1,719	$24,779
CAMPBLSPRT	$12,202	2.0789%	$791	$11,411
GREENLAKE	$15,099	2.5723%	$979	$14,119
MENASHA	$85,525	14.5707%	$5,547	$79,978
MONTELLO	$9,682	1.6495%	$628	$9,054
NEENAH	$152,099	25.9127%	$9,864	$142,234
NFONDDULAC	$11,625	1.9805%	$754	$10,871
OMRO	$13,292	2.2645%	$862	$12,430
OSHKOSH	$165,343	28.1692%	$10,723	$154,620
PRINCETON	$9,539	1.6251%	$619	$8,920
RIPON	$33,075	5.6349%	$2,145	$30,930
WAUTOMA	$17,992	3.0653%	$1,167	$16,826
WESTFIELD	$10,328	1.7595%	$670	$9,658
WILDROSE	$8,640	1.4720%	$560	$8,080
WINNECONNE	$16,027	2.7306%	$1,039	$14,988
	$657,748	100%	$38,068	$548,897

10

4. __Alternative methods__

a. Current method minus "adjustment" step

The current method is needlessly complicated as well as being difficult to explain. There is no need for the steps involving parsing the additional funds contributed by the base fee libraries among the larger non-base-fee libraries (Steps Three-B.i. through Three-B.iii. above). Here is how I would recommend proceeding from Step Three onward:

Step Three: Using the larger, non-base-fee libraries as a separate group, calculate how much of the remaining $548,898 of costs each should share.

In other words, repeat the full application of the Items/Cards/Circulation formula but **only using the larger, non-base-fee libraries**. This is a much simpler way to get the necessary "New Library %". Then, multiply the new percentage by the remaining revenue to be raised ($548,898 in 2017) to get each of the larger library's fee allocation.

Here is the result of that simplification:

	New Non-Base Fee Library Average %	Actual 2017 WALS Fee Amount	Alternative a. 2017 WALS Fee	Alternative a. amount more (+) or less (-) than Actual 2017 WALS Fee	
BERLIN	4.5544%	$24,779	$24,999	+	$220
CAMPBLSPRT	2.0823%	$11,411	$11,430	+	$19
GREENLAKE	2.5860%	$14,119	$14,195	+	$76
MENASHA	14.5737%	$79,978	$79,995	+	$17
MONTELLO	1.6513%	$9,054	$9,064	+	$10
NEENAH	25.7522%	$142,234	$141,353	-	$881
NFONDDULAC	1.9968%	$10,871	$10,960	+	$89
OMRO	2.2758%	$12,430	$12,492	+	$62
OSHKOSH	28.1743%	$154,620	$154,648	+	$28
PRINCETON	1.6397%	$8,920	$9,000	+	$80
RIPON	5.6664%	$30,930	$31,103	+	$173
WAUTOMA	3.0763%	$16,826	$16,886	+	$60
WESTFIELD	1.7588%	$9,658	$9,654	-	$4
WILDROSE	1.4741%	$8,080	$8,091	+	$11
WINNECONNE	2.7380%	$14,988	$15,029	+	$41
	100%	$548,898	$548,899		

The resulting fee allocations differ slightly but not significantly from those derived by the current procedure. This procedure – and, perhaps even more importantly, its explanation – are much simpler.

b. Circulation

One suggested alternative WALS fee allocation method is to use Circulation as the sole representative value for sharing costs. The table below shows the impact of this approach: the larger libraries – especially Neenah Public Library – would bear a much larger share of the costs.

	2015 Circulation	Library Percentage of 2015 Circulation	Actual 2017 WALS Fee	Alternative b. 2017 WALS Fee if based upon Circulation Percentage	Alternative b. amount more (+) or less (-) than Actual 2017 WALS Fee	
Berlin	100,507	3.1462%	$24,779	$20,679	-	$4,101
Brandon	15,634	0.4894%	$7,775	$3,217	-	$4,558
Campbellsport	58,568	1.8334%	$11,411	$12,050	+	$639
Coloma	25,811	0.8080%	$7,775	$5,311	-	$2,464
Endeavor	9,258	0.2898%	$7,775	$1,905	-	$5,870
Green Lake	64,748	2.0268%	$14,119	$13,321	-	$798
Hancock	15,792	0.4943%	$7,775	$3,249	-	$4,526
Kingston	20,304	0.6356%	$7,775	$4,178	-	$3,597
Markesan	28,069	0.8787%	$7,775	$5,775	-	$2,000
Menasha	427,419	13.3797%	$79,978	$87,939	+	$7,961
Montello	47,146	1.4758%	$9,054	$9,700	+	$646
Neenah	895,341	28.0274%	$142,234	$184,211	+	$41,977
Neshkoro	4,691	0.1468%	$7,775	$965	-	$6,810
North Fond du Lac	45,146	1.4132%	$10,871	$9,288	-	$1,582
Oakfield	25,111	0.7861%	$7,775	$5,167	-	$2,608
Omro	57,634	1.8041%	$12,430	$11,858	-	$572
Oshkosh	826,904	25.8850%	$154,620	$170,130	+	$15,511
Oxford	19,767	0.6188%	$7,775	$4,067	-	$3,708
Packwaukee	9,298	0.2911%	$7,775	$1,913	-	$5,862
Pine River	20,804	0.6512%	$7,775	$4,280	-	$3,495
Plainfield	22,865	0.7158%	$7,775	$4,705	-	$3,070
Poy Sippi	9,704	0.3038%	$7,775	$1,997	-	$5,778
Princeton	36,020	1.1276%	$8,920	$7,411	-	$1,509
Redgranite	17,078	0.5346%	$7,775	$3,514	-	$4,261
Ripon	140,617	4.4018%	$30,930	$28,931	-	$1,999
Wautoma	81,512	2.5516%	$16,329	$16,771	+	$441
Westfield	52,536	1.6446%	$9,658	$10,809	+	$1,151
Wild Rose	41,765	1.3074%	$8,080	$8,593	+	$513
Winneconne	74,469	2.3311%	$14,988	$15,321	+	$333
Totals	3,194,518	100%	$657,255	$657,253		

c. <u>All libraries pay a base fee</u>

One suggestion was to explore a scenario in which all libraries in WALS pay a base fee and then share the remainder of the costs with the Items/Cards/Circulation formula. Two problems with this scenario are: 1) Choice of the base fee amount: Determining which WALS expenses should be split equally among all libraries for inclusion in the base fee is a vexing problem; a case can be made for and against each expenditure line; and 2) Most libraries would see higher fees under this method. For the exercise shown in the table below, we chose the 2017 base fee amount of $7,775.

	Library Average %	Base Fee Amount	Share of Remaining Cost	Actual 2017 WALS Fee	Alternative c. 2017 WALS Fee if all pay base	Alternative c. amount more (+) or less (-) than Actual 2017 WALS Fee	
BERLIN	4.0285%	$7,775	$17,414	$24,779	$25,189	+	$410
BRANDON	0.5230%	$7,775	$2,261	$7,775	$10,036	+	$2,261
CAMPBLSPRT	1.8552%	$7,775	$8,019	$11,411	$15,794	+	$4,383
COLOMA	0.8877%	$7,775	$3,837	$7,775	$11,612	+	$3,837
ENDEAVOR	0.5241%	$7,775	$2,266	$7,775	$10,041	+	$2,266
GREENLAKE	2.2955%	$7,775	$9,923	$14,119	$17,698	+	$3,578
HANCOCK	0.6279%	$7,775	$2,714	$7,775	$10,489	+	$2,714
KINGSTON	0.7809%	$7,775	$3,376	$7,775	$11,151	+	$3,376
MARKESAN	1.1599%	$7,775	$5,014	$7,775	$12,789	+	$5,014
MENASHA	13.0027%	$7,775	$56,207	$79,978	$63,982	-	$15,996
MONTELLO	1.4719%	$7,775	$6,363	$9,054	$14,138	+	$5,084
NEENAH	23.1242%	$7,775	$99,960	$142,234	$107,735	-	$34,500
NESHKORO	0.3749%	$7,775	$1,621	$7,775	$9,396	+	$1,621
NFONDDULAC	1.7673%	$7,775	$7,640	$10,871	$15,415	+	$4,544
OAKFIELD	1.0999%	$7,775	$4,754	$7,775	$12,529	+	$4,754
OMRO	2.0208%	$7,775	$8,735	$12,430	$16,510	+	$4,081
OSHKOSH	25.1378%	$7,775	$108,664	$154,620	$116,439	-	$38,181
OXFORD	0.7172%	$7,775	$3,100	$7,775	$10,875	+	$3,100
PACKWAUKEE	0.4898%	$7,775	$2,117	$7,775	$9,892	+	$2,117
PINERIVER	0.8809%	$7,775	$3,808	$7,775	$11,583	+	$3,808
PLAINFIELD	1.1522%	$7,775	$4,980	$7,775	$12,755	+	$4,980
POYSIPPI	0.7583%	$7,775	$3,278	$7,775	$11,053	+	$3,278
PRINCETON	1.4502%	$7,775	$6,269	$8,920	$14,044	+	$5,124
REDGRANITE	0.7846%	$7,775	$3,391	$7,775	$11,166	+	$3,391
RIPON	5.0285%	$7,775	$21,737	$30,930	$29,512	-	$1,418
WAUTOMA	2.7355%	$7,775	$11,825	$16,329	$19,600	+	$3,270
WESTFIELD	1.5702%	$7,775	$6,787	$9,658	$14,562	+	$4,904
WILDROSE	1.3136%	$7,775	$5,678	$8,080	$13,453	+	$5,373
WINNECONNE	2.4367%	$7,775	$10,533	$14,988	$18,308	+	$3,320
TOTALS	100%	$225,475	$432,273	$657,251	$657,748		

13

d. Fixed costs shared equally; variable costs shared by formula

A final suggested alternative calculation method would involve, first, aggregating all costs identified as being "fixed" (i.e., the same for all libraries) and then dividing these equally between all libraries. The remaining "variable" costs would then be shared using the Items/Cards/Circulation formula. Which costs are "fixed" and which "variable" would be a matter for discussion. However, to test the scenario, I will stipulate as "fixed" costs the following: Administrative supplies and expenses; Maintenance (mostly SirsiDynix charges); Travel, training & dues; and Telecommunications, totaling $214,973, or $7,413 per library for 2017. The rest of this scenario will look like alternative c. above with $7,413 as a "fixed cost" base fee allocated to all libraries. As with that scenario, this approach would primarily benefit the largest libraries.

	Library Average %	Base Fee Amount	Share of Remaining Cost	Actual 2017 WALS Fee	Alternative d. 2017 WALS Fee if all share "fixed" costs	Alternative d. amount more (+) or less (-) than Actual 2017 WALS Fee	
BERLIN	4.0285%	$7,413	$17,837	$24,779	$25,250	**+**	$471
BRANDON	0.5230%	$7,413	$2,316	$7,775	$9,729	**+**	$1,954
CAMPBLSPRT	1.8552%	$7,413	$8,214	$11,411	$15,627	**+**	$4,216
COLOMA	0.8877%	$7,413	$3,931	$7,775	$11,344	**+**	$3,569
ENDEAVOR	0.5241%	$7,413	$2,321	$7,775	$9,734	**+**	$1,959
GREENLAKE	2.2955%	$7,413	$10,164	$14,119	$17,577	**+**	$3,457
HANCOCK	0.6279%	$7,413	$2,780	$7,775	$10,193	**+**	$2,418
KINGSTON	0.7809%	$7,413	$3,458	$7,775	$10,871	**+**	$3,096
MARKESAN	1.1599%	$7,413	$5,136	$7,775	$12,549	**+**	$4,774
MENASHA	13.0027%	$7,413	$57,572	$79,978	$64,985	**-**	$14,993
MONTELLO	1.4719%	$7,413	$6,517	$9,054	$13,930	**+**	$4,877
NEENAH	23.1242%	$7,413	$102,387	$142,234	$109,800	**-**	$32,434
NESHKORO	0.3749%	$7,413	$1,660	$7,775	$9,073	**+**	$1,298
NFONDDULAC	1.7673%	$7,413	$7,825	$10,871	$15,238	**+**	$4,368
OAKFIELD	1.0999%	$7,413	$4,870	$7,775	$12,283	**+**	$4,508
OMRO	2.0208%	$7,413	$8,947	$12,430	$16,360	**+**	$3,931
OSHKOSH	25.1378%	$7,413	$111,303	$154,620	$118,716	**-**	$35,904
OXFORD	0.7172%	$7,413	$3,175	$7,775	$10,588	**+**	$2,813
PACKWAUKEE	0.4898%	$7,413	$2,169	$7,775	$9,582	**+**	$1,807
PINERIVER	0.8809%	$7,413	$3,900	$7,775	$11,313	**+**	$3,538

14

PLAINFIELD	1.1522%	$7,413	$5,101	$7,775	$12,514	**+**	$4,739
POYSIPPI	0.7583%	$7,413	$3,358	$7,775	$10,771	**+**	$2,996
PRINCETON	1.4502%	$7,413	$6,421	$8,920	$13,834	**+**	$4,914
REDGRANITE	0.7846%	$7,413	$3,474	$7,775	$10,887	**+**	$3,112
RIPON	5.0285%	$7,413	$22,265	$30,930	$29,678	**-**	$1,252
WAUTOMA	2.7355%	$7,413	$12,112	$16,329	$19,525	**+**	$3,195
WESTFIELD	1.5702%	$7,413	$6,952	$9,658	$14,365	**+**	$4,707
WILDROSE	1.3136%	$7,413	$5,816	$8,080	$13,229	**+**	$5,149
WINNECONNE	2.4367%	$7,413	$10,789	$14,988	$18,202	**+**	$3,214
TOTALS	100%	$214,977	$442,771	$657,251	$657,748		

5. Conclusions

We believe that the principal foundations of the current cost-sharing method for WALS are sound. The cost sharing formula relying on library items, library cardholders and circulation does a good job of representing relative demand for WALS services *among the larger libraries*. The base fee is a recognition that the smaller libraries receive additional value for services above the fee that would be determined by the formula alone. The base fee libraries have seen remarkable stability in the level of their fees over a prolonged period of time during which the range of services received has exploded.

The current method of determining cost sharing in the annual WALS budget process is needlessly complicated. There is potential for simplifying the procedure in such a way that it will still rely upon the formula and the base fee but also be simpler to explain (see alternative a. above). Other alternative methods would result in major winners and losers. A fully circulation-based approach would result in punishing fee increases for the larger libraries. Extending a base fee to all the libraries as a first step in cost sharing (whether based upon some pre-defined grouping of WALS expenditures, such as "fixed costs," or not) would result in significant cost increases for the smaller libraries.

Recommendation: Winnefox Administration recommends the following: 1) continue use of a base fee; 2) continue use of the Items/Cards/Circulation formula to share costs among larger, non-base fee libraries; and 3) simplify the cost sharing method as described in Alternative a. above.

15