

**INFORMATION AND GUIDELINES**  
**Fiscal Year 2019**  
**SWAN Budget**  
**Approved March 1, 2018**

**Introduction**

The SWAN fiscal year 2019 (July 1, 2018 – June 30, 2019) budget will be approved at the March 1, 2018 SWAN Quarterly meeting. This is a budget based on:

- Final FY17 audit
- A one-year RAILS-SWAN FY19 contract
- Zero-based budget
- Addition of 19 libraries joining SWAN
- Additional positions to support 97 libraries
- Addition of Green Hills Public Library District

This document is an overview of the FY19 budget for the SWAN Board and Membership.

**RAILS-SWAN Agreement**

The SWAN FY19 budget includes revenue based on a one-year agreement with RAILS. For the FY19 SWAN budget, revenue line #4090 Other Revenue is increasing from FY18.

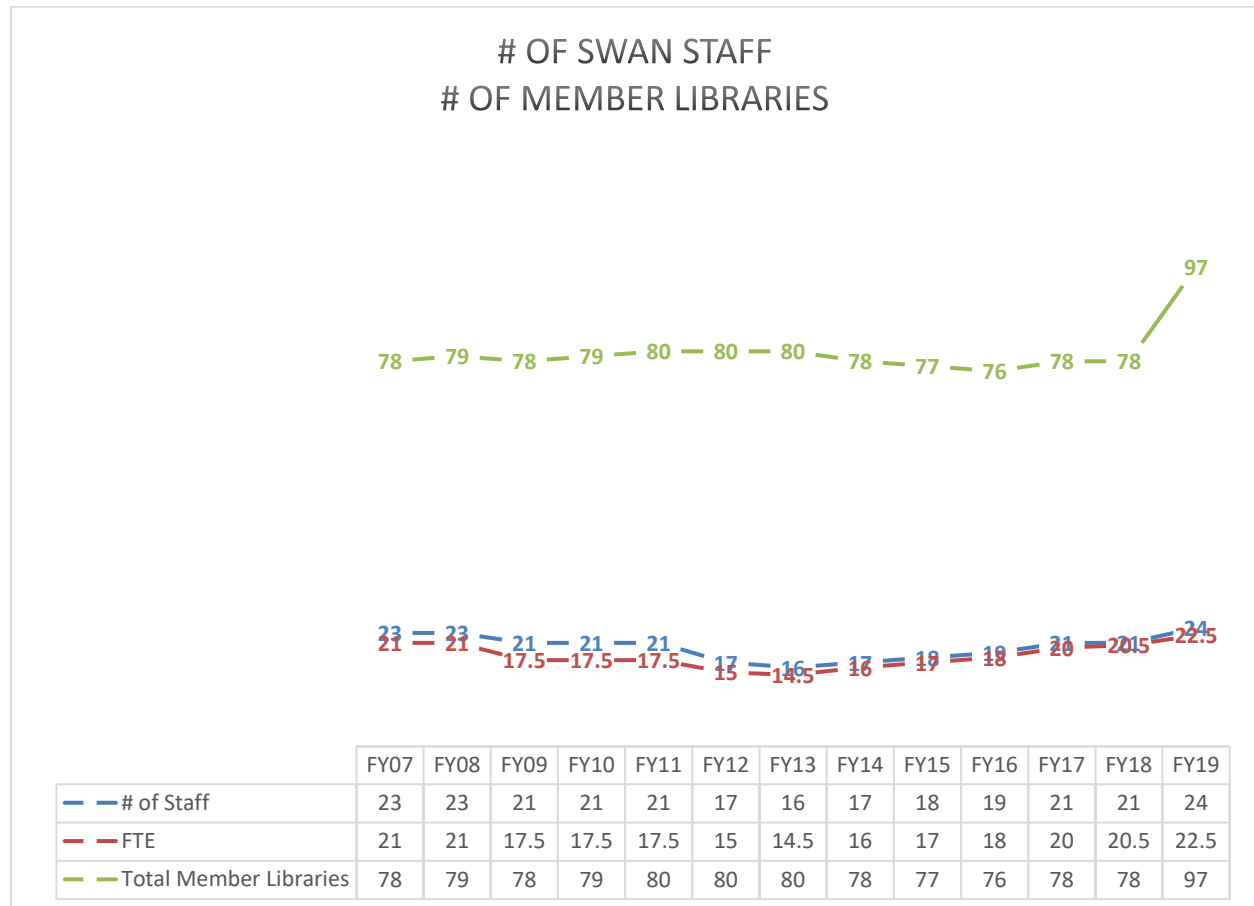
	<b>FY17</b>	<b>Revised FY17</b>	<b>FY18</b>	<b>FY19</b>
<b>RAILS support</b>	565,927	565,927	572,581	664,167
<b>SWAN rent charged by RAILS for use of 125 Burr Ridge</b>	(113,527)	(19,052)	(0)	(0)
<b>Other expenses charged by RAILS to SWAN (IT support, etc.)</b>	(103,257)	(74,875)	(66,739)	(65,182)
<b>Total RAILS support to SWAN</b>	<b>349,143</b>	<b>472,000</b>	<b>505,842</b>	<b>598,985</b>

**Explanation of FY19 SWAN Fees**

The FY19 SWAN membership fee formula was studied and revised this past fiscal year. SWAN Board formally approved the membership fee formula, which now uses separate formula for academic, public, school, and special libraries.

The membership fees for FY16, FY17, and FY18 were 13% lower than in FY15. This budget incorporates the addition of 19 new libraries

## Background on SWAN Staffing



### SWAN growth & new services require more staff

Eight years ago, SWAN employed 23 staff. The staffing plan was affected initially by 2009 MLS budget cuts, and then in 2010 SWAN implemented a new staffing plan. Five positions were eliminated, either through consolidation of departments, contracted Innovative Interfaces consultants, software automation, and/or contracted answering services. These staff reductions were coupled with stipulations that no new libraries could be added to SWAN membership, nor would SWAN be able to initiate large membership projects.

In 2012 SWAN negotiated a transition of all 16 staff from RAILS to the SWAN organization. When new positions are proposed, the SWAN Board is involved, either directly in approving the Executive Director to create a position, or through its Personnel Committee who will review position descriptions and make a recommendation to the SWAN Board. For this year's budget, the SWAN Executive Director evaluated the needs of supporting the membership of 97 libraries.

### Member Services Consultants

Two part-time positions were added as part of additional support needed for SWAN's growing membership. Under current SWAN policy, employees working 30 hours or more per week receive health

benefits and are automatically enrolled in SWAN 401a retirement plan. These positions would be 15 hours per week, which is approximately two working days.

### **Electronic Resources Integration Consultant**

Beginning in April 2015, SWAN has integrated electronic content from a variety sources into the Enterprise catalog. The search tools through EBSCO Discovery Service and EduServ OpenAthens are cutting edge and designed to position SWAN libraries as offering a flexible platform for library users to remotely access online content that is not accessible through Google or other giant search engines. E-book content from three OverDrive consortia, RAILS statewide eRead Illinois content from Baker & Taylor, and Hoopla require management and care. SWAN has created a robust platform with EBSCO and SirsiDynix under the “Article Search” umbrella. Training library staff within the 97 libraries has been primarily conducted through EBSCO webinars, but through the extremely low participation in EBSCO’s online database survey tools, dedicating central personnel at SWAN to manage and work with consortia member personnel will ensure future success of these services.

SWAN libraries subscribe to online content through various vendors. Changes in subscriptions such as new content or non-renewals will require upkeep. Membership instruction and training will be a component of the position, as education in this complex electronic content infrastructure SWAN has created and offered to its libraries.

Group purchases will also be coordinated centrally by SWAN for online content, which was a valuable resource for SWAN libraries in the past. This position would coordinate with the Discovery & User Experience Advisory Group, or a new version of the Electronic Resource Advisory Group made up of member libraries.

This would be a new, full-time position.

### **Background on Cloud Based Server Infrastructure**

The FY19 budget will reflect an important change for SWAN. The servers housed in RAILS Burr Ridge datacenter will be decommissioned, and transitioned to a cloud based storage system. These servers were purchased in 2012 and are due for replacement. SWAN IT has studied the use of cloud based services and compared these services with continuing the “on premise” arrangement, using a “software as a service” arrangement with SirsiDynix, or a cloud-based “infrastructure as a service.” The recommendation from IT is to move forward with Microsoft Azure, utilizing a “Infrastructure as a service” model. Transitioning servers to a cloud infrastructure means SWAN no longer budgets for capital expenses related to ILS server hardware infrastructure. Licensing associated with the physical on-premise servers will also be eliminated from annual operating expenses. SWAN will instead “rent” space from a cloud service and utilize its native backup services. The recommendation to move to the cloud was outlined to Board and membership in a separate written recommendation.

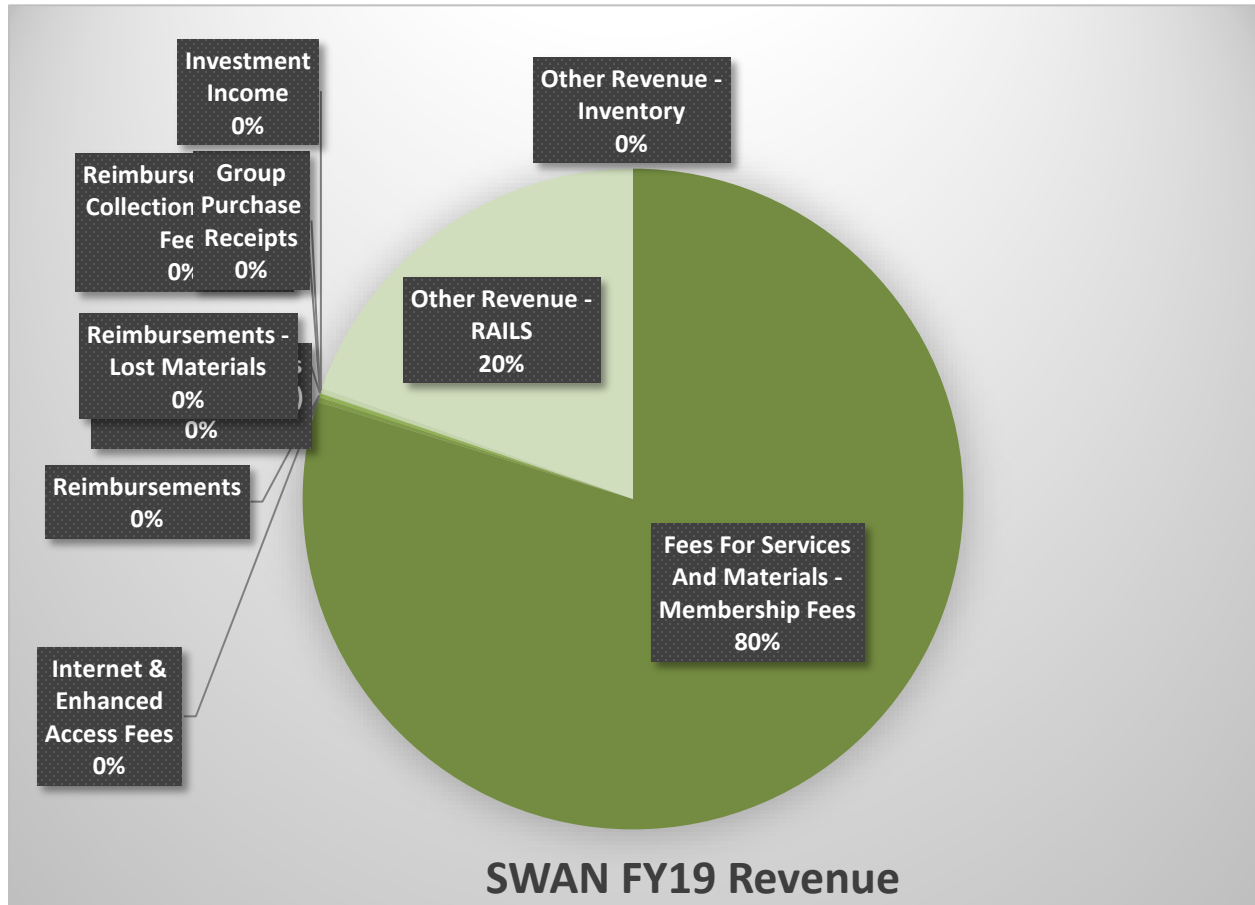
### Comparing SWAN FY18 with FY19 Budget for Cloud Infrastructure Impact

<b>Microsoft Azure Expense (Part of the budget line #5310)</b>	\$ 408.00	\$ 33,836.00
<b>ILS Server Expenses (Part of the budget line #5400)</b>		
RedHat Maintenance for SD Production Server	\$ 1,989.79	\$ 1,014.00
RedHatMaintenance for SD Test Server	\$ 267.30	\$ 272.00
RedHat Maintenance for III Production Server	\$ 267.30	\$ -
Vmware 8-Core License Maintenance	\$ 5,809.69	\$ -
Vmware Maintenance for Vcenter utility/appliance	\$ 651.47	\$ -
8-Core Maintenance for Veeam Backup utility	\$ 2,285.14	\$ -
Warranty for (2) Equilogic SANs	\$ 4,276.30	\$ -
Warranty for (2) R910 Servers	\$ 3,443.82	\$ -
<b>SWAN ILS Server Infrastructure Budget</b>	<b>\$ 38,389.62</b>	<b>\$ 36,408.00</b>

### Libraries Joining SWAN

Green Hills Public Library District has approached SWAN for membership. Discussions are underway with the SWAN Board and Green Hills for joining SWAN in the FY19 time period. While SWAN member libraries have final approval over Green Hills joining SWAN, this budget includes expenses, reimbursements, and membership fees pro-rated for five months.

## REVENUE



SWAN FY19 budget revenue total is \$3,114,401 which is an increase of \$593,480 from the FY18 budget.

### #4050 Other Grants

The RAILS Continuing Education grant revenue for the annual user group event, also known as the SWANstravaganza.

### #4060 Fees for Services & Materials

This is the total of all full membership fees, including the 19 new libraries. Green Hills Public Library District fees estimated for five months is included.

### #4061 Internet & Enhanced Access Fees

The revised FY19 budget incorporated public libraries no longer having SWAN Internet Access available to them. The SWAN Board has not acted on revising the Internet Access membership. Currently, there are no libraries in SWAN under the Enhanced Access level, as those libraries transitioned to Full Membership (Lansing, Oak Park).

**#4070 Reimbursements**

Fees paid to SWAN for reimbursement for food and refreshments at the summer event. This line has estimated \$25,000 reimbursement from Green Hills Public Library District for one-time expenses related to migrating data into SWAN.

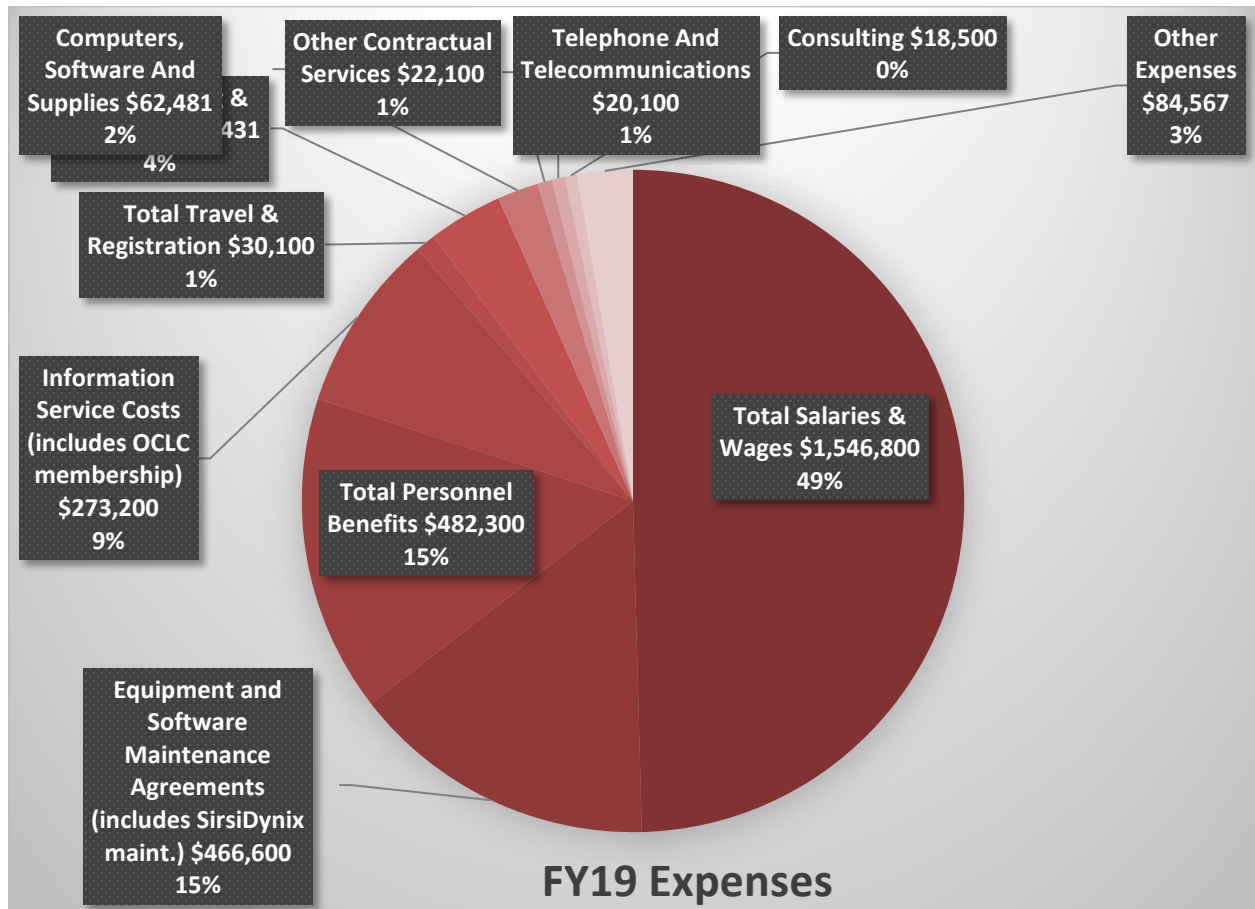
**#4075 Group Purchase Receipts**

Depending on the fiscal year, SWAN will coordinate a group purchase on behalf of its member libraries. The revenue in this budget line offsets the expense in budget line #5485 Group Purchases. Refer to the description of the expenses in #5485 for any planned group purchases for the budget.

**#4090 Other Revenue**

RAILS funding support within the one-year FY19 agreement results in direct revenue to SWAN. In the past, this financial support helped make it possible for SWAN membership fees to be lowered 13% and fixed for three years. For the FY19 budget, the RAILS support amount was increased to SWAN, mostly due to RAILS recalculating LLSAP support using SWAN's growth from adding 19 libraries from LINC and MAGIC. This support is included in the FY19 SWAN Membership Fees as an award that reduces fees for public libraries.

## EXPENSES



SWAN FY19 budget expenses total is \$3,114,401 which is an increase of \$308,351 from the FY18 budget.

### #5000, #5010 & #5020 Salaries

The FY19 personnel budget includes the full-time positions for Electronic Resources Integration Consultant and two part-time Member Services Consultant positions.

### #5070 Health, Dental, Life & Disability Insurance

The FY19 budget used the completed January 2018 open enrollment as a basis for the budget. It includes the one new position estimated expenses.

### #5110 Print Materials

This budget line is used for the cost of outside printing of materials for the membership. It was increased in FY19 due to SWAN providing more printed marketing material to member libraries.

### #5140 Rent

GASB requires SWAN to record the expense of the 93-month lease prorated per month over the duration of the lease with all anticipated increases. The rent expense will be recorded in #5140 as

\$5,846.31 for each month of the 7 year 9-month lease term. The revised FY17 amount \$52,616.79 was for nine months. The amount of \$70,155.72 will be recorded each year for FY18 through FY24, and \$17,539.38 for FY25, per GASB. The FY19 budget line #5140 will include of the renter's operating expense at \$17,987 and real-estate taxes at \$6,464 on top of the rent expense, as is required in SWAN's lease.

#### **#5150 Utilities**

The FY19 budget is based on actual utility costs. As a reminder, the FY17 #5150 budget was an estimate for nine months of utility expenses.

#### **#5160 Property Insurance**

Prior to SWAN obtaining a facility lease, the property insurance was just for flood protection. The FY19 budget includes the 800 Quail Ridge furniture and equipment, and the 125 Tower Drive data center equipment. SWAN will retain some equipment in the RAILS data center related to the voice notification (SVA) system.

#### **#5180 Custodial Service & Supplies**

FY19 is the full year of service and supplies.

#### **#5190 Other Building Maintenance**

This budget line supports the keyless entry system for the facility.

#### **#5250 In-State Travel, #5260 Out-Of-State Travel, & # 5270 Registrations and Meeting, Other Fees**

The increase for travel and conference registration allows four SWAN staff to attend COSUGI in the April 2019 location (currently undecided); attendance of one staff at SirsiDynix Consortia Special Interest Group meeting in October 2018 (also, location to be determined); attendance for one staff at one IT conference. Local conferences from Management Association and ILA are also included in the FY19 budget.

#### **#5280 Conferences and Continuing Education Meetings**

This line is used for event speaker honorariums, materials and supplies, travel for speakers, meeting expenses, etc. Meeting space expenses for the annual library user event called the SWANstravaganza are recorded in this budget line. The majority of the expenses for the annual event are reimbursed in line #4050 Other Grants and #4070 Reimbursements. Expenses associated with training for new SWAN positions would be recorded in this budget line.

#### **#5300 Liability Insurance**

FY17 budget included added coverage for cybercrime. This budget line in FY19 reflects current expenses, which have been evaluated and adjusted.

#### **#5310 Computers, Software and Supplies**



SWAN's use of cloud based servers are included in this budget line. The \$33,836 new expense is offset partially by expenses eliminated from the on-premise licensing. Server licensing in #5400 Equipment Repair and Maintenance Agreements was reduced by (\$17,705) in FY19.

#### **#5320 General Office Supplies & Equipment**

Furniture purchase for the new facility is recorded in #5320 for the revised FY17 budget. The FY17 budget eliminated notice paper purchase (pressure seal mailers) for an annual savings of \$5,134. Office supplies for the facility are budgeted for FY19 based on actual expenses for restocking of consumed supplies.

#### **#5380 Telephone and Telecommunications**

The annual expense for Internet service provider for the facility, and phone service.

#### **#5390 Equipment Rental**

The annual expense for the office copier.

#### **#5400 Equipment Repair and Maintenance Agreements**

This line includes budgeted SirsiDynix maintenance and costs for supporting the SWAN ILS on-premise servers. Increases include additional SirsiDynix services and licensing for 19 new full member libraries.

The #5400 line also includes the subscription to the EBSCO provided proxy service OpenAthens. The annual cost of this subscription increased from \$32,500 to \$50,250 for all 97 libraries. OpenAthens is a requirement to allow the integrated EBSCO Discovery Service (EDS) "Article Search" in Enterprise authenticate home or remote patrons against the SWAN patron database.

Server licensing in #5400 Equipment Repair and Maintenance Agreements was reduced by (\$17,705) through SWAN transitioning to cloud based server infrastructure.

Maintenance and support for all SWAN Global Maintenance Enabled SonicWall Hardware (100 nodes) is budgeted with a 5% anticipated increase, for a total amount of \$11,025. The SonicWall "GMS" allows SWAN to operate with virtual private network (VPN) security throughout its ILS network traffic. The use of a VPN within SWAN will remain even with ILS servers transitioned to a cloud based infrastructure.

#### **#5430 Consulting**

The FY19 budget for Consulting includes services for strategic planning.

#### **#5440 Contractual Staff**

Unique Integrated Communications is an answering service utilized for evening and weekend SWAN membership support.

#### **#5450 Information Service Costs**

This budget line includes \$211,800 total OCLC costs. The enhanced catalog expenses such as book jacket

covers and audiovisual material artwork in the SWAN Enterprise OPAC are recorded in this budget line. The FY17 budget increased due to the OCLC fees for Franklin Park and Lansing Public Library. The FY19 OCLC expense increased \$60,761 due to the 19 libraries becoming SWAN members, and an anticipated 3% increase overall. SWAN provides OCLC membership for all libraries.

#### **#5480 Other Contractual Services**

SWAN began contracting with Unique Management Services for notice printing in November 2016. The service cost is per printed notice; the number of notices printed decreased once SVA telephone notification began, and decreased further once item automatic renewals begin in July 2017. The FY17 budget cost for Unique to print SWAN notices was set at \$18,695. The FY18 budget contained an error: it was only showing 1 month of notice printing. The FY19 budget is based on Unique Management Services invoices from July 2017 through October 2017, reflecting the lower printed notice counts due to SVA and automatic renewals.

#### **#5485 Group Purchase**

This budget line in FY19 reflects one group purchase arrangement. SWAN negotiated a group discount during the Express Lane self-check transition to Envisionware OneStop. All the expenses in this budget line are offset within the revenue line #4075 Group Purchase Receipts.

Prior fiscal years reflected the replacement and offsetting revenue for end-of-life SonicWall firewalls. These have all been replaced as of FY19.

#### **#5515 Miscellaneous E-Commerce Fees**

SWAN no longer manages the online credit card payments centrally. The \$15,000 in estimated expenses was set to zero for FY16, and will remain so going forward.

## **RESERVES**

Please refer to the SWAN Six Year Reserves Plan. The costs of the 2015 ILS migration were lower than anticipated, leaving SWAN reserves in a healthy position. The move to an independent facility for SWAN was completed in FY17, so it is no longer included in the updated plan.

SWAN not collect a reserve contingency for FY19, as was also done for FY16, FY17, and FY18. The SWAN Treasurer assesses reserves commitment based on 6-year plan, and update the reserve worksheet at the start of each new fiscal year.

The reserves worksheet includes \$95,000 revenue received from the Joining Fee for the 19 new libraries. However, the worksheet reflects a big change in that SWAN's server infrastructure will no longer be budgeted for and expensed/depreciated. Prior to FY19, the worksheet reflected \$123,000 expense for the first part of a server replacement, specifically the storage area network (also called a SAN) and included \$48,000 for second part of the server replacement, as part of a plan to replace our entire ILS server infrastructure acquired in 2012. With the use of cloud based servers, the capital plan no longer requires SWAN to spend the \$123,000 and \$48,000.

The cost for an ILS migration at \$465,740 is based on the most recent SirsiDynix migration. The five-year agreement with SirsiDynix ends in April 2020.

### **SWAN FEES COMMITTEE**

The SWAN Board formed the SWAN Fees Committee to provide a recommendation to the SWAN Board in for implementation in FY19. The recommendation was accepted by the SWAN Board November 17, 2017.