

INFORMATION AND GUIDELINES
Fiscal Year 2020
SWAN Budget
Approved March 7, 2019

Introduction

The SWAN fiscal year 2020 (July 1, 2019 – June 30, 2020) budget will be approved at the March 7, 2019 SWAN Quarterly meeting. This document is an overview of the FY20 budget for the SWAN Board and Membership.

Summary of SWAN FY20 Budget

The total operating budget for SWAN increased 6%. The increase is largely due to licensing increases with OCLC and EBSCO, and increased notice printing volume with Unique Management. The SirsiDynix increase is due to the addition of licensing for BLUEcloud Mobile at \$70,450, however, this will be paid from SWAN reserves, not from membership fees (for details, see the #5400 budget line description). Notice printing through Unique Management increased due to the added print volume of 19 new member libraries.

Highlights from SWAN Expense Budget	Revised FY19	FY20	Increase Amt	% Change
SirsiDynix Maintenance Subtotal	\$404,539	\$486,780	\$82,241	20%
EBSCO Discovery Service Web Services Bundle	\$68,631	\$100,167	\$31,537	46%
Proxy Service for Subscription database integration into Enterprise EDS: OpenAthens through EBSCO	\$37,500	\$53,432	\$15,932	42%
Unique Management Notice Printing	\$22,100	\$45,300	\$23,200	105%
OCLC Subscription Total	\$215,912	\$242,991	\$27,079	13%
ProQuest Syndetic Solutions (book jackets, enhanced content)	\$17,031	\$17,590	\$559	3%
EBSCO Novelist Select (reviews content)	\$33,781	\$55,444	\$21,663	64%

Personnel budget remained flat, with 0% increase. Buildings and grounds budget increased slightly.

State LLSAP funding through RAILS decreased \$74,306, which is -12%, resulting in a \$879 increase for each public library in SWAN based on the membership fee formula.

RAILS LLSAP Funding Grant

Fiscal year 2020 is the start of the new consortia funding model for RAILS. There are 6 consortia in RAILS that receive funding. The SWAN FY20 budget includes revenue received from RAILS in the form of an annual grant. For the FY20 SWAN budget, revenue line #4090 Other Revenue is decreasing from FY19. The approach RAILS took within the new grant structure is that LLSAP using services from RAILS will no longer have those expenses deducted from the LLSAP funding amount.

	FY17	Revised FY17	FY18	Revised FY19	FY20
RAILS support	\$565,927	\$565,927	\$572,581	\$664,167	\$524,679
SWAN rent charged by RAILS for use of 125 Burr Ridge	\$(113,527)	\$(19,052)	\$(0)	\$(0)	\$(0)
Other expenses charged by RAILS to SWAN (IT support, etc.)	\$(103,257)	\$(74,875)	\$(66,739)	\$(65,182)	\$(0)
Total RAILS support to SWAN	\$349,143	\$472,000	\$505,842	\$598,985	\$524,679

Explanation of FY20 SWAN Fees

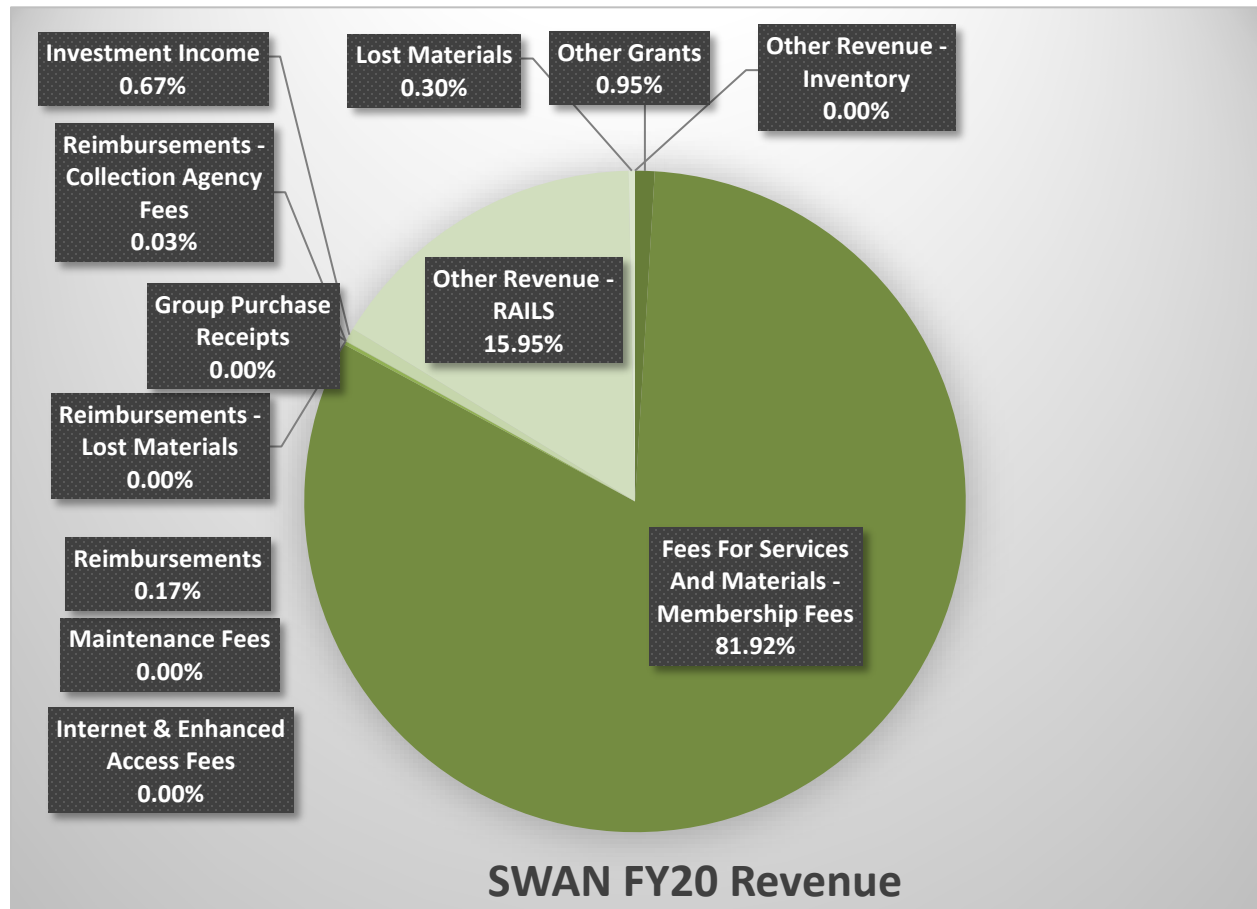
The SWAN membership fee formula was studied and revised in FY19. This is the second year of the membership fee formula, which now uses separate formula for academic, public, school, and special libraries.

For public libraries in SWAN, the LLSAP grant revenue is divided equally among the libraries and appears in the membership fee chart as an award applied to the SWAN fee. State LLSAP funding through RAILS decreased \$74,306, which is -12%, resulting in a \$879 increase for each public library in SWAN based on the membership fee formula.

Libraries Joining SWAN

The FY20 budget includes a full year of membership fees with the addition of Green Hills Public Library District joining SWAN.

REVENUE



#4050 Other Grants

The RAILS Continuing Education grant revenue for the annual user group event, also known as the SWANstravaganza, is recorded in this budget line. Annual event expenses will offset a portion of this budget line (refer to #5280 Conferences & Continuing Education Meetings).

#4060 Fees for Services & Materials

This is the total of all full membership fees from 97 libraries, including the 19 new libraries, and a full year of Green Hills Public Library District fees. Brookfield Zoo Library is no longer a SWAN member.

#4061 Internet & Enhanced Access Fees

The FY20 budget eliminates the Internet Access membership level. The budget reflects that the cost of participation at \$605 per library will not be reflected as revenue to SWAN.

#4070 Reimbursements

The FY20 budget plan for Reimbursements is \$7,600 in fees paid to SWAN for food and refreshments at the summer event. This revenue is partially offset by expenses in the #5280 Conferences & Continuing Education Meetings. Prior to FY19, this line was not used in SWAN's budget. Various expenses in the past include reimbursement from LINC and MAGIC for printing of promotional material during the New 19 project.

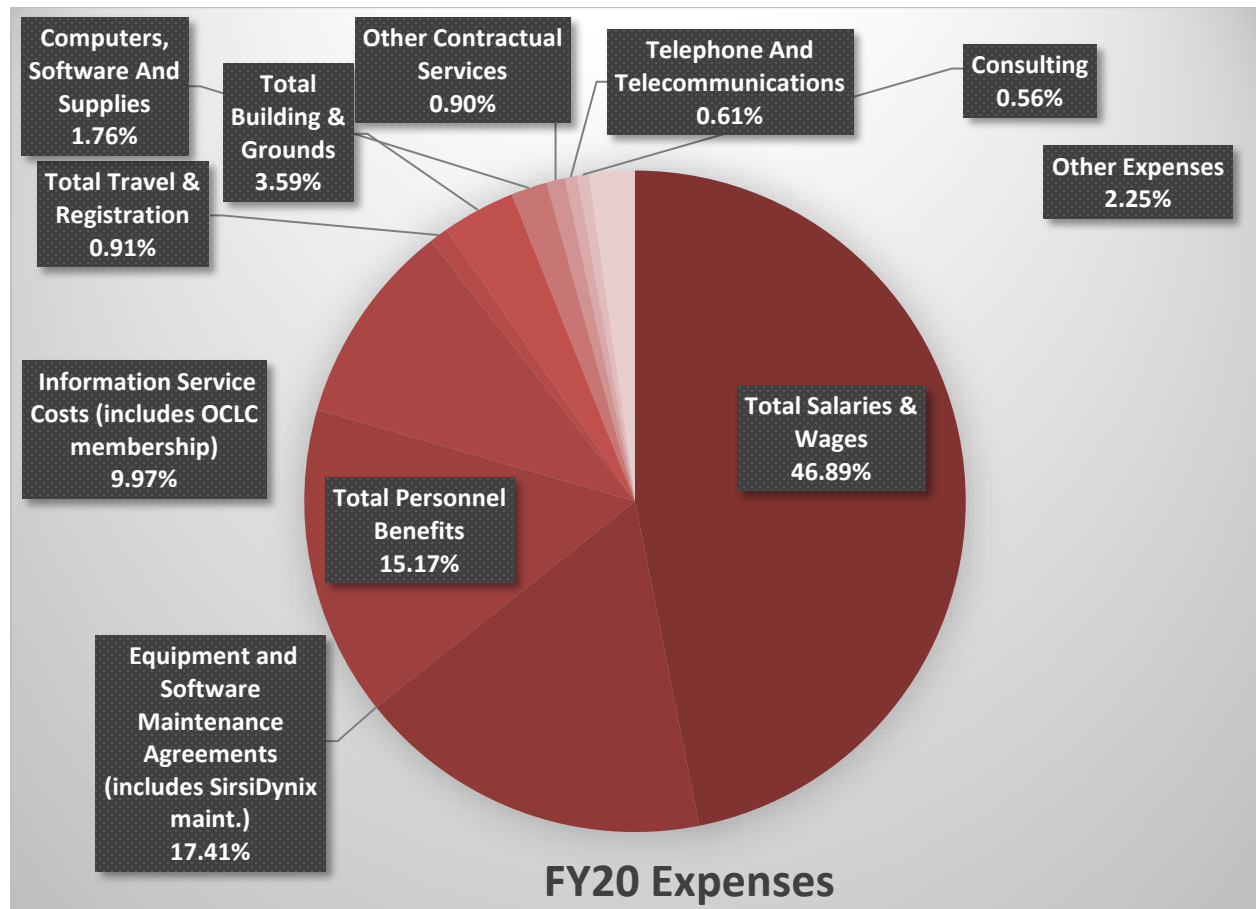
#4075 Group Purchase Receipts

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 to SWAN is reflected in this budget line. This support is included in the FY20 SWAN Membership Fees as an award that reduces fees for public libraries. State LLSAP funding through RAILS decreased \$74,306, which is -12%, resulting in a \$879 increase for each public library in SWAN based on the membership fee formula.

EXPENSES



#5000, #5010 & #5020 Salaries

The FY20 personnel budget has no change from the FY19 budget.

#5070 Health, Dental, Life & Disability Insurance

The FY20 budget used the completed open enrollment as a basis for the budget. A small 1% increase to expenses is included.

#5110 Print Materials

This budget line is used for the cost of outside printing of materials for the membership. There is a reduction in this line.

#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 FY20 budget line #5140 includes of the renter's operating expense at \$27,432 and real-estate taxes at \$7,980 on top of the rent expense, as is required in SWAN's lease.

#5150 Utilities

The FY20 budget is based on actual utility costs for the Quail Ridge facility, which is a slight increase from the prior year.

#5160 Property Insurance

The FY20 budget includes the 800 Quail Ridge furniture and equipment, and the RAILS 125 Tower Drive data center equipment. SWAN will retain some equipment in the RAILS data center related to the voice notification (SVA) system in the RAILS data center, but all other SWAN servers are no longer there.

#5180 Custodial Service & Supplies

Based on actual expenses for FY18, the FY20 budget was increased \$1,300.

#5190 Other Building Maintenance

This budget line supports the security system for the Quail Ridge 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 2020 location (currently undecided); attendance of one staff at SirsiDynix Consortia Special Interest Group meeting in October 2019 (out of state in Cleveland, Ohio); attendance for one staff at one IT conference. Local conferences from Management Association and ILA are also included in the FY20 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 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

The FY20 budget line in FY19 reflects current expenses for directors and officers, business, crime, and cybercrime insurance.

#5310 Computers, Software and Supplies

This budget line is for expenses associated with SWAN staff virus protection, security, Microsoft Office, GoToAssist remote desktop for library support, and software used to prepare download installation for SWAN library ILS clients. SWAN's use of cloud-based servers is included in this budget line, which increased the budget in FY19 by around \$39,900. The expense is offset partially by expenses eliminated from the on-premise data center server licensing in #5400 Equipment Repair and Maintenance Agreements was reduced by (\$17,705) in FY19. Refer to the Reserves budget explanation on how the 5-year server replacement schedule has been eliminated due to SWAN's transition to cloud-based server infrastructure.

#5320 General Office Supplies & Equipment

Office supplies for the facility are budgeted for FY18 based on actual expenses for restocking of consumed supplies for SWAN staff, which is anticipated to be 56% lower than FY19. Two fiscal cycles ago, SWAN eliminated notice paper purchase (pressure seal mailers) for an annual savings of \$5,134.

#5380 Telephone and Telecommunications

The annual expense for Internet service provider for the Quail Ridge facility and Skype for Business 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. FY20 will be the 5th and final year of the SirsiDynix agreement, which expires April 30, 2020 (2 months before FY20 ends). There have been no maintenance escalations for the 5 years of the SWAN contract with SirsiDynix. The SirsiDynix expense for FY20 is estimated at \$486,780, which includes BLUEcloud Mobile licensing. SWAN is offsetting the BLUEcloud Mobile expense of \$70,450 through use of its reserves for FY20.

The EBSCO Discovery Service subscription was moved out of the SirsiDynix maintenance bundle and is now directly invoiced to SWAN by EBSCO. The FY20 cost for EBSCO Discovery Service increased due to licensing the 19 additional libraries, plus a 5% annual escalation by EBSCO. The annual cost for Discovery Service in FY20 is \$100,167. EBSCO Discovery Service is used to integrate all online subscription content into the “Article Search” feature integrated into Enterprise.

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 in FY19. The FY20 budget includes a 5% EBSCO maintenance escalation increase of \$3,182. 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.

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 \$11,576. 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 FY20 budget for Consulting includes services for HR Source for benchmarking,

#5440 Contractual Staff

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

#5450 Information Service Costs

SWAN provides OCLC membership for all libraries. This budget line includes \$211,800 total OCLC costs. The FY19 OCLC expense increased \$60,761 due to the 19 libraries becoming SWAN members, and an anticipated 3% increase overall. In FY20, OCLC subscription expenses increased due to an annual increase higher than expected, plus 8 out of the 19 new libraries having higher subscription 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 RAILS Catalog Grant funded a catalog database update which replaced the authority database, and converted the bibliographic database from AACR2 to RDA. Moving forward, the SWAN operating budget will continue catalog database updates throughout the year through MARCIVE. For FY20, this expense increased from \$7,090 to \$10,090 so that SWAN can maintain the 100% compliant RDA standard database.

#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 began in July 2017. But due to

increased volume of notice printing with 19 new libraries, the cost of Unique printing notices is now \$34,400 annually.

This budget line includes Unique Management National Change of Address (also known as NCOA) for the first time in FY20. The NCOA service will scan the entire 1.2 million registered patrons and provide SWAN a change of address that is recommended to be part of SWAN patron database maintenance. The NCOA is budgeted for \$10,000 for FY20. SWAN underwent its first NCOA update in December 2018 as part of the New 19 grant funded by RAILS.

New in this FY20 budget line is HR Source (formerly Management Association) Engage HR contractual services. SWAN will utilize Engage HR on an as-needed basis, which is budgeted at \$1,800 annually.

Also included in this budget line is Unique Management Collection services for SWAN is \$350 annually.

#5485 Group Purchase

This budget line in FY20 reflects one group purchase arrangement. SWAN negotiated a group discount during the Innovative 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 firewalls have been replaced.

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 will not collect a reserve contingency for FY20, as was also done for FY16, FY17, FY18, and FY19. 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 April 30, 2020.