



NICE Project: Funding Formula

Funding Formula Targeted Workgroup Recommendations

The Funding Formula Targeted Workgroup recommends that only shared ILS items that cannot be invoiced separately or easily split be included in the recommended shared funding formula. Once the division of shared costs is determined, each consortium will combine the divided shared costs with the costs of the ILS that are not shared (e.g., staff salary and benefits, E-commerce service(s), supplies, etc.) and apply its individual formulas to determine each member library's total costs.

The recommended funding approach is to apply the percentage of the total shared cost, based on the previous three-year average of collection size and circulation, with a per-site base cost of 1% of the total budget.

Decision Highlights

- The application of a unified base fee for shared cost is a way to ensure a shared sense of buy-in and ownership of the ILS. This funding approach allows every library to have an equitable investment or financial commitment.
- Applying only shared ILS items to the funding formula is intended to simplify the budget and allow each system to maintain the local practices that its libraries are familiar with.
- This approach acknowledges that certain data points (circulation and collection size) may change from year to year in an effort to build agility and sustainability.
- Though this approach emphasizes equity and is relatively simple, it will need clear explanations to ensure that all stakeholders understand how it is applied and why.

After discussions and utilizing the NICE decision-making matrix, the workgroup unanimously decided on this recommendation.

Background

Northern Waters Library Service (NWLS) and Wisconsin Valley Library Service (WVLS) are collaborating to engage in a comprehensive joint ILS consortium exploration project. Last year, system and member library staff formed the NICE team to determine the value and feasibility of an ILS merger between the two systems and respective ILS consortia. Based on that information, the team determined that an ILS merger was feasible. LSTA funds are

being used to facilitate this second phase of work in which targeted workgroups are being formed around critical decision points. The workgroups are made up of system and member library staff who have insights, expertise, or perspectives that will help craft recommendations.

Each workgroup uses the NICE Project's [Decision Making Principles and rubric](#). During the feasibility process of the project, the team created a core set of values to apply to future ILS decisions to ensure those shared decisions conform, as much as reasonably possible, to core values. These core values reflect what the NICE project team heard from stakeholders throughout the initial stage of work. Those values were translated into the rubric that is used to guide decision-making.

The Funding Formula Workgroup reviewed multiple funding scenarios, including the current formulas of both systems, those employed by other consortia, and other potential formulas. In the second meeting of the workgroup, members requested that a system subgroup made up of the NICE Leadership Team and the two System Directors work to refine the shared budget and develop 1-2 funding formula scenarios that emphasized equity and simplicity. This subgroup met twice and developed a simplified shared budget and two preferred scenarios. The workgroup then reconvened to discuss and recommend a funding formula.

Next Steps

This recommendation, along with all others from the project, will be included in a final report, which the NICE team, the respective ILS consortia, and ultimately the system boards will carefully consider in their decision-making.

Can I Offer Feedback?

Yes! Feedback is welcomed, encouraged, and necessary. Submit your questions or comments using this [form](#), which goes to the NICE Leadership Team. Please indicate that your feedback is related to the ILS selection workgroup recommendation.