Outline

• Budget process
• Budget categories
• The fee model
• 2017 Proposed Budget/Fees
• Membership & Finance Committee
Budget Process

- **April**
  - Call for holdings data

- **May-July**
  - Budget assumptions, needs

- **July-Oct**
  - Analyze holdings data, compute overlap analysis

- **Oct-Nov**
  - Board reviews, approves budget/fees

- **Nov**
  - Budget/fees presented to membership
Budget Categories

Revenue

- Partner fees
- Interest/investment income

Expenses

Operations
- Personnel
- Member-provided services
  - Zephir (CDL)
  - Administration, hosting (Michigan)
- Infrastructure
  - Storage, servers
- Contracted Services
- Travel and Hosting

Programmatic Activities
- Federal Documents Initiative
- Print Monographs Archive
- Copyright Review
- HathiTrust Research Center (Indiana and Illinois)
- Print disability services assessment//expansion

Reserve
Fee Factors

• Expenses
  – Operations
  – Programs (multiplier)

• Collection
  – Size
  – Composition

• Number of Members

14+ MILLION VOLUMES

Public Domain 39%

In-Copyright 61%
2017 Fee Model

- Determine total operations and infrastructure costs.
- All partners share costs for public domain volumes: \( \frac{\text{Public Domain} \times \text{Cost per volume} \times X}{\text{Total Members}} \)
- Members share costs for in-copyright volumes based on holdings
  - For a given in-copyright volume: \( \frac{\text{Cost per volume} \times X}{\text{Holding Members}} \)
- For 2017:
  - \( C = \$0.1821 \) per volume per year (operations only)
  - \( X = 1.2 \) (multiplier for programmatic funds)
  - 120 members (including 11 new)
# Proposed 2017 HathiTrust Budget

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>Proposed 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
</tr>
<tr>
<td>Fees from existing members</td>
<td>$3,212,126</td>
</tr>
<tr>
<td>Total revenue (including interest)</td>
<td>$3,214,623</td>
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<tr>
<td><strong>Operations</strong></td>
<td></td>
</tr>
<tr>
<td>Revenue allocated to operations</td>
<td>$2,676,771</td>
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<tr>
<td>Recurring Expenses</td>
<td>($2,158,243)</td>
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<tr>
<td>Allocated to reserve</td>
<td>($518,528)</td>
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<tr>
<td>Difference</td>
<td>$0</td>
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<tr>
<td><strong>Programmatic Activities</strong></td>
<td></td>
</tr>
<tr>
<td>Revenue allocated to programs</td>
<td>$535,354</td>
</tr>
<tr>
<td>Expenses total</td>
<td>($1,167,294)</td>
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<tr>
<td>Difference</td>
<td>($631,940)</td>
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</tbody>
</table>
2017 Fee Analysis

• Total fee revenue increase by 5.95%
• Individual member fee increases are not uniform, generally decreased.
  – The formula is based on individual holdings.
  – Collection growth also plays a factor.
• Average fee increase: 0.03%
• Median fee change: -2.24%
• High: 54.41%*
• Low: -10.14%*

*NOTE: A few members saw greater change due to corrected holdings data.
Approval of 2017 Budget

- Annual budget must be approved by membership before we can invoice for 2017.
- Approval requires a simple majority of weighted votes.
- We will not vote today.
- Electronic ballot has been sent to all member representatives.
Membership & Finance Committee

- Bylaws: member criteria defined by board; approved by members
- Financial model implemented 2013
- Charge:
  - Member criteria, categories
  - Membership strategy
  - Finance model assessment
Membership (120)

- Predominantly North American
  - 113 US
  - 4 Canada
  - Beyond North America: Spain, Lebanon, Australia
- Largely academic and/or research libraries
  - 83 ARL
  - 11 liberal arts colleges
  - LC, NYPL
Issues/Challenges

• Membership: increase diversity, contributions
• Membership strategy: target market? Barriers to membership?
• Financial model:
  – Alignment with membership strategy
  – Funding and integrating programs
  – Volatility in fees
  – Program incentives
Planning Assumptions

• HathiTrust will remain focused on text-based content for near-term (5 years)
• Program development will build on core functions
  – Corpus content, preservation infrastructure
  – Discovery and access
  – Local collection management decisions
  – Data aggregation to enable text/data mining
• Member/Financial models: support public good
Recommendations: Membership

• Member requirements:
  – Legal standing for membership agreement
  – Shibboleth authentication
  – Library holdings data

• Member categories
  – Academic and research libraries
  – University systems (R1 support for public domain)
  – International: targeted (Canada/UK)

• Membership strategy
  – Modest growth (5-10/year)
  – Organizational capacity for marketing, communications, engagement
Recommendations: Financial

• Explore tiered membership
• Develop multi-year planning framework
  – Forecast program development and migration
  – Consider reduced frequency holdings data
• No member compensation or service fees at this time
  – Exceptions: operational/infrastructure services