

Report To The Mississippi Legislature



A Management Review of the Mississippi Library Commission Director's Decision to Postpone Implementation of an Online Union Catalog and Interlibrary Loan System

June 9, 1998

In October 1997, the Mississippi Library Commission temporarily suspended implementation of an online Mississippi Union Catalog and Interlibrary Loan project. The agency's newly hired Executive Director stopped the project to determine whether the online union catalog concept was the best alternative for the commission and Mississippi's public libraries. PEER received a complaint which focused on possible changes that could jeopardize small, rural libraries' capacity for full participation in statewide sharing of library resources.

Unknown to the complainant, the Executive Director resumed implementation of the original online project in December 1997 after determining that no feasible alternative existed. PEER found that the director exercised a reasonable management option to review the decision-making process and alternatives for the direction of the commission and local libraries. Also, the director's decision to continue implementation of the online system serves the interests of both the commission and the local libraries and should not jeopardize any library's full participation.

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The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A standing joint committee, the PEER Committee is composed of five members of the House of Representatives appointed by the Speaker and five members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms with one Senator and one Representative appointed from each of the U. S. Congressional Districts. Committee officers are elected by the membership with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of three Representatives and three Senators voting in the affirmative.

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The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

**A Management Review of the Mississippi Library Commission
Director's Decision to Postpone Implementation of an Online
Union Catalog and Interlibrary Loan System**

June 9, 1998

**The PEER Committee
Mississippi Legislature**

The Mississippi Legislature

Joint Committee on Performance Evaluation and Expenditure Review

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June 9, 1998

Honorable Kirk Fordice, Governor
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Honorable Tim Ford, Speaker of the House
Members of the Mississippi State Legislature

On June 9, 1998, the PEER Committee authorized release of the report entitled **A Management Review of the Mississippi Library Commission Director's Decision to Postpone Implementation of an Online Union Catalog and Interlibrary Loan System.**

A handwritten signature in cursive script, reading "Ezell Lee", written over a horizontal line.

Senator Ezell Lee, Chairman

**This report does not recommend increased
funding or additional staff.**

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A Management Review of the Mississippi Library Commission Director's Decision to Postpone Implementation of an Online Union Catalog and Interlibrary Loan System

June 9, 1998

Executive Summary

The PEER Committee reviewed the Mississippi Library Commission's decision to postpone the implementation of the online Mississippi Union Catalog, a comprehensive, centralized database of library resources held in Mississippi.

The Mississippi Library Commission temporarily suspended implementation of its online Mississippi Union Catalog and Interlibrary Loan project in October 1997. The agency's newly hired Executive Director stopped the project to determine whether the online union catalog concept was the best alternative for the commission and Mississippi's public libraries. PEER received a complaint which focused on possible changes that could jeopardize small, rural libraries' capacity for full participation in statewide sharing of library resources.

Unknown to the complainant, the Executive Director resumed implementation of the original

online project in December 1997 after determining that no feasible alternative existed. PEER found that the director exercised a reasonable management option to review the decision-making process and alternatives for the direction of the commission and local libraries. Also, the director's decision to continue implementation of the online system serves the interests of both the commission and the local libraries and should not jeopardize any library's full participation.

As of May 1, 1998, the contract vendor had phased out the old union catalog and interlibrary loan compact disc system and had placed all 238 public libraries on the online system. Although the vendor is currently addressing system problems, both the vendor and commission staff estimate completion of system implementation by August 1998. Once fully implemented, commission staff estimate local public libraries will save \$39,500 annually over the previously used compact disc system.

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A Management Review of the Mississippi Library Commission Director's Decision to Postpone Implementation of an Online Union Catalog and Interlibrary Loan System

INTRODUCTION

Authority and Scope

In accordance with MISS. CODE ANN. Section 5-3-57 et seq. (1972), the PEER Committee reviewed the Mississippi Library Commission's decision to postpone the implementation of the online Mississippi Union Catalog and Interlibrary Loan system.

Overview

The Mississippi Library Commission temporarily suspended implementation of its online Mississippi Union Catalog and Interlibrary Loan project in October 1997. The agency's newly hired Executive Director stopped the project to determine whether the online union catalog concept was the best alternative for the commission and Mississippi's public libraries. PEER received a complaint which focused on possible changes that could jeopardize small, rural libraries' capacity for full participation in statewide sharing of library resources.

Unknown to the complainant, the Executive Director resumed implementation of the original online project in December 1997 after determining that no feasible alternative existed. PEER found that the director exercised a reasonable management option to review the decision-making process and alternatives for the direction of the commission and local libraries. Also, the director's decision to continue implementation of the online system serves the interests of both the commission and the local libraries and should not jeopardize any library's full participation.

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BACKGROUND

Services of the Mississippi Library Commission

The Mississippi Library Commission provides both financial and technical assistance to all Mississippi libraries. In Fiscal Year 1997, the Mississippi Library Commission granted approximately 63 percent of its state and federal appropriations, or \$5.87 million, to local public libraries. These grants provided personnel, health insurance, contractual, construction, resource sharing, and literacy program services for the state's 238 public libraries. The commission spent the balance, \$3.50 million, on internal operations. One of the commission's major technical assistance services is the administration of the union catalog and interlibrary loan systems.

Mississippi Union Catalog/Interlibrary Loan System

In the late 1970s, the Mississippi Library Commission began to collect and annually publish a comprehensive listing of the state's library resources known as the Mississippi Union Catalog (MUC). The union catalog provides opportunities for libraries to share resources with which to serve their patrons. As technology developed in the eighties, the commission moved the MUC to a compact disc format through a contractual provider (Library Systems and Services, Inc., now Internet Systems, Inc.). Whereas information on library holdings had been previously collected annually and produced in paper and microform formats, the compact disc version permitted faster, more efficient resource searches of the state's libraries. The commission's vendor integrated the interlibrary loan (ILL) system with the MUC via electronic mail to improve resource sharing efficiency, whereas previously libraries contacted each other by telephone or mail to obtain needed resources.

MANAGEMENT REVIEW

Online System Development

In June 1996, with only one year remaining on the compact disc cataloging system contract, the Mississippi Library Commission reviewed the direction of the MUC/ILL system. With widespread use of and low-cost access to the Internet, combined with dissatisfaction with the system's performance, the Mississippi Library Commission sought to move the system online to the Internet.

Vendor Selection Process

In December 1996, commission staff held an open forum with public libraries for input on the future direction of the union catalog. According to commission staff, the forum yielded a consensus of three priorities from the local libraries. First, local libraries did not want additional costs for a union catalog and interlibrary loan system. Commission staff estimated total local costs for the compact disc system to be \$39,500 annually. Secondly, the local libraries did not desire a per-item cost for sharing a resource (e.g., the compact disc system required \$0.32 per request initiated). Finally, the libraries did not want a break in interlibrary loan services to occur as a result of changes to the MUC/ILL system.

Mississippi Library Commission staff consulted with experienced service providers, state library systems, and the Mississippi Department of Information Technology Services (ITS) to develop specifications for an online union catalog and interlibrary loan system. ITS and MLC staff received four responses to the request for proposals, with estimated costs ranging from \$371,000 to \$1.17 million. ITS and MLC selected Internet Systems, Inc., as the contractor with the bid amount of \$371,000. Given the restrictions and desires of both the commission and the local libraries, Internet Systems provided the only response successfully addressing all priorities.

Exhibit 1, page 4, shows that the online version will cost an estimated \$56,400 less annually (\$115,300 minus \$58,900) than the compact disc system, excluding \$32,300 in one-time start-up costs. According to commission staff, local libraries will not have to share in the system costs, because total operational costs for the online version are only 78 percent of the commission's costs for the compact disc version and the commission will assume the entire cost of the new system. The savings from the online version will allow both the local libraries and the commission to reallocate resources to address other priorities.

Exhibit 1

Estimated Annual Operating Costs Comparison of MUC/ILL Systems*

<i>Activity Costs</i>	<i>Compact Disc Version</i>		<i>Online Version</i>	
	MLC	Local Libraries	MLC	Local Libraries
Cataloging	\$29,400	\$0	\$6,000	\$0
Accessibility	46,100	0	26,600	0
Statistics	300	0	800	0
Licensing	0	32,000	25,500	0
Request Charges	0	†7,500	0	0
Subtotal	\$75,800	\$39,500	\$58,900	\$0
Total Costs	\$115,300		\$58,900	

*This exhibit excludes approximately \$32,300 in one-time costs (e.g., cataloging, accessibility, and training).

†Under the compact disc version, interlibrary loan requests are billed at \$0.32 per item requested. MLC staff estimated this cost based on FY97 requests (23,584). This charge will be discontinued under the online version.

SOURCE: PEER analysis of Mississippi Library Commission reports.

Project Implementation

Originally, the project timeline projected pilot testing to be completed by late October 1997, with full implementation by January 1998; however, in October 1997, the commission hired a new Executive Director who temporarily suspended the project to review the adequacy and appropriateness of the online union catalog concept for the commission and the state's libraries.

Commission staff examined one major alternative from the union catalog concept known as a virtual catalog. A virtual catalog requires each public library to maintain its electronic holdings database for other libraries to access and search. This concept would remove the clearinghouse responsibilities (i.e., quality control of electronic cataloging data) from the commission to local libraries, as each would use the necessary hardware and software to create and maintain its on-site electronic catalog.

However, the virtual catalog concept failed to meet two MLC requirements. First, MLC staff determined that the concept would be too expensive, as it required additional equipment, software, and training at the local level beyond the requirements of the union catalog concept. Finally, the staff concluded from its review of other states and vendors that insufficient field test information was available on the virtual catalog.

In late December 1997, having determined that no feasible alternative existed, the Executive Director authorized the completion of the online union catalog and interlibrary loan system. As a result of this delay, Internet Systems billed local libraries for the annual licensing fee for the old compact disc system, as it would be required to bridge the implementation to the online system. This delay resulted in an estimated cost of \$32,000 to local libraries in Fiscal Year 1998 for licensing fee charges. The libraries would have avoided this cost if the director had not suspended implementation of the online system in October.

As of May 1, 1998, the contract vendor had phased out the compact disc system and had placed all 238 public libraries on the new online system. Although the vendor is currently addressing system problems, both the vendor and commission staff estimate the completion of the system implementation by August 1998. Library branches already had compatible computers in place, provided by the Legislature through the Mississippi Information Network (MissIN, a Fiscal Year 1997 program to improve automation and electronic access in the state's public libraries). Because local libraries will no longer have to bear a share of the system's cost, commission staff estimate that local public libraries will save a total of \$39,500 annually by converting to the online MUC/ILL system.

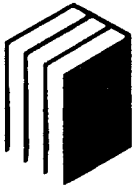
Proposed Direction of the MUC/ILL System

The Commission's Executive Director has directed the staff to begin reviewing other feasible options for a statewide catalog to be implemented within a three- to five-year period. A potential direction for the union catalog may be a virtual catalog; however, due to the costs of implementation and lack of automation in some rural libraries, the Executive Director does not currently consider the virtual catalog to be a viable option for the commission. As technology continues to develop, he expects costs to decline, thereby making the virtual catalog more cost-effective.

The Executive Director maintains that any new system chosen will not exclude or prohibit Mississippi's smaller libraries from participating in resource sharing. He stated that the commission will respond to rural libraries' needs through grants, technical assistance, training, and subsidies to insure their continued participation.

CONCLUSION

The director exercised a reasonable management option to review the decision-making process and alternatives for the direction of the commission and local libraries. Further, the director's decision to continue with the online system's implementation serves the interests of both the commission and local libraries. Although the temporary suspension precluded realizing the full cost savings in Fiscal Year 1998, the online union catalog and interlibrary loan system will provide an estimated future annual savings of \$39,500 to local libraries and \$16,900 to the commission upon completion.



**MISSISSIPPI
LIBRARY COMMISSION**
Serving the Information Generation

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June 3, 1998

Mr. Michael Boyd, Analyst
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Dear Mr. Boyd:

We have examined the draft copy of the PEER report entitled "A Management Review of the Mississippi Library Commission Director's Decision to Postpone Implementation of an on-line Mississippi Union Catalog and Interlibrary Loan System" and concur with the findings given in the report.

Sincerely,

John A. Pritchard
Executive Director



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