



ASSOCIATION OF RESEARCH LIBRARIES

ARL Statement to Scholarly Publishers on the Global Economic Crisis

February 19, 2009

Impact on ARL Member Libraries

The Association of Research Libraries (ARL) is a nonprofit organization of 123 research libraries at comprehensive, research-extensive institutions in the US and Canada that share similar research missions, aspirations, and achievements. ARL member libraries make up a large portion of the academic and research library marketplace. In 2007, ARL members reported a median expenditure of \$9,600,793 for library materials (\$1,219,796,179 in total), a median expenditure for serials of \$6,587, 241 (\$820,955,367 in total), and a median expenditure of \$4,661,123 for electronic resources (\$536,033,744 total).

The International Coalition of Library Consortia (ICOLC) on January 19, 2009 released a public statement on the global economic crisis detailing the situation for library consortia and recommending specific strategies for publishers that do business with consortia. ARL believes it is helpful to reinforce some of that statement's key messages and offer some additional observations and recommendations based on the particular perspectives of its members.

ARL is making this statement in the belief that scholarly publishers are identified by their commitment to promoting the broadest possible exchange of new scholarship and research. Thus large or small, for-profit or not-for-profit, scholarly publishers should benefit from the fullest possible understanding of the situation of the library community as common stakeholders in the process of scholarly publishing. While ARL can only report on the experiences and situation of its membership, it is likely that their concerns reflect those of a larger group of libraries in North America and beyond.

Large libraries are far from exempt from the consequences of the current global economic crisis. Downturns in state support for public institutions along with substantial losses in endowment funds mean that very few ARL member libraries are not facing substantial reductions in both operating and materials budgets. This is not a prediction but an observation of current realities. Many ARL member institutions have already had to return some portion of their budget for the current fiscal year; double-

digit budget returns for the current year are affecting some members now. We have reports from vendors that some libraries did pull back from 2009 subscription renewals late in 2008 by asking that their invoices be returned for review, but as the ICOLC statement notes, these circumstances largely arose after serial renewal decisions for 2009 had been made and funds committed. There is ongoing concern in the library community that relatively strong 2009 renewals, by masking the ultimate consequences of the changing state of library finances from many publishers, could lead to unwarranted complacency.

In addition to cuts already made, there is strong evidence that most ARL member libraries are preparing for further budget reductions in the 2009/2010 fiscal year. In some cases members are planning for 2009/2010 to be a second year of double-digit budget reductions. Institutions receiving flat budgets (with no inflationary increase) will consider themselves unusually fortunate. Budget reductions are a reality even for many of ARL's largest members.

It is the common view among research libraries that they, like many smaller libraries, are facing protracted budget reductions and cannot justify any expectation that cuts being implemented are anything but permanent. Unlike earlier recessions and inflationary cycles, few are in a position to consider budget management strategies aimed at carrying collections budgets over a few lean years. Most institutions that in the past have been able to protect collections expenditures with special monies or compensatory increases in cuts to other portions of their budget have reached a point where this is no longer a responsible strategy. Instead, institutions are planning for permanent reductions in both staff and collections resources.

Most member libraries are preparing cancellations of ongoing commitments for 2010, albeit in advance of knowing the full scale of budget reductions. In the current economic climate lower costs, high returns on investment, and greater flexibility will be highly valued. In addition, as they reduce their collections, many large institutions are now far less able to take the effects of cancellation decisions on consortium partners into account in their decision-making.

Over the last decade research libraries have substantially reduced their subscriptions to print editions of publications where electronic versions are available. The current economic environment will further preference electronic versions over print and most research libraries would welcome the complete discontinuation of print publishing where this offers reduced publishing and subscription costs if acceptable preservation strategies are in place, such as archiving with third parties.

In addition, there may be greater exposure of research libraries, which historically have built broader and more diverse collections, to some facets of the current economic crisis. ARL members tend to collect "long tail" materials very actively, including many publications produced abroad. These may be particularly vulnerable to drastic fluctuations in currency exchange rates that disproportionately increase their prices. The long tail of research library collecting is also likely to include significant numbers of

small publishers and titles with small circulation bases in the best of times. These will certainly experience cancellation spirals that reduce their titles' cost/benefit profiles and are likely to be more vulnerable to business failure.

Large libraries have also been subject to a novel form of inflation pressure as some publishers have implemented new pricing models, such as tiered pricing, that shift revenue generation to larger institutions that are required to absorb significant price increases to compensate for discounting to other customers. Publishers implementing changes in pricing models that provide discounts to small customers by balancing them with increases to larger customers will be especially likely to force large institutions into cancellation decisions. Indeed, these pricing models are somewhat counterintuitive given that the content published come disproportionately from the faculty in research institutions.

Recommendations to Publishers and Vendors

ARL echoes the ICOLC statement's advocacy for publishers to adopt flexible approaches to pricing and avoid reducing content or access as libraries seek to renegotiate expenditures. The research library community believes it is important to go further in making recommendations for publishers and vendors that seek to honor their commitment to enhancing scholarly communication in these times of unprecedented challenge. These recommendations are made based on the belief that scholarly publishers committed to enhancing the effectiveness of the scholarly communication system are prepared to act to minimize negative impacts on the system resulting from economic conditions.

- ARL calls on publishers to consider carefully decisions to invest in new products, functionality, and marketing efforts. Any new investments need to be strategic and market sensitive. Publishers should base investments on market research that demonstrates demand and takes into account the ongoing economic situation.
- Publishers should go further in reducing the need for outright cancellations by undertaking broad efforts to seek new efficiencies that can result in price reductions in the short as well as long term. As libraries scrutinize their own operations, publishers similarly need to critically examine all of their practices and services to identify ways of reducing expenditures and, with them, prices. One obvious opportunity for reducing operating costs to proportionately lower prices is accelerating shifts to electronic-only publication to reduce overhead of print production and handling.
- ARL reiterates the ICOLC call for price stabilization and advocates real price reductions. Models that stabilize or discount prices for all customers, large and small, are most likely to be attractive in the current economic situation and into the future.

- Libraries serving research organizations are increasingly receptive to models that provide open access to content published by their affiliated authors in addition to traditional subscription access to titles. This kind of model can form a bridge from subscription models to models incorporating author-side payments.
- Responsible publishers and vendors should provide real alternatives to multi-year contracts and a range of options for contract terms, as described in the ICOLC statement.
- Acknowledging the singular budget conditions confronting even the largest libraries, publishers must be open to mid-term renegotiations of contracts.
- The research library community is also concerned that the suddenness and depth of the global economic crisis substantially increases risk for the loss of important scholarly content. Scholarly publishers share with libraries a stewardship responsibility and should accelerate their commitments to third party archiving services as potential for business failure increases.
- Inevitably, libraries will be forced to invoke many contract terms in place for providing ongoing access to previously subscribed content after cancellation. ARL calls on publishers to generously and completely facilitate fulfillment of existing contract terms to provide ongoing access to back issues of cancelled subscriptions and to continue to provide these contract terms.
- Finally, ARL encourages publishers to consult widely with research libraries. Small, not-for-profit publishers are of particular concern, and ARL member libraries welcome conversations regarding new publishing models that can reduce the cost and vulnerability of established publications of high value.

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For more information, contact Karla Hahn, Director, Office of Scholarly
Communication, karla@arl.org.