

## **Ontario Council of University Libraries**

### **Financial Framework**

*Approved November 23, 2012*

The principles which follow serve as the basis for financial planning for the Ontario Council of University Libraries for the next three to five years, and will normally be reviewed every three years.

#### **Guiding Principles**

1. The Ontario Council of University Libraries (OCUL) is a consortium of the libraries of the universities in Ontario. OCUL is an affiliate of the Council of Ontario Universities (COU), a legally-constituted not-for-profit corporation. OCUL operates at arm's length from COU. However, as the parent organization of OCUL, COU supports several aspects of the OCUL operation, such as the administration of contracts and agreements, payroll administration, collection and processing of programs and projects revenue and payments, etc. OCUL's programs and services provide significant capabilities and benefits to its members they would not otherwise enjoy. All member libraries have common interests and aspirations, and share responsibility for the financial health of the consortium. Thus, the OCUL budget must be understood in that context.
2. OCUL provides access to a diversity of learning and research materials, and ensures their preservation through sustainable and responsible stewardship. OCUL strives to provide innovative and dynamic access to our shared information resources, and to be a leader in the development of partnerships to expand Canada's digital research infrastructure. Through Scholars Portal, OCUL provides the technological infrastructure that preserves and provides access to information resources collected and shared by [Ontario's 21 university libraries](#).
3. The Core programs and services of OCUL are those which
  - All members use and/or benefit from; and
  - All members support both financially and through commitments of staff time.Optional programs and services are funded by opt-in fee structures.
4. To ensure relevancy of its programs and services, OCUL regularly reviews and develops a Strategic Plan. By its nature, the Strategic Plan must be broadly supported and funded by all members. When Strategic Plan new initiatives mature, or reach sustainability, they are funded as either core or optional programs.
5. Non-member institutions or organizations may be offered selected core or optional services if:
  - A. Participation by non-members does not detract from the benefit derived by the members. Examples of such detracting factors include unfunded

- administrative or overhead costs, increasingly complex governance, legal complexity and taxation, and weaker outcomes;
- B. The services or programs offered are reflected in the triennial strategic agenda for Scholars Portal. This strategic agenda is reviewed annually;
  - C. The motive for any growth of services is strictly not-for-profit; and
  - D. One or more of the following are true:
    - Growth will improve services for all participants;
    - Members judge that it is financially advantageous to serve non-members;
    - Members judge that the benefit outweighs both the cost and the risks associated with expanding the service.
6. OCUL budgetary priorities, in descending order, are normally as follows:
- Core programs and services, e.g. Scholars Portal;
  - Opportunities, initiatives and projects that reflect the goals identified in the Strategic Plan;
  - Optional services available to members on an opt-in basis; and
  - Selected services to non-members.
7. In addition to its regular operating budget, OCUL maintains a financial structure that allows for agile, strategic responses to a dynamic environment, and provides financial stability to appropriately address unforeseen events.
8. OCUL may attract or seek programmatic funds or partnerships with outside sources.

### **Financial Principles**

9. The OCUL budget is developed through a timely process that provides full disclosure to all members. Factors used to calculate required financial obligations are determined by the Board of Directors, and may be amended from time to time.
10. To support the operational and development activities approved through the strategic planning process, annual increases in required financial obligations are anticipated. This includes a contribution to the New Initiatives fund, which is normally not less than \$100,000.
11. Fees for optional programs and services are set at a level intended to fund the full cost of participation in the program or service, including administration, equipment, space, the development fund, etc. and are levied separately from required financial obligations.
12. The fee for a new member will be calculated based on the cost of bringing the library into the core programs and services, plus additional amounts to the OCUL reserve funds and the New Initiatives Fund. The calculation will also take into account prior investments made by the membership, e.g. licensing start-up costs, infrastructure and equipment, etc.
13. To be certain that activities are of sufficiently high priority to be continued either as a core or optional program or service, OCUL programs and services with financial implications are reviewed annually by the Executive Committee, and a recommendation is made to the Board of Directors for its approval.

14. The financial implications of new OCUL activities need to be clear to the Board of Directors. With the understanding that new activities may need to be explored before full costs can be determined, the Executive Committee reviews financial and in-kind costs of new strategic initiatives, programs, services, or partnerships, and makes recommendations to the Board of Directors for its approval.
15. On a three-year cycle, OCUL calculates
  - Direct costs members will pay for optional programs and services, including administration, equipment, insurance, space, etc., excluding governance; and
  - Consideration of members' investment in governance. Such fees may include additional charges intended to build the New Initiatives fund.

### **OCUL Reserves and New Initiatives Fund**

16. In order to provide financial stability and allow for appropriate responses to unforeseen events, OCUL maintains reserve funds and a New Initiatives fund. The reserve funds should be sufficient to cover OCUL obligations in the event of cessation of business.
17. Beyond funding for core programs and services, required financial obligations build and maintain the New Initiatives fund. This fund provides financial support for significant strategic actions or rapid responses to a changing technology environment.
18. The reserve funds are generated from a fixed percentage of required financial obligations, new member and non-member fees, and interest or return on investments. Expenditures from the OCUL reserve and New Initiatives funds are determined by the Board of Directors, and management of these funds is guided by the Executive Committee.