Canadian Economic Environment

Universities under pressure

Ken Snowdon, in his CAUBO commissioned report "Canada's Universities: Cost Pressures, Business Models and Financial Sustainability" (March 2015), described a 'Perfect Storm' of issues aligned against the financial sustainability of Canadian universities, including income constraints, demographics, pension obligations, deferred maintenance and structural deficits in both salaries and research.

In that report, he described how – since 2000-2001 – as actual operating income has increased each year, income per weighted full-time student has stagnated and fallen when considered using a sector-specific Canadian Universities Price Index (CUPI). Moreover, this decrease was recorded almost entirely in the second half of the period under review – and before significant budget adjustments in Quebec (2012-13) and Alberta (2013-14), for instance.

Decreasing Library Budgets and Changing Business Models

Snowdon noted that as a percentage of 'administration and other' spending, library expenditures have dropped from about 5.8% to about 4.2% between 2000/01 and 2012/13 (with the difference diverted to fund things like pension costs). This diversion from library acquisitions as a proportion of total university revenues represents an annual difference of about $100M (CAD) nationally, in 2013 dollars.

In both cases, he describes this situation as "an example where technology and co-operation among institutions has actually reduced 'costs' but maintained or enhanced quality."

Another example of a successful evolution of the business model in higher education is the role of the Library and specifically cost containment directly associated with technological innovation and collaborative partnerships. Library expenditures, as we will see later, have declined as a proportion of total expenditures yet there appears to be widespread agreement among librarians, faculty, and students that services and service levels have been enhanced. In the Library ‘story’ the shift in the ‘business model’ was directly due to the creative utilization of technology, a collaborative culture, the availability of

What Are Libraries Doing?

- Working through consortia to leverage greater purchasing power.
- Exploring a variety of Open Access options
- Engaging with faculty and administrators to find a more sustainable model for scholarly resources

Tools:
- Introduction
- Evolution of Journal Pricing
- Canadian Economic Environment
- Innovation in Scholarly Communication
- Sustainability Challenges
- Understanding Scholarly Metrics
- Glossary of Scholarly Communication Terms
- Selected Bibliography

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significant new funding to leverage investment, commitment and demand from multiple stakeholders, and acknowledged widespread benefits.

At this stage, the consensus among Canadian libraries appears to be that it is increasingly difficult to develop additional efficiencies – particularly in the face of well-organized, rationalized commercial publishers.

**Average Annual E-Resource Increases**

While university libraries continue to be asked to do more with less, electronic resources continue to consume a greater and greater proportion of library budgets, to the exclusion of other content and activities. While the Canadian Consumer Price Index has averaged less than 2% over the past decade, commercial publishers are routinely asking for annual subscription increases of between 3% and 5%.

It should be noted that the amounts actually expended on licensed content by CRKN members very closely approximates the average of the price increases on CRKN's largest five deals.
National funding outlook
Informal polling by CRKN suggests that member institutions are confronting budgetary challenges nationally, with additional hard choices facing many member institutions. Moreover, the recent weakness of the Canadian dollar will only exacerbate the affordability of library resources, as the bulk of purchases are denominated in US currency.

That said, the issue isn’t only one of insufficient resources, but more the insufficiency of the model under which those resources are deployed. As individuals and as institutions, we can make choices to make the system more sustainable.

Sources: