Coordinated Collections Committee (CCC) Shared Cost Formula Philosophy

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Trying to be fair to both small and large institutions alike, our shared cost formula considers both potential users and actual usage.

Pay-to-Play (potential users)

Every institution should pay something for the privilege of offering a resource to its patrons. This pay-to-play amount is the ante that gets you in the game or the cover charge you pay to gain entry just to sit at the table.

All institutions pay the same amount for each potential user. The potential users figure comes from institutional FTE. Larger institutions will have larger pay-to-play contributions because they have more potential users.

In an attempt to avoid sudden jumps (or drops), we use an average of the most recent three years, and we recalculate the average FTE at each new contract.

Consumption (actual usage)

Institutions that use a resource more heavily should pay a larger share when compared to those institutions that do not use the resource much. This usage amount is your bill for what you have consumed. Institutions with heavier usage will have a larger total consumption contribution because they have used the resource more.

After three years, the usage figure comes entirely from the specific resource in question (and we can use the average of fewer than three years, if necessary), but for the initial year when there is no usage history whatsoever, we need to find an appropriate surrogate. This could be a similar resource package (e.g., ebooks to ebooks, regardless of provider). We just need to be sure that the participating institutions match up (e.g., an allocation split that excludes VIVA members cannot be used as a surrogate for a new resource that includes VIVA members).

For ebooks, usage means Book & Chapter Downloads. We need each institution’s usage figures and then the total. From these figures, we calculate the percentage of total downloads for each institution.

Calculating Institution Contributions

We need to determine an FTE multiplier: how much each institution should pay per potential user. We want to keep the total pay-to-play cost reasonable for all institutions, large and small. The percentage of total cost charged to pay-to-play should not be excessive (e.g., no institution should be paying 90% of its total share just for the privilege of offering a resource to its potential users).

Once we have established how much of the total cost will be recouped through pay-to-play, the remaining cost is allocated based on the percentage of total downloads figure.

A Fictitious Example

Total resource cost for all participants is $100,000.00. This is what is on the invoice.

Each institution contributes $0.35 for each potential user.

Combined pay-to-play contributions cover $14,000.00 of the $100,000.00 total resource cost (i.e., 14% of the total invoice), leaving $86,000.00 to be divided by usage percentages (% of downloads x $86,000.00).

Institution	FTE	Downloads	% of Downloads	Multiplier	Pay-to-Play Contribution	Usage Contribution	Total Contribution	Pay-to-Play % of Total
Blue	3,000	1,000	2.5%	.35	$1,050	$2,150	$3,200	33%
Red	7,000	11,000	27.5%	.35	$2,450	$23,650	$26,100	9%
Yellow	30,000	28,000	70%	.35	$10,500	$60,200	$70,700	14%
TOTAL	40,000	40,000	100%		$14,000	$86,000	$100,000	

Looking at the total line, on average, each potential user had 1 download. But the institutional figures show how this varies from the average.

Blue is a small FTE institution which also has low usage (1 download for every 3 potential users). A greater portion of its total contribution comes from pay-to-play, but this is still only 33%.

Red is a medium-sized FTE institution but has higher than average usage (11 downloads for every 7 potential users). It has a low pay-to-play percentage (9%), and a large percentage of its total contribution comes from usage.

Yellow is a large FTE institution with a commensurately high volume of usage (28 downloads for every 30 potential users). This usage accounts for its significantly larger total contribution.

Obviously, with a greater number of participating institutions, the total cost of the resource is shared around more.

The highlighted figures are what must be known before proceeding. Everything else is automatically calculated.

-Michael Fitzgerald, December 6, 2023

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