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## The Book Budget and Inflation

Metod M. Milac

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## *The Book Budget and Inflation*

by Metod M. Milac

A recent statistical report by the Association of Research Libraries compared the purchasing power of 75 research libraries for the decade 1969/70-1979/80. The data reveal that average expenditures for books and serials increased by 91 percent over the decade. During the same period, however, the gross number of volumes added to the collections decreased by 22.5 percent. The Syracuse experience in this area is that between 1976/77 and 1980/81, expenditures increased by 67 percent and the gross number of volumes added to the collection decreased by 30.7 percent.

The problem of inflation is no news to any of us, but the cost of books and serials has been rising even faster than the general increases in prices paid by universities and individuals for goods and services. The Syracuse University Libraries are not immune to this nationwide phenomenon. It becomes increasingly difficult for the University to meet the program requirements of research and instruction.

The Libraries' collection development budget is divided annually into two major segments:

(1) **Committed Budget.** This portion must be reserved to pay the expected cost of serials and periodicals to which the Libraries have subscribed.

(2) **Flexible Budget.** This part, the difference between the total budget and the committed budget, is available for the one-time purchase of new books.

Research libraries agree that a reasonable ratio between the committed and flexible portions of the budget should be approximately 3 to 2 respectively.

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Metod M. Milac is Associate Director of Libraries for Collection Development and Public Services at Syracuse University.

It is difficult to maintain such a ratio in periods of persistent inflation unless the base budget is increased appropriately each year. To see why this is so, consider what would happen over five years to a collection development budget which started at \$1 million and was increased by 5 percent annually during a period when the annual inflation rate averaged, first, 10 percent, and second, 15 percent. Assume, too, that no new periodical subscriptions are entered during this time and that the committed budget thus grows by only the annual inflation rate. Over five years, the results would look like this:

Year	Total Budget	IF INFLATION IS 10%		IF INFLATION IS 15%	
		Committed Budget	Flexible Budget	Committed Budget	Flexible Budget
1	\$1,000,000	\$600,000 (60%)	\$400,000 (40%)	\$600,000 (60%)	\$400,000 (40%)
2	1,050,000	660,000 (63%)	390,000 (37%)	690,000 (66%)	360,000 (34%)
3	1,102,500	726,000 (66%)	376,500 (34%)	793,500 (72%)	309,000 (28%)
4	1,157,625	798,600 (70%)	359,025 (30%)	912,525 (79%)	245,100 (21%)
5	1,215,506	878,460 (72%)	337,046 (28%)	1,049,404 (86%)	166,102 (14%)

As the portion of the budget devoted to commitments increases annually, driven by ever-rising subscription costs, it is obvious that a smaller and smaller proportion of the total will remain for monographic spending. The example is unrealistic, of course: requests for additional serials and periodicals are submitted constantly, and while each year a few cease publication, it is difficult to cancel existing subscriptions without harming the research and instructional programs of the University. The Libraries are increasingly unable to buy "books," even though they spend more money each year.

From 1976/77 through 1978/79, the Libraries were able to maintain a viable ratio between commitments and one-time purchases by virtue of annual infusions of additional funding from the University administration. These were in 1976/77, \$30,000; 1977/78, \$170,000; 1978/79, \$100,000. In 1980/81 the administration again made a supplemental allocation of \$241,000 and required the Libraries to exhaust all restricted accounts.

These special one-time supplements to the annual acquisitions budget have helped to offset the effects of unfavorable foreign exchange rates and growing inflation at home. At the same time, inflation was reducing the purchasing power of our annual budgets by some 15 percent for domestic materials and considerably more for foreign materials. Thus we have been losing ground at the rate of approximately 10 percent a year for the past two years.

## Projected Book Budget Considerations for 1981/82

An estimate of Syracuse University Libraries' book and serials budget needs for fiscal year 1981/82 continues to be affected by high inflation. The July 1981 price index indicates that the 1981 average subscription price for serials and periodicals increased 13.3 percent over 1980 prices. Hard-cover monographs are increasing at a similar rate. The averages are, however, misleading because the figures represent an analysis of the total of publishing output. From our experience, the prices for academic serials, periodicals and monographs run higher than the average indicated. The total percentages include foreign acquisitions, because research libraries cannot adequately support scholarly activities without acquisitions from foreign countries.

Again, then, in 1981/82 we have had to reserve a larger percentage of the total budget than is desirable to meet the cost of our ongoing commitments. In the face of this situation the funds which the Library Associates, and other friends of the Libraries, give for the purchase of books are truly appreciated, not merely by us librarians, but by students and faculty throughout the University.