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Library Board Report

To: Newmarket Public Library Board
From: Todd Kyle, C.E.O.
Date: October 16, 2019
RE: **Reducing barriers to borrowing**

Background:

Staff have been doing research and considering a number of options to reduce barriers to library membership and borrowing in order to more equitably serve the community as well as to encourage increased library use. This is consistent with a North American-wide effort to reduce or eliminate fines and other barriers to borrowing among public libraries. This effort was also supported by a customer comment that made an eloquent case for the removal or reduction of overdue fines, which tend to penalize and discourage library use among those who can least afford to pay the fines. This report outlines the options that staff have determined are feasible, considering the financial, technological, and procedural implications.

Changes to procedure:

Some of these changes involve changes to the library's practice that are not explicitly outlined in Board policy or decision. These are outlined here for the Board's information.

Collection agency threshold

The Library retains a collection agency, Unique Management Solutions (UMS), a North American leader in public library collections. For many years the practice has been to refer to UMS outstanding debts that reach a minimum of \$25.00, following staff collection efforts and a warning. A collection fee of \$15 is then added in order to cover the UMS fee. Debts incurred by adults and left unpaid after collection efforts cease are reported by UMS to a credit bureau.

At the \$25 cutoff level, referred debts have frequently consisted only of fines, rather than replacement costs (levied at 5 weeks overdue), often causing considerable frustration on the part of affected users. To remedy this, as of May 2019, the Library has raised the minimum to \$50.00. Initial reports from staff indicate that the volume of referred accounts has diminished, resulting in fewer upset users. It is too early to assess any financial impact, but it is important to note that the Library pays a fee to UMS regardless of whether the debt is recovered.

Purging fines

Historically, the Library has not had a practice of eliminating debts that are unlikely to be recovered, even after the UMS process ends unsuccessfully. At the same time, under Ontario law, debts are not enforceable in court after a period of 2 years from the last attempt to contact the debtor for collection. The result is that our records contain many dormant and suspended user records, constituting a likely discouragement for those users from ever using the library again.

As a first step to rectify this situation, the Library has undertaken a process to purge old, inactive user records, including those with fines or material replacement charges owing. This purge has been performed on data carried over from our previous Integrated Library System to the current one, that is, records prior to 2010.

Going forward, the library is proposing an annual purge of this type whereby debts for which last contact was more than 2 years ago would be deleted except those over \$100, which would be deleted after 5 years. This would be a more manual process which would still leave the inactive user records intact, to facilitate easier re-registration with the library.

It is important to note that this purging process does not affect our Audited Financial Statements, nor the number of active cardholders as reported in the provincial Annual Survey of Public Libraries (ASPL). The debts are almost certainly unenforceable, and the materials long assumed lost and removed from the catalogue, leaving no likely financial impact to the Library. However, it is important to note that while unpaid debts previously referred to UMS and reported to a credit bureau would be purged, no notice would be sent to reverse any negative credit rating. Users would need to contact the library for proof the debt was forgiven in order to remediate their credit score.

As this action might be considered a broad policy direction, a suggested motion to this effect is contained below.

Changes to policy:

Fines amnesty

In the past, the Board has authorized occasional “Food for Fines” events in partnership with the Newmarket Food Pantry. During a scheduled week announced only slightly in advance, library users were invited to return overdue material directly to staff who would then waive all associated charges in exchange for a Food Pantry donation. The benefits of this approach were that it encouraged return of long overdue materials, allowed users to return to library borrowing, and assisted the Pantry. However, this practice was discontinued when it was noted that users sometimes retained overdue materials in anticipation of a future amnesty.

Nonetheless, there are other approaches that could be taken to such an amnesty that might allay such concerns, such as conditions under which fines on materials previously returned would be eligible. To that end, it is proposed that the Board delegate the authority for

occasional, irregular amnesty periods, in conjunction with a community benefit, to the C.E.O. so that permission need not be sought each time. A related motion is suggested below.

Renewal limits

The limit to how many times a library user can renew an item is 3 for most material types, as long as there are no outstanding requests for the item. In most cases, this means a user can borrow an item for a maximum of 12 weeks, at which time the item must be returned and can be re-borrowed once it has been shelved. Given the demands of users who often ask if the item can be checked in on the spot and handed to them for immediate re-borrowing, it has become our practice to make up to 2 exceptions, making sure to record the transaction as an extra renewal rather than a new borrow (which would allow 3 more renewals).

To increase customer convenience and to encourage additional borrowing periods, it is proposed that the renewal limit be raised to 5, but without routine exceptions. This is consistent with many of our neighbouring libraries, and would require a change to the Membership Policy. There is some potential for revenue loss, as additional renewals may allow users to avoid a fine for delaying return. A motion to this effect is suggested below.

Card renewal threshold

Currently, library membership must be renewed once per year in order for the Library to confirm a user's residency and contact information. This has been the subject of a number of complaints because of the inconvenience. It is important to note, however, that users are notified well in advance; that our practice is to give a grace period if the user claims not to have known and cannot produce ID; and that there is an option to reply to the notification e-mail to renew for online access only (with full access being restored once ID is produced on the next in-person visit).

However, many area libraries only require renewal every 2 years, and so it is proposed that the same change be made here. There are some small risks—residency and contact information may be more likely to be out of date; some collection of fines might be delayed (renewal also entails paying all outstanding debts). A motion to this effect is suggested below.

Eliminating fines for children

There is a growing trend across North America for public libraries to eliminate overdue fines for some or all categories of users. The reason is that fines discourage library use, especially among those segments of society who cannot afford to pay fines, whose cards are often disproportionately under suspension because of unpaid fines. In particular, children suffer because parents are particularly afraid of borrowing materials when children cannot return them on their own. This reduces access to materials that would encourage early literacy, having a direct effect on Early Development Instrument (EDI) scores of Kindergarten students. Moreover, research cited by the American Library Association suggests there is little to no

evidence that nominal fines encourage prompt return of materials, and that eliminating overdue fees can increase circulation rates and even overall book return rates.

At this point I am recommending the elimination of fines for materials that are in the children's section and that are taken out on the card of a child up to the age of 12. This would include books, magazines, and audio, but not DVDs, video games, and devices. All other conditions of return enforcement would apply. The replacement cost and a processing fee of \$5.00 would be levied when the item is 5 weeks overdue, thereby suspending borrowing privileges, with the replacement cost waived if the item is returned. Accounts would still be referred to the collection agency with an added fee, but not reported to a credit bureau if they are on a child's card. Canadian examples of partial or libraries that have eliminated children's fines include Brampton Public Library, Oakville Public Library, Vancouver Island Regional Library, and the public libraries of Prince Edward Island.

Besides encouraging greater borrowing for children, this policy may also encourage more registration for children's cards. Because NPL's fine rates vary by material type/audience rather than cardholder age, many parents don't bother getting separate cards for their children. A lower fine rate only for children's items borrowed on a child's card may provide an incentive to do so. In addition, users will be encouraged to request that fines incurred prior to the policy change be waived—even if they are no longer a child—and staff will be authorized to do so, thereby encouraging borrowers with suspended cards to return to library use.

If this policy were adopted, there would be a budget impact. Currently, the budgeted revenue target for fines is approximately \$38,000, with 2018's actual revenue at \$27,500. Fine revenue has decreasing across North America for over a decade due to 24-hour return options, automated renewal and reminder software, and increasing e-borrowing, and NPL is no exception to this trend. The Board's strategy to deal with the revenue gap has been to reduce the revenue target incrementally so that it would eventually be corrected to actuals. It is estimated that the proposed policy change would reduce revenues by roughly \$6000 per year. At this point, the recommended strategy is to accelerate the revenue target reductions beginning with the 2021 budget year, once the impact is more accurately quantified. Further fine eliminations might be considered in the future depending on the success of this proposal.

If this proposal were accepted, the fine structure would be as follows:

Adult material

- 20 cents per day per item
- \$5 maximum per item
- Borrowing privilege suspended at \$10

Teen material

- 10 cents per day per item
- \$1 maximum per item
- Borrowing privilege suspended at \$10

Kids material

- 5 cents per day per item
- \$1 maximum per item

- No fines if cardholder is 12 years of age or younger
- Borrowing privilege suspended at \$10

Movies and video games

- \$1 per day per item
- \$10 maximum per item

Other special items

- Fines are noted on special items, such as eReaders and laptop computers.

Exceptions

- There are no fines for seniors 65 and older, except for inter-library loans and laptops

Other fees and replacement costs

When an item is five weeks overdue, we send a bill for the cost of the item plus a \$5 non-refundable processing fee. If you return the item, you do not owe the replacement cost. If we must send your account to a collection agency, we add a \$15 non-refundable fee.

Fine rates are not part of the Borrowing Policy but have been passed by Board motion in the past. A motion to effect the above rates is suggested below.

Processing fee

As previously mentioned, NPL charges a \$5.00 non-refundable processing fee at the same time as billing the user for the replacement cost of a long-overdue item; at the same time, fines cease to accumulate. The replacement cost is cancelled if and when the item is returned; the fines and processing fee are not. However, it is the practice of many libraries to cancel the processing fee as well under these circumstances. In NPL's case, we have not adopted that practice, mainly because it would provide a disincentive to timely return or replacement of the item.

Frequent patron feedback indicates that there is some frustration over charging this fee when the library will not in fact need to replace the item and pay the costs of processing it (either internally or via the vendor). Our position in response has been that when an item is long overdue, the Library still has to mail a bill, manually check in the item, and depending on the time lapsed, re-enter the item into the database. In addition, NPL's fine rates and maximum fines per item are actually low in comparison to some of our neighbours, so the \$5 fee could be seen as equalizing the difference. Finally, if the processing fee were to be removed for returned items, there would then be no incentive to return kids items in the case outlined above. Therefore no change is recommended in this area at this time.

Conclusion:

The following motion is recommended:

THAT the Library Board approve the changes to the Borrowing Policy and associated practices as follows:

- a. Forgiving of unpaid debts after a two-year collection period, except for those over \$100, which would be forgiven after a five year period**
- b. Arranging occasional amnesty periods in conjunction with a community benefit;**
- c. Increasing renewal limits from three to five;**
- d. Changing the card renewal threshold from one year to two;**
- e. Eliminating fines for children's materials taken out on a child's card, and waiving historical fines meeting these conditions upon user request.**