

Staff report

Meeting Date: August 22, 2019
To: Library Board of Trustees
From: Margaret Jakubcin, Library Director
Subject: Elimination of Overdue Fines and Associated Actions

Attachments: ALA Resolution on Monetary Library Fines as a Form of Social Inequity

TOPIC/ISSUE

Discussion of the proposal to eliminate overdue fine and processing charges, and various related policies and procedures.

BACKGROUND

Libraries across the country are going fine-free, recognizing that overdue fines create barriers to access, have negative impacts on public relations, consume valuable staff time, and are not an effective tool to encourage on-time return of library materials.

In January 2019, the American Library Association (ALA) passed a resolution affirming that the imposition of monetary library fines creates a barrier to the provision of library and information services; urging libraries to scrutinize their practices of imposing fines on library patrons and actively move towards eliminating them; and urging governing bodies of libraries to strengthen funding support for libraries so they are not dependent on monetary fines as a necessary source of revenue.

Washington State libraries that are currently fine-free or in the process of moving to a completely fine-free model include: Fort Vancouver Regional, Sno-Isle Libraries, Kitsap Regional, Jefferson County Library, Mid-Columbia Libraries, Spokane Public Libraries, Whatcom County Library System, and others. Prominently in the current news, Seattle Public Library is moving to institute a fine free model in connection with a successful levy increase passed by voters this month.

The experiences of fine-free libraries have produced a substantial body of data regarding the impacts of eliminating overdue charges. That data supports the following outcomes associated with a shift to a fine-free model:

- Contrary to popular expectation, overdue materials are returned *earlier* when fines are eliminated;
- There are fewer accounts blocked from checking out materials – more patrons, particularly youth and low income users, are able to continue utilizing library services;

- Lapsed-users return to the library;
- New cardholders numbers increase;
- First time checkouts increase;
- Circulation overall increases;

NOLS instituted a 10¢ /day overdue charge in 2003, and increased the charge to 20¢ /day in 2010 (prior to the 2010 levy lid lift). Many things have changed at NOLS, and in society, since 2010. In 2010, NOLS received \$39,683.81 in revenue from overdue fines. In 2018, only \$20,503.29 in revenue was received from overdue fines.

DISCUSSION

Supporting arguments:

- **Improved retrieval rate for overdue materials:** Libraries that have gone fine-free have not experienced increases in late returns. Some libraries see their late return rate drop following fine elimination.
- **Enhanced equity:** Fines create barriers, and those barriers fall most heavily on lower income individuals - who may have the greatest need for library materials and services.
- **Focus on library service:** Going fine-free allows the library to focus on service, community, and reading, rather than punishment or revenue.
- **Improved patron relationships with the library:** The existence of overdue fines, and the fine payment transaction itself, is one of the most negative aspects of a patron's relationship with the library
- **Improved staff experience:** Collecting overdue fines can be time-consuming and stressful, lead to extended conflicts with patrons, and distract staff from their primary purpose of public service.
- **More efficient and effective use of staff time and resources:** Staff time and money-collecting technology are expensive; cash counting, reporting and management require significant daily investments of branch and administrative staff time, to the detriment of accomplishing many other important tasks.
- **Reduce patron and materials loss:** People who are embarrassed, or unable, to pay overdue fines, often decide to just keep the library item and never come back to the library.
- **Increase in patrons and circulation:** Eliminating fines tends to increase circulation and library cardholders.

Steps to a Fine-free Model:

- Eliminate the 20¢ /day overdue fine (Board action required)
- Eliminate the \$5.00 processing fee for lost or damaged items (Board action required)
- Waive existing overdue fines and processing fees in all accounts (Board action required)

- Keep charging fees for lost and damaged materials
- Continue sending reminder notices (in fact, send more notices sooner)
- Accounts with long overdue materials are blocked sooner from checking out material
- Bill accounts sooner to encourage return of materials
- Refer accounts with unreturned items to materials collection service sooner
- Roll out with a robust communication plan

Implementation:

NOLS proposes an implementation date of September 1, 2019. This targets Library Card Month, and will also coincide advantageously with the 2019 Clallam County Reads Program (set to begin in October).

Timeline:

October 2018	Staff discussion and research initiated
Early August 2019	Drafts of proposed policies changes reviewed by staff and Board Policy Committee
Mid-August 2019	Board presentation and possible approval
Late August 2019	Fine table, notification, and other changes prepped in Polaris
September 2019	Public communications released
September 2019	Go live
2019-2020	Track and evaluate data
September 2020	Report first year outcomes to Board

POLICY CONSIDERATIONS

A number of policy changes are required to implement the change to a fines-free model. Most of these revisions reflect moderate changes, in many cases simplification, of circulation policies. Policy revisions are discussed in detail in a separate staff report, as are the required board actions.

Documentation of the Board’s approval to waive fines and fees retroactively is required to satisfy any requirements the Washington State Auditor may have.

FISCAL CONSIDERATIONS

Revenue Impacts: Eliminating overdue fines and processing fees will result in some loss of revenue collected in Fines and Fees (this category includes both overdue fines *and* payments for fees, such as lost and damaged items). Fines and Fees revenue has been steadily shrinking in recent years as a result of increased e-borrowing and other procedural and service changes, such as automatic renewals. In 2010, NOLS collected \$46,990 in Fines and Fees revenue. In 2018, NOLS collected \$33,667 in Fines and Fees revenue. To date in 2019, \$21,660.38 in Fines and Fees revenue has been collected. The estimate of potential fine revenue in 2020 (that would be forgone in the event overdue fines and processing fees are eliminated) is

approximately \$22,000. The chart below depicts recent Fines and Fees revenue. Note that the 2018 revenue from overdue fines and processing fees is a small increment (.48%) of the total operating revenue.

Revenue Comparison					
	2014	2015	2016*	2017	2018
Revenue from Overdue Fines	\$43,631	\$40,414	\$29,600	\$21,772	\$20,503
Revenue from Processing Charges	\$2,775	\$2,778	\$2,283	\$2,607	\$2,689
Total Revenue from Overdue & Processing Charges	\$46,406	\$43,192	\$31,883	\$24,379	\$23,192
Total Library Fines & Fees Revenue	\$56,342	\$53,890	\$41,114	\$34,339	\$33,667
Total Operating Budget Revenue	\$4,304,744	\$4,147,142	\$4,594,738	\$4,947,775	\$4,789,633
Overdue Charges as Percentage of Operating Revenue	1.01%	0.97%	0.64%	0.44%	0.43%
Overdue and Processing Charges as Percentage of Operating Revenue	1.08%	1.04%	0.69%	0.49%	0.48%
<i>*Automatic Renewals Implemented in April 2016</i>					

The Library receives about \$2,500 in revenue from processing fees annually. Processing fees are charged for replacement items and are intended to cover the additional costs of cataloging and physically preparing items for the collection. If a patron pays for lost or damaged items, purchasing and processing replacement materials are readily absorbed into the regular workflow; the same as purchasing and processing new materials. If a patron provides a physical replacement, additional staff time is required for cataloging and physically preparing the item. A new \$5.00 Restocking Fee is proposed for this purpose.

Hypothetical Outstanding Debt: If policy changes are approved to eliminate overdue fines and processing fees going forward, then the most reasonable and equitable action will be to waive all existing overdue fines and processing fees as well.

As of August 1, 2019, there is \$456,984 in overdue fines and processing fees charged to 29,866 patron accounts. Nearly 80% of those accounts with fines have not been active for at least one year, and nearly 30% of those accounts expired more than 7 years ago. The potential revenue associated with these outstanding fines and fees is almost entirely hypothetical, as it will quite likely never be collected.

NOLS operates on a cash basis accounting method as directed by the Washington State Auditor’s Office, therefore outstanding patron account balances are not reflected on NOLS’s balance sheet as an asset but are tracked in Polaris, the Library’s integrated library system (ILS).

Account Balances as of 7/31/2019		
	Balance Total	Number of Accounts
Overdue Fines	\$340,078.34	23610
Processing Fees	\$116,905.79	6256
Totals	\$456,984.13	29866

Account Balances on Cards with No Activity for at Least One Year		
	Balance Total	Number of Accounts
Overdue Fines	\$279,544.47	18435
Processing Fees	\$102,646.14	5169
Totals	\$382,190.61	23604

Waiving all existing overdue fines and processing fees as of September 1, 2019, would affect nearly 30,000 patron accounts and the elimination of approximately \$460,000 in charges. While

this is a large (hypothetical) sum to waive, it must be noted again that NOLS has only been collecting about \$20,000 in revenue from overdue fines and processing fees each year.

A separate action related to write-off of bad debt (as described in revised Policy 4.2) would address long past due charges for replacement fees, collection agency fees and damaged item fees. In 2019, deletion of accounts expired for seven years or more would result in the writing off of approximately \$200,000 in (hypothetical) charges of this type. This outstanding balance represents theoretical revenue that is even less likely to be recouped than that for long-past-due fines and fees.

Account Balances for Cards that Expired in 2012 or Earlier		
	Balance Total	Number of Accounts
Replacement Fees	\$195,557.45	3609
Collection Fees	\$5,265.90	529
Damage Fees	\$509.65	54
Totals	\$201,333.00	4192

Overdue fines and processing fees are not included in the chart above because they would be waived in a separate one-time process and then no longer be charged to any patron accounts.

Policy updates that would clarify when library accounts expire, when accounts are deleted, and when accounts with bad debt can be written off, will allow NOLS to purge thousands of old accounts and better maintain its ILS database. Library staff recommend that accounts without balances be deleted three years after they expire, and all remaining accounts with balances be deleted seven years after they expire. The balances on the accounts to be deleted after seven years will be written off as bad debt, a process approved by the State Auditor, as long as the policy documenting the process is approved by the Board of Trustees.

Personnel Budget Impacts: As noted above, considerable staff time is expended on daily activities related to fines collection. As the Board is well aware, NOLS staff do a lot, and are extremely busy. There are many other tasks that could more productively be accomplished with this time. The direct loss of fine revenue therefore should also be considered in the context of the recovered staff time that would be regained if time-consuming patron interactions and cash handling tasks are greatly reduced through the elimination of fines. While it is impossible to quantify this revenue offset, a comparative way of looking at it is that the \$22,000 of potential lost revenue in 2020 roughly equates to the personnel cost of a single Customer Service Specialist I who works 22.5 hours per week. The advantage of recouping this lost staff time through fines elimination, rather than hiring additional staffing at a comparable cost, is that the impacts of the time regained benefits multiple positions and assignments at all branches, as well as in Administrative Operations.

RECOMMENDATION/ALTERNATIVES FOR CONSIDERATION

That the Board take the actions necessary to eliminate overdue charges and make other related policy changes. The specific actions are presented in separate staff reports.

ACTION/MOTION

The Chair may wish at this time to informally ascertain whether any Trustees object to moving forward to consideration of the actions necessary to eliminate overdue fines and processing fees. The official actions will be accomplished separately through approval of proposed policy revisions and adoption of Resolution 19-08-08.

Resolution on Monetary Library Fines as a Form of Social Inequity

Whereas monetary fines present an economic barrier to access of library materials and services;

Whereas there is mounting evidence that indicates eliminating fines increases library card adoption and library usage;

Whereas monetary fines create a barrier in public relations, and absorb valuable staff time applying, collecting, and managing dues;

Whereas the first policy objective listed in ALA Policy B.8.10 (Library Services to the Poor) as approved by ALA Council on January 27, 2019, states that the American Library Association shall implement these objectives by “Promoting the removal of barriers to library and information services, particularly fees, and overdue charges”;

Whereas ALA Policy B.4.2 (Free Access to Information) “asserts that the charging of fees and levies for information services, including those services utilizing the latest information technology, is discriminatory in publicly supported institutions providing library and information services”;

Whereas in Economic Barriers to Information Access, An Interpretation of the Library Bill of Rights, ALA states “All library policies and procedures, particularly those involving fines, fees, or other user charges, should be scrutinized for potential barriers to access;

Whereas libraries will need to take determined and pragmatic action to dismantle practices of collecting monetary fines

Whereas libraries of all types are responsive to bodies, be they school districts, boards of trustees, college and university administration, or government entities and therefore need to be able to make the case to those bodies about eliminating fines; and

Whereas monetary fines ultimately do not serve the core mission of the modern library; now, therefore, be it

Resolved, that the American Library Association (ALA), on behalf of its members

1. adds a statement to the Policy Manual that establishes that “The American Library Association asserts that imposition of monetary library fines creates a barrier to the provision of library and information services.”;
2. urges libraries to scrutinize their practices of imposing fines on library patrons and actively move towards eliminating them; and
3. urges governing bodies of libraries to strengthen funding support for libraries so they are not dependent on monetary fines as a necessary source of revenue.

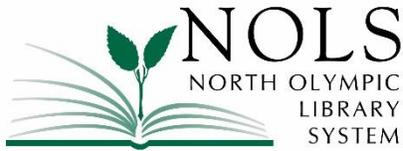
Mover: Peter Hepburn, Councilor At-Large, 773.426.8082

Seconders: Matt Ciszek, Councilor At-Large, 330.397.3650

Sara Dallas, Councilor At-Large, 518.859.0742

Ed Garcia, Councilor At-Large, 401-497-8992

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Staff report

Meeting Date: August 22, 2019
To: Library Board of Trustees
From: Margaret Jakubcin, Library Director
Subject: Approval of revisions to policies 3.1, 3.2, 3.3, 3.5, and 4.2; in connection with elimination of Overdue Fines and Processing Fees

Attachments: Draft Revisions of Policies 3.1, 3.2, 3.3, 3.5, 4.2

TOPIC/ISSUE

Eliminating overdue fines and processing fees would require updates to Circulation Policies (Section 3 of the Operating Policy manual) and to Policy 4.2: Fees and Charges Schedule.

BACKGROUND

Background information regarding the proposal to eliminate overdue fines and processing fees has been covered in a separate staff report.

DISCUSSION

Elimination of overdue fines and processing fees requires Board approval of updates to policies 3.1, 3.2, 3.3, 3.5, and 4.2. Several procedural adjustments are also required, including such things as making changes to Polaris (ILS) settings, and adjusting operational and reporting practices. Procedural changes do not require Board approval, but they are noted in the discussion below where deemed to be helpful to understanding of the proposed policy changes.

As is customary at NOLS, the proposed policy changes were shared with Management Team, as well as all NOLS staff, during development. The Board Policy Committee has reviewed and approved these revisions.

POLICY CONSIDERATIONS

A number of policy changes are required to move to a fines-free methodology. The proposed revisions to Circulation policies and the fee schedule are outlined for each policy in the discussion below. Generally speaking these revisions include:

- Revision or deletion of policy language that directly references fines and fees;
- Adjustments to other aspects of policy, which taken as a whole support the elimination of overdue fines by encouraging the return of overdue items and/or mitigating the risk of material loss, through other methods. Such alternate measures include, for example, accounts with long overdue materials being blocked sooner from checking out material, and not waiting as long to bill accounts for unreturned items.

A brief discussion of the proposed changes to each policy is presented below. As usual, policy review identified a few non-substantive typos, formatting issues, and other areas where clarity could be improved through minor language changes. These edits are tracked in the draft revisions but not described in detail as they are for the most part self-evident.

Discussion of Proposed Changes to Policy 3.1: Library Cards

- Eliminates language that references overdue fines.
- Eliminates a redundant reference to card expiration practices – which are more appropriately addressed in a single section, Policy 3.1.9.
- Reduces the borrowing maximum for Limited Service cards from 5 items to 2. The intent of this change is to lower the risk of financial loss related to unreturned items and uncollectable debt, while still providing reasonable limited access to materials and other library resources for those who don't qualify, or prefer not to have a Full Service card.
- Institutes a policy with regard to purging of old accounts after they have been expired for at least 3 years. This has been missing from NOLS policy, and as a result the database has never been purged of such accounts. Institution of a fines-free policy, and associated retroactive waiving of fines and fees currently on accounts, necessitates clarifying this policy. The changes also clarify expiration periods and renewal practices for cards.

Discussion of Proposed Changes to Policy 3.2: Borrowing Privileges

- Eliminates a reference to tablets, which are no longer offered for circulation.
- Reduces policy “loopholes” in management of “claims returned” items.
- Replaces term “record” with more accurate term “account.”

Discussion of Proposed Changes to Policy 3.3: Circulation of Special Collections

- Clarifies Interlibrary Loan (ILL) policies
- Eliminates a reference to tablets, which are no longer offered for circulation.

Discussion of Proposed Changes to Policy 3.5: Penalties for Overdue, Lost or Damaged Materials

- Changes the conditions, which cause an account to be blocked from checking out material. Accounts are currently blocked if they owe more than \$25.00 in fines and fees or have six or more active “claims returned” items. To encourage patrons to return material sooner, the policy has been updated so accounts will be blocked if they have an item 14 days or more overdue or owe more than \$25.00 in fees. The section regarding blocking accounts for claims returned items has been updated to match the updates to Policy 3.2.5.
- Eliminates references to overdue fines.
- Eliminates the overdue fine grace period, which the elimination of fines make irrelevant.
- Reduces the number of days an item is overdue until it is declared lost and the patron is billed for the item from 63 days to 21 days.

- Clarifies that charges for lost items will be waived if the items are returned.
- Eliminates references to processing charges (changes described in Policy 4.2).
- Adds references to a restocking fee (changes described in Policy 4.2).

Discussion of Proposed Changes Policy 4.2: Fines and Charges Schedule

- Eliminates overdue charges
- Eliminates processing charges
- Creates a Restocking Fee which will only be charged if a patron chooses to provide a replacement for a lost or damaged item instead of paying the lost or damaged fee.
- Adds a policy statement regarding approved Board policies for write-off of Bad Debts (recommended by the Washington State Auditor)

Discussion of Proposed Non-Policy Changes

- Notices regarding overdue items are sent via email, text message or automated phone call. Because proposed policy changes would bill an item as lost 21 days after a due date instead of 63, overdue notices would be sent more frequently.

Current NOLS Overdue/Billed Item Timeline:

- 3 days before due date – Almost overdue notice sent
- 3 days after due date – First overdue notice sent
- 21 days after due date – Second overdue notice sent
- 42 days after due date – Third overdue notice sent
- 63 days after due date – Patron charged for item and bill sent via mail
- 84 days after due date (21 days after patron billed) – Accounts over \$50.00 submitted to collection agency

Proposed NOLS Overdue/Billed Item Timeline:

- 3 days before due date – Almost overdue notice sent
 - 3 days after due date – First overdue notice sent
 - 7 days after due date – Second overdue notice sent
 - 14 days after due date – Third overdue notice sent
 - 21 days after due date – Patron charged for item and bill sent via mail
 - 42 days after due date (21 days after patron billed) – Accounts over \$50.00 submitted to collection agency
- New automatic email notices would be enabled to remind patrons when their accounts are about to expire and when their accounts have been inactive for long periods of time. Both of these notices would help inform patrons about recent changes at NOLS.

FISCAL CONSIDERATIONS

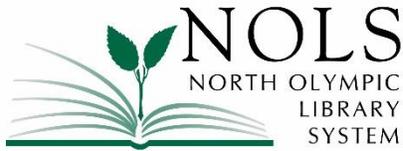
Fiscal impacts of eliminating fines have been discussed in a separate staff report.

RECOMMENDATION/ALTERNATIVES FOR CONSIDERATION

That the Board approve changes to policies 3.1, 3.2, 3.3, 3.5, and 4.2. as presented. The Board may suggest different timelines, blocking amounts, or procedural adjustments if desired.

ACTION/MOTION

That the Board approve changes to policies 3.1, 3.2, 3.3, 3.5, and 4.2., as presented



Staff report

Meeting Date: August 22, 2019
To: Library Board of Trustees
From: Margaret Jakubcin, Library Director
Subject: Approval of Resolution 19-08-08: Authorizing the Elimination of all Overdue Fines and Processing Fees

Attachments: Resolution 19-08-08: Authorizing the Elimination of all Overdue Fines and Processing Fees

TOPIC/ISSUE

Board approval of Resolution 19-08-08, authorizing the elimination of all overdue fines and processing fees, and related actions.

DISCUSSION

Detailed background information and explanation for the proposed elimination of overdue fees and processing fees is provided in two separate staff reports; one report providing an overview of the changes and the other report explaining the specific policy changes.

POLICY CONSIDERATIONS

A number of policy changes are required to eliminate all overdue fines and processing fees. As addressed in a separate staff report, the Board has been asked to approve, by motion, specific changes to policies 3.1, 3.2, 3.3, 3.5 and 4.2.

Board consent for NOLS to operate fine-free going forward, and approval to waive existing past-due fines and processing fee balances, will be formally documented by approval of Resolution 19-08-08.

FISCAL CONSIDERATIONS

The fiscal considerations related to eliminating overdue fines and processing fees are covered in detail in a separate staff report.

The estimate of potential fine revenue in 2020 (that would be forgone in the event overdue fines and processing fees are eliminated) is approximately \$22,000. Revenue in 2018 from overdue fines and processing fees was a small increment (.48%) of the total operating revenue.

Waiving all existing overdue fines and processing fees, effective September 1, 2019, would affect nearly 30,000 patron accounts and the elimination of approximately \$460,000 in charges. The potential revenue associated with these outstanding fines and fees is entirely hypothetical, as it will quite likely never be collected. NOLS operates on a cash basis accounting method as directed by the Washington State Auditor's Office, therefore outstanding patron account balances are not reflected on NOLS's balance sheet as an asset.

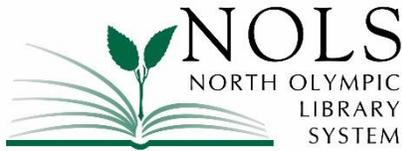
The waiving of all existing overdue fines and processing fees will require assistance from the Library's ILS vendor, Innovative. The one-time cost to have Innovative waive all the fines and fees requested, and create reports with the amounts waived and accounts affected, is \$1,000.

RECOMMENDATION/ALTERNATIVES FOR CONSIDERATION

That the Library Board of Trustees approve Resolution 19-08-08, which stops all overdue fines and processing fees from being charged, and waives all existing overdue fines and processing fees as of September 1, 2019.

ACTION/MOTION

That the Board approve Resolution 19-08-08 as presented.



Resolution 19-08-08
Library Board of Trustees
North Olympic Library System

Authorizing the Elimination of Overdue Fines and Processing Fees

Whereas, public libraries across the country are going fine-free, recognizing that overdue fines create barriers to access, have negative impacts on public relations, consume valuable staff time, and are not an effective tool to encourage on-time return rates; and

Whereas, eliminating overdue fines helps keep the library's focus on service, community, and reading; and

Whereas, eliminating overdue fines has been shown to bring patrons back to the library who are embarrassed or unable to pay fines; and

Whereas, collecting overdue fines can be time-consuming, lead to extended conflicts with patrons, and distract from staff's primary purpose of public service; and

Whereas, revenue from overdue fines and processing fees at the North Olympic Library System has decreased more than 50% since 2014, a decline primarily caused by the implementation of automatic renewals in 2016 and the increasing use of eBooks in recent years; and

Whereas, revenue from overdue fines and processing fees accounted for less than one half of a percent of the North Olympic Library System's operating revenue in 2017 and 2018; and

Whereas, the potential revenue associated with patron accounts with outstanding fines and fees is largely theoretical, as a majority of accounts with past-due balances become inactive, and the fines and fees are never collected; and

Whereas, the Library operates on a cash basis accounting method as directed by the Washington State Auditor's Office, therefore outstanding patron account balances are not reflected on the North Olympic Library System's balance sheet; and

Whereas, the North Olympic Library System has previously established Policy 3.5: Penalties for Overdue, Lost or Damaged Materials, and Policy 4.2: Fines and Charges Schedule; and

Whereas, the Board periodically reviews and revises policies to meet new and changing conditions;

Now therefore be it resolved that:

The Board confirms beginning September 1, 2019, the North Olympic Library System will:

1. No longer charge overdue fines for materials that are returned late; and
2. No longer charge processing fees for materials that are lost or damaged; and
3. Waive all currently existing overdue fines and processing fees on all patron accounts; and
4. Manage future bad-debt write-off in accordance with established policy.

Passed by the Board of Trustees of the North Olympic Library System at the regular meeting held this 22nd day of August, 2019.

Chair

Trustee

Trustee

Trustee

Trustee

Attested by:

Secretary to the Board