

Assessing the economic value of public libraries for lobbying purposes

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PUBLIC LIBRARY FUNDING

Despite their universal popularity, public libraries are a soft target for budget cuts and low down the list of priorities when it comes to increased funding.

Although citizens and politicians alike proclaim their value to society, when it's a question of allocating Council resources, public libraries frequently lose out to education, health, emergency services.

1.1 The need for more cash

In order to:

- Maintain, enhance and create new libraries
- Maintain, enhance and create new services (the X Factor)
- Recruit, retain and develop staff
- Care for, replace and purchase new books
- Support and upgrade technology to deliver knowledge and information
- Market public libraries to non-users

1.2 Contributions to priority areas

Public libraries help Local, State and Federal Government achieve their objectives in key priority areas such as education, health, the economy, the environment and building sustainable communities. They act as information providers across a broad range of topics and as active participants in projects involving literacy and skills.

	Government	Economic
Overall	<ul style="list-style-type: none">• Libraries Building Communities – social engagement, safety and wellbeing• Sense of place	<ul style="list-style-type: none">• Literacy• Knowledge and information• Creative industries
Properties	<ul style="list-style-type: none">• Civic pride• Civic infrastructure• Neutral, democratic space• Delivering Government information – health, environment	<ul style="list-style-type: none">• Venues for community activities• Heritage properties, enhancing tourism credentials• Accommodating overspill from college libraries• Community noticeboard (information on health, environment, etc)• Construction

	Government	Economic
Resources	<ul style="list-style-type: none"> • Literacy as the foundation of a good education 	<ul style="list-style-type: none"> • Free books • Music, films, games (free or below market rates) • Promotional vehicle for authors and publishers • Job-seeker information (newspaper advertisements, Internet) • Purchasing of books, equipment and other materials
Services	<ul style="list-style-type: none"> • Universal access to the Internet • Economic vitality – databases and market information for businesses • Workforce development 	<ul style="list-style-type: none"> • Early years literacy • School age literacy and learning • Adult literacy and learning • Workforce skills development • Business information – subscription databases
Staff	<ul style="list-style-type: none"> • Opportunity to show the State as a good employer – pay, terms and conditions 	<ul style="list-style-type: none"> • Handling reference enquiries • Providing employment - taxpayers • Merchandisers and influencers, supporting the work of publishers but with no bias/commercial imperative

It is clear that public libraries make a valuable contribution. The question is “how valuable?”

It is important to be able to give politicians and other potential funding sources an even stronger reason to invest in public libraries.

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LITERATURE REVIEW

Over the past decade, the search for the best way of measuring public libraries' contribution has expanded across the globe. Projects have been carried out in Australia, Canada, the US, UK and New Zealand, generating a mass of ideas and information.

2.1 Reports and other published material

A list of the 31 reports, conference papers and web pages is contained in Appendix 1.

In addition, there are two journals published by Emerald:

- Performance Measurement and Metrics (26 issues, 2000-2008)
- The Bottom Line Managing Library Finances (79 issues, 1988-2008)

2.2 Initial findings

Looking through these reports, there are four key ways of assessing the value of public libraries and most studies have used a combination of two or more methods.

Method	Methodology	Output
Contingent Valuation (CV)	Surveys to determine Willingness To Pay (WTP) and Willingness to Accept (WTA), with additional measures such as (a) how much people are prepared to invest in time and money to use a public library and (b) how much they would have to pay for alternatives, if these were available.	The size of the consumer surplus ie the value of the public library services, over and above the cost to the taxpayer. <i>"For every \$1 invested, public libraries return \$X worth of value"</i>
Direct Economic Contribution (DEC)	A measure of how much public libraries put back into the community in terms of building works, purchases, tax levied on employees' salaries.	An absolute figure, showing how public libraries help to underpin the economy. <i>"Public libraries put \$X back into the community."</i>
Market Value (MV)	What it would cost to buy the same services elsewhere, assuming they were available from other sources.	A market valuation of the services offered by public libraries. <i>"If you were to buy these services elsewhere, the cost would be X times the amount spent on public libraries."</i>
Return On Investment (ROI)	This uses a combination of factors to create a formula measuring the ROI, for example: $(DEC + MV) / \text{No of people served by public libraries} = \text{Economic contribution per capita}$ $\text{Economic contribution per capita} - \text{tax support per capita} = \text{ROI}$	A formula that can easily be applied to local circumstances. <i>"For every \$1 invested, this public library returns \$X worth of value."</i>

2.3 Limitations

2.3.1 What can and can't be measured

A common phrase is “this is not an exact science”. Studies err on the conservative side so that, when challenged, researchers can cite other, less tangible elements, which also contribute to the overall value of public libraries.

2.3.2 Weaknesses in the methodologies

Of course, there are always challenges and each of these valuation methods has its weaknesses. Contingent Valuation for example, is based on people's hypothetical intent, not their actual behaviour.

2.3.3 Context

These measures give no indication of how public libraries compare with other local government services. If we were able to say that public libraries' value was more \$ for \$ than, say, parks and leisure centres, it might alienate a few local government colleagues, but it would add weight to bids for increased funding.

Measures must have real meaning for politicians and other potential funders.

3 MAKING IT COUNT

Studies in Australia, New Zealand, the US, UK and elsewhere have assumed that demonstrating public libraries' return on investment will automatically unlock the civic purse.

Statement: *"Public libraries return \$4 for every \$1 spent."*

Anticipated response: *"In that case, we will maintain/increase funding."*

Actual response: *"Well done – now, how can you improve on that return with the same/reduced funding?"*

The fact that public libraries are a valuable asset is not disputed, but when there are so many calls on a Council's budget, they remain a soft target for cuts.

The challenge is to create measures that have real meaning and relevance to politicians and provide the impetus for them to act. Example:

(A) Budget cuts	(B) Status Quo	(C) Optimum funding
<p><i>"It's a false economy: for every \$1 less we spend on public libraries, we need to spend \$X on other government services to achieve the same result."</i></p> <p><i>"For every \$1 less we spend on public libraries, \$X is lost to the local economy."</i></p>	<p><i>"For every \$1 we spend on public libraries, the community benefits from a return on investment of \$X."</i></p>	<p><i>"If we were to spend \$X on public libraries, we could achieve a return on investment of \$Y."</i></p>

(A) sets the public library service in context

(B) is the baseline

(C) gives us a target to aim for, acknowledging that the chances of fully achieving it are negligible

Most of the reports contained in Appendix 1 are focused on (B).

Each year, library services request an increase in funding. If there were no Local Government budget restraints, how much would heads of services ask for? There has to be an upper limit based on the physical limitations of the public library estate, the size of the population using the service, and the demographics of that population.

By calculating that upper limit, we would be able to calculate the potential return on investment. As a '\$X for every \$1 spent' figure, it is likely that this would be significantly higher than (B).

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CONSIDERATIONS

Developing a set of measurements:

4.1 Criteria

- The measures have to be credible and robust
- The outputs should include \$X figures
- These must be easily expressed – headline numbers, underpinned by solid calculations
- Any formulae should be able to be applied locally and Statewide
- There should be the potential for further studies to track movements over time
- Insofar as it is possible, the methods used should be future-proof, taking into account the changing needs of the community and the evolution of public library services

4.2 Outcomes

- Public libraries are lower down the list of targets when budget cuts are proposed
- Politicians are more likely to leap to the defence of public libraries when the treasury is short of funds
- Influencers who instinctively believe in and promote the worth of public libraries, have tangible measures to support their advocacy
- Library managers and staff can speak with confidence about the very real value of public libraries to the community
- Library services are able to attract new funding from non-Governmental sources

4.3 Audiences

- Government – State, regional and local
- Other bodies
- Communities of library users and non-users
- Businesses
- Publishers
- Charitable givers

Assessing the economic value of public libraries and presenting the information in the right way could help libraries approach new sources for funding, for example:

- forming partnerships with publishers to promote books
- acting as a testing ground for new technologies
- attracting lottery sponsorship
- encouraging businesses to endow new buildings as part of their corporate citizenship programmes
- devising paid-for elements of the service, without interfering with the library's free access and open-to-all ethos

APPENDIX 1

REPORTS 1996 - 2008

Report	Year	Author/organisation	Nation
Valuing the Economic Costs and Benefits of Libraries	1996	Coopers & Lybrand	NZ
Dividends: The Value of Public Libraries in Canada	1996	L Fitch and J Warner	Canada
The Value of Libraries and Library Professionals to Australia's Top 100 Companies	1998	V Walsh and S Greenshields	Aus
Placing a Value on Public Libraries – St Louis	1999	G Holt, D Elliott and A Moore	US
Manukau Libraries: Trial of the V*LM Value Added Library Methodology	2000	LIANZA	NZ
Contingent Value in Public and Academic Libraries	2000	S Aerni and D King	US
The Economic Impacts and Benefits of Florida Public Libraries	2001	Information Institute, Florida State University	US
The Economic Value of Public Libraries in the UK	2001	A Morris, M Hawkins and J Sumsion	UK
National Bibliographic Database and National Union Catalogue Economic Valuation	2002	McDermott Miller Ltd	NZ
Measuring Our Value	2003	British Library	UK
Determining the Value of Cultural Goods	2003	D Throsby	Aus
Contingent Valuation and Cultural Resources: A Meta-Analytic Review of the Literature	2003	D Noonan	US
A Wealth of Knowledge: The Return On Investment From ARC-Funded Research	2003	Allen Consulting Group	Aus
Libraries: How They Stack Up	2003	Online Computer Library Center	US
Taxpayer Return on Investment in Florida Public Libraries	2004	J-M Griffiths, D King and T Lynch	US
Valuing Libraries	2004	I McCallum and S Quinn	Aus
The Contribution of Public Libraries to Countries' Economic Productivity: A Path Analysis	2004	L Liu	US
The Value of Public Libraries	2005	S Aabø	Norway

Report	Year	Author	Nation
Value For Money: Southwestern Ohio's Return From Investment in Public Libraries	2006	Levin, Driscoll and Fleeter	US
The Seattle Public Library Central Library: Economic Benefits Study	2005	Berk and Associates	US
Placing an Economic Value on the Services of Public Libraries in Suffolk County, NY	2005	Long Island Association	US
The Economic Impact of Public Libraries in South Carolina	2005	D Barron	US
Carnegie Library of Pittsburgh – Community Impacts and Benefits	2006	Carnegie Library of Pittsburgh	US
Taxpayer Return On Investment in Pennsylvania Public Libraries	2006	S Aerni, J-M Griffiths, D King	US
Making Cities Stronger: Public Library Contributions to Local Economic Development	2007	Urban Libraries Council	US
The Economic Value of Vermont's Public Libraries	2007	Vermont Department of Libraries	US
The Economic Importance of Libraries in Indiana	2007	Kelley School of Business Indiana University	US
Public Libraries – A Wise Investment (Colorado)	2007	Library Research Service	US
Worth Their Weight: An Assessment of the Evolving Field of Library Valuation	2007	Americans for Libraries Council	US
The Economic Contribution of Wisconsin Public Libraries	2008	North Star Economics	US
Massachusetts Library Use Valuation Calculator	2008 update	Maine State Library	US