

Chapter I. Introduction: Scope, Methodology, Limitations

Project Goals

Libraries are collections of books and periodicals, sources of access to digital repositories, entry points to municipal, state, and federal government programs, and destination points for children and adults. They can assist in rejuvenating neighborhoods and preventing population loss in rural communities. Public libraries also have economic impacts, both short- and long-term. This study examined the economic benefits, economic impacts, and contributions to economic growth by public libraries in the State of Texas in FY2015. Both quantitative and qualitative, difficult-to-measure economic benefits were included.

Methodology

To determine the economic impacts of public libraries in Texas, a data-intensive research design was developed. Databases from the Texas State Library and Archives Commission served as the primary basis for the quantitative estimates of economic benefits.¹ TSLAC data was used in conjunction with the input-output economic modeling software, IMPLAN. IMPLAN is commonly used by economists and is widely accepted as one of three software modeling programs for impact analyses (the others are REMI and RIMS II). The IMPLAN software, as well as the accompanying multipliers, social accounting matrices, and trade flows, allow for economic analysis of public libraries as well as other related service industries. The software used in this report is unique to the economic activity in the State of Texas.² Identified expenditures and jobs from public libraries, obtained from the TSLAC databases, served as the primary inputs to IMPLAN.

Another major component of the quantitative analysis examined major services offered by most public libraries in Texas: circulation of books and other media; computers and internet; educational programs; electronic databases; and reference services. This analysis required combining statewide totals for each of the services from the TSLAC database, with values for each service, e.g. each educational program, a reference inquiry, or a book checked out. Prior studies of libraries in other

1 The annual survey of public libraries by the Texas State Library and Archives Commission is conducted and checked by experienced staff. Other data sources, and any cautions, are noted in the respective service function.

2 IMPLAN utilizes a 500+ industry matrix, allowing for detailed industry analysis. For this report, such detail was unnecessary and results were described in terms of direct, indirect, and induced impacts on output, employment, and wages. More details, including a table of definitions, are provided in Chapter II of this report.

jurisdictions were reviewed as part of the valuation process. Economic estimates also were generated for the benefits from volunteers working at public libraries, in-library use of books, serials, and periodicals, and wireless internet access.

As part of the overall methodology, the research team conducted a review of recent return-on-investment studies of public libraries. This review documented the range of methodologies used previously, showed variation in library services' values, and provided a context for the quantitative results from the IMPLAN modeling and the overall ROI figure in Texas. Summaries of each recent study appear in Appendix A.

Throughout this report, a conservative approach has been utilized in valuing library services. For some services, we have adapted approaches previously used in other studies, although not necessarily the valuations of the services. Often there is room for judgment about valuation, and when that has occurred, we have chosen the lower figures because of the uncertainty within the estimation process. By using the lower, more conservative values, this analysis is able to report with certainty that public libraries in Texas provide a minimum aggregate value to their patrons and communities. Any errors in the estimates are much more likely to be understatements, rather than overstatements.

Report Overview and Organization

Chapter II provides key financial characteristics of Texas public libraries and then documents the direct and indirect economic and employment impacts statewide of public library expenditures.

Chapter III details major library services, offers alternative approaches to valuation of these services, and estimates statewide values for each.

Chapter IV summarizes the economic impacts from library expenditures and services and then compares the return-on-investment to those in recent impact studies and then to earlier reports.

Three appendices appear after the main report:

- Summaries of Four Recent Library Impact Studies
- References and Citations
- Performing Organization and Project Staff