

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. Both quantitative and qualitative benefits were included. Special attention was devoted to public libraries' roles in assisting entrepreneurs, small businesses, and employers in Texas.

Methodology

To determine the economic impacts of public libraries in Texas, a data-intensive research design was developed. Extensive data files from the Texas State Library and Archives Commission served as the primary basis for the quantitative estimates of economic benefits. TSLAC data were 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, and is the latest version available.¹ Identified expenditures and jobs from public libraries, obtained from the TSLAC data files, served as the primary inputs to IMPLAN.

Additional data and information were collected from a survey of all Texas public library directors as well as extensive in-person and telephone interviews and email interaction with library directors. The survey of all public library directors in the State of Texas was conducted in cooperation with the Texas State Library and Archives Commission, utilizing publicly available information to contact directors.

¹ IMPLAN utilizes a 440 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.

The survey: (1) collected data about the geographical location of library expenditures (where money was spent) — information necessary for the IMPLAN calculations; (2) compiled information about library directors' views of particular activities and services for their business patrons; (3) sought data about wireless users and usage — data not currently available statewide; and (4) solicited information about potentially unique and innovative library activities that might be worthy of describing further in case profiles.

Another major component of the quantitative analysis examined major services offered by most public libraries in Texas: circulation of books and other media; public computers and Internet; educational programs; and reference services. This analysis required combining statewide totals for each of the services from the TSLAC data files, with values for each service, e.g., each educational program, a reference inquiry, or a book checked out. Prior studies of libraries in other jurisdictions were reviewed as part of the valuation process. Economic estimates also were generated for the benefits from volunteers at public libraries and wireless usage.

While the economic benefits of public libraries as economic entities/organizations per se are important to capture, public libraries' economic impacts are far greater, even if they are sometimes extremely difficult to quantify. Case profiles were developed about specific libraries' activities involving business organizations, self-employed individuals, small businesses, and medium-sized businesses. Some case profiles illustrate a public library's significant role for job seekers, job training, and workforce development. Others highlight unique and innovative approaches and ongoing collaborations with chambers of commerce. These examples describe the widespread economic impact of public libraries in all sizes and types of locations (rural, suburban, and major metropolitan areas) in Texas. All of the libraries profiled were identified from the survey of library directors.

A second set of profiles focuses on economic impact estimates for a sample of individual libraries. Based on the statewide survey of library directors, the responding libraries were sorted into categories by the population size of their service areas. Candidate libraries were selected from each of the five population categories (fewer than 10,000 residents, between 10,000 and 50,000, between 50,000 and 100,000, between 100,000 and 500,000, and more than 500,000 residents) and asked if they wished to participate in a process that would lead to an economic impact estimate for their library. To participate, each library was informed they would need to provide detailed operating and capital expenditure data by geography (city/county/MSA/Texas as appropriate) that would be used as inputs to the IMPLAN software.

Economic estimates were generated for each of 14 libraries, representing a diverse group in all parts of Texas.

As part of the overall methodology, the research team conducted a review of prior return-on-investment studies of public libraries during the past decade. 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. Based on population size, comparability to Texas, scope of analysis, and methodological sophistication, six state studies and four cities were reviewed: Colorado, Florida, Indiana, Pennsylvania, South Carolina, Wisconsin, Charlotte, Philadelphia, Seattle, and a consortium of municipalities in Southwestern Ohio. Summaries of each study appear in the appendices.

A number of approaches used in prior studies were considered but not incorporated in this report. In one city, researchers included a property value component, arguing that residences near libraries were more valuable than equivalent residences elsewhere. In one state study, several billion dollars in "benefits" were included with researchers arguing that these were costs that would have been incurred in the absence of libraries. Neither practice has been used in other studies, is methodologically sound, or appropriate for Texas. In addition, throughout this report, a conservative approach has been utilized in valuing library services. For most 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 of the estimation process. By using the lower, more conservative values, this analysis is able to report with certainty that public libraries in Texas provide at least this much value to their communities.

Data Notes, Limitations, and Safeguards

This economic impact assessment should not be construed as an audit insofar as it was not prepared under generally accepted auditing principles and practices. The research team did not examine financial or administrative records and does not believe there was a need to do so. To a large extent, data used in this study were self-reported by library directors. As noted above, the primary sources of information were (1) data files from the Texas State Library and Archives Commission that are compiled each year from an annual survey of all public libraries in the State of Texas; (2) a survey of all public library directors conducted by the research team in

spring 2012; and (3) field trip interviews, phone interviews, and email correspondence with library directors and select library patrons.²

While the research team relied substantially on self-reported information from public libraries, there is minimal likelihood that data are systematically biased. First, the annual TSLAC surveys are conducted and checked by experienced staff. Second, library directors are not incentivized to inflate their library's activities and results. Third, outlier data on the directors' survey were re-confirmed as needed, and any unreliable data will not affect the aggregated totals by an appreciable amount. Fourth, whenever interpretive decisions were necessary, the research team has consistently made conservative judgments. For all these reasons and others as noted in the subsequent chapters, the economic impact estimates should be viewed as minimums. If there are any errors in the estimates, they are much more likely to be understatements rather than overstatements.

Report Overview and Organization

This report has been prepared for different audiences in a “triage format;” that is to say, key findings and recommendations appear in the executive summary, detailed materials are presented in individual chapters, and specialized materials may be found in the appendices. To the extent possible, technical language has been avoided to promote readability.

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 describes the statewide survey of library directors and key findings.

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

Chapter V presents case profiles that portray the full breadth of activities that support businesses, business organizations, and job seekers as well as exemplify innovative and collaborative approaches in services. Profiles are presented for 40 libraries.

² Interviews with library directors and select library patrons were conducted with the promise that their anonymity would be honored and their comments reported only en masse, unless permission was specifically requested and granted. All responses and comments by library directors in response to survey questions were treated as confidential.

Chapter VI characterizes the economic impacts and benefits for 14 libraries of different sizes.

Chapter VII summarizes the economic impacts from library expenditures and services and then compares the return-on-investment to those in prior studies in states and cities.

Six different sets of appendices appear after the main report:

- Survey of Public Library Directors
- Measuring Internet Usage
- Summaries of Prior State and City Impact Studies
- Letter and Forms for Individual Library Economic Impact Estimates
- Changes in Library Metrics from 2010 to 2011
- Bibliography and References

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