

Chapter II. Key Financial Statistics of Texas Public Libraries

This chapter describes key characteristics of Texas' 563 public libraries.³ In a later section of this chapter, data and information are presented that assess the economic contributions of library spending on the State of Texas and on local economies within Texas, based on library services, expenditures, and employment in fiscal years 2010 and 2011.

Methodology

This study was conducted in cooperation with the Texas State Library and Archives Commission, which provided operating and capital expenditure data for public libraries across Texas in their Annual Reports for Local Fiscal Years 2010 and 2011.⁴ Economic impacts on Texas and local areas were estimated by examining operating expenditures, capital expenditures, employee salaries and benefits, and construction expenditures. Supplemental information for the economic impact analysis was obtained from a short survey of libraries.⁵

This study estimates the multiplicative impacts of library spending on other industries in the economy using the input-output economic model, IMPLAN, which accounts for industry relationships and economic trade flows. Other social and economic benefits, such as the education, experience, or entertainment that occurs related to the books, Internet, or meeting space within the libraries, were not directly quantified with IMPLAN when determining the overall economic contribution.⁶

Survey respondents provided estimates of libraries' local versus nonlocal employment, as well as purchases made outside their service areas. With these data, commuting patterns were adjusted to allow for the allocation of employee spending within the counties of residence. Spending was allocated to goods and services

³ Four of the 563 reporting libraries that provided data for the TSLAC 2011 Annual Report are technically not considered public libraries. In the following tables the totals are for all reporting libraries.

⁴ Two main data files were used. The first file is pls10download.xlsx and is available at: <https://www.tsl.state.tx.us/ld/pubs/pls/2010/download.html>. The second file is pls11download.xlsx and is available at: <https://www.tsl.state.tx.us/ld/pubs/pls/2011/download.html>.

⁵ The survey of all library directors is described further in chapter III, and the survey instrument is contained in Appendix A.

⁶ Please note that library services were incorporated into the overall economic contribution, however. See chapter IV for the main discussion, description of the methodologies used, and the economic estimates that were derived.

including housing, food, healthcare, entertainment, energy, clothes, and other items. Salary and benefits were entered as a labor income change in the model.

Purchases made outside a library's service area, referred to as "leakage," were assessed separately for non-labor operating expenditures. Given the complexity of spending on a variety of goods and services, operating expenditures for leakage estimates were calculated by the IMPLAN model. Operating expenditures were categorized as Other Information Services in the model. Summaries for the economic estimates of 14 individual libraries calculated leakage based on libraries' estimates for local and nonlocal expenditures. (Please see Chapter VI.) Capital outlays were identified by library by fiscal year. Estimated construction expenditures were assigned as Nonresidential Building in the IMPLAN model.

Local areas were analyzed with multi-regional input-output models for each county or metropolitan area of aggregated counties. The state was analyzed using the Texas model of IMPLAN.

The TSLAC data files for FY2010 and FY2011 included more than 100 variables. These data and information are collected through an annual survey.⁷ The variables used to evaluate economic impacts include:

- County
- Library employee benefits
- Wages and benefits
- Size of collection
- Other operating expenses including replacement furniture and equipment
- Expenditures on wages and benefits, collection, and miscellaneous
- Indirect costs
- Total operating expenses
- Capital outlay
- Operating revenue from:
 - City, cities, or library district
 - County or counties
 - School districts
 - Subtotal of local government income
 - Loan Star Libraries grant award

⁷ The report form and variable descriptions may be found at <https://www.tsl.state.tx.us/sites/default/files/public/tslac/ld/pubs/arsma/2011ARWorksheet.pdf>.

- Other State funds
- Federal Library Services & Technology Act funds (LSTA)
- Other federal funds
- Subtotal of federal operating income
- Foundation & corporate grants
- Other local sources
- Subtotal of other operating income
- Total income
- Capital revenue from:
 - City, cities, or library district
 - County or counties
 - School districts
 - Loan Star Libraries grant award
 - State funds
 - Federal Library Services & Technology Act funds (LSTA)
 - Other federal funds
 - Foundation & corporate grants
 - Other local sources
 - Total income
- Total full-time equivalents of paid library staff
- Local fiscal year beginning date

Library Data

Data were provided for each library's fiscal year, which began October 1 for 67.5% of Texas public libraries, January 1 for 23.8% of libraries, with the other 8.7% having different start dates. The differences in local fiscal years were inconsequential for the economic impact study.

County

Based on the data, in 2011 ten counties accounted for 22.6% of the libraries, and 184 counties (40.7%) each had 1-2 libraries. (Please see Table 2.1.)

TABLE 2.1. NUMBER OF LIBRARIES BY COUNTY

County	Number	Percentage	Cumulative Total
Tarrant	25	4.4%	4.4%
Dallas	23	4.1%	8.5%
Hidalgo	14	2.5%	11.0%
Denton	13	2.3%	13.3%
Collin	10	1.8%	15.1%
Travis	9	1.6%	16.7%
Grayson	9	1.6%	18.3%
Williamson	8	1.4%	19.8%
Galveston	8	1.4%	21.2%
Cameron	8	1.4%	22.6%
Wise	7	1.2%	23.8%
San Patricio	7	1.2%	25.1%
Bell	7	1.2%	26.3%
Smith	6	1.1%	27.4%
McLennan	6	1.1%	28.5%
Harris	6	1.1%	29.5%
Wood	5	0.9%	30.4%
Johnson	5	0.9%	31.3%
Lubbock	5	0.9%	32.2%
Jefferson	5	0.9%	33.1%
Hunt	5	0.9%	34.0%
Hays	5	0.9%	34.9%
Ellis	5	0.9%	35.8%
Colorado	5	0.9%	36.7%
Atascosa	5	0.9%	37.5%
Kaufman	4	0.7%	38.3%
Hardin	4	0.7%	39.0%
Wichita	4	0.7%	39.7%
Karnes	4	0.7%	40.4%
Henderson	4	0.7%	41.1%
Gregg	4	0.7%	41.8%
Cherokee	4	0.7%	42.5%
Bowie	4	0.7%	43.2%
Bexar	4	0.7%	44.0%
Fayette	4	0.7%	44.7%
3 or Fewer	312	55.3%	100.0%
Total	563	100%	—

Capital Outlay

Of the 563 libraries, 150 (26.6%) reported capital outlays totaling \$94.1 million in FY2011—a 16% increase from FY2010. These outlays are classified as major capital expenditures, which may include building sites, new buildings, additions, or renovations. These outlays may also include purchases of furniture, equipment, books, vehicles, computer systems, and other one-time extraordinary purchases noted in the reporting form.⁸ The list of counties with the largest capital projects change each year as funding and projects are approved. Table 2.2 shows the counties with the largest capital projects in FY2011.

TABLE 2.2. FY2011 CAPITAL OUTLAYS BY COUNTY

County	Number	Percentage	Cumulative Total
Hidalgo	\$28,400,077	30.2%	30.2%
Bexar	\$19,325,169	20.5%	50.7%
Fort Bend	\$9,489,563	10.1%	60.8%
Kendall	\$7,138,800	7.6%	68.4%
Tarrant	\$6,550,281	7.0%	75.4%
Tom Green	\$4,235,744	4.5%	79.9%
Travis	\$3,176,164	3.4%	83.3%
Walker	\$2,506,081	2.7%	85.9%
Galveston	\$2,126,944	2.3%	88.2%
Lubbock	\$1,926,002	2.0%	90.2%
Rest of State	\$9,194,932	9.8%	100.0%
Total	\$94,069,757	100%	—

Operating Expenditures

Compared to the prior fiscal year, operating expenditures grew 1.7% in FY2011, totaling \$450.8 million. These expenditures are comprised of labor costs, library collections (e.g., books, periodicals, etc.), and other supplies and services purchased for library operations. Wages and benefits comprised 67.6% of operating expenditures, demonstrating the largely labor-intensive nature of library operations. Print, electronic, and other collection materials comprised 12.5% of the operating budgets. Other operating expenditures and indirect costs totaled 18.9%. Operating expenditures are less volatile than capital expenditures. The counties with the largest operating expenditures in FY2011 are shown in Table 2.3.

⁸ The report form and variable descriptions may be found at: <https://www.tsl.state.tx.us/sites/default/files/public/tslac/ld/pubs/arsma/2011ARWorksheet.pdf>.

TABLE 2.3. FY2011 OPERATING EXPENDITURES BY COUNTY

County	Number	Percentage	Cumulative Total
Harris	\$73,908,428	16.4%	16.4%
Dallas	\$51,451,097	11.4%	27.8%
Tarrant	\$44,185,723	9.8%	37.6%
Bexar	\$32,157,179	7.1%	44.7%
Travis	\$29,454,248	6.5%	51.3%
Collin	\$20,899,967	4.6%	55.9%
Fort Bend	\$12,355,644	2.7%	58.7%
Denton	\$10,568,077	2.3%	61.0%
El Paso	\$10,436,615	2.3%	63.3%
Hidalgo	\$9,836,566	2.2%	65.5%
Rest of State	\$155,559,039	34.5%	100.0%
Total	\$450,812,583	100%	—

Employment, Wages, and Benefits

Library full-time equivalent (FTE) employment totaled 6,843 in FY2011, a 3.9% decline from the 7,122 in FY2010. (County totals are shown in Table 2.4.) This number was converted to a headcount based on micro-data from 14 libraries for the input-output model, yielding 7,556 employees. These workers earned \$304.7 million in FY2011, an increase of 0.7% in aggregate, of which 24.9% was paid for employee benefits. Wages totaled \$228.8 million. Head librarians' salaries collectively represented 10.5% of total wages.

TABLE 2.4. FY2011 EMPLOYMENT (TOTAL STAFF) BY COUNTY

County	Number	Percentage	Cumulative Total
Harris	820	12.0%	12.0%
Dallas	791	11.6%	23.5%
Tarrant	632	9.2%	32.8%
Bexar	439	6.4%	39.2%
Travis	401	5.9%	45.1%
Collin	297	4.3%	49.4%
Hidalgo	227	3.3%	52.7%
Fort Bend	223	3.3%	56.0%
Montgomery	197	2.9%	58.9%
El Paso	175	2.5%	61.4%
Denton	136	2.0%	63.4%
Rest of State	2,505	36.6%	100.0%
Total	6,843	100%	—

Collection

Library collections are reported in three formats: print, electronic, and other (e.g., microforms and audiovisuals). Libraries make ongoing purchases of collection items, and these ongoing purchases amounted to \$56.6 million in operating expenditures in FY2011, down 1.5% from FY2010. Most purchasing was directed towards print materials (68.5%), while 13.9% was for electronic materials, and 17.5% for other collection items. Collection expenditures by county are shown in Table 2.5.

TABLE 2.5. FY2011 COLLECTION EXPENDITURES BY COUNTY

County	Number	Percentage	Cumulative Total
Harris	\$9,950,460	17.6%	17.6%
Dallas	\$6,284,633	11.1%	28.7%
Tarrant	\$5,643,772	10.0%	38.7%
Bexar	\$3,561,761	6.3%	45.0%
Travis	\$3,281,740	5.8%	50.8%
Collin	\$2,661,359	4.7%	55.5%
Fort Bend	\$1,956,125	3.5%	59.0%
Denton	\$1,341,710	2.4%	61.3%
Galveston	\$1,107,513	2.0%	63.3%
Cameron	\$1,103,416	2.0%	65.2%
Rest of State	\$19,660,863	34.8%	100.0%
Total	\$56,553,352	100%	—

Other Operating Expenditures

Other operating expenditures reference the non-labor, non-collection library operations. These include supplies, software licenses, networks, Internet, and contracted personnel (i.e., facilities maintenance, consultants, auditors, etc.). Other operating expenditures totaled \$85.1 million in FY2011, an increase of 6.1% over FY2010.

TABLE 2.6. FY2011 OTHER OPERATING EXPENDITURES BY COUNTY

County	Number	Percentage	Cumulative Total
Harris	\$16,520,497	19.4%	19.4%
Bexar	\$9,140,044	10.7%	30.1%
Tarrant	\$8,818,302	10.4%	40.5%
Dallas	\$8,721,537	10.2%	50.8%
Travis	\$3,761,326	4.4%	55.2%
Denton	\$2,172,677	2.6%	57.7%
Collin	\$2,039,816	2.4%	60.1%
Galveston	\$1,947,464	2.3%	62.4%
Hidalgo	\$1,651,279	1.9%	64.4%
Nueces	\$1,502,884	1.8%	66.1%
Rest of State	\$28,834,885	33.9%	100.0%
Total	\$85,110,711	100%	—

Indirect Costs

Indirect costs refer to operating expenditures paid by a local government entity for the library. Examples include janitorial services, grounds maintenance, and utilities. Only 47 libraries (8.3%) reported indirect costs. About half (46.8%) of the \$4.4 million in indirect expenditures occurred in El Paso.

Library Revenue

Revenue for a private enterprise derives from the sale of goods and services, in which value was added to raw materials or intermediate inputs and resold with a margin. Public enterprises, like libraries, receive “income” through taxes, fees, and grants. Given the nonprofit status of libraries, revenues largely match expenses. For the Texas library system, operating revenues totaled nearly \$455.9 million, and capital revenues totaled \$74.5 million, for a total of \$530.4 million in FY2011 (up 0.2% from FY2010). Libraries have various revenue conduits, ranging from federal, state, and local sources, foundation and corporate grants, and fines and donations. While funding sources are varied, approximately \$0.93 of every \$1.00 in library revenue (operating and capital) is from a local source, (i.e., from cities, counties, school districts, local donations, etc.).

Operating Revenue

Local – Operating revenue is almost all from local sources, comprising nearly 95% of library operating budgets in FY2011. Of the \$432 million in local funding, 79.5% came from cities or library districts, and 20% from counties, with the remaining 0.5% from school districts.

State – State funds represented 1.2% of library operating revenue in FY2011, accounting for not quite \$5.7 million in funding, mostly through Loan Star Libraries grant awards. (The 82nd Texas Legislature eliminated this grant program.)

Federal – Federal revenue was reported by only 23 libraries totaling slightly more than \$2 million.

Other – Other revenue sources funded 3.6% of total operating revenue. Of the \$16.1 million in other revenue funding, \$12.1 million came from fines, fees, interest, and individual gifts and donations. The remaining \$4 million was from foundation and corporate grants.

Capital Revenue

Local – Local funding comprised 83.5% of total capital revenue in FY2011. Of that \$62.2 million in local funding, 94.3% (\$58.7 million), was from cities or library districts. County governments funded 5.7%.

State – State funding for capital projects totaled \$333,037 in FY2011, representing 0.4% of total capital revenue.

Federal – Federal funding for capital projects totaled \$2.2 million in FY2011, representing 3% of total capital revenue.

Other – Other revenue sources funding totaled 13% of total capital revenue. Of the \$9.7 million in other revenue funding, \$6.0 million came from fines, fees, interest, and individual gifts and donations. The remaining \$3.7 million was from foundation and corporate grants.

Statewide Economic Impacts from Library Expenditures

Library expenditures represent the employment of individuals in local communities and purchases of goods and services, primarily from private industry vendors. The locale of these purchases varies by library, with the composition of the local economy often dictating what may or may not be sourced locally. Companies supplying products to libraries, in turn, employ and purchase from other companies, thus creating a multiplier effect. To calculate the multiplier effects and overall economic impacts, the research team used the input-output economic modeling tool IMPLAN. The IMPLAN software incorporates data (expenditures, jobs, etc.) and publicly available secondary data on labor, wages, and output. The main input data were (1) The \$544.9 million in direct library operating and capital expenditures in FY2011 (\$450.8 million in operating expenditures and \$94.1 million in capital expenditures as described earlier in this chapter); and (2) A total of 7,556 employ-

ees (6,843 full-time equivalent (FTE)). This direct spending in the State of Texas multiplies through other industries in the supply chain, ranging from real estate and wholesale trade, to food services and health care. IMPLAN captures this economic activity by using economic multipliers, social accounting matrices, and trade flow data unique to the State of Texas. The model then produced results expressed in terms of direct, indirect, and induced impacts on output, employment, and wages.

Definitions

Gross Domestic Product (GDP): A measure of economic activity, GDP is the total value added by resident producers of final goods and services.

Gross Output (Output): The total value of production is gross output. Unlike GDP, gross output includes intermediate goods and services.

Value Added: The contribution of an industry or region to total GDP, value added equals gross output, net of intermediate input costs.

Metropolitan Statistical Area (MSA): Integrated social and economic areas of one or more counties and with population of 50,000 or more.

Leakage: Refers to spending that occurs outside the region of study.

Direct Impact: The measured economic activity (expenditures, employment, wages) recorded by the library.

Indirect Impact: Captures the additional activity related to the library's supply chain based on the local composition of the economy.

Induced Impact: Captures the impact of household spending driven off salaries earned by library employees, as well as indirect employees.

Multiplier Effect: Includes the direct, indirect, and induced impacts related to the library to demonstrate the rippling effect of economic activity related to expenditures, employment, and wages.

As shown in Table 2.7 the operating expenditures in FY2011 led to approximately \$850 million in total economic activity in the State of Texas. And libraries' operating expenditures led to the employment of an additional 2,983 employees. Table 2.8 shows that libraries' capital expenditures in FY2011 led to approximately \$194 million in total economic activity and 1,511 additional employees hired. Table 2.9 shows the combined effects: total economic activity that surpasses \$1.04 billion and total employment of 12,049.

These additional economic benefits were derived from the upstream economic linkages for library operations and construction, as well as from household spending on goods and services in the community. In other words, based on libraries' operating and capital expenditures, spending by vendors supported employment of an additional 4,493 workers in Texas.

Overall, based on the \$544.9 million in expenditures, economic benefits as calculated by IMPLAN were \$1.043 billion, for an ROI of 1.91—for every dollar expended, there is \$1.91 in local economic activity.

TABLE 2.7. FY2011 ECONOMIC IMPACT OF OPERATIONS

Impact	Employment	Labor Income (in Millions)	Value Added (in Millions)	Output (in Millions)
Direct Effect	7,556	\$304.7	\$367.4	\$476.1
Indirect Effect	327	\$12.0	\$20.7	\$33.0
Induced Effect	2,656	\$112.9	\$208.4	\$340.2
Total Effect	10,539	\$429.6	\$596.5	\$849.4

TABLE 2.8. FY2011 ECONOMIC IMPACT OF CAPITAL PROJECTS

Impact	Employment	Labor Income (in Millions)	Value Added (in Millions)	Output (in Millions)
Total Effect	1,511	\$72.8	\$106.5	\$193.7

TABLE 2.9. FY2011 ECONOMIC IMPACTS OF LIBRARY EXPENDITURES

Employment	Labor Income (in Millions)	Value Added (in Millions)	Output (in Millions)
12,049	\$502.4	\$702.9	\$1,043.1

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