



**THE ECONOMIC
CONTRIBUTION
OF
WISCONSIN PUBLIC
LIBRARIES TO THE
ECONOMY OF WISCONSIN**



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EXECUTIVE SUMMARY

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- John DeBacher - Department of Public Instruction
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- Rick Krumwiede - Outagamie Waupaca Library System
- Jessica MacPhail - Racine Public Library
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- Mark Arend, Assistant Director - Winnefox Library System
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This study, commissioned in October of 2007, was led by Dr. David J. Ward, President, and Alan J. Hart, Vice President and Director of Operations of NorthStar Economics, Inc., in Madison, Wisconsin. Dennis K. Winters, Consultant and former Director of Research for NorthStar Economics also provided valuable assistance with the project.

The conclusions and opinions in this paper are those of the authors of this study. The authors accept full responsibility for any errors or omissions that may appear in this report.

Dr. David J. Ward, President
Mr. Alan Hart, Vice President
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EXECUTIVE SUMMARY

Wisconsin public libraries contribute to the Wisconsin economy and are of growing importance to the citizens of the state. The total economic contribution of Wisconsin public libraries to the Wisconsin economy is \$753,699,545. The return on investment in library services is \$4.06 for each dollar of taxpayer investment.

Wisconsin public libraries serve a total state population of over 5.6 million people and the use of public libraries by citizens of the state is growing. In the past ten years, library visits have grown by 28% and other key measures such as circulation of library materials, attendance at children's programs, computer access, and electronic access to library catalogs have also shown healthy growth.

Surveys of library users and focus groups conducted for this study show that public libraries play an important role in the quality of life in a wide range of communities. Libraries provide free access to information and technology and level the playing field for many low income people.

The results of this study are similar to the conclusions drawn from studies done in Indiana, Ohio, Florida and several other states.

Direct Economic Contribution

The direct economic contribution made by public libraries to the Wisconsin economy is over \$326 million. This economic contribution comes from spending by staff, spending on library operations and construction, and spending by visitors. The table below summarizes the economic contribution that comes from spending.

Direct Economic Contribution **Fiscal Year 2006**

Contributor	State Economy
Library Operations	\$ 114,618,459
Staff Spending	197,404,830
Visitor Spending	14,604,543
Total Contribution	\$ 326,627,832

Job Generation

The money that public libraries spend on payroll, benefits, construction, operating costs and services generates Wisconsin jobs in four ways: the direct staff jobs at public libraries, jobs generated by non-payroll library expenditures, jobs that result from people that serve the public library workforce in their professional and private lives, and jobs generated by visitor spending. Public libraries directly employ 3,222.42 full time employees. An additional 3,058 jobs are created indirectly. Wisconsin public libraries are responsible for the creation of a total of 6,280 jobs in the state.

Income and Sales Tax Revenue Generation

The income from jobs created by Wisconsin public libraries generates income and spending, which are taxed through personal income and sales taxes. The total regional income, sales, and property tax revenue generated by public library economic activity in the state totaled almost \$24 million in 2006.

The Market Value of Public Library Services

This study takes a market value approach to determine the economic value of public library services. The value of each type of library service to a library user is measured in terms of what it would cost users to buy the same services in an open marketplace.

The total economic value of those library services covered in the statistics of the annual Wisconsin Public Library Service data report is \$427.9 million. This economic contribution does not include a host of other services such as community meeting space that provide real economic value but currently lack a statistical database. The table below summarizes the market value of public library services:

Summary Table: The Economic Value of Public Library Services

	2006 Circulation or Attendance	Economic Value
Children's materials	20,836,885	\$91,682,294
Adult Materials	37,243,815	\$272,997,164
Reference Transactions	4,760,201	\$27,609,166
Computer/Internet Access	7,123,690	\$28,494,760
Children's Programs	1,471,411	\$5,885,644
Adult Programs	207,551	\$1,245,306
Total Economic Value		\$427,914,334

Return on Investment

The total economic contribution of public libraries including the direct economic contribution and the market value of public library services is \$753,699,545. Public libraries serve a total state population of over 5.6 million people. Public library services are largely supported by public tax dollars. The return on investment in library services is \$4.06 for each dollar of taxpayer investment. The table below shows the per capita economic benefit of public libraries, the per capita amount of taxpayer support and the return on investment for every dollar of taxpayer support.

This calculation does not include a number of other services that provide significant return on investment but currently lack a statistical database. In addition, a considerable amount of state-level funding has not been taken into account, including funding for online database resources such as BadgerLink, as well as funding for the regional public library systems that provide services such as partial funding for online catalogs, additional online databases, continuing education, consulting services, delivery of

The Economic Contribution of Wisconsin Public Libraries

materials between libraries, and more. Consequently, the figures cited below represent a very conservative estimate of the return on investment of Wisconsin public library services.

The Return on Investment of Public Library Services in 2006

Total Economic Contribution of Public Libraries	\$753,699,545
Wisconsin Population Served by Public Libraries	5,617,744
Economic Contribution Per Capita	\$134.16
Public Tax Support Per Capita	\$33.07
Dollar Annual Return Per Dollar of Public Tax Support	\$4.06

Public Input and Library Usage Patterns

Part of this study included a public survey of library usage. The survey questionnaire was designed to gather input regarding library use and approximately 2,400 individuals from all over the state responded to the survey. Because survey respondents consisted primarily of regular library users, it should be noted that these data are probably not illustrative of all Wisconsin residents (library users and non-users) as a whole.

Use of Libraries by the Public

A majority of respondents (93%) are regular card-carrying public library users of the library and more than 90% report that they use the library at least once per month. Over 60% of respondents indicated that the library website was frequently used as a means to gather information and reserve library materials. In addition, more than a quarter of respondents contact the library by telephone. A majority of respondents (about 82%) contact reference librarians for assistance, and a significant majority (88.3%) of those who contact reference librarians do so in person.

Books remain the most popular items for library users to borrow. Approximately ¾ of respondents reported checking out DVDs or videos, while nearly half check out audio books and nearly a third check out periodicals.

Over ½ of survey respondents (about 56%) access the Internet at the public library, though only about 7% of all respondents are dependent on the library as their only means of access. Approximately 2/3s of respondents attend special events, classes, or programs held at public libraries.

About 30% of respondents indicated that when visiting the public library, they are likely to stop at nearby businesses that they would probably not have shopped at otherwise. Of those respondents who reported an amount spent on side trips to other businesses, the average amount spent was \$24.93.

Library Alternatives

Respondents were asked about a number of ways that their lives would be affected if they did not have access to a public library. Specifically, respondents were asked to estimate the amount they would spend if they had to pay for the same services elsewhere by purchasing or renting materials they currently have the option of borrowing from the library. Respondents who chose to answer those questions reported saving approximately \$205 per month as a result of using the public library.

Attitude Toward Public Libraries

Respondents were surveyed about their attitude toward public libraries and the extent to which they value the presence of public libraries in their communities. Almost all respondents felt that public libraries contribute in a meaningful way to the quality of life in their community, and that funding public libraries was a good use of tax revenue.

43% percent of respondents donate their time and/or money to public libraries. The average annual donation reported was \$130.07, while the average amount of volunteer time reported was 66.68 hours per year, or about an hour and a quarter per week.

SWOT Analysis

A basic step in evaluating the role of any institution or organization with respect to economic development is to assess its strengths, weaknesses, and opportunities, as well as threats to its development. This process is commonly referred to as a SWOT analysis. The information for the SWOT analysis of Wisconsin public libraries was obtained through public input at 29 focus group sessions held around the state.

Strengths

Strengths cited by participants included access to a wide range of information and materials, the fact that libraries are a community hub or gathering place, the public access to computers and the Internet, and access to resources to those who would otherwise be unable to afford them. Other strengths noted included services (such as interlibrary loan, classes, and job assistance), knowledgeable staff, and the library's encouragement of reading.

Weaknesses and Threats

The challenge cited most frequently was a lack of funding, which leads to a diminished level of service and/or the lack of ability to expand services. A lack of physical space was mentioned almost as frequently. Participants at almost every library we visited felt that the lack of physical space compromised the ability of their public library to provide a level and range of services that they would like to see. People also mentioned the Internet as a challenge, and a decline in library use by people who seek information online instead of visiting a library.

Opportunities

There are a number of opportunities for public libraries to contribute to economic development and quality of life in communities throughout Wisconsin. Participants felt that public libraries must strive to keep library collections and technology as current and up-to-date as funding will allow. Another opportunity was to continue to build interest in reading and to continue recruiting new readers, particularly young readers, through initiatives like summer reading programs. There was also a strong sentiment to see libraries develop more collaborative partnerships with schools and universities, social service agencies, non-profit groups and community programs, as well to reach out to the business community for deeper involvement.

The Role of Public Libraries in the Information Economy

Although a number of participants expressed concern that libraries *could* become less important, most feel that public libraries would remain at least as important, if not more so in the an information based economy. As noted above, many people felt that the importance of libraries is a constant, and that libraries will remain important to them regardless of overall trends among the public or changes in technology.

Interestingly, the increasing availability of online content lead some to conclude that libraries are less important than they used to be in light of the ubiquity of the Internet, while others felt that libraries were more important as a result.

Conclusion

Public library use has increased as libraries continue to provide a broad range of services and adapt to changing technology and the needs and expectations of their clientele. Despite facing a wide range of challenges, from a need for funding and physical space to an erroneous public perception of declining library use, public libraries continue to make a valuable economic contribution to the State of Wisconsin. Public libraries are a significant driver of Wisconsin's economy, contributing more than ¾ of a billion dollars to the state economy on an annual basis, and returning a benefit of over \$4.00 to taxpayers for each dollar spent, both of which are in fact conservative estimates.

Public libraries benefit their communities in many other ways beyond those which are quantified in this report. As noted consistently by focus group participants all over Wisconsin, library users all over the state value their public libraries as community gathering places, as a resource for promoting reading and literacy, as a resource for small businesses, and a place where technology and information is available to everyone, regardless of income level.