

## **Workshop to Discuss Return on Taxpayer Investment in Public Libraries in Florida**

### **Background**

The measurement of return-on-investments has been applied to many different types of organizations and community resources. While common in the for-profit sector, the application of cost/benefit, cost-effectiveness, impact and return-on-investment measures to libraries, museums, schools and colleges, parks, etc. has lagged behind considerably. This situation is caused, in part, by the difficulty of quantifying benefits that vary from use to use, user to user, as well as from library to library (as their service mixes vary). In some respects, the push for libraries, especially public libraries, to develop services relevant to the needs of their local communities, has made the evaluation process more difficult. As a result, libraries have tended to focus on user satisfaction and other attitudinal measures. In today's climate of strained budgets, and pressures for increased accountability and transparency, the need for clear and accurate statements of how public monies are allocated and used, and the resulting benefits or outcomes is paramount in ensuring continued investment.

One of the earliest attempts to articulate the return-on-investment in library and information services was made by Donald W. King and José-Marie Griffiths (1, 2, 3). In 1982, they were funded by the Office of Scientific and Technical Information of the U.S. Department of Energy to develop approaches to assessing/measuring the value of the Energy Database (a substantial collection of technical reports, journal articles, books conference proceedings, etc., describing the research funded by and related to the Department of Energy). After consultation with economists and an extensive literature review, they developed three levels of "value" assessment:

- willingness-to-pay or exchange value
- use value
- consequential value

They also developed an approach to considering the net value by considering the implications and value lost if the collection did not exist. A follow-up study focused on the contribution that libraries made to the values derived in the previous study.

The pioneering work was well received, particularly in the federal library and special library communities. The study has been replicated and refined by King and Griffiths in over 30 organizations, as well as by others such as Marshall in Canada (4), Repo in Finland (5). Many of the individual studies were proprietary in nature, so in 1993, with permission from the study sponsors, Griffiths and King received funding from the Special Libraries Association (SLA) to publish an aggregation of the results of the studies completed at that time (6).

Meanwhile, Griffiths and King began to apply their evaluation approaches to public libraries as well. A study for the Massachusetts Board of Library Commissioners in 1991 gave them an opportunity to assess the return-on-investment in public libraries (7). In 1989, the British Library's Research and Development Division funded Griffiths and King to produce a manual of performance measures for use by U.K. public libraries (8).

In 1993, they were invited to make a policy briefing in London, the subject of which was libraries: the undiscovered national resource (9). The briefing demonstrates how an aggregate picture of library value can be developed. By comparing this value to the total investment in libraries, the return on investment can be generated.

Electronic publishing has created a whole new issue for libraries, in that they must consider investment in new electronic collections, combination of electronic *and* print collections, and so on. King and others (10) initially focused on those investment strategies and comparison of the use, usefulness and value of alternatives. Further work is being completed including detailed operational costs of 11 university libraries, and use and outcome measures for two university libraries.

The series of studies referred to above, all consider the costs (investments) of the libraries and their services, the outputs produced, the use of the outputs and the outcomes resulting from that use. The returns on investments relate the costs to the outcomes from multiple perspectives: the user community, the community served (users and non-users), and the funding decision-makers. Public library outcomes are organized into three broad categories:

- improved quality of life
- support for lifelong learning
- support for the community's economy (9).

In the mid-late 1990s, the concern for measuring return-on-investments waned as the World Wide Web, electronic publishing and digital libraries evolved rapidly and demanded attention. It is only recently, in the wake of the dotcom bust, the tragedy of September 11, 2001, several high profile scandals in all sectors, that ROI has re-emerged in response to a need to justify public expenditures.

In 2000, the Information Use Management and Policy Institute at the School of Information Studies, Florida State University conducted a study to identify and describe economic impacts and benefits of Florida public libraries (11). It also developed and tested a methodology to describe taxpayer ROI for supporting public libraries. While the study identified a diversity of benefits, it did not take the step of assigning dollar value to those benefits, although it suggested using contingent value analysis to do so.

Another study of potential interest, was performed between 1999 and 2002 in North Carolina (12). It concerned the scenic experience of visitors to the Blue Ridge Parkway. Specifically the study estimated the total economic value of various attributes of the scenic experience, and considered the impact of changes in perceived quality of scenic experience on visitation behaviors using a Choice Modeling approach. The study identified several categories of value, that expand on those originally identified by Griffiths and King:

- Use value - net willingness to pay
- Option value – willingness to pay for the option to use in the future
- Existence value – willingness to pay for the good/service to exist even though no future use is contemplated

- Bequest value – willingness to pay for the endowment of the good or service for future generations

These value categories are relevant to public libraries and their common good characteristics. We suggest that these measures be carefully considered for inclusion in the proposed study.

A series of studies performed recently by the Center for Economic Development Research at the University of South Florida, looked at the economic contribution or impact of various corporations and institutions to the state, and to one or more counties within the state (13, 14, 15, 16). They estimated the economic impact of Florida's hospitals, the Lowry Park Zoo, the H. Lee Moffitt Concern Center and Research Institute, and Cargill Fertilizer, Inc. These studies measured:

- Jobs and jobs created (both paid and volunteer)
- Personal income (wages and disposable income)
- Local Output (value of goods and services resulting from jobs created)

These measures could easily be applied to Florida's public libraries. Doing so would place the libraries into an evaluative framework that would allow for comparisons of the libraries' economic impact with those of other types of organizations.

### **The Workshop**

This workshop forms a critical component of this study of return on taxpayer investment in public libraries in Florida. Workshop participants will develop/craft an approach to measuring/assessing taxpayer ROI in public libraries that is relevant to the taxpayers themselves, to the communities in which the libraries reside and deliver service, and to state officials.

Specific objectives of the workshop are to:

- Understand the range of approaches to measuring return on investment (ROI)
- Discuss their applicability to public libraries in Florida today
- Construct a reasonable approach to measuring taxpayer return on investment in Florida public libraries

The workshop is designed around three key presentations by economists working in different application areas. The three economists will describe their work measuring benefits, value and return on investment and the potential use in the public library arena. The presentations will form the basis for small group discussion on potential measures of taxpayer return on investment in Florida's public libraries.

The intended outcome of the workshop is identification of a base set of what could become longitudinal indicators of taxpayer ROI on public libraries in Florida.

## References

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