



## **A NOTE ON RESOURCES ABOUT JOBS AND THE ECONOMY Assistance for the Library Community in Their Applications to the Broadband Technology Opportunities Program (BTOP)**

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### **Introduction**

Libraries provide many services necessary for communities and their residents to recover from the current economic downturn. The recently passed American Recovery and Reinvestment Act (ARRA) provides funds for community anchor institutions, such as libraries, to develop new services or to expand current services to assist their communities. Each ARRA application must contribute to one or more of the following purposes:

- (1) To preserve and create jobs and promote economic recovery.*
- (2) To assist those most impacted by the recession.*
- (3) To provide investments needed to increase economic efficiency by spurring technological advances in science and health.*
- (4) To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.*
- (5) To stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.*

The purpose of this note is to help librarians think about how they can demonstrate that library services, including robust broadband, are essential to the important work of economic recovery. This is not a step-by-step guide to complete an ARRA application. Instead, it is a compilation of resources that will help the applicant demonstrate that library services make an economic difference in their communities. As other guidance from ALA explains, library applicants should not assume that grant reviewers will know much about the modern role of libraries.<sup>1</sup> In particular, linking the role and activities of libraries to the purposes of the ARRA – such as creating and preserving jobs and stimulating local economies – is highly desirable. This paper is intended to help applicants make that link.

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<sup>1</sup> American Library Association, Washington Office. *Guidance for the Library Community: Preparing A Proposal for the Broadband Technology Opportunities Program (BTOP)*. July 10, 2009. Available at <http://www.wo.ala.org/districtdispatch/wp-content/uploads/2009/07/PROPOSALGUIDANCE.pdf>.

Of course, many libraries are already engaging in activities that support purposes 1 and 2 of ARRA, but as most librarians know and as the ALA's recent report "Job Seeking in US Public Libraries" confirmed, demand for library services is outpacing library resources.<sup>2</sup>

### **Arguing the Role of Public Libraries in Economic Development**

In the past few years, librarians have studied and reported on their economic value to their communities. These studies<sup>3</sup> on economic valuation or return on investment highlight general trends of adult and business usage of libraries, quantify the output of this usage (e.g., increased productivity, improved performance, money saved, jobs found, etc.) and estimate the economic benefits to a region's economy.

Economic valuation studies often differ in their methods, aims, and scope and often do not produce comparable data.<sup>4</sup> The findings and data in these reports are state or locality specific, but the general trends, outcomes, and benefits of library use may apply to all public libraries. ARRA applicants can use the findings from the following studies, which (1) quantify how libraries are used to support work-related purposes (increase productivity, conduct job searches, support job application process, etc.); (2) facilitate local economic development (business research for increased productivity and small business development), and (3) stimulate technology/broadband demand.

### **Summary Information from Economic Valuation or Return on Investment Studies**

The following quote from *Taxpayer Return on Investment in Florida Public Libraries: Summary Report*<sup>5</sup> summarizes the roles that libraries play in economic development activities.

It is popularly believed that public libraries are used primarily for recreational or entertainment purposes such as reading, listening to music, watching videos and attending special programs. While these important uses of public library resources and services inspire and improve quality of life, the majority of adult uses address three other basic purposes: (1) personal or family needs – health and wellness issues, job seeking, among others (2) educational needs; and (3) needs of businesses, non-profit organizations, schools, universities and colleges, government agencies and hospitals, through both direct use by their employees for work-related purposes and through extensive cooperation among librarians within these organizations, facilitated by the publicly supported multi-type library cooperatives in the state. (pp. 1-2)

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<sup>2</sup> See [www.ala.org/ala/aboutala/offices/ors/plftas/Issues%20brief-jobs.pdf](http://www.ala.org/ala/aboutala/offices/ors/plftas/Issues%20brief-jobs.pdf). Also see other useful reports and resources from ALA's Office for Research & Statistics at <http://www.ala.org/ors>.

<sup>3</sup> Americans for Libraries Council. 2007. *Worth Their Weight: An Assessment of the Evolving Field of Library Valuation*. Available at <http://www.ila.org/advocacy/pdf/WorthTheirWeight.pdf>. This report provides an overview of library value assessment methodologies and summary results from seventeen public library studies. These studies confirmed that by using econometric tools, public libraries can demonstrate a financial benefit, such as the impact of library employment and library spending, to the communities that fund them. Links to many of the studies summarized in *Worth their Weight* and other resources for conducting local studies are available at <http://dpi.wi.gov/pld/econimpact.html>.

<sup>4</sup> *Ibid.*

<sup>5</sup> José-Marie Griffiths, et al. 2004. *Taxpayer Return on Investment in Florida Public Libraries: Summary Report*. Available at [http://www.webjunction.org/c/document\\_library/get\\_file?folderId=436756&name=DLFE-11098.pdf](http://www.webjunction.org/c/document_library/get_file?folderId=436756&name=DLFE-11098.pdf).

This comprehensive study examined the economic contribution and return on taxpayer investment of Florida's public libraries. The study used a variety of data collection and analytic methods including data reported to the state by the libraries, a statewide household telephone survey of adults, in-library user surveys of adults, a follow-up survey of the libraries, surveys of organizations, and an input-output econometric model.<sup>6</sup>

The statistical model covering 169 sectors for Florida was applied to Florida's public libraries. The resulting analysis goes beyond the economic contribution of libraries to users of the libraries to yield a set of *direct, indirect, and induced effects* to the Florida and its communities.

Based on this analysis, Florida's public libraries generate considerable benefits to the organizations and individuals in the communities they serve. The total *direct economic benefit* of the public libraries is \$6.0 billion per year.<sup>7</sup> The economic benefits accrue to organizations and individuals in their pursuit of knowledge and information in a variety of areas but especially for work-related uses.

For instance, the average direct use benefit of the public libraries per use is the highest for work-related uses – a value of \$144 per work-related use. The *benefit to cost ratios (use)*, a comparison of the benefits resulting from use of the libraries to the proportion of total cost of the libraries for that purpose, is 20 to 1 for work-related uses.

Another study, *Public Library Use in Pennsylvania: Identifying Uses, Benefits, and Impacts*, conducted in 1998, was one of the first studies that sought to document the benefits and impacts that users receive from their contact with public libraries.<sup>8</sup> Based on user surveys, site visits, and logs of selected significant user benefits and impacts, the study concluded that:

... libraries contribute directly to the economic productivity of the local community and the state by encouraging the establishment of businesses, helping residents find jobs, attracting new businesses to locate in a community, and providing information and programs on being a successful entrepreneur.

In determining the value of library services among library users, 58.7 percent indicated that they were able to find information at the public library that they would otherwise not have been able to obtain, 31.5 percent indicated that the use of library services made them more productive in their current jobs, and 14.0 percent indicated that the use of library services made them more financially successful.

For work-related uses of library services among adult users 18-64, 22.1 percent indicated that library services assisted them to find new jobs or business opportunities, 15.7 percent stated

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<sup>6</sup> The model establishes direct, indirect and induced effects on jobs, income and gross regional (i.e., state) product generated per dollar of spending on various types of goods and services in Florida. It also forecasts future changes (over 32 years, in this instance) in business and service costs, prices, wages, taxes, etc. By linking the public libraries to 169 sectors (e.g., publishing, computer and office equipment, construction, etc.) the model established the economic ripple effect public libraries have on the overall state economy.

<sup>7</sup> \$3.2 billion in direct use benefit and \$2.8 billion in net savings

<sup>8</sup> McClure, Charles and John Carlo Bertot. 1998. *Public Library Use in Pennsylvania: Identifying Uses, Benefits, and Impacts*. Florida State University Information Use Management and Policy Institute. Available at <http://www.ii.fsu.edu/~cmclure/pasectionlinks.html>.

that library services assisted them to locate and use a Pennsylvania business, 11.3 percent stated that library services promoted the use of a local business, 7.3 percent found that library services supported starting a business, and 6.4 percent found that library services assisted them in obtaining a new job.

In 2008, the Urban Institute published *Making Cities Stronger: Public Library Contributions to Local Economic Development*, which contains information to better understand how and why people, including businesses, use library career and employment resources.<sup>9</sup> This report asserts that public libraries “are an important and dynamic part of the community’s learning infrastructure which supports local economic development.” The return on investment in public libraries “not only benefits individuals, but also strengthens community capacity to address urgent issues related to economic development,” according to the study. The Urban Institute also suggests that libraries coordinate with workforce development agencies for job and career information services and with local chambers of commerce to improve business information services for micro and small businesses.

Published in 2005, the *Economic Impact of Public Libraries on South Carolina* examined uses of the public library by businesses and job seekers and assigned values to the benefits and outcome of these uses based on the perceived value of the library service/resource by the individual or business.<sup>10</sup>

Among the survey results of 3,689 adult public library users throughout the state, 11 percent received assistance at the library to obtain a new job and 37 percent became more productive in their job, 15 percent received help to improve or start a business, 25 percent received help with a business opportunity, and 28 percent of users were introduced to new technology.

Separate surveys were distributed among business community and job seekers. Among the business community, 49 percent of business users indicated that they obtained most of the business/research information from their public library and 53 percent of business users indicated that information obtained from the public library contributed to the success of their business. Without access to the information in their public library, 23 percent of the business users indicated their cost would increase between \$500 and \$5,000 and 7 percent estimated costs would increase by \$5,000. Additionally, 41 percent of business users said that if they did not have access to the public library it would have some negative impact, and 33 percent said it would have a major negative impact on their business.

When job seekers were asked what resource they used for a job search, 76 percent said they used their public library. One hundred percent said that the library had saved them money in their job search, and 31 percent said the library saved them \$100 or more.

Another study in Florida completed in 2001, the *Economic Benefits and Impacts from Public Libraries in the State of Florida*, identified and described the economic impacts and benefits of Florida public libraries and helped to define the role of public libraries in economic development.<sup>11</sup>

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<sup>9</sup> Manjarrez, C.A., Cigna, J. & Bajaj, B. *Making Cities Stronger Public Library Contributions to Local Economic Development*, the Urban League. Available at <http://www.urban.org/publications/1001075.html>.

<sup>10</sup> Daniel D. Barron, et al. 2005. *The Economic Impact of Public Libraries on South Carolina*, University of South Carolina, The School of Library and Information Science. Available at <http://www.libsci.sc.edu/SCEIS/home.htm>.

<sup>11</sup> McClure, Charles and John Carlo Bertot. 2001. *Economic Benefits and Impacts from Public Libraries in the State of Florida*. Florida State University Information Use Management and Policy Institute. Available at [http://dlis.dos.state.fl.us/bld/Research\\_Office/final-report.pdf](http://dlis.dos.state.fl.us/bld/Research_Office/final-report.pdf).

The results of this study showed that library users believe libraries contribute to their financial well-being, provide economic benefits to businesses, and support the community. Public library directors reported that the library aids businesses by providing assistance with the incorporation process, in addition to promoting the use of local business. Directors also said the library offers library users the opportunity to improve computer skills and introduces users to new technologies.

Focus group participants identified many economic impacts from public libraries, including access to financial information; availability of computing technology (especially the Internet); job and career resources; and business resources (particularly for small businesses). “Several times participants reinforced the impression that library business resources were significantly more valuable in the presence of the expertise of the library staff. In other words, not only was the collection itself viewed as an important resource for area business people, but the librarian was believed by many to be a critical factor in finding, accessing and utilizing them to their fullest extent, especially with regard to electronic resources.”

The study concluded that “economic impact includes any evidence of libraries directly affecting the economies in which they are located; that public libraries are indirectly affecting the development or growth of the local economy; and that public libraries' services contribute to the success of local businesses.” Libraries also contribute through cost avoidance—providing services that other organizations in the community do not have to provide.

The study's researchers developed the following charts to help readers understand the range of public libraries' potential selection of economic impacts and benefits areas. The charts have been modified for this paper's purposes.

#### Economic impacts and benefits for the local and state economies

The public library:

- Provides programs to promote economic development
- Provides facts and statistics for economic development
- Provides information about local and state businesses
- Provides resources for community organizations/business groups
- Attracts development and business to the community
- Provides employment information

#### Economic impacts and benefits for individual business development

The public library:

- Provides information on local job openings, supports and encourages small businesses
- Helps startups for new business and improves overall success of self-employment
- Provides demographic and general information for marketing purposes
- Provides business-related programs and workshops, and small business tax information
- Provides resources for small businesses and information/services for business research
- Provides directory of local and state businesses and business related databases
- Provides information on grants or federal assistance for small businesses

## Economic impacts and benefits for individuals

The public library:

- Provides information on companies and new business ventures
- Provides information on new career fields
- Helps locate jobs openings, obtain skills to get a job, and prepare for job interviews
- Helps teach Internet skills necessary to getting a job
- Helps to increase productivity on the job
- Provides patent information
- Helps individuals learn about business in general
- Helps learn or improve computer skills
- Increases profit/savings through investment information
- Save money by comparison pricing on buying business-related books, Internet service, and computer equipment
- Provides access to government agencies and resources

In 2007, the Friends of the San Francisco Public Library examined economic benefits of San Francisco's public libraries.<sup>12</sup> Regarding the assistance that this library provides to small business, the report concludes that:

... the competitive market environment is a challenging place for small business success. After two years, one third of all new employer establishments will have closed, and after four years more than half will have failed. New business owners often lack the time, and financial resources needed to find and absorb the information that can help them plan and successfully run their business. SFPL [San Francisco Public Library] helps reduce these barriers, which encourages business success and supports the many benefits they provide to the owners, employees, suppliers, and customers.

### **Tools for Estimating the Economic Impact of Public Libraries**

In addition to strong evidence for the benefits of the library services to the city's economic health, this report's appendices provide explanations of how the report writers quantified the library's services, which might serve as a model for other libraries, and easy to understand descriptions of economic concepts necessary to understand economic valuation models.

The following resources can help public libraries measure and document the economic impacts that result from their services:

*The Library's Contribution to Your Community; A Resource Manual for Libraries to Document Their Social and Economic Contribution to the Local Community*<sup>13</sup> divides impacts into social/personal and economic categories. Within the social/personal category, impacts are further classed into personal growth or

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<sup>12</sup> *Providing for Knowledge, Growth, and Prosperity: A Benefit Study of the San Francisco Public Library*. 2007. Friends of the San Francisco Public Library. Available at <http://sfpl.lib.ca.us/news/berkstudy.htm>.

<sup>13</sup> IER Planning, Research and Management Services. 2007. *The Library's Contribution to your Community: A Resource Manual for Libraries to Document their Social and Economic Contribution to the Local Community*. Southern Ontario Library Service: Gloucester, Ontario, Canada, second edition.

development, community development, and support to community groups or agencies with the specific impacts classified under each subheading. Economic impacts are divided into those providing direct economic impacts, indirect economic impacts, and support to local business or investors before being broken out into specific examples of each type.

*The Economic Contribution of Wisconsin Public Libraries*<sup>14</sup> 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 study looks at the economic value of computer access and defines this value as the number of hours that computers are used by library users and the approximate market value of that access. The authors urge libraries to consider the full cost of providing computers. For example, the sum of costs such as maintenance, administration, system operations, downtime, and electricity come to seven to thirteen times the annual hardware costs.

The report also provides a useful summary of several studies from other states and summarizes the respective returns on investment for each dollar of taxpayer support.

Florida (2004)	\$6.54
Indiana (2007)	\$2.38
Ohio (2006)	\$3.81
Pennsylvania (2006)	\$5.55
South Carolina (2005)	\$4.48
Vermont (2007)	\$6.96
Wisconsin (2008)	\$4.06

*The Online Value of Public Library Services Tool* is a tool developed in Massachusetts that can be tailored to enter values based on local needs and costs.<sup>15</sup> The developers say that the tool “provides a concrete, practical, measure of the market worth of services provided by a public library.”

### **The Availability of Broadband and the Link to Job Creation or Economic Growth**

As stated above, critical goals of the ARRA programs are to preserve and create jobs and stimulate the economy. Therefore, an application for expanding broadband deployment should outline and quantify how many jobs will be created or retained as a result of the broadband investments and deployment. This part of the document helps library applicants answer the questions of how an increase of broadband in public libraries leads to an increase in jobs and stimulates the economy and how a library can stimulate the adoption of broadband in homes.

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<sup>14</sup> *The Economic Contribution of Wisconsin Public Libraries to the Economy of Wisconsin*. 2008. North Star Economics Research, Inc. Available at <http://dpi.wi.gov/pld/pdf/wilibraryimpact.pdf>.

<sup>15</sup> Value of Public Library Service Developed for “Survivor: Library Success in Difficult Times,” a program co-sponsored by the Massachusetts Regional Library Systems and The Legislative Committee of the Massachusetts Library Association. Winter 2003-2004. <http://www.masslib.org/LibraryValue.html>.

Research conducted by the Sacramento Regional Research Institute on behalf of AT&T showed a strong correlation between broadband growth in California and the number of new jobs available. This research predicted that even small increases in broadband use could substantially affect the state over the next ten years.<sup>16</sup>

A 2006 study commissioned by the U.S. Department of Commerce concluded that “broadband access does enhance economic growth and performance, and the assumed economic impacts of broadband are real and measurable. We find that between 1998 and 2002, communities in which mass-market broadband was available by December 1999 experienced more rapid growth in employment, the number of businesses overall, and businesses in IT-intensive sectors, relative to comparable communities without broadband at that time.”<sup>17</sup>

A Benton Foundation report highlighted results from other studies that linked broadband to economic growth. The Foundation’s *An Action Plan for America: Using Technology and Innovation to Address Our Nation’s Critical Challenges* is a comprehensive review of the necessity of deploying broadband in all communities and a detailed call for action.<sup>18</sup>

A recent paper by Drs. Raul Katz and Stephan Suter summarizes the various economic models used to estimate how many jobs will be created by the deployment of broadband technology.<sup>19</sup> The authors estimate that approximately 128,000 jobs (or 32,000 jobs per year) could be generated from network construction over a four-year period.

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<sup>16</sup> *Economic Effects of Increased Broadband Use in California Research Report*. 2007. Sacramento Regional Research Institute, Sacto-Sacramento State. Available at [http://www.srri.net/aboutus/econeffectsbb\\_research.pdf](http://www.srri.net/aboutus/econeffectsbb_research.pdf).

<sup>17</sup> *Measuring Broadband’s Economic Impact, Final Report*. Prepared for the U.S. Department of Commerce, Economic Development Administration. National Technical Assistance, Training, Research, and Evaluation Project #99-07-13829. February, 2006. [www.eda.gov/PDF/MITCMUBBImpactReport.pdf](http://www.eda.gov/PDF/MITCMUBBImpactReport.pdf).

<sup>18</sup> Rintels, Jonathan. *A Report for the New Administration*. The Benton Foundation [http://www.benton.org/initiatives/broadband\\_benefits/action\\_plan/economic\\_development](http://www.benton.org/initiatives/broadband_benefits/action_plan/economic_development); [http://www.benton.org/sites/benton.org/files/Benton\\_Foundation\\_Action\\_Plan.pdf](http://www.benton.org/sites/benton.org/files/Benton_Foundation_Action_Plan.pdf).

<sup>19</sup> Katz, R. & Suter, S. February, 2009. *Estimating the Economic Impact of the Broadband Stimulus Plan*, [http://www.elinoam.com/raulkatz/Dr\\_Raul\\_Katz\\_-\\_BB\\_Stimulus\\_Working\\_Paper.pdf](http://www.elinoam.com/raulkatz/Dr_Raul_Katz_-_BB_Stimulus_Working_Paper.pdf).