The economic value of public libraries to their communities:  
An annotated bibliography and review of the literature in the field of library valuation research

Literature Review:

The field of library valuation research is not new. Because taxpayers foot the bill, public libraries have always had to prove their worth. However, perhaps because of the current economic climate, the demand for financial accountability has propelled public libraries to undertake more aggressive valuation studies to demonstrate their economic value to their communities. It is fitting that the multidisciplinary field of library and information science should borrow methodologies from economics, social science, and environmental studies. This paper traces the evolution of library valuation research over the past decade and resulting recommendations for further study.

The use of methodologies borrowed from the field of economics in library valuation studies became popular in the 1990s. Perhaps the most widely cited example is the Ontario study, which used return on investment (ROI) techniques to demonstrate libraries’ economic value. Similar studies were conducted in Pennsylvania and St. Louis in the late 1990s. By the turn of the millennium, this became the dominant model for library valuation studies. The Australian study, detailed by Hawkins, Morris, and Sumsion, is discussed most.

However, the Australian study demonstrates how these early ROI model studies were limited in their scope. This study focused very narrowly on the ROI libraries provide through book acquisitions, using a price-per-read model to demonstrate the economic value of borrowing rather than purchasing books. Rather than attempting to demonstrate the value provided by libraries’ services, such as access to and training in technology, provision of facilities, outreach, literacy, and any of the other myriad services
provided at public libraries, the research focused on only one easily quantifiable aspect of library services. While this is advantageous in that the results are reliable, it severely underestimates the true value of the whole package of library services.

The Florida study, conducted by the Florida Department of State, used a more varied approach, attempting to collect public opinion on libraries’ economic value to their communities. The first of these studies was comprised of surveys, questionnaires, and interviews. Although weak in quantifying socioeconomic benefits libraries provide, the surveys demonstrated that taxpayers believe that libraries add value to community economy. In their discussion of the study, Fraser, McClure, and Nelson recommend that future studies employ a ROI model more like those used in economics. The Florida Department of State has since repeated the study using this technique, reporting increased ROI with each iteration.

The St. Louis study differs from its contemporaries in its use of the contingent valuation (CV) method. This 1998 study is perhaps the first use of this model in library valuation. Cited as an excellent early example of successful methodologies in articles by Chung, Hider, and Missingham, the CV approach became a popular method for valuation, especially used in conjunction with other methodologies. Recent studies almost invariably employ this approach.

Additional recent methodologies added to the library valuation toolkit are willingness-to-pay (WTP) and willingness-to-accept (WTA). WTP asks respondents to place a monetary value on a service, which is a useful way to quantify intangible benefits. Monroe points out that when this technique was employed in the 2004 Florida study, respondents tended to overestimate the amount they would be willing to pay for a service. Chung discusses the improvement made on the WTP model by the South Korea study, which used careful survey structure to eliminate bias. People tend to answer WTP questions more accurately when they are open-ended. This allows people to consider and provide responses themselves, rather than providing what they think is the “right” answer.

A companion to WTP, WTA was made popular by the National Oceanic and Atmospheric Association after the Exxon-Mobil spill. In its study to valuate the total damage caused by the spill, the NOAA surveyed respondents on how much money they
would be willing to accept in place of clean air and water. The WTA model was subsequently employed by other environmental agencies. Hider points out that the 1998 St. Louis study incorporated one WTA-type question in its survey (441). Perhaps the St. Louis study was the best of its time; surely it influenced the design of those that followed. The WTA methodology was later employed by the New South Wales study, which, along with the South Korea study, is perhaps the best example of a comprehensive deployment of methodologies and valuation tactics resulting in a reliable estimate of public libraries’ value to their communities.

The South Korea study was heavily influenced by the success of the early St. Louis study. Like St. Louis, the South Korea study used WTP and WTA to quantify intangible economic benefits of the library. The South Korea study furthered the integration of methodologies, simultaneously employing CV methodologies.

The analyses provided by Hider, Imholz, and Kim all cite the New South Wales study as a good example of an integrated approach. The New South Wales study employed ROI, CV, WTP, and WTA, which produced detailed and reliable results. This integration of methodologies is recommended for future research, as it addresses both direct and indirect economic influence libraries have on their communities.

The most recent research into the field of library valuation calls for this integrated approach. Watstein raises an excellent point, noting that libraries keep vast amounts of data about themselves and their expenses, which she terms ‘input’ (227). Using the combined valuation methodology, libraries can analyze the relationship of their ‘input’ to their economic ‘output.’ The result should be a representation of the value contributed to the community the library serves. True, this representation may be what the community perceives. However, community perception of the library seems a reasonable measure of the library’s value, as the users are the means and the reason for the library’s existence.
Annotated Bibliography:


Reviewing the literature in the field of library valuation indicates that new methods can be used to solve old problems in research into the economic value of public libraries. Aabø recommends analysis methods from the field of economics, such as return on investment (ROI), WTP, and contingent valuation (CV) methods, popular in the late 1990s and early 2000s, be adapted to prove the value of the more qualitative social and cultural benefits of the public library. These passive use benefits remain a challenge in this developing field.

I used the thesaurus in the Library and Information Science and Technology Abstracts (LISTA) database to find the subject heading <Public libraries -- Economic aspects>, which led me to this article.


Using a guide produced by the Services Valuation Team at the St. Louis Public Libraries, studies were conducted at public libraries in South Korea using the willingness-to-pay and contingent valuation methodologies. The study is a great example of the possibility of quantifying the economic impact of some of the social benefits of public libraries, such as literacy programs and use of facilities. To limit bias, the study employed open-ended questions when addressing WTP issues, and designed the survey to reduce yea-saying and protest answers in CV questions. The multifaceted design of this study produced reliable, trustworthy results; therefore, this study serves as a good model for public library systems concerned with proving their economic value to their communities.

The LISTA subject heading <Public libraries -- Economic aspects>, led me to this article.

Coyle discusses some of the techniques used by the Association of Reasearch Libraries since the 1960s to measure the return on investment in technology in academic libraries. The trend of using RFID tags for convenience in circulation and inventory is an example of library automation functions that have a good return on investment and are highly valued by library users. Mass digitization of materials is another opportunity for libraries to demonstrate return on investment in a controlled project. Coyle compares projects of this type to the digitization of library catalogs. Although Coyle examines the issue from an academic library perspective, her ideas for valuating the technological services provided by libraries can be usefully applied in a public library setting.

I found this article through a Dialog search of Library Literature and Information Science (LLIS), using the search string:

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s s2 AND public
rank au
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In countries all over the world, public libraries have a social responsibility to prove their economic value to the taxpayers who fund them, yet many services and benefits are challenging to quantify. Representing Australia, Europe, and North and South America, a few case studies detail successful library/business partnerships. dos Santos recommends increased focus on providing information and services to community businesses to underscore the importance of libraries’ economic contributions.

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Statistical analysis of library spending, local economic activity, and public opinion surveys at public libraries in New South Wales, including case studies at ten participating institutions, presents a comprehensive sketch of the economic value of public libraries. Analysis included the willingness-to-pay (WTP) model, and indicated the public libraries services cost only two-thirds what respondents would be willing to pay. Using a return on investment type analysis comparing local economic impact with libraries’ operating costs showed a similar ratio of costs to economic benefits.

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The Florida study used focus groups and surveys to collect public opinion on the economic value of public libraries. Participants indicated that they perceive public libraries as positively influencing local economies, contributing to the advancement of community businesses and providing innumerable resources to various disadvantaged groups. Unfortunately, the study acknowledges the difficulty of quantifying libraries’ social benefits that translate to economic gain, yet proposes no solutions for approaching this problem. However, the authors somewhat presciently mention the possibility of using the ROI model to demonstrate libraries’ economic benefit.

The LISTA subject heading <Public libraries -- Economic aspects>, led me to this article.

The discussion of price-per-read of books purchased by individuals versus public libraries provides a convincing argument for public libraries’ economic value. However, the economic analysis relies heavily on estimation and returns to notions of the library as a public good which do not readily lend themselves to quantification. Revisited using some of the economic analysis methods for passive use which have gained in popularity over the past decade, this study of Australian public libraries could be made much more substantive.

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Comparing the results in the Florida, St. Louis, and New South Wales valuation projects, Hider highlights the best practices of the NSW study, calls for a multifaceted analysis using methodologies from economics and environmental and social sciences, and suggests outsourcing library valuation research to other professionals. Although Hider does not further the research, the espoused combination of CVM, ROI, stated preference (SP), WTP and willingness-to-accept (WTA) methods administered in surveys, focus groups and case studies should result in reasonably accurate valuation.

I found this article through footnote chasing Aabø.


Drawing on public library valuation research successfully employing techniques borrowed from the field of economics, Imholz and Arns recommend valuation methods for the socioeconomic benefits of public libraries that have traditionally presented challenges to quantification, or passive use, which they term social return on investment (SROI). Similar work is taking place in the arts and social sciences and should logically
be extended to the field of library valuation research. Particularly interesting are the software applications in development specifically for this purpose. This collection of studies and software resources is a valuable resource for library valuation researchers.

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s s1 AND econ?
s s2 AND (commun? OR public OR city)
s s3 AND (return(2w)investment)
t 4/7/all


An excellent overview of what may be all public library valuation projects since the 1990s, Kim compares disparate methods, highlighting the most successful as recommendations for further research. Studies valuating multiple services using multiple methodologies tend to be more similar in their results, and presumably more reliable. This article has not yet been cited, and therefore represents the current state of library valuation research. In this climate of financial accountability, why has the call for coordinated, multifaceted public library valuation studies remained unanswered?

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Missingham critically reviews the British Library, Canada, Florida, New Zealand, and St. Louis studies, noting that while CV has led to more consistent results, demonstrating a high level of ROI, there are opportunities for advancement in the library valuation research methodology. Macroeconomic perspective could help provide an ROI model on a national scale. Missingham proposes research contributors consider donating their expertise, which could ease the financial and time strain on libraries. This practice could also remove bias, and improve the quality of surveys, interviews, and focus groups. Missingham fails to extrapolate the significance of this insight, which presents public
libraries with opportunities to partner with local educational institutions and/or businesses to enact longitudinal valuation studies at no cost.

I found this article by forward chaining Hawkins, Morris, & Sumison.


The 2004 study of the economic benefits of Florida public libraries is unique in its inclusion of its estimation of the number of jobs created through taxpayers’ public libraries expenditures. Also of note, and a good example for further research, is the inclusion of a discussion of public libraries’ influence on Gross Regional Product and state income. The return on investment is calculated at a rather high $1:6.54, which calls into question the methodologies. One somewhat uncommon approach used here is to ask users what the services received at the library would cost them if the library did not exist, which differs from WTP. While these estimates might be accurate, it is reasonable to assume they could result in overvaluation, and should be used only cautiously and in combination with other methods of economic analysis.

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This first study of the value of A/V collection in UK public libraries demonstrates that libraries create revenue through the collection and loan of A/V materials. Generating revenue helps libraries sustain themselves, and as such increases their ROI. There are some weaknesses to this study, most importantly the fact that it was researched in the format of mail distribution of a questionnaire to public library administrators and authorities, which may limit participation and perspective. Its narrow scope, however, has both drawbacks and benefits; it allows for a focused examination of one and only one
economic value of public libraries in the UK. This study could be usefully translated to other specific services that generate library revenue, to demonstrate ways in which public libraries add value to ROI through self-sustaining practices.

I found this article by forward chaining Hawkins, Morris, & Sumsion.


Rooney-Browne argues that usage statistics speak for themselves. Popular media have indicated that increasing amounts of Americans are using public library cards. Perhaps biased in favor of public libraries, the author draws on public opinion surveys as a measure of the value of public libraries to their community. While Rooney-Browne offers no significant new information about valuation research methodologies, the practical implications and expressions should be considered.

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Warning against studies that focus on the easily quantified, such as collections, at the exclusion of other economic contributions public libraries make to their communities, Watstein calls for leadership in the research, noting that the return on investment model has been successfully employed. The extensive records kept by libraries about their operating costs, usage statistics, and other expenditures provide a good base for research. The next step is to define and measure libraries’ outputs. This seems to be the sticking point for many authors, Watstein included.

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Personal Statement:

One of the things I really liked about this project was the chance to discover methods for quantifying the qualitative. I worked for four years at a small rural public library that was receiving annual budget cuts. The library knew that the reductions in budget were hurting the community, but did not know how to prove it. Discovering studies that set out to accomplish similar goals has taught me valuable lessons for demonstrating the benefits of a good public library.

I was surprised to learn that this is a fledgling field. Although the idea of proving library value has been around for a long time, there are only a few studies that do this well. I was also surprised to discover the amount of scholarship that recommends that someone take the lead in furthering the research, without actually taking that lead. There seems to be a lot of conversation and very little action in the field of library valuation, which is troublesome in this threatening economy.

Searching for material was a journey. My search terms evolved as I discovered material. Footnote chaining and chasing helped me to identify experts in the field. Several articles fell to the wayside as I found better material. Something I learned about myself through this project is that I am much better at locating material than synthesizing its meaning. Judging by the lack of leadership in library valuation research, this trait may not be entirely uncommon in librarians.

I certify that:

- This assignment is entirely my own work.
- I have not quoted the words of any other person from a printed source or website without indicating what has been quoted and providing an appropriate citation.
- I have not submitted this assignment to satisfy the requirements of any other course.

Signature Melissa Correll
Date March 16, 2012