

# The Economic Impact of Libraries in Indiana

What is a library worth? This article highlights findings from a recent study designed to help Indiana libraries identify and quantify their benefits in a systematic and objective manner. The project was conducted by the Indiana Business Research Center on behalf of the Indiana State Library to determine the economic impact of libraries and their role in supporting business and economic development in their communities.

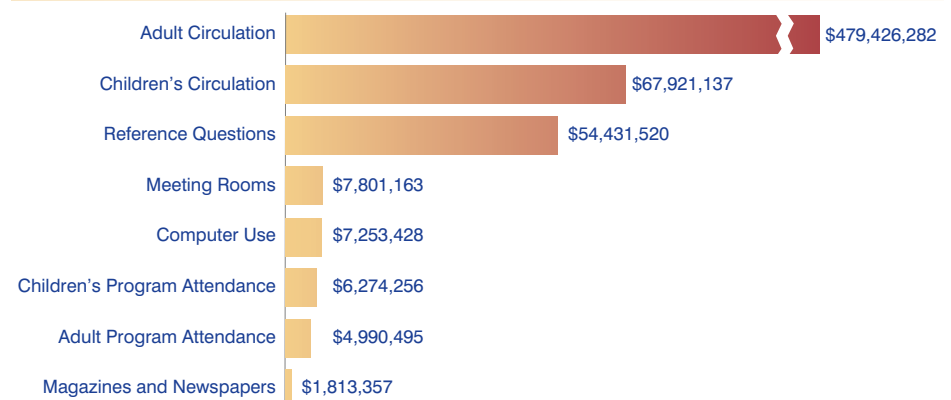
The research employed three main tools: (1) economic impact and benefit-cost analyses of libraries, (2) surveys of public libraries, businesses, public school officials, Chambers of Commerce and local development officials, and (3) case studies of 12 local libraries.

## Measurable Economic Benefits of Libraries

The latest available data show that public libraries employ nearly 7,000 people (full- and part-time) and contribute nearly \$263 million to Indiana's economy through payrolls and expenditures on goods and services.<sup>1</sup> Library spending has a ripple effect throughout the local and state economy, accounting for an additional 2,000 jobs and \$216 million in economic activity in Indiana.

In addition, Indiana's academic (college and university) libraries have a combined staff of more than 2,200 full-time equivalent employees.<sup>2</sup> These libraries also circulate \$136 million throughout the state economy in the form of wages and expenditures on goods and services. The economic ripple effects of academic library spending support 640 additional jobs and create approximately \$112 million

FIGURE 1: MARKET VALUE OF INDIANA'S PUBLIC LIBRARY CIRCULATION AND SERVICES, 2005



Source: IBRC, using Indiana State Library data

in incremental economic activity in the state.

Excluding the intangible benefits of libraries, as well as the benefits stemming from use of the INSPIRE database portal,<sup>3</sup> the total market value of the goods and services provided by the state's public libraries is estimated at \$629.9 million (see **Figure 1**).

Approximately 6.05 million Hoosiers live within a library district, making the per capita market benefits for library services roughly \$104 while the per capita costs are just shy of \$44. As a result, for each dollar of public library expenditures, the average Indiana community receives \$2.38 in direct benefits. This 2.38-to-1 benefit-to-cost ratio represents a conservative and defensible estimate of the value Hoosiers derive from their libraries.

## Economic Development

Many business and community leaders are enthusiastic about the role that their library plays in economic and business development; however, the performance across libraries is uneven.

Many communities consider their libraries to be a social and economic anchor. This sentiment—that libraries contribute more broadly than to just economic prosperity—is shared both

by patrons and local leaders. In many of the case study locations, business and civic leaders are proud of their library. In several communities, a visit to the library is an important stop on the area tour when local leaders are trying to lure a firm to locate in their community. In some cases, all the local leaders surveyed were convinced that their public library helps attract new business. In other communities, however, local leaders strongly disagree with the statement that the library attracts new business.

Academic libraries tend to view themselves as having a more important role in economic and business development than do public libraries. This isn't surprising, given that businesses fortunate to be within close proximity to academic libraries—especially those close to public universities—would probably consider academic collections and resources to be broader and deeper than the offerings of local public libraries.

Even though patrons are almost as likely to use a library for enhancing their business or workplace skills as for researching their ancestry, a significantly higher proportion of library staff have special qualifications in genealogy research than in business

support. This is just one of the observations that point to significant shortcomings in the resources libraries provide for business and economic development.

## Recommendations

As a result of this study, the Indiana Business Research Center identified six ways in which Indiana libraries can develop more active economic development and business growth strategies:

**1. Implement a strategic program to expand the focus on business and economic development.** The Indiana State Library should commit itself to a strategic program to help public libraries support the needs of business and economic development. This program would encourage an entrepreneurial focus and mindset among library directors. Ideally, each library would designate a “business point person” to lead efforts to bolster the library’s role in economic development in the community.

**2. Enhance outreach to the business community.** Based on the survey responses and in-depth case studies from this research, many libraries have forged strong relationships with the business community (see **Table 1**). However, even those business and community leaders that are satisfied with their libraries think public libraries can do more to promote their business-related services. In some cases, local libraries need to start reaching out to business leaders, many of whom do not think of libraries as a primary source of information.

**3. Expand business and economic development services.** Libraries can augment services to the business community in the following ways:

providing access to business reference librarians and those trained to serve the needs of economic development; expanding database offerings (such as Dun & Bradstreet); enhancing web-based applications that allow patrons to access or request resources through the local library’s website; sponsoring seminars and workshops that are related to economic, business or career development; and promoting use of library meeting room space.

**4. Refine and expand library-use data collection.** Small improvements in library-use data collection would allow for a richer understanding of libraries’ economic impacts and could prove helpful when supporting libraries’ value. Recommended changes include reporting disaggregated library circulation data, collecting data on non-circulation library uses (such as meeting rooms and electronic databases), and tracking use by businesses separately from use by other patrons.

**5. Develop their own cost-benefit analysis.** Local public libraries should be encouraged to produce their own annual benefit-to-cost analysis. An Excel-based library value calculator is available at [www.stats.indiana.edu/topic/libraries.asp](http://www.stats.indiana.edu/topic/libraries.asp). By comparing its total market value to its annual operating expenses, a local library can estimate its benefit-to-cost ratio. This would allow libraries to include any specialized services they offer, such as

**TABLE 1: PERCENT OF COMMUNITY LEADERS SURVEYED INDICATING THE FOLLOWING SERVICES ARE BENEFICIAL, 2007**

How beneficial to business and economic growth in your community are the following library services or resources?	Percent of Respondents Indicating	
	Moderately Beneficial	Very Beneficial
High-speed Internet access for public use	15	69
Business periodicals	21	58
Space and facilities for holding business meetings	17	52
Economic and/or demographic data and statistics	32	44
Books or other information on starting or managing a business	37	41
Government documents and/or databases	33	37
Directories of businesses (local, state or national)	41	31
Resources for nonprofit planning	33	28
Resources for real-estate related research	33	23
Business-related programs or workshops	33	23
Legal information or resources	48	21
Small-business tax information	43	20
Other specific business-related databases	45	19
Local job postings	26	17
Information on patents and/or trademarks	35	10

Source: IBRC, using 2007 Community Leaders Survey

educational programs or tax preparation services.

**6. Aggressively promote their economic significance.** With a solid cost-benefit analysis in hand, local libraries should proactively share information about the economic contribution they make to the community. A well-orchestrated campaign can include press releases, postings on library property and websites, and mailings to local politicians and community leaders. Steps like these should help raise awareness of the economic benefits of libraries.

*To read the full report online, visit [www.stats.indiana.edu/topic/libraries.asp](http://www.stats.indiana.edu/topic/libraries.asp).*

## Notes

1. At the time the report was written, the latest public library data were from 2005.
2. At the time the report was written, the latest academic library data were from 2004.
3. At the time the report was written, INSPIRE data from the Indiana Cooperative Library Services Authority (INCOLSA) were unavailable.

—Indiana Business Research Center, Kelley School of Business, Indiana University