Executive Summary

A Return on Investment Study of the Charlotte Mecklenburg Library
2010

Prepared by Eric Caratao, Social Research Specialist
The University of North Carolina at Charlotte Urban Institute
EXECUTIVE SUMMARY

Today’s public libraries face many challenges. They are expected to deliver traditional services in a rapidly changing technological environment, while maintaining high quality and operating in ways that are financially sustainable. Long supported by public financing, public libraries have seen a decline in financial support, particularly as the recent economic downturn has led to more competition for public dollars. As a public institution supported by tax revenues, libraries are committed in helping their community stakeholders to better understand the benefits that public libraries provide. In particular, libraries must provide ways to measure the return on investment from the tax dollars entrusted to them. The purpose of this study was to estimate the value of public libraries to Mecklenburg County residents and to what extent residents feel the public library contributes to their overall economic well-being.

Various methods have been employed to study the benefits that public libraries provide to their community. One of the most notable techniques is the Return on Investment (ROI), which refers to the income, or value, received as a result of an amount invested in an asset. In terms of public libraries, ROI refers to the return on the public’s investment (i.e. tax dollars) in its libraries. A reliable ROI would help quantify the value the community received for every dollar it invested in the library. Most library studies involving ROI techniques have used surveys of library users and/or analysis of use statistics collected by the libraries. This study used both methods to derive a range of values in measuring the direct benefits provided by the Charlotte Mecklenburg Library.

In the first phase of the project, the University of North Carolina Urban Institute used existing data from the Charlotte Mecklenburg Library to estimate a monetary equivalent of the services provided by the library. For this phase, two approaches were conducted so that both a low and high estimate are available as proxy market values of library services. The second phase involved an online survey to gather and analyze data directly from library users. The survey asked questions to determine the perceived value of services that library users receive from the Charlotte Mecklenburg Library such as circulation, references, and events. Several methods were employed to obtain a sample of library users, including a random sample of library users with email addresses and a self-selected sample of individuals who came into one of the library branches or visited the library’s website during November 2009. In addition, local expenditures, such as salaries, building costs, equipment costs were included as a measure of indirect economic impact.
Definition of Key Terms

Before presenting the key findings of the study, it is beneficial to define the following terms used in this report:

- **Direct benefits**: Library services that can be measured, such as the number of circulation materials borrowed or the number of events attended by library patrons. Each of the services are measured by assigning a market value.

- **Indirect benefits**: Benefits that accrue from using libraries that are difficult to measure, particularly assigning a market value. One example of an indirect benefit is that the use of libraries helps create a literate population. Another example of an indirect benefit with the presence of a library in a community is the increased value of properties. Given the difficulty to assess the indirect benefits from using libraries, this study measured direct benefits only.

- **Indirect economic impact**: A measure of the secondary economic impact of library operating expenditures on the community, such as the wages they pay, the services they purchase, and the buildings they construct or remodel. Expenditures that are spent locally have a ripple effect on the local economy, such as the recycling of tax dollars.

- **Library data**: Refers to placing a market value on the number of circulation and reference transactions, programming and events attendance, and use of electronic resources as reported by the library for the 2008-09 fiscal year.

- **Survey data**: Refers to placing a market value on the number of circulation and reference transactions, programming and events attendance, and use of electronic resources as reported by library users through a survey questionnaire conducted in November 2009.

Key Findings

**Overall, the Charlotte Mecklenburg Library returns between $3.15 and $4.57 in direct benefits for every $1.00 invested from all sources.**

Based on using library data collected by the library, the estimate of return on investment is $3.15 for every $1.00. When the estimate of return on investment was calculated through surveying of library users, the return is much greater: $4.57 for every $1.00 invested.

If local expenditures made by the library are included as a return on investment, the combined direct benefit and indirect economic impact could go anywhere between $4.61 and $6.03 for every dollar invested.

**FIGURE 1: CHARLOTTE MECKLENBURG COUNTY RETURN ON INVESTMENT**
By assigning a market value for each library service and by multiplying the number of uses by the market value, it is possible to compute the value of library services to their users. The number of uses for each library service was obtained in two ways: (1) by using data (e.g. from library transaction and attendance records) collected by the library and (2) by using data from a survey of library users.

The values for each library service based on data of library users as collected by the library during the 2008-09 fiscal year found the following estimates:

- The value of circulation materials (e.g., books, videos, CDs, and magazines) to users each year is estimated to be between $24.7 million and $48.9 million.

- The value of reference services to users in the Charlotte Mecklenburg Library is at least $46.4 million and possibly as high as $76.4 million per year.

- The availability of library events, such as exhibits, training, tours and programs for children, teens, and young adults is estimated to have a value of at least $1.3 million and perhaps as much as $2.7 million per year to attendees.

- Cumulatively, the Charlotte Mecklenburg Library provides a value between $72.5 million and $128.1 million in quantifiable direct benefits annually.

Based on survey data from over 1,200 respondents, the following findings were also discovered:

- A household that takes advantages of all library services could save on average between $9,753 and $11,565 per year.

- Survey respondents spent an average of 21 hours per year taking computer classes or getting tips from the library staff on using computers.

- Surveyed households reported borrowing an average of eleven children’s books per month.

- The majority of survey respondents are satisfied with the library (87.2 percent).

- An overwhelming majority of survey respondents view the library as an important educational resource (95.6 percent).

The indirect economic impact to the community by Charlotte Mecklenburg Library’s local expenditures is estimated to be around $59.1 million. This means that for every $1 expended by the library, the community receives $1.46 of indirect economic impact such as through payment of salaries, building costs, and equipment costs.

By and large, the various methods applied to estimate the library’s return on investment demonstrate that the public is receiving excellent value for the contributions it makes in funding the services and programs of its library. It should be noted that this report only covers a portion of the measurable benefits that the Charlotte Mecklenburg Library provides. Therefore, the complete benefits that the library provides is much more significant than what is covered in this report.