



# The Economic Effects of Library Expenditures in Washington Parish: An Economic Impact Study



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## Executive Summary

This study analyzed the estimated economic contribution of the Washington Parish Library (WPL) during 2023, which includes 4 brick and mortar buildings with 17,205 square feet of space. A fifth branch is expected to open soon and the WPL pays for public Wi-Fi access at six business locations in the parish.

The economic impacts from the library's expenditures on employee compensation in addition to operating expenses were estimated using an input-output model with economic structural data in IMPLAN® Cloud software and NAICS code 519120 – Libraries and Archives.

### Key Findings

- The direct economic benefits that communities receive from the libraries in Washington Parish are significantly greater than the cost to operate the libraries.
- Washington Parish communities received \$1.65 in direct economic benefits for each dollar of cost.
- The Washington Parish Library salaries and expenditures generate an additional \$466,532 in economic activity in the parish.
- The Washington Parish Library accounts for 26.1 jobs in the parish:
  - 21 are employed by the libraries
  - 5 additional jobs in industries that support libraries and their staff.

## Introduction

Once considered a pure public good, for many reasons, public libraries are now under a microscope with respect to demonstrating the bang for the buck that is provided by the substantial investments in facilities, services and technological capabilities of these public entities. To address the growing interest in library valuation, in 2007 the Americans for Libraries Council (ALC) issued a report that provides an overview of tools and methods for valuation.<sup>1</sup> Also, in 2007, the Indiana Business Research Center released “*The Economic Impact of Libraries in Indiana*,” which was commissioned by the Indiana State Library and funded from the Institute of Museum and Library Services, a federal agency. This report follows the methodology used in the Indiana report to confirm a list of market-based goods and services demanded by consumers and business owners that are also provided by the Washington Parish Libraries and therefore act as substitutes with no prices attached.<sup>2</sup>

In addition to the library expenditures and local library staff salaries that are re-circulated in the local economy, there are also economic benefits that relate specifically to business and economic development. Considering,

- Information services and business support,
- Job-seeking assistance,
- Opportunities for investments in human capital, including growth in productivity,
- Introduction of new technology for the community,
- Library materials for patrons “free of charge,” which allows for more spending in the community, and
- Reduces cost for small business owners and potential firms with free goods and services that are resources to these entities,

this report intends to provide the Washington Parish Library and other interested parties with an analysis that identifies and quantifies the economic benefits in an efficient and objective manner.

The first section of this report analyzes the economic impact of the WPL’s expenditures. Using IMPLAN Cloud® software, the indirect and induced impacts from the library’s *expenditures and employee compensation* are presented. The next section presents the *market value of library events* in the parish using data provided by the WPL for 2023. This includes detailed annual figures for library usage and finances that is compiled and submitted to federal and state regulators. With the results from this section, the *total market value of the WPL’s services* is provided in the final section, which also includes and a *benefit-cost summary* with a *benefit-cost ratio* for 2023 based on the 2023 population in Washington Parish.

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<sup>1</sup> *Worth Their Weight: An Assessment of the Evolving Field of Library Valuation*. 2007. Americans for Libraries Council.

<sup>2</sup> The authors of *The Economic Impact of Libraries in Indiana* note in their post script that their report “stands up well in light of *Worth Their Weight* and the valuation studies that it chronicles.”

## The Economic Effects of Library Expenditures

**Direct** economic effects are assessed in terms of the library's local spending on employee compensation and on goods and services. This type of economic impact can be thought of in terms of the additional local jobs that are attributable to the spending of a library. In addition to salaries paid to staff that are spent on items such as housing, groceries and utilities, libraries also make purchases for repair services, software acquisition and utilities. These purchases have ripple (multiple) economic effects. In short, library spending helps support the network of local economic transactions.

Input-output analysis is a common tool for measuring the ripple economic effects of a firm or government agency's employment and spending on inputs (materials and services) used in production. While libraries don't make profits like companies engaged in producing furniture or providing health care services, their expenditures on salaries and inputs do have indirect and induced effects on the area's economy in the same way that private companies do.

The **indirect** effects represent the purchases of goods and services that libraries make in the local (or regional or state) economy and thus, the output and employment that the firms producing those goods and services contribute to the local economy. To the libraries, these are considered intermediate goods and services, or inputs used in production by the libraries. For example, the indirect effects associated with purchases by the Washington Parish libraries were estimated to result in over **\$168 thousand** in economic activity and **2.08** jobs.

The **induced** effects represent the spending on goods and services by households of both the library staff and of the additional employees of companies that provide goods and services to the library that result from the library's business with those firms. The total induced effects associated with the Washington Parish libraries was estimated to be almost **\$300 thousand** and supported **3.03** jobs.

## Contribution to Economic Output

The Washington Parish Library spent just over \$1.13 million in operational expenses, including employee compensation and benefits of over \$700 thousand for 2023. Table 1 provides a list of the WPL's expenditures for 2023. Based on the detailed expenditure patterns of consumers and the various intermediate inputs used by the libraries, with the multipliers built into the IMPLAN model, the \$1.13 million of expenditures by the WPL contributed an estimated total output effect of almost **\$1.6 million** to the Washington Parish economy in 2023. The difference between the WPL's direct expenditures - \$1,132,424 – and the total effect on spending and output - \$1,598,956 – is the additional (indirect and induced = \$466,532) spending that takes place in the parish due to the WPL's operations in the parish.

The indirect and induced impacts, or ***output from other businesses and industries supported from the WPL's normal operations***, are presented in Table 2. The WPL's operating expenditures throughout Washington Parish supported an additional \$168 thousand of economic activity indirectly in the parish, and another of just below \$300 thousand of induced economic activity for a total of \$466 thousand in *supported* economic activity. Industry breakdowns of the total indirect and induced activity is provided in Table 3, listed as the top-15 expenditures, or ***output***, within these industries.

Table 1. Washington Parish Library Expenditures in 2023

<b>Category</b>	<b>Expenditure</b>
Personnel services	
Salaries, benefits and payroll taxes	715,229
Operating services	
Contracts, licenses and permits	8,307
Insurance	66,957
Professional services	6,279
Miscellaneous	2,017
Postage	1,014
Repairs and maintenance	41,436
Rentals	13,323
Software purchases	15,172
Telephone	74,849
Utilities	47,748
Travel	4,335
Library materials and supplies	
Databases	14,507
Books, periodicals and A/V materials	32,599
Office supplies	12,085
Reading program	21,946
Intergovernmental expenditures	
IE Total	50,000
Capital outlay	
CO Total	4,620
<b>Total Expenditures</b>	<b>1,132,424</b>

Table 2. Estimated Output Contributions in 2023

<b>Type of Contribution</b>	<b>Output</b>
Direct	
Employee Compensation	\$715,229
Intermediate Inputs	\$417,194
Total Direct	\$1,132,424
Indirect	\$168,098
Induced	\$298,434
<b>Total Output Contributions</b>	<b>\$1,598,956</b>

Table 3. Top 15 Industry Impacts on Output in 2023

Industry	Direct	Indirect	Induced	Total
News syndicates, libraries, archives and all other information services	\$1,132,424	\$0	\$0	\$1,132,424
Owner-occupied dwellings	-	\$0	\$61,372	\$61,372
Employment services	-	\$53,284	\$1,136	\$54,421
Hospitals	-	\$0	\$31,934	\$31,934
Office administrative services	-	\$29,569	\$614	\$30,182
Electric power transmission and distribution	-	\$9,843	\$8,354	\$18,196
Retail - Nonstore retailers	-	\$1,042	\$16,206	\$17,248
Limited-service restaurants	-	\$1,122	\$15,508	\$16,629
Monetary authorities and depository credit intermediation	-	\$3,342	\$10,814	\$14,156
Facilities support services	-	\$11,798	\$329	\$12,127
Other real estate	-	\$5,542	\$5,665	\$11,207
Electric power generation - Fossil fuel	-	\$5,311	\$4,505	\$9,816
Retail - General merchandise stores	-	\$291	\$8,631	\$8,922
Other local government enterprises	-	\$1,444	\$6,454	\$7,897
Retail - Food and beverage stores	-	\$8	\$7,567	\$7,576
All Other Industries	-	\$45,503	\$119,345	\$164,848
<b>Total</b>	<b>\$ 1,132,424</b>	<b>\$168,098</b>	<b>\$298,434</b>	<b>\$ 1,598,956</b>

## Contribution to Employment

The Washington Parish Library employed an average of 21 people in full and part-time positions in 2023. Because of the local expenditures by the libraries that are outlined in Table 1, an additional 5.11 positions in various industries were supported through indirect and induced effects in 2023, for a total combined employment contribution of **26.11 full and part-time jobs** in Washington Parish. A breakdown of the total indirect and induced contribution to employment is provided in Table 4, listed by supported (top-15) industry and sorted by employment.

Table 4. Top 15 Industry Impacts on Employment in 2023

Industry	Employment
News syndicates, libraries, archives and all other information services	21.0
Employment services	0.6
Office administrative services	0.43
Limited-service restaurants	0.19
Hospitals	0.18
Individual and family services	0.15
Retail - Food and beverage stores	0.09
Retail - General merchandise stores	0.09
Retail - Nonstore retailers	0.08
Facilities support services	0.08
Other real estate	0.08
Private households	0.07
Elementary and secondary schools	0.06
Retail - Miscellaneous store retailers	0.06
Nursing and community care facilities	0.06
All Other Industries	2.89
<b>Total</b>	<b>26.11</b>

## Market Value of Library Events

The greatest economic benefit provided by the Washington Parish Library includes the services made available to the public at no cost. In this way, the library provides an economic return for each tax dollar that the community appropriates. Using the assumptions and estimated market values prepared by the Indiana study, in addition to data provided by the Washington Parish Library, Table 5 provides a list of the estimated market values for the goods and services provided by all of Washington Parish’s public libraries in 2023.<sup>3</sup> For example, the demand in Washington Parish for both adult and youth **library collections** included over 1.4 million volumes for an estimated market value of \$15.12 million.

<sup>3</sup> *The Economic Impact of Libraries in Indiana*. 2007. Indiana Business Research Center.

Table 5. Washington Parish Library Services in 2023 - Equivalent Market Price and Estimated Value

<b>Service</b>	<b>Annual Number of Uses</b>	<b>Equivalent Market Price</b>	<b>Estimated Value</b>
Circulation: Adult Collection	17,134	\$18.64	\$319,378
Circulation: Electronic Devices	2,291	\$272.06	\$623,289
Circulation: Serials	293	\$4.66	\$1,365
Circulation: Audio	6,473	\$47.38	\$306,691
Circulation: Video	5,625	\$20.19	\$113,569
Circulation: Youth	15,997	\$16.36	\$261,711
Circulation: Teen	2,034	\$16.52	\$33,602
Circulation: E-book	2,570	\$7.99	\$20,534
Circulation: E-audiobook	88	\$7.99	\$703
Reference Questions: Traditional	1,576	\$10.00	\$15,760
Meeting Room Bookings	149	\$75.00	\$11,175
Program Attendance: Adult	2,188	\$8.00	\$17,504
Program Attendance: Youth & Teen	20,695	\$1.50	\$31,043
Program Attendance: Virtual Adult	95	\$1.00	\$95
Program Attendance: Virtual Youth	479	\$1.00	\$479
Computer & Wireless Usage	109,312	\$1.00	\$109,312

The Washington Parish Libraries also offer many **services** that provide value to a community, including special programs and events, computer access, and expert assistance on complex research questions. Reference librarians perform an important service by efficiently guiding patrons through vast library holdings and Internet resources to locate the materials that best suit their specific need. For the public, this service saves time and provides useful results. A **reference inquiry** is a reference transaction if the questions calls on the professional training of library staff to locate, navigate, and/or interpret specific library offerings. The libraries in Washington Parish assisted with an estimated 1,576 reference questions in 2023. At \$10 per reference “transaction,” reference services represent over \$15 thousand in market value.

The Libraries in Washington Parish also offer many **educational programs and events** as well as those for **entertainment** purposes. In 2023, more than twenty-three thousand (23,457) people attended adult and youth programs sponsored by the Washington Parish Library for a combined market value of almost \$50 thousand.

The importance of **electronic resources** such as computers, software, and the Internet in Washington Parish grows each year. The number of computer uses for 2023 was 109,312.

Assuming each session lasts 2 hours at a cost of \$0.50 per hour, the estimated market value for electronic resource usage in 2023 was \$109,312.

The libraries in Washington Parish offer **meeting space** to organizations and individuals free of charge. In 2023, there were 149 bookings for meetings. Based on an estimated market rate of \$75 for meeting rooms, the market value in 2023 was \$11,175.

Another important service that the WPLs provide is access to **newspapers and periodicals**. Because these resources are consumed during a visit, they are not counted as an official circulation transaction. Assuming the same number of periodical readers as computer users, at a rate \$0.25 per use, access has a market value of \$27,328.

## Total Market Value and Benefit-Cost Summary

From the benefits calculated in this analysis, the total market value of the goods and services provided by the libraries in Washington Parish in 2023 were about \$1.87 million. The population in the parish in 2023 was estimated at about 45,025 thousand. The market value of library services per capita is therefore almost \$41.45. Because taxes finance the operations of the WPLs, operating expenses per capita indicate the average cost to taxpayer for these goods and services.<sup>4</sup> The bang for the buck, or benefit-to-cost ratio, is \$1.65, which implies that for every \$1 in WPL expenditures, the WPL provided an *additional* \$0.65 in value for market-equivalent goods and services.

Table 6. Benefit-Cost Summary, Washington Parish Library (2023)

Variable	Value
Total Market Value of WPL Services	\$1,866,210
Washington Parish Population	45,025
Market Value of WPL Services per Capita	\$41.45
Total WPL Operating Expenses	\$1,132,424
Operating Expenses per Capita	\$25.15
WPL Benefit-Cost Ratio	\$1.65

## Conclusion

This report is intended to provide meaningful answers to Washington Parish residents as they ask what benefits they receive by continuing to invest in a strong public library. We consider these estimates to be conservative to the extent there are other intangible benefits of the WPLs that we are not able to quantify. Moreover, if someone benefits from the WPLs even if they do

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<sup>4</sup> Not all taxpayers in Washington Parish utilize WPLs, and not all users of WPLs pay taxes that support the libraries. However, public goods such as libraries exist under the assumption there are free-riders of library goods and services, but the number is not significant that it takes away from use by others. The taxes generated to finance the WPLs come from property taxes. A free-rider would exist if they use the WPLs but do not pay property taxes via home ownership or rent (i.e., someone from another parish uses the WPLs).

not use or pay taxes for them, the total social benefit of the WPLs will be understated. Indeed, this is one of the underlying arguments for having public libraries.