

Memo Date: 8-11-21

To: Village of Cottage Grove Board

From: Library Planning Committee Chair Cindi Kelm-Nelson

RE: Libraries increase economic spending and community value

Libraries and the services they provide increase value to the municipalities that they serve. Libraries have a large impact on the local economy and workforce development through the provision of a variety of classes and resources. Data has shown that proximity to a library increases spending for those businesses located near the library. These benefits are directly related to the operational tasks and programming that are designated by library budgets. Below you will find examples of how libraries directly impact local economies:

1. Libraries increase spending in local economies.

- a. **Wisconsin:** The economic return to taxpayers is \$4.06 per dollar of taxpayer support. The return on investment is calculated by dividing the economic contribution of public libraries per capita (\$134.16) by the public tax support per capita (\$33.07). This return per dollar of taxpayer funds comes back to taxpayers in the form of the value of public library services and the direct economic contribution of public libraries to the state economy. In addition to the measurable services and expenditures that add value to the state economy, there are numerous other services that are valuable but at this time can't be calculated from available data. The contributions of public libraries to overall literacy, to helping people with special needs, to supporting the efforts of K-12 schools, to providing community gathering space, and to supplying data needs of big and small businesses are additional and valuable contributions to the state economy (p. 33). (Source: <https://www.ala.org/tools/research/librariesmatter/wisconsin-public-libraries-have-strong-roi-and-provide-additional-valuable-services>)
- b. **Minnesota:** For every dollar of direct spending on operations payroll, libraries generate \$0.53 in additional spending in the economy of Minnesota. In the same way, for every dollar of direct spending on operations services, libraries generate \$0.74 in additional spending in Minnesota's economy (Source: <https://www.ala.org/tools/research/librariesmatter/minnesota-public-libraries-return-investment>)
- c. **Seattle:** The Library is associated with \$16 million in net new spending in Seattle in its first year of operations--equal to \$80 million for 5 years, \$160 million for 10 years, or \$320 million over a 20-year period. Nearby businesses report increases in spending associated with visitors to the Central Library. Increases in the use of Library resources contributes to learning, literacy, business productivity, personal and professional developments, and individual livelihood. (Source: <https://www.ala.org/tools/research/librariesmatter/economic-vitality-brought-seattle-central-library>)
- d. **South Carolina:** Among the findings are indications that the public library: - 49% of business users indicated that they obtained most of the business/research information from their public library - 78% of business users indicated that information obtained from the public library contributed to the success of their business - 59% of personal investors said they obtained the information needed for making investment decisions from their public library - 48% said "definitely" the investment information at the public library had contributed to their financial well-being and 34% said "somewhat" (Source: <https://www.ala.org/tools/research/librariesmatter/extent-taxpayers-south-carolina-feel-public-library-contributes-their-economic-well-being>)
- e. **Philadelphia:** 8% of survey respondents report that they could not have started, grown or improved their business without the Free Library, resulting in an estimated 8,630 businesses that benefited from Free Library business development services. (p.5) (Source: <https://www.ala.org/tools/research/librariesmatter/businesses-couldnt-have-done-it-without-library>)

2. Libraries are valuable resources to local entrepreneurs, small businesses, and their employees.

As described above, libraries boost economic development, and the community's economy benefits when businesspeople use library resources to make business decisions, and employees use it to improve job skills.

a. **Libraries help to promote businesses.**

They provide data subscriptions for market analysis finding customers, demographic analysis, and business location evaluation, provide spaces for local small businesses to work, provide collaborative opportunities with small business development centers. (Sources: <https://medium.com/everylibrary/five-ways-local-libraries-can-help-small-businesses-and-entrepreneurs-bd8b7a208819>; "Conducting Business in the Library," by Rebecca Cruz in Public Libraries Online. March 28, 2013; "Top 3 Library Services for Your Small Business," Ahmad El-Najjar. December 15, 2016. Townsquared Resources.; <https://medium.com/everylibrary/tagged/business-development>)

b. **Employees turn to and depend on the library.**

For example, 73% of public libraries assist their patrons with job applications and interviewing skills, and 48% provide access and assistance to entrepreneurs looking to start a business of their own. Library operations and programming can focus on career skills for examples online study tools like Mango Languages, Learning Express Library, or access technical manuals, computer programming, and business eBooks through O'Reilly for Public Libraries (previously Safari Books Online). Libraries provide spaces for events, meetings, free wireless internet, printers, scanners, and computers. Libraries can work with partners to offer classes for business, job skills, and technology, and with service providers that offer business, career, and legal advice (Source: <https://www.madisonpubliclibrary.org/resources/business>)

3. **Fiscal responsibility and financial planning are essential to any capital project.**

The Library Planning committee in their July 2021 report has recommended a financial feasibility study to determine how a capital campaign and fundraising will impact the financing and tax plans. There are many opportunities to reduce finances including numerous opportunities to apply for programming that will benefit local businesses and employees. Moreover, ***keeping taxes local and reinvesting this tax money into library programming for local businesses and their employees is fiscally responsible and directly benefits the local economy (please see economic impact memo)***. Currently Village residents pay over \$280,000 for the use of other community libraries (2021). In 2030, for example, this number is projected to be \$350K (using a constant rate of increase and given no change to the valuation of Cottage Grove).

a. Chamber of Commerce leakage study (2017) shows that sales are leaking out of the CG area and being absorbed by businesses in Madison.

(Source:https://www.cottagegrovechamber.com/uploads/4/0/7/8/40788503/commercial_leakage_study_-_cottage_grove_2015-08-20.pdf)

For more on the Economic Impact of Public Libraries: <https://dpi.wi.gov/pld/data-reports/economic-impact>