

**Ohio's Estimated Statewide Return from Investment of State
and Local Tax Dollars in Public Libraries**

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This paper estimates the statewide value of Ohio library services. The estimate relies upon a detailed study of the value of library services provided in 2005 in four counties in Southwest Ohio – Butler, Clermont, Hamilton, and Warren Counties. Because the estimate provided here merely extrapolates the result of that earlier study, it provides only an approximate estimate.

The study of libraries in four Southwestern counties developed the following estimates.

Table 1: Summary of Results from Southwest Library Study

	2005
Revenue	\$74.5 Million
Direct Return	\$190.4 Million
Economic Multiplier*	\$93.6 Million
Total Return	\$284 Million
Return Rate	3.81

*The study used a standard economic multiplier provided by the Bureau of Economic Analysis, U.S. Department of Commerce.

In simple terms, the table shows that for every dollar spent by a library in the four counties, an average of \$3.81 was returned in benefits to library patrons and their communities.

Table 2 extrapolates the results of the 2005 study of Southwestern counties to the entire state of Ohio in 2006.

Table 2: Estimated Return on State and Local Tax Revenue Invested in Ohio Libraries – Statewide Data for 2006

	2006
Tax Revenue	\$673 Million
Direct Return	\$1,723 Million
Economic Multiplier	\$848 Million
Total Return	\$2,572 Million
Return Rate	3.81

Data for 2006 comes from the State Library of Ohio Annual Report 2006.

Tax revenue for 2006 includes operating revenues only. Of the total amount of \$673 million, the State Library and Local Government Support Fund (LLGSF) provided \$457 million. The remaining \$215 million was raised through local property taxes.

While the services provided by libraries change constantly, and the market price for those services also changes, the original estimates tried to take a conservative approach in assigning values. Also, the original study could not place a monetary value on a number of qualitative services provided by the Southwest Ohio libraries. It seems reasonable to assume that other libraries in the state also provide an array of such services.

Table 3: Selected Data about Southwest Ohio Libraries and All Ohio Libraries – State Library of Ohio Library Statistics 2006

Library Data	Four SW Counties	Statewide Ohio Total	Four SW Counties % of Statewide Total
Population	1,572,165	11,478,006	14%
Registered Borrowers	792,727	7,952,364	10%
Circulation	22,679,011	178,401,597	13%
Subscriptions	16,030	151,229	11%
Number of Visitors	6,927,076	85,506,876	8%
All Program Attendance	529,562	4,732,655	11%
Reference Transactions	2,659,280	18,765,864	14%
Tax Revenue	72,021,037	673,223,429	11%

Table 3 shows selected data about Ohio libraries. It provides a comparison on various measures of library activity between the four counties, about which the original rate of return study was prepared, and the statewide totals for all Ohio public libraries. The libraries in the original study have differing percentages in each measure relative to the state as a whole. None of the differences suggests that the use of the original study to project statewide returns on investment would involve an obvious distortion of the data.

Brief Note about the Original Library Rate of Return Report

In 2006, Driscoll & Fleeter prepared a report for nine libraries in Butler, Clermont, Hamilton, and Warren Counties. The report contained both quantitative and qualitative assessments of the value of library services. The quantitative section of the report assigned market prices to library services. For example, a \$3.00 rental value was imputed to each instance when a patron borrowed a DVD or VHS tape. Each time a library patron borrowed a book, the value of that usage was related to the average purchase price of books less a 50% resale value. Additional analyses set values for use of reference materials and periodicals, use of on-site computers, and use of electronic databases. Other library services such as computer training and the provision of meeting rooms for public use also figured into the valuation. The estimated value of library services in the four counties relied upon 2005 data. The full study - *Value For Money: Southwestern Ohio's Return from Investment in Public Libraries* – is available online at <http://www.9libraries.info/docs/EconomicBenefitsStudy.pdf>

Conclusion

Based on the 2005 study of Southwest Ohio libraries, it appears reasonable to project that Ohio's statewide investment of \$673 million in libraries returns a value of about \$2.6 billion to the Ohio economy. That amount translates into a return of \$3.81 for every dollar invested.