

# PUBLIC LIBRARIES – A WISE INVESTMENT

## DENVER PUBLIC LIBRARY



Denver Public Library recently participated in a Return on Investment study conducted by the Library Research Service at the Colorado State Library. This study found a substantial return for taxpayers when investing in their local library. **For every \$1.00 invested in Denver Public Library, \$4.96 of value is returned to the community.**<sup>1</sup>

### Returns on Investment Denver Public Library<sup>2</sup>

- 66%** Two-thirds of Denver Public Library patrons come to the library over 25 times per year.
- 52%** Over half of Denver Public Library patrons said they would have spent \$20 or more getting their information from another source if the library did not exist.
- 2.8 million** Patrons came to Denver Public Library specifically to check out books nearly 3 million times in the previous 12 months.
- 56%** More than half of Denver Public Library patrons connected to a Colorado public library from a home computer in the previous 12 months.
- 83%** Four out of five Denver Public Library patrons have used a library computer.

<sup>1</sup> Data was compiled from surveys of the individual libraries, the 2006 Colorado Public Library Report (accessible at [www.LRS.org](http://www.LRS.org)), and a survey in which library users were asked to estimate their cost of using alternative sources to meet their library-related needs, as well as their non-library expenditures.

<sup>2</sup> Based on responses to the ROI patron survey.

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### Why Return on Investment?

In the spring of 2006 a need was identified in Colorado to describe the variety of benefits delivered by public libraries to their patrons and to quantify the return on investment to taxpayers for monies invested in public libraries. To provide this data, the Library Research Service (LRS) undertook “What’s It Worth to You? A Return on Investment Study of Selected Colorado Public Libraries” (ROI) in May 2006. Using a multiple case study approach, this research was designed to create such information for eight public libraries, representing geographically diverse regions of Colorado. Data were gathered using a combination of questionnaires, key informant interviews, and available data sources.

### ROI Methodology

This study follows a model of contingent valuation that has been used in similar studies to determine ROI for public libraries. Contingent valuation is an economic technique often used for the valuation of non-market resources. This figure was calculated by examining the ramifications of not having a public library for the communities served. It includes:

- **Cost to Use Alternatives:** The estimated amount of money that would have been spent using an alternative information source.
- **Lost Use:** The estimated value of the lost information for users who would not have tried to attain the information elsewhere.
- **Direct Local Expenditures:** Contributions made by the library to community businesses and individuals in the form of purchasing goods and services.
- **Compensation for Library Staff:** Library staff would not receive compensation and unemployment would be a factor for at least some period of time.
- **Halo Spending:** Purchases made by library users from vendors and business that are located close to the library. A recent study found that approximately 23 percent of these purchases would not occur if the library did not exist.<sup>3</sup>

**Table 1**

<b>Return on Investment Factors – Denver Public Library<sup>4</sup></b>	
Cost to Use Alternatives	\$105,197,986
Lost Use	\$5,332,429
Direct Local Expenditures	\$1,718,488
Compensation for Library Staff	\$21,940,734
Halo Spending	\$7,463,041
<b>Total Return on Investment</b>	<b>\$141,652,678</b>
Total Local Investment	÷ \$28,533,200
<b>Return per Dollar Invested</b>	<b>\$4.96</b>

<sup>3</sup> Proctor, Richard, Bob Usherwood, and Gill Sobczyk. *What Happens When a Public Library Service Closes Down?* Library Management 18, no. 1 (1997): 59-64.

<sup>4</sup> Data were compiled from surveys of the individual libraries, the 2006 Colorado Public Library Report (accessible at [www.LRS.org](http://www.LRS.org)), and a survey in which library users were asked to estimate their cost of using alternative sources to meet their library-related needs, as well as their non-library expenditures. Estimates for alternative costs are conservative, as they do not include the value of extra time that might have been necessary to meet their needs elsewhere.

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### Denver Public Library at a Glance

Denver Public Library is located on the Rocky Mountain Front Range. It is organized as a municipal library to serve residents of Colorado's capital city.<sup>5</sup> It also has the state's largest legal service area population for a public library at 571,848. With a total of 23 outlets, Denver Public Library has a central library located in downtown Denver, 22 branches throughout the city, and one bookmobile. The collection includes over 2 million print volumes, 137,000 audios, 250,000 videos, and 5,500 periodicals. To access the many electronic resources, it also has over five hundred public access computers.

**Table 2**  
**Selected Statistics for**  
**Denver Public Library<sup>6</sup>**

Description	Total	Ratio <sup>7</sup>
Circulation	9,244,353	16.2 per capita
Visits	3,762,490	6.6 per capita
Library Programs	15,945	657 program attendees per 1,000 served
Public Access Computers	524	.92 per 1,000 served

Funded primarily through local revenue (89.4%), DPL receives \$28.5 million in city general funds, \$147,400 in federal funds, and \$3.2 million in other operating revenue.<sup>8</sup> Local revenue per capita is \$49.90. Because this study examines the return on investment for each library's community<sup>9</sup>, only local revenue is used in calculating the monetary contribution of community members to each library.

<sup>5</sup> Metropolitan status, legal basis, and geographic area are defined by the Federal-State Cooperative System for Public Library Data and the National Center of Education Statistics (accessible at <http://nces.ed.gov/surveys/libraries/public.asp>). These definitions are also used in the Colorado Public Library Annual Report (accessible at [www.LRS.org](http://www.LRS.org)).

<sup>6</sup> 2006 Colorado Public Library Annual Report (accessible at [www.LRS.org](http://www.LRS.org)).

<sup>7</sup> Per capita is figured using legal service area (LSA) population (accessible at [http://www.lrs.org/pub\\_stats.php](http://www.lrs.org/pub_stats.php)).

<sup>8</sup> 2006 Colorado Public Library Annual Report. "Other operating revenue" refers to funds not reported under local, state or federal revenue and may include, but are not limited to, monetary gifts, donations, and grants (accessible at [www.LRS.org](http://www.LRS.org)).

<sup>9</sup> A library's community is defined as the legal service area as specified in the library's establishment documents.

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## **DENVER PUBLIC LIBRARY**

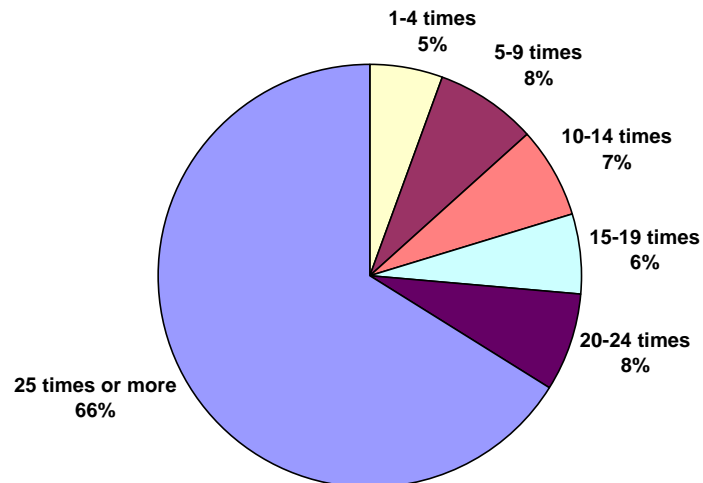
### **SURVEY RESULTS**

#### **Library Use**

Once through the doors, visitors to Denver Public Library tend to be heavy users of library resources. Of the library visitors who responded to the ROI survey, two-thirds of them had visited the library 25 times or more over the last twelve months; essentially, these patrons come to the library at least every other week (see Chart 1). One in five had visited on about a monthly basis over the previous year - between 10 and 24 times. Only 1 out of 20 respondents said that they visited the library fewer than 5 times in the previous 12 months.

**Chart 1**

**Return on Investment - Denver Public Library:  
Respondent's Number of Visits to the Library in the Last 12 Months**



#### **Denver Public Library Helping Businesses Succeed**

Chuck Hahn, City of Aurora Small Business Specialist, always takes his business workshop participants to Denver Public Library. With the help of Dixie Malone, Adult Outreach Librarian, participants learn how to use databases and reference materials to help them construct successful business plans. Mr. Hahn believes the “library is a fundamental component...absolutely vital” in business planning. He also believes what the participants learn at the library will be “information they can use throughout the life of their business”. When asked about the value of libraries and librarians to his work and to those starting a business, he emphasized that they provide a “tremendous amount of value” by accelerating the process of getting the right information to the right person and if you had to pay someone to do that, it would be very expensive.

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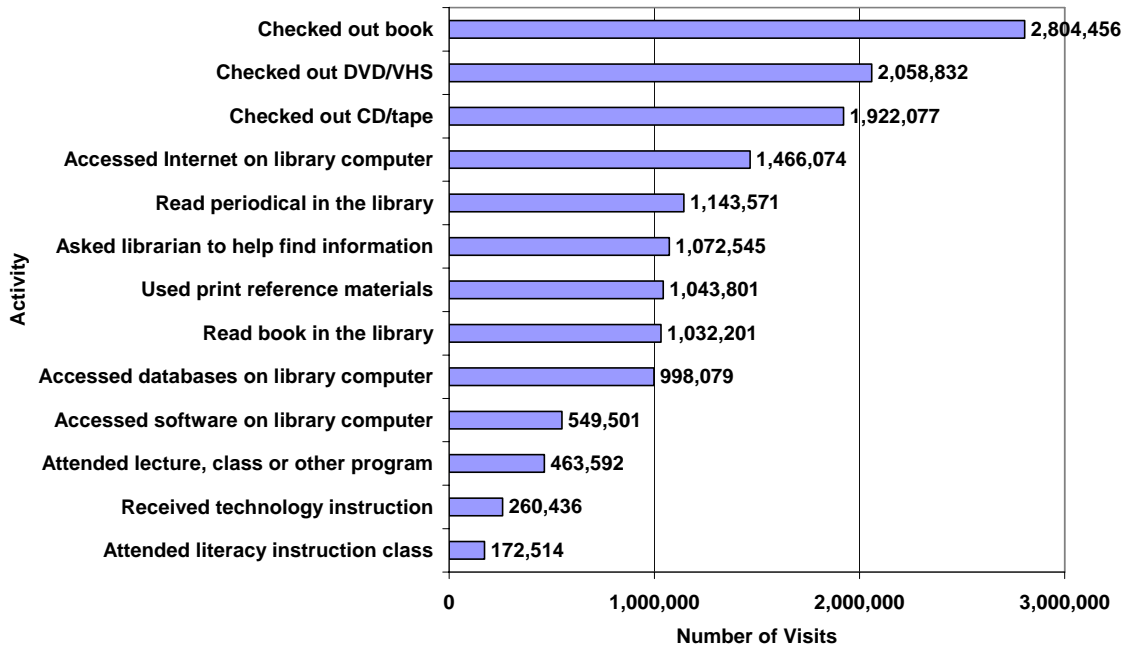
# PUBLIC LIBRARIES – A WISE INVESTMENT

## DENVER PUBLIC LIBRARY

In 2006, there were 3,762,490 visits to the Denver Public Library. Despite the changing ways in which the public uses libraries, checking out materials remains the primary reason for library visits. Nearly three-quarters of these visits (2,804,456) resulted in the library user checking out a book (see Chart 2). Additionally, the concept of “library as place” remains strong. Over one-quarter of respondent visits included reading a book (28%) or periodical (30%) in the library, and programs and instruction still draw a considerable number of people into the library. However, for many of these visits, library use patterns are changing, as computer use has grown to encompass a large part of the library user’s experience. Based on responses to the survey, during 39 percent of these visits the visitor accessed the Internet on a library computer. Accessing databases and software via library computers is a large part of use as well.

**Chart 2**

**Return on Investment - Denver Public Library:  
Number of Visits During Which Users Performed Specific Activities**



### Denver Public Library Helping Businesses Succeed

DPL’s Dixie Malone reaches out to business all over the metro area. As an Adult Outreach Librarian, she helps patrons understand business research. Her philosophy: “Business research is looking for numbers” and more credibility is given to resources that provide the data needed to start and operate a business. Ms. Malone said, “People don’t necessarily equate a public library with business,” but she added that this perception may be changing as even large corporations that typically rely upon their in-house resources are becoming aware of what DPL can do for them. Regardless of how she’s interacting with patrons, she emphasized the importance of DPL’s policy to “never say no” to a patron who may request assistance in learning how to use business reference materials or to a business group that wishes to tour the library and learn about its services.

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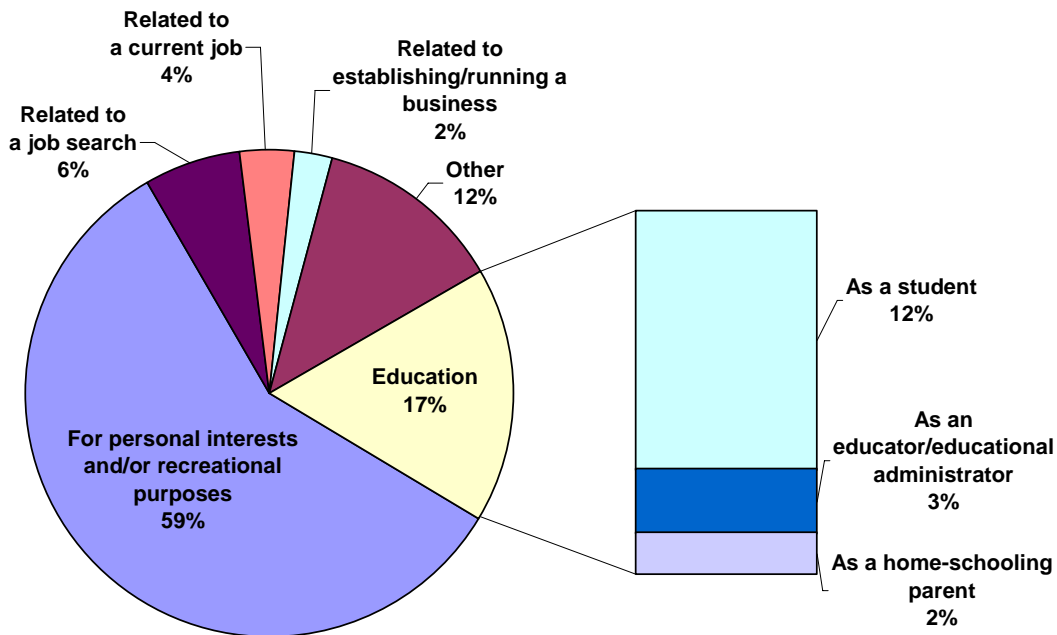
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The majority of respondents (59%) reported coming to the library primarily for personal interests and/or recreational purposes (see Chart 3). In addition, a large percentage of respondents came to the library for educational purposes (17%), meeting their needs as students, educators, and home-schooling parents. Job-related reasons also attracted visitors to the library (10%).

Chart 3

Return on Investment - Denver Public Library:  
Primary Reason for Respondent's Trip to Library



### Denver Public Library Helping Businesses Succeed

DPL offers many resources and services to Denver's business community, like one-on-one reference services and business-specific databases available anywhere with an Internet connection. It also offers workshops and group instruction, including working with SCORE and NxLevelL, organizations that help people start up and run their small businesses. Special events for business are another way DPL reaches out to business. The 8<sup>th</sup> Annual Small Business Resource Fair took place this August, bringing together the organizations that help small or micro-businesses get started and keep running.

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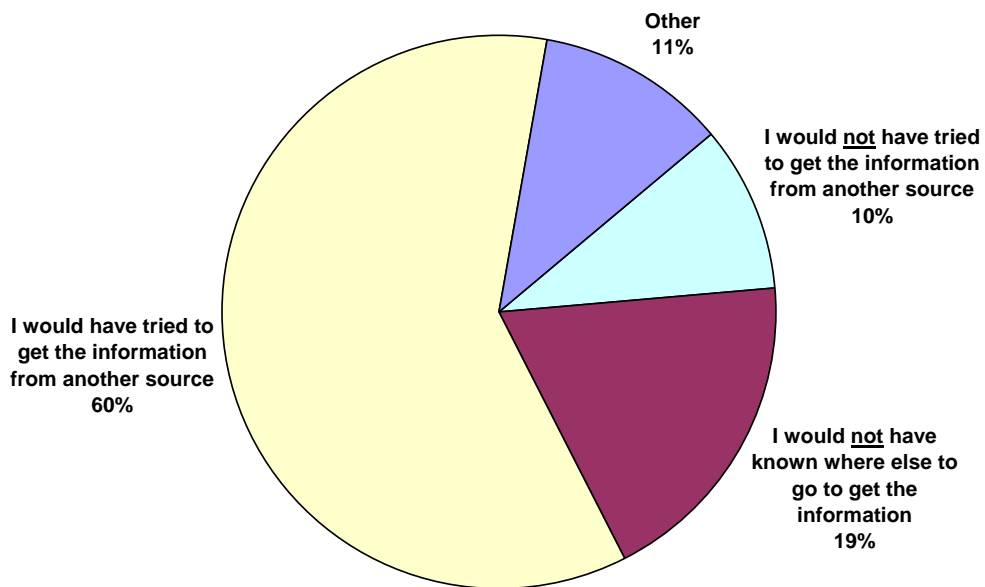
## DENVER PUBLIC LIBRARY

### Alternatives to Library Use

When asked what they would do to meet their information needs if the library did not exist, a majority of respondents (60%) said that they would have tried to get the information elsewhere (see Chart 4). However, 19 percent would not have known where else to go to get the information they received at the library, and another 10 percent would not have tried to get the information from another source. Without the library, the information needs of these users would not have been met.

Chart 4

Return on Investment - Denver Public Library:  
Respondent's Alternative Strategy for Meeting Information Needs  
If Library Did Not Exist



### Denver Public Library Patron Comments

“Often it is the only source of information!”

“It’s my favorite part about living in Denver. All of the world is at my fingertips.”

“I love, adore, value and respect every brick and hunk of mortar in every DPL building and feel every library staffer needs to make 50 percent more than they are currently earning! Between DPL, Prospector and WorldCat, I have at my computer keyboard ... the world.”

“DPL libraries allow me to engage in a much wider world that would not be possible without this much appreciated and valued resource.”

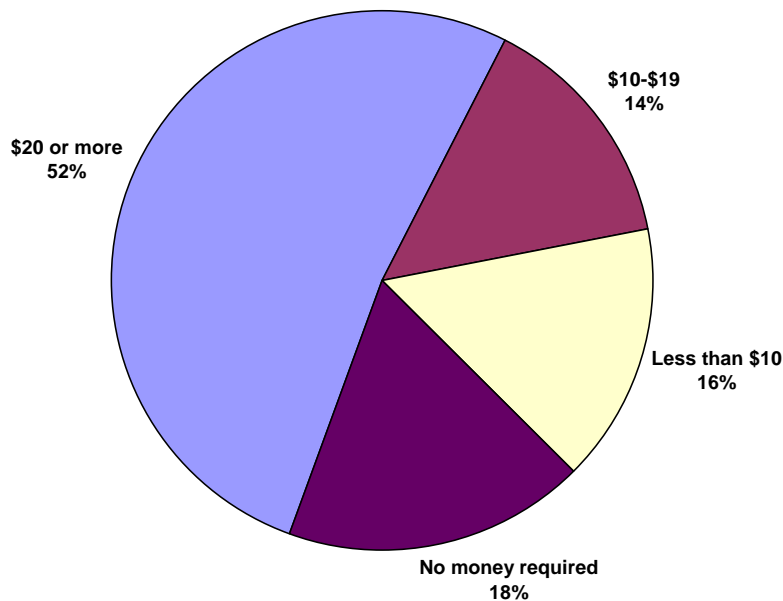
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Obtaining the information received during library visits would be expensive if acquired through alternative means. Respondents who would have tried to meet their information needs using an alternative source were asked to estimate how much money they would have spent using the other source. Over half (52%) of Denver Public Library respondents said that they would have spent at least \$20 to have their information needs met elsewhere. Fewer than one in five (18%) said that they would not have needed to spend any money to meet their information needs with an alternative source (see Chart 5).

Chart 5

Return on Investment - Denver Public Library:  
Respondent's Estimated Cost of Alternatives to Library Resources



### Denver Public Library Patron Comments

"The single most important card in my wallet is my Denver Public library card. There is nothing better than having all those resources and materials available to you."

"It's essential to the intellectual, social, and even spiritual lifeblood of the community. The good it does for every member of the community, *whether they use it or not* is incalculable."

"I get so much benefit from the library that I find it almost impossible to exaggerate"

"It's a value to me that I cannot calculate in terms of money. It's essential to my work."

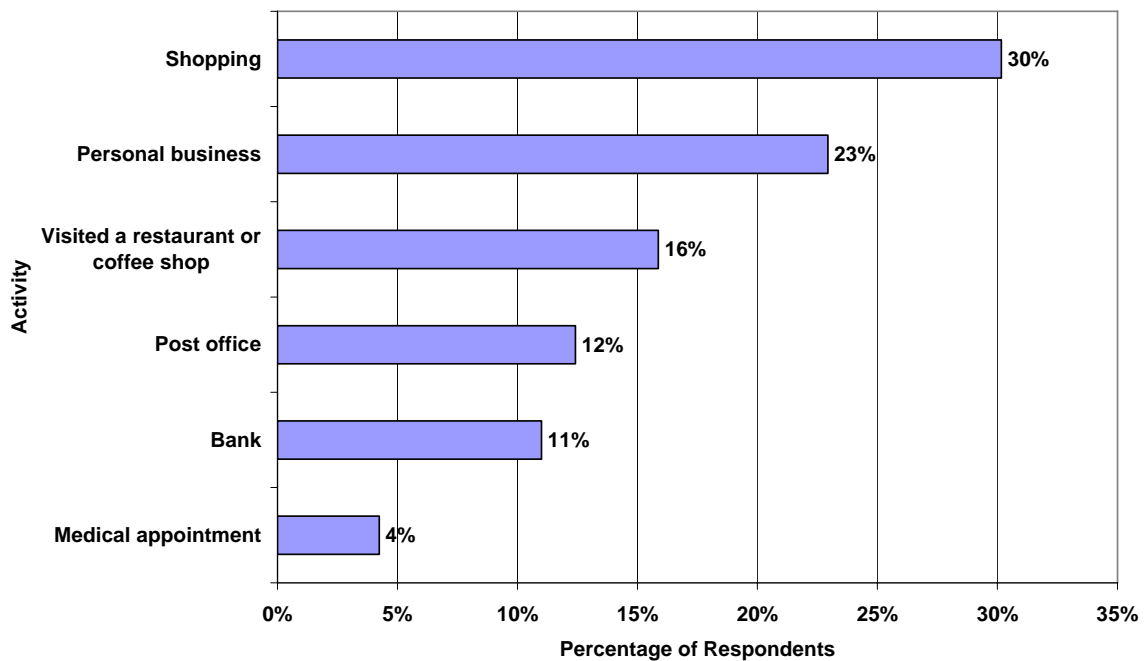


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Many respondents to the survey reported doing other activities or errands during the same trip as their visit to the library. The most likely peripheral activity, with 30 percent of respondents, was shopping (see Chart 6). Many respondents also reported going to a restaurant or coffee shop (16%) and attending to personal business during their trip (23%). More than one in ten said they went to the post office (12%) and/or the bank (11%).<sup>10</sup>

**Chart 6**  
**Return on Investment - Denver Public Library:**  
**Activities Performed by Respondent on the Same Trip as Library Visit**



### Denver Public Library Patron Comments

"One of the best things about Denver is its library system."

"We LOVE our public library. While we were home-schooling, we visited weekly and we continue to do so. Our librarians have become friends and are very helpful when seeking additional resources. As an educator, I utilize the library to support my classroom library and the topics of study. I cannot say enough about our library!"

"The best value for the dollar of all city/county services."

<sup>10</sup> As noted in the section on methodology, a U.K. study reported that a portion of the spending on these "halo" activities would not have occurred if the library were not available.

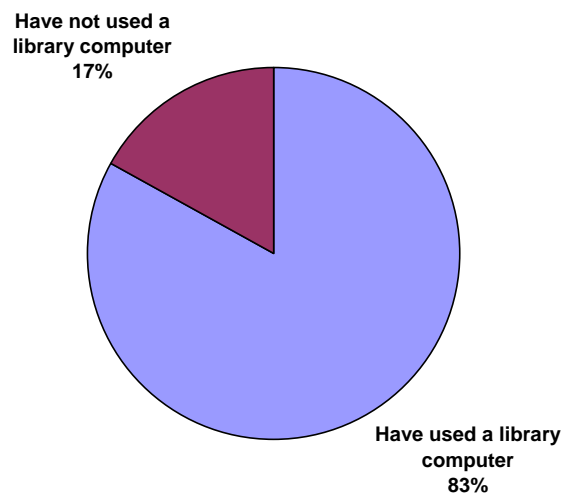
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Denver Public Library's computers are extremely popular with their users. More than four out of five respondents (83%) reported having used a library computer at some point (see Chart 7). The fact that so many patrons are using computers suggests that DPL is serving as a location to bridge the digital divide.

**Chart 7**

**Return on Investment - Denver Public Library:  
Percentage of Respondents Who Have Used a Library Computer**



### **Denver Public Library Patron Comments**

“The public library is one of the most visible benefits of government and also one of the most user-friendly. It helps level the playing field for those who cannot afford internet access at home or do not have disposable income to spend on the latest novel or nonfiction book. All of these are essential to having a cohesive local and national culture and contribute to our unity and American "fair play" ideal.”

“The public library is the best investment any government could make. An educated public is the best guarantee for a genuine democracy. Long live the DPL!!”

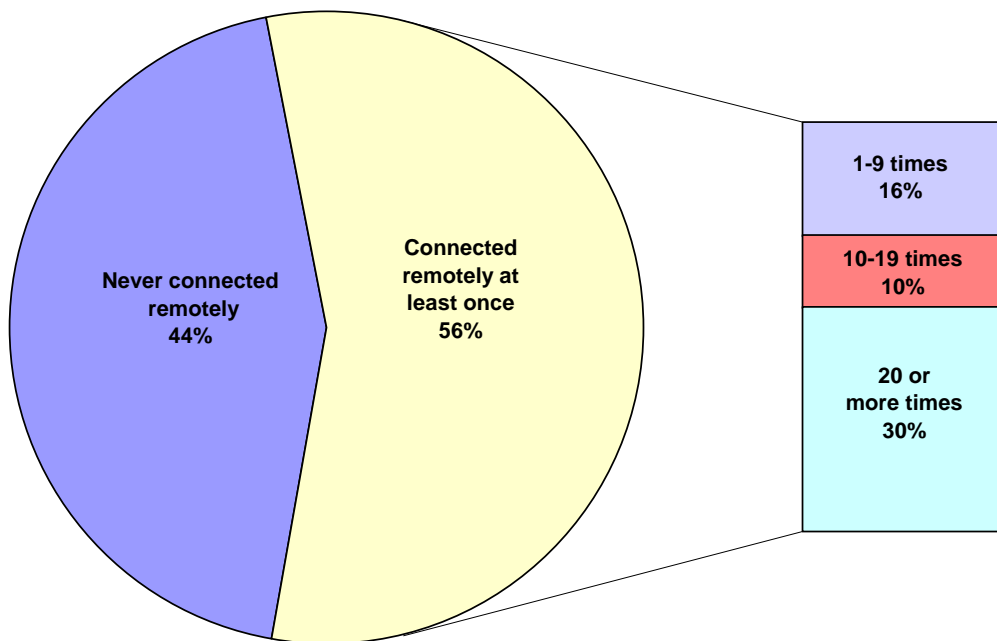
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In addition to in-library use, Denver Public Library's users appear to frequently connect to libraries from home. More than half of the respondents to this survey (56%) had connected to a Colorado public library from a home computer in the past twelve months (See Chart 8). As with visits, those that connect do so often. Nearly one-third of the respondents (30%) had connected to a public library from home at least 20 times within the last year. Not only is the library a place to visit in the community, it is a place to visit in cyberspace as well.

Chart 8

**Return on Investment - Denver Public Library:  
Number of Times Respondent Connected to a Colorado Public Library  
from a Home Computer in Last 12 Months**



### Denver Public Library Patron Comments

"I love using the online system to put books on hold and find out their status- when they come in, when they are due, and renewing online. Although I rarely go to my branch, I am on the online system putting books on hold or checking my status almost daily."

"I love, love, love my public library. It provides me with endless enjoyment. I love how easy it is to access things. I love being able to cruise the library catalog from my home computer. The Denver Library is one of the HUGE reasons I remain a Denver resident."

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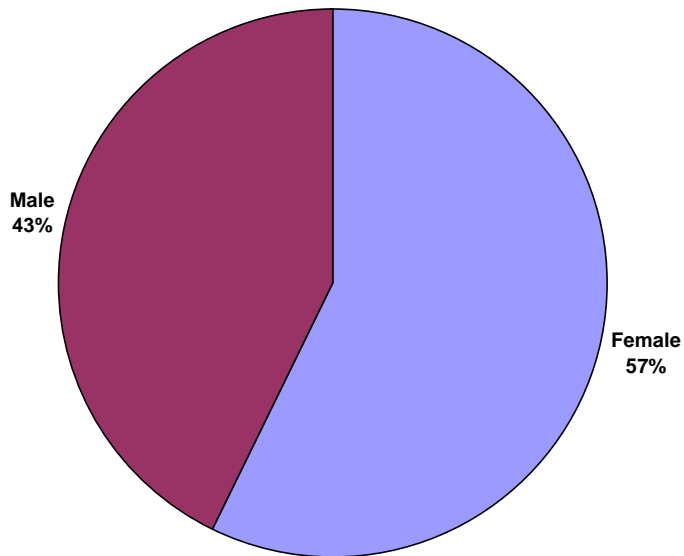
## **DENVER PUBLIC LIBRARY**

### **Demographics**

The following five charts illustrate the demographics of the respondents to the Denver Public Library ROI patron survey. Demographic data includes gender, age, highest level of education, race and ethnicity, and personal and household income.

**Chart 9**

**Return on Investment - Denver Public Library:  
Respondents by Gender**



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Chart 10

Return on Investment - Denver Public Library:  
Respondents by Age

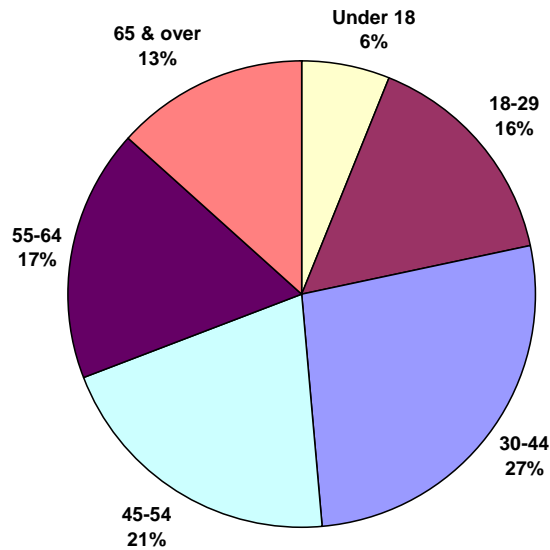
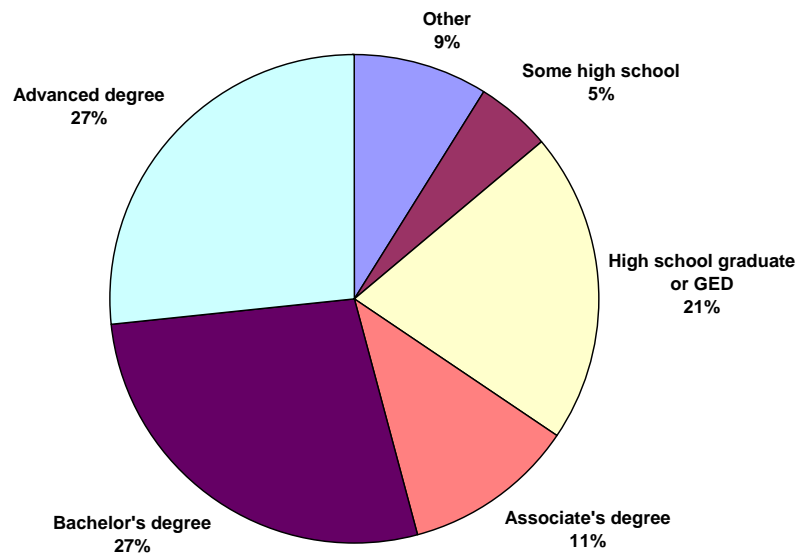


Chart 11

Return on Investment - Denver Public Library:  
Respondents by Highest Level of Education

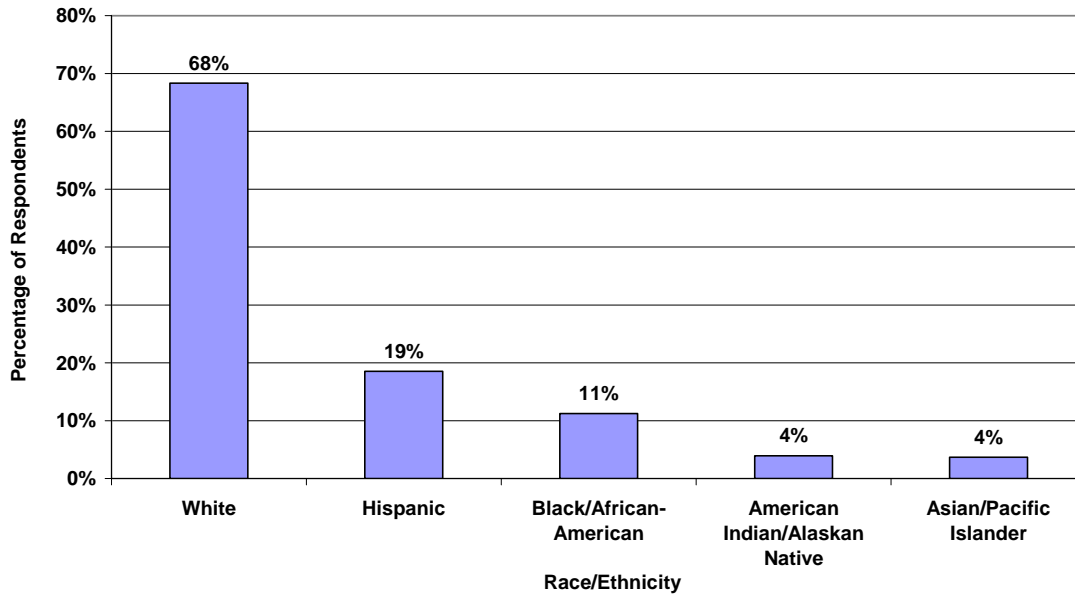


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Chart 12

Return on Investment - Denver Public Library:  
Respondents by Race and Ethnicity



*Respondents could choose more than one race/ethnicity.*

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Chart 13

Return on Investment - Denver Public Library:  
Respondent's Personal and Household Income

