

Economic Impact of Halton Hills Public Library

TO: Library Board

FROM: Jane Diamanti

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Background

In December 2013, the Toronto Public Library published a ground-breaking study entitled: “So Much More: the Economic Impact of the Toronto Public Library on the City of Toronto”. The study is unique in that it is the first attempt by a Canadian public library to measure in concrete economic terms the return on investment for library service.

What prompted this study? In 2013, Toronto Public Library (TPL) engaged the Martin Prosperity Institute (MPI) in response to a motion by the Library Board and Toronto City Council to conduct a comprehensive study that would reveal the economic impact of library services, the incremental value of library open hours, and the role the library plays in economic development. The data for the study came from several sources including TPL’s 2012 budget (revenue and expenditures), and their service and program activity in 2012. MPI used commonly accepted methodologies to calculate values; they also incorporated standard library statistics as well as new measures to value library space.

As noted in the Executive Summary, “the result of Toronto Public Library’s economic impact study clearly demonstrate that Toronto Public Library delivers a strong return on investment, through the delivery of library services that enhance Toronto’s competitiveness and prosperity and contribute to a better quality of life for all”.

Some of the key findings are as follows:

- **TPL has a total economic impact of over \$1 billion, which equates to \$955 per household and \$358 per capita**
- **For every \$1.00 invested in TPL, Torontonians receive \$5.63 in value;** this is based on a conservative market value of services delivered (direct tangible benefits) and the stimulus to Toronto’s economy from TPL’s direct spending and the re-spending by staff, vendors, suppliers, etc. (indirect tangible benefits)
- **The return on the City of Toronto’s investment in TPL is 463%, which is the midpoint of a range conservatively estimated to be between 244% and 681%**
- **Torontonians receive from \$680.8 million to \$1 billion in direct tangible benefits from services used; just over half of this value is derived from the free access to over 11 million items in the collection,** with the remainder representing the value of programs, reference and database services, access to technology, and use of meeting or study space.
- **The value of a library membership is calculated to be \$502;** this is based on the \$1 billion in total direct benefits and the assumption that 72%¹ of Torontonians were active library users.

¹ As I heard at a recent conference, the percentage of users is based on a survey of 800 residents, which is a very light sample for a city of 2.6 million (as compared to HHPL’s survey of 500 residents for a town of 60,000).

- **On average, one open hour at any of TPL's 98 branches generates \$2,515 in direct benefits that are only possible because the branch is open.** The average benefit is almost 4 times the average cost.
- **TPL generates \$142 million in indirect tangible benefits to Toronto's economy** as a result on spending on capital improvements, collection development and on staff to support service delivery.
- **TPL also generates intangible benefits which are not easy to quantify but which do add significant value for residents.** This value includes opportunities for residents to improve their literacy skills, find jobs, and enhance their quality of life.

The study resulted in some very remarkable numbers for the TPL Board and the City of Toronto Council. A summary can be found in Appendix A and Appendix B. It is expected that these numbers will positively influence those that are in a position to make critical decisions about the future of TPL. However, a noteworthy aspect of this study is that the methodology for calculating value can be used by any public library. In fact, the MPI consultants strongly encouraged the public library sector to use this method and if possible, to share the results.

An Economic Impact Study for HHPL

With this exciting prospect in mind, the Library's Financial Analyst, Mary Querques spent many hours carefully reviewing the TPL report and developing a template based on TPL's formulae. This was made easier by the fact that MPI included detailed instructions for each formula and supplied a contact name should further clarification be required. There were three instances where calculations were adjusted for HHPL. In the first instance, TPL calculated the value of museum and gallery passes which are loaned to library patrons; HHPL has no such program in place. In the second instance, TPL's calculation on the direct spending arising from capital projects was quite high given that TPL is always building or renovating libraries. Using an average value of capital projects over a 10 year period made the differences less extreme. And finally, we have adjusted the percentage of re-spending that occurs in Halton Hills to include the broader GTA and beyond. The magic of MPI's methodology is that it allows staff to make adjustments to reflect your Library's particular internal and external environment.

The key findings of Ms. Querques' analysis are as follows:

- **HHPL creates over \$18 million in total economic impact, which equates to \$892 per household and \$301 per capita.**
- **For every \$1.00 invested in HHPL, residents receive \$4.04 in benefits.** Like TPL, this is based on a conservative market value of services delivered (direct tangible benefits) and the stimulus to the Halton Hills' economy from HHPL's direct spending and the re-spending of staff, vendors, suppliers, etc. (indirect tangible benefits).
- **The return on the Town of Halton Hills' investment in HHPL is 304%**, which is the midpoint of a range very conservatively estimated to be 148% and comfortably shown to reach as high as 460%.
- **The direct tangible benefits range from \$10 million up to \$16 million, with access to collections conservatively valued at \$8 million.** The remainder of the direct tangible benefits represent the value of programs (\$700,000), the value of reference and database services (\$1.1 million), the value of technology access (\$149,000) and the value of meeting/study space (\$326,000).
- **The indirect tangible benefits range from \$7.7 million up to \$9.1 million**, of which \$4.5 million represents direct spending by HHPL on capital projects, collection purchases, and staff to deliver services. The remaining \$3.2 million represents the value of re-spending in the community by staff, vendors and suppliers and others paid by HHPL.
- **The value of a HHPL membership was calculated to be \$590.** This was based on the up to \$16 million in direct tangible benefits and the recent open hours survey which confirmed that 51% of all Halton Hills residents had used the Library within the last year.
- **The average open hour at a branch generates \$1,931 in direct benefits, which are only possible because the branch is open.** The average benefit is almost 3 times the average cost of an open hour.
- **HHPL also generates many intangible benefits offered through their service partners**, which have not as yet been quantified, e.g., the Adult Learning Centre (literacy, numeracy and computer skills development), Halton Business Development Centre (small business support), vpi and the Centre for Skills Development (job search skills); Volunteer Halton (links to volunteer opportunities).

Based on these calculations, **staff concludes that HHPL delivers services that contribute in many significant ways to the Town's strategic direction to "foster a prosperous community". It's also clear from the findings that the residents of Halton Hills receive outstanding value for their investment.**

Recommendations

Staff recommends the following:

That the Halton Hills Public Library endorse the key findings of this report on the economic impact of Halton Hills;

And further, that this information be part of HHPL's advocacy toolkit so that the return on investment can be communicated to influencers and other stakeholders as appropriate;

And further, that the key findings of this analysis be well and strategically publicized through whatever means recommended by the Marketing and Communications Manager, Audrey Holt.

Respectfully submitted,

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Halton Hills Public Library