

## **Return on Investment in Florida's Libraries: Updating the Study**

### **Who we are:**

Located on the main campus of the University of West Florida, **the Haas Center for Business Research and Economic Development** collects, analyzes, and distributes economic data for clients seeking expert economic advice. The Haas Center specializes in data analysis for the purposes of economic forecasting, marketing research, business expansion, tourism, and real estate development as well as industry and academic studies. The Haas Center's staff combines academic credentials with varied experience, ranging from economists to media specialists. Each professional combines innovation with attention to detail to produce reports, surveys, GIS mapping, databases, web sites, print materials and the quarterly Northwest Florida Economy newsletter. <http://www.haas.uwf.edu>

Our statewide research experience includes:

- Economic Impact of the Defense Industry in Florida
- Statewide Vo-Tech Needs Assessment
- Economic Impact of the Film and Entertainment Industry in Florida

### **Prior Study - Background**

- Report issued September 2004
- Data collection via telephone survey (883 responses);
- In library paper surveys (1,505 responses);
- Mailed survey to organizations (138 responses);
- Follow up public library census
- Budget data from State Library and Archives
- Analyzed economic impact using REMI version 6.0 in a 169 sector model for the state of Florida
- Analyzed return on investment on state spending
- Provided benefit cost analysis to tax payer
- Used counterfactual of redistribution of library dollars to other government sectors

### **Key Findings**

- The total revenue investment in Florida's public libraries is \$449 million.
- The total economic return attributable to the existence of the public libraries is \$2.9 billion — based on an analysis of what would happen if the public libraries ceased to exist: includes the net benefits (added costs to use alternatives), the benefits that would be lost because users would not bother to use alternatives, and revenues that would be lost by vendors, contractors, etc.
- For every \$6,448 spent on public libraries from public funding sources (federal, state and local) in Florida, one job is created.
- For every dollar of public support spent on public libraries in Florida, GRP increases by \$9.08

- For every dollar of public support spent on public libraries in Florida, income (wages) increases by \$12.66
- The B/C (Availability) of Florida's public libraries is 5.2 to 1.3. The benefit (B) to the state (in terms of availability of Florida's public libraries) is \$2.3 billion, measured as the total cost to use alternatives, if the public libraries did not exist. The cost (C) is \$449 million.
- The B/C (Use) of Florida's public libraries is 7.2 to 1.4. The benefit (B) to the state (in terms of time and money saved through use of Florida's public libraries) is \$3.2 billion. The cost (C) is \$449 million.
- The B/CREMI (Wages) is 5.0 to 1. The benefit (B) to the state (in terms of wages) is \$9.2 billion. The cost (C) is \$1.83 billion.
- The B/CREMI (GRP) is 3.7 to 1. The benefit to the state (in terms of GRP or output) is \$6.7 billion. The cost (C) is \$1.83 billion.

### Updating the Study

- Re-administer revised surveys.
- Analyze how key responses have changed over time
- Add additional survey questions regarding the social value placed on libraries
- Apply analytical methods of ROI, contingent valuation, economic benefit ( REMI PI Plus Version 1.1.6 in a 67 county, 23 sector model) and cost benefit

### Major Differences

- Data collection by telephone and online surveying rather than telephone and paper. Links to online survey instruments hosted at the Haas Center will be provided to public libraries and mailed/e-mailed to organizations
- Analysis of data at the county and municipal level as well as the state level
- Calculation of ROI and Cost Benefit at the county and municipal level as well as the state level
- Analysis of the social value of Florida public libraries at the statewide level, and if practicable, at the county and municipal level as well.
- **New fiscal assumption** - no reallocation of public library spending amongst other government sectors. Money not spent on library is money not collected by the government and thus is reapportioned in the private sector.
- Web site development

### Why a new fiscal assumption?

Florida's current revenue structure – a heavy reliance on population growth, sales taxes and taxes on property transactions – and recent events (major budget reductions, declining population, economic recession and falling housing prices)- suggest that if the state or local counties and municipalities chose to eliminate spending on public libraries, it is arguably just as likely to assume that this would occur because of a lack of tax revenues to pay for the service, rather than the choice to retain a specific level of tax collections and spend the money elsewhere.

## Deliverables

- Separate summary report of results
- Full report including survey results, analysis, and recommendations for communicating results to constituent groups.
- Website where study results will be accessible.
- Contingent valuation calculator for library users
- Economic impact calculator for estimating impact of an individual library in its community

## Timeline

- Survey redesign; secondary data collection; finalize methodology: October 2009.
- Begin online survey; develop script for telephone survey; administer telephone survey; design calculators; begin web development compile and analyze survey data; construct and run REMI models: November, 2009 to February, 2010. Talking points of key results will be available in early February.
- Develop report layout; begin final report writing; construct calculators: February, 2010 – March, 2010.
- Submit draft final report and web design for approval: Early to mid- April, 2010.
- Finalize report and web content; order printed copies; deliver final reports; post website, send code links to libraries: No later than May 30, 2010.

## Current Status (as of 11/12/2009)

- **Telephone public library user survey and online surveying have commenced**
- **Advisory group conference call scheduled for 11/16**
- **Meeting with project sponsor scheduled for 11/20**
- **Email list for survey of other library users developed; survey instrument completed; survey commencing week of 11/9.**

## Research Team

**Phyllis K. Pooley**, Haas Center Associate Director, (**Principal investigator and report author**) received her law degree from Washington and Lee University School of Law in 1985. She also has a Master's in Business Administration from the University of West Florida. Prior to coming to the Haas Center, she worked in the area of worker's compensation law for both the federal government and the State of Maine. Ms. Pooley has worked extensively in data collection and analysis at the Haas Center, particularly in demographic analysis using ring studies and driving distances for businesses, economic development entities and local government. She is a contributing author to the Pensacola Business Journal and recently authored feasibility studies on the development of a wildlife park in Holmes County, Florida, the feasibility of operating a peanut processing plant in Santa Rosa County, Florida and the feasibility of manufacturing biodiesel in Santa Rosa County, Florida.

**Rick Harper**, Haas Center Director, **(methodology review and economic modeling)** received his doctorate in economics from Duke University in 1989. Prior to coming to the University of West Florida, he lectured at the University of North Carolina at Greensboro. Other academic experiences include visiting appointments at the University of Nottingham, England and University College Cork, Ireland. His career as an economist began in 1979 at the Research Triangle Institute in North Carolina where he was involved in all phases of various funded research projects. He received a bachelor's degree with majors in economics and Spanish from Guilford College in North Carolina.

Through the University of West Florida Haas Center for Business Research and Economic Development, Dr. Harper has worked with West Florida businesses and government leaders on a variety of business research and economic development issues. Dr. Harper served on Governor Jeb Bush's Council of Economic Advisors. Outside the university, he often serves as an expert witness in litigation involving valuation and other economic issues.

**Melissa Neal**, researcher **(survey design and analysis)** obtained her doctorate in Political Science from Florida State University. Dr. Neal is the former Tourism Research Coordinator for the Haas Center, and has returned to the center after finishing her PhD coursework at FSU. She has written economic articles for Coastlines, a monthly newsletter published by the Fort Walton Beach Chamber of Commerce and The Walton Business Journal, published by the Walton County Chamber of Commerce. In her role as Tourism Research Coordinator, she co-authored a study of the economic impact of tourism for the City of Destin, and was the principal investigator for various studies in Okaloosa, Bay, and Walton counties. More recently, she has been the Principal Investigator on projects related to secondary and post-secondary education reform across Florida. She has also worked closely with Haas Center staff to complete a study of the self-sufficiency wage for Florida's Workforce Region 2. Her current projects include a study of retired and separated military in Okaloosa County as well as a study of the economic impact of the airports in Okaloosa County.

**Rod Lewis**, research analyst, **(survey administration coordinator, survey design, and analysis)** received his Ph.D. in political science from Florida State University in 2006. Having recently joined the Haas Center, he brings sophisticated statistical analysis skills and survey related project assistance to the Fort Walton Beach office. He currently serves as Director of Research for Kile Consulting, a Tallahassee based firm, and has recently completed a stint as Research Fellow in the Interdisciplinary Social Sciences at The Florida State University. In addition to his work at the Haas Center, he maintains an active research agenda in the field of political science including ongoing projects in comparative and American politics. He also routinely collaborates with colleagues on projects involving experimental design and advanced quantitative methods.

**Jennifer Whitfield**, digital media coordinator, **(web survey administrator, website developer, report formatting)** has eight years of experience in digital media projects, including web, print and other electronic media. She received her BA in Communication Arts from the University of West Florida where she concentrated her studies on computer graphics, advertising and studio art. Ms. Whitfield's career as a web programmer began at the Haas Center in 2001 with the development of a website for Opportunity Florida. She has developed web and print applications for UWF, the Florida Defense

Alliance, the Florida Small Business Development Center Network, Florida's Great Northwest, TEAM Santa Rosa, the City of Milton and the national Association for University Business and Economic Research (AUBER). Ms. Whitfield is a member of the AUBER Web Advisory Committee, the International Webmasters Association, the HTML Writers Guild, and the Internet Professional Publishers Association.

**Michael Scheibe**, research manager, **(economic modeling)** earned his Management Information Systems degree from the University of West Florida (UWF) in 2002. During his four years at the Center, Mr. Scheibe completed his Master of Business Administration degree at UWF and took on the role of Research Manager. As the Research Manager, he hires, trains, and supervises the Haas Center student employees. In addition, Mr. Scheibe oversees the fulfillment of the data requests that the center receives from the public and is responsible for most of the data sources that the Haas Center houses. Mr. Scheibe has performed numerous economic impact studies at the center using both IMPLAN and REMI economic impact models.