

Economic Impact of Toronto Public Library Services

Date:	December 9, 2013
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

This report presents *So Much More: The Economic Impact of the Toronto Public Library on the City of Toronto* conducted by the Martin Prosperity Institute for Toronto Public Library. The study responds to a motion of the Toronto Public Library Board at its November 29, 2012 meeting, “that the City Librarian undertake a study on the economic impacts and benefits of Toronto Public Library and the role of public libraries in economic development” and a motion by City Council at its meeting on January 15-17, 2013 that the *Chief Librarian prepare a cost-benefit analysis of the Open Hours Policy and the economic impact of Library services and provide a report to the City Manager for review and report prior to the 2014 budget process.*

To address these motions, Toronto Public Library engaged the Martin Prosperity Institute of the Rotman School of Management, University of Toronto, to conduct a study of the economic contribution of Toronto Public Library to the City. The study incorporates accepted valuation methodologies used in economic impact studies for the library and public sector with standard performance measures collected by international and Canadian libraries. The innovative nature of the study is derived from the comprehensiveness of the evaluation of services, including the use of library space. A valuation for an average open hour is also introduced. It demonstrates the economic impact of Toronto Public Library’s services, collections and facilities and how they contribute to the competitiveness and prosperity of Toronto.

Key findings include:

- **Total economic impact \$ 1 billion.** The total annual impact of Toronto Public Library on Toronto’s economy is \$ 1 billion;
- **Impact per dollar spent: \$5.63.** For every dollar invested in Toronto Public Library, Torontonians receive \$5.63 in benefits;
- **Value of Library Membership: \$502.** For those Torontonians who use the Library, they receive as much as \$502 in benefits;

- **Value of an open hour: \$2,515.** On average, for every hour the library is open, services valued at \$2,515 are delivered; the average cost of an open hour is \$656, so the benefit of an open hour is almost four times the cost.

The study demonstrates that Toronto Public Library delivers a positive economic impact through the delivery of library services, enhancing Toronto's competitiveness and prosperity. *So Much More* is the first economic valuation study in the Canadian library sector.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. receives the *So Much More: The Economic Impact of the Toronto Public Library on the City of Toronto* report (Attachment 1) for information; and
2. directs staff to provide the report to the City Manager and City Council.

FINANCIAL IMPACT

There is no financial impact to the 2013 operating budget resulting from this report. The \$70,000 cost of the study was funded by the Toronto Public Library Foundation through a donation from the TD Bank Group and a contribution from the Estate of Norman G. Hinton.

The Director Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

The study responds to a motion of the Toronto Public Library Board at its November 29, 2012 meeting *that the City Librarian undertakes a study on the economic impacts and benefits of Toronto Public Library and the role of public libraries in economic development* and a motion by City Council at its meeting on January 15-17, 2013 that the *Chief Librarian prepare a cost-benefit analysis of the Open Hours Policy and the economic impact of Library services and provide a report to the City Manager for review and report prior to the 2014 budget process.*

COMMENTS

Through a competitive process, the Martin Prosperity Institute (MPI) of the Rotman School of Management, University of Toronto was selected to complete an economic impact study of Toronto Public Library (TPL). The Lloyd & Delphine Martin Prosperity Institute is the world's leading think-tank on the role of location, place and city-regions in global economic prosperity. The Institute conducts relevant research to shape debate about economic prosperity and to inform private, public and civic decision-making at the highest levels. It takes an integrated view of prosperity, looking beyond economic measures to include the importance of quality of place and the development of people's creative potential. Recent

reports include *Releasing Constraints; projecting the economic impacts of increased accessibility in Ontario* (2010), contributions to the *Creative Capital Gains: action plan for Toronto* (2011) and *Ontario in the creative age* (2009).

MPI, with assistance from TPL, conducted an environmental scan of similar valuation studies, data gathering and analysis and analysis of the results in context. The innovative nature of the study is derived from the comprehensiveness of the evaluation; and the emphasis placed on the value of library space and open hours.

The results of the Toronto Public Library's Economic Impact Study, *So Much More*, clearly demonstrate that the Library delivers a strong return on investment that enhances Toronto's competitiveness and prosperity and contributes to a higher quality of life for Torontonians.

ABOUT THE STUDY

Methodology

The study describes the economic impact of Toronto Public Library using three types of benefits.

1. Direct tangible benefits, which are the estimated value of library services, were calculated for services that can be easily quantified, including: collection use (circulation and in library use), programs, reference services and database services, technology access and use of space, including study space and meeting room rentals. A conservative market value was assigned by identifying comparative programs and services offered for a fee by other organizations or businesses. The economic value of annual collection use, including circulation and in-library use was calculated at full retail value as well as the retail value discounted by 80% to account for the difference between borrowing and owning an item.
2. The impact of direct spending by the Library describes the economic benefit as a result of spending to support service delivery. Direct spending includes operations, employment, collections and capital.
3. The indirect tangible benefits, also known as the multiplier effect, are benefits created by the re-spending of dollars within the local economy. A multiplier range of 1.4 to 2.0 was used to estimate the re-spending on Toronto's economy. The multipliers were derived from comparable economic impact studies and the national and provincial multipliers used by Statistics Canada.

The study describes, but does not quantify, the intangible benefits of using library services and that those library services contribute in many ways to the City's goals for economic growth and prosperity, creating significant value for residents. The intangible benefits of library service are longer term impacts such as literacy, lifelong learning, workforce development, and access to cultural experiences that contribute to the strategic directions of

the City of Toronto and Toronto Public Library and contribute to a better quality of life for Torontonians.

Results

The economic impact of Toronto Public Library is shown through three key indicators: the total economic impact and impact per dollar spent; and the total direct benefits per member. The value of an open hour is also provided.

The total economic impact is \$1 billion and is comprised of the direct tangible benefits, direct spending plus indirect tangible benefits. Just over half of the total economic impact is from the direct tangible benefit of utilizing the books and other items of the 11 million items in the TPL collection.

For every dollar invested in Toronto Public Library, Torontonians receive \$5.63 in value. This benefit results from the market value of services delivered (direct tangible benefits) and the stimulus of Toronto's economy from direct spending and re-spending (indirect tangible benefits).

For those Torontonians who use the Library, they receive as much as \$502 in benefits.

The average open hour at any of the Library's 98 branches generates \$2,515 in direct benefits that are only possible because that branch is open. The average cost for one open hour is \$653. The value of an open hour is calculated taking the direct tangible benefits, the value of library services, excluding the use of databases and e-titles based on the premise that these services can still be accessed even when the branch is closed, and dividing it by 249,239, the number of open hours (2012).

Conclusion

So Much More: The Economic Impact of the Toronto Public Library on the City of Toronto study highlights the contribution the Library makes to Toronto's economic development, competitiveness and prosperity. Toronto Public Library contributes directly to Toronto's economy through the services delivered, indirectly through investment in Toronto and broadly through services which contribute to a better quality of life for all.

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SIGNATURE

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ATTACHMENTS

Attachment 1: *So Much More: The Economic Impact of the Toronto Public Library on the City of Toronto*