Why Local Isn't Enough

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Three days before the 1936 election, Franklin Roosevelt (FDR) defended his New Deal against critics in a speech. He presented reasons why the federal government should maintain an active role in the economy and made a point often overlooked in United States (U.S.) politics. Rebutting the claim made by anti-Federalists that a strong federal government would weaken states and localities, Roosevelt said it would empower them. Prior to his speech, the Great Depression eviscerated municipal finances (Snell, 2009). Tax revenues declined and local governments could not run deficits. As such, Roosevelt said:

> [T]he American people wanted peace. They wanted peace of mind instead of gnawing fear. [… T]hey wanted peace in the community, the peace that springs from the ability to meet the needs of community life: schools, playgrounds, parks, sanitation, highways – those things which are expected of solvent local government (Roosevelt, 1936, para. 8, 10).

FDR argued that a strong federal government should be able to borrow and redistribute money to ensure that everyone across America would be able to access public services, even during times of economic distress.

What does this have to do with libraries? In the U.S., public libraries rely on local funding but also provide demanded information and community services. FDR's speech explains why a local-only approach to funding libraries is not always best as the federal government can help strengthen communities. Today's economic environment is different from during the Great Depression, but libraries still rely on tax revenue from narrowly defined geographic areas. They also lack the scale and scope of the federal government, so poor localities cannot procure revenue that allows them to offer services that are comparable to wealthy ones. Moreover, unlike the federal government, neither states nor local governments can engage in deficit spending, which makes library budgets prone to cuts when tax receipts fall short.

I argue for a new approach to library funding that entails balancing state and local revenue with federal resources. To make this argument, I present two sub-points. First, according to the Institute of Museum and Library Services (IMLS), public libraries are dependent upon local revenue. This constitutes an asymmetric risk[1] that impaired libraries during the 2007-09 Recession. Second, income and wealth disparities require that poor districts procure non-local revenue to offset economic inequality. To be clear, I do not argue that these points apply in all contexts. Instead, I claim that when viewed in toto they demonstrate why public library stakeholders should look beyond local horizons, when necessary, to procure funding and ensure perpetual, equitable access to library services. There is much to admire about the idea of locally-funded institutions, but ideas do not ensure equality, nor do they guarantee solvency during times of economic distress.

Asymmetric Risk

The first reason that a local approach to library funding is not enough relates to the asymmetric risks associated with one-sided revenue streams. This is to say that a reliance on single sources of revenue can be risky. Local revenue need not come from identical sources; they may come from sales taxes, income taxes, and property taxes, but all are similar in that citizens within a limited area pay them. Disregarding these mechanisms and their strengths and weaknesses, the Institute of Museum and Library Services (IMLS) notes that in Federal Fiscal Year (FFY) 2012, combined national spending on libraries totaled $11.5 billion dollars. Of this just 0.5% and 6.9% came from federal and state sources respectively. Likewise, 84.4% of public library revenue came from local entities. Non-tax revenue (8.4%) also supports libraries, but it tends to come from a hodgepodge of sources (Swan et al., 2014, p. 58). Local taxes are, therefore, the foundation of public library funding in the U.S.

Such a reliance on local revenue is not bad. There are benefits associated with raising revenue from local sources such as allowing taxpayers to see where their money is spent. Yet, during times of financial crisis, these benefits are beside the point. According to Tracy Gordon (2012) of the Brookings Institution, during the 2007-09 Recession, "At their low point in the second quarter of calendar year 2009, state taxes were 17 percent below their level one year earlier and personal income taxes were 27

[1] Asymmetric risk constitutes, "A situation in which the potential gains and losses on an investment are uneven" (Farlex, n.d.).

percent lower" (para. 13). Municipal budgets faced nearly identical problems. Many libraries reported shortfalls with 57% experiencing cuts and/or stagnant budgets (ALA, 2012a). More importantly, the IMLS reported that funding remained flat, unemployment rose, and the demand for library services quickly increased. Librarians had to work more but spend less (ALA, 2012b).

At their worst, a relationship between local taxes and library funding can lead to catastrophe. Local approaches to funding constitute an asymmetric risk, because localities are, by definition, geographically bound, and that limitation impairs them during times of constraint. The worst example from the 2007-09 Recession was Detroit and the Detroit Public Library (DPL). Not only was the city and the state of Michigan hit hard by recession but also other economic variables helped create an $11 million dollar library shortfall (MacDonald & Mullen, 2011). Worse yet, Detroit's functional literacy rate of 47% meant that cuts to libraries were borne by those needing them most. Local officials understood the consequences of making cuts, but the reliance of DPL on local taxes and the absence of outside funding gave administrators no alternative.

Transfer Payments

In 2013, ALA President Barbara Stripling's signature initiative was named Libraries Change Lives. Associated with her initiative, public libraries across the U.S. held events declaring a "Right to Libraries" (ALA, n.d., para. 1). If such a right to libraries exists, public libraries' reliance on municipal revenue cannot guarantee it. Not all communities can afford a public library. One way to solve this problem is for state and federal governments to make transfer payments. Transfer payments take place when governments use their taxing authority to redistribute income. This approach is already used for K-12 education. Wealthy districts pay for their public schools out-of-pocket while poor ones receive aid from state and federal governments. State constitutions also typically require that legislatures provide adequate funding, usually defined by an agreed upon formula. By supplementing local library funding with state and federal tax dollars, transfer payments would mitigate asymmetric risk and better address unequal access.

Economic inequality has become a hot political topic. According to the American Community Survey (2013), the wealthiest 100 counties in the U.S. ranked by median household income was $84,910 while the national average was half that. Likewise, the 100 poorest American counties had an average income of $26,200. Substantial differences in lifestyle exist between top and bottom counties, as does the need for library services, but the scale of contemporary economic disparities show that there is a gap in resource availability to support libraries and schools. Most public resources are ultimately tax-dependent.

This trend also applies to state governments. States ostensibly act as stabilizing entities that provide varying, but small, amounts of revenue to municipal library districts, but even these larger governments may lack the resources to do so effectively. As a case-in-point, in 2013 Mississippi's median household income was $39,031. The national average was $53,046. Connecticut, on the other hand, was at the opposite end of the spectrum with a median income of $69,461. It is not necessary to conduct sophisticated analyses to show that state-level disparities exist, but what is needed is to point out that even in times of plenty, some governments lack the resources to provide public services, including libraries, for their citizens. As noted earlier, the most direct way to address this problem is for larger jurisdictions to distribute funding, the federal government being the largest of these.

Some Important Conclusions

So far, I have sketched an argument for why public libraries and their stakeholders ought to diversify their revenue streams. State governments, and especially the federal government, were presented as resources, because their reliance on local tax bases subjects libraries to potential risk. Local and state governments are also unequal in terms of the resources at their disposal, which requires transfer payments if all citizens are to have access to comparable library services. I have not tried to claim that public libraries should overlook local contributors or give up their self-reliant character, but this editorial has argued it would behoove them to acknowledge weaknesses tied to their current model.

Public libraries should never abandon local funding. Relying on the federal, or even state, governments to supplement public library budgets is not politically expedient and obtaining additional revenue may not be feasible. This leaves libraries and their stakeholders with the system that currently exists. Still, acknowledging the limits of this system makes it easier to set reasonable expectations for advocacy and opens doors to alternative courses of action. A replicable model exists for public libraries to emulate in primary and secondary education. This model does not have to be adopted, nor is it the focus of this editorial, but reasons why such an approach shows promise were mentioned earlier. Perhaps outside funding should not be increased. Perhaps it would be most effective for librarians to focus their energies on increasing local funding. Regardless of the answer, it can be agreed that every public library needs support to operate, and a frank, open discussion in this inaugural issue of the Political Librarian offers a much-needed chance for that to happen.

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