

Books or Technology: A Small Public Library's Struggle To Survive In The 21st Century

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“One, but not both,” reverberated through the mind of the Mr. Ashton, President of the Piedmont Library. He asked Ms. Taylor, the treasurer, to repeat the status to ensure that he had heard correctly. She repeated “We did receive the reimbursement grant. Unfortunately, the amount was less than we hoped. The grant will cover either the computer project or the book collection project, but not both. I wish we could fund both, but we can’t.”

Mr. Ashton inquired, “Is it possible to purchase some of the books and some of the computers or even supplement the difference with funds on hand?” Ms. Taylor explained that the costs were based on quantity discounts. “To reduce the quantity of books or number of computers would significantly increase the cost of the projects. So regrettably, that isn’t an option. We do not have enough funds on hand to cover the difference, even if we include what we expect to make from our yearly fundraiser. Bottom line, we have to choose.”

Ms. Taylor handed Mr. Ashton a folder containing community information, patronage, and a breakdown of the projects. As she left the office, Ms. Taylor reminded him that the board would expect his recommendation in two days. Mr. Ashton sighed and opened the folders...

COMMUNITY/PATRONAGE INFORMATION

Piedmont Township comprised of six districts with a population of 1,574 residents. Of that number, 76.62% were classified as belonging to a minority group. According to last census data available, 30% of the population was below the poverty line and 33.2% was under the age of 18.¹ Furthermore, statistics in the folder showed that two-thirds of America’s children living in poverty have no books at home, and the number of families living in poverty is on the rise.²

A two week long study of patron traffic at the library revealed the following: 1) 67% used the Internet only; 2) 17% checked out books or used the reference material without using the Internet; and 3) 16% utilized both or none at all (i.e. did homework, visited with patrons, etc.). Mr. Ashton felt that these numbers were consistent with typical weekly traffic. However, these numbers did not include the residents who pulled into the parking lot to access the Internet via portable devices. Mr. Ashton had a clear view of the parking lot from his office window. He had grown accustomed to seeing drivers pull up, use their device, and drive away without entering the library.

PIEDMONT TOWNSHIP PUBLIC LIBRARY & TECHNOLOGY CENTER

The Piedmont Township Public Library & Technology Center was charged with the mission to inform, educate, and culturally enrich the lives of all citizens regardless of age, culture, and economic background. This included collecting, organizing, and providing access to written information and technology resources to meet the educational, informational, recreational and cultural needs of the community. The mission also stated that the library be committed to the highest standards of ethics and public service, and strive for the maximum of effectiveness and economy in Library operations. Additionally, the library was to be dedicated to meeting the standards for a small public library as mandated by state regulations.

In reference to the technology center, the mission highlighted that the purpose of the community based technology center is to help bridge the knowledge gap enabling access to educational, informational, cultural and recreational resources. It advised that all citizens from pre-kindergarten to adult learners should have access to a teaching and learning center to acquire computer skills, and to participate in programs, workshops and training sessions. Additionally, no other location within a 35 mile radius provided wireless Internet access to the local residents at no charge.

THE TWO PROJECTS

I. The computer project

The library board determined that the library would need ten new computers in the technology lab to support the community. The four current computers will be refurbished and placed in the children's area. The refurbished computers will remain in the lab if no new computers are obtained. All systems require Internet access and printing capabilities. Additionally, the Internet will provide access to E-books (the E-books collection contain some of the state mandated book titles, but not all).

The four old computer systems are to be refurbished at a cost of \$200 total (\$50 each). The wireless Internet access is provided through the town for \$120 per month and is available even if the new computers are not acquired. However, there is a difference of \$20 (\$140 vs \$120) per month if the new computers are installed.

The cost of the new computers is \$9,015.14. Another \$200 is needed for installation. The expected shelf-life of the systems is four years and the library uses straight line depreciation. However, an upgrade cost of \$1,015.00 will increase the shelf-life to seven years total. If the upgrade is chosen, it will be added to the initial cost. Straight-line depreciation will be used. (Details listed in Table 1)

Table 1: Project Data for the Computer Project

Cost to refurbish computers	\$200 total (\$50 each)
Cost of wireless Internet Access	\$140 with new computers \$120 without new computers
Cost of new computers	\$9,015.14
Installation costs	\$200
Depreciation on computers without upgrade	Four years, straight line to \$0
Upgrade Costs	\$1,015 added to computer costs
Depreciation on computers with upgrade	Seven years, straight line to \$0

II. The book collection project

Volunteers weeded the current collection and identified the books that would be a part of the new collection. Approximately 200 books from the current collection were marked to be moved to the new collection. The books that were not in the new collection, but could be salvaged were sold in a community book drive. The book drive provided an additional \$238 that could be used toward the projects.

If the computer project was not funded, the old computers would need to be upgraded at a cost of \$200 total (\$50 each). The wireless Internet access, provided through the town for \$120 per month, would not be affected.

Based on the spreadsheet from the state that lists the required youth and young adult collection for a small library, Piedmont Township identified almost 400 books that need to be purchased and added to the collection. The quote received to update the collection totaled \$5,500. An additional \$1,500 is needed to acquire hardware to convert the entire collection to an automated catalog system. The books are not depreciated and have an expected life of twenty years. (Details listed in Table 2)

While recognizing the importance of maintaining the complete collection required by the state, Mr. Ashton noted that there was no follow-up mechanism by the state to verify compliance. Additionally, no penalties were assessed for non-compliance.

Table 2: Project Data for the Book Project

Cost to refurbish computers	\$200 total (\$50 each)
Cost of wireless Internet Access	\$140 with new computers \$120 without new computers
Book life	20 years
Cost of new book collection	\$5,500
Cost of automated catalog system	\$1,500

FINANCING and TAXES

The Library obtained a reimbursable grant for \$10,000 to pay for a community project. This meant that once receipts were received, the grantor would reimburse purchases up to \$10,000. Since the organization did not have the funds on hand, a local credit union agreed to provide the funds via a short term “replacement grant” loan. The grant provided the collateral for the loan. The loan had an interest rate of 4.5%. Taxes were assessed at 35%. The library planned to use the money from the loan, obtain reimbursement from the grant, and quickly repay the loan. (Details listed in Table 3)

Table 3: Financing and Tax Information

Value of Reimbursement Community Project Grant	\$10,000
Loan	\$10,000 at 4.5%
Taxes, WACC	35%, 4.5%

Conclusion

Mr. Ashton stared at the information given to him by Ms. Taylor. Questions whirled in his head. Which project (the computer purchases without the upgrades, the computer purchases with the upgrades or the book purchases) was best? How should he compare the projects since none were revenue generating alternatives? Which option maximizes the social welfare of the community which, as stated in the mission is “to inform, educate, and culturally enrich the lives of all citizens regardless of age, culture, and economic background”?

¹ Census Data. Retrieved December 20, 2012, <http://www.city-data.com/city/>

² Reading is Fundamental. Retrieved December 20, 2012, <http://www.rif.org/us/about/literacy-issues.htm>