

## **Funding Sources for Rural Libraries**

by Jack L. Clark

### **I. INTRODUCTION:**

I am a product of rural life. As a child, a trip to the public library in Bryan, Ohio, the county seat six miles down the road, was the source of as much excitement as going to the movies twice a year, or ice cream on Saturday night after the weekly bath. I believe in the importance of the continued existence of this rural institution. This research is directed at the lifeline of this institution—its financial support. It is hoped that this study reveals the nature of revenue sources for rural libraries in an ongoing climate of budgetary cuts in governmental spending at all levels. It is hoped that the importance of the local information center to rural residents is underlined by the extent to which local revenues are raised to insure the library's survival. Finally, ingenuity, dedication and perseverance are represented by the list of activities shared by librarians as fund raising ideas for their peers. It is this type of local action that will insure the presence of the rural library for future generations of information seekers.

Very little, if any, research exists that is specific to rural libraries and analyses of their budgets. The importance of this study is that it identifies and quantifies trends in rural library revenues. The results are intended to guide decision makers at all levels as they analyze funding proposals. In addition, librarians have shared their revenue raising success stories so that these ideas may be shared with rural library colleagues.

### **II. STATEMENT OF THE PROBLEM:**

Rural America is changing. With dwindling resources and the erosion of the traditional rural society, institutions such as the rural library are feeling the effects of this change. Janet Fitchen (1991), in a study of the changing nature of rural society, states:

The general shift of funding for rural government, education, health care, and so forth from federal to state and to local revenues, primarily property taxes, reflects a series of separate federal and state decisions that, together, have had a cumulative and damaging effect on rural communities in the 1980s. (p. 261)

Fitchen continues by addressing the limited federal recognition of rural community needs.

The diversity among rural places and the nondefinition of rural makes it difficult to build a national constituency for rural issues or a national rural policy, and hard to defend federal rural programs....It is widely assumed that rural and agriculture policy can stand for rural policy. "Fixing the farm problem" is thought sufficient to take care of "the rural America problem." (p. 267)

With no research available specifically relating to the funding of rural libraries, I turned to research focusing on public libraries, in general. In their most recent survey on library income, the U.S. Department of Education (1992) provided the following analysis of public library revenue: "79% came from local sources, 12% from the state, 1% from federal sources, and a remaining 8% from other sources, such as gifts, donations, service fees, and fines" (p. 6). In a scenario where the majority of public library support is local, has overall government spending decreased, and if so, is there a corresponding increase in local nongovernment support?

Changing local economies are bearing an increasingly greater share of the public services burden. According to futurist Michael Marien (1991):

Hard times seem likely for most public libraries, at a time when they are struggling to keep up with the proliferation of information and technology. The small public library may be deeply loved and "The best bargain in town," but it will have to struggle still harder to make its case. It will have to become an even better bargain. (p. 60)

The increasing demand for access to information, speed of retrieval, and the resulting need for the technology to support both, are another facet of the rural library budget dilemma. Summarizing previous studies of annual public library budgets, Vavrek (1990) reminds us that although some 64% of people surveyed used the library for their information needs "our rural American also wants library services to be provided with annual budgets that approximate \$15,000, which is average for a library in a community legally defined by the U.S. Bureau of the Census as rural, i.e., fewer than 2,500 people" (p. 10).

The technology issue forms the central theme of a report by the late Kenneth P. Wilkinson (1994) in which he discusses the potential impact of innovations in this area on rural society. Citing several studies on the technological revolution, he states:

Unless the new technologies are deployed with care, rural communities are as likely to be hurt as they are helped. It is clear that the future well-being of rural America will be affected in crucial ways by the course of the current technological revolution in communications. (p. 27)

Referring to an analysis of non-technical barriers to the use of technology in rural areas by Louis E. Swanson, he shares several dilemmas which have significance for rural libraries:

Most rural areas are already far behind in gaining access to the new information technologies. Rural communities typically lack the specialized leadership and organizations that would be needed to take full advantage of new and highly specialized technologies. (p. 28)

The research reviewed presents a rather bleak outlook for rural libraries. But strapped for revenue as it may be, the institution continues to exist. Survival may be linked to the determination and ingenuity of the individual librarian. Insight into this phenomenon may be gained from the results of an informal survey conducted by a rural librarian from the state of Washington. After soliciting ideas to bolster shrinking revenues from her colleagues, she reminds us that rural libraries may actually have the advantage of being more flexible than their larger urban counterparts when it comes to seeking community support (Martin, 1984).

Rural areas have a history of citizen activity and volunteerism, and with a rethinking in the library's direction, the time people are willing to donate can be used to find ways to provide assistance financially... by creatively thinking through what your needs are, and combining forces with groups and individuals in your community and beyond, library service can flourish despite cutbacks and tight funds. (p. 50)

The analysis intended by this research was to trace annual revenues in five-year increments over a ten-year period and compare them to total revenue in terms of federal, state, and local government

support. The amount of local nongovernmental support was also examined. The goal of the research was to determine quantitatively if there are significant trends in terms of the revenue sources in rural public libraries. If trends show a continued decline in support from outside sources, how then are these libraries taking up the funding slack with local resources?

### III. HYPOTHESIS:

Rural libraries are turning to alternative funding sources in order to maintain or expand services in a time of shrinking traditional revenues.

**Assumptions:** In selecting the library sample, only two criteria were employed: first, the library must be a public library as indicated in the *American Library Directory*, and second, the population of the community in which the library is located is less than 25,000 people. Meeting these two qualifications, the library is assumed to be rural by definition. No further examination of the sample addresses will be made.

#### **Definitions:**

1. *Rural:* The meaning of the term rural has changed over time. Today rural, and nonmetropolitan, as a demographic references, have discrete meanings for the purposes of this study. For example, the U.S. Census Bureau considers areas and places with populations of more than 2,500 people to be urban. The remaining places, those with populations under 2,500 are rural. For the purposes of this study, rural will be defined using the parameters of previous Center for the Study of Rural Librarianship research, that is nonmetropolitan areas with less than 25,000 people (Vavrek, p. 6).
2. *Governmental and nongovernmental:* The terms governmental and nongovernmental are used in this study. Governmental funds include all monies received from a government entity, including grants, tax revenues, and title funds. Nongovernmental revenue refers to those funds generated at the local level that do not emanate from a government source. As listed on the survey questionnaire, these include:

Donations	Photocopying
Fines	Rental
Gifts	Used Book Sales
Interest	other fund raising revenue
Lost/damaged fees	

#### IV. DATA COLLECTION:

To facilitate the data collection process, a printed questionnaire and cover letter were developed (Appendixes A, B, and C). Using the guidelines set forth in Busha, Chapter 3, examples of other questionnaires administered to rural populations as found in *Rural Libraries* magazine, and the guidance of Dr. Bernard Vavrek of the Center for the Study of Rural Librarianship, several drafts were prepared before the final instrument was employed. Considerations for the questionnaire included: its length; front and back printing versus two separate pages; and date and details of the information to be collected—in this case line-item budget data over a ten-year period in five-year increments, and the concern as to whether librarians would have this data available. An attempt was made to tone down the language through the elimination of technical jargon.

A sample size of 300 United States rural libraries was chosen. A rural library was defined, using the Center for the Study of Rural Librarianship definition, as a public library serving a community of 25,000 or fewer people. To obtain a random sample, the *American Library Directory*, 47th ed. was used. The 2,072 total pages of U.S. libraries listed in the resource was divided by the number of samples with the resulting quotient equal to 7. Thus, the first public library meeting the rural criteria, beginning with the first page of library listings, was selected and so on, on every 7th page thereafter until a sample of 300 libraries was obtained. CD-ROM versions of this database were available, but the cost prohibited their use for this study. The most difficult task of the entire project was entering the sample information into the First Choice database. This task took over four weeks, with an average of five hours a week being dedicated to this effort.

To assess the questionnaire's utility, a test sample of 12 libraries was drawn from the total survey, and the questionnaire was mailed to these libraries prior to general distribution. April 7, 1995, was chosen as the deadline for the return of the sample questionnaire. Responses and respondent comments were analyzed in order to revise the questionnaire prior to general distribution.

The First Choice software program, with mailmerge and database capabilities, facilitated the creation of a sample data file. From this information, mailing labels and customized cover letters could be created. The greeting in each cover letter contained the name of the

library director of each sample site, rather than using a general form letter approach. Each survey packet contained a cover letter describing the research project, a two page questionnaire, and a self-addressed stamped envelope in which to return the completed survey. The cost of the materials and postage, as well as the use of computer software and hardware was provided by the Center for the Study of Rural Librarianship.

**Problems:** An error was made in affording the recipients too much time in terms of the response deadline, thus all but one of the returned sample came after the April 7 deadline. Two weeks, or a deadline of March 24, would have been a better option.

After re-evaluating the printed survey, it was felt that the format was too detailed and may have proved overwhelming to the respondents. A revised format was chosen (Appendix C). This version eliminated the myriad of blanks in the original questionnaire and asked respondees to total revenues in the various categories following a set of given guidelines.

The general survey packets were assembled and bundled following bulk mail procedures. It was here that a significant error was made that would greatly influence the course of the research project. By mailing the questionnaire via bulk mail, not only did most of the questionnaires arrive after the return date stated in the cover letter, but the importance of the project may have been diminished since the survey packets were not sent using first-class postage. Forty surveys were returned by Friday, May 5, 1995. Five surveys arrived with notes attached stating that since they were received after the deadline, they were being returned uncompleted. Another eight were not valid as they represented libraries serving populations over 25,000 people. A detail that could have been added to the survey cover letter was a brief reminder stating that responses received after the deadline would still be used as a part of the research project.

## **V. ANALYSIS AND INTERPRETATION OF THE DATA:**

### **Analysis:**

The null hypothesis for this research states that there is no significant trend toward local nongovernmental revenues over the ten-year span of gathered data. To test the hypothesis, total revenues for 1984, 1989, and 1994 were collected from the sample libraries. The revenue total served as a basis of comparison to establish trends in the categories of federal, state, and local governmental income. The following comparisons were then made:

**A. Government funding sources:**

	1984	1989	1994
1. Federal revenue/Total revenue =	0.5%	1.0%	0.5%
2. State revenue/Total revenue =	9.1%	22.6%	19.6%
3. Local revenue/Total revenue =	82.5%	66.4%	73.2%
4. Total governmental revenue/ Total revenue =	92.1%	90.0%	93.3%
Mean (1984, 1989, and 1994)		91.8%	

**B. Local nongovernmental funding sources:**

5. Nongovernmental revenue/ Total revenue =	7.9%	10.0%	6.7%
Mean (1984, 1989, and 1994)		8.2%	

The hypothesis can be tested by analyzing shifts in percentages of the two related quantities; governmental revenue versus local nongovernmental revenue corresponding to a decrease in governmental spending would support the stated hypothesis. Graphically, these results are displayed in pie-chart form in Appendices D-F.

An alternative method of analysis is the correlation table based on frequency distributions similar to that shown below. A percentage obtained from previous research in 1992 by the U.S. Department of Education Public Library Data cited earlier was used to establish a reference point from which a trend could be identified. The 92% comparison figure indicating the amount of operating income coming from government sources, the national average for public libraries, was utilized here. An increase in the number of libraries reporting less than 92% of their revenue as originating from government sources would indicate a trend toward local nongovernment support, validating the hypothesis and refuting the null hypothesis.

**Interpretation:**

Analysis of these statistics is difficult. This difficulty is complicated by the small and incomplete sample size as well as the disproportionate state revenues reported by the two Ohio libraries that responded to the survey. In 1986, the State of Ohio designated 6.3% of the state personal income tax to support public libraries. This revenue represented 95% and 84% of the revenue for these institutions' revenues for the 1989 and 1994 budgets, an amount unmatched by any other state in the survey. The graphs in Appendices D-F show revenue analyses both with and without the Ohio statistics.

In interpreting the graphs, a note about federal government revenues

should be made. The graphics program used for this report would not delineate pie slices for percents less than 1%. Thus, the 1984 and 1994 graphs show only a thin, unlabeled, back line representing federal budget contributions of approximately .5% in both years.

The analysis represented in the correlation table below is again inconclusive. There appears to be a shift away from government revenues in 1989 and 1994 with a greater number of reporting libraries showing total government revenue providing more than 92% of operating funds. Future data needs to be analyzed to confirm this trend and its significance.

**PERCENT OF GOVERNMENT SUPPORT  
vs U.S. 1992 GOVERNMENT AVERAGES**

	1984	1989	1994
GOVERNMENT SUPPORT	12	12	15
> 92%	63%	57%	58%
GOVERNMENT SUPPORT	7	9	11
< 92%	37%	43%	42%
	(N=19)	(N=21)	(N=26)
RANGE	29-100%	13-100%	24-100%
MEAN	90.4%	91.9%	86.9%
MEDIAN	95.0%	92.8%	94.9%

The final analysis includes a summary of the fund raising activities used to generate local nongovernmental revenue. These are presented in tabular form below. Traditional activities such as friends of the library memberships, book sales and fairs, and memorials lead the way. Some of the more innovative resource generating activities follow: A Florida library whose annual activities include a champagne gala and a designer's home showcase; a local film maker premiered his work in the community's theater, to a sellout crowd, and donated the proceeds to a Wisconsin library; and a Texas library's "Halloween" hot dog lunch and book sale.



## LOCAL FUND RAISING ACTIVITIES FOR 26 RURAL LIBRARIES

ACTIVITY	LIBRARIES REPORTING ACTIVITY
Auctions	1
Author's luncheon	1
Book sales/fairs	12
Business/corporate donations	3
Can/bottle drives	1
Champaign gala	1
Christmas bazaar/craft show	2
Collection jug	1
Community chest allocation	2
Cooperative multi-library grants	2
Designer's home showcase	1
Direct mail campaigns	2
Drawings	1
Fax service fees	1
Film premier showing	1
Food sales/barbecues	3
Friends of library memberships/activities	12
Garage/yard sales	2
Golf tournament	1
Local recipe cookbook	1
Meeting room/equipment rental	1
Memorials	6
Phon-a-thon	1
Photocopier fees	1
Service/civic group donations	2
T-shirt/book bag sales	4

The comparisons shown on page 28 and the resulting pie graphs fail to reject the null hypothesis. The statistics derived for each of the three budget years, when compared, fail to show a significant trend toward increased local support from either government or nongovernment sources. The only trend derived from the study is indicated by the steadily increasing revenue totals shown in the bar graph found in Appendix G. Thus it seems a relative status quo has been maintained in terms of the proportions of rural library budgets, while the pace of funding and fund raising quicken to keep abreast of expenditures.

It remains for continued and more comprehensive research to reveal future trends. With the change in political climate at the national level, this research will become increasingly meaningful to library decision makers.

## VI. BIBLIOGRAPHY:

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## APPENDIX A

April 10, 1995

Magdalene Sautter  
Scotia Public Library  
PO Box 188  
Scotia, NE 68875

Dear Magdalene Sautter:

In a cooperative research effort with Dr. Bernard Vavrek at Clarion University of Pennsylvania, I am gathering data concerning funding sources for rural libraries. Specifically, the goal of the study is to determine to what extent nontraditional funds, that is, support from non-governmental sources, contribute to total library revenues in the face of dwindling governmental support.

Your library has been randomly chosen as one of 300 rural libraries nationwide to be surveyed. The enclosed questionnaire provides you with an opportunity to list line item revenues in five-year increments over the past decade. If your revenue sources do not fit a particular line item label, please feel free to alter that label and fill in your own or provide additional information in the space provided on the back.

Also of interest, are the innovative ideas that you have employed to fill the funding gaps in your library's operation. The last part of the questionnaire provides an opportunity for you to expand on these activities, with the eventual goal being to share them with your colleagues. This project has the support of the Center for the Study of Rural Librarianship at Clarion University and a summary of the research will be published in a future issue of Rural Libraries.

To finish the research project prior to the end of the spring semester, respondents are asked to complete and forward the enclosed questionnaire, using the return envelope provided, by April 24, 1995.

Sincerely,

Jack L. Clark  
Research Associate  
s\_jlclark@vaxa.clarion.edu

## APPENDIX B

### ALTERNATIVE FUNDING SOURCES FOR RURAL LIBRARIES

**PART I: Annual Budget Information**

Please provide budget information for the following fiscal years:

	1984	1989	1994
1. Total revenues:	\$ _____	\$ _____	\$ _____
2. Line item revenues:			
<b>Federal Government Sources:</b>			
LSCA	\$ _____	\$ _____	\$ _____
Other (please explain)	_____	_____	_____
	_____	_____	_____
<b>State Government Sources:</b>			
State aid	\$ _____	\$ _____	\$ _____
State card reimbursement	_____	_____	_____
Other (please explain)	_____	_____	_____
	_____	_____	_____
<b>Local Government Sources:</b>			
Municipal	\$ _____	\$ _____	\$ _____
Borough/township	_____	_____	_____
County/parish	_____	_____	_____
School district	_____	_____	_____
Other (please explain)	_____	_____	_____
	_____	_____	_____
<b>Other Local Non-Governmental Sources:</b>			
Donations	\$ _____	\$ _____	\$ _____
Fines	_____	_____	_____
Gifts	_____	_____	_____
Interest	_____	_____	_____
Lost/Damaged Fees	_____	_____	_____
Memorials	_____	_____	_____
Photocopying	_____	_____	_____
Rentals	_____	_____	_____
Used Book Sale	_____	_____	_____
* Fund Raising	_____	_____	_____
	\$ _____	\$ _____	\$ _____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

\* Please expand on this information as to the specific sources of revenue.

**PART II: Alternative Strategies**

Use the space below to describe successful activities that have provided alternative revenue sources. Ideas gathered from this survey will be shared with your peers to aid their fund raising efforts.

**PART III: Identifying Information**

For the purpose of communication, please provide the information requested below:

1. Your name and position: \_\_\_\_\_  
\_\_\_\_\_
2. Library: \_\_\_\_\_
3. Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
4. Work phone: (      ) \_\_\_\_\_
5. E-mail address: \_\_\_\_\_
6. Size of population served: \_\_\_\_\_

## APPENDIX C

### ALTERNATIVE FUNDING SOURCES FOR RURAL LIBRARIES

#### PART I: Annual Budget Information

Please provide budget information for the following fiscal years:

	1984	1989	1994
1. Total revenues:	\$_____	\$_____	\$_____
2. Line item revenues:			

#### **Federal Government Sources:**

Include in this section revenue from LSCA and all other federal government sources:

Total: \$\_\_\_\_\_ \$\_\_\_\_\_ \$\_\_\_\_\_

#### **State Government Sources:**

Include in this section total revenues from state aid, state card reimbursement, and other state government sources.

Total: \$\_\_\_\_\_ \$\_\_\_\_\_ \$\_\_\_\_\_

#### **Local Government Sources:**

Include in this section total revenues from municipal, borough/township, county/parish, school district, and other local government sources.

Total: \$\_\_\_\_\_ \$\_\_\_\_\_ \$\_\_\_\_\_

#### **Other Local Non-Governmental Sources:**

Include in this section revenue from donations, fines, gifts, interest, lost/damaged fees, memorials, photocopying, rentals, used book sales, and other local non-governmental fund raising sources.

Total: \$\_\_\_\_\_ \$\_\_\_\_\_ \$\_\_\_\_\_

\* Please feel free to expand on this information in Part II of this survey.

**PART II: Alternative Strategies**

Use the space below to describe successful activities that have provided alternative revenue sources. Ideas gathered from this survey will be shared with your peers to aid their fund raising efforts.

**PART III: Identifying Information**

For the purpose of communication, please provide the information requested below:

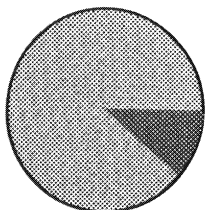
1. Your name and position: \_\_\_\_\_
2. Library: \_\_\_\_\_
3. Address \_\_\_\_\_  
\_\_\_\_\_
4. Work phone: (     ) \_\_\_\_\_
5. E-mail address: \_\_\_\_\_
6. Size of population served: \_\_\_\_\_

## APPENDIX D

# RURAL LIBRARY FUNDING

### Analysis of 1984 Revenue Sources

LOCAL  
90.4%



STATE GOV.  
9.1%

NON-GOV. 8.8%



GOV.  
91.2%

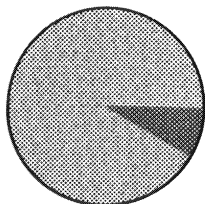
TOTAL REVENUE

LOCAL BREAKDOWN

19 libraries reporting

### 1984 Analysis Without Ohio Libraries

LOCAL  
94.4%



STATE GOV.  
5.4%

NON-GOV. 6.8%



GOV.  
93.2%

TOTAL REVENUE

LOCAL BREAKDOWN

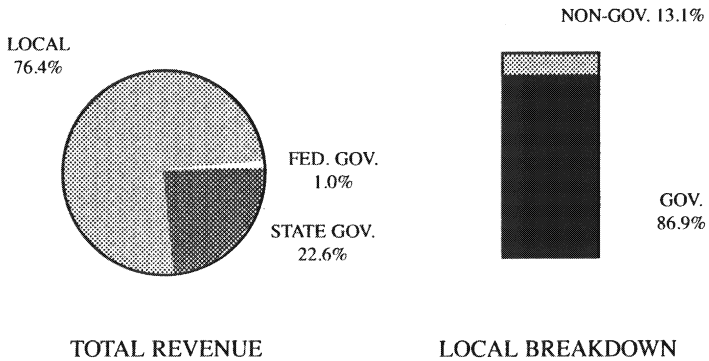
17 libraries reporting



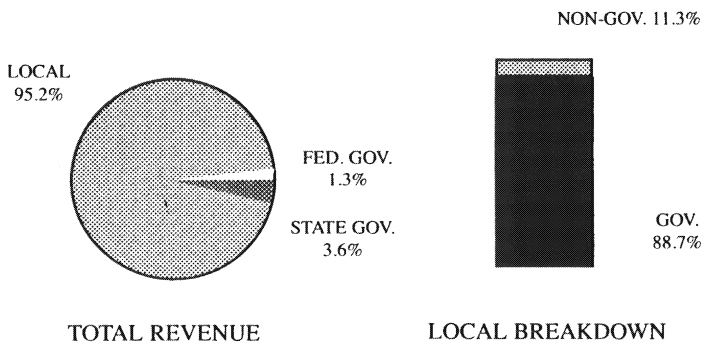
## APPENDIX E

# RURAL LIBRARY FUNDING

### Analysis of 1989 Revenue Sources



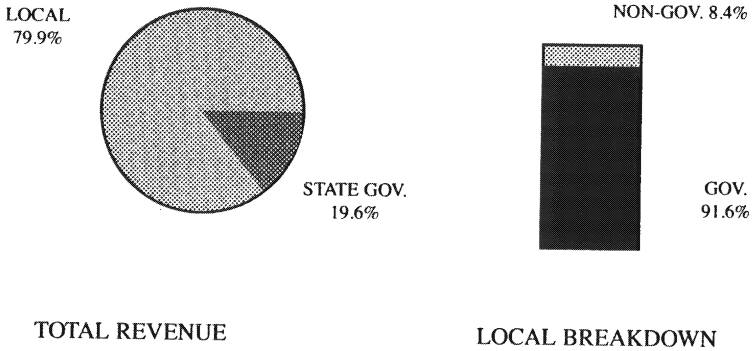
### 1989 Analysis Without Ohio Libraries



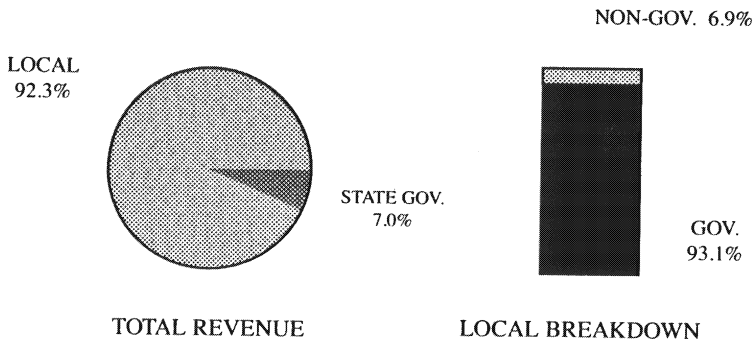
## APPENDIX F

# RURAL LIBRARY FUNDING

### Analysis of 1994 Revenue Sources



### 1994 Analysis Without Ohio Libraries



## APPENDIX G

### RURAL LIBRARY FUNDING 1984, 1989, and 1994 Revenue Sources

