REPORTS

1. From the Clerk, Standing Policy Committee on Protection and Community Services
Extract of Minutes 2002/02/11

Winnipeg Public Library Materials Budget
File L-1 (Vol. 16), L-11 (Vol. 13)

Advising that on February 11, 2002, the Standing Policy Committee on Protection and Community Services considered the report from the Winnipeg Public Library Board dated January 23, 2002, which recommended that the City of Winnipeg increase the annual expenditure on library materials by 75 cents per capita (based on the 2001 census) per year for each of the next three budget years, with the requisite increase in operating funds to support this additional allocation.

Further advising that the Committee considered the report from the Chairman of the Winnipeg Public Library Board dated November 22, 2001, which was prepared by ASM Advanced Strategic management Consultants.

The Standing Policy Committee on Protection and Community Services passed the following motion, namely:-

"That the report dated November 22, 2001, prepared by ASM Advanced Strategic Management Consultants be received as information;

And That an additional appropriation in the amount of $465,7590.00 be included in the 2002 budget for library materials, with the requisite increase in operating funds for staffing levels to support this additional allocation;

And Further That the annual expenditure for library materials be increased by $465,750.00 in each of the budget years 203 and 2004, with the requisite increase in operating funds for staffing levels to support this additional allocation;

And forwarded to Executive Policy Committee."

Agenda - Executive Policy Committee - March 13, 2002

Attachment to Item 01 - Winnipeg Public Library Materials Budget

RE: Winnipeg Public Library's Materials Budget

For Submission to
Standing Policy Committee on Protection and Community Services

Submitted by

Winnipeg Public Library Board

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Mike Cook
Chairperson

Sandy Hopkins
Past Chairperson

January 23, 2002

Attachment to Item 01 - Winnipeg Public Library Materials Budget

RE: WINNIPEG PUBLIC LIBRARY'S MATERIALS BUDGET

RECOMMENDATION:

That the City of Winnipeg increase the annual expenditure on library materials by 75 cents per capita (based on the 2001 census) per year for each of the next three budget years, with the requisite increase in operating funds to support this additional allocation.

REASON:

Winnipeg Public Library system's materials budget has not kept pace with systems of similar size or with inflation rates. The intent of the recommendation is to increase the per capita expenditure from $3.73 to $5.98 at the end of three years.

HISTORY:

For approximately 10 years Winnipeg Public Library's materials budget has been essentially flat-lined at approximately $2.2 to $2.3 million per year, with the exception of 1995 when it dropped to $1.9 million. When compared with 32 other large urban public library systems, Winnipeg has the 5th largest population, yet ranks 23rd in overall library expenditures per capita, spending $30.84 per capita. **In library materials expenditures per capita, Winnipeg ranks 25th, at $3.73 per capita.**

DISCUSSION:

At the November 26, 2001 meeting of the Standing Policy Committee on Protection and Community Services, during the presentation of the Winnipeg Public Library Board's annual report, Chairman Sandy Hopkins shared the Board's concern about the state of the Library's materials budget. He said that the Library Board had commissioned a report entitled *A Study: Comparison and Analysis of Data on Materials Budgets of Large Urban Libraries*. An electronic copy is attached. The report was researched and prepared by ASM Advanced Strategic Management Consultants.

In particular please note the Executive Summary on pages 3 – 5, and the Major Findings on pages 6 and 7. Information on ASM and their client list is located at the end of the report on pages 36 and 37.

The Winnipeg Public Library Board respectfully requests the opportunity to address the next regularly scheduled meeting of the Standing Policy Committee on Protection and Community Services on the matter of the Winnipeg Public Library's materials budget.

FINANCIAL IMPACT:

Based on a population of 621,000 (1996 census), and using the current allocation of $2,315,000 as the base, the recommended increase would add $465,750 to the materials budget in each year, for a total materials expenditure of $3,712,250 in year three. We expect the financial impact to be slightly higher when based on the 2001 population census.

Attachment to Item 01 - Winnipeg Public Library Materials Budget

[As an advisory Board, Winnipeg Public Library Board cannot request from the Manager of Library Services a report on the effect of this recommendation on the
Library's operating budget.]

This report prepared and submitted by:
Winnipeg Public Library Board
January 23, 2002

A STUDY

COMPARISON AND ANALYSIS OF DATA ON MATERIALS BUDGETS OF LARGE URBAN LIBRARIES

PREPARED FOR:
Winnipeg Public Library Board

PREPARED BY:
Maureen Cubberley and Stan Skrzeszewski, Partners
ASM Advanced Strategic Management Consultants

DATE: November 22, 2001

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EXECUTIVE SUMMARY

The conclusion of this study is that the comparative position of the overall library budget and the materials budget of the Winnipeg Public Library is weak. The Winnipeg Public Library spends less money on library services and on materials than an average library serving the same population range.

Specifically:

- Winnipeg's expenditures per capita were $30.84, which is $4.72 less (13.3% less) than the average CALUPL library.
- Winnipeg committed 1.49% less of their materials budgets to materials than average.
- Winnipeg spent $3.75, which is $1.05 less per capita (22% less) than average.
- Although Winnipeg is 5th in population size in Canada, it ranked 23rd in expenditures per capita.

The materials buying power of the Winnipeg Public Library has been significantly reduced over the past five years. Actual expenditures on books at the Winnipeg Public Library declined by 6.7% between 1996 and 2000. When the inflation figure of 14.05% for books is also considered, the book buying power of the Winnipeg Public Library declined approximately 20.75% in the five-year period.

The downward inflationary pressure is further influenced by the increases in the price of books manufactured outside Canada (particularly in the US). The reduced value of the dollar, the price of paper and the cost of manufacturing in those countries have further reduced the book buying of Canadian public libraries by as much as between 30 and 35%. When added to the inflation-induced decline of 20.75%, the overall decline in book purchasing power at the Winnipeg Public Library could be as high 50%.

Actual expenditures on periodicals at the Winnipeg Public Library increased by 4.9% between 1996 and 2000. However, when inflationary factors are considered the actual periodical buying power of the Winnipeg Public Library declined no less than 9% between 1996 and 2000.

Expenditures on A/V formats at the Winnipeg Public Library increased by a significant 43.5% between 1996 and 2000. Expenditures on electronic formats at the Winnipeg Public Library increased by a significant 53.9% between 1996 and 2000. These increases, although significant in percentage terms, deal with relatively small amounts and do not counterbalance the decreases in expenditures on books and periodicals.

The City of Winnipeg has done an excellent job of positioning itself economically over the past few years and it has reduced the local tax burden (property taxes) and has improved Winnipeg's competitive position with regard to debt charges and property taxes. However, in doing so it has put pressure on public expenditures, including public library

expenditures as evidenced in this report.

The impact of the diminished buying power of the Winnipeg Public Library has been demonstrated in a variety of ways. The most obvious is that the library now has a 3.4% smaller collection than it did in 1996. There is some evidence that the collection is declining in a qualitative sense as well. The Halifax study cited in Section 3.9 demonstrates that the average age of the collection is getting older. The shrinking and aging of the collection will effect circulation as most public library circulation comes from books and other materials purchased within the last five years. Further qualitative studies are required in order to determine the changes in the quality and relevance of library collections.

The decline in the collection affects user satisfaction as demonstrated by the increasing length of reserve lists or items on hold that have been requested by specific users. Many new and popular library materials don't get on a library shelf for up to two years because they are continually on demand and are on the reserve shelf and are not available to the browsing public. As a result, circulation numbers decline because libraries cannot afford to stock their shelves with sufficient numbers of new materials. There is no doubt that the availability of new and popular materials has a direct influence on the level of circulation in the public library system.

As was reported in the Winnipeg 1997 Usage and Attitude Study, 21% of users surveyed stated that they wanted more books and a better selection. The study also reported that "just over one-half of library users have to 'frequently' (15%) or 'occasionally' (37%) wait for a book or an item they want, up from 1995".[1] Some libraries have increased the number of copies of popular materials in order to reduce reserve and hold lists. A question that library boards should consider is "Is it excessive, or even poor librarianship to put ten copies of Harry Potter books in every branch, or is it just good customer service and a means of being responsive to customer demand?"

The Winnipeg Public Library has also reported a significant increase in traffic between branches as items are moved from branch to branch to satisfy user requirements. According to Rick Walker, Manager Library Services, City of Winnipeg, the number of items that are moved between branches in Winnipeg has increased from approximately 50,000 items in 1990 to 800,000 items today.

Users are demonstrating their dissatisfaction with library services by voting with their feet.

Chart A: Total Annual Circulation			
	1996	2000	% Change
Calgary	10,727,941	11,488,902	+ 7.1%
Edmonton	7,595,756	7,243,960	- 4.6%
Winnipeg	5,731,650	5,423,272	- 5.4%
Mississauga	6,224,863	6,361,376	+ 2.2%
Halifax	3,563,459	3,496,302	- 1.9%
London	3,873,446	3,488,400	- 9.9%

[1] Angus Reid Group. 1997 Winnipeg Public Library Usage and Attitude Study Final Report, November 1997. P.23.

Surrey	3,195,743	3,518,353	+ 10.1%

Chart A demonstrates that since 1996 circulation at the Winnipeg Public Library has declined by 5.4%. In 2000 alone, the circulation at the Winnipeg Public Library declined by 7%. A decline in new materials is at least partially responsible for a decline in library circulation, which is not confined to the Winnipeg Public Library alone, as is shown in the above chart. These declines should be a matter of grave concern to the library community. Declining or static materials budgets are one of the causes, but it is reasonable to assume that other causes include the impact of the Internet, super bookstores, poor marketing and retailing, selection policies and procedures and customer service practices. It is imperative that the library community, through CALUPL or through other library associations and organizations, conducts further studies into the changing environment in which public libraries operate.

The changing environment suggests that public libraries can no longer attempt to build well-rounded and complete collections, but instead, they are having to focus more and more on popular materials that can compete with the collections in the super bookstores and that can be purchased out of limited materials budgets. This trend could lead to a redefinition of the role of the public library in the community. Perhaps the public library can no longer aspire to be the University of the People, an institution that provides the democratic opportunity to learn and "to provide generally for its members the means of civic enlightenment, of occupational and avocational knowledge, and of varied kinds of personal development and satisfactions".[2]

In a more modern context, the Council of the City of Winnipeg and the Winnipeg Public Library Board must consider what the impact of a reduction in the availability of new ideas and knowledge will be to the process of innovation in a knowledge economy.

Comprehensive and up-to-date public library collections are one of the prime sources of information and knowledge, the source materials of innovation that governments can provide. Excellent public library service is also one of the key indicators of a high quality of life – a prime pre-requisite to attracting information workers. If the City of Winnipeg intends to position itself for success in the information economy, it must do more than cut taxes. It must provide open and unfettered access to the raw materials of the knowledge economy – thoughts and ideas. Excellent public library collections are the best way to ensure access to ideas, and to provide competitive advantage in the drive for innovation.

MAJOR FINDINGS

[2] Leigh, Robert D. The Public Library in the United States: The General Report of the Public Library Inquiry. Columbia University Press, 1950. P.10

This study's major findings on the materials budgets of public libraries in Canada and the Winnipeg Public Library are:

- The actual number of dollars spent on public libraries in Canada increased from 1996 to 2000. Public library budgets are increasing faster than the rate of inflation (Consumer Price Index, CPI). The increase for the Winnipeg Public Library was lower than for most of the study group.

- The Winnipeg Public Library spends less money on library services and materials than an average library in the same population service range. Therefore, it is reasonable to assume that the library collection at the Winnipeg Public Library will not be of the same quality as an average large urban library.

- Public library expenditures on materials are growing at a slower rate than are overall library expenditures. This is due to significant increases in expenditures in the following areas:
  - Supplies and processing costs.
  - Information technology costs, in particular infrastructure, maintenance and replacement costs.
  - Physical facility costs including leasing costs, utility costs, maintenance, security guards and equipment.

- Between the years 1996 and 2000, the average cost of a book increased approximately 14.05%.

- Actual expenditures on books at the Winnipeg Public Library declined by 6.7% between 1996 and 2000. When the inflation figure of 14.05% for books is also considered, it is clear that the book buying power of the Winnipeg Public Library declined approximately 20.75% in that five-year period.

- Actual expenditures on periodicals at the Winnipeg Public Library increased by 4.9% between 1996 and 2000. However, when inflationary factors are considered the actual periodical buying power of the Winnipeg Public Library declined by 9% between 1996 and 2000.

- Expenditures on A/V formats at the Winnipeg Public Library increased by a significant 43.5% between 1996 and 2000. Expenditures on electronic formats at the Winnipeg Public Library increased by a significant 53.9% during the same time period. These increases, although significant in percentage terms, deal with relatively small amounts and do not counterbalance the decreases in expenditures on books and periodicals.

- The total collection at the Winnipeg Public Library declined by 3.4% between 1996 and 2000. This quantitative assessment does not reflect any change in quality although there are indications that the collections in public libraries are aging.

- I
  ncreases in the price of books manufactured outside Canada (particularly in the US)

have further reduced the book buying of Canadian public libraries by as much as between 30 and 35%. Factors in this increase in the cost of books include

- t he value of the dollar,
- t he price of paper, and
- t he cost of manufacturing in those countries

- Information and communications technology is having a major impact on library operations, and on library materials budgets. Some specific trends and predictions;
  - People are beginning to look to the Internet in their homes, rather than at the public library to meet their information and reference needs.
  - For many teen-aged students the Internet has replaced the library as the primary tool for conducting research for major projects.
  - Conducting an online search and a download are replacing the traditional model of looking for information in a book or journal article and photocopying it.
  - The digital library will not eliminate the need for book collections. Book collections will continue to grow though at a slower rate. Full-text periodical databases will have an impact on the number of print periodicals that a library will subscribe to. The number of print periodical subscriptions in public libraries will decline.
  - E-books will not replace the printed-on-paper book in the foreseeable future.

- Many municipal councils especially those in financial difficulty, are issuing very specific and mandatory budget objectives that minimize any opportunity for further discussion between library boards and councils on library budgets. This trend is detailed in section 6.1. Because pre-set budget guidelines tend to minimize the effectiveness of subsequent budget discussions, the ability for citizens groups to influence municipal budget items has been reduced.

1. INTRODUCTION

This report presents the results of a study that compared and analysed data related to the materials budgets of large urban Canadian libraries. The study was conducted for the Winnipeg Public Library Board by ASM Advanced Strategic Management Consultants a recognized library-consulting firm (See Appendix A). For the purposes of this study the primary focus of comparison was between the Winnipeg Public Library (Population: 621,000) and the following libraries:

- Calgary Public Library 860,749 (Municipal Population)
- Edmonton Public Library 648,284
- Mississauga Public Library 605,800
- Halifax Regional Library 342,966
- London Public Library 335,000
- Surrey Public Library 335,000

For consistency the population figures are those provided in the 2000 CALUPL statistics (See Section 3). The six libraries were chosen for the comparative study because they all serve comparable urban areas and are representative of different regions of Canada.

The study examined trend lines, funding growth and sources, per capita and other benchmark statistics covering a 5-year period. The 5-year period covered 1996, 1997, 1998, 1999 and 2000.

2. STATISTICAL REVIEW

The major sources for the statistical review included:

- Canadian Public Library Statistics – produced by CALUPL (Council of Administrators of Large Urban Public Libraries. The CALUPL reports were the main source of public library statistics
- Library statistics and reports provided by the Winnipeg Public Library and the other public libraries reviewed as part of the study.
- Statistical reports provided by some of the provincial library agencies, such as the Ontario Public Libraries Statistics.
- Canadian Book Publishing Statistics as published by Statistics Canada. The most recent report is Survey of Book Publishers and Exclusive Agents, 1998, which was published in 2000.
- Economic statistics available from Statistics Canada (inflation rates, changes in value of Canadian dollar)
- US Publishing Statistics

3. REVIEW OF COUNCIL OF ADMINISTRATORS OF LARGE URBAN PUBLIC LIBRARIES (CALUPL) STATISTICAL REPORTS

The Council of Administrators of Large Urban Public Libraries (CALUPL) is a national group of Chief Executive Officers of all Canadian public libraries serving cities of over 100,000 population. In 2000, there were 52 public libraries in this category. CALUPL collects statistics for all public libraries serving populations of 50,000 and over. In 2000, there were 89 public libraries in this category.

The following section presents a review and analysis of the CALUPL statistics for the years 1995 – 2000 with a special emphasis on the six study libraries (Calgary, Edmonton, Winnipeg, Mississauga, Halifax, London and Surrey. It must be noted that public libraries do not necessarily gather, count and report statistical data in the same way. Therefore even though the CALUPL statistics represent the best source of public library data in Canada, and can be used to establish broad statistical trends, there are some inconsistencies in the published statistics. When inconsistencies became apparent or when further information was required, the statistical information was augmented with follow-up questions to some libraries for clarification of the data.

3.1 Comparative Summary – 2000 CALUPL Statistics

Chart 1 presents a comparative summary of the 2000 CALUPL statistics for the seven study libraries.

Chart 1: Comparative Summary – 2000 CALUPL Statistics

Library	Population/ Ranking	Expenditure per Capita/Ranking	Materials as % Of Total Expenditures/ Ranking	Materials Expenditures Per Capita/ Ranking
Calgary	860,749 / 3	$30.20 / 25	18.70% / 1	$5.65 / 8
Edmonton	648,284 / 4	$33.14 / 16	14.75% / 12	$4.89 / 15
Winnipeg	621,000 / 5	$30.84 / 23	12.09% / 21	$3.73 / 25
Mississauga	605,800 / 6	$32.14 / 19	11.81% / 23	$3.80 / 24
Halifax	342,966 / 11	$40.49 / 7	8.63% / 33	$3.49 / 26
London	335,000 / 13	$28.72 / 29	14.18% / 14	$4.07 / 22
Surrey	335,000 / 14	$21.69 / 33	15.81% / 9	$3.43 / 28

In 2000, the Winnipeg Public Library served the fifth largest urban area in Canada.

The average expenditure per capita for all CALUPL libraries was $35.56. Winnipeg's expenditures per capita were $30.84 or $4.72 less than the average, which is 13.3% less than average.

The average percentage of total expenditures spent on materials for all CALUPL libraries was 13.58%. Winnipeg's percentage was 12.09%. This means that Winnipeg committed 1.49% less of its total budget to materials than did the average CALUPL library.

The average materials expenditure per capita of all CALUPL libraries was $4.78. Winnipeg spent $3.73, which is $1.05 less per capita (22%) than the average CALUPL library.

Chart 1 demonstrates that no matter what the other findings of the study are, the Winnipeg Public Library, on a comparative basis, spends less money on library services and on materials than the average library serving the same population range. Therefore, it is reasonable to assume that the library collection at the Winnipeg Public Library will not be of the same quality as an average CALUPL library, although it must also be recognized that there is a great deal of variation in expenditures within the CALUPL library group.

3.2 A Comparison of General Expenditures 1996- 2000

Chart 2: Total Expenditures 1996-2000					
	1996	1997	1998	1999	2000
Calgary	22,587,567	23,049,386	23,927,080	24,756,665	25,998,239
Edmonton	18,070,934	18,165,721	19,288,757	20,255,204	21,482,050
Winnipeg	16,878,886	16,791,382	19,245,127	19,092,462	19,153,643
Mississauga	14,177,897	19,089,610	18,864,058	19,044,788	19,467,800
Halifax	11,370,000	11,244,000	11,663,360	12,012,700	13,887,900
London	11,538,859	11,542,453	11,243,432	11,440,752	9,622,304
Surrey	6,592,636	6,385,237	6,579,549	6,744,420	7,267,358

Chart 2 demonstrates that for the seven study libraries, with the exception of the London Public Library, the actual level of expenditures at these libraries increased from 1996 to 2000. This general increase in public library spending has also been reported in US public libraries, where since 1998 "total budgets, including materials budgets, are evidently holding their own". [3] The chart shows that library budgets have not eroded as anecdote-based perceptions might suggest.

Specifically, the percentage of change for each library was:

Calgary +15.1%
Edmonton +18.9%
Winnipeg +13.5%
Mississauga + 37.3%
Halifax + 22%
London - 16.6% (This dramatic decrease is likely due to a reporting error)
Surrey + 10.2%

The increase for the Winnipeg Public Library, although substantial, was lower than most of the study group. The increase at Winnipeg is also partially due to a change in how expenditures on facilities are budgeted. As has been noted the financial support provided to the Winnipeg Public Library is lower than that of the average CALUPL library.

[3] Hoffert, Barbara. Book Report 2001: The Budget Shifts. Library Journal, February 15, 2001. P.130.

3.3 Impact of Inflation

Chart 3 provides information on Canadian Price Indexes and although both indexes that are presented (Consumer Price Index, CPI, and Industrial Price Index, IPI) are based on very broad indicators they can be used to determine whether the library increases exceed the general rate of inflation. The CPI increased by 9.8% between 1996 and 2000. The IPI increased by 10.1% between 1996 and 2000. Therefore, all the study libraries had increases in total expenditure that exceeded the CPI inflation rate of 9.8% between 1996 and 2000. The Winnipeg Public Library increases exceeded the CPI by 3.7%.

Chart 3: Canadian Price Indexes

	1996	1997	1998	1999	2000
Consumer Price Index (CPI)	104.8 (January)	107.0	108.2	108.9	115.1 (December)
Industrial Price Index – Printing, Publishing And allied (IPI)	126.5	127.1	131.6	134.7	139.3

3.4 Impact of Salary Costs

Chart 4 provides data on the changes in staffing and benefit costs from 1996 – 2000.

Chart 4: Salaries and Benefits Expenditures

	1996	1997	1998	1999	2000
Calgary	13,677,448	13,679,977	14,078,621	14,583,222	14,963,112
Edmonton	11,471,882	11,730,349	12,074,773	12,771,544	13,293,436
Winnipeg	10,750,094	10,819,393	10,447,402	10,375,887	10,316,174
Mississauga	10,967,338	12,742,721	12,641,022	13,219,541	11,954,200
Halifax	7,492,980	7,493,053	7,908,082	8,323,200	9,927,300
London	7,952,808	7,446,637	7,451,357	7,581,558	8,257,836
Surrey	4,469,335	4,330,228	4,531,000	4,645,817	5,032,384

Chart 4 demonstrates that for all the study libraries, with the exception of the Winnipeg Public Library, the actual expenditures on salaries and benefits increased from 1996 to 2000.

Specifically, the percentage of change for expenditures in salary and benefits compared with the change in total expenditures is:

	Total Expenditures	Salary and Benefits
Calgary	+15.1%	+ 9.4%
Edmonton	+18.9%	+15.9%
Winnipeg	+13.5%	- 4.0%
Mississauga	+ 37.3%	+ 9.0%
Halifax	+ 22%	+ 32.5%

London	- 16.6%	+ 3.8%
Surrey	+ 10.2%	+ 12.6%

The range of change in expenditures on salaries and benefits is so great that to make analytical generalizations would not be appropriate. In some cases the salary increases would have a direct non-proportionate impact on expenditures and in some it would not. In the case of Winnipeg Public Library it can be stated that it is unlikely that the salary and benefit expenditures are responsible for inhibiting expenditures in materials since the actual percentage of expenditures on salaries and benefits has declined over the five-year period.

3.5 Library Materials Expenditures

Chart 5: Library Materials Expenditure					
	1996	1997	1998	1999	2000
Calgary	3,718,634	3,973,862	4,103,274	4,240,349	4,861,235
Edmonton	2,391,860	2,264,283	2,750,930	2,887,000	3,169,050
Winnipeg	2,303,739	2,045,286	2,315,304	2,315,304	2,315,000
Mississauga	2,172, 000	2,450,000	2,422,320	2,236,000	2,300,000
Halifax	1,491,600	1,288,600	1,288,600	1,188,600	1,188,600
London	1,518,763	1,545,441	1,545,441	1,468,375	1,364,468
Surrey	1,005,000	902,751	1,023,270	1,149,251	1,149,116

Chart 5 demonstrates that for the top four libraries the actual expenditures on library materials increased while for the bottom three expenditures on materials declined.

Specifically, the percentage of change for expenditures on library materials, when compared with changes in salary and benefits and with the change in total expenditures is:

	Total Expenditures	**Salary and Benefits**	**Materials**
Calgary	+15.1%	+ 9.4%	+ 30.7%
Edmonton	+18.9%	+15.9%	+ 32.5%
Winnipeg	+13.5%	- 4.0%	+ .5%
Mississauga	+ 37.3%	+ 9.0%	+ 5.9%
Halifax	+ 22%	+ 32.5%	- 19.6%
London	- 16.6%	+ 3.8%	- 17.8%
Surrey	+ 10.2%	+ 12.6%	+ 14.3%

The above comparison indicates that although total library expenditures are increasing at a reasonable rate, the expenditures on materials are increasing at a lesser rate or are decreasing in some cases. It is also reasonable to project that the slow growth in library materials expenditures is not due to increased salary expenditures, with some exceptions. The above indicates that there is a trend toward lower expenditures on library materials.

For Winnipeg, it is clear that despite a general increase in expenditures this has not translated into an increase in salary expenditures or a significant increase in materials

expenditures. Therefore, increases in expenditures have gone to areas other than salaries and materials. This issue is further explored in section 3.7.

A study[4] conducted at the Library Services Centre (LSC) and reported in Feliciter reports that between 1985 and 1994 the increase in the average price of books was in line with the CPI. However, since 1995, the increase in the cost of books has surpassed the CPI rate. The study reports that between 1992-1998 the CPI increase was 8.6% and the increase in the average price of a book at the Library Services Centre was 16.7%.

The study also projected increases for CPI and for average book prices for 1999 and 2000. The projections were:

	1999	**2000**
CPI	1.4%	1.3%
Average Book Prices	3.1%	3.2%

Based on the LSC projections, the average cost of a book increased approximately 4.25% more than the CPI rate of 9.8% between 1996 and 2000 for a total of 14.05%. Therefore, the 14.05% figure should be used when calculating the rate of inflation on book prices between 1996 and 2000.

Using the 14.05% figure for the increase in materials costs, it is clear that four of the seven libraries had materials budgets that had not matched increases in the costs of library materials. The .5% increase in expenditures on materials at Winnipeg is considerably less than the increased costs of books of 14.05% during the same period. There is no question that there has been a decline of approximately 14% in materials-buying-power at the Winnipeg Public Library over the past five years. This may explain the comments made by some users in the 1997 Usage and Attitude Study in which 21% of those surveyed stated that they wanted more books and a better selection, and that "just over one-half of library users have to 'frequently' (15%) or 'occasionally' (37%) wait for a book or an item they want, up from 1995".[5]

3.6 Impact of Population Change

Most of the study libraries have had population increases, although Winnipeg has had a population decrease. Chart 6 demonstrates that whether the population increased or decreased the amount spent on materials per capita has shown slow but steady growth and the figures are consistent with the growth in overall budgets and materials budgets shown in the other comparative charts.

Chart 6: Materials Expenditure per Capita / Rank					
	1996	1997	1998	1999	2000
Calgary	4.85 / 14	5.03 / 12	5.01 / 12	5.03 / 12	5.65 / 8

[4] Verhoeven, Tina. Canadian Library Purchasing Power for Books and Materials. Feliciter, Issue 1, 2000.p26-29.
[5] Angus Reid Group. 1997 Winnipeg Public Library Usage and Attitude Study Final Report, November 1997. P.23.

Edmonton	3.81 / 25	3.67 / 27	4.46 / 17	4.45 / 17	4.89 / 15
Winnipeg	3.74 / 26	3.29 / 30	3.73 / 26	3.73 / 22	3.73 / 25
Mississauga	3.99 / 24	4.19 / 19	4.22 / 19	3.80 / 21	3.80 / 24
Halifax	4.50 / 18	3.76 / 25	3.76 / 25	3.47 / 25	3.49 / 26
London	4.60 / 16	4.61 / 15	4.61 / 15	4.38 / 18	4.07 / 22
Surrey	3.31 / 32	2.87 / 32	3.07 / 29	3.45 / 26	3.43 / 28
CALUPL Average	4.31	4.31	4.42	4.47	4.78

The most obvious conclusion to be drawn from chart 6 is that although Winnipeg ranks fifth in overall population in Canada, it ranks twenty-fifth when it comes to materials expenditures per capita. However, the chart also shows that all larger municipalities tend to be rated at a lower per capita expenditure rating relative to their population rating. Obviously larger municipalities tend to spend less per capita when compared with smaller municipalities within the same overall population range.

3.7 Changes in "Other Expenditures"

The question that must be asked is the following: If in general library budgets are increasing and if the increase is not being absorbed by increases in salary and material expenditures then where is it going? Part of the answer lies in the CALUPL category "Other Expenditure". Chart 7 presents a review of "Other Expenditure". Unfortunately, the statistical data is either inadequate, or simply not comparable from 1996 to 2000 in some cases, to be able to make definite generalizations. However, it is safe to assume that for many libraries the decline in materials budgets is due to an increase in "Other Expenditures".

Chart 7: Other Expenditure					
	1996	1997	1998	1999	2000
Calgary	5,191,485				6,173,892
Edmonton	4,207,192				5,019,564
Winnipeg	3,825,053	3,926,703	6,482,421*	6,401,271	6,522,469
Mississauga	1,038,559 + 4,500,000				613,100 + 4,600,500
Halifax	2,385,420				2,762,000
London	2,067,288				N/A
Surrey	1,118,301				1,085,858

Note *: The above comparison of percentage changes between 1996 and 2000 shows that "Other Expenditures" at the Winnipeg Public Library increased by 70.5%. Most of this increase occurred in 1998. At that time, a charge back system was instituted by the City of Winnipeg, in which costs related to rent, utilities, administration and other operating costs associated with the public library were charged back. Nonetheless, the increase in "Other Expenditures" offers the only explanation for why an increase in total expenditures did not result in a significant increase in either salary or materials expenditures.

Total Expenditures	**Salary and Benefits**	**Materials**	**Other Expenditures**

Calgary	+15.1%	+ 9.4%	+ 30.7%	+ 18.9%
Edmonton	+18.9%	+15.9%	+ 32.5%	+ 19.3%
Winnipeg	+13.5%	- 4.0%	+ .5%	+ 70.5%
Mississauga	+ 37.3%	+ 9.0%	+ 5.9%	Not comparable
Halifax	+ 22%	+ 32.5%	- 19.6%	+ 15.9%
London	- 16.6%	+ 3.8%	- 17.8%	N/A
Surrey	+ 10.2%	+ 12.6%	+ 14.3%	- 2.9%

The librarians interviewed confirmed that the cost increases in the "Other Expenditures" area are significant and are having an impact on library materials budgets. The areas where other expenditures are increasing at a significant rate include:

- Supplies and processing costs. Anything made of plastic seems to have gone through a major price increase.
- Information technology costs, in particular infrastructure, maintenance and replacement costs. This includes such items as paper and printer supplies, computer hardware, software (licenses for computer software e.g. office suites), computer furniture, fax and photocopier maintenance agreements, wiring upgrade projects. Although many libraries have received special grants to buy computers, these grants rarely cover maintenance, furniture and network infrastructure costs which must then be covered by the library budget.
- Physical facility costs including leasing costs, utility costs, maintenance, security guards, equipment

3.8 Library Materials by Format

The next series of charts will help to identify whether the decline in materials expenditures is for all formats or for specific formats.

Chart 8: Expenditures – Books					
	1996	1997	1998	1999	2000
Calgary	2,860,017	N/A	2,831,641	2,998,625	3,361,672
Edmonton	1,525,473	1,568,927	1,750,496	1,993,457	2,136,056
Winnipeg	1,774,528	1,565,796	1,696,891	1,697,264	1,655,022
Mississauga	1,539,400	1,825,000	1,393,930	1,450,000	1,450,000
Halifax	696,025	976,890	1,004,918	908,082	935,600
London	1,064,008	1,102,373	1,102,373	950,480	843,594
Surrey	785,000	561,191	690,521	775,646	746,164

Chart 8 indicates that four of the seven libraries experienced a decline in actual dollar expenditures for books. The expenditures on books at the Winnipeg Public Library declined by 6.7%. When the inflation figure of 14.05% for books (See Section 3.5) is also considered, it is clear that the book buying power of the Winnipeg Public Library declined approximately 20.75% in the five-year period.

Chart 9: Expenditures – Periodicals					
	1996	1997	1998	1999	2000
Calgary	131,110	N/A	296,210	326,689	332,143
Edmonton	318,133	330,008	370,425	349,837	345,503
Winnipeg	221,898	224,490	224,993	229,550	232,806
Mississauga	122,000	150,000	658,000	360,000	450,000
Halifax	145,575	115,000	129,219	158,518	120,000
London	198,695	211,379	211,379	229,191	246,075
Surrey	80,000	113,349	134,665	129,132	150,375

Chart 9 indicates that six of the seven libraries experienced an increase in actual dollar expenditures for periodicals. The expenditures on periodicals at the Winnipeg Public Library increased by 4.9%.

When compared with the Canadian inflation figure of 9.8% (1996-2000), it is clear that the actual periodical buying power of the Winnipeg Public Library declined in the five-year period. The U.S. Periodicals Price Index[6] indicates that the price of general interest periodicals increased by an average of 2.8% each year for a total of 13.8% between 1996 and 2000. The U.S. Periodical Price Survey 2001[7] indicates that the price of U.S. periodicals for public libraries increased by 35% between 1997 and 2001.

Therefore, it is reasonable to assume that the price of periodicals in Canada has increased faster than the rate of inflation. Using the available figures, the periodical buying power of the Winnipeg Public Library has declined between 9% and 30% from 1996 to 2000.

Chart 10: Expenditures – A/V Formats					
	1996	1997	1998	1999	2000
Calgary	578,180	N/A	502,628	472,768	725,502
Edmonton	219,216	365,348	396,520	358,190	469,915
Winnipeg	215,213	160,000	275,020	269,490	308,890
Mississauga	286,000	280,000	206,070	241,000	250,000
Halifax	450,000	138,000	94,463	92,000	108,000
London	193,060	187,058	187,058	229,565	194,606
Surrey	70,000	98,839	120,949	143,294	113,195

Chart 10 indicates that four of the seven libraries experienced an increase in actual dollar expenditures for A/V formats. The expenditures on A/V formats at the Winnipeg Public Library increased by a significant 43.5%.

Chart 11: Expenditures – Electronic Formats

[6] Albee, Barbara and Brenda Dingley. U.S. Periodical Prices – 2001. American Libraries, May 2001. P.74
[7] Born, Kathleen and Lee Van Orsdel. Searching for Serials Utopia. Library Journal, April 15, 2001. P.58

	1996	1997	1998	1999	2000
Calgary	119,324	N/A	183,414	118,269	146,172
Edmonton	177,632	N/A	210,093	165,851	217,576
Winnipeg	37,600	38,000	55,000	58,000	57,882
Mississauga	165,000	160,000	163,000	185,000	150,000
Halifax	50,000	33,710	35,000	30,000	35,000
London	43,000	25,495	25,495	46,139	70,355
Surrey	0	63,456	57,698	71,421	108,046

Chart 11 indicates that four of the seven libraries experienced an increase in actual dollar expenditures for electronic formats. The expenditures on electronic formats at the Winnipeg Public Library increased by a significant 53.9%.

It should also be noted that although the percentage increases for new formats might be significant, the total amount being spent on new formats is still quite modest. Therefore while expenditures on electronic formats at the Winnipeg Public Library increased by 53.9% this still only amounts to a total of $57,882 which is a modest sum compared with the book budget of $1,655,022. Therefore, the reduction in the book budget at Winnipeg Public Library cannot be linked solely to the growth in expenditures on electronic and A/V formats.

3.9 Annual Additions and Total Holdings

Charts 12 and 13 provide data on the impact of changes in materials budgets on the number of items that were added to the study libraries from 1996 to 2000.

Chart 12: Annual Additions – Number of items					
	1996	1997	1998	1999	2000
Calgary	291,832	316,630	303,192	267,705	191,686
Edmonton	198,307	240,535	232,594	239,664	254,377
Winnipeg	175,276	159,436	175,276	175,262	174,695
Mississauga	119,378	136,481	130,400	155,287	139,135
Halifax	N/A	135,645	165,133	135,269	132,356
London	55,862	79,971	58,274	59,258	66,899
Surrey	57,195	44,860	37,678	54,103	17,458

Chart 12 demonstrates that for four of the study libraries the number of additions declined while for three the number of additions increased.

Specifically, the percentage of change in annual additions in comparison to the change in materials budgets from 1996 to 2000 is as follows:

	Materials	**Additions**
Calgary	+ 30.7%	-34.3%
Edmonton	+ 32.5%	+28.3%
Winnipeg	+ .5%	-00.3%

Mississauga	+ 5.9%	+16.5%
Halifax	- 19.6%	-2.4% (Since 1997)
London	- 17.8%	+19.8%
Surrey	+ 14.3%	-69.5%

The above comparison shows either that there is a very limited correlation between materials budgets and annual additions or there is a problem with the statistics available in this category.

Chart 13: Additions per Capita / Ranking					
	1996	1997	1998	1999	2000
Calgary	.38 / 8	.40 / 6	.37 / 9	.32 / 10	.22 / 20
Edmonton	.32 / 11	.39 / 8	.38 / 8	.37 / 9	.39 / 5
Winnipeg	.28 /12	.26 / 16	.28 / 13	.28 / 14	.28 / 12
Mississauga	.22 / 21	.23 / 20	.23 / 16	.26 / 15	.23 / 19
Halifax	N/A	.40 / 7	.48 / 2	.39 / 5	.39 / 7
London	.17 / 28	.24 / 18	.17 / 21	.18 / 22	.20 / 24
Surrey	.19 / 24	.14 / 29	.11 / 30	.16 / 26	.05 / 32
Average (All CALUPL Libraries)	.27	.27	.25	.26	.26

Regarding chart 13, it must be noted that it is very difficult to compare the “rankings” of libraries for 1996 and 1997 with 1998 and later, because of the Toronto amalgamations that significantly reduced the number of large libraries and therefore has made a direct comparison of the rankings invalid. However, the chart does suggest that there has been only a slight reduction (from .27 to .26) in average additions per capita between 1996 and 1997. It is also interesting to note that Winnipeg percentage and ranking remains unchanged.

Chart #14: Total Holdings – Number of items			
	1996	2000	% Change
Calgary	1,877,377	2,060,560	+ 9.8%
Edmonton	1,503,015	1,627,534	+ 8.3%
Winnipeg	1,652,718	1,596,412	- 3.4%
Mississauga	1,366,431	1,400,000	+ 2.5%
Halifax	893,262	1,195,157	+ 33.6%*
London	1,027,457	1,106,937	+ 7.7%
Surrey	525,544	517,822	- 1.5%

*Note: Chart #14 shows a 33.6% increase in the number of library materials at the Halifax Regional Library. This reflects the amalgamation of collections that took place when the new library system was formed. Statistics provided by the Halifax Regional Library show that the collection size has in fact declined by 10.38% since 1996.

The above figures show that for three of the seven study libraries, including the Winnipeg Public Library, the collection has declined in size. This is probably due to a declining or

static book budget at the libraries that reported a decline. What the above numbers do not show is whether there has also been a qualitative decline in the collections. Are the collections older and less relevant than they used to be? The CALUPL statistics cannot provide the answer however, a recent study[8] conducted by the Halifax Regional Library provides some insights into the state of public library collections.

The report on the collection of the Halifax Regional Library indicates that:

- More than 50% of the library collections are older than 11 years.
- 31% of the adult collection and 33% of the youth collection were published between 1981-1990.
- Only 20% of the collection were published in the last 5 years.

It would not be valid to make generalizations on the basis of a study in one library system, but it is clear that more studies and analysis should be conducted on the state as well as the size of public library collections.

3.10 Impact of the US Dollar

The Bank of Canada reports that the value of the US dollar relative to the Canadian dollar moved from $1.40 (January 3, 1995) to $1.50 (December 29, 2000), representing a decline in value of the Canadian dollar of 7.1% within the five year period.

In 2000, CALUPL reported that the total expenditures on materials by reporting libraries were $73,729,182. Of this total the following is a report on the breakdown of these expenditures:

Canadian materials:	$52,713,536.
American materials:	$4,690,736.
British/Other:	$147,244.
Children's materials:	$10,861,498.
Mass Market Paperbacks:	$3,658,849.

These figures indicate that public libraries are spending a relatively small amount (6.4%) of their materials budget directly in the USA, therefore the impact of the falling Canadian dollar on direct purchases of USA material is limited. The CALUPL figures do report that the average percentage of total materials expenditure spent in Canada increased from 82.89% in 1996 to 90.51% in 2000, and that the average percentage of total materials expenditures spent in the USA declined from 15.29% in 1996 to 9.34% in 2000. Canadian public libraries appear to be adjusting to the decreasing value of the Canadian dollar by reducing the amount of their direct purchases in the USA.

The Winnipeg Public Library is very close to the average, having spent 90.90% of its materials budget in Canada in 2000. This percentage has remained very stable over the past five years. In 1996 Winnipeg spent 89.76% of its materials budget in Canada.

Of greater significance, however, is the fact that a significant number of the materials purchased from Canadian suppliers are in fact USA publications. In 1997, Coutts Library

[8] Halifax Regional Library. Memorandum: Collection Report. February 15, 2001

Services[9], a library wholesaler located in Niagara Falls, did an analysis of the impact of the rate of exchange and other factors. Coutts conducted an examination of 21 publishers' catalogues for list price and country of origin. Of the titles represented in the study. 9,500 were U.S., 2200 U.K., and 95 were Canadian. Therefore, the impact of the rate of exchange is very significant. Coutts predicted a 30-35% increase in the price of materials manufactured outside Canada because of the value of the dollar, the price of paper and the cost of manufacturing in those countries.

4. A REVIEW OF OTHER SOURCES OF PUBLIC LIBRARY AND RELATED STATISTICS

4.1 Provincial Public Library Statistics

Most of the provincial agencies responsible for public libraries collect library statistics. For the purposes of this study the British Columbia Public Libraries Statistics and the Ontario Public Libraries Statistics were examined. In general the provincial library statistics reflect the findings of the review of CALUPL statistics. However, a few important additional items were uncovered.

British Columbia Public Libraries Statistics
http://www.marh.gov.bc.ca/LIBRARY/STATISTICS/bcplstats_1999.pdf

The British Columbia Public Libraries Statistics report for 1999 provides the following interesting comparison.

Chart 15: Expenditure Summary – British Columbia Public Libraries			
	1989	**1998**	**1999**
Expenditure on Salaries (% of total)	$44,281,296 (63%)	$79,185,606 (63%)	$80,947,207 (62%)
Expenditure on Materials (% of total)	$11,325,572 (16%)	$18,193,797 (14%)	$18,709,424 (14%)
Expenditure on Facilities (% of total)	$6,523,511 (9%)	$13,123,010 (10%)	$12,804,298 (10%)
Other Expenditures (% of total)	$8,573,531 (12%)	$16,051,245 (12%)	$17,190,543 (13%)
Total Expenditures	$70,703,909	$126,553,658	$129,651,472

A review of the BC statistics confirms the results of the analysis of the CALUPL statistics:

- Total public library expenditures are increasing
- Total expenditures on materials are decreasing
- Total expenditures on salaries are not the cause of reduced materials budgets.
- Total expenditures on facilities and "other expenditures" are increasing and may be having an impact on materials budgets.

Ontario Public Libraries Statistics
http://www.tourism.gov.on.ca/english

[9] From an internal memo sent from Mary Flanagan, Edmonton Public Library to Norm Ouellet, Controller, July 9, 1997.

Chart 16: Expenditure Summary – Ontario Public Libraries				
	1995	**1997**	**1998**	**1999**
Salaries (% of total)	249,257,467	234,407,100 (68.44%)	239,755,376 (65.50%)	240,414,602 (65.95%)
Materials (% of total)	N/A	40,606,186 (11.85%)	41,661,445 (11.38%)	44,257,592 12.14%
Internet and Online Services (% of total)				1,725,626 (.47%)
Total Operating Expenditures		342,508,574	366,038,860	364,538,096

The review of the Ontario Public Library Statistics was limited by the fact that:

- The 2000 statistics have not yet been published.
- The statistics that are collected have been changed over the past few years making direct comparisons difficult.

The figures that are available in the above chart suggest the following:

- Total public library expenditures in Ontario are increasing at a modest rate
- Salary expenditures are flat or are showing a modest decrease
- Materials expenditures are flat or are showing a modest increase
- Expenditures on Internet and online services are having a modest impact on library budgets. In 1999 expenditures on the Internet and online services constituted .47% of total expenditures.

4.2 National Core Library Statistics Program (NCLSP)

The National Core Library Statistics Program was established as a partnership effort under the auspices of the National Library of Canada to coordinate and report on library statistics in Canada. The 1996 survey was completed in 1999. The survey covers academic, public and special libraries. The data in the survey for public libraries and university libraries is quite comprehensive but is less reliable for college and special libraries. Plans are underway to report on 1999 statistics in 2001. The program is on a three-year cycle.

The 1996 Statistical Report of the National Core Library Statistical Program does not provide a great deal of specific detail about public library materials budgets.
The CALUPL reports tend to present more information with greater statistical validity because of a higher response rate. The CALUPL information is also specifically related to public libraries (NCLSP reports on academic, public and special libraries). Therefore, the CALUPL reports were used as the benchmarks for this study and the NCLSP report was deemed to be of limited value.

4.3 Publishing Statistics

Statistics Canada, the Department of Canadian Heritage and the Canada Council each collect and report statistics on the Canadian book publishing industry.

Statistics Canada

Every two years Statistics Canada presents data collected from publishers across Canada. The most recent survey is Survey of Book Publishers and Exclusive Agents, 1998, which was published in 2000. The 1998-99 report does not provide any statistics that are directly relevant to this study.

Publishing statistics are integrated and combined with other commodities in a number of Statistics Canada surveys and can be difficult to extract. However, Statistics Canada does publish a report on net sales in Canada. The net sales to public library figures are:

Chart 17: Net sales in Canada of publishing firms and exclusive agents (In $Thousands)					
	1992-1993	**1993-1994**	**1994-1995**	**1996-1997**	**1998-1999**
Public Libraries	14,410	12,812	17,309	25,165	22,555

This chart indicates that sales to public libraries by publishing firms in Canada increased substantially (54.4%) between 1992 and 1999 and significantly exceed the increase in public library materials expenditures. Chart 17 confirms that Canadian public libraries are buying more from Canadian suppliers and less from suppliers in the USA or elsewhere.

A Review of The Challenge of Change: A Consideration of the Canadian Book Industry, Standing Committee on Canadian Heritage, June 2000.

The Standing Committee on Canadian Heritage initiated a study of Canada's book distribution industry which resulted in The Challenge of Change, a report published in 2000. The report confirms that there is an absence of fundamental statistical information regarding Canada's publishing sector and that available statistics for libraries are poor and weak. The Committee recommended that:

> "…..the Department of Canadian Heritage develop and fund a set of comprehensive tools for measuring the activities of libraries in the form of valid and up-to-date statistics relating to library funding, library spending and library usage by Canadians…"
>
> (Recommendation 5.1)

Although the report examined many aspects of book selling in Canada there are no references to the changing buying power of public libraries or to the changing price of an average book.

5. TRENDS IN INFORMATION AND COMMUNICATION TECHNOLOGY

There is no question that among the major change factors that are having an impact on library operations, including budgets, are information and communications technologies. This section presents a review of the trends in technologies that are having an impact on public library collections and on library materials budgets. Although there are other trends affecting public libraries, such as, the impact of super bookstores, ICT trends are having the most dramatic effect on library budgets.

5.1 Wired/Connected Libraries

The public library of the 21st century is wired and provides a large number of connected computers, which in turn provide public access to the Internet and the Web and make online databases and key software programs available for public use.

The sophistication of current and future public library applications requires broadband connectivity. Broadband access enables faster and more efficient connectivity to the Internet and the Web. Broadband will also be used to deliver video-conferencing, video-on-demand and multimedia products and services to library users.

Wired libraries with public access computers provide an integrated approach to different media. For example, video and audiotapes are delivered through public computers rather than through separate stand-alone machines.

5.2 Internet and the World Wide Web

The Internet and the World Wide Web, more than any other information and communications technologies, are the major trendsetters for future information service and library development. More and more people are integrating the Internet and related technologies into their private and business lives. The Internet is also a major source of information and may seem to be in direct competition with public libraries. There is no doubt that many people are turning to the Internet as one of their prime information sources. People are beginning to look to equipment in their home, rather than the public library, to meet their information needs.

During the last five years the Internet and the World Wide Web have dramatically changed the information-seeking habits of Canadians. A study conducted by the Calgary Public Library provides some insights into the nature of this change and although there may be some differences between the situation and demographics in Calgary and Winnipeg, the results of the study are very instructive,

The Calgary Public Library conducts a statistically rigorous, annual telephone survey of 800 Calgarians. The results of the survey demonstrate the magnitude of this change in information-seeking habits.

In response to the question “When you need information on any subject what is the one main source that you are most likely to use?” the results were:

MAIN SOURCE OF INFORMATION	1996	2000
Public Library	40%	26%
Internet	20%	51%
My own collection of books, magazines, newspapers	n/a	10%
Friend/Relative	n/a	8%
Other libraries	n/a	2%
Talking Yellow Pages (1-900)	n/a	2%
Professional advise	n/a	1%
Government agencies	n/a	(less than 1%)
Other	n/a	(less than 1%)

In-library use of library books and magazines has decreased and remote use of library web sites and online databases has increased. An online search and a download are replacing the traditional model of looking for information in a book or journal article and then photocopying it.

The Pew Internet & American Life Project's recent "Internet & Education" report[10] reached a similar conclusion - the Internet has replaced the library as the primary tool for doing research for significant projects for many teen-aged students.

The Pew report found that nearly three-quarters of American students ages 12 to 17 have Internet access, and almost all of them use the Internet for school-related research. When asked about their most recent major school assignment, 71 percent of teenagers with Internet access said they relied mostly on Internet sources in completing the project, compared to 24 percent who said they relied chiefly on library sources.

A survey of the teenagers' parents found that eighty-seven percent believe that the Internet helps students with their schoolwork. Fifty-five percent say the Internet has been a good thing for their children, and fifty-five percent believe that knowledge of how to use the Internet is essential for children to learn in order to be successful.

The Internet might also make schoolwork a little too easy; about a fifth of online teens (18 percent) say they know of someone who has used the Internet to cheat on a paper or test.

[10] To read the full text of the report: http://www.pewinternet.org/reports/toc.asp?Report=39

However, another recent study, *The Impacts of the Internet on Public Library Use* [11] shows that Internet users continue to be public library users. The study concluded that:

- There is no evidence that use of the Internet is changing the reasons why people use the library
- There is no evidence that length or frequency of Internet use affected library-use frequency
- 2.5% of library users would stop using the library because of the Internet

Respondents who reported using both the library and the Internet rated each on a set of service characteristics. The library received higher ratings for:

- ease of use
- low cost
- availability of paper copy (compared to digital copy via Net)
- accuracy of information
- helpfulness of librarians (compared to help-lines on the Net)

The Internet received higher ratings for:

- ease of getting there
- time to get there
- availability (hours of access)
- range of resources
- expectation of finding what is sought
- ability to act immediately on the information obtained
- "up-to-dateness" of information
- fun
- "enjoyability" of browsing
- ability to work alone (compared to working around other people in the library)

The major implication for public libraries regarding the emergence of the Internet into the information field is that more and more people will turn to the Internet to satisfy basic information needs. This does not mean that public libraries should close their reference departments. It does suggest that public libraries may wish to slow the growth of print reference collections and some non-fiction areas, such as science and business where up-to-date information can be found faster and more easily online. Libraries may also want to consider shifting their service emphasis to some of their other functions such as:

- Lending services
- Recreational reading services (fiction, best sellers)
- Public access computers
- Programs for adults and children, with top priority for children's and seniors' programs
- Programs and services for young adults (Music - CDs)
- Literacy services
- Classes - instructional – popular subjects
- Community information services
- A community meeting space

[11] Rodger, Eleanor Jo, George D'Elia and Corinne Jorgensen. The Public Library and the Internet: Is Peaceful Coexistence Possible? American Libraries, May 2001, p.58-61.

5.3 Electronic/Online Databases

Stephen Abram, V-P Micromedia and President-Elect of the Ontario Library Association recently stated that "sales of electronic information surpassed print (reference) years ago and there is no sign that this trend will change".[12]

A further trend in online databases is to integrate many databases into one product that might contain a mix of full-text periodicals, pamphlets, articles, reference books and indexes. CD-ROM is no longer the preferred format for electronic databases and this technology is being replaced by web-based, online databases. Access to both local and remote databases is provided through public access computers housed in the library and through privately held computers wherever they are located.

More remote use of online information services may reduce the need for trained reference librarians to assist the public in finding information.

Many provincial library agencies and associations are engaged in negotiating province-wide database licenses. For example, in Ontario the Southern Ontario Library Service has negotiated several province-wide licenses.

These trends in online database sales and design will continue to move information and reference services away from print materials and towards more digital products.

5.4 The Digital Library

The digital library, also known as the virtual library, provides access to information that is housed electronically and is deliverable to a number of users without regard to location or to time. Libraries provide access to the databases and to digital resources housed locally and in other libraries and to recommended digital sources available through the World Wide Web.

The digital library will not eliminate the need for book collections. "Most authorities believe it is best to assume that the book collection will continue to grow, though possibly at a slower rate"[13]. However, full-text periodical databases will have an impact on the number of print periodicals to which a library subscribes. The number of print periodical subscriptions in public libraries is expected to decline.

5.5 Digitization

Digital or electronic publication is having a major impact on periodicals and reference publications, especially annuals. The impact of digital publications on popular reading materials and on children's materials where the tactile and durable nature of books is very important is still very limited. Very little is currently available in a digital format and at a reasonable cost. The cost of digitizing local material is high. It is not yet cost-effective to think in terms of a totally digitized library. For now, traditional books continue to be the medium of choice.

5.6 Virtual Reference Services

More and more public libraries are providing live digital or virtual reference services and

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[12] **In Access, the official publication of the Ontario Library Association, Winter 1998/99. p.16**

[13] Woodward, Jeannette. Countdown to a New Library. American Library Association, 2000. P. 51.

this is resulting in a decline in expenditures for print reference materials.

The growth of virtual reference services is due to:
- The growing availability of digital reference products
- The continued need to assist users to find the appropriate digital resources
- The growing public expectation that public libraries will provide digital reference services
- A decline in in-person reference transactions

Virtual reference services are provided through:
- E-mail reference (submission of reference requests by e-mail)
- Reference Chat (supported by chat software e.g., Instant Messenger)
- Live virtual reference (supported by virtual reference software)
- Online databases
- Video-conference reference
- Online tutorials

The ultimate goal is to extend the library's services by providing comprehensive reference service to a diverse clientele on a 24/7 (24 hours a day, 7 days a week) basis.

5.7 E-Journals

The Library Journal Survey states that "print periodicals have suffered a downswing in all but the smallest libraries, and electronic resources have been substituted".[14] This is occurring in particular with academic and scholarly periodicals.

5.8 E-Books

Electronic books have started to make their entry into the library world. For example, on June 30, 2001, the BC Electronic Library Network (ELN) announced the purchase of a core collection of business-related electronic books from netLibrary. More than 30 participating post-secondary libraries throughout BC and the Yukon can now offer students and faculty access to e-books on business-related subjects, which are accessible at any time from any Internet-connected computer. The shared collection of approximately 580 e-books is a broad mix of theoretical, practical, applied and general interest business titles.

According to a Library Journal Survey[15], 62% of public libraries in the 500,000 to 999,999 population category in the United States are buying e-books. The mean amount being spent is a modest $14,971.

However, the reading public is not rushing to adopt e-books. "Publishers and online bookstores say only the very few best-selling electronic editions have sold more than a thousand copies, and most sell far fewer. Only a handful have generated enough revenue to cover the few hundred dollars it costs to convert their texts to digital formats."[16]

[14] Hoffert, 2001. P.131
[15] Hoffert. 2001. P.130
[16] Kirkpatrick, David D. Forecasts of an E-Book Era Were, It Seems, Premature. New York Times, 2001. http://www.nytimes.com

Library IT Guru Clifford Lynch has said that the e-book will not replace the printed-on-paper book - "While contrary to all the hype, it seems clear that the future of the book isn't purely digital, and that in addition paper will be an important user interface".[17] New advanced display technologies that provide easier-to-read screens will be necessary before e-books are made more accessible. There are still major issues to be resolved around rights management and e-book reader standards. Applications will also have to be developed that allow access to e-books through OPACs. Until these e-book issues are resolved the full potential of e-book technology will not be realized. However, the e-book field now includes large companies like Microsoft, Adobe (Glassbook) and Gemstar. Obviously these companies are in a position to invest in the development of e-books and to develop a market for e-books. Public libraries should pay close attention to future e-book developments.

6. BUDGET AND SELECTION PROCEDURES

ASM conducted interviews with public librarians to seek information on budget procedures, selection procedures and to review trends that were impacting on library budgets. The people interviewed included:

- Beth Barlow, Chief Librarian, Surrey Public Library
- Sandy Cameron, Library Director, Regina Public Library
- Mary Flanagan, Manager of Acquisitions, Edmonton Public Library
- Judith Hare, Chief Executive Officer, Halifax Regional Library
- Donald Mills, Director of Library Services, Mississauga Library System
- Steve Salmons, Chief Executive Officer, Windsor Public Library
- Rick Walker, Manager Library Services, City of Winnipeg

6.1 Budget Processes

ASM asked each of the librarians to describe their budget development process, including how the materials budget is set and how it is apportioned for different formats, branch libraries etc. The following is a general, anonymous description of the different approaches to budget development and to material budget allocation.

Library A:

The annual materials budget is based on a service standard that has been accepted by the municipal council. The service standard requires that the library provide a collection of 2.2 items per capita based on accepted population figures and that the annual replacement rate for library materials is set at 7%.

[17] Lynch, Clifford. The Battle to Define the Future of the Book in the Digital World". First Monday, June 2001 http://www.firstmonday.dk/issues/issue6_6/lynch/index.html

The library develops a business plan for the collection. The business plan includes information on:

- Reliable data based on actual local costs rather than industry standards. For example, the library tracks the average cost of a library item. The current cost of an adult title is $22.00 and the average cost per all library items is $17.00.
- The immediate and short and long-term materials requirements of the library

The breakdown of the materials budget is determined by taking the annual materials budget and allocating by format and by branch location. The key determinants for the materials budget per branch are the turnover rate (the ratio of branch holdings to number of circulations) and the 7% replacement rate.

In the allocation by formats, the book budget receives at least 85% of the materials budget. The total allocation for other materials is 15% based on the turnover rate.

Based on these allocations branch libraries receive approximately 5,000 items per year.

Library B:

The municipality has established a guideline of a 0% tax increase for the past nine years. Therefore the library budget basically rolls over from one year to the next with increases only being allowed in areas where increases are unavoidable (e.g. annual salary increase). Based on this guideline the library is presented with its budget by the municipality and the library board has not had an opportunity to address the municipal council over library budget issues for several years. Some expenditure growth is funded by special provincial funds and through fund raising.

Library C:

In this municipality, the municipal council has not generally set budget guidelines that constrain the development of the library budget. The library has established a budgeting mix based on a retail model that strives to meet the following budget guidelines:

- Staff 60-65% of expenditures
- Physical Plant 20-25%
- Product (library materials) 15%

The library budget is established based on a review of goals and objectives for the upcoming year, including a projection on what it will take to maintain the collections, and a review of the previous year's budget.

Library D:

Similar to Library C, this library has retained a considerable amount of autonomy. The municipal council does set general guidelines, asks that the library look for increased efficiencies and does

ask the library to prepare different budget scenarios (e.g., budget cutback, flat line and budget increase). Based on these broad guidelines, a general library budget is put through the municipal budget processes and presented to Council. Once the library budget total is approved the library management team reviews priorities and goals for the coming year and has the authority to make further adjustments within the global budget.

In principle, the library's base material budget is considered to be firm and is not subject to reductions except under exceptional circumstances. The goal is to establish library materials expenditures at 15% of total expenditures. The Collection Council, consisting of senior library managers is responsible for determining the allocations for purchasing specific genres and formats.

The municipal council has also agreed that any unexpended funds from the materials budget can be carried over to the next fiscal year as long as the library does not have an overall deficit.

Library E:

The municipal council sets out budget guidelines for allowable increases in base budgets for each budget unit including the public library. The library is expected to prepare a business plan for the year and a specific business case to cover any new expenditures. In general, inflationary costs are covered.

The library budget is primarily based on historical precedent. Generally, percentage formulas are not used. The library is aiming at allocating 20% of the budget on materials, although this goal has not yet been achieved, and 2% for electronic materials.

The library administration establishes a materials budget allocation plan based on a review of circulation and population served for each branch.

Library F:

The municipal council sets very firm budget guidelines that limit the discretionary power and spending of the public library. Inflationary costs are usually covered, as are extraordinary expenditures, such as the costs associated with a new branch or Sunday opening hours.

The library budget is based on historical precedent. Percentage formulas are not used to set the materials budget.

Winnipeg Public Library

The Corporate Finance Department sets out a specific budget guideline for each municipal department, one of which includes the public library. The different units within each department then have the opportunity to put their case forward within the general framework of the budget guideline. The budgets then move through the different levels of budget review process until the

budget is presented to Council for approval. The key determinant in setting budget levels is the budget guidelines, and individual units have very limited opportunity to request any adjustments. Requests for funding to cover extraordinary expenditures can be made directly to Council but the library has not yet taken this route.

Because of the municipal budget guideline established by the City of Winnipeg, the materials budget is based, for the most part, on the previous year's budget. The materials budget is broken down into branch allocations based on circulation and other factors, such as new programs and new formats. The library administration sets the budget for each branch with input from the branch head as to requirements for specific areas or formats. The municipal funds for materials are supplemented with special funds, such as donations.

6.2 Library Material Selection Processes

Library A:

This library has almost totally eliminated selection activities and committees. Most new titles are purchased through an Automatic Release Plan (ARP). AN ARP contracts out the selection process to library wholesalers and publishers. Selection through the ARP is based on a narrative description and outline of requirements, which is prepared by the library. A small percentage of the materials budget is held back for filling-in from back-listed titles and local materials.

The library also introduced an interesting approach to involving users in the selection process. Members of the Friends of the Library were taken by bus to a book vendor, given a book truck and asked to select 50 books for the library collection. The hard part was that each person had to justify his or her selection. (Unfortunately, the union local submitted a grievance objecting to this process.)

Library B:

The selection process is largely centralized at this library. A Collections Manager selects adult materials and a small Youth Services Team selects children's materials. Very little selection is done at the branch level.

The amount spent on different genres and formats is based primarily on historical precedent and no specific formulas are used.

Library C:

The selection process is largely centralized at this library. Senior, professional staff in the various library departments selects materials for their areas based on book reviews and on public input.

No formulas are used to assign budgets for purchasing different genres or formats.

Library D:

The selection process is very decentralized at this library. Selection is divided up among the following groups.

The bulk of the circulating collections are selected by the following committees

- Adult Fiction Committee
- Adult Non-Fiction Committee
- Juvenile Materials Committee
- Reference Committee

The Information Services Department is responsible for selecting non-circulating reference materials. Subject experts are identified to work on specific areas.

In the audio-visual area, individual subject specialists are responsible for selecting recorded music, video and spoken materials.

The Branch libraries are assigned a small discretionary fund for the purchase of magazines, paperbacks, standing orders and other materials.

Library E:

The selection process is decentralized with every professional librarian assigned a specialized area for which they are responsible. These areas of responsibility are quite specialized. For example the adult collection area is broken down into 27 areas, such as Best-sellers and Health, each with an assigned budget. Those assigned a specific collection area select materials for the entire library system. Six percent of the budget is allocated to automatic release plans, and plans are in place to increase this amount.

Library F:

The selection process at this library is in transition. Under the old decentralized model selection was divided up among all professional staff. Each professional staff member was assigned selection responsibility for a specific genre or subject area. The library is moving to an increased use of Automatic Release Plans (ARPs). For the past two years the library has analyzed the impact of ARPs and is very satisfied with the results – books arrive quickly, staff time is used more efficiently and circulation has increased.

Winnipeg Public Library:

A staff team of selectors, which is representative of the whole library system, is responsible for selecting materials. Individual staff members are appointed to select materials in special formats.

7. OTHER TRENDS

The following other trends that are having an effect on library budgets were identified through the interviews.

7.1 Municipal Guidelines and Directives

The most significant trend identified by those interviewed is that many municipalities, especially those in financial crisis or those experiencing a worsening financial position, are issuing very clearly defined guidelines or objectives to all municipal budget units including the public library. These guidelines tend to be quite specific and also tend to minimize the opportunity that either the library board or the library administration has to influence budget procedures or amounts. Some examples of these guidelines follow:

Mississauga

The city has identified a vision based on superior service at a reasonable cost, that is, maximum public satisfaction at a low cost. Therefore success for all municipal agencies and departments is defined as spending less and seeking greater efficiencies. The emphasis is on controlling costs while maintaining a high level of citizen satisfaction. The municipal council is more interested in outputs (levels of public satisfaction) and less interested in inputs (costs of materials).

Surrey

The municipal council has set a budget guideline of 0%. The guideline has flat-lined the library budget.

Windsor

For the past eleven years, the municipal council has set a municipal guideline of the inflation rate less one percent. The municipal guidelines have essentially frozen the materials budget and the library is spending less now on materials than it spent ten years ago.

Winnipeg

Since 1995 Winnipeg has reduced its property taxes and kept program expenditures at a rate below inflation. For the past three years the municipal council has set a guideline of a 2% reduction for all municipal departments.

Even where budget guidelines exist and where the emphasis is on controlling costs most of the librarians interviewed felt that the most effective way to influence council was to focus on levels of public satisfaction and on the impact of budget cuts.

Some public libraries have responded to municipal guidelines by putting greater emphasis on non-tax revenue opportunities as a means of providing additional funds. A few libraries have created fund-development positions and communications positions in order develop non-tax revenue streams and to better position the library with the community, the council, the media etc. Getting the message out there has become more important than ever. Of course, creating these new positions can also put pressure on the materials budget.

7.2 New or Alternate Formats

An increase in expenditures on electronic formats and on AV materials is a general library trend. Participants at the Canadian Book Summit in 1999 noted that since 1992 the "allocation of Canadian library funds began increasingly to favour electronic over print resources".[18] This trend has also been noted in the United States – "libraries surveyed are rapidly escalating purchases of electronic resources and audio/visual materials".[19]

Libraries are dealing with a proliferation of different formats and often have to spread the materials budget a little thinner in order to accommodate new formats. This is particularly difficult during the transition period from one format to another when collection development in both formats must be continued. However, one compensating fact is that some formats such as cassettes and VHS are being discontinued and libraries are shifting the money that was previously allocated to purchasing cassettes and VHS to the purchase of new formats such as DVDs.

7.3 Cultural Diversity

A factor that does not show up in the book buying statistics is growing cultural diversity and emphasis on the need to serve the ever-changing community. Libraries are trying to respond to the changing demographics in the community by buying materials in other languages. With constant movement of people, the demographic mix changes regularly so that the focus of multilingual collections has to be adjusted on an ongoing basis, which means multilingual materials have a short life span in any given location. Although the expenditures on books and other materials in other languages are generally very modest, new funds are not available for this purpose and libraries are buying materials in other languages from an already limited materials budget.

7.4 New Subject Areas

Another factor, which does not show up in the statistical data, is the demand for materials, and in particular books, in new subject areas. A good example, is the demand for computer books, which come with a very high unit cost and a very short shelf life. Ten years ago the demand for computer books was insignificant. Now the demand and supply is very large. Most bookstores and many libraries have had to set aside special areas for

[18] Canadian Book Summit 1999. Notes from the Keynote Symposium and Roundtable Discussions. 2000. P.10
[19] Hoffert, 2001. P. 130.

computer books. In general, no new funding allocations have been made to cover the development and maintenance of collections in new subject areas.

7.5 Downloading School Responsibilities

Many school boards across Canada are going through a very difficult financial period, including significant cutbacks. One of the areas most affected by school budget cutbacks has been the school library where many school librarian positions have been eliminated and materials budgets have been severely reduced. Much of the work previously done through school libraries, including the responsibility for basic literacy, has been downloaded to the public library system with no financial compensation to cover the increased responsibilities.

Appendix A: ASM Advanced Strategic Management Consultants

The company ASM Advanced Strategic Management Consultants (ASM) is an established consulting partnership, with Senior Partners Maureen Cubberley and Stan Skrzeszewski. The company works in Canada and internationally as a consortium of strategy development experts and facilitation specialists who are recognized for their experience and skills. ASM specializes in bringing people and technology together, and excels at helping organizations and communities create new visions and develop the people-based and technology-based strategies that ensure success.

ASM offers a full range of facilitated programs, workshops, planning seminars and research and reporting services that are individually designed for clients in the business, government and social sectors, with a special emphasis on libraries and information systems.

ASM's consulting services include:

- buil
  ding partnerships within and among organizations

- plan ning and facilitating programs, workshops and conferences
- plan ning and developing strategies for library governance, services, facilities and funding for the future
- facili tating strategic planning sessions and achieving consensus
- buil ding connected communities
- wor king with diverse community groups to identify and achieve shared goals
- rese arch, analysis and report writing and production

ASM derives its success from repeat business and client referrals. For further details please refer to the ASM web site http://asm-consultants.com.

ASM Advanced Strategic Management Consultants - Client List

The Bibliocentre – A Consortium of Ontario's Community Colleges
British Columbia Library Association
BCNet and The British Columbia Internet Association
Burlington Public Library Board
Canadian Almanac & Directory
Canadian Association for Information Science
Canadian Health Libraries Association
Canadian National Institute for the Blind
CANCOPY, Canadian Copyright Licensing Agency
Centennial College
Chatham Public Library
City of Brantford Chamber of Commerce
City of Guelph and the Guelph Public Library
City of Sudbury and Sudbury Public Library
Collingwood Public Library
Community Access '96
Cornwall Public Library
Department of Canadian Heritage
Faculty of Administrative Studies, York University

Faculty of Information and Media Studies, University of Western Ontario
Faculty of Information Studies, University of Toronto
Federal Provincial Territorial Minister's Advisory Group - Health Canada
First Nations Librarians' Advisory Council
Frontenac County Library Board
George Robb Architects
Government of Prince Edward Island
Health Canada
Health Information Network - Northeastern Ontario
Health Science Information Consortium of Toronto
Health Sciences Library, McMaster University
Hospital for Sick Children
Human Resources Development Canada
Industry Canada - Information Highway Applications Branch
Information London
Internet World - Mecklermedia
International Consultants for Development and Research – Jerusalem
International Federation of Library Associations and Institutions
London Public Libraries
Manitoba Library Association
Montreal Association of Independent Libraries
Municipality of Metropolitan Toronto
The Native Library and Information Service
Network PG, Prince George, BC
Niagara College
Niagara-on-the-Lake Public Library Board
Northern Shores District Health Council
Nova Scotia Federation of Community Networks
OCLC Online Computer Library Center
Ontario International Trade Corporation
Ontario Library Consortium
Ontario Library Service – North
Ontario Ministry of Agriculture, Food and Rural Affairs
Ontario Ministry of Citizenship, Culture and Recreation
Ontario Ministry of Health
OPSEU (Ontario Public Service Employees' Union) Pension Trust
Province of Prince Edward Island
Riley Information Services
St. Paul University
Shore Tilbe Irwin and Partners
Simcoe County Library Co-operative
Smart Communities Directorate - Industry Canada
Southern Ontario Library Services
State Library of Ohio
Stratford Public Library
Sudbury Public Library
Town of Markham
Township of Collingwood/Town of Thornbury
The Trillium Foundation
University of New Brunswick Law Library
Waterloo Public Library
Whitby Public Library
Windsor-Essex Teacher-Librarians
Yukon Librarians' Group

Attachment to Item 01 - Winnipeg Public Library Materials Budget