

**FINAL REPORT
OF THE
PUBLIC LIBRARIES STUDY COMMITTEE**



**Indiana Legislative Services Agency
Room 302, State House
Indianapolis, Indiana 46204**

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1993

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I. STATUTORY DIRECTIVE

The source of the Committee's statutory charge is PL 37-1993; SECTION 6. That charge is as follows:

"The Committee shall study all aspects of public libraries in Indiana, including the following topics:

- (1) Reciprocal borrowing.
- (2) The extent to which there are geographic areas in Indiana that are unserved or underserved with regard to library services.
- (3) Methods of restructuring library taxing districts to ensure access by all citizens to public library services.
- (4) The organization and reorganization of library districts and library boards."

The Committee is a statutory study Committee that expires on December 31, 1993.

II. INTRODUCTION AND REASONS FOR STUDY

The Committee met to carry out the Committee's responsibilities under PL 37-1993; SECTION 6.

III. SUMMARY OF WORK PROGRAM

The Committee held five meetings, two in Indianapolis and three at various locations throughout Indiana. The non-Indianapolis meetings were designated as Subcommittee meetings. The Subcommittees were composed of those Committee members in attendance at the meetings. The Subcommittee designation was used to halt the need for a five-member quorum to convene a meeting.

1. The first meeting was held on September 9, 1993, in Indianapolis. The purpose of this meeting was to review the Committee's statutory charge, hear proposals for study approaches from members and interested parties, and develop a work plan for the 1993 interim. After considering the extensive scope of the study topic, the Committee adopted a recommendation to the General Assembly to continue the existence of the Committee beyond the current interim.
2. The second meeting took place at the South Bend Public Library on September 17, 1993. The Committee heard a series of information reports from the Indiana State Library and took testimony on the reciprocal borrowing and library finance topics.
3. The third meeting occurred at the Abe Martin Lodge in Nashville on October 6, 1993. This meeting was held in conjunction with a conference of the Indiana Library Federation. Librarians from throughout the state expressed their concerns on the four parts of the Committee's charge.

4. The Committee met for the fourth time on October 11, 1993, at two different locations, the Greenfield Public Library in the afternoon and Indiana University East in Richmond in the evening. Testimony was heard from the public and from library professionals on all aspects of the Committee's charge but with special focus on unserved and underserved areas.

5. The fifth and final meeting of the Committee was called on October 21, 1993. Members discussed current law on expansion of library service into unserved areas. At this meeting the recommendation to the General Assembly that was adopted at the first meeting was reviewed and finalized. Members also discussed issues for inclusion in the Final Report.

IV. SUMMARY OF TESTIMONY

A. General Background

The general scope of the Committee's work is to resolve questions of access and tax fairness in public library services throughout Indiana.

The last legislative study of public libraries was in 1966, and the law under which libraries are structured dates from 1947. The law is antiquated and some parts are obsolete. It may be time to rethink basic aspects of the provision of library services to the citizens of Indiana.

The State Library provided extensive statistical and other data to assist the Committee in its deliberative process.

B. Reciprocal Borrowing

For twenty-two years (from 1970 to 1992) the state used federal funds to reimburse each public library for expenses incurred in lending materials to persons residing outside the library's taxing district. Out-of-district residents did not have to pay to join the library district. People gradually began to believe that they had "free" access to the materials in any library in the state. Then the federal funds that supported out-of-district borrowing ceased to be available for that purpose.

The Public Library Access Card (PLAC) system was developed to continue to allow residents of one library district to use any public library in the state. Under the PLAC system, an individual can purchase a card for \$16.77 (current rate, subject to adjustment) that entitles the individual to borrow materials from any public library in Indiana.

Many library users are unhappy to pay a fee for a service that once was "free" and that they believe is covered under the taxes they now pay.

P.L.37-1993; SECTION 5, allows libraries to continue a type of reciprocal borrowing temporarily until June 30, 1995, while the Committee designs and the General Assembly enacts a solution to the need for inter-library borrowing by public

library patrons. The temporary provision allows libraries to enter reciprocal borrowing agreements on a statewide, individual, or local area group basis with reimbursement at a specified rate from available federal funds or state appropriations based on each library's net loans to patrons who do not reside in the library's taxing district.

P.L.37-1993; SECTION 1, extended the availability of PLACs. The statute allows a non-resident of a library district to get a PLAC by paying the basic card fee of \$16.77 plus the library taxing district's operating fund expenditure per capita in the most recent year for which that information is available. Library service is thus obtainable at any library in the state by anyone in Indiana, but non-residents of library districts must pay a substantial fee to obtain service.

Opinions vary about the desirability and feasibility of continuing the PLAC system. There is almost universal agreement that the initial implementation of the system was "a public relations nightmare" for all sizes of public libraries, with angry citizens directing their hostility to the "persons at the desk". A long-standing privilege that patrons had come to be consider as routine service was changed abruptly and patrons were not informed of or did not understand the reasons for the policy change.

The cost of a PLAC can be a burden on people and families of limited means. Some people can not afford a PLAC. Yet the cost is low in comparison to the service received.

The opinion was frequently offered that the PLAC system is new and that the system should be given more time to operate to see how well it works. A well-designed replacement rather than a hastily constructed alternative is preferred.

It was suggested that the PLAC program is not paying for itself and is in need of an additional appropriation to be fully funded.

There appears to be a tendency to use the inter-library loan system more now that the PLAC system exists. It costs a library \$8 to fill an inter-library loan request, but the patron does not pay that cost. It is thus more costly to the library but cheaper to the patron to use inter-library loan rather than to purchase a PLAC. Again, more time must pass to evaluate the impact of PLAC on inter-library loans.

When viewed from the state level, reciprocal borrowing under the federally funded program did not work as well as it appears to have worked. Most reimbursements were paid to adjoining districts. South Bend and Mishawaka were the most frequent users of reciprocal borrowing and Lafayette and West Lafayette were the second highest users. Reciprocal borrowing provides a disincentive for districts to merge. The question to ask is "Should everyone in the state pay for a particular service when its use is concentrated in a few areas?".

C. Library Funding

(Property Tax Basis)

Public library funding sources are:
68.55% Property Tax
16.38% Other
13.36% County option income tax
1.24% Contract Revenue
0.47% State Distributions

Libraries in Indiana are financed primarily by property taxation. The property tax has the advantage of being a stable source of income.

PLAC, reciprocal borrowing, contracts, etc. are all methods to avoid using property taxes to pay for public libraries.

A tax fairness issue arises because taxpayers who live in library districts subsidize those who live in unserved areas and use the resources of the library district.

Lack of funds is causing the closing of libraries or reduction in acquisitions of material, especially periodicals, in California, Florida, and some Eastern states.

The Local Government Finance Study Commission should explore the subject of library funding.

(55 cent Maximum Levy)

There is a 55-cent per \$100 of assessed valuation statutory cap on the property tax levy for library purposes. The levy is also subject to property tax controls (the FREEZE), so libraries may not always be able to levy the full statutory maximum.

The size and assessed value of library taxing districts in Indiana are not uniform. The tax limit of 55-cents per \$100 of assessed valuation does not provide equality of service.

The Hammond library is at the maximum 55-cent rate and is located in a community with a declining property tax base. The Hammond library will need to cut services to stay within its income. The library board is considering closing some branches.

Various persons suggested the need for an increase in the 55-cent limit, not just for the benefit of Hammond. The increase could be limited to the purchase of library materials.

(Alternative Revenue Sources)

Local option tax revenues may currently be used for library purposes. Some money from these sources already is used for library purposes.

Creative methods of funding libraries will need to be developed, including user fees for some services. It was suggested that lottery income, a tax on lottery winnings, or a tax on cable television viewing might be used for library finance.

The Committee should consider new, statewide methods of funding library service. State aid for public libraries in Indiana has dropped in ten years from \$1,000,000 to \$600,000. State aid is only a very small part of the state budget and of public libraries' budgets. The public libraries of Ohio are supported on an equalized basis by the state income tax.

D. Library District Structure

There is great variety in the structure of library districts around the state. For example, Hendricks County has seven library districts and five unserved townships.

Local control is a significant factor to be considered in any decisions to be forthcoming on revising library structure.

There was some reference to consolidation of libraries within a county or within a school corporation. Whether library board members should be appointed or elected was discussed.

Mr. Ray Ewick, Indiana State Library Director, spoke of a federation of community libraries as an ideal structure. A federation would offer better and more services and funding and provide economies of scale, but would also allow each library to keep its sense of community. The federation might have the following features:

- (1) Be optional to join.
- (2) Centralized taxing and government.
- (3) Retain some areas of independence for community libraries.
- (4) Possibly have some tie to school districts.
- (5) Retain local community boards, perhaps in an advisory capacity, to secure the valued input of the 1,700 library trustees.

E. Unserved Areas

Seven and one-half percent of the people in Indiana are unserved by a public library. It would be unthinkable to have any area that is unserved by a public school.

Persons who move from a well-served library district into an area without library service (usually from a city to the suburbs) are shocked and angry when they discover that all areas of the state are not served by a public library. People believe

that they pay taxes to fund a statewide system of libraries, or think that the funding of the school system also funds public libraries.

Statewide service is a public expectation. There is no consensus on whether statewide service should be mandated. But there is consensus that mandates without funding are poor public policy.

A county-wide system or a regional system that crosses traditional political boundaries such as county lines needs to be evaluated as a potential vehicle for serving all areas of the state. The library community agrees that all people need service, but does not agree that county-wide service is a cure for the problem of unserved areas.

Tools exist in current law that allow local control and give all areas mechanisms by which to obtain service through mergers or expansions of existing systems. The tools are not being utilized, in part because the property tax is the financial base for funding libraries and any property tax increase is usually opposed. Remonstrators to property tax increases have defeated recent efforts to expand coverage of library service.

Perhaps an incentive program could be established to encourage the inclusion of unserved areas in library districts.

(Contracts for Library Services)

Library service contracts are one aspect of the unserved areas topic. Contracts have their origins in federal revenue-sharing when townships had "extra" money to spend. Under a contract system, a township trustee of a township that is not in a library district contracts with a nearby library district for the district to extend library service to township residents in return for a contract fee. The township per capita payment under the contract is usually much lower than the per capita amount paid by residents of the library district.

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There are still a substantial number of contracting entities, although the State Library has had some success in encouraging mergers. Merger tends to occur when the contract price approaches the tax rate in the taxing district.

There are no statutory requirements for the contents of library service contracts. All issues are open to negotiation between the parties. Without federal revenue-sharing monies to pay for library contracts, it is an annual budget problem for townships to pay their contract obligations, even if the per capita cost is less than the per capita cost paid by library district residents.

no fed
subsidy
since
1964

F. Underserved Areas

The underserved issue refers to the great inequality of resources and services among existing libraries. Inequalities of service can have a profound effect on the life of Indiana citizens in the next century.

Indiana has numerous small libraries. There are many small town libraries because Indiana got more Carnegie grants than any other state and used town government as the mechanism to apply for the grants.

By law a library must serve at least 10,000 people; however, 170 "grandfathered" libraries exist that serve less than 10,000.

There is no definition of public library in Indiana law or any statement of what a public library should be and do. There are no requirements for level of service, staff certification, public access to professional librarians, etc. The definition of a library may need to be changed and a minimum level of services specified.

Different classes or phases of public libraries may need to be established in the future, each providing different levels of services.

G. The Public School/Public Library Relationship

There is no correlation between school district boundaries and library district boundaries. These two public functions have overlapping missions with no official coordination and often no real-world coordination. One example is a library district that has five different school districts within its borders. Another example is a consolidated school district serving six townships, two of them served by a public library and four not having any public library service. One school corporation in an unserved area takes school children on field trips to a nearby city so that the children can experience a public library.

All public school students need access to public library cards and services. There are a variety of creative approaches under which some libraries let out-of-district students and teachers borrow from a library when the students and teachers are technically not entitled to service. There is a general emphasis on providing service to those in need rather than paying strict attention to tax fairness aspects.

Some schools and public libraries work well together to coordinate efforts and services. Other do not do as well in working together. The need to cooperate increases as tighter school budgets reduce the resources available to maintain school libraries.

One witness stated that freshmen at Indiana University who do not know how to use a library. They have not learned library skills as part of their pre-college school curriculum. This lack of skill is a disadvantage to the students both in college and when they join the workforce. There is a huge discrepancy in student familiarity with automated catalogs and indexes.

There is no statewide information policy. The interrelationship of all libraries in the state, school, university, and private, needs to be studied.

H. Miscellaneous Library Topics

Libraries play an important role in continuing and adult education. They are a major information source for small businesses, for career information, and for persons changing careers. They are places for computer training and literacy education. In short, libraries are a place for life-long education.

Libraries are useful in economic development decision making. They provide the local information that is necessary to economic development decisions. Libraries are a "quality of life" factor that can encourage businesses to locate in a particular area.

The public has very little knowledge of the operation of public libraries. There is a need for public education about the finance and structure of public libraries in Indiana, the purpose of the PLAC system, and the service areas and functions of libraries in relation to public schools.

There is a need to develop "grass roots" support on the local level for public libraries and to foster a more positive attitude toward libraries.

The issue remains of how libraries will interface with the electronic era and the "information highway." There is a need to plan for the libraries of the future.

The Library Federation has formed task groups to find possible solutions to some of the issues the Committee has raised.

V. COMMITTEE FINDINGS AND RECOMMENDATIONS

Finding #1

The Committee finds that the available time for Committee work in the 1993 interim was adequate to explore problem areas and to take informative testimony on the specific aspects of public libraries that were assigned for study. However, the available time was not sufficient for the Committee to craft solutions to the problems. Thus the Committee finds that further study is necessary in order to effect viable solutions to the problems explored during the 1993 interim.

Finding #2

The Committee finds serious interest among its members and the library community in exploring certain topics that are implied but not specifically listed in the Committee's charge. These topics are the following:

- (1) The relationships between schools and public libraries.
- (2) The need to increase public knowledge of, appreciation of, and support for public libraries.

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(3) The role and nature of the public library of the future in the information age.

Finding #3

The Committee finds that the broad subject of the organization and funding of public libraries affords a variety of study topics of sufficient public policy importance to merit continuous legislative study.

Recommendation

The General Assembly should enact into law a bill to recreate the Public Libraries Study Committee as a permanent statutory study operating under the direction of the Legislative Council.

WITNESS LIST

Don Baker
Ohio Township Public Library (Newburgh)

Geneva Ball
Retired Teacher & Library Patron
Richmond

John Barnett
Indiana Library Federation

John Baugh
Indiana Farm Bureau

Richard Bell
Fortville Public Library

Linda Bond
Resident of Unserved Area
New Palestine

Bill Caddell
Frankfort Community Public Library

Rose Chenowith
Goshen Public Library

Dr. Gary Chinkenbeard
Superintendent of Schools
Hancock County & Greenfield

David Cooper
Noblesville-Southeastern Public Library

Rosemary Davis
Library Patron
Centerville

Charlotte Davis
Batesville Public Library

Carol Derner
Lake County Public Library

Dan Diercks
Library Board Member
Hagerstown Public Library

Barbara Elliott
Wells County Public Library

C. Ray Ewick
Director
Indiana State Library

Dave Ewick
Fulton County Public Library (Rochester)

Antoine Gagnon
Past President
St. Joseph County Friends of the Library Organization

Ray Gnat
Indianapolis-Marion County Public Library

Nancy Grimes
Hagerstown Library

David Hurst
Indiana State Board of Tax Commissioners

Carole Knowles
Knightstown Public Library

Jeffrey Krull
Allen County Public Library

Bill Lake
Library Patron
Hagerstown

Dennis Lawson
WVTA Network
Lafayette

Beverly Martin
Johnson County Library
Chairman
Indiana Library Federation Legislative Committee

John McConagha
Greenfield Public Library

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Arthur Meyers
Hammond Public Library

Martha Miller
Delphi Public Library

Don Napoli
St. Joseph County Public Library

Cass Owens
Monroe County Public Library

Marcia Parker
Resident of Unserved Area
New Palestine

Terry Rheinheimer
Middlebury Public Library

Janet Scank
Peabody Library (Columbia City)

Carol Smyth
Morrison-Reeves Public Library (Richmond)

Faye Terry
Indiana State Library

Jeff Thalls
Hagerstown Public Library

Carolyn Walters
Undergraduate Library Services
Main Library, Indiana University

Glenna Whitmill
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