Financial Support of Public Libraries

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One of the characteristics which distinguished the evolution of the social library of the colonial and pre-1850 period from the contemporary public library is the shift from the almost complete dependence of the former upon private sources of support to the dominating dependence of the latter upon governmental support.

Under our constitutional form of government, powers not delegated to the federal government "are reserved to the states respectively, or to the people." Local governments, such as cities, townships, and counties, have only those powers which are delegated to them by the respective states. Normally, it requires a specific delegation of power or authority from the state to the local government to enable the latter to establish a public library or to levy a tax or to make an appropriation for this purpose.

The Massachusetts General Court (legislature) in 1848 authorized the city of Boston to levy a tax for the support of a city library. The principle established by this act was later extended to permit cities in general to appropriate money for public library purposes. In general, this has been the social and legislative process by which the powers of cities have been extended.

Until early in the twentieth century the property tax was the chief source of most governmental tax revenue in the United States. As late as 1902 slightly more than one-half of the tax revenue raised by federal, state, and local governments combined was raised by property taxes.¹ No other single form of tax produced as much as one-fifth of the total tax revenue.

The introduction of the income tax, made effective at the federal level by the Sixteenth Amendment to the Constitution, made a tremendous change in the access to tax income. In 1956 the income tax produced 60.7 per cent of the total tax revenue, while the property

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tax produced only 12.8 per cent. Taxes on motor fuels were a relatively new source of tax revenue, producing 4.1 per cent of total tax revenue in that year, while sales, gross receipts, and similar taxes accounted for 10.1 per cent.¹

As shown in the foregoing paragraphs, the sources of governmental tax revenue have undergone a tremendous change in the present century, from primary dependence upon property taxes (51.4 per cent in 1902) to major dependence upon income taxes (60.7 per cent in 1956). Combined with the major change in sources of tax revenue is an even more startling one in the level at which tax revenue is collected. In 1902 the local governments raised 51.2 per cent of the total tax revenue; the federal government, 37.4 per cent; and the state governments, 11.4 per cent. By 1956 the local governments collected only 14.2 per cent of the total tax revenue, and the federal government, 71.2 per cent. The position of the state governments remained the same, with 11.4 per cent of the total tax revenue in 1902 and 14.6 per cent in 1956.¹

The displacement of the local governments by the federal government during the present century as the chief collector of tax revenue does not mean that our local governments have declined as collectors of tax revenue and spenders of money. In 1956 the local governments collected 18 times as much tax revenue as in 1902. However, during this period the tax revenue of the state governments multiplied 86 times, and the federal government 127 times!¹

At the risk of over-simplification, it may be pointed out that the relative shifts in the sources and levels of tax revenue are due to at least two factors. One important change is the form in which wealth is now held. Whereas in the early years of our country the chief form of wealth was real property, much of which was subject to property taxes, currently much individual wealth is in the form of securities (stocks, bonds, mortgages, and similar "paper" forms). Corporations may hold property in many localities and countries, and the owners of corporate property are widely scattered. The local government is not an effective tax collector for the form of wealth which is characteristic of the modern business corporation. The federal government has been proved to be the most effective collector of taxes upon income.

Second, the need for more income for the expanding functions of government at all levels required the development of sources other than the property tax. Whereas the property tax produced more than

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one-half of the tax revenue of our governments at all levels in 1902, it produced only 13 per cent of all tax revenue in 1956. The local governments, having only the tax sources which are permitted to them by the states, are the least able to develop new tax revenue sources to meet their expanding needs for improved schools, libraries, recreation, police and fire protection, and the other services which are the primary responsibility of local governments.

The squeeze in which local governments have found themselves, as a result of their relatively restricted sources of tax revenue, has been largely responsible for the development of programs of federal and state aid. The interest of the federal government in the promotion of "the general welfare" of its people is expressed in the Preamble to the Constitution. It is no new doctrine, although determination of what constitutes "the general welfare" is a matter for each generation to interpret through its legislators. The interest of the federal government in programs such as highways and education is not a twentieth-century phenomenon. Even before the adoption of our federal Constitution, Congress had expressed, in the ordinances of 1785 and 1787, its concern for the education of its citizens.

To the present writer, the development of programs of state and federal grants-in-aid for education and for libraries is primarily the result of factors already mentioned: the broadened interpretation of "the general welfare" provisions of our federal Constitution and the more effective access of the higher levels of government to new and varied sources of tax revenue, since the property tax has proved to be an inadequate base.

In spite of the weakness of the general property tax, this continues to be the chief source of tax revenue of the local governments (county, municipality, township, school district, and special district). In 1902 the general property tax produced 88.6 per cent of all tax revenue of our local governments; in 1956 the figure was 86.9 per cent.

Pressures against continued increases in the local property tax have caused municipalities to look for other sources of tax revenue. Taxes on sales and gross receipts seem to have been the most productive. These sources produced 6.8 per cent of local tax revenue in 1956 and 7.2 per cent in 1961. Municipalities have also sought non-tax sources of revenue, such as special service charges made upon users of certain municipal services, as parking, sewers, garbage disposal, etc., and special assessments to finance certain types of improvements.

Most municipalities have not been successful in tapping the income
tax as a source of revenue. This is the second largest source of tax income of the states, now exceeded only by income from taxes on sales and gross receipts.

Access to the broader income base of the states for the benefit of local government has been achieved, however, through wide adoption of the grant-in-aid principle. In fiscal 1961 local governments raised approximately 20 billion dollars in taxation, and received slightly over 10 billion dollars in grants-in-aid from the state governments. The state governments received more than six billion dollars as revenue from the federal government.2

Of special importance is the fact that per capita tax revenue tends to vary directly with the population of the city. For 1961 the per capita tax revenue for cities with less than 25,000 population was $31.13; for 100,000 to 199,999 population, $66.42; and for 1,000,000 or more, $137.38.3

Statistics of Public Libraries: 1955-56 reports the following percentages of total public library income from local property tax or appropriation: 1939, 87.6 per cent; 1945, 87.8 per cent; 1950, 87.4 per cent; and 1956, 87.3 per cent.4 Even though total income reported for all public libraries rose substantially from 1950 to 1956 (up 58.4 per cent), the percentage from local sources changed by only 0.1 per cent. The increase in total income without increase in the percentage from local sources is due primarily to the increase in the property tax base during the period of inflationary price rises, which is reflected in the total property tax base.

In most of our states the general property tax is the chief source of income for the public library, and provisions for such support are usually written into the general municipal and county library laws. The library legislation in some states provides a ceiling which specifies the maximum rate of the property tax for the public library. No comprehensive study of the relation between the maximum allowed rate and the rates which are levied is known to the present writer, nor any study which compares the library tax rates in jurisdictions which operate under a tax ceiling with those which operate under legislation which provides no such maximum.

In California the county library law provides for a maximum tax rate of 30 cents per $100 of assessed valuation. The maximum rate was increased from 10 cents to 30 cents by legislation passed in 1957. In its annual statistics for public libraries News Notes of California Libraries publishes the tax rate per $100 for each library, where this
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figure is reported to the state library. For fiscal 1961 the median rate for county libraries which reported the data was 8 cents and the range was from 1 to 13.9 cents.

Among California municipal public libraries the median 1961 tax rate was 17 cents, with a range from 3 to 30 cents. Some of these municipal libraries are established under the general library law for municipalities and some under city charter. Under the charter provisions of California law the chartered city or county is free to set its own charter provisions for tax limitation and may set such limitations or fail to specify a maximum. In general, there seems to be little tendency for the governmental jurisdiction to reach a tax rate for the library that is equal to the maximum provided by legislation.

The public library has no major source of income other than local tax revenue. Income from gifts and endowments was only 4.3 per cent of the total in 1956, although it amounted to almost $8,000,000. This percentage is smaller than that reported in 1950 (4.8 per cent), and in 1939 (5.5 per cent). More than half of the total endowment funds reported are held in one state, New York.4

Probably the most significant recent trend in the sources of public library income, particularly in the light of much of the earlier discussion in this paper, is the increasing percentage from state grants. This was reported as 0.5 per cent in 1939, 1.5 per cent in 1945, 1.7 per cent in 1950, and 2.7 per cent in 1956. The total income from state grants reported for 1956 by 6,202 library jurisdictions was approximately $5,000,000.4 This amount is exceeded by a single state, New York, in 1961. The total grants-in-aid reported by 26 states for public libraries for 1961 is $12,545,668.5

Funds from the Library Services Act, passed in 1956 and extended in 1961, had not become effective in the fiscal year for which the last Statistics of Public Libraries4 was published. Because of the small amounts of the annual federal appropriations, ranging from $2,050,000 in 1957 to $7,500,000 in 1962, they will have only a slight effect upon the total income pattern of public libraries in the country. The appropriation for 1957 amounted to slightly less than 1.5 per cent of the total income reported by public libraries in fiscal 1956. However, since LSA funds are used only in “rural” areas of less than 10,000 population, they have had a distinct effect upon library service in such areas. One of the effects of the federal grants under the LSA has been to stimulate appropriations for the state library agencies, and this will, in turn, probably stimulate to some extent, through state grants
or assistance in financing LSA projects and through the effect of field consultants, the local support of public library service.

It seems reasonably clear that one of the effects of the traditional state grant of the same amount to each public library was to perpetuate the many small and generally ineffective public libraries. Perhaps it could be more accurately stated that until recent years the state grant had not been used as an effective instrument for improving the quality of the local public library.

With the appearance of Leigh's *Public Library in the United States* the position was clearly stated and documented that the individual public library with meager resources of materials, staff, and annual revenue cannot effectively perform the functions which its professional leaders assume to be its role. As late as fiscal 1956, 70 per cent of the 6,202 reporting public library jurisdictions in the United States spent less than $5,000 annually. Forty-nine per cent of the main libraries were open fewer than 25 hours a week. It is now generally recognized that substantial improvement in the range and level of service can probably come most effectively by grouping the small library jurisdictions in some sort of voluntary federated or cooperative system.

Therefore, it seems important that state-aid programs be designed to assist in the improvement of public library service by distributing grants to small libraries in such a way as to require their inclusion in some form of cooperative or consolidated “system.” The state-aid program in New York state has been notably successful in promoting the formation of systems among previously independent library jurisdictions and seems most nearly designed to carry out the basic principle of the current ALA standards.

In the strictest sense the American Library Association has no standards for the financial support of public libraries. A supplement to the “Public Library Service Standards” gives four examples of budgets for specified population figures, with suggested expenditures for objects appropriate to a typical budget. For each suggested budget a per capita figure is given. These figures range from $3.05 to $3.96.

The first official statement adopted by the Council of the American Library Association concerning a per capita revenue was proposed at the December 1921 meeting by the then Chairman of the Library Revenues Committee and began: “The American Library Association believes that $1 per capita of the population of the community served is a reasonable minimum annual revenue for the library in a com-
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community desiring to maintain a good modern public library system with trained librarians."  

In December 1933 the ALA Council adopted "standards for public libraries," which incorporated the earlier figure of $1 per capita, and Post-War Standards for Public Libraries, published by ALA in 1943, contained the official statements of standards prior to the 1956 document.  

Post-War Standards was, in a sense, a product of the depression of the 1930's. In 1933 the "National Planning Board of Federal Emergency Administration of Public Works" was created. This became, in 1939, the National Resources Planning Board, established in the Executive Office of the President. A basic purpose of the National Resources Planning Board was to make factual studies and inventories as a basis for blueprints of socially useful projects which could be put into effect to forestall the anticipated post-war depression. A grant to ALA from the National Resources Planning Board produced Post-War Standards, whose Foreword gives a very brief statement of the purpose: "The preparation of these standards is the first of three steps in an effort to plan for the improvement of library service and for its extension to all people now without it, as soon as possible. The second step is to compare existing library service throughout the United States with the standards. The third is to prepare some kind of working program for the future." It was anticipated that the second and third steps would be carried out largely on a regional and/or state basis.  

It seems reasonably clear to the present writer that it was never intended that the per capita income figures should be taken as a specific guide or standard for a specific library, except, perhaps, as a rough rule-of-thumb. A part of the confusion which has resulted from the use of a per capita income standard results from uncertainty as to whether or not the figure is to be used as a planning goal to be reached on some future date, as a working standard to be currently reached in order to have "a good modern public library," or as a minimum operating standard which most public libraries should currently reach.  

In the opinion of the present writer the original intent of the per capita income figure in Post-War Standards was to suggest that regional or state studies be made to determine the status of public libraries, including the level of per capita income or expenditures, and to use these data to develop working programs designed to improve the statewide level of service through the improvement of individual
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libraries. This three-step program envisaged by Joeckel was not carried out, although a number of states have, in recent years, moved in this direction.

It has been frequently pointed out that the total revenue allocated to public libraries is an insignificant item "in relation to the whole governmental budget." Armstrong estimated that the 1948 expenditure was "less than one sixth of 1 percent of the budget for operating governmental services of all kinds and at all levels." At the local level Armstrong estimated, using data from the U.S. Statistical Abstract, 1949, the Compendium of City Government Finances in 1948, and the Yearbook of the National Recreation Association, "that about 1.5 cents of the municipal tax dollar goes to public libraries, compared with 4 cents to public recreation, and nearly 25 cents to the public schools." In 1961 about 1.7 cents of the general expenditure dollar of cities went to library service.

Figures published in October 1962 for the fiscal year 1961, showing direct general expenditures by function of governments at the three levels, national, state, and local, make it possible to compute the following percentages of direct general expenditures which are for libraries: all levels, 0.3 per cent, state 0.1 per cent, and local 0.9 per cent. Expenditures for library services for the national government are not reported. Because of the different sources of data and possibly different methods of allocation by function, it is not possible to say whether the more recent figures show improvement in the relative position of the library function in total government finance. Armstrong's figure of "about 1.5 cents" is for municipal expenditures only, while the 0.9 cents given for local governments in 1961 includes all local governments—municipalities, counties, and school and other special districts.

Figures published by the California State Controller for 1961 make it possible to compute for each municipality the percentage of general city expenditures for public library service. Data for 54 cities in 14 counties show a median of 4 per cent, and range from 2 to 12 per cent.

Summary

State and federal grants-in-aid are primarily recognition of the fact that (1) governments at all levels are interested in "the general welfare" of the people and (2) the higher levels of government are more effective collectors of tax revenue than are the local governments, although the latter may be equally competent to administer the expendi-

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ture of funds. The property tax is the major source of tax revenue of local governments; however, most public library jurisdictions which have a tax-rate ceiling do not appear to be receiving the proceeds of a maximum legal tax rate. Local governments in 1961 receive about half as much money from state grants as they collected from tax revenue. State grants-in-aid were available for public library service in half of the states in 1961, but only a small percentage of total public library income comes from this source.

Current national standards for public libraries do not make use of a per capita income figure; however, such a figure may be useful as a rule-of-thumb measure of the extent to which funds are available for public library service in jurisdictions serving relatively large populations (approximately 100,000 as a minimum).

The percentage of general revenue which is appropriated to public library service is typically small at all levels of government, tends to vary widely among jurisdictions, and is largest at the level of government which has the most restricted sources of revenue—local government, primarily cities. The rationale for public library support is the value of the services rendered to the public, as interpreted by the elective legislative and appropriating bodies.

References

10. Ibid., pp. 5-6.