KEEPING PUBLIC LIBRARIES PUBLIC

A Checklist for Communities Considering Privatization of Public Libraries

ALA American Library Association
Keeping Public Libraries Public
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Visit www.ala.org/outourcingandprivatization to download this document or to find additional information on this issue.
Introduction

Privatization of public services, including libraries, has been an issue for many years. In the 1980s, the federal government began to contract with private companies to manage and operate federal libraries. Other special libraries also have a history of privatization. However, only in the last 10 years have city and county governing bodies considered privatization of public libraries.

For over 200 years, public libraries have earned the respect of the residents they serve. It is interesting to note that public library service began in the colonial United States through “subscription libraries,” available only to those who could afford to pay the fee necessary to support their existence. With the development of a free education system in the U.S., many communities expanded the concept of public education by establishing public library services for their residents through tax support. Public libraries were viewed as a public good—a common resource available to all, funded by public dollars and governed by local residents. These governing boards were given unique responsibilities within a municipality to act on behalf of the community. Trustees were charged with a public trust: overseeing the collective, public assets of the library and hiring the library director, who makes operational decisions for the good of the community and who is directly accountable to the governing body. Even in cases where trustees serve in an advisory capacity only, there is a strong recognition that libraries must be accountable to the residents that fund them. Has the view of the library as a common public good changed in the 21st century?

Recently, questions about the role of government have become the center of national debates. These questions have prompted some government officials to search for options to deliver public services. Officials may entertain the notion of privatization because the presumed cost savings and other efficiencies gained are appealing. Experience has shown that privatization of public services has not necessarily produced substantial cost savings.

As local officials review these choices, they should understand the full scope of services their libraries offer, and the impact that libraries have on their communities. They must also answer the following questions:

- Can a private company maintain the level of public trust that has been earned by the local library?
- Will the library director always make the operational decisions that are in the best interest of the community, even if those decisions reduce or do not contribute to the private company’s profit?
- Can or should library services be provided through private companies?
- Does the relationship between a public library and its community change when a library is privatized?
- Does the role of the library as a public good change when the library is privatized?
The American Library Association affirms that policymaking and management oversight of public libraries should remain securely in the public domain. This report is designed to help librarians, trustees, Friends, and other library supporters address the issue of privatization and prepare for any discussions about privatization that might arise in their communities. The report includes:

I. Current ALA Policy

II. Definitions

III. Major Issues in Library Privatization

IV. Key Messages and Talking Point

V. A Checklist for Considering Privatization

VI. A Checklist for Contract Consideration

VII. Action Steps for Libraries and Their Supporters
I. Current ALA Policy

In 2001, after considering the issues of outsourcing and privatization, ALA Council voted to adopt the following policy:

“ALA affirms that publicly funded libraries should remain directly accountable to the public they serve. Therefore, the ALA opposes the shifting of policymaking and management oversight of library services for the public to the private for-profit sector.”

II. Definitions

The Public Library Association used the following two definitions in its report Outsourcing: A Public Library Checklist, issued in August 2000. (For more information, visit: http://www.pla.org/ala/mgrps/divs/pla/placareers/outsourc.pdf.) The definition of “privatization” was derived from the 1998 deliberations of the American Library Association’s Outsourcing Task Force.

**Outsourcing** involves transfer to a third party, outside vendor, contractor, independent workers, or provider to perform certain work-related tasks involving recurring internal activities that are not core to the mission of the library.

**Privatization** is the shifting of library service from the public to the private sector through transference of library management and operations from a government agency to a commercial company.

The distinction between outsourcing and privatization deserves some additional discussion. Some people suggest that there is no difference between outsourcing and privatization. After all, they argue, in outsourcing, a third party provides a service and makes a profit, just as in privatization.

One of the main differences between the two is that in outsourcing, the contract is typically narrow and for a specific service that can be easily defined and monitored. For example, a library might contract with a regional cooperative for cataloging, standing orders, or continuous services with a book jobber. In each of these cases, the private company decides how a service is delivered but the publicly funded library staff controls what that service is through a contract.

Privatization takes outsourcing to another level. Privatization encompasses all library services and controls not only how services are delivered but what services are offered and delivered. Privatization brings to light a variety of issues that will be covered in the following section of this document. All of these issues hinge on the premise that any and all contracts entered into should ensure that profits do not supersede the needs of the community.
III. Major Issues in Library Privatization

Quality of library services: How will a private company maintain or increase the level of service to the community and still make a profit? Who will make the final decision about the addition, reduction, or elimination of services?

Loss of local community control: Community control of the library, its services, and expenditure of tax dollars is at risk. Decisions about library service, operations, and budget are transferred from the public sector to a private, for-profit company. Will a private company be receptive to community feedback about the library?

Governance: Will policy remain under local control? What is the role of the board of trustees? Will existing trustees continue to have whatever authority is given them in state law?

Loss of control of tax dollars: Public money will go to a business with little or no transparency and accountability. What is the company’s profit margin, and how does this impact library service?

Intellectual freedom: Will the company adhere to local polices such as protection of user privacy, requiring a court order prior to reveal user information, a collection development policy, intellectual freedom, and the Library Bill of Rights? (See the Library Bill of Rights: http://www.ala.org/ala/issuesadvocacy/intfreedom/librarybill/index.cfm.)

Collection development: Library staff buys materials that reflect the needs of its local communities. In many privatized libraries, off-site staff at the company’s headquarters selects materials. Will a provision for local input be part of the contract to ensure that local needs are being met?

Loss of community involvement with foundations, nonprofits, Friends groups: Will the library have difficulty receiving grants from private foundations or soliciting donations from private individuals because the library is now managed by a for-profit company and thus the contributions help a private company make a profit? Will Friends, foundations, and other bodies continue to raise funds for the local library if it is privatized? Will any percentage of funds raised go to the for-profit company? Is donated money under the control of the governing board or the for-profit company? If it is under the control of the for-profit company or management, is a Friends group’s 501(c)3 status in jeopardy?
IV. Key Messages and Talking Points

These key messages and talking points are for use by library staff, trustees, and other library supporters in talking to media representatives and others about privatization. (See www.inthepublicinterest.org/whats-at-stake for an example of how this can be graphically presented.)

Key Message 1: There are certain community services that should be held by the public. Libraries are one of them.

Talking point: Democracy depends on a well-informed and well-educated society in order to be self-governing. Public libraries provide access to an infinite array of ideas both present and past, our world's history, our literary heritage, and learning resources for people of all ages. Today, access to 21st-century technologies has become increasingly critical for global networking, information access, and the routine tasks of individual commerce. Public libraries provide this access to all who use them without regard to means or background. Without access to these technologies, the digital divide grows deeper; more people are left further behind, and the gap between the “haves” and the “have-nots” widens. Libraries continue their traditional role of connecting people with the resources they need to be fully participating members of society. Because libraries are critical to the public good, they should remain in the public domain.

Talking point: Public libraries are accountable to the public for the money they spend and the way they operate. They are governed by officials who answer to the voters. Private companies answer to the need to make a profit.

Talking point: A resident can see exactly how much money is spent on public library services. Depending on the contract, this same accountability may not be available under a private company, which shields its profits from public view. Use of public funds should be transparent.

Key Message 2: Will privatization save money?

Talking point: These are tough times for cities and counties, but library privatization has hidden and uncontrolled costs and may not save money in the long run.

Talking point: Like all contracts, privatization contracts for the public library must be carefully scrutinized to ensure that the community is receiving top service for a fair price. For example:

- Administrative costs and other fees should be clearly stated, including potential handling fees on materials or staff recruitment.
- The contract should address capital improvement and replacements, and address who is responsible for unexpected costs that may occur mid-contract, such as utility increases, repairs, or unexpected maintenance needs.
- Check to see if the company takes a percentage of any grants received.
- Who is responsible for administrative errors and associated penalties?
Key Message 3: Apparent reductions in labor costs may be offset by increases in legal costs resulting from employment actions.

Key Message 4: The public should be kept in public libraries. Privatizing the library threatens two pillars of public control: accountability and transparency.

Talking point: Private companies may not be obligated to disclose earnings. Governing bodies should insist on seeing current audited financial statements and information on the profit margin of a privately held company in order to maintain transparency.

Talking point: Public libraries are subject to the Freedom of Information Act. This same level of accountability is not required in privately held firms. Private companies can shield vital information from public view by claiming that such information is “proprietary.”

Talking point: Public officials make decisions about library operations in public meetings open to everyone. Privatization may close the door on public meetings and shut the public out of decision-making.

Key Message 5: Decisions made regarding public library services should be driven by the best interests of the community and not driven by profit.

Talking point: Public librarians view the control of public assets as a trust that must be managed for the long-term interests of the community, not driven by immediate private commercial interests.

Key Message 6: Professional standards and maintenance of quality service may be at risk with privatized service.

Talking point: Private companies have a primary interest in making profit, which can create incentives to let quality slip and assets degrade by cutting corners on maintenance of the community’s buildings and other assets, such as computing equipment and furniture.

Talking point: Private companies interested in keeping staff costs low may hire library workers who lack the necessary training or experience needed to provide quality library service.

Talking point: Some city and county governments cancelled or did not renew their privatization contracts after officials realized that they could save money by keeping library services in-house, or that the company failed to pay bills on time or requested to increase the budget.
V. A Checklist for Considering Privatization

Deciding to privatize public library management and operations is a critical decision that can have unforeseen consequences or an impact beyond what is expected, and be divisive within a community. It is important that a governing body (library board, city council, or county commission) consider multiple aspects of this decision. This checklist presents issues that should be discussed by a governing body prior to making this crucial decision. Governing boards should consider each question in light of its relevance to their local communities.

Funding
- How much money will the contract save? Has the library staff been asked if they can produce an equal amount of savings?
- How much profit margin will the company expect?
- Could profit paid to the company, combined with new library efficiencies, preserve public control of the library?
- How will the governing body monitor and verify that the anticipated cost savings occurred without damage to library services?
- Does the proposed contract include costs to fully manage the library—for example, the costs of rent, building and ground maintenance, and utilities?
- What are the costs of exiting any existing vendor or other cooperative contracts if the private company cancels them?
- What are the costs of cancelling the contract if the privatization service is not satisfactory? Can the city retain staff hired by the private company?

Library Services
- Will the same range of services be offered? Will services (including hours and locations) be decreased in number of offerings or frequency?
- Some services incur greater expenses for resources while others are very staff intensive. If forced to reduce, eliminate, or initiate services, will the private company be able to make informed decisions, mindful of the needs of the community? Will community input be solicited?
- What specific improvements in public service will result from the contract? How will the company pay for these improvements?
- Who, specifically, will evaluate that the library is providing the same or better library service? What specific criteria will be used in this determination?
- Will reciprocal borrowing (the ability to borrow from other libraries in the region) be continued, or will local library users be denied quick access to materials in other libraries? If these privileges are removed, will the library still participate in interlibrary loan agreements?
- Will the company engage in strategic planning?
- Will current library staff be retained? Experienced and dedicated library staff is the heart of library services to a community. Staff costs are the largest percentage of any organization's budget. Therefore, how a private company will handle staff costs must be understood before a contract is signed. What will the staffing patterns of the library be when it becomes privatized? How many full- and part-time staff will be employed?
- Will the hours and benefits of current staff be reduced? If so, by how much? Will existing employment contracts be honored?
Community Control

- Will there continue to be a library board, and will it continue to have the same level of authority and responsibility authorized in state law? Who will make library policies regarding such areas as the ability of children to use the Internet, or the setting of fees and fines?
- Will policy remain under local control? What is the role of the board of trustees? Will existing trustees continue to have whatever authority is given them in state law? To whom is the director of a privatized library accountable?
- Who will develop the library's collection to meet the needs of the local community? Will corporate staff at the company's headquarters make decisions about what goes in the library's collection? What input will the public and library staff have?
- What input will the community have when the contract is up for renewal? How will community satisfaction be determined? How will the community be informed of library plans, budgets, and performance? Will Friends, foundations, and other entities be able to continue to operate and provide financial support under their present structures?
- How will the community know where their library tax money is spent and what amount goes to company profit?

Political Questions

- Have library governing or advisory boards been involved in planning and decision-making? Does the library governing or advisory board support the privatization decision?
- Has the local community been involved in the privatization decision-making process? Has the community been asked what library services they prefer? Does the community support privatization of the library?
- How will the library reestablish public management of the library if the private company is not satisfactory?

Organization and Staff

- Does the company propose a change to the organizational structure of the library? Will library staff be retained?
- If current employees are not rehired by the company, what is the city's financial or human resource obligation to them? Who pays unemployment, retirement, or other termination costs? How will the city or county pay for legal defense arising from employment issues?
- Will volunteers replace existing trained staff?
- How will the company train volunteers and pay for any associated workmen's compensation insurance?
- Will company hiring practices include recruiting a diverse population to match the make-up of the community?
- If the contract with the private company ends, can the governing body retain library staff without paying a finder's fee to the company?

Legal

- How will compliance to all library-specific federal, state, and local laws and regulations be addressed?
- How will current collective bargaining contracts, employee benefits, and related issues be handled?
- Has a search of legal records been done to determine if there are any liens or judgments against the company?
- Has the potential impact on directors and officers insurance been investigated?
VI. A Checklist for Contract Consideration

What should be considered when soliciting a proposal and developing a contract for a public library? A private company may indicate that it cannot answer these questions until it has begun to manage the library. However, a discussion with the private company should include the governing authority’s intentions. The same questions should be asked of the local library as a competitor for the contract, which would keep the library fully under public control.

Contract Provisions

- Frequency and content of regular reports to the governing body
- Oversight of the contract by governing body staff or officials
- Performance measures to ensure quality performance such as:
  - Circulation and circulation per capita (print, electronic, CD/DVD, etc.)
  - Community presentations
  - Number of individuals served through outreach services
  - Registration as percentage of population
  - Reference transactions and reference transactions per capita (on-site, phone- and virtual reference)
  - In-library use, visits (walk-in traffic, computer usage)
  - Web visits, database usage
  - Interlibrary loan statistics
  - Program attendance
  - Number of programs by month and year
  - Growth or decline of existing services
  - Establishment of new services to meet community needs
  - Hours open, total and by day
  - Status in relation to any state standards
  - The ratio between full-time and part-time staff
  - The ratio between librarians with an MLS degree and staff without MLS degrees
  - Number of volunteers and volunteer hours
  - Holds-to-copy ratio
  - Return on Investment
  - Services offered to different demographics (i.e., teen services, emergent literacy, ESOL)
- Criteria governing cancellation of the contract for performance issues
- Areas of library service where profit may be realized at the expense of quality. Degree to which any state standards must be met, i.e., no less than before privatization or above average for peer libraries
- Ability to retain library staff without paying a finder’s fee to the private company if the contract is cancelled
- Company adherence to all applicable state library law, including privacy of library records and use
- Any protections for current library staff jobs, salaries, or benefits
- Degree of transparency that the private company will provide about its financial operation of the library, particularly its profit margin
VII. Action Steps for Libraries and Their Supporters

If Privatization Is Being Considered

Privatization of public libraries has become an option that is being considered by some cities and counties (governing bodies). The American Library Association has taken a position against such privatization, particularly on a long-term basis. Library staff and their supporters—boards of trustees, Friends groups, library foundations—play a major role in keeping public libraries public. Here are four steps one can take if privatization is being considered.

- Be an advocate.
- Be informed.
- Be prepared.
- Be competitive.

Be an Advocate

The best defense against privatization of public libraries is for the library staff and supporters to maintain a good relationship with the library’s governing body and operate the most efficient library possible while providing the best possible service to meet the community’s needs. Libraries maintain good relations by:

- Demonstrating the value of the library in addressing community needs
- Delivering quality customer service to meet community needs
- Cultivating vocal community support for the library
- Being in regular, positive contact with governing officials
- Sharing good news about library successes
- Involving governing officials in library activities
- Regularly improving library operation and letting the governing officials know about these improvements

Learning advocacy skills is the first step in becoming an effective advocate. The American Library Association, the Public Library Association, state associations, and state libraries offer training and other resources. If governing officials are pleased with the library and aware of strong public support, the issue of privatizing the public library is not as likely to arise.

Be Informed

The legal authority of a library board of trustees may vary depending on specific state statutes. However, as guardians of a public trust, all trustees have an obligation to understand their duties and obligations to the communities they serve. Citizens for Libraries: The Association of Library Trustees, Advocates, Friends and Foundations has developed a list of 10 trustee competencies that are essential to performing the job of a trustee. The question of privatization is less likely to occur if the library trustees demonstrate their knowledge and expertise of these competencies. The competencies are: general knowledge; board operation; advocacy; decision-making; strategic planning; finance; fundraising; policy-making; lobbying; and professional development. (For more information, visit http://www.ala.org/ala/mgrps/divs/altaff/trustees/tipsheets/tipsheet9.pdf.) Ongoing board development and education are essential to maintaining a knowledgeable board.
Be Prepared
All library advocates must be prepared for the question of whether or not privatizing the local public library could be in the best interest of the community. In these days of limited financial resources, every public service must justify its value to the public it serves. Transparency and accountability are paramount. Library trustees and administrators must continually document and validate library services and expenditures. This documentation may also prove essential in providing an accurate comparison between the cost of current library service and privatized service.

When the idea of privatizing public libraries arises, library advocates should be prepared to counter the idea in a timely manner and thoroughly analyze why privatization is being considered. Do governing officials lack key information about the library? Do governing officials know the extent of library services?

Some public officials are intrigued with the idea of privatization but do not really understand all that privatization entails or what its implications can be. Library staff should share ALA’s Checklist for Considering Privatization. This checklist will give a better understanding of what should be considered in privatization decisions.

The better prepared a library is to show its value to the community, the better the chance of deflecting privatization before governing officials seriously consider it. Advocates should collect and update the information listed below. If one waits until privatization is at hand, there might not be enough time to gather the necessary documentation to show the value of the library. An additional benefit of gathering this information is that it can support current advocacy efforts with governing officials, the public, the press, and other stakeholders. Here are the kinds of information to have readily available:

- A long-range or strategic plan of service that shows that the library continually considers the best way to provide library service for the community
- Recent audits showing improvements in fiscal management that have saved the library money and how the saved money was spent to improve library service
- Staffing levels and responsibilities of professional and support staff
- Data on library use over time for common library uses such as resource circulation, reference, and programming
- A complete list of all library services, including use over time and any information on favorable reception by the public
- Any data profile that is required by the state
- Comparisons of the local library to its peers showing its success in providing service with limited resources, if possible
- Testimonial from library users about their satisfaction with the local library and the quality of service they receive
- Accomplishments of the library over the last two or three years
- Cooperative ventures and partnerships in place to better serve library users
- Involvement of Friends, foundations, and other support groups.
If governing officials are philosophically in favor of working with private companies or cooperative ventures to save money, library staff and trustees might show that they are already seriously involved in outsourcing, but that library governance and policymaking should remain in the public sector. Libraries commonly outsource services in the following areas:

- **Collection development**: Materials may be ordered already processed from a private vendor so that library staff does not have to do this; similarly, databases may be provided by private companies, saving the library money in print magazine subscriptions. However, library staff still have the critical responsibility of collection development.
- **Programming**: The library contracts with private performers and speakers to provide programming for adults and youth.
- **Building maintenance**: Janitorial and building maintenance might be outsourced.
- **Ancillary services**: Technology support, accounting, payroll, benefits management might be outsourced.

**Be Competitive**

If the library’s governing body has released a Request for Proposals (RFP) for library services, a response on behalf of the library should also be submitted. If the library responds to the RFP:

- Read the RFP thoroughly. Be ready to respond to every section in the RFP as comprehensively as possible. Try to determine the reason for the interest in privatizing the library. Is it to save money? If so, demonstrate that the current library administration and trustees can be responsive to the continuing need for efficiency in library operation. Is it lack of awareness of the performance of the library in the community? If so, document this performance in the RFP response.
- Review the documents collected in “Be Prepared” to see if they contain information necessary to respond to the RFP. Add whatever additional information is missing.
- Review the RFP and responses to ensure that the proposal answers all the questions in the RFP.
- Create a calendar and a work plan to respond to the RFP. Pay attention to deadlines. Also plan to implement any changes in library services and operations that are mentioned in the RFP.
- Solicit letters of support from influential community members, representatives of important community groups, Friends groups, the library trustees, and demographic groups. Follow the RFP process closely. If a private company is given an opportunity to submit additional information or a revised budget, ask for the same privilege for the library. If possible, obtain legal advice on the required RFP process and procedures and verify that the governing body is following these correctly.
If Privatization Is Being Pursued
If the governing authority has decided to privatize the local public library, the new goal is to ensure quality library service for the community. Here are two steps one can take if privatization is being pursued.

1. Insist on accountability in the contract
First, share the checklist on what should go into a contract with governing officials, executive staff, and appropriate legal counsel. Assuming the contract is a public document, library supporters can raise issues about the contract content to ensure the highest possible library service.

Second, the contract should specify performance-measurement indicators prior to privatization and require that those measurements are compared in regular increments throughout the contract period.

2. Monitor all new library policies and administrative activities.
Monitor any privatization contracts to make sure service to the public does not suffer. The contract should specify areas that should be monitored on a regular basis, including:

- Adherence to and adoption of library policy
- Payment of bills
- Adherence to all library contracts
- Adherences to state library law and standards
- Adherence to or development of a strategic plan
- Appropriate use of grants
- Cost-cutting measures do not negatively impact service
- Community comments or suggestions and the company’s responses to them are forwarded to the governing board

If the state library or state library law have standards for public libraries, monitor the company’s performance to ensure that the library meets or exceeds these standards, and that library performance in relation to the standards does not deteriorate after privatization.

Make sure that each board member has a copy of any recently developed long-range or strategic plan and watches to see that all elements of the plan are being addressed and that positive progress is being made, or that the for-profit company is providing information relative to any deviations. Be sure that the governing board is involved in any revisions in the plan.
In addition:
	- Be sure that staff receives continuing education or on-the-job training to ensure quality public service.

	- The company should receive an annual performance review based on the contract. If deficiencies are found, an action plan for remediation within a specific time frame should be developed.

	- Watch for cost-cutting measures such as employing mostly part-time employees and/or using volunteers for work that should be done by paid staff. When such measures are noted, be cognizant of how they affect library services and activities.

	- Require that the for-profit company provide monthly copies of all community input received and an explanation of actions taken by the company in relation to each. Develop other methods for monitoring community response to the new library set-up and related actions taken by the company.

	- Review all points above and determine exactly what action will be taken by the board or by city or county government in the event that the for-profit fails to meet requirements and expectations. How long will the company be given to correct any problem? Will there be any penalty fee charged to the company if there is a problem but it is corrected? How will the board establish an appropriate level of correction in each case?

**Conclusion**

This report is designed to help communities understand the implications of public library privatization, and to provide the tools to help assess the issues surrounding it. There are many other resources available about such privatization. We encourage additional research.

Remember, no decision is ever final. At the time this document was created, approximately 20 privatization contracts for libraries or library systems had been signed nationwide. Six of those were later terminated or not renewed.