THE NEW FUNDRAISING LANDSCAPE

PHOTOS BY KEVIN HENEGAN

Staple local and state funding should combine strategically with federal, foundation, and other sources

By Lisa Peet

Public libraries in the United States have traditionally relied on local support for the vast majority of their revenue. While this is still largely true, the funding landscape is getting more diverse, and there is a greater need for libraries to be increasingly creative when it comes to balancing base funding with new sources. Money allocated at the local level rarely stretches far enough to cover staffing, operations, collection development, and programming, let alone experimentation to invent or test innovative new services. Local funding is also subject to political winds as administrations change.

State and even federal funding are also subject to the inconsistencies of a shifting political landscape, and libraries have yet to secure a permanent place at the table when it comes to budget-making decisions at either level. Grants from private organizations interested in promoting libraries and cultural institutions—or the positive impact libraries can deliver—can be a great source of money for pilot programs, but these funds are finite in scope and unlikely to be available for long-term sustainable support. Increasingly, libraries need to be their own best advocates across all sectors to put together a winning mix.

This new fundraising landscape was at the forefront of the conversation at *LJ*'s Directors' Summit, which convened in Washington, DC, in November 2015. Leaders of local, state, and federal systems were joined by experts from private foundations in an energetic discussion of the evolving funding ecosystem's challenges and opportunities, as well as how best to push for today's libraries while building a sustainable future.

Political hot potato

When it comes to government funds, libraries often fall victim to political "hot potato" syndrome. At all levels, those that hold the purse strings avow that libraries are important and deserve support yet at the same time can think that the money should come from some other sector of government, or even from private donations.

The federal role in funding is relatively small but strategic, with the Institute of Museum and Library Services (IMLS) being the primary source of support for the nation's 123,000 libraries through the Library Services and Technology Act. Two-thirds of that money is funneled through the Grants to States Program, which distributes more than $150 million among the State Library Administrative Agencies annually.

Despite its federal status, IMLS director Kathryn Matthew sees the agency as a grassroots organization. It makes grants of many sizes, including its Sparks! Ignition Grants for Libraries, which range from $10,000 to $25,000 and don't require matching by any other agency. "I view us as both top down, because we're seeing trends, and bottom up," advocating for libraries in small communities that may not have much pull in local politics, says Matthew.

The administration of IMLS funds is mandated by the Museum and Library Services Act, but Matthew reports that members of Congress still often wonder why a federal agency should be funding libraries governed at the regional, local, or state level. "The question that arises in every conversation," reports Matthew, "Should almost everything be pushed back to the local and county government to fund?"

Lisa Peet is Associate News Editor, LJ

This question persists at the state level as well. "The argument about who should pay for what is a systemic argument throughout state government," notes North Carolina State Librarian Cal Shepard. Well over 80% of North Carolina public library funding is local, but a much-needed 12% comes from the state, says Shepard. Legislators are "making decisions based on their beliefs about the role of…state versus local government," she notes. "What this does is allow funders to say…'Oh, I love libraries! You need all the funding you can get! It's just not my role to fund you. It's somebody else's.'" Allocation of state funds is another source of conflict, notes Shepard: Should money go to the poorer areas of a state, which may be lacking in resources, or to larger, urban metro areas that are growing in wealth and population?

At the local level, libraries, says John Chrastka—founder and executive director of EveryLibrary, the only national political action committee (PAC) for libraries, and a 2014 *LJ* Mover & Shaker—are essentially competing against other essential services such as police and firefighters, schools, and parks and recreation. Libraries can be caught in the middle when local politicians are making what Chrastka calls "the horse trade between city and county priorities."

A philosophy of taxation

As Chrastka notes, when Election Day rolls around, the debate often isn't about funding libraries themselves so much as a broader philosophy of taxation. In the current highly polarized political atmosphere, ballots can be defeated because the discussion was never about the library in the first place.

In jurisdictions of all kinds, Chrastka says, some 25% of the population is not going to vote for libraries because of beliefs about where their tax dollars should be going rather than the measure itself. On the other hand, Chrastka says, "35%–40% of the American public [believe] in what [libraries] do. They will vote for you."

A middle group—about 37%—are what he calls "suspicious voters"—not of libraries in particular but about who's spending their money. The library has to be visible enough to demonstrate to this group where their dollars are going; otherwise, says Chrastka, "you are a victim, in your own community—even if you're an independent taxing district—of the bad thing the county commissioner did five years ago." Because voters often don't know much about the details of local governance, libraries that don't establish a distinct trustworthy identity of their own may be lumped in with other entities in the minds of voters. Still, in a preliminary count by EveryLibrary, 88% of 2015's 93 library elections passed.

The conversation is crucial

The ongoing discussion about fundraising in all sectors makes one thing abundantly clear: libraries need to advocate clearly and articulately for themselves in order to secure their territory in this evolving scene.

Moreover, they need to make sure the conversation stays on track. Shepard notes that conflicts over where the money should come from often threaten to obscure library messages. Funders and libraries are having "two totally different conversations," she says. "We're talking about the value of libraries, the outputs…the evidence of the impact that we have on communities every day, and they're talking about a mental model of how the economy should work, how funding should work, where taxes should go, how they should be collected. So it's two different conversations, which as you know is no conversation at all."

Fostering conversation is crucial. In the political arena, libraries can't count on legislators having familiarity with their local library systems, or even an understanding of what a modern library looks like and how it is used by their constituents. Library directors need to familiarize themselves with the people who make the decisions on their budgets and then go out of their way to meet those legislators, introduce themselves, and craft relationships with their local government players. It's worked in North Carolina: last year, libraries received a $1 million bump in their state aid budget over the previous year.

Shepard points to a coordinated effort on the part of Jennifer Hackett, director of the Lincoln County Library (LCL) and chair of the Legislative Committee for the North Carolina Public Library Director's Association. She organized last year's "Day in the District," whereby individual librarians reached out to their legislators, inviting them into local libraries to see for themselves where their dollars were being spent.

Traditionally, directors made annual visits to Washington and their state capital. "Things have changed so much [politically] in the last few years," Hackett says. "We decided that maybe we needed to take a slightly different approach." Because the local, state, and federal funders need to work together for libraries, Hackett explains, they needed to get "all the people to the table at once."

LCL's Day in the District was attended by the full library board, representatives from the county commissioner, the local state representative and senator, and a member of Sen. Thom Tillis's (R-NC) staff. Visitors toured the library and engaged with patrons. "I went through some of the projects we had seen that had been paid for with government LSTA grants through the state library here," Hackett says. "I was able to explain the difference between the money that comes through our state aid and the local budget that the county commissioners commit to and about how each one of those things contributes to what we do."

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Philanthropic risk takers

With far fewer stakeholders and more focused missions, private philanthropic organizations offer opportunities—and challenges—for libraries. Major funders such as the Bill & Melinda Gates Foundation, the John S. and James L. Knight Foundation, the John D. and Catherine T. MacArthur Foundation, and the Alfred P. Sloan Foundation have been some of librar-

ies' most comprehensive supporters over the years and operate largely away from the tug of war of political partisanship.

Yet money from foundations comes with its own limitation: the challenge of sustainability. Grant periods expire, funds run out, and major players can shift their focus—for instance, after nearly two decades of supporting library capacity building worldwide, the Gates Foundation is in the process of winding down its Global Libraries program.

Despite what sound like impressive numbers, philanthropic organizations still account for a relatively small percentage of total library funding—IMLS reports that in FY12 only 8.2% of revenue came from sources other than local, state, and federal government, including donations. The Gates Foundation's Global Libraries initiative, for instance, has had an annual grant budget of about $50 million for the past few years—but as Deborah Jacobs, Global Libraries director (and *LJ*'s 1994 Librarian of the Year), points out, that only equals the entire yearly operating budget of a single large library system. Jacobs says, when it comes to basic funding, "Foundations will never be the answer." Rather, their strength is that they are nimble. "Foundations should be used for taking risks," says Jacobs. "[They] can do what you wouldn't do yourself."

"We're in the media world," agrees Lilly Weinberg, director of community foundations at the Knight Foundation, a private nonprofit that promotes media innovation, journalism, and the arts. "It's a disrupted world. We're willing to take risks with you. If it fails, we're okay with that."

Foundations can also further connect libraries in the broader civic context and provide resources indirectly. For instance, as well as funding ambitious innovations from librarians across the country, such as the Library Freedom Project and New York Public Library's Space/Time Directory, the Knight Foundation's News Challenge on Libraries also encourages applicants from outside the library world to partner with libraries—those Chicago Public Library (CPL) director Brian Bannon refers to as "people who are working in the spaces that libraries should be caring about."

The Knight Foundation "basically incentivized nonlibrary people to innovate on top of libraries," says Bannon. While CPL did not itself submit an application in the last News Challenge for Libraries, it was invited to partner by three different organizations that submitted their own entries. The library ended up working with one of the 22 winners, Peer to Peer University, an organization that provides in-library support for independent, self-directed adult learning.

Alignments and allies

The process of approaching politicians or foundations for funding can give libraries the opportunity to define—or redefine—their larger mission. Resources such as the 2014 Aspen Institute Report, "Rising to the Challenge: Re-Envisioning Public Libraries," are invaluable as templates for libraries to outline their strengths and alignments. Jacobs notes that, as a funder, the Gates Foundation places a strong emphasis on libraries' roles within their communities.

Jacobs also stresses the importance of libraries' forming alliances when looking for support and points to the 17 Sustainability Development Goals for social equity and education developed by the United Nations as another way they can define themselves. These goals are being used by global organizations when they approach their governments for funding, she notes, and can serve as important guidelines for libraries looking to collaborate on local or worldwide levels. "As we look into the future at what we're going to fund, I think a trend you're going to see—and something that will be in the funding mix—is how will you come together as a collaborative unit?... We need to be…going in together and applying for funding with one voice and looking at the kind of impact we can have."

Telling tales for advocacy

Locally based and family foundations can be key players in this mix. For instance, the Charles H. Revson Foundation, a New York City–based charitable organization with a focus on urban affairs and education, expanded into library funding thanks to the efforts of president Julie Sandorf. When she arrived at Revson in 2008, she found that decades of physical neglect, reduced hours, and budget woes had left New York City's three library systems disconnected from one another and the wider public policy discourse.

Revson commissioned the Center for an Urban Future, an NYC-based public policy think tank, to produce two reports: "Branches of Opportunity" in 2013 and "Re-Envisioning New York's Branch Libraries" in 2014. These became the data underpinning the city's library advocacy efforts. In addition, in 2013 the foundation launched the NYC Neighborhood Library Awards, which invited residents to nominate their neighborhood branches through narrative stories about their service to the community. "Part of our point was building public awareness," says Sandorf, "recognizing what wonderful work was being done in communities that had never been recognized before." In 2015, more than 13,000 nominations poured in, and as the FY16 budget review period approached, in the face of a threatened $10 million budget cut, allies around

REACHING THE SUMMIT

The New Fundraising Landscape panel was only one part of the packed agenda at *LJ*'s 2015 Directors Summit, held in Washington, DC, on November 12–13 at the Martin Luther King Jr. Memorial Library. There, DCPL's executive director Richard Reyes-Gavilan shared his design vision for the reinvention of the King library and DCPL's branches; Siobhan Reardon, president and director of the Free Library of Philadelphia and *LJ*'s 2015 Librarian of the Year, outlined her strategic reinvention of the library on a cluster model in the face of budget cuts; and Patrick Losinski, CEO, Columbus Metropolitan Library, OH, spoke on what Columbus doesn't even try to do, such as jump on the Maker space bandwagon, and what it does: double down on its core literacy mission. Keynoter Barbara Shipley, senior VP of Brand Integration at AARP, explained how AARP pivoted its brand message to appeal to the emotions of today's young seniors rather than past generation of retirees, and Maureen Sullivan, 2012–13 ALA president, ran a "Do Tank" in which attendees took the transferrable lessons of AARP—focusing on magic, not specific services—and brainstormed how to reinvent the brand of their own libraries and libraries in general.

PHOTOS BY KEVIN HENEGAN

(Clockwise from top l.): The New Fundraising Landscape panel at *LJ*'s Directors Summit featured Cal Shepard, State Librarian of North Carolina; Deborah Jacobs, director of the Gates Foundation's Global Libraries Initiative; Julie Sandorf, president, Charles H. Revson Foundation; Lilly Weinberg, director of community foundations, Knight Foundation; John Chrastka, executive director of EveryLibrary; and Kathryn K. Matthew, director, IMLS. Barbara Shipley, senior VP of AARP, speaks with Stephen Halsey, Seattle PL; Richard Reyes-Gavilan, executive director, DCPL, with Siobhan Reardon, president and director, Free Library of Philadelphia. Attendees brainstorm the library's brand at the Do Tank; Maureen Sullivan, Do Tank facilitator, studies its findings; *LJ* Editorial Director Rebecca T. Miller and CEO of Columbus Metropolitan Library Patrick Losinski engage in clustering concepts from the Do Tank's branding exercise

the city had compelling recent research to point to as they rallied an outreach initiative on behalf of the city's libraries. (See *LJ*'s coverage at ow.ly/W4Sv5.)

EveryLibrary's Chrastka also recommends the power of stories when it comes to those who trend toward Yes votes for libraries but need reassurance. "They will vote for you," he says, because "those folks are the nostalgic ones." However, "they also need an update about the work you do every day."

Angels and impact bonds

Thinking outside the fundraising box can offer other options. Trends to watch include appealing to smaller community foundations, established by local philanthropic donors, and social venture partners or angel investors—funders, often politically active individuals, companies, even athletic teams—that want to use libraries to better the community. As Sacramento Public Library Foundation executive director April Butcher pointed out at the American Library Association's (ALA) United for Libraries division fundraising panel at the 2015 ALA conference in San Francisco, younger, affluent citizens are also looking to make a mark in their locales. "You just have to nail that 'in perpetuity' piece," says Butcher.

Newer foundations that are looking to build their portfolios may be particularly approachable, notes Chrastka. He is also interested in exploring social impact or social obligation bonds—essentially a method of financing public debt by tying returns and interest rates to the measurably successful public sector outcomes, also known as "Pay for Success" financing. "If you float a bond for a building, you're floating municipal debt.... To float it as a social impact or social obligation bond means that a portion, or the entire amount, of the debt [is forgiven] if the objectives of the project are met," Chrastka explains. While these have yet to be used in the library world, he says, examples from other sectors are inspiring.

Sandorf urges caution around such hard data–dependent measures, however. Project success is gauged in many ways, she explains, "not just circ. It's about real changes in people's lives."

Hackett concurs. "Depending on whom you're working with, whether it's your local community or at the state level, sometimes those people all want different things. Sometimes they want hard statistical data, sometimes they want the stories and the outcomes. You've got to learn what it is they're looking for and how to tell that effectively. It's not a cookie-cutter, one-size-fits-all [solution]."

There is no one-size-fits-all solution when it comes to funding, either. The key to successful and sustainable fundraising for libraries lies in taking a holistic view of the landscape—looking at all of the pieces of the whole, figuring out how they fit into the mix, and making sure libraries are an active, engaged part of it. ■

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