LIS 701 - INTRODUCTION TO LIBRARY AND INFORMATION SCIENCE

Privatization of Public Library Management in the United States

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A recent *New York Times* cover story about the awarding of a $4 million contract to a private for-profit company to run the libraries in Santa Clarita, California has brought the issue of library privatization to the national stage.

The *New York Times* article, written by reporter David Streitfeld, describes how a Maryland-based company, Library Systems & Services, LLC or LSSI, has been hired to run Santa Clarita's three public libraries.

Although this is not the first time the issue has arisen, rarely has it been this public, especially at the national level. Communities in New Jersey, California, Tennessee, Texas, Massachusetts, North Dakota, Florida, and Oregon are among the many which have struggled with the decision of whether or not to award a private management contract to LSSI.

What makes this story distinctive is that this is the first time LSSI has been hired to run a system in a relatively healthy city (Streitfeld 2010). Heretofore LSSI had been awarded contracts in communities such as Jackson County, Oregon, which faced the prospect of closing their libraries or finding other ways to keep them open.

While libraries have long used outsourcing for a variety of tasks such as janitorial services, photocopying, cataloguing, and even book delivery (Oder 2008), the idea of ceding local control of a public library to an outside private corporation is relatively new.

Before examining the history of public library privatization, however, let us make a distinction between outsourcing and privatization.

In 1999, the ALA Outsourcing Task Force of the American Library Association issued a report which distinguished outsourcing from privatization in the following way ("ALA Council"1999) :

> Outsourcing is “the contracting to external companies or organizations, functions that would otherwise be performed by library employees.”
>
> Privatization is “the shifting of policy making and the management of library services or the responsibility for the performance of core library services in their entirety, from the public to the private sector.

A year later, in August of 2000, in a document titled “Outsourcing: A Public Library Checklist,” the ALA amended the definition of privatization to read:

> “Privatization is the shifting of library service from the public to the private sector through transference of library management and/or assets from a government agency to a commercial company.”

The main shift in the wording was the removal of policy making functions from the definition of privatization.

Privatization of libraries has sparked debate among politicians, taxpayers, unions, library patrons, and of course librarians since 1985. That's when the federal Office of Management and Budget, or OMB, reclassified libraries as “commercial” entities (Nyren 1985). OMB Circular A-76 shifted control of federal libraries by allowing private contractors to bid on the management of federal libraries. The privatization of federal libraries did not go unopposed. Senator Ford of Michigan and 11 other members of Congress signed a letter opposing this measure, cautioning the OMB that library operations are “inherently connected to the government’s ability to make sound policy judgments.” (Nyren). The measure passed anyway.

In 1987, the Special Libraries Association (SLA) testified before a Congressional committee considering the Reagan administration’s plan to turn the National Technical Information Service, or NTIS, over to private control. Rather than let a private commercial interest take over the management of the information service, the SLA advocated turning the agency into a public or quasi-public corporation which would essentially remain under taxpayer’s control ("SLA testifies against privatization of NTIS").

The American Library Association (ALA) also objected and endorsed the idea of the NTIS continuing to operate as a not-for-profit public agency. Among the reasons cited for opposing the privatization was a concern that “requiring federal agencies to deposit their accounts with a privatized NTIS amounts to an inappropriate taxpayer subsidy to the private sector, which is spared the high costs of producing the information” (Flagg 1995). They were also concerned that public access to the information could be curtailed, and that the preservation of the information might be compromised.

One of the first major debates about the privatization of public library functions occurred in Hawaii.

Hawaii's experience with the outsourcing of its selection and processing of new materials proved a cautionary tale to many public libraries. In 1996 its state library system signed a five year contract with a North Carolina-based company, Baker & Taylor, which promised to use its ability to buy in bulk to save the state money on materials.

Librarians were incensed by the removal of a function they saw as key to their professional identities (Oder 1997). One children's librarian accused the state of selling its soul and abdicating its responsibility (Olson 1996).

Debate continued on librarian listservs. A retired Oregon school librarian, Helen Seagraves, commented, "It's a whole lot like putting the head of A & P in charge of designing school lunches, isn't it? The kids would eat what made the most money for the grocery chain" (Olson).

Hawaii State Librarian, Bart Kane, defended the decision and suggested librarians should focus less on jobs such as collection development and more on public service.

Problems with price gouging, poor quality of materials, a lack of reference works and a lack of sensitivity to patrons' desire for materials about Hawaii led to increased opposition from patrons and librarians alike. In early 1997 the ALA officially came out in opposition to Hawaii's outsourcing. An investigation by the state's board of education and a lawsuit from the state's employees association led to legislation which effectively put an end to Hawaii's outsourcing experiment. The state ended up terminating the contract.

While this case does not fall strictly under the rubric of privatization, the fact that the state tried – and failed – to privatize a core function of public libraries makes it relevant to the discussion.

In 1997 Riverside County in California was the nation's first library system to hand over its entire operation to a private company (Oder 2004). LSSI was hired when severe budget problems and issues between the city of Riverside and the county threatened the Riverside County Library System (RCLS). All library staff were fired and had to reapply for their jobs under LSSI's management. Staff salaries under the new management were comparable but, instead of their public pensions, staffers were given 401(k) retirement plans. The city and state both ended up saving money through the elimination of future pension obligations to the former city and county employees.

A year later, in July 1998, Andrea Glick, writing in the *School Library Journal*, reported that things were going well with the transition. The community was pleased with increased hours of operation, more staff, and a slight rise in money for materials. Comparing the libraries under LSSI to the previous management is not completely fair, however, as service had been so bad, it is hard to make a fair comparison.

The Riverside County Librarian, Gary Christmas, was quoted as saying the change in management had "made the system more responsive to its constituents" (Glick 1998). He also emphasized the county would keep control of policy decisions, allowing LSSI to manage the day-to-day operations.

Thirteen years later, LSSI still runs the 35 library Riverside County Library System. A June 2010 report, "The Riverside County Library System: Thirteen Years of Innovation, Experimentation, and Progress" authored by Christmas, praises LSSI's management.

In the report, Christmas wrote:

> We hear repeatedly how libraries are more important—and more used—now than ever, in a time when resources of all types, public and private, are being stretched to meet demand. Indeed, in response to that stretching, more than 2400 libraries nationwide have cut back their hours; many have had to close entirely.
>
> In stark contrast to such sad statistics, our library hours, programming, and materials here in Riverside County have increased. Additionally, our efforts have been lauded—here in California and by national organizations.

Christmas called it a public-private partnership which "defined a way to manage this precious public asset—our community's libraries—with the discipline and analysis more typically found in private organizations."

Among the advantages he cited in the white paper were the following:

- LSSI secured approximately $5 million in grant money.

- The County was able to take advantage of LSSI's additional expertise in the areas of technology, fund-raising and community outreach thanks to its national network of 64 public libraries.
- Overhead was reduced in such support services as accounting, automation support, training and human resources.
- The County realized more control over monies allocated to the library (in comparison to the previous arrangement in which the city of Riverside managed the libraries and money).

The contract with LSSI resulted in:

- A decrease in operation costs and an increase in the materials budget
- Longer hours of operation
- The hiring of additional staff, including those with master's degrees
- An increase in the circulation of materials
- The introduction of localized programming in such areas as ESL, Latino literacy outreach, and early childhood literacy.

Christmas pointed out the county had voted to renew the contract twice for additional five-year periods, and that by hiring LSSI, the County had "regained local control over setting library policies."

Perhaps in response to criticisms that LSSI does not operate with transparency, Christmas cited an independent financial audit paid for by LSSI to ensure transparency and accountability to taxpayers.

Critics of RCLS's agreement with LSSI argue that RCLS is an unusual case (Oder 2004) and its success should not be seen as an argument in favor of privatization or an endorsement of LSSI's management. In an article titled, "Outsourcing in Riverside County: Anomaly, Not Prophecy" Ronald Baker claims the unique circumstances of Riverside County make LSSI's success there the exception, not the rule.

The per capita budget of RCLS as well as the per capita spending on materials is less than half the national average (Oder 2004). In addition, library directors in neighboring cities such as Palm Springs and Rancho Mirage (which have independent libraries) claim 40-50% of their library's checkouts are done by people with RCLS library cards (Oder 2004, Baker 1998).

Other criticisms of LSSI include the use of paraprofessionals and their preference that all library staff be part of the company.

The independent contract with LSSI in Riverside County and elsewhere has also caused concern among unions such as the Service Employees International Union (SEIU) and American Federation of Federal, State, County and Municipal Employees (AFSCME). Before LSSI took over, Riverside County library staffers had been enrolled in California's public pension plan (CalPERS). Under the new private contract they lost their public status and public stake in the state-wide pension plan.

In 2006 Jackson County, Oregon saw the immediate effect of its loss of $23 million in timber subsidies. All 15 of its public libraries were forced to close after voters twice defeated a special tax levy that would have saved the libraries (Gentile 2008, Jordan 2008).

Six months after the libraries were shuttered, Jackson County's libraries reopened under the management of LSSI.

Echoing Gary Christmas's praise, in May 2008 *PM Magazine* published an article by Jackson County administrator Danny Jordan praising LSSI. He emphasized the hard fiscal choices the county had to consider in its decision to privatize. He insisted the choice of private management was the best way to preserve the counties libraries at the same level of service they had provided before. It should be noted the county is still a customer.

Not every community has been as happy with LSSI as RCLS or Jackson County, and it is generally the local officials (who are LSSI's clients) not the librarians, who praise the company (Oder 2004).

In 1998 Jersey City, NJ signed a three-year contract with LSSI that was not extended after a new mayor was elected. Putting his own team in place, the new mayor was able to save $300,000 (Oder 2004). While the contract with LSSI was still extant, LSSI CEO, Frank Pezzanite, made a political contribution to ex-mayor, Bret Schundler's campaign for governor, as did LSSI site director, Fran Ware (Oder 2004). In 2004 LSSI hired New Jersey lobbyist, Barry Lefkowitz, to gauge "the political feel" of communities considering contracts with LSSI (Oder 2004).

The city of Fargo, ND was another LSSI customer which did not renew its contract with the firm. The city alleged that LSSI failed to pay some crucial bills, but there were other problems; among them a tension between quality and profit (Oder 2004).

Former Fargo Public Library director and LSSI employee, Charles Pace, said that after a few months under LSSI's management, "the positive phase of LSSI's accomplishments here came to an end. There was a considerable amount of pressure [from LSSI] to look at ways we could generate revenue and not to spend out the full library budget." Pace said, "It was very difficult to serve two masters" (Oder 2004).

The recent New York Times article brings to the fore many of the issues local communities struggling with library privatization have had to face. It is timely because it presents some of the concerns librarians and library patrons have about library privatization.

Streitfeld reports that while librarians are angry about the LSSI takeover, patrons have been even more vocal in their opposition to the privatization program. One opponent, Jane Hanson, was quoted as saying, "A library is the heart of the community. I'm in favor of private enterprise, but I can't feel comfortable with what the city is doing here."

Wherever LSSI has gone people have complained about a loss of local control. While outsourcing of some public services makes sense, many insist libraries are different. The head of

the county library system, Margaret Donnellan Todd, questioned LSSI's local connection and said the firm was seen as an unwelcome outsider (Streitfeld).

At a city council meeting, retired teacher Deanna Hanashiro echoed what many believe, that a public library "invokes images of our freedom to learn, a cornerstone of our democracy." (Streitfeld).

It should be said that the debate over the privatization of public libraries in this country revolves around LSSI because it is currently the only private company offering such turnkey library management contracts in the United States.

Needless to say librarians are especially concerned by LSSI's encroachment on the profession. A radio broadcast on Bob Edwards Weekend which aired on Sirius XM Radio and NPR in October provided a voice for many librarians' concerns about privatization.

Interviewed were Los Angeles County librarian, Steven Klein, and Ventura County library director, Jackie Griffin. The two addressed the issues raised by Santa Clarita's recent decision, and responded to the article in the New York Times.

Griffin said the people of Santa Clarita had been happy with the service their librarians provided. She cautioned that, given LSSI's profit motive, funds would go away from library service.

Griffin criticized LSSI's monopoly of library management, and expressed doubts about its longevity and the transparency of its finances. She also pointed out that as part of its agreements, LSSI requires cities to sign confidentiality agreements barring them from discussing LSSI or the specific terms of the contract. This was borne by Oder's research into LSSI's contract with Jersey City (2004).

Both Griffin and Klein emphasized the core values librarians represent; citing the examples of the collection process in which all points of view are represented, as well as services customized for the local community. They questioned whether or not the library's role as a community center would be continued under private management motivated more by profit than service.

Griffin expressed pride in the professionalism of the experienced librarians in the Santa Clarita system, and worried that LSSI would cut costs by hiring less educated and experienced librarians. She expressed concerns that substituting an individual retirement plan or 401(k) for a pension could prove to be a disincentive to employment for many librarians.

Klein pointed out that Santa Clarita's three libraries will cease to be a part of the Los Angeles County library system, meaning patrons will no longer have access to the six million books in the county's collection.

Both librarians were offended by a quote in the New York Times article in which CEO Pezzanite's criticized public libraries. "A lot of libraries are atrocious. Their policies are all about job security. That's why the profession is nervous about us. You can go to a library for 35 years

and never have to do anything and then have your retirement. We're not running our company that way. You come to us, and you're going to have to work."

Griffin pointed out that for all their education, librarians are not well paid and that there are no policies that support staff laziness. Klein added that librarians cannot afford to be lazy, observed as they are by both managers and the public who visits libraries every day.

Klein echoed many when he asserted libraries are a public good that need to remain free and open to everyone.

The ALA also responded to the New York Times article. In a letter to the editor dated September 27, 2010 ALA President Roberta Stevens summed up the ALA's position on privatization:

> "The American Library Association opposes shifting policy making and management oversight of library services from the public to the private sector, not because of its impact on job security, but rather because communities may lose access to trained information professionals — librarians. . . Publicly funded libraries should remain directly accountable to the publics they serve. "

Arguments in favor of privatization of libraries and other public services generally come from fiscal conservatives concerned with the bottom line, and those in favor of less government such as Libertarians. Their belief in the free market leads them to assume a private company can

always do things better than a public agency. Their inherent distrust of government gives them greater faith in the private sector than the public sector.

What this point of view fails to consider are the many failures of private enterprise to solve the problems we face. Consider the criticisms of private contractors such as Halliburton and Blackwater; or the more recent example of the BP oil spill. I don't find this a compelling enough argument to bolster the assumption that private companies can always do things better than government.

They also do not consider the implications of their arguments against government. Where would one draw the line at privatization? Should the police force be privatized? What about national defense or the IRS?

John Berry III, Editor in Chief of *Library Journal*, writes that the public library is a model of what government does best (2001). Berry argues that public libraries serve everyone equally and freely and because they provide service to 80% of Americans for about 1% of the cost of government, they are very efficient. I find this argument persuasive. Berry is saying public libraries are an example of what the government does right, and I would agree.

Librarians have also proven themselves willing to stand up against the government in defense of democratic values. An example is the refusal of librarians to turn over patron records to the FBI following the passage of the US PATRIOT Act. Librarians stood fast in their respect for citizens' right to privacy despite their role as public employees.

I am frankly leery of turning over public libraries to private management. Libraries represent a public asset and a public good, something I believe is at odds with the profit motive. Despite the encomiums heaped on LSSI by RCLS and Jackson County, I still wonder how a private company can provide the best service possible when it's driven by profit.

I believe libraries should remain under local public control, both for issues of accountability and to better reflect the communities they serve.

I am, however, a pragmatist. Because I want to see libraries continue to survive and thrive in the 21st century I would choose to privatize a library before I would opt to close it.

Amy Traub, director of research at the Drum Major Institute for Public Policy and a contributor to the online journal, *Huffington Post*, summed up my feelings about this issue in an October 4th post titled, "Keeping it Public (If the Libraries Don't Sway you, the Blazing House Might)."

> Public libraries represent the best American tradition of local communities chipping in for the common good, while advancing democratic values of free inquiry and universal access.
>
> Through our local libraries, we all contribute to a public space where anyone can access the world's outstanding literature, music, and film; popular entertainment; the fruits of human knowledge and insight; computer and internet access; resources for job seekers and students; edifying speakers; programs that engage schoolchildren; and story hours that delight the youngest members of our community.

Something of that is lost when a profit-driven company turns a community institution into a source of private gain

Or, in the words of the late historian Tony Judt, “shifting ownership onto businessmen allows the state to relinquish moral obligations... A social service provided by a private company does not present itself as a collective good to which all citizens have a right.”

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