



## **PUBLIC LIBRARY PRIVATIZATION – A CASE STUDY**

**By Muriel Strand**

Public libraries are caught in the wake of budget meltdowns at all levels of government. Previously, relatively few libraries have privatized certain functions, whether temporarily or permanently. But with revenues declining, more jurisdictions have recently considered subcontracting certain, usually limited, library tasks to the private sector, notably Library Systems & Services, LLC (LSSI).<sup>1</sup> Library Associates Companies (LAC Group), Informational International Associates, and Book Wholesalers, Inc. (BWI) are other possible vendors,<sup>2</sup> but public libraries seem less aware of them.<sup>3</sup>

LSSI got their start in 1981, with the Library of Congress and other government agencies. “Founded by library professionals,” it is nonetheless a privately-held, for-profit limited liability corporation. Islington Capital Partners is the private equity investor that offers them access to additional capital, allowing LSSI to grow their operations quickly, and to keep up with the information technology that appears to be one of their strong points.<sup>4</sup>

Over the decades, LSSI has contracted with a number of local libraries across the nation, with results that seem to have been generally agreeable and convenient. Of the handful of libraries which have terminated contracts with LSSI, one library director said it was a combination of LSSI accounts-payable tardiness and the local library board feeling sufficiently recovered from an ineffective library director who was the reason for LSSI’s presence in the first place. Another system’s library director said LSSI had been brought in to help a branch of the Los Angeles County Library become an independent city library, and after the new library was stable the city took over. The long-term LSSI staff, who had been working there, was able to become city staff and acquired pension benefits.<sup>5</sup>

However, California State legislative staff refers to several instances when local governments (in Linden, NJ, Fargo, ND, and Hemet, CA) decided it would be cheaper to bring the work back in house. Decisions about fines and fees, handling cash and acquisitions all require more responsibility and accountability, no matter who performs them.<sup>6</sup>

Public libraries in Jackson County, Oregon, which had been closed due to budget constraints were reopened recently under LSSI contracts. The city of Santa Clarita, with three libraries, decided to subcontract various operations to LSSI rather than continuing to participate in the LA county library system, and by some accounts is now offering more to readers.<sup>7</sup> At the time of the actual changeover, their contract with LSSI was publicly posted on their website: [www.santaclaritalibrary.com](http://www.santaclaritalibrary.com). According to California legislative staff, Santa Clarita has budgeted \$8 million to \$12 million for transition costs.

Riverside County, CA, Library decided to contract with LSSI to operate the library, while reserving the right to set policies, rather than continue as a subset of the Riverside City Library.<sup>8</sup>

Recent tentative proposals to bring in LSSI as a way to buffer budget cuts have caused concerns and have been rebuffed in several places, including Stockton, CA.<sup>9</sup> However, the issue of public pensions and unions, while very important, is not the same issue as the independence and accountability of local libraries, and the protection of free speech. Grappling with the former issue is more difficult when people believe the latter may be threatened thereby, so calmness and clarity are crucial.

## Public Library Privatization – A Case Study

In California, legislation that would raise the bar for local cities and counties wishing to contract with companies like LSSI is in a state senate committee as of June 2011.<sup>10</sup> Libraries which decide to privatize would be responsible for financial audits. Previous legislation allowed existing California local library systems to retain the per-capita library revenues from property taxes when a portion of the system seceded, rather than requiring the per-capita money to go with the seceding population. The requirements in Assembly Bill (AB) 438 would apply to non-profits, mostly because many for-profits have non-profit associates.<sup>11</sup>

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### **ENDNOTES**

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<sup>1</sup> David Streitfeld, “Anger as a Private Company Takes Over Libraries,: NY Times, September 26, 2010. [www.nytimes.com/2010/09/27/business/27libraries.html](http://www.nytimes.com/2010/09/27/business/27libraries.html).

<sup>2</sup> LSSI [www.lssi.com/](http://www.lssi.com/); LAC [www.lac-group.com/](http://www.lac-group.com/); Information International Associates, [www.infointl.com/services/infomgmt](http://www.infointl.com/services/infomgmt); BWI <http://bwibooks.com/>

<sup>3</sup> Phone conversation with Beth Postema, library staff in Fargo, ND.

<sup>4</sup> Phone conversation with Calabasas Head Librarian, June 2011; Norman Oder, “When LSSI Comes to Town, Library Journal, October 1, 2004. [www.libraryjournal.com/article/CA456252.html](http://www.libraryjournal.com/article/CA456252.html)

<sup>5</sup> Phone conversation with Calabasas Head Librarian, June 2011.

<sup>6</sup> Phone conversation with Erin Baum, staff for CA Assemblyman Das Williams, sponsor of AB438; “The Beast’s Business Model & What It Means for Your Library, February 28, 2011. <http://privatizationbeast.org/2011/02/28/the-beasts-business-model-what-it-means-for-your-library/>

<sup>7</sup> <http://www.americanlibrariesmagazine.org/news/07272011> Privatization—and Pushback—Proceed in Santa Clarita.

<sup>8</sup> Gary Christmas, “The Riverside County Library System: Thirteen Years of Innovation, Experimentation, and Progress, June 17, 2010. [http://www.countyofriverside.us/export/sites/default/government/docs/Library\\_White\\_Paper\\_June\\_17\\_2010.pdf](http://www.countyofriverside.us/export/sites/default/government/docs/Library_White_Paper_June_17_2010.pdf)

<sup>9</sup> Zachary K. Johnson and David Siders, “Officials consider privatizing libraries to cut costs, April 13, 2010. [www.recordnet.com/apps/pbcs.dll/article?AID=/20100413/A\\_NEWS/4130324&cid=sitesearch](http://www.recordnet.com/apps/pbcs.dll/article?AID=/20100413/A_NEWS/4130324&cid=sitesearch)

Zachary K. Johnson, “Details released on library proposal,” August 14, 2010.

[www.recordnet.com/apps/pbcs.dll/article?AID=/20100814/A\\_NEWS/8140319&cid=sitesearch](http://www.recordnet.com/apps/pbcs.dll/article?AID=/20100814/A_NEWS/8140319&cid=sitesearch)

Beverly Goldberg, “Privatization—and Pushback—Proceed in Santa Clarita,” American Libraries Magazine, July 27, 2011. [www.afscmeinfocenter.org/privatizationupdate/library/](http://www.afscmeinfocenter.org/privatizationupdate/library/)

<sup>10</sup> AB438 [www.leginfo.ca.gov/cgi-bin/postquery?bill\\_number=ab\\_438&sess=CUR&house=B](http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=ab_438&sess=CUR&house=B)

<sup>11</sup> Phone conversation and email exchange with Erin Baum, staff for CA Assemblyman Das Williams, sponsor of AB438.