Introduction and Executive Summary

Among the states, New Mexico is unique in its use of a General Obligation Bond ("GO Bond" hereafter) as a legislature-determined and voter-approved mechanism to fund a component of state aid for libraries of all types. This report is intended to inform policymakers about the uses and impacts of the program across New Mexico. Currently, public libraries, tribal libraries, school libraries, and academic libraries receive an allocation from GO Bond proceeds that are intended to supplement but not supplant local funding obligations. Acceptable uses of the GO Bond proceeds, and the systems by which proceeds are distributed, is established by law and policy. For all libraries, these acceptable uses include books, ebooks, and digital resources along with uses particular to each type of library.

While GO Bond proceeds are a small proportion of libraries’ overall budgets, they form a significant and critical addition to the funding mix. Many of these needs would be unmet without GO Bond funding. As policymakers consider the level of funding for the 2022 GO Bond for Libraries package, they should be mindful of these top-level findings about the importance and impact of the program:

- The biennial GO Bonds for Libraries are approved by voters with significant majorities on every Election Day. Despite this popular support, the Library GO Bond has shrunk as a percentage of the total General Obligation Bonds issued by the state. This indicates that if policymakers accept the full 2022 unified recommendation from the New Mexico Library Association that it will continue to receive widespread popular support.

- Due to inflation and dollar reductions, the GO Bond proceeds in 2020 are providing only approximately 40% of the materials and resources that were approved in 2002. Inflation will continue to erode the dollar’s buying power. The legislature should adequately fund the 2022 GO Bond to maintain a competitive level of services for all types of libraries in New Mexico.

- In school libraries, GO Bond funding is structured to be used as supplementary funds to purchase materials, including traditional print books and online access to content and database resources, enabling school librarians to fulfill their central role as instructional support and individualized learning. Recent studies suggest that the presence of a school librarian coupled with access to reading materials in a school library
is the single biggest indicator of potential success or failure in reading proficiency. This goes beyond simple classroom libraries or reading rooms.

- For public libraries, the average Return on Investment to communities from the activities of their public libraries is $3.96 returned for every $1 invested in the library. As the legislature is looking for ways to support thriving, interesting, and prosperous communities, GO Bond dollars proceeds provide a ready way to improve outcomes quickly through existing anchor institutions.

- Tribal libraries are reliant on a blended funding network that includes local revenue, state aid programs, federal resources, and GO Bond proceeds. Despite recent one-time investments by the legislature in tribal libraries, policy makers must look to utilize adequate GO Bond proceeds to ensure stability of the core funding formula for tribal libraries.

- Academic libraries are experiencing a near-perfect storm of inflationary pressures, institutional budget cuts, and declining GO Bond proceeds that have eroded their buying power to such an extent that their core role supporting study, research, and scholarship may become difficult to deliver. Through a proven cooperative purchasing system, academic libraries across the state are ready to fully utilize a new level of GO Bond proceeds to ensure that New Mexico remains competitive in attracting students, faculty, and researchers.

- GO Bond revenue creates an important multiplier effect above and beyond the ability of local communities, school, and campuses to deliver alone. If approved by the voters, proceeds from the 2022 GO Bond will arrive at the sunset of many COVID-related supports for government, education, and other social systems. An adequate funding level is needed now in order to anticipate and support the continued success of all New Mexico’s libraries.

The library leadership who manages and utilizes these funds do so with a high degree of integrity and adherence to the intended outcomes of the project. As the New Mexico State Legislature considers the funding level for a 2022 GO Bond for Libraries, we encourage the legislature to authorize the 2022 GO Bond at the level suggested by New Mexico Library Association’s unified funding request. Given the high approval levels for the Library GO Bond, it is evident that voters across New Mexico are aligned with and supportive of this goal as well.
The GO Bond for Libraries in Review

Historically, the GO Bond for Libraries enjoys strong voter support. From 2008 to 2018, the percentage of “Yes” voters grew with each referendum from 52.3% to 68.8%. This increase in voter support was seen regardless of the amount of the GO Bond. Only in the most recent election did the percentage of “Yes” voters fall, slightly, to 66.2%. By comparison, the “Yes” vote percentage for the library GO Bond questions have been similar to the State’s other GO Bond referenda, implying that Library use is important to State residents.

![Graph showing approval rate is not correlated to issue amount](image)

Source: Historical amount of GO Library Bond Issues: New Mexico Consortium of Academic Libraries; Passage rates from Ballotpedia

Despite this popular support, the Library General Obligation Bond has shrunk as a percentage of the total General Obligation Bonds issued by the state. The GO Bond for Libraries program has decreased from 13.3% in 2002 to 6% to 8% in more recent elections among the three primary purposes of the program (Senior Citizens, Higher Education and Libraries). In 2020, the New Mexico Library Association requested an allotment of $17.5 million and received only $9.75 million, the smallest allotment since 2012.

Without question, the funding provided by the GO Bonds is critical for libraries of all types across New Mexico. In recent years, approximately 8% of the Library GO Bond proceeds have gone to Tribal libraries, with the remainder split evenly among public libraries, Higher Educational Institutions and public school libraries.
Revenue for libraries comes from a variety of sources which are insufficient individually but collectively strong. This creates a blended or braided network of funding. In general, local sources provide the majority of funding for the libraries in New Mexico. State aid supplements local funds in order to reduce inequities that exist across the State due to income and property value differences. Although the distributions are only a small portion of libraries' overall budget, they form a significant and critical addition to library budgets, in particular for materials, furniture, fixtures and equipment. Many of these needs would be unmet without the GO Bond funding.
As shown in the graphs below, GO Bond revenues (in orange on the revenue graphs) are a significant portion of materials expenditures (in orange on the expenses graphs). While these graphs are specifically for public and tribal libraries, expense allocations for university and school libraries would be similar.

![Graphs showing sources of funding and expenditures for public and tribal libraries.](image)

Source: New Mexico State Library 2019 Annual Public Library Statistics

Moreover, a reliable and steady source of funding is increasingly important to libraries because of an increasing demand for technology and e-resources. Whereas in the past, libraries may have purchased print books and materials, more and more library expenditures are for online resources which are subscribed to on an annual basis. Unlike books, which are always available once purchased, access to some digital materials, including ebooks, is lost if funding is not available.

For example, academic libraries in New Mexico use approximately 30% of their GO Bond allocations to subscribe collaboratively to online databases. These databases are shared across all institutions to research, students and the entire community, which also has access to these resources. This type of collaboration provides additional financial leverage among New Mexico institutions and is possible only because of the supplemental funding provided by the GO Bond.
The federal Institute of Museum and Library Services (IMLS) collects annual data about public library operating revenue in its Public Library Survey (PLS). As can be expected, the timing of the release of biennial GO Bonds proceeds is visible in the New Mexico public library data. Looking at the four fiscal years of 2016 – 2019 in detail, the state aid category, which includes GO Bond proceeds, varies annually, essentially, by the amount of the GO Bond.

The legislative intent of the GO Bonds is to supplement and not supplant local funding. It is evident that the public library community and their funding partners are holding true to that directive.

### New Mexico Public Library Annual Operating Revenue 2016 - 2019

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<tr>
<td></td>
<td>Number of Public Libraries</td>
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<tr>
<td>2016</td>
<td>National</td>
<td>9037</td>
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<tr>
<td>2016</td>
<td>New Mexico</td>
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<td>2017</td>
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Compiled from IMLS PLS annual Supplementary Tables (see: Table 7, except 2016 where Table 23)

Locally-generated revenues have increased in whole dollars over the 2016 – 2019 period. Likewise, the percentage of the local contribution to state contributions (when viewed across even and odd years) remains consistent. These annual fluctuations are now a normal part of the management of public libraries in New Mexico. It is interesting to note that odd-numbered years, which see significantly less state revenue, would be the norm without the support the GO Bond provides.

### Impact of Inflation on GO Bond Utilization

Inflation will continue to erode the dollar’s buying power giving rise to the need for a larger General Obligation Bond allotment in order for the State’s libraries to maintain a competitive level of services. Using the Consumer Price Index as a measure of inflation, the same amount of materials funded in 2002 by a $16.1 million Library GO Bond would cost $24.5 million today. Put in other terms, 2020’s $9.75 million GO Bond referendum is providing approximately 40% of the materials and resources that were approved in 2002. The true figure is probably even more stark, as the cost of databases and electronic resources has risen faster than inflation generally. For example, STEM-H related electronic databases costs per title using the prices available from Clarivate Analytics (Formerly ISI) Indexes rose 4-6% from 2019 to 2020, compared with 1.4% for the CPI.
The impact of inflation on the program is exacerbated by the time lag from legislative approval to distribution of the money. For the current General Obligation Bond cycle, the legislature must approve the bond issue in the early 2022 legislative session, approximately 9 months before the November 2022 referendum. Once approved by voters, the bonds must be issued, which generally takes place 5-10 months after the referendum, and allocations to individual libraries determined. The libraries must then spend the money and apply for reimbursement. Consequently, it is at least a year from the time the legislature approves the bond issue referendum to the reimbursement for expenditures. Reimbursement requests must be made in the fiscal year of the expenditure, and up to 5 years after issuance of the bond.

![Graph: Referendum Amounts Have Fallen Behind Inflation](image)

Source: Historical amount of GO Library Bond Issues: New Mexico Consortium of Academic Libraries; Inflation Based on Consumer Price Index published by the Bureau of Labor Statistics

It is important to note that the proceeds from the 2022 GO Bond will be able to be utilized by New Mexico libraries at about the time that federal pandemic relief funding from both the CARES Act and ARPA are reaching their statutory end. GO Bond proceeds are intended to provide stability and continuity to library services. Adequate funding is needed now, not only because recent General Obligation Bond allotments for the State's libraries have been reduced, but because inflation has further eaten away at what remains.
Focus: Investing in Students through School Library Materials and Collections

GO Bond funding is intended to be used by New Mexico school libraries as supplementary funds to purchase materials, including traditional print books and online access to content and database resources, enabling school librarians to fulfill their central role as instructional support and individualized learning. At its core, GO Bond funding should give students across the state access to up-to-date library materials, supports literacy efforts, and help districts reach their learning goals. An adequately funded 2022 GO Bond allocation for school libraries would support a learning environment where all New Mexico school students can become lifelong learners, readers, and successful citizens of a competitive and global world.

A 2012 report by the New Mexico Task Force for School Libraries identified providing “current books” and “online reference” as core services of a functioning school library ecosystem in New Mexico. According to the Task Force, students need accurate, up-to-date information and appealing new titles that “encourage them to love reading and learning”. This includes current and accessible print, ebook, and online resources. As the legislature considers the amount of library GO Bond funding, it is important to see if the goal of the program is currently being achieved.

In March 2019, Senate Memorial 27 commissioned a “comprehensive assessment of school libraries and school librarians in public schools in New Mexico to determine resources and needs for the operation of school libraries” to be conducted jointly by the public education department, the New Mexico Library Association, and the Libraries Transform New Mexico steering committee. The January 2020 report “School Library Assessment: The Status and Needs of New Mexico School Libraries” preliminary findings indicate that “funding shortages over the last decade have resulted in shortages in [school library] staffing, outdated resources, deterioration of physical spaces, and a lack of professional development opportunities.” The report goes on to clearly recommend the need for increased funding for school library programs, collection and staffing along with a recommendation to streamline GO Bond procedures and other key staffing-focused recommendations.

To close the gap between that assessment and this report, the authors created a snapshot survey using data anonymized data from five school district’s electronic library card catalogs. In a September 2021 “data snapshot” created for this report, we reviewed the average age of the collection, the number of items per student, and the ratio of non-fiction to fiction titles. The schools and districts in the report were anonymized and represent urban, suburban, rural, and tribal service areas. A total of 232 individual school library programs (schools) were included in the snapshot survey.

The average age of the school library collection is calculated as the average date of acquisition for a title. Across all five sampled New Mexico school districts, that average age of the collection is 2003. Across individual schools, the oldest collections cluster in the late 1990s while the most up-to-date school-level collections still pre-date the 2008
Great Recession. With an average age of 17 years, school library collections in New Mexico are older than the students they are designed to inform, educate, and support.

The number of titles per student across the five sampled districts ranges from 13.6 items per pupil at the low end to 30.7 items at the high end. Individual per school holdings range from 5.5 items per student to over 50 items. This variation is partially driven by school enrollment and the physical size of the library. However, it appears that the high-end example district (at 30.7 items per student) also has the lowest aggregate enrollment coupled with the oldest average age of the collection (from 1997).

Our data snapshot did not provide enough detail to draw comparisons about the genre-mix of the collections. However, the January 2020 School Library Assessment Report showed that 78% of librarians indicated their library’s collection needs improvement in terms of cultural, linguistic, and historical relevance and over 85% of participating librarians responded that their school library collection needs improvement. The assessment notes that “[i]n general, participants indicated the greatest needs are in updating non-fiction collections of Science and Technology, biographies, New Mexico and Native American history, and geography. Fiction sections need more chapter books, picture books, and graphic novels. Spanish language and bilingual books are also needed.”

It is important to note that New Mexico does not have state standards in place for its school library programs. (There are several voluntary standards used across New Mexico school libraries including those developed by the New Mexico Task Force for School Libraries in 1999-2000 and revised in the fall of 2003.) For comparison, Texas provides uniform state standards for school library programs. The Texas standards designate that a collection that is older than 14 years on average is considered “below standards” while an “exemplary program” has an average age of only 11 years. Likewise, the number of holdings in Texas school libraries is considered “below standards” when it falls below “at least 16 items per student at elementary level, at least 14 items per student at middle school level, and at least 12 items per student at the High School level”. If the goal of the GO Bond program for New Mexico school libraries is intended to supplement local district funding in order to improve the quality of the collection, and if the quality of the collection is defined by its recency (age), relevance (genres and diversity), and accessibility (number of titles per student), then the program is not currently achieving its core goals.

Several recent national and international studies have shown that strong school library programs can help raise standardized test scores and reading proficiency. There is compelling data to suggest that the presence of a school librarian coupled with access to reading materials in a school library (as opposed to a classroom library or other passive reading context) is the single biggest indicator of potential success or failure in reading proficiency. According to a new study looking at international factors of student success, “[t]he clear winner in boosting reading achievement appears to be providing access to books, which in turn helps create a pleasure reading habit, which in turn results in better
scores on tests such as the [Progress in International Reading Literacy Study], and in turn contributes to school and life success."

As the New Mexico State Legislature considers the amount of the 2022 GO Bond package it should return to the findings of the January 2020 “School Library Assessment” report. Arriving as it did just prior to the COVID-related shutdowns in March of that year, the report provides a clear pathway for policymakers to engage the multiplier effect that an adequate investment in school library collections will make on academic achievement. We strongly recommend that the legislature approve the New Mexico Library Association’s 2022 funding request and invest additional GO Bond proceeds in school libraries now and then anticipate the 2024 GO Bond cycle to determine a funding level dedicated to improving the recency and relevance of the collection for New Mexico school students.

**Focus: Significant Return on Investment from Public Libraries**

The legislative intent of the GO Bond for Libraries is to create a revenue source that will supplement but not supplant local taxpayer funded support for public libraries. “Public and tribal libraries will continue to allocate the funding based on county populations and library service areas, as required by regulation” (see: [SB207 fiscal analysis state legislature 2020]). Since the inception of the Library GO Bond program, proceeds have been used by public libraries on four key categories of allowable purchases. According to annual guidance from the State Library, reimbursable purchases include “equipment, library furniture, fixtures and supplemental library resource acquisitions, including print, non-print and electronic resources, and for the purchase and installation of broadband internet equipment and infrastructure at nontribal public libraries statewide...”.

There has always been an obligation for local jurisdictions to fund public library services in New Mexico. It is important to consider the types of purchases and expenditures that are not allowable for public libraries with GO Bond proceeds. In general, expenditures such as staff salaries, indirect costs and maintenance, and capital or facilities projects are disallowed. This is consistent with the legislative intent of the GO Bond program and forms a cornerstone of the state-to-local partnership that these funds provide.

As the legislature considers the amount and allocation for public libraries in the 2022 GO Bond, it is important to understand the direct impact of GO Bond proceeds on the local community. According to a Library Return on Investment (ROI) calculation made by Syracuse University and the EveryLibrary Institute using 2018 available data, the average ROI for New Mexico public libraries is $3.96 returned for every $1 invested in the library. This ROI calculation uses budget and activity data from the 2018 Institute of Museum and Library Services (IMLS) Public Library Survey (PLS) for New Mexico and estimates the dollar value of library collections, circulation and reference services, events, and programming for the public. At a nearly 4:1 ratio, any increase in available GO Bond funds produces a multiplier effect within and for the local community.
Focus: Tribal Libraries Growing Capacity

GO Bond proceeds are one of several state funding components for New Mexico Tribal Libraries. Annual state aid for Tribal libraries is managed by the New Mexico State Library through Tribal Libraries Program Grants (TLP). The intent of the TLP Grant is likewise similar to that of the GO Bond program. TLP Grants are “intended to supplement and encourage local effort in providing local library service”. Both the TLP Grant and the GO Bond proceeds may be used for similar purposes including library collections, library programming, library equipment, or other operational expenditures associated with delivery of library services. However, unlike the GO Bond, the TLP Grant allows for expenditures on library staff salaries and staff professional development. Neither the GO Bond or TLP Grant allows for overhead or indirect costs.

According to current policy, 99% of the total GO Bond allocation is to be distributed equally among qualified tribal libraries. In the 2020, the GO Bond allocation of $500,000 was distributed to 19 tribal libraries. This equates to just over $26,000 for each tribal library in New Mexico. This allocation per tribal library is intended, as is the legislative intent of the entire GO Bond package, to supplement and not supplant local funding.

Because the legislative intent of both the GO Bonds and TLP Grants is intertwined, the multiple revenue streams for Tribal Libraries in New Mexico can be viewed as either a blended or braided funding scheme. Blended funding systems are an intentional or de facto approach to supporting common activities, initiatives, or projects. In any blended or layered funding scheme the strength of the entire system relies on proper allocations from each source. As the legislature considers the 2022 GO Bond allocation for tribal libraries it is important to recognize that GO Bond proceeds are a critical element of the ongoing operational stability of tribal libraries. While one-time appropriation or grant programs can be designed to add capacity, fuel innovation, or equalize inequities, blended funding systems function best when the revenue allocations within the system both anticipate and address inflationary pressures, and are adjusted accordingly.

Focus: Helping Academic Libraries Weather the Storm

The New Mexico academic library community has embraced an open and collaborative approach to allocating bond proceeds since it was authorized in 2012. In the fiscal analysis state legislature conducted in 2020 it is noted that “[a]bout two-thirds of funding for New Mexico college and university libraries will be distributed based on full-time-equivalent student enrollment and the remaining one-third will be used to collaboratively purchase electronic resources (academic journals, electronic reference books, electronic books, educational films, etc.) for all students regardless of institution or course work, particularly in rural areas.” This formula allows for both consistent and fair allocations based on the size of the institution and acts as a type of equalization fund across all cooperating institutions. As with all other aspects of the Library GO Bond, the legislative intent is for the proceeds to supplement and not supplant the responsibilities of these academic institutions to fund their library services.

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The most common uses of GO Bond proceeds in academic libraries are for electronic resources such as journals, technology & equipment that are specific to libraries, to purchases books, and for Collaborative Collection of databases (see: General Guidelines for Expenditures of Library GO Bond Funds (2020)). A core component of the academic library allocation is the “Collaborative Collection” project. From 2013 – 2017, that collection was tailored to support the specific needs of both 2-year and 4-year institutions. In 2019 and 2021, the collection is more general, largely owing to the cost of databases. However, since 2012, the one-third allocation for collaborative purchases has created significant leverage for New Mexico academic libraries in the marketplace and has an important multiplier effect.

In recent years, academic libraries across the country have experienced a near-perfect storm of budgetary pressures. According to a 2020 article in Library Journal, “although spending on higher education has improved since the Great Recession, many institutions are not funding their libraries to the same extent as in previous years, and many libraries are opting to allocate their moderate budget increases to new services rather than collections”. A common misperception is that the sector wide shift to digital and online resources from print publications must have resulted in lower-cost materials. In fact, academic libraries nationally and locally have not accrued any significant savings.

In New Mexico, libraries at research institutions are affected by the inflationary prices for academic journal, serials, periodicals, and other publications are combined with flat or negative collection development budgets, including GO Bond proceeds. In particular, the 2014 and 2016 GO Bond allocations for academic libraries declined from $3.5 million to $3.25 million during a time when costs were increasing dramatically. This decline in available supplementary funds has as a multi-year ripple effect on the relative purchasing power of academic libraries. For example, in 2020, cumulative budget pressures on increased costs, lower GO Bond revenue, and campus-level cuts forced the New Mexico State University Library to cancel 1/3 of its academic subscriptions. “Cancelling the Elsevier package will save the university $400,000 right now, in FY21, and an additional $400,000 in FY22. In addition, we canceled several other databases resulting in a savings of $44,863. These cuts are part of the budget reductions NMSU incurred in FY21 because of reductions in its state appropriation”.

Due to the timing of the 2022 bond package, it is important for the legislature to properly forecast the future buying power of bond proceeds for several academic years to come. As NMSU Libraries observed in 2020, “the reality is the budgets have not absorbed the previous years’ inflationary impacts.” Without adequate funding for library collections New Mexico colleges and universities will lose a competitive advantage in attracting and retaining students and faculty. Strong academic libraries with diverse holdings ensure that New Mexico’s colleges and universities attracts students from across the state, the country, and around the world while attracting and retaining top talent among faculty and researchers.
When considering the amount of the 2022 GO Bond for academic libraries it is vitally important for the legislature to understand the timing of the use of the proceeds and to forecast the inflationary-influenced costs of the Collaborative Collection several fiscal years from now. The relative buying power of those dollars should be cognizant of the increase in the cost-of-goods for academic library materials. We have already seen the erosion in buying power force a change in purchasing habits from a Collaborative Collection focused on 2- and 4-year institutions to a more generalist list of academic resources. Without the legislature properly forecasting and funding the academic library component the students, researchers, and faculty at New Mexico universities and colleges will not realize significant benefits from GO Bond proceeds.

Summary and Recommendations

The New Mexico GO Bonds for Libraries is an important and impactful way to allocate state aid to libraries of all types, but only if it continues to be responsive to needs and economic conditions. Legislators and policy makers should carefully review the needs and potential of each type of library when considering the 2022 New Mexico Library Association funding request. If authorized at the requested level, the 2022 GO Bond will begin to address inequities across the school libraries, help close the gap for academic library resources, and provide necessary stability and enhancements to tribal library and public libraries. Given the high approval levels for the Library GO Bond each Election Day, historically, it appears that voters, residents, and users of New Mexico’s libraries are aligned with and supportive of the goals of the program.

About the Authors

James “Jamie” Rachlin is the founder and President of Meristem Advisors, a municipal advisory firm registered with the SEC and MSRB. Meristem Advisors provides municipal libraries with financial reviews, planning, capital planning, budgeting, and revenue forecasting, as well as municipal advisory services for borrowing. Prior to forming Meristem Advisors, Jamie was a public finance banker for 25 years, most recently as a Managing Director at RBC Capital Markets. He holds an M.B.A. in Finance from The Wharton School of the University of Pennsylvania, an M.S.E. in Civil Engineering from Princeton University and an A.B. in Computer Science from Brown University.

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