

# Inside Philanthropy

## As Government Budgets Pull Back, a Look at Philanthropy's Role in Funding Public Libraries

Liz Longley | June 07, 2023



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Philanthropy played a foundational role in creating the American public library system. Once the private privilege of the wealthy, Scottish-American industrialist and philanthropist Andrew Carnegie began channeling more than \$55 million into libraries in the 1880s, creating a system of nearly 1,700 public libraries across the country and hundreds more across the world.

Terms applied. Communities that requested funding were required to provide the land on which they were built and to support library operations and maintenance in perpetuity. Intentionally or not, the premise forever tied libraries to the vagaries of government budgets and forged a structure of public-private partnerships that largely determined philanthropy's role today.

Now, as libraries are caught in the crosswinds of government budgets and cultural divisions that punish information sources of all kinds, the institutions have never seemed more vulnerable.

Even so, the public generally views library funding as sacrosanct, and rallies when budgets are cut. In New York City, a recent outcry helped reverse a 4% proposed decrease in funding. But the system is still staring down the barrel of \$36.2 million in cuts that could curtail weekend hours for job hunters, safe places for teens to learn and grow, and reading programs for inner-city kids heading into a long, hot summer.

Budgets aren't just being challenged in big cities. In April, Missouri House members made the unprecedented move of voting to cut funding for all public libraries from the state's annual budget, sending local libraries [scrambling](#). In Jacksonville, Florida, budget cuts have already reduced the hours of operation by 22%, including [40% fewer](#) evening hours for homework help. And the Indian Valley [Public Library](#) in Bucks County, Pennsylvania, is experiencing cuts that some say tie to the parts of its collection that the council feels are part of an LGBTQ+ agenda.

In these unprecedented times, it's worth exploring how early philanthropic investments have played out across the country over time, and the models that have evolved to attract donors. It's also important to see how the people working at the intersection of giving and government find ways to deliver critical programs and services, making an outsize impact from small percentages.

Also worth watching is a new support network that's growing out of Seattle, a unified effort to challenge the outdated public perception that libraries should rely on tax dollars alone and to potentially redefine philanthropy's role in the future of civic life. Libraries are the "canary in the coal mine on threats to democracy," said Jonna Ward, its leader. "It's time to think bigger."

## **In Chicago, a clear mandate**

Chicago public libraries rose from the ashes of the Great Chicago Fire of 1871. Created in 1873 by Englishmen A.H. Burgess and Thomas Hughes, they were initially funded as a show of support from donors from across the pond including Queen Victoria and Alfred Lord Tennyson. Today, the system counts 81 locations in 77 community areas, part of an intentional goal set in 1916 to situate library branches and services within walking distance of every Chicagoan.

It wasn't until 1986 that philanthropist Cindy Pritzker and other civic leaders like Marshall Fields V put together a charter that helped create the 501(c)(3) that supports the system, the [Chicago Public Library Foundation](#).

Brenda Langstraat Bui, current president and CEO, explained that Pritzker had been serving as a mayoral appointee on the library's public board when she stepped down to establish a fundraising entity that's "uniquely set up to protect the city budget for the library." Libraries, Langstraat Bui said, "are a part of the culture in our town." Sporadic cuts have always been met with resistance. The system's current budget is \$110 million annually, and \$5 million to \$7 million of that flows through the foundation.

From the get-go, Lanstraat Bui said the foundation's role has been clear. What it would do is act "almost as an incubator" for programs to keep Chicago Public Libraries at the forefront of innovation in the library sector. What it wouldn't do is act as a "stopgap," by funding policy advocacy, capital or operations — all things that typically come from the city budget.

Now the system's exclusive fundraising partner for four decades, the foundation's stated goal is to invest in "accelerating the potential of our public library," to "power above and beyond" the programming available to all Chicagoans.

Lanstraat Bui cited a program for teens as an example of its work. YOUmedia was launched through the growth of a five-year, total \$50 million investment in digital media and learning made by the John D. and Catherine T. MacArthur Foundation in 2006 to explore how emerging technologies were changing the ways young people engage in public life. YOUmedia connects Chicago's teens with the library system by providing a physical "hang out, geek out and mess around space," room to record podcasts, and the chance to connect with design and content leaders on content curation. Chance the Rapper participated in the program, Lanstraat Bui said, and even recorded his first album there.

Boosted by another nearly \$5 million from [MacArthur](#) and support from a wide range of funders including BMO Harris Bank, Allstate, [Motorola Solutions Foundation](#), the [Elizabeth Morse Charitable Trust](#) and the Oppenheimer Family Foundation, YOUmedia spaces currently live in 29 CPL branches. The initiative also went national in 2009, and has informed nearly 30 similar spaces across the country.

The foundation also recently received the second-largest gift in its history, a \$2 million grant from the [Mellon Foundation](#) made in April to increase public access to Black history archives.

### **In Charlotte, public private partnerships**

Though the origins of the city's central library system trace back to a \$25,000 gift from Andrew Carnegie in 1903, Charlotte-Mecklenburg's library foundation has only been around for about a decade.

The library system itself was set up as a separate corporation in North Carolina. In the current budget cycle, 93% of funding comes from the county. About 2% comes from government-controlled ABC liquor stores and another 1% from the state.

[Charlotte Mecklenburg Library Foundation](#) funding represents a small piece of the pie, at around 3%. The foundation was created in 2012, in partnership with the Foundation for the Carolinas (FFTC), a community foundation with more than \$4 billion in assets that serves 13 counties. The Library Foundation supports both the library and FFTC, home to all of its investments.

Its mission is to back initiatives to take the system into the 21st century. More generally, its purview includes programs like summer learning for kids, community-building through inclusive services and advocacy, and providing print and digital tools for learning.

Executive Director Jenni Gaisbauer described the burgeoning area as a “young philanthropic city.” Statistically, she said, the foundation receives at least 30 to 35% of funding from its big name corporate community, 25% from private foundations, and the rest from individuals. Gaisbauer reports that the system has also recently benefitted from a number of estate gifts from previously unknown donors and sees opportunities in “the greatest generation and baby boomers that stand for access for all and democracy.”

It’s certainly a high-growth area. The population of Charlotte alone swelled to almost 1 million people in 2023, a nearly 40% increase from two decades ago, that has fueled civic investment.

Gaisbauer said that as plans formed for a new main library in 2013, the county came to the foundation with a commitment of \$50 million for a new main library and \$15 million for an administration center. That ignited [the Common Spark](#), a \$143 million public-private campaign launched in 2019 to build a “knowledge center for the future,” and transform a system that

spans 21 branches. Funding components include construction of a new main library, relocating the admin center, boosting programming, tech and annual operating support, and creating an endowment for the future.

The foundation committed to raising the \$78 million gap between the project goal and county funding. At \$121 million, it's currently 85% of the way there, and headed for a ribbon cutting in 2025.

Support comes from a broad variety of donors. David Tepper, the owner of the NFL's local team, the Carolina Panthers, pledged \$10 million to the campaign through the Tepper Foundation and the Dave and Nicole Tepper Foundation. Another \$10 million came from the John S. and James L. [Knight Foundation](#). Acknowledging the gift, Knight Foundation President and CEO Alberto Ibarguen called the library's role in creating informed and engaged communities the "same business we're in."

Nucor Corporation, Lowe's, Honeywell and [the Leon Levine Foundation](#) each invested \$1 million. Novent Health also stepped up for a million, half in cash, half as in-kind support for a health and wellness hub. And Principal Foundation recently announced a \$500,000 match to raise individual support by hosting a festival that will travel to branches across the system.

Down the line, Gaisbauer hopes support for the foundation will only grow, and garner enough funding to cover 10% of the system's budget.

### **In New York City, a long legacy and a funded position**

The New York Public Library is second in size only to the Library of Congress. Founded in 1895, it is now a sprawling public library system with four research centers and 92 locations across the Bronx, Manhattan and Staten Island. Nearly 16 million people visit each year to take advantage of its nearly 5,000 public computers and 110,000 distinct programs. Tens of millions visit virtually.

Uniquely, the system was chartered as a foundation, one that cobbled together the philanthropy, libraries and collections of some of the wealthiest Americans of the 19th century: John Jacob Astor, James Lenox and one-time Governor Samuel Tilden. The resulting foundation and system was hailed as a prime example of private philanthropy providing a public good.

In 1901, Andrew Carnegie donated nearly \$175 million in today's dollars to begin funding the construction of 65 branches that were intended to be free to the public, with the usual caveat that they'd be operated and maintained by the City of New York. Later that year, the NYPL contracted with the city to operate 39 Carnegie branches, establishing an early example of the public-private partnership.

By a charter restated and granted in 1975, the library continues to operate as a private, independently managed nonprofit education corporation that receives both public and private financing. According to its 990, total revenue in 2022 stood at \$424 million, with \$325 million coming from grants and contributions.

Brian Bannon, the NYPL's Merryl and James Tisch director of branch libraries and education, serves in a position that was endowed by a \$20 million gift from the couple to establish an education plan on which to build philanthropic support. Bannon explained that support largely plays out in two ways — capital investments and support for specific research, collections and programming.

An example of a capital investment is the landmark \$55 million gift it received in 2017 from the Stavros Niarchos Foundation (SNF) to transform the mid-Manhattan branch, NYPL's largest and busiest circulating library. Funding for what's now known as the Stavros Niarchos Foundation Library supported a complete renovation of the space, updated tech and materials, and endowed public programming.

The gift is part of SNF's educational work, which supports libraries around the world. Stavros Niarchos Foundation co-President Andreas Dracopoulos said of the investment, "Libraries are among the most truly democratic spaces in our society. New Yorkers deserve in their central circulating branch what sociologist Eric Klinenberg would call a 'palace for the people.'" That's a phrase that echoes Carnegie, and the title of a book advancing the theory that investments in social infrastructure can boost equality and help heal divisions.

The SNF gift is the second largest individual gift in the library's history, and helped make fiscal year 2017 a record year for private fundraising, bringing in \$133.4 million in new major gift commitments, more than in any other year in its history. The single largest individual gift, of \$100 million, came from Stephen A. Schwarzman. NYPL's flagship location on 42nd Street is named for him.

Support for research and collections includes a \$2 million grant in February from the Mellon Foundation for the Schomburg Center for Research in Black Culture to fund a Next Century of Black Studies program intended to boost capacity and reimagine opportunities for collections.

The NYPL is also the recipient of a myriad of world-class archives. Schomburg also acquired the personal archive of activist and entertainer Harry Belafonte, thanks to support from Mellon, the Ford Foundation, Open Society Foundations, New York State, and Danny and Manizeh River.

As for programming, [Google.org](https://www.google.org), Best Buy Foundation and the Joly Foundation teamed up in the fall of 2022 on a \$4.5 million, public-private partnership to increase teen engagement at NYPL and the Brooklyn and Queens public libraries.

But teens aren't the only New Yorkers who rely on the system. At Invest in Libraries — a website run by New York City's three library systems, which opposes budget cuts — hundreds of people have posted virtual notes about



why libraries are important to them. Karima called it her “second home.” “Knowledge is power — cutting funds from the library is cutting power from our children,” said Marion. “Libraries were the door to this country for me,” posted Maria. “Free books = Free minds,” wrote Erin, John and Annalisa.

## **In Seattle, the icing on the cake**

The Seattle Public Library Foundation supports a public library system comprising a main library, 27 branches, mobile services and one of the country’s first Braille specialized libraries (WTBBL). Dating back to 1890, all but one of its early purpose-built libraries were funded by Carnegie.

Jonna Ward, the foundation’s CEO, said the system followed a common trajectory that started in the 1980s, when tighter federal budgets pushed municipal funding to local markets. By the late 1990s, however, it was “a shabby, worn-out place.” Across the sector, though, “somebody was seeing we need these foundations” at a time when, for many libraries, the culture of philanthropy and private support had waned.

The catalyst in Seattle was the need to replace Ramona, a beloved mobile library named after the Beverly Cleary character. When the vehicle was on its last legs, a “sleepy friends group” found its first project and started to figure out how to raise money.

In 1980, they created the foundation as a separate nonprofit to act as the library’s fundraising arm. Its mission today is to inspire the community’s philanthropic support, advocacy for and pride in building new and revitalized libraries in every neighborhood.

Government also awakened to the need in 1998, passing a \$196.4 million “Libraries for All” bond measure to improve the system, a move that had a 72% voter approval. The total cost of it all, however, was \$238 million, so

the Seattle Public Library Foundation launched a roughly \$40 million campaign to come up with the rest.

It drew the support of a few local aspiring Carnegies. That year, an early iteration of the Bill and Melinda Gates Foundation made a \$20 million grant to Seattle libraries, \$15 million of which was earmarked to improve neighborhood branches. Over a 20-year span, Gates went on to invest \$1 billion in a global library program that helped increase the percentage of U.S. libraries offering internet access from 28% to 100%.

In 2000, The [Paul G. Allen Charitable Foundation](#) supported the library in equal measure with a \$20 million gift, \$15 million of which backed the launch of a permanent fund for books and materials.

Support has since leveled off. Ward said that the foundation currently raises about \$4 million each year, or roughly 5% of the system's overall budget. Though small in percentage, she considers foundation funding "the most powerful part of our story," proof that a marginal investment of public dollars can help move systems.

"Out of the \$100 million budget, the 5% pays for everything that's special or outside of normal." That includes programming, books, resources and special collections, special needs services and tech services. Without the foundation, she said, there wouldn't be "a dollar" to allow the library to experiment and innovate. "The library is the cake," Ward said. "We're the frosting."

Funding is also critical as a matter of equity. Foundation support has allowed the system to place social workers in libraries, a response to a rising wave of need as the area overwhelmingly gentrified. Equity work continues across the board, ensuring nonpartisan access to information and equal access to summer reading programs.

While the foundation has drawn some heavy hitters at times, Ward said the real story today is its roughly 7,000 to 8,000 individual donors. Only two of the top 12 are institutional grantmakers. Ward has a theory for the relative absence of big players: “Libraries — as beacons of privacy — can be at a great disadvantage for providing the proof of impact often required by traditional national philanthropic organizations.”

“We don’t make it easy to give,” said Ward, but in recent years, she’s set out to do something about that.

### **A rising support network**

The problems confronting the people who sit at the crossroads of public institutions and philanthropy are bigger than any one system or person. Feeling isolated in 2017, Ward began building out the idea of a network to allow collective learning and peer-to-peer sharing.

When COVID hit, she used the hours as a “reset moment” to create a community where people in her shoes could connect to help strategize on local problems, while advocating for the health of the entire ecosystem. “We couldn’t find each other, really,” she said.

Ward saw a homegrown need to “talk shorthand” about the ideas of the fundraising profession in systems that often see it as an outlier to the work. Sixty-five people showed up for the first meeting and it’s grown from there. An upcoming conference in Austin has already registered 180 participants. Many more are expected to attend virtually.

Still in its infancy, Ward said the [Library Support Network](#)’s goals include creating a national case for increasing support for public libraries and finding ways to make it easier for philanthropists to invest.

Sharing will be particularly helpful for local libraries that lack dedicated fundraisers, where the small-town librarians often wear many hats. The

response was robust for an initiative to share digital tools for a library giving day, attracting 500 signups.

Network members can also benefit from strategies on weathering the culture wars that threaten funding. Again, small and rural libraries are the most vulnerable. “We want to help them establish donors and ambassadors that can support them the next time there’s a bill not going their way, and create a local and a national voice,” Ward said.

Still in beta, 22 foundations have become founding supporters, and an agreement with the Knight Foundation created a two-year, \$155,000 challenge grant on the network pilot. Ward sees the potential to transform public library funding and hopes to one day be in a position to regrant.

In an 1889 article, Andrew Carnegie said his main consideration for philanthropy “should be to help those who help themselves.” Today, that’s a pretty apt description of the network — and the people who visit libraries across America every day.