

Discussion paper – (revised)

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**Sending Books to Our Libraries**

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**<Executive Summary>**

In 2015, the National Library of Korea (NLK) proposed a new method for collecting donations in order to supply funds for increasing materials at school and military libraries. Since then, the NLK has been supporting a collaboration project between the Korean Library Association and online bookstores. Said project is expected to sufficiently utilize online bookstores' current resources to satisfy the interests, as described below, of the parties related to the donations.

Donors can easily make donations online to libraries of their choice and receive donation receipts for tax deduction purposes. All donations are solely used for the purpose described above, other expenses for collecting, managing or delivering donations being negligible. Libraries receiving donations can immediately purchase materials of their choice within the limit of the donation amount without having to bear additional costs such as shipping fees. Online bookstores which process the reception of donations and the purchasing of materials can use data already established based on their current business model, and thus can minimize additional costs as well as create new demand in the form of purchasing materials using donations.

This project appeals to the kindness of parents who want their children and their children's friends and colleagues to study or work in a better library environment. Therefore, caution must be taken not to generate a side effect of igniting meaningless competition among other students and their parents or among neighboring schools or militaries. Furthermore, as the purpose of the present project is to complement the budget limitations of the Ministries originally in charge of procuring materials in school and military libraries, such as the Ministry of Education and the Ministry of National Defense, caution must be taken so that the reception of donations does not become an excuse for the Ministries to cut their budget for providing materials to the libraries.

**1. Introduction**

As the role of the central government and local governments has expanded to include improving the welfare of the public, the budget for the said purpose has continuously been strained. As such, notwithstanding the importance of securing funds for building and more efficiently operating libraries, such funds were rather allocated to issues considered to be

more sensitive and pressing, such as disaster relief or vitalizing the economy. An alternative proposed to overcome such situation is supplying funds through donations. The government is also supporting the vitalization of such donations through a policy which provides consistent tax deductions for donations (15% for donations up to 30 million won, around U.S. \$ 30,000 or less, and 25% for those exceeding 30 million won). Nevertheless, such efforts to provide sufficient funds through donations have had limitations and haven't made out its goal in many cases.

At the end of 2015, the NLK considered ways to overcome such limitations, especially with regard to channeling donations to school and military libraries. As a result, the NLK proposed a new form of collecting donations and is now supporting a collaboration project between the Korean Library Association and online bookstores.

The core of the proposed project is sufficiently utilizing online bookstores' current resources to satisfy the interests of the parties related to the donations. First, Donors can easily make donations online to libraries of their choice and receive donation receipts for tax deduction purposes. All donations are solely used for the purpose described above, other expenses for collecting, managing or delivering donations being negligible. Second, libraries receiving donations can immediately purchase materials of their choice within the limit of the donation amount without having to bear additional costs such as shipping fees. Third, online bookstores which process the reception of donations and the purchasing of materials can use data already established based on their current business model, and thus can minimize additional costs as well as create new demand in the form of purchasing materials using donations.

One point to mention is that the NLK does not have any official mandate for providing materials at school and military libraries. As a government organization, the NLK may receive donations on the basis of the Act on Collection and Use of Donations and Library Act but is not allowed to directly and actively solicit donations. Therefore, the NLK only takes on the role of supporting, persuading, and mediating between relevant organizations and ministries to promote cooperation.

## **2. Limitations of the Current Donation Collecting Method for Increasing Library Materials**

Diverse attempts were made in the past to encourage donations for supplying more library materials. Such attempts may be classified into three groups as follows, but each has its limitations.

First, books owned by donors were collected to be given to people who need them. A representative example is the "Book the More" project currently operated by the NLK. Book the More is provided nationwide, and about 90,000 used books are collected annually through the project. Collected books that the NLK does not have are added to the NLK's collection, and the rest are sent to libraries that need them. Since 2014, a certain portion of these books are being used for the NLK's digitization project since cutting off the spines of the books

enables scanning using an automatic document feeder, thus highly increasing material scanning efficiency.

Such method of gathering used books and sending them to people who need them has a relatively long tradition. Indeed, any organization or institution can easily adopt the method, and in fact, many are using it now. Such method is especially effective for collecting materials at schools which could promote such donating method to teachers, students, parents, alumni, and residents in the local society. However, many donors consider this method as an opportunity to get rid of books taking up space at home and tend to bring books published too long ago or once bestsellers which are not highly necessary in or are already owned by libraries. Such problem can be more serious in school or military libraries which have smaller collections. Therefore, the first method should be used as a complementary method to other methods for supplying library materials to school and military libraries.

The second method is receiving donations directly from publishers or book distributors. An example of this method includes a project operated in 2015 where the Korean Library Association received a donation of 170,000 books from the Korea Publishers Society through a business agreement and re-donated the books to libraries. Another example is the project between the Republic of Korea Army Culture Center and publishers. In these cases, not used books but books stored in the warehouses of publishers or book distributors due to a mismatch in supply and demand in the distribution process are donated.

By donating, publishers and distributors can reduce their inventory of unsold books as well as reap tax benefits, and libraries can have the opportunity to receive books without any burden on their part. However, the books that are donated are not diverse and are books that were neglected by customers, and thus it is highly likely that the same books will be neglected by library users as well.

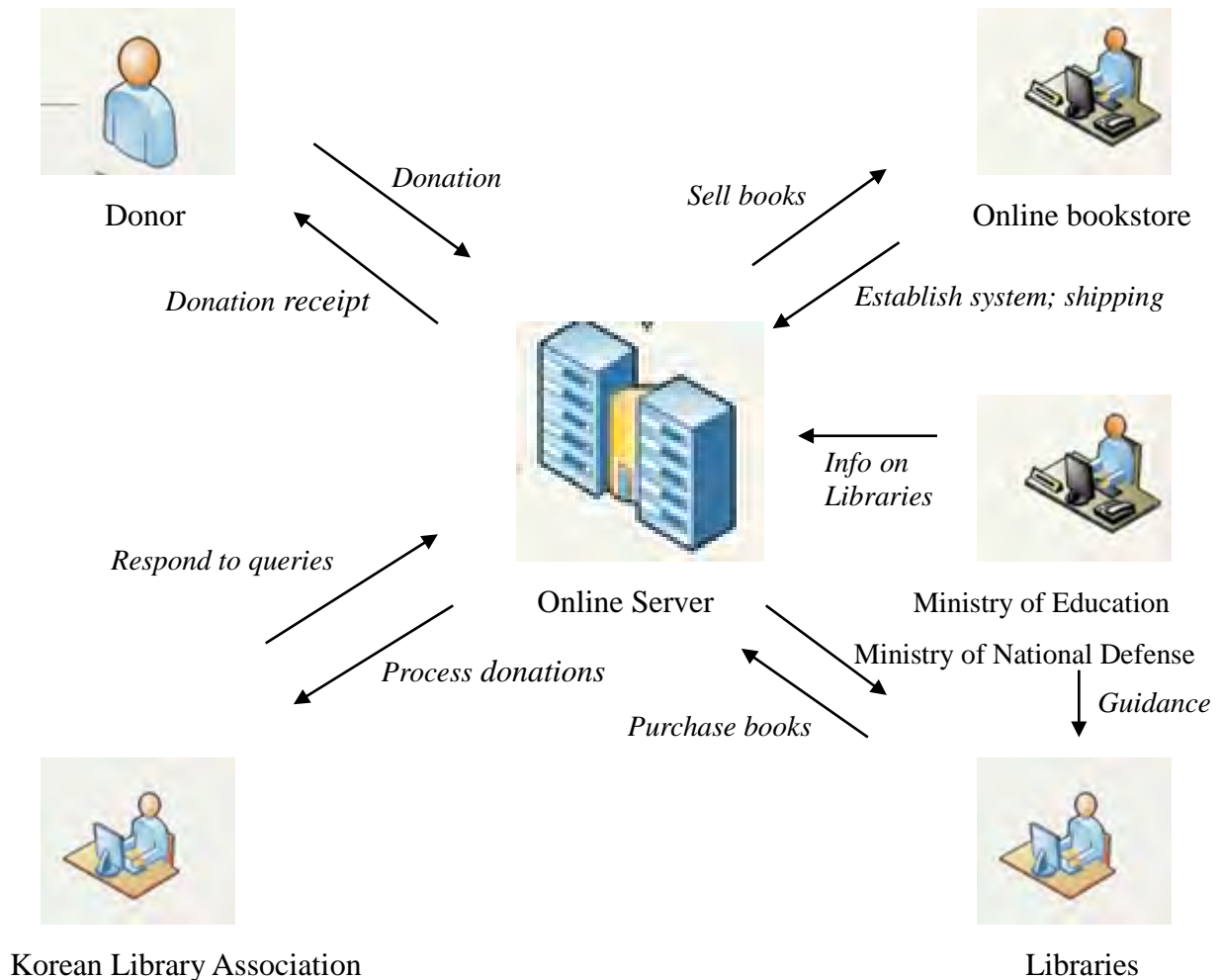
The last method, unlike the two methods above, is receiving donations in the form of cash or gift certificates so that libraries can choose which materials to purchase. Most libraries receive donations using this method through charitable groups such as Friends of Libraries.

From the perspective of increasing library materials, this third method is the most preferred. However, this method is also inadequate for sufficiently securing funds for several reasons. First, problems arise when donations are received not as books but as money or securities which are volatile in nature. For one, the receiving party must undergo many cumbersome processes as compared to when receiving books, for example, processes related to receiving receipts, accounting, and reporting. Such burden is one reason small amounts tend not to be received in said forms. Another problem is that donors are not fully convinced that their donation is being spent where it should be, and this becomes a reason for donors' hesitating to give. The Act on Collection and Use of Donations prescribes that "expenses required for the collection, management, operation and use of donations, and the submission of a report on the results therefrom shall not exceed 15% of the total amount" of donations (Article 13). Nevertheless, many people have the impression that, in reality, a huge portion of donations is used for such operating costs instead of for the actual purpose.

### 3. Sending Books to Our Libraries

#### A. Project summary

Provided below is a diagram illustrating the process of the Sending Books to Our Libraries project.



Sending Books to Our Libraries was designed to overcome all the limitations present in the three donation methods described above.

First, by the same way people would buy books online, donors choose a library they would like to give to and donate a certain amount to the Korean Library Association (KLA). Donations can be made by bank transfer, credit card, gift certificate, or rewards points earned on an online bookstore website (This includes points earned by purchasing books. Korea has adopted a fixed book price system, according to which discounts on books are limited up to 10% and other benefits are limited up to 5% of the book price. Online bookstores usually provide 5% of the book price as rewards points to be used for future book purchases).

Furthermore, donors are provided with donation receipts for tax deduction purposes. Of course, donors may receive a receipt for every donation they make as a way of confirming the donation, but since the KLA can report all donations at once to the National Tax Service at the end of the year, distributing separate receipts for each donation is in fact unnecessary.

In the next step, the KLA allocates the donations to the online bookstore accounts of the libraries that donors selected. This step merely amounts to acknowledging donors' donations to libraries of their choice after they have made the donations online. Also, donation receipts are issued to donors upon request, and if there is no request for a receipt, donations are recorded in a ledger and reported at once to the National Tax Service for tax deduction purposes.

According to the Act on Collection and Use of Donations, the KLA must submit to the Ministry of Culture, Sports and Tourism "a report on the status of fund-raising and the details of expenditure accompanied by an auditor's report prepared by a certified public accountant" (Article 14). Such documents should also be provided to the Ministry of Education and the Ministry of National Defense, which directly manage school and military libraries respectively. Furthermore, the KLA is responsible for answering questions from donors and potential donors.

The next step involves online bookstores, which have the most important role in the project since they are responsible for all administrative processes required for libraries chosen by donors to receive donations as books. Online bookstores must establish a system by which donations made online by donors are accurately transferred to the KLA's account and then to the accounts of school and military libraries. However, such process is not new to online bookstores since it is a service already provided to all of their customers. The only difference is that people making payments are not customers (purchasing books) but donors, and that payments are not made directly to online bookstores, but are transferred to the accounts of school and military libraries via the KLA. Of course, donations transferred to the libraries will be used to purchase books at the online bookstores.

Online bookstores must be prepared so that school and military libraries can activate accounts and use their services without difficulty. In other words, since asking each school and military library to open their own account is cumbersome and may take a long time, online bookstores should be able to initially open accounts for the libraries based on information received from the Ministry of Education and the Ministry of National Defense, and then inform the persons in charge at the school and military libraries how to activate their accounts.

The next step is the same as purchasing any other book. That is, persons in charge of the accounts at school and military libraries use the donations received to select the books they need and purchase them, and the books are shipped to their libraries. However, in order to prevent any misuse of donations, it must be considered whether to restrict shipping addresses to only those that are registered with the Ministry of Education or the Ministry of National Defense. Moreover, some schools or militaries are located in remote areas, and while additional shipping fees apply to these areas, online bookstores have agreed to exempt such fees, considering the purpose of the project.

Online bookstores will be able to gain new demand through the project. Therefore, in case many online bookstores participate, it will be possible to induce competition among them to attract more donations. For example, if an online bookstore makes an additional donation amounting to a certain portion of donations received, then donors will prefer online bookstores that donate more than others.

School and military libraries could check their accounts and order books when the donation amount reaches a certain level or after a certain period of time. The libraries do not have to add a new process since they are purchasing books through an existing process of choosing books to buy. These libraries may have a more conservative view in terms of selecting materials compared to public or university libraries, and thus their choices may diverge from those of donors. However, leaving the selection process to these libraries is inevitable, and donors should understand this situation. Smaller military libraries may not have the experience of actively buying books on their own since they only own materials provided by the Ministry of National Defense. In this case, general written instructions for purchasing books may be distributed by the Ministry.

The Ministry of Education and the Ministry of National Defense take on the role of providing information and guidance to school and military libraries for them to participate in the project and efficiently make use of donations. To this end, the Ministries should provide a contact list of the persons in charge at each school and military library as well as update the list periodically. Newly established, combined or closed libraries should also be confirmed through authorities such as the Ministries. The Ministries should also provide information and guidance since these libraries are affiliated to schools and militaries, and thus must follow guidelines given from their parent organizations. Therefore, it is important to provide guidance to heads of schools, militaries and the libraries to effectively make use of the project. The project may become inefficient if unnecessary reporting is required or excessively strict control measures are applied.

## **B. Additional matters to examine and matters to be aware of**

### **(1) Mechanism to encourage donations**

People donate based on their values and judgment, and they might expect appreciation for or other responses to their donations. When such responses are positive, people donate more. Sending Books to Our Libraries may also reflect a mechanism to encourage donations.

First, donors can recommend books to be purchased by their libraries of choice. It would be possible to buy certain books and donate them directly, but considering that school and military libraries have stricter criteria for selecting books, making recommendations seems to be the better method. When recommended books are considered to be inappropriate by the libraries, donors will be informed and asked for their understanding.

Second, not only selecting a specific school or military library but also selecting a certain range of libraries should be allowed. Donors are highly likely to donate to schools or militaries at which they or their children are currently working or previously worked.

However, rather than donating to a specific library, other donors wish to donate to libraries of schools or militaries that are located in a certain region or perform a certain type of operation. Therefore, a mechanism for distributing donations to a range of libraries must be established.

Third, another good method would be for libraries receiving donations to send thank you messages to donors or post lists of purchased books or book reports by students or soldiers who read the books.

## **(2) Considerations for preventing excessive competition**

Korean parents tend to be greatly attached to their children, especially when it comes to their children's education. Such behavior is attributable to Korea's excessively competitive educational environment. Sending Books to Our Libraries appeals, in part, to parents' attachment to their children. However, it is not desirable for parents' affection to lead to extreme competition. Igniting competition among other students and parents or neighboring schools or militaries that goes far beyond the project's original purpose, which is to provide a better library environment in which children and their friends and colleagues could study or work, must be prevented. Also, schools or teachers, or militaries or high ranking officers must be prevented from discriminating based on donation amount or whether a donation was made or not. Therefore, the list of donors or the detailed donation amounts should not be disclosed other than in special circumstances. However, since such measures are at odds with the mechanism to encourage donations mentioned above, they should be carefully considered before implementing.

## **(3) Crowding out effect**

Basically, the Ministry of Education and the Ministry of National Defense must provide the funds necessary to supply materials to school and military libraries. However, in case a considerable amount of the funds are covered by donations, the Ministries (or provincial education offices) might be tempted to use the funds, which should be or should have been allocated to the libraries, for other purposes, thus offsetting the effect of increasing funds through donations, thereby defeating the purpose of the project to complement the financial limitations of the Ministries responsible for increasing materials at school and military libraries. Therefore, a statement is necessary at the early stage of the project proclaiming that the Ministries and provincial offices will not reduce the national or local budget for supplying library materials just because donations are received, and the authorities must be closely monitored to make sure they keep their word.

## **(4) Expanding the project to public libraries**

The reason for restricting the recipients of donations to school and military libraries is because they are facing more difficulties in increasing their materials, and also because it was considered that inducing donations from parents interested in their children's welfare seemed

a more advantageous opportunity. Therefore, once the project is up and going, expanding the scope of recipients to include public or university libraries will become possible.

#### **4. Conclusion**

The number of libraries in elementary, junior high and high schools in Korea amounts to 11,495 as of April, 2015, and the ratio of schools that have a library is 96%, which is a very high rate. Furthermore, although the total number of enrolled students decreased by almost 10% from 6.721 million in 2012 to 6.087 million in 2015, the number of school library users increased from 73 million to 77 million, and the number of books used increased from 128 million to 140 million. These statistics suggest that school libraries are slowly taking root. The number of collections in school libraries also increased from 147 million in 2013 to 165 million in 2015, amounting to 23 to 27 collections per student. However, many of the collections in school libraries comprise old books. Thus, limitations to their usage remain and students still lack books that they actually need.

Korean men are required to serve in the army for about two years. As of 2014, the number of servicemen is 639,000, among which, excluding the 119,000 career soldiers, 520,000 are conscripted. This number is almost equivalent to the number of college freshmen per year. However, these youth are not given the opportunity for self-development, and that is a reason for the Korean conscription system being criticized for forcing self-sacrifice.

Military libraries can greatly contribute to reducing the cultural solitude felt by servicemen during their time in the army and give them an opportunity to develop themselves.

As of the end of 2014, 1,825 units have a library as a separate facility, but the average of their collections is 2,956, which is much less than the 14,354 of school libraries. A survey given to servicemen regarding military libraries showed that the servicemen most desired to receive books of their choice. Increasing materials in military libraries is necessary to satisfy the cultural desires of young officers in their early 20s who are sensitive and have a strong urge to learn. Furthermore, the libraries are expected to have the effect of helping soldiers in their self-development by providing an opportunity, albeit insufficient, to learn, an opportunity that was severed when they were conscripted.

*Sending Books to Our Libraries* started from the recognition that the poor situation that school and military libraries face cannot be improved by solely relying on government budgets. Nevertheless, the responsibility of supplying facilities and materials to these libraries lies with the Ministry of Education and the Ministry of National Defense. Therefore, it must be made clear that *Sending Books to Our Libraries* is a means to complement the roles of the Ministries, not to replace them. Furthermore, exchanges of opinions and information as well as cooperation must be actively pursued not only before but also during the operation of the project.