

Q & A about The Library of America's finances

With such a large audience for its books, why does The Library of America need support?

Like other nonprofit cultural institutions, The Library of America does not charge its audience—that is, its readers—the full cost of providing its service. No museum, for example, sets its admission fees at a level adequate to recover the full cost of mounting exhibitions or operating the organization. Nor does an opera company reflect in its ticket prices all the costs involved in staging performances. If they did, the prices would be far too high for most people to afford, severely limiting the audiences for the works and, consequently, their cultural effectiveness.

Similarly, **the price of Library of America volumes (at \$35 retail price) does not fully cover all the costs of producing and manufacturing them.** The Library of America's textual, editorial, and production quality entails costs substantially above the norm (research, typesetting, sewn bindings, superior paper, ribbon markers, cloth covers), but these costs are not passed on to the customer in the book's price, which is lower per page than virtually any other books on the market, hardcover or paper. Were we to price the book to reflect all the costs, volumes would cost \$60-\$75, which would put them out of reach for many readers and libraries.

Rather than reflecting all the costs in the price, we supplement the income from sales with grants and contributions. This approach is in keeping with our mission to make the volumes available at a moderate cost to the widest possible audience.

How much of the costs are covered by sales?

In the last three fiscal years, the percentage of costs covered by sales income has averaged 84 percent. The remaining 16 percent comes from grants and contributions and income from investments.

How does this compare with most other nonprofit institutions?

This is an unusually high percentage of "earned income" for a nonprofit. Many nonprofits derive most of their income from donations, grants, and endowment (if they have one); usually less than 50 percent comes from income earned from sales of goods and services. In other words, The Library of America is *less dependent* on grants and contributions to support its activities than many nonprofits. Nevertheless, grants and contributions provide the vital margin that makes it possible to produce books of exceptional editorial and production quality.