



**STAFF REPORT
INFORMATION ONLY**

10b.

Budget Committee – Operating Budget Comparative Increases

Date:	September 23, 2013
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to provide the Toronto Public Library Board with information on Council-approved operating budget increases for Toronto Public Library (TPL) in comparison to other agencies and divisions of the City.

DECISION HISTORY

At the meeting on August 1, 2013, Budget Committee considered the *2014 Operating Base Budget Submission* and adopted the following motion:

Requests staff to provide to the September Board meeting a graph that shows for 2000 – 2013: TPL operating budget percentage increases/decreases per year, and similar data for the City's other agencies and divisions, where available and comparable.

This report responds to the motion.

COMMENTS

Each year, Council approves the operating and capital budgets for all agencies and divisions. Information on Council-approved budgets for agencies and divisions were extracted from the City of Toronto's website (www.toronto.ca) where comparative budget information was more readily available for the years 2005 to 2013. For earlier years, the budget information is not easily available.

Also included in this report are the findings of a research paper from the Munk School of Global Affairs' Institute on Municipal Finance & Governance on cost trends for four City services, including Toronto Public Library, before and after amalgamation.

It should be noted that meaningful comparisons of budgets are difficult because a number of City services were impacted by provincial uploading/downloading of services that

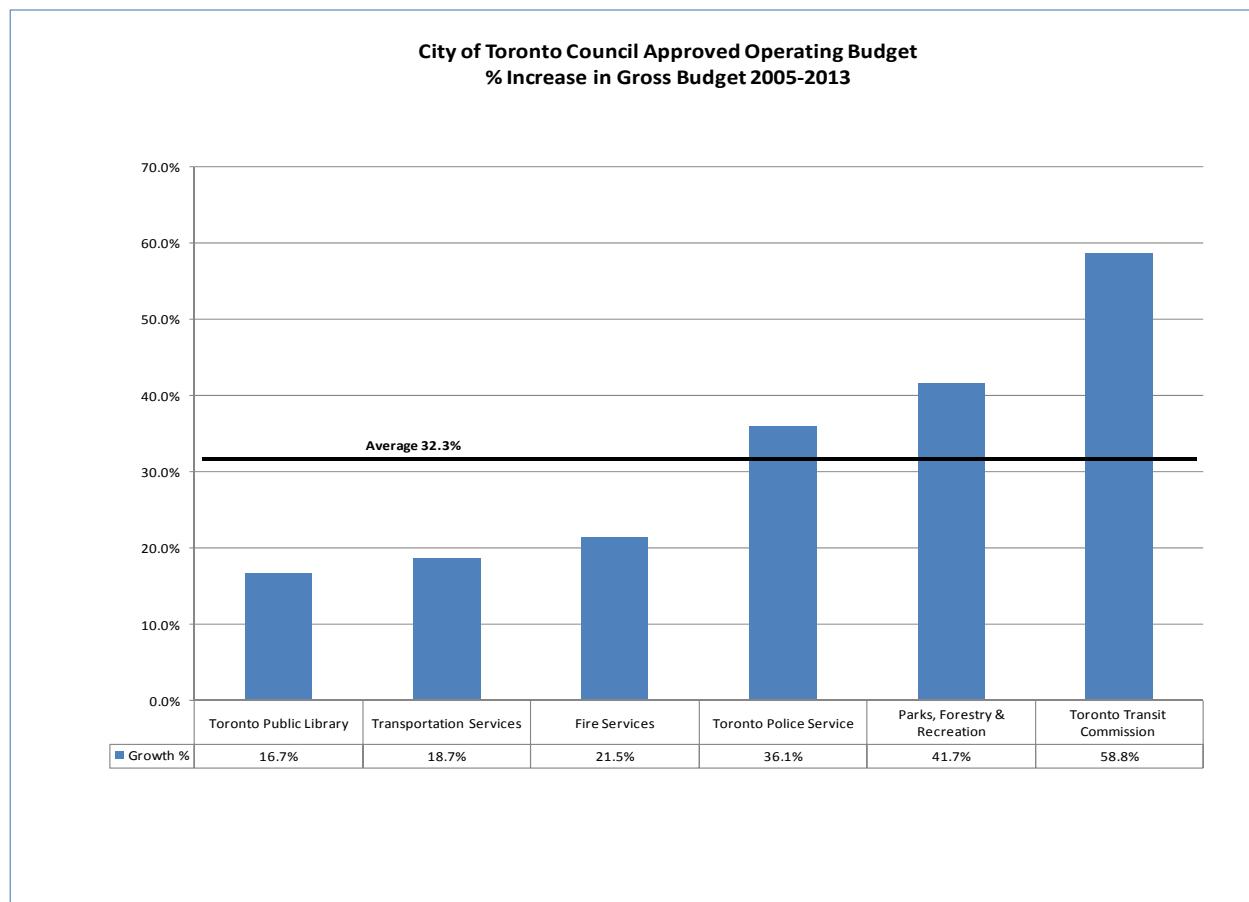
significantly impact funding levels and sources for some organizations, and approved budgets reflect Council priorities and service levels.

Council approves the net operating budgets that are funded from the City's tax base, and the gross budgets that include other sources of funding, including funding from other levels of government, draws from reserves, user fees and fines, and other third-party funding. Gross funding is used for comparative purposes, as this reflects the total spending by an organization, regardless of the funding source, which can vary significantly depending on the time period and the organization.

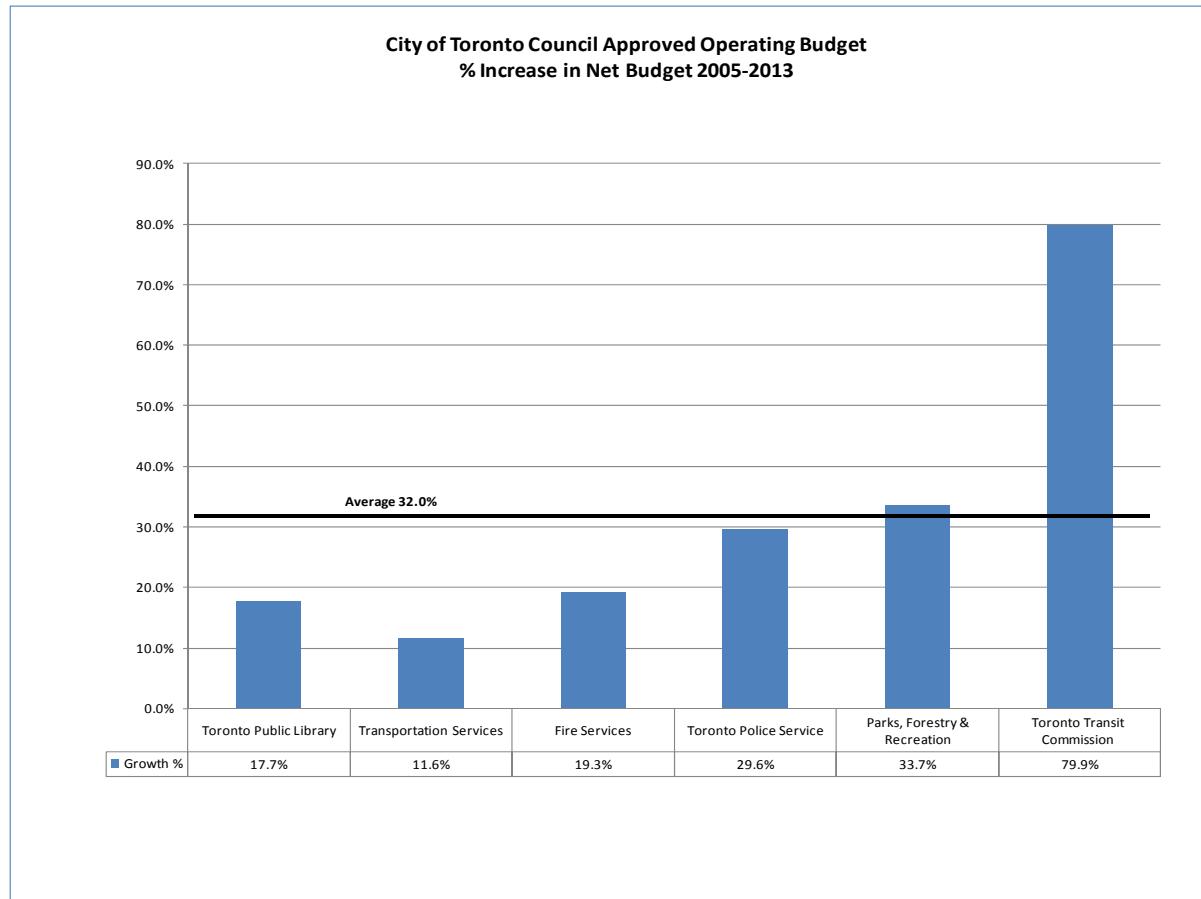
Operating Budget Increases 2005 - 2013

Only agencies and divisions with gross budgets above \$100 million are included, and non-levied operations (water, solid waste management and parking authority) were excluded from the comparisons. Other agencies or divisions such as Public Health, Long Term Care Homes and Services, Children's Services, and Shelter, Support and Housing Administration were also excluded as they are predominantly funded by other levels of government.

The chart below shows TPL has the lowest cumulative gross budget increase over the past nine years at 16.7% compared to an average increase of 32.3%.



On a net budget basis, the graph below shows that TPL has the second lowest increase over the period 2005 – 2013. Transportation Services’ net budget increase is lower than TPL’s likely due to provincial uploading for some services.



2013 OPERATING BUDGET (\$000s)	Toronto Public Library	Transportation Services	Fire Services	Toronto Police Service	Parks, Forestry & Recreation	Toronto Transit Commission
Gross	180,793.9	329,511.0	375,364.1	1,018,876.1	392,026.7	1,540,948.4
Net	165,359.6	205,025.2	361,040.5	927,740.5	272,053.5	410,951.0

City of Toronto Council Approved Operating Budget – 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013

Source: www.toronto.ca

IMFG Paper – *Merging Municipalities: Is Bigger Better?*

The Institute of Municipal Finance & Governance at the Munk School of Global Affairs at the University of Toronto has recently issued a research paper, *Merging Municipalities: Is Bigger Better?*¹ that examines the impact of merging municipalities, and one section of the report focuses on the cost impact of Toronto’s amalgamation. The report notes that for

1. Enid Slack and Richard Bird. *Merging Municipalities: Is Bigger Better?*, Institute on Municipal Finance & Governance at Munk School of Global Affairs, No. 14 2013.
http://munkschool.utoronto.ca/imfg/uploads/219/imfg_no_14_slack_birdr3_online_final.pdf

Toronto, the largest three services - welfare assistance, transit and policing – representing approximately 70% of the combined total budgets, were the responsibility of Metro Toronto and so effectively already amalgamated. Four services - fire, garbage, parks and recreation, and libraries - were selected for cost trends analysis (using constant 2008 dollars) both before and after amalgamation as they were large organizations that were not already effectively amalgamated.

In summary, the findings were that for each of fire, garbage, and parks and recreation, the combined costs of services in the predecessor organizations were on a downward trend prior to amalgamation (1988 to 1997), and after amalgamation (1998 – 2008), the combined costs turned to an upward trend (see Figures 1 to 3 in Attachment 1). Libraries are the exception as noted in the report...*For libraries, however, the previous downward trend in expenditures per household continued after amalgamation ... even though service levels almost certainly increased, since access to the library system for the whole metropolitan area was much easier following the amalgamation* (See Figure 4 in Attachment 1).

CONCLUSION

Over the past eight years, TPL has had a lower gross budget percentage increase relative to other agencies and divisions used for comparison. The IMFG paper concludes that following amalgamation, of the four services analyzed - fire, garbage, parks and recreation, and libraries - only libraries demonstrated a declining cost trend after amalgamation in real dollars.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1: *Merging Municipalities: Is Bigger Better?*, Enid Slack and Richard Bird,
Institute on Municipal Finance & Governance at Munk School of Global
Affairs, Figures 1 – 4, pages 23-24.