



STAFF REPORT ACTION REQUIRED

12.

Circulation and Collection Use (including Fees and Fines) Policy – 2016 Review

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| Date: | March 21, 2016 |
| To: | Toronto Public Library Board |
| From: | City Librarian |

SUMMARY

The purpose of this report is to recommend changes to the Circulation and Collection Use (including Fines & Fees) Policy in 2016.

The proposed changes to the Circulation and Collection Use Policy align and support Toronto's Poverty Reduction Strategy and the Toronto Public Library's (TPL's) new strategic plan: *Expanding Access, Increasing Opportunity, and Building Connections*. The changes address the priority of breaking down barriers to access and driving inclusion. In addition, they advance use of the Library's digital platforms. The proposed changes are to:

1. remove systemic barriers and provide equitable access to service, especially for families and households living in poverty, and
2. set the stage for an online service strategy by offering easy and convenient access to library service that is available at the point of need.

The proposed changes to the Circulation and Collection Use Policy can be accommodated within the Library's 2016 approved operating budget, and include:

1. A return to a fines structure based on cardholder type:
 - to provide incentive for child and teen membership, and improve access to library service.
2. A lower fines rate for all customer age categories, and a new age category for adults under 25 years:
 - to remove policy barriers for families and households living in poverty, in keeping with the City of Toronto's Poverty Reduction Strategy, and encourage use.
3. Discontinuing fines exempt status for TPL volunteers:
 - to be consistent with Board members and staff, who are not fines exempt.
4. Elimination of the Online Payment service fee:
 - to remove barriers to digital services, making responsive and flexible self-service and online options possible.

5. An extended loan period for TV series on DVD:
 - to improve access to popular, recreational library materials, especially for customers who cannot afford other options.

Changes to the policy were informed by the results of public consultation, analysis of usage trends, and scans of policies and practices at other major library systems across North America, other City services, and arts and culture organizations. They are further supported by the results of the Fines Forgiveness Campaign demonstrating a link between fines and library usage. The policy changes support library service to families and households, especially those living in poverty, and strengthen the Library's strategic role in developing a city of readers and learners. Additionally, the proposed policy changes support traditional services, like physical collections, as well as lay the foundation for future-oriented services, including self-service and online service channels.

Proposed changes to the Circulation and Collection Use Policy can be accommodated within the approved 2016 operating budget.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves the revised Circulation and Collection Use (including Fees and Fines) Policy (Attachment 1).

Implementation Points

Following Board approval, implementation of the policy changes will begin and be completed by the fourth quarter in 2016. An online copy of the revised policy will be made available for the public on the Library's website at www.torontopubliclibrary.ca.

FINANCIAL IMPACT

Proposed changes to the Circulation and Collection Use Policy can be accommodated within the approved 2016 operating budget.

The proposed changes to the policy are expected to result in a reduction to fines revenue that is largely (64%) funded by the \$175,000 received from the City to support the Poverty Reduction Strategy. Poverty Reduction funding was directed to a Fines Forgiveness Program in 2015 and is being used in 2016 to inform the policy recommendations. The full-year impact of the fines reduction can be accommodated within the approved 2016 operating budget, with some flexibility to manage a general decline in fines revenue, as shown in the following table:

| Impact of changes to Circulation Policy | Full Year Impact |
|--|-------------------------|
| Net increase in fines revenue resulting from charging overdue fines based on card type rather than material type | 165,013 |
| Fines reduction due to lower daily overdue rates | |
| Child fines (\$0.20 to \$0.10) and Teen fines (\$0.20 to \$0.15) | (188,271) |
| Adult fines (\$0.40 to \$0.35) | (198,752) |
| Fines reduction due to new "Adult - under 25" age category | (42,309) |
| Elimination of fee for online fine payment | <u>(10,000)</u> |
| Net reduction in revenues | (274,320) |
| 2015 Overdue fines collected | <u>2,592,040</u> |
| 2016 Forecast fines with changes to Circulation Policy | 2,317,720 |
| 2016 Overdue fines budget | <u>2,220,130</u> |
| 2016 Net projected favourable fines variance with changes to Circulation Policy | <u>97,590</u> |

The 2016 budget for overdue fines reflects the \$175,000 received in 2015 for a Fines Forgiveness Program and a \$310,000 reduction included in the 2016 budget submission that reflected the recent trend of declining revenues.

The changes to the Circulation and Collection Use Policy will be implemented later in the year, mitigating the loss of fines revenue in 2016. The changes to the Circulation and Collection Use Policy have the potential to increase overall circulation that could result in additional fines revenue. Staff will continue to closely monitor fines performance throughout the year and, if funding is available, the Fines Forgiveness Program will be extended to increase access to library service.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

ALIGNMENT WITH STRATEGIC PLAN

The proposed changes to the Circulation and Collection Use Policy support the new strategic priorities of breaking down barriers to access and driving inclusion, and advancing the Library's digital platforms. They are also designed to support Toronto's Poverty Reduction Strategy.

Expected outcomes are: equitable access to service, especially for families living in poverty; a policy framework that removes barriers to access; easy and convenient access to online and self-service options; and increased membership and usage.

DECISION HISTORY

The Circulation and Collection Use Policy is reviewed on a regular basis to ensure fines, fees, loan periods and limits are reasonable, effective and consistent with other nearby libraries. Typically, this review is conducted annually.

The policy was last reviewed by the Board on April 20, 2015:

<http://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2015/apr20/10.pdf>

On September 21, 2015, the Board endorsed the City of Toronto's Poverty Reduction Strategy: (<http://www.torontopubliclibrary.ca/about-the-library/board/meetings/2015-sep-21.jsp>)

In 2015, TPL initiated a new strategic planning cycle. The results of public consultations, draft priorities, goals and outcomes, and draft key activities were approved by the Board on December 16, 2016:

<http://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2016/jan25/07-minutes-december%2014.pdf>

ISSUE BACKGROUND

Poverty Reduction Strategy

The City of Toronto has developed a Poverty Reduction Strategy to reduce poverty and address inequity across the City. Through the strategy, the City and its partners, including the Library, seek to address issues, create solutions, and drive systemic change. The Poverty Reduction Strategy has influenced the development of the Library's new strategic plan and resulted in initiatives like the Fines Forgiveness Campaign. It is one of the lenses through which the Circulation and Collection Use Policy is being reviewed to ensure the Library's policy framework, fines and fees support equity and inclusion and remove barriers to online, branch and community-based services.

Fines Forgiveness Campaign

TPL has been offering a forgiveness campaign at selected branches as an initiative of the Toronto Poverty Reduction Strategy since May 2015. The goal has been to promote access to library service for the entire family, including adults, living in current and former Neighbourhood Improvement Areas (NIAs) by waiving fines and fees, giving them a fresh start.

The results of the Fines Forgiveness Campaign indicate that removal of fines can have a positive impact. Many participants (82%) returned to borrowing library materials after their fines and fees were waived. Over 140,000 items were borrowed by these customers in 2015. Children and teens were most affected by fines and fees and were more likely to be blocked from service due to high fines, which they were not able to pay.

Findings have helped the Library to understand the impact of fines, and have influenced recommendations for policy change. An important learning has been that fines are a barrier for families and households living in poverty, and that many of these customers return to borrowing when fines are removed.

Library Trends

Many major library systems are experiencing trends in decreasing physical circulation and seeking ways to ensure fair and equitable access to service, especially to vulnerable, at-risk communities. Library systems like Calgary, Edmonton, Hamilton, Vancouver, and in the U.S., the states of New York and Ohio, have done innovative work in this area, including reviewing fines and fees and reducing policy barriers. Most are faced with customer expectations for convenient access to a range of online services. All of these demands must be balanced with the requirement for fiscal responsibility and accountability.

2012 Policy Changes

In 2012 TPL implemented changes to the Circulation and Collection Use Policy to protect and increase revenues. The changes, which were substantive, included a new fines structure based on age designation of material rather than age of cardholder, significantly higher fines including for DVDs, the introduction of new fines such as a fine for holds not picked up, and the introduction of the Small Balance Program, which extended the use of the collection agency for account balances below \$50. A copy of the full report can be found at:

<http://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2011/jul26/07.pdf>

While fines revenues did increase in 2012, in 2013 there was a 10% decline due to factors such as changing customer behaviour, partially in response to higher fines, more options for customers to manage their account to avoid fines, and increasing use of downloadable materials for which there is no late fee. Negative impacts on library registration and usage also became evident. A copy of the full report can be found at:

<http://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2013/apr29/09.pdf>

COMMENTS

Policy Recommendations for 2016

Recommendations for the Circulation and Collection Use Policy in 2016 advance the new strategic priorities of breaking down barriers to access and driving inclusion, and advancing digital platforms, by removing systemic barriers, especially for families and households living in poverty, and setting the stage for a digital-first service strategy.

A review of the current fines structure and fines rate has been identified as a key 2016 activity to achieve strategic outcomes of equitable and inclusive service.

1. Fines Structure

The existing fines structure based on age designation of materials instead of age of cardholder was implemented in 2012 as a way to ensure appropriate card use for borrowing materials in a self-service environment. The fines structure change has created a disincentive for families and households to register their children for separate cards, especially for those living in priority areas. When a card is blocked then a whole family could be prevented from borrowing materials.

The recommendation is to return to a fines structure based on the age of the cardholder rather than age designation of the materials being borrowed, as this will provide incentive for child and teen membership. Some families will choose to continue managing children and teen borrowing on the adult cards and the proposed change in fines structure will result in a higher fine on these materials, which will generate additional revenues.

2. Fines Rate

A reduction in the current fines rate for all customer age categories, especially for children and teens, is also recommended to create equitable access to barrier free library service, especially for families and households living in poverty, and to encourage library use. This includes lower daily rates and maximum fines per item, as well as replacement of the special fines rate currently in place for DVDs to the general fines rate recommended for most physical materials like books, magazines and CDs. It also includes introduction of a new age category for young adults. Details regarding current and proposed fines rates are outlined in the following chart:

Schedule Showing General Fines per Day and Maximum Fines for Each Age Category – New & Proposed*

| Age Category | Fine Amount Per Day Per Item | Maximum Per Item for Each Loan Period* |
|--------------------------------------|------------------------------|--|
| Adult (Current) | \$0.40 | \$16.00 |
| Adult (Proposed) | \$0.35 | \$14.00 |
| Adult – Under 25 (Proposed)** | \$0.15 | \$6.00 |
| Teen (Current) | \$0.20 | \$8.00 |
| Teen (Proposed) | \$0.15 | \$6.00 |
| Child (Current) | \$0.20 | \$8.00 |
| Child (Proposed) | \$0.10 | \$4.00 |

*Note: Late fines are currently applied to age category of material.

**Note: Adult – Under 25 is proposed as a new age category.

Going forward, lower fines for children are an important step in the development of key partnerships, for example, with the Boards of Education, which would result in providing every student with convenient access to library membership.

Lower fines for adults can improve outcomes for the family or household they support. Adults who participated in Fines Forgiveness were asked if they use their

library card to borrow materials for other people. Seventy-two percent of respondents indicated that they do, including their children (42%), spouse (15%) and/or other people (7%).

An environmental scan of other major public library systems indicates that TPL fines are among the highest in North America. Reduced rates, which are more reflective of the industry standard, can encourage customers to borrow again by reducing the fear of fines. Lower fines also respond to the increasing availability and accessibility of alternative options for reading, learning and entertainment.

3. New Age Category for Adults Under 25

Introduction of a new customer age category for persons 18-24 years can help many young adults who are not yet financially established. A teen fines rate for late materials would be applied to this age category. An “Adult – Under 25” card would function the same as an “Adult” card in every other respect.

Statistics Canada reports that life for young people today is different from previous generations. They are better educated but entering the labour market later in life.¹ They face housing and employment challenges. Many are coping with debt.² Approximately 146,800 library customers fall within the age group and could benefit from the change. They represent just under 12% of total registered cardholders. Reaching out to young adults and supporting them through their transition years is a way to engage them as lifelong library users.

4. Fines Exempt Status for Volunteers

Discontinuing fines exempt status for volunteers who complete six months or more of service with TPL is recommended as this is consistent with the policy regarding Library Board members and staff. Approximately 3,000 adults and teens volunteer with TPL, and about a third of them have fines exempt status. It is proposed that, as part of implementation, TPL grandparent any existing volunteers with fines exempt status. The financial impact of this recommendation is negligible.

5. Online Payment Service Fee

Elimination of the \$0.50 service fee for online payment is recommended to remove one of the barriers to digital services making them more responsive and allowing flexible self-service and expanding online service options.

In the current situation, customers can avoid paying the \$0.50 online service fee by paying fines in person at a service desk with staff mediation. Removal of the \$0.50 service fee for online payments will provide incentive to customers to use that service, which is a faster, more convenient and more efficient method of payment. It

¹ *What Has Changed for Young People in Canada*, <http://www.statcan.gc.ca/pub/75-001-x/2012003/article/11690-eng.htm>

² *The Evolution of Wealth Over the Life Cycle*, <http://www.statcan.gc.ca/pub/75-001-x/2012003/article/11690-eng.htm>

is available to customers beyond open hours, when and where they need it, with no penalty.

In 2015, the Library collected 9.1% of fines and fees revenues through online payment and collected approximately \$10,000 in service fees.

6. Loan Period for TV Series on DVD

Extending the loan period for TV series on DVD from seven to 14 days is also recommended. Customers comment that it is almost impossible to watch multiple disc sets in the seven-day loan period, as they can require anywhere from 400 to over 1,000 minutes of viewing time. Choices for customers are few. They must either return the item and go back into the holds queue, or keep it and pay a late fee. Feedback from strategic planning community consultations indicates that families living in poverty rely on the Library for affordable access to cultural and educational materials. A seven-day loan period penalizes people who may not be able to afford other options.

A two-week loan period reflects best practice as recommended by other major Canadian library systems, improving customer access to popular materials without seriously impacting wait times or the collections budget. The financial impact of this change is negligible.

CONCLUSION

Recommended changes to the Circulation Policy align and support the Toronto's Poverty Reduction Strategy and the Library's new strategic plan. The proposed changes remove systemic barriers and promote equitable access to service, especially for families and households living in poverty.

CONTACTS

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SIGNATURE

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ATTACHMENTS

Attachment 1: Revised Circulation and Collection Use (including Fees and Fines) Policy