

2022 Operating Budget - City Staff Recommended

Date:	January 24, 2022
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to present to the Toronto Public Library (TPL) Board the City staff recommended 2022 operating budget for TPL (recommended budget) totalling \$209.170 million net (\$228.190 million gross), which represents \$6.122 million, or 3.0%, net increase over the 2021 budget, as shown in the following table:

Table 1: Recommended 2022 Net Budget Increase

	<i>Staffing FTEs</i>	NET (\$M)	%
Base budget increase before COVID pressures	19.0	0.742	0.3%
2022 COVID pressures		4.779	2.4%
Base Budget Increase including COVID pressures	19.0	5.522	2.7%
Teens and adults overdue fines elimination		0.600	0.3%
Total Budget Increase	19.0	6.122	3.0%

The recommended base budget increase of \$5.522 million net, or 2.7%, is unchanged from the budget submission approved by the Board at its October 25, 2021 meeting, and provides adequate funding for TPL to maintain service levels and respond to the current COVID-19 pandemic, while adding new 19.0 full-time equivalent positions (FTEs).

The only recommended budget enhancement is the elimination of teens and adults overdue fines with partial funding of \$0.600 million net, or 0.3%, in 2022, resulting in a funding shortfall of \$0.500 million. This will result in the elimination of all overdue fines

at TPL, which improves equity and access to library services and brings TPL in line with most library systems in North America.

The recommended budget does not include funding for two service enhancements requested by the Library Board: the Digital Literacy for Seniors and Community Librarians Outreach. These initiatives are important as they help support and advance many of the Library's and the City's key strategies including the Poverty Reduction Strategy, Newcomer Strategy, Seniors Strategy 2.0, and the Recovery and Rebuild Strategy.

TPL acknowledges that the City is facing significant financial and operational pressures due to the COVID-19 pandemic, which is expected to continue throughout 2022. The impact of the pandemic on TPL's 2022 budget will continue to be monitored.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. endorses the City staff recommended 2022 operating base budget of \$208.570 million net (\$228.190 million gross), which represents a \$5.522 million net (\$7.682 million gross) increase, or 2.7%, over the 2021 operating budget as detailed in Attachment 1, comprised of:
 - a. a base budget increase of \$0.742 million net (\$4.457 million gross), or 0.3%, before 2022 COVID-19 pressures; and
 - b. COVID-19 related budget pressures of \$4.779 million net (\$3.225 million gross), or 2.4%;
2. endorses the City staff recommendation to eliminate teens and adults overdue fines, and request that the \$0.500 funding shortfall be provided by City Council for a total funding of \$1.100 million net, or 0.5%, in 2022; and
3. requests Council to consider funding for the Digital Literacy for Seniors and Community Librarians Outreach service enhancements totalling \$0.311 million net and gross, or 0.2%, including 4.0 positions, in 2022.

FINANCIAL IMPACT

The total recommended 2022 operating budget is \$209.170 million net (\$228.190 million gross) and represents an increase of \$6.122 million net (\$7.682 million gross), or 3.0%, over the approved 2021 operating budget. The budget increase is comprised

of: \$0.742 million net (\$4.457 million gross), or 0.3%, to maintain existing services and service levels; \$4.779 million net (\$3.225 million gross), or 2.4%, of for expected budget pressures related to COVID-19; and \$0.600 million net and gross, or 0.3%, for the elimination of teens and adults overdue fines.

The Board approved 2022 operating budget submission was \$209.981 million net (\$228.501 million gross) and represented a net budget increase of \$6.932 million net (\$7.993 million gross), or 3.4%, over 2021. The difference between the recommended budget and the Board approved submission is \$0.811 million net (\$0.311 million gross) and is due to the recommended budget only partially funding the elimination of teens and adults overdue fines (budget shortfall of \$0.500 million net and \$0 million gross), and the service enhancements for Digital Literacy for Seniors (\$0.206 million net and gross) and Community Librarians Outreach (\$0.104 million net and gross) not being recommended. The comparison of the recommended budget to the Board approved budget submission is shown in Table 2 below:

Table 2: Comparison of City Staff Recommended and Board Approved Submission

	City Staff Recommended		Board Approved Submission		Not Recommended	
	NET (\$M)	%	NET (\$M)	%	NET (\$M)	%
2021 Approved Operating Budget	203.048		203.048			
Recurring base budget pressures	1.965	0.9%	1.965	0.9%		
Reinstatement of services	4.710	2.3%	4.710	2.3%		
Reversal of 2021 COVID funding	(5.933)	-2.9%	(5.933)	-2.9%		
Base Budget Increase before COVID pressures	0.742	0.3%	0.742	0.3%		
2022 COVID budget pressures	4.779	2.4%	4.779	2.4%		
Base Budget Increase including COVID pressures	5.522	2.7%	5.522	2.7%		
Base Budget including COVID pressures	208.570	2.7%	208.570	2.7%		
<u>Budget Enhancements - partially funded</u>						
Teens & Adults overdue fines elimination	0.600	0.3%	1.100	0.5%	0.500	0.2%
<u>Budget Enhancements - not recommended</u>						
Digital Literacy for Seniors			0.206	0.1%	0.206	0.1%
Community Librarians Outreach			0.104	0.1%	0.104	0.1%
	-	0.0%	0.311	0.2%	0.311	0.2%
Total Budget Enhancements	0.600	0.3%	1.411	0.7%	0.811	0.4%
Total Budget Increase	6.122	3.0%	6.932	3.4%	0.811	0.4%
Revised Total 2022 Operating Budget	209.170	3.0%	209.981	3.4%	0.811	0.4%

The Director, Finance and Treasurer has reviewed this financial impact statement and agrees with it.

DECISION HISTORY

At its meeting on October 25, 2021, the Board approved a [2022 Operating Budget Submission](#) of \$208.570 million net (\$228.190 million gross), which represented a \$5.522 million (\$7.682 million net), or 2.7%, net increase over the 2021 budget and was comprised of:

- 1.1 a base budget increase of \$0.742 million net (\$4.457 million gross) or 0.3%, before 2022 COVID-19 pressures;
- 1.2 COVID-19 related budget increases of \$4.779 million net (\$3.225 million gross) or 2.4%; and
- 1.3 budget enhancement requests totalling \$1.411 million net (\$0.311 million gross) or 0.7%, comprised of: teens and adults overdue fines elimination (\$1.100 million net and gross); Digital Literacy for Seniors (\$0.206 million net and gross, including 2.0 positions) and Community Librarians Outreach (\$0.104 million net and gross, including 2.0 positions).

COMMENTS

As summarized in Table 3 below, the recommended base budget increase including COVID pressures of \$5.522 million net, or 2.7%, is unchanged from the budget submission approved at the October 25, 2021 Board meeting, and provides adequate funding for TPL to maintain service levels while also modernizing digital capabilities and respond to the current COVID-19 pandemic. The recommended base budget increase including COVID pressures includes an additional 19.0 full-time equivalent positions.

Table 3: City Staff Recommended 2022 Operating Budget Summary

	<i>Staffing</i>	GROSS	REVENUE	NET	
	<i>FTEs</i>	<i>(\$M)</i>	<i>(\$M)</i>	<i>(\$M)</i>	<i>%</i>
2021 Approved Operating Budget	1,787.8	220.508	17.460	203.048	
Recurring base budget pressures	19.0	1.852	(0.114)	1.965	0.9%
Reinstatement of services		4.710		4.710	2.3%
Reversal of 2021 COVID funding		(2.104)	3.828	(5.933)	-2.9%
Base budget increase before COVID pressures	19.0	4.457	3.715	0.742	0.3%
2022 COVID budget pressures		3.225	(1.554)	4.779	2.4%
Base budget increase including COVID pressures	19.0	7.682	2.161	5.522	2.7%
Base budget including COVID pressures	1,806.8	228.190	19.620	208.570	2.7%
Teens & Adults Overdue Fines Elimination			(0.600)	0.600	0.3%
Total Budget Increase	19.0	7.682	1.561	6.122	3.0%
City Staff Recommended 2022 Operating Budget	1,806.8	228.190	19.020	209.170	3.0%

The recommended budget enhancement for the elimination of teens and adults overdue fines includes partial funding of \$0.600 million net, or 0.3%, in 2022, resulting in a \$0.500 million funding shortfall. In 2021, Council approval was received to eliminate children's overdue fines and in 2022, all remaining overdue fines will be eliminated. Overdue fines are a significant barrier to the use of library services, especially for vulnerable communities. TPL data from Q1-2020 shows that of the 147,000 teens and adults who have outstanding fines, 46,000 (46%) are from low-income and racialized areas. This results in a disproportionate impact on racialized and low-income Torontonians with fines on their library cards when compared to general demographic population data. By moving to eliminate all overdue fines permanently, TPL will join hundreds of library systems across North America that have already gone fine-free. Fines for lost items will continue to be charged.

In addition to the partial funding of overdue fines elimination, the recommended budget does not include funding for two service enhancements requested by the Library Board, as summarized in Table 4 below:

Table 4: Not Recommended Service Enhancements

	<i>Staffing</i>	NET	
	<i>FTEs</i>	<i>(\$M)</i>	<i>%</i>
Digital Literacy for Seniors	2.0	0.206	0.1%
Community Librarians Outreach	2.0	0.104	0.1%
	4.0	0.311	0.2%

The Digital Literacy for Seniors and Community Librarians Outreach support many of TPL and Council priorities.

		Community Librarians	Digital Literacy for Seniors
City of Toronto Key Strategies	SafeTO: Community Safety & Well-Being Plan	✓	
	TO Prosperity: Toronto Poverty Reduction Strategy	✓	✓
	Toronto Action Plan to Confront Anti-Black Racism	✓	
	Toronto Civic Engagement Strategy		✓
	Toronto Newcomer Strategy	✓	✓
	Toronto Seniors Strategy 2.0	✓	✓
	Toronto Strong Neighbourhoods Strategy	✓	✓
	Toronto Youth Equity Strategy	✓	
	Toronto Recovery and Rebuild Strategy	✓	✓
	Working as One: Workforce Development Strategy for Toronto	✓	

Digital Literacy for Seniors

The Digital Literacy for Seniors service enhancement supports social connectedness by expanding social inclusion and digital literacy programs for seniors in libraries and in the community will address the diverse needs and challenges among Toronto's seniors through two complementary programs as identified in the [City of Toronto's Seniors Strategy 2.0 medium-term recommendation within 2020-2022](#):

- In-branch Digital Literacy for Seniors; and
- Community-based Digital Literacy for Seniors.

TPL's strategy was developed with an equity based approach that addresses diverse needs and challenges among Toronto's seniors. Tandem implementation of the complementary programs is necessary for TPL to achieve the desired goal of the TSS 2.0 recommendation.

- The In-branch services deliver foundational digital literacy skills instruction and social connection in accessible neighborhood branches; and
- The Community-based program delivers regularly scheduled library information services, technology skills support and social programs to isolated seniors in Toronto Community Housing (TCH) seniors' buildings.

This service enhancement totals \$0.206 million (2022-2023 total annualized cost is \$0.671 million net and gross each year), including 4.0 full-time positions, to be phased over two years (2.0 full-time positions in 2022 and 2.0 full-time positions in 2023).

Community Librarians Outreach

The Community Librarians Outreach service enhancement totalling \$0.104 million net and gross (2022-2023 total annualized cost of \$0.422 million net and gross), including 4.0 positions phased over two years (2.0 positions in 2022 and 2.0 positions in 2023), establishes a permanent team of four community librarians dedicated to serving vulnerable, underserved populations across the city.

TPL's community librarianship emphasis on reaching out to vulnerable communities aligns with the City of Toronto's Poverty Reduction Strategy and is an exciting concept that moves librarians out of traditional library settings into a new community-based framework for providing library service. While working onsite in partner agency locations, community librarians work closely with agency staff and clients. The intent is for the community librarians to learn about and understand these clients' information needs, and respond by providing the best possible mix of the full range of library services and programs.

Budget Notes

TPL staff work with City staff to develop detailed [budget notes](#) which support TPL's 2022 budgets, and these are included in the public facing documents as part of the City's review and approval process.

CONCLUSION

The recommended budget allows the Library to maintain service levels and eliminate teens and adults overdue fines, which means that all overdue fines will be eliminated and this goes a long way toward improving equity and access to library services.

Council is being requested to consider funding for the shortfall in funding for the elimination of teens and adults overdue fines, as well as for the Digital Literacy for Seniors and Community Librarians Outreach service enhancements which are not being recommended.

TPL acknowledges that the City is facing significant financial and operational pressures due to the COVID-19 pandemic, which is expected to continue throughout 2022. The impact of the pandemic on TPL's 2022 budget will continue to be monitored.

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SIGNATURE

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City Librarian

ATTACHMENTS

Attachment 1: City Staff Recommended 2022 Operating Budget and 2023-2024 Outlook

TORONTO PUBLIC LIBRARY

City Staff Recommended 2022 OPERATING BUDGET AND 2023-2024 OUTLOOK

	2022					2023			2024		
	Staffing FTEs	GROSS	REVENUE \$Ms	NET	%	Staffing FTEs	NET \$Ms	%	Staffing FTEs	NET \$Ms	%
2021 Council Approved Budget	1,787.8	220.508	17.460	203.048		1,806.8	208.570		1,821.3	218.436	
Base Budget Pressures											
1 Salary and Benefits cost of living adjustments	-	1.851	-	1.851	0.8%	-	2.259	1.1%	-	2.257	1.0%
Prior Year - Council Approval											
2 Children's Fines Elimination			(0.300)	0.300	0.1%						
Economic Increases											
3 Contracted services		0.987		0.987	0.5%		1.037	0.5%		1.089	0.5%
4 Library materials		0.536	0.107	0.429	0.2%		0.440	0.2%		0.451	0.2%
5 Supplies, services & rent		0.190		0.190	0.1%		0.188	0.1%		0.200	0.1%
6 Utilities		0.091		0.091	0.0%		0.250	0.1%		0.265	0.1%
7 Contribution to Fleet Reserve		0.012		0.012	0.0%		0.012	0.0%		0.013	0.0%
	-	1.817	0.107	1.710	0.8%	-	1.927	0.9%	-	2.017	0.9%
Base Budget Changes											
8 Digital Service Modernization	4.0	0.233		0.233	0.1%	3.0	1.391	0.7%		1.000	0.5%
9 Capital Projects Delivery Modernization	3.0	0.186	0.186	-	0.0%		-	0.0%			
	7.0	0.419	0.186	0.233	0.1%	3.0	1.391	0.7%	-	1.000	0.5%
Operating Impact of Capital											
10 Operating impact of capital	12.0	0.717		0.717	0.4%	11.5	1.396	0.7%	-	0.878	0.4%
Contribution to Asset Replacement Reserve											
11 Operating contribution to Fund TAMP capital		(0.400)		(0.400)	-0.2%						
12 Contribution to Asset Replacement Reserve		0.400		0.400	0.2%		1.000	0.5%		1.000	0.5%
	-	-	-	-	0.0%	-	1.000	0.5%	-	1.000	0.5%
2021 one-time COVID-related Base Budget Adjustments											
13 Reversal of 2021 COVID pressures (janitorial, security, revenues)		(2.104)	3.828	(5.933)	-2.9%						
14 Reversal of 2021 staff savings from phased reopening & VSP		4.710	-	4.710	2.3%						
	-	2.605	3.828	(1.223)	-0.6%	-	-	0.0%	-	-	0.0%
Balancing Actions & Efficiencies											
15 Vacancy Experience Impact		(2.267)		(2.267)	-1.1%		1.893	0.9%			
16 Forgo 2021 library materials economic increase		(0.536)	(0.107)	(0.429)	-0.2%						
17 Line by line efficiencies		(0.150)		(0.150)	-0.1%						
	-	(2.953)	(0.107)	(2.846)	-1.4%	-	1.893	0.9%	-	-	0.0%
Base budget Increase, before COVID pressures	19.0	4.457	3.715	0.742	0.3%	14.5	9.866	4.7%	-	7.152	3.3%
2022 COVID Pressures											
18 HVAC costs for MERV13 filter use		0.655		0.655	0.3%						
19 Janitorial services & supplies		0.650		0.650	0.3%						
20 Guard services		2.000		2.000	1.0%						
21 Reduction in venue costs and revenues		(0.080)	(0.650)	0.570	0.3%						
22 Reduction in other revenues			(0.904)	0.904	0.5%						
2022 COVID Pressures	-	3.225	(1.554)	4.779	2.4%	-	-	0.0%	-	-	0.0%
Base Budget Increase, including COVID pressures	19.0	7.682	2.161	5.522	2.7%	14.5	9.866	4.7%	-	7.152	3.3%
24 City Staff Recommended 2022 Operating Base Budget	1,806.8	228.190	19.620	208.570	2.7%	1,821.3	218.436	4.7%	1,821.3	225.588	3.3%
Budget Enhancements											
25 Teens & adults overdue fines elimination			(0.600)	0.600	0.3%		0.800	0.4%			
Total Budget Increase	19.0	7.682	1.561	6.122	3.0%	14.5	10.666	5.1%	-	7.152	3.3%
27 City Staff Recommended 2022 Operating Budget and 2023-2024 Outlook	1,806.8	228.190	19.020	209.170	3.0%	1,821.3	219.236	5.1%	1,821.3	225.588	3.3%