



## STAFF REPORT INFORMATION ONLY

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# 2009 Operating Budget – \$500,000 Unallocated Reduction

<b>Date:</b>	June 15, 2009
<b>To:</b>	Toronto Public Library Board
<b>From:</b>	City Librarian

### **SUMMARY**

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This report is to inform the Toronto Public Library Board of how the \$500,000 unallocated reduction – part of the approved 2009 operating budget – will be managed.

### **FINANCIAL IMPACT**

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The approved Toronto Public Library (TPL) 2009 operating budget has outstanding budget pressures which total \$500,000 related to spending on library materials (\$250,000) and expected sick leave pay-outs (\$250,000).

Funding from Citizenship and Immigration Canada will be used to acquire materials to assist newcomers in finding employment, which will offset the existing budget pressure for library materials. Sick leave costs will be monitored during the year, and if a budget pressure does arise, every effort will be made to manage it within the overall budget.

The Director, Finance & Treasurer has reviewed this Financial Impact Statement and is in agreement with it.

### **DECISION HISTORY**

At its meeting of February 9, 2009, the Board approved budget reductions in order to meet the four percent City-recommended 2009 operating budget increase target. It was noted that the approved budget had a \$500,000 budget pressure, and to partially offset this, the Board requested the City to fund \$250,000 of TPL's unfunded sick leave costs from the City's employee benefits reserves. The City did not approve this request when the budget was finally approved.

At the meeting of March 23, 2009, the following motion was approved:

*That the Toronto Public Library Board requests the City Librarian to report to the May meeting of the Board on how the unfunded \$500,000 cost pressure can be addressed in 2009, including the possible elimination of Board conference travel.*

## **ISSUE BACKGROUND**

The approved TPL 2009 operating budget has two outstanding cost pressures which total \$500,000:

- in order to maintain spending on library materials in 2009 at the 2008 level, TPL would need to find cost savings of \$250,000; and
- while difficult to project, sick leave pay-out costs for employees retiring and leaving TPL are expected to exceed the budget by approximately \$250,000.

TPL has a sick leave pay-out plan which allows certain employees to accumulate and bank sick credits, up to a maximum limit, which are paid out when the employee leaves the organization. The sick leave pay-out plan applies only to full-time union staff and in the case of non-union staff, in 2007, the sick leave pay-out plan was discontinued and replaced with a short-term disability plan. For non-union persons who were on staff at the time, the new short-term disability plan came into effect, their sick leave entitlement liability was frozen. The City has a similar sick leave pay-out and short-term disability plans.

## **COMMENTS**

### **Library Materials**

TPL has received notice of \$250,000 in federal funding from Citizenship and Immigration Canada which is to be used to acquire library materials to assist newcomers in finding employment. As the grant is to be spent in 2009, it will create a budget relief to offset the outstanding library materials budget pressure.

### **Sick Leave**

In 2009, TPL's budget for sick leave was increased to \$1,024,000 from \$774,000 in 2008. Sick leave pay-outs totalled \$990,000 in 2008, and the cost is expected to increase in 2009 due to an aging workforce. Sick leave costs will be monitored during the year, and if a budget pressure arises, every effort will be made to manage it within the overall budget. The estimated \$250,000 budget pressure from sick leave costs represents 0.14 percent of the 2009 gross budget.

At its meeting on October 29 and 30, 2008, Council endorsed, in principle, a plan to require agencies, boards and commissions, starting in 2010, to contribute annual funding to the City's Sick Leave Reserve Fund. The annual contribution to the reserve should match the budgeted withdrawals to fund sick leave pay-outs. This will be considered for the 2010 operating budget submission.

## **Meeting with Budget Committee Chair and Deputy City Manager and Chief Financial Officer**

In approving the 2009 operating budget for TPL, the following motion was passed at Council:

*Request the Budget Committee Chair and the Deputy City Manager and Chief Financial Officer to meet with representatives of the Library Board, after the Operating Budget is approved, to address the issue of sustainable funding for library materials, sick leave costs and the Library Board's plan to increase open hours, for the 2010 budget.*

The meeting has been scheduled for June 15, 2009.

### **Conference Travel**

As part of their responsibilities, Board members are eligible to attend certain library conferences in order to represent TPL. In 2008, Board members attended library conferences with expenses totalling approximately \$10,000; similar expenses were incurred in 2007. If Board conference attendance is curtailed or eliminated in 2009, there would be a budget relief of up to \$10,000, which could be used to offset budget pressures such as sick leave costs.

In 2009, staff travel has been restricted to only essential conferences. As a result, it is estimated that a savings of \$25,000 can be achieved, which could be used to offset budget pressures such as sick leave costs.

### **CONTACT**

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### **SIGNATURE**

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Jane Pyper  
City Librarian