



STAFF REPORT ACTION REQUIRED

Revised 2026 Operating Budget Submission

Date: December 1, 2025
To: Toronto Public Library Board
From: City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library Board approval of a revised 2026 operating budget submission.

Toronto Public Library (TPL) staff have been working with City staff to finalize the 2026 operating budget submission. Through this process, TPL has been requested to review its proposed 2026 operating budget to identify adjustments to meet the 2026 operating budget target assigned to TPL by the City. These budget targets were assigned to City Divisions, Agencies, Boards and Commissions by the City as part of the 2026 Budget directions.

The initial 2026 operating budget proposed by TPL, including base changes and service enhancements, was \$280.790 million net (\$301.919 million gross), an increase of \$26.246 million net, or 10.3% over the 2025 approved budget. TPL's

target, as assigned by the City, for the 2026 operating budget is a 7.8% increase over the approved 2025 operating budget.

The review of the proposed 2026 operating budget was completed with the objective to identify budget adjustments or deferrals, while minimizing impacts to library services and service levels, and maintaining progress on the priorities established in the 2025 – 2029 Strategic Plan.

Adjustments totalling \$6.412 million net were identified, consisting of:

- Updates related to the annualization of prior Council-approved initiatives without impacting the delivery of these initiatives.
- Minor adjustments to incremental salaries and benefits funding needed for the base complement in 2026, related to staffing assumptions and benefit costs.
- Removal of the 2026 economic increase to the library materials budget.
- Deferring 2026 contributions to the asset replacement and fleet reserves to 2027.
- Increasing revenues in 2026 related to printing based on year-to-date experience in 2025 and updated forecasts for 2026.
- Other base budget changes to align the 2026 budget to actual or expected experience, including adjustments related to branch closures resulting from capital projects.

These adjustments resulted in a revised 2026 operating budget of \$274.378 million net (\$296.057 million gross). The revised increase over the 2025 approved operating budget is \$19.834 million, or 7.8% which is in line with the target assigned by the City.

The City's 2026 budget target provides TPL with funding that has been allocated to continue with Council-approved initiatives from prior years, such as the Open Hours Plan, and to meet funding requirements for staffing obligations such as cost-of-living adjustments and economic adjustments related to contractual obligations that must be accounted for in 2026. However, achieving the City budget target will defer some costs into future years, and does result in service impacts specifically related to the removal of the economic adjustment to

account for price increases in library materials and e-collections. This will result in reduced availability of physical and electronic materials and increased wait times for TPL customers as demand continues to rise.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approve the revised 2026 operating budget submission of \$274.378 net (\$296.057 million gross), which represents a \$19.834 million net (\$22.756 million gross), or 7.8%, increase over the 2025 operating budget as detailed in attachment 1, and is comprised of:
 - a. a base budget of \$273.813 million net (\$293.818 million gross), which represents an increase of \$19.269 million net (\$20.517 million gross), or 7.6%, inclusive of:
 - i. annualization of prior year approvals of \$10.338 million net (\$9.717 million gross), or 4.1%;
 - ii. base budget changes for incremental staffing and benefit costs of \$10.338 million net and gross, or 4.1%; and
 - iii. other base budget changes resulting in a reduction of \$1.599 million net (\$0.462 million gross increase), or -0.6%.
 - b. service enhancement requests totalling \$0.565 million net (\$2.239 million gross), or 0.2%.
2. authorizes staff to forward the revised 2026 operating budget submission to the City for consideration.

FINANCIAL IMPACT

The revised 2026 operating budget submission, including the revised 2027 and 2028 Outlook is summarized in Table 1 below:

Table 1: Revised 2026 Operating Budget Submission & 2027-2028 Outlook (in \$millions)

	2026					2027		2028	
	<i>Staffing FTEs</i>	Gross	Revenues	Net	%	Net	%	Net	%
2025 Council-adjusted budget	1,950.8	273.301	18.757	254.544		274.378		299.025	
Annualization of prior year									
Council-approved initiatives	49.7	9.717	(0.813)	10.530	4.1%	2.374	0.9%		
Base Budget Changes									
Salaries and benefits		10.338		10.338	4.1%	11.152	4.1%	11.679	3.9%
Economic factors		3.084		3.084	1.2%	5.664	2.1%	4.786	1.6%
Other base budget changes	25.0	(0.777)	2.061	(2.838)	-1.1%	5.210	1.9%	8.117	2.7%
Efficiency measures		(1.846)		(1.846)	-0.7%				
2026 base budget change	74.7	20.517	1.248	19.269	7.6%	24.399	8.9%	24.582	8.2%
2026 budget enhancements	7.5	2.239	1.674	0.565	0.2%	0.248	0.1%	0.248	0.1%
Total 2026 budget change	82.2	22.756	2.922	19.834	7.8%	24.647	9.0%	24.830	8.3%
2026 operating budget submission & 2027-2028 outlook	2,033.0	296.057	21.679	274.378	7.8%	299.025	9.0%	323.855	8.3%

The City-provided operating budget targets are based on anticipated funding availability City-wide for the 2026 operating budget. TPL's target for the 2026 operating budget is a 7.8% increase over the approved 2025 operating budget. Based on the original proposed 2026 operating budget submission, TPL was \$6.412 million or 2.5%, above the City target.

TPL has identified \$6.412 million in 2026 budget adjustments, including deferrals of 2026 expenditures, revenue updates and other base changes, resulting in a revised 2026 operating budget submission of \$274.378 million net (\$296.057 million gross), or a 7.8% increase over the approved 2025 operating budget. These adjustments impact the 2027 and 2028 outlooks, as many of the expenditure adjustments result in deferred costs from 2026 to 2027 and 2028, which will be considered as part of future budget processes.

The Director, Finance & Chief Financial Officer has reviewed this financial impact statement and agrees with it.

ALIGNMENT WITH STRATEGIC PLAN

The 2026 operating budget will support TPL's strategic plan objectives, including supporting social connection, civic engagement and democracy, shared community spaces, building on commitments to learning and growth, and ensuring awareness and availability of library services. The 2026 revised operating budget reflects commitments made in TPL's 2025-2029 Strategic Plan to prioritize and focus on staff with the objective of maintaining existing staffing levels and service levels, while also meeting Open Hours expansion and service enhancement commitments.

EQUITY IMPACT STATEMENT

TPL's revised 2026 Operating Budget strengthens equitable access to library services across the city by expanding open hours, enhancing service delivery, and ensuring that all Torontonians can benefit from welcoming, inclusive, and accessible library spaces. The budget is expected to have positive impacts for all equity-deserving groups while advancing the Library's and the City's key equity and inclusion strategies, including the Poverty Reduction Strategy; SafeTO; and Our Health, Our City. This budget prioritizes investments that advance equitable access and outcomes and prioritizes service enhancement to branches serving equity-deserving communities and Neighbourhood Improvement Areas. This includes expanding access to financial empowerment and crisis and social support services as well as community-based services to seniors, while deepening partnerships that reflect and respond to the diversity of Toronto's communities.

The adjustments made within the revised 2026 operating budget submission may have negative equity impact implications. The budget assigned to library materials has remained relatively flat over the past five years and has not kept up with inflation. This reduces the library's capacity to provide the broadest and most convenient access to materials in both physical and digital formats.

DECISION HISTORY

At its meeting on October 27, 2025, the Library Board considered the report [2026 Operating Budget – Submission](#) and approved the proposed TPL 2026 operating budget submission to be submitted to the City for consideration.

At its meeting on September 29, 2025, the Library Board received for information the [2026 Operating Budget - Status Update](#), which provided the 2026 budget outlook that was included in the approved 2025 operating budget and highlighted potential changes to the 2026 outlook.

ISSUE BACKGROUND

At its meeting on October 27, 2025, the TPL Board authorized TPL staff to forward the proposed 2026 operating budget submission to the City for consideration. The proposed 2026 operating budget totalled \$280.790 million, which represents a \$26.246 million, or 10.3%, increase over 2025 and was comprised of:

- annualization of prior year Council-approved initiatives of \$11.075 million net, or 4.4%;
- base budget changes for incremental staffing and benefit costs of \$10.938 million net, or 4.3%;
- other base budget changes of \$3.667 million net, or 1.4%; and
- new and/or enhanced service requests of \$0.565 million net, or 0.2%.

The City of Toronto budget instructions emphasized meeting Council-approved service levels in 2026 and beyond in a financially sustainable manner, while seeking out opportunities to deliver improved services while reducing costs. The City provided operating targets to divisions, agencies, boards and commissions based on anticipated funding availability for the 2026 operating budget. TPL's initial target for the 2026 operating budget is a 7.8% increase over the approved 2025 operating budget. Based on the proposed 2026 operating budget, TPL needed to identify budget reductions totalling \$6.412 million or 2.5% to meet this target.

COMMENTS

The City asked all divisions, agencies, boards and commissions to revisit the proposed 2026 operating budget submissions to meet the 2026 operating budget targets provided as part of the 2026 Budget directions.

Through a further review of the proposed 2026 operating budget, TPL has identified \$6.412 million in 2026 budget adjustments resulting in a revised 2026 operating budget submission of \$274.378 net (\$296.057 million gross), or 7.8% increase over the approved 2025 operating budget, which meets the 2026 budget target provided by the City. The revised 2026 operating budget submission consists of:

1. annualization of prior year Council-approved initiatives totalling \$10.530 million, or 4.1%;
2. incremental staffing and benefit costs for the base complement of \$10.338 million, or 4.1%;
3. other base budget changes resulting in net reductions totalling \$1.599 million, or -0.6%; and
4. new and/or enhanced service requests including the expansion of the Financial Empowerment Service and the Social and Crisis Support Service, and new services aimed at reducing seniors' social isolation. The majority of these enhancements are funded by contributions generated through the Toronto Public Library Foundation, with the net impact totalling \$0.565 million net, or 0.2%.

The revised 2026 operating budget and the 2027 and 2028 operating budget outlook is detailed in Attachment 1.

The budget adjustments from the proposed 2026 operating budget submissions are outlined in Table 2 below:

Table 2: 2026 Operating Budget Submission - Adjustments (\$ millions)

	October 27 Operating Budget		December 1 Revised Operating Budget		Adjustments	
	<u>Net</u>	<u>%</u>	<u>Net</u>	<u>%</u>	<u>Net</u>	<u>%</u>
2025 Council-adjusted budget	254.544		254.544			
Annualization of prior year Council-approved initiatives						
- updated implementation of bands of service harmonization	11.075	4.3%	10.530	4.1%	(0.545)	-0.2%
Base Budget Changes						
Salaries and Benefits - updated staffing and benefit cost assumptions	10.938	4.3%	10.338	4.1%	(0.600)	-0.2%
Economic Factors - Remove 2026 economic increase for library materials	4.238	1.7%	3.084	1.2%	(1.154)	-0.5%
Other Base Budget Changes						
Revenue adjustments - printing and venue rental adjustments	-		(0.550)		(0.550)	
Reserve contributions - defer 2026 contributions to asset replacement and fleet reserves	0.638		(1.855)		(2.493)	
Alignment to actual experience updates	-		(1.070)		(1.070)	
Other base budget changes (no impact)	0.637		0.637		-	
	1.275	0.5%	(2.838)	-1.1%	(4.113)	-1.6%
Efficiency measures	(1.846)	-0.7%	(1.846)	-0.7%	-	0.0%
2026 base budget change	25.681	10.1%	19.269	7.6%	(6.412)	-2.5%
2026 budget enhancements	0.565	0.2%	0.565	0.2%	-	0.0%
Total 2026 budget change	26.246	10.3%	19.834	7.8%	(6.412)	-2.5%
2026 operating budget submission	280.790	10.3%	274.378	7.8%	(6.412)	-2.5%

Annualization

Minor adjustments were made based on the planned timing of staffing and the implementation of increases to bands of service hours resulting in the deferral of \$0.545 million in costs to 2027. This will not impact TPL's ability to ensure all 100 branches are open seven days a week starting in the summer of 2026.

Base Budget Changes

Salaries and benefit adjustments were included based on updated 2026 staffing plans and benefit cost assumptions resulting in a minor reduction in incremental funding needed in 2026 for the base complement of staff from 2025.

The adjustment to economic factors represents the removal of the economic increase in the library materials budget. This will leave the library materials budget flat year over year, resulting in less purchasing power in 2026 as compared to 2025 for library materials. This will have a service impact by reducing access to TPL's circulating collections in 2026 and increasing wait times. This negatively impacts the library's most core service, providing universal access to knowledge, ideas and opinions that represent and amplify the voices of the communities it serves.

Revenue adjustments were also made, most notably an increase to print revenues based on printing usage at branches to this point in 2025, resulting in an updated forecast for 2026.

Contributions to the asset replacement reserve, both the base and planned 2026 increase, were deferred to 2027. Contributions to the fleet reserve in 2026 were also deferred, as staff worked with the City to ensure sufficient funding is available in the reserve to meet 2026 obligations. These contributions will need to be incorporated back into the TPL budget in 2027.

Lastly, adjustments were included to align the 2026 budget to actual or expected experience based on updated information from when the initial budget was proposed, including adjustments to account for branch closures related to capital projects.

CONCLUSION

The revised 2026 operating budget will be shared with the City for inclusion in the broader 2026 City budget that will launch in January 2026. Budget updates will continue to be provided to the Board up until the adoption of the 2026 budgets expected for February 2026.

Activity	Schedule
Board Meeting - 2026 Budget Updates	December 1, 2025
Budget Launch - Budget Committee	January 8, 2026
Budget Committee Review Meetings	January 14 to 16, 2026
Budget Committee Wrap Up	January 23, 2026
Board Meeting - 2026 Budget Updates	January 26, 2026
Mayor's Proposed Budget	January 29, 2026
Special Council meeting – 2026 Budget adoption	February 10, 2026
Board Meeting - Adoption of 2026 Budgets	February 23, 2026

CONTACT

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SIGNATURE

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City Librarian

ATTACHMENTS

Attachment 1: Revised 2026 Operating Budget Submission and 2027-2028 Outlook

TORONTO PUBLIC LIBRARY
REVISED 2026 OPERATING BUDGET & 2027 - 2028 OUTLOOK

	2026					2027			2028		
	Staffing FTEs	GROSS	REVENUE	NET	%	Staffing FTEs	NET	%	Staffing FTEs	NET	%
		\$Millions	\$Millions	\$Millions			\$Millions			\$Millions	
2025 Council Adjusted Budget	1,950.8	273.301	18.757	254.544		2,033.0	274.378		2,042.5	299.025	
Annualization of prior year Council-approved initiatives											
1 Open Hours - Phase 2 annualization		3.851	-	3.851	1.5%						
2 Open Hours - Sunday service expansion annualization		2.708	-	2.708	1.1%						
3 Open Hours - Phase 3 annualization	16.0	0.332	-	0.332	0.1%	1.144	0.4%				
4 Open Hours - Monday service expansion annualization	33.7	2.284	-	2.284	0.9%	1.230	0.4%				
5 Annualization of prior year Youth Hubs expansion		0.444		0.444	0.2%						
6 Annualization of prior year Digital Innovation Hubs expansion		0.098		0.098	0.0%						
7 Financial Empowerment Service - approved in 2025			(0.248)	0.248	0.1%						
8 Social & Crisis Support Service - approved in 2025			(0.565)	0.565	0.2%						
	49.7	9.717	(0.813)	10.530	4.1%	-	2.374	0.9%	-	-	0.0%
Salaries and Benefits											
9 Salaries and benefits - COLA, Merit, Step, base pressures		10.338	-	10.338	4.1%	11.151	4.1%		11.679	3.9%	
9 Salaries		7.646	-	7.646	3.0%	8.946	3.3%		9.364	3.1%	
10 Benefits		2.693	-	2.693	1.1%	2.205	0.8%		2.315	0.8%	
		10.338	-	10.338	4.1%	11.151	4.1%		11.679	3.9%	
Economic Factor Changes											
10 Contracted services		2.486	-	2.486	1.0%	2.704	1.0%		2.839	0.9%	
11 Library materials increase		-	-	-	0.0%	2.366	0.9%		1.272	0.4%	
12 Supplies and other services increase		0.543	-	0.543	0.2%	0.359	0.1%		0.375	0.1%	
13 Utilities		0.055	-	0.055	0.0%	0.235	0.1%		0.300	0.1%	
		3.084	-	3.084	1.2%	5.664	2.1%		4.786	1.6%	
Other Base Budget Changes											
14 Line by line review - alignment to actual experience		0.393	0.061	0.332	0.1%	1.248	0.5%		0.300	0.1%	
15 IT subscription fees for program related software services		0.339	-	0.339	0.1%	0.451	0.2%				
16 Contribution to asset replacement reserve		(0.400)	-	(0.400)	-0.2%	0.900	0.3%				
17 Contribution to fleet reserve		(1.455)	-	(1.455)	-0.6%	1.593	0.6%		0.033	0.0%	
18 Operating impact of capital	-	(0.670)	-	(0.670)	-0.3%	1.019	0.4%	68.5	7.784	4.1%	
19 Project management recoveries from capital	3.0	(1.309)	-	(1.309)	-0.5%						
Alignment to actuals for programs funded through the TPL											
20 Foundation	15.0	2.325	2.000	0.325	0.1%						
21 Insourcing of contracted services	7.0	-	-	-	0.0%						
	25.0	(0.777)	2.061	(2.838)	-1.1%	5.0	5.210	1.9%	68.5	8.117	2.7%
Efficiency Measures											
22 Realignment of budget to actuals analysis		(0.343)	-	(0.343)	-0.1%						
23 Continuous improvement initiatives		(0.709)	-	(0.709)	-0.3%						
24 Technology and system optimization		(0.794)	-	(0.794)	-0.3%						
	-	(1.846)	-	(1.846)	-0.7%						
Base Budget Increase	74.7	20.517	1.248	19.269	7.6%	5.0	24.399	8.9%	68.5	24.582	8.2%
2026 Operating Base Budget Submission & 2027-2028 Outlook	2,025.5	293.819	20.005	273.813	7.6%	2,038.0	298.777	8.9%	2,111.0	323.607	8.2%
New and Enhanced											
25 Financial Empowerment Service expansion	0.5	0.248	0.248	-	0.0%	0.5	0.248	0.1%	-	0.248	0.1%
26 Social & Crisis Support Services expansion	1.0	0.565	-	0.565	0.2%						
27 Reducing Seniors Social Isolation	6.0	1.426	1.426	-	0.0%	4.0	-	0.0%			0.0%
	7.5	2.239	1.674	0.565	0.2%	4.5	0.248	0.1%	-	0.248	0.1%
Total Budget Increase	82.2	22.756	2.922	19.834	7.8%	9.5	24.647	9.0%	68.5	24.830	8.3%
2026 Operating Budget Submission & 2027-2028 Outlook	2,033.0	296.058	21.679	274.378	7.8%	2,042.5	299.025	9.0%	2,111.0	323.855	8.3%