



STAFF REPORT INFORMATION ONLY

2026 Operating Budget - Status Update

Date: September 29, 2025

To: Toronto Public Library Board

From: City Librarian

SUMMARY

The purpose of this report is to update the Toronto Public Library Board on the status of the 2026 operating budget submission.

Toronto Public Library (TPL)'s approved 2025 operating budget included a 2026 budget outlook of an incremental \$18.268 million net, or 7.4%, above the approved 2025 operating budget. The major drivers of the outlook were the phased implementation of TPL's Open Hours Plan, inflationary pressures on contracted services, known adjustments to salaries and benefits (excluding cost of living adjustments), and annualization and impacts from other enhancements approved through the 2025 budget.

For the 2026 budget process, this outlook serves as a starting point and will be built upon and refined in the development of the 2026 budget submission. The City of Toronto 2026 budget direction outlines an expectation that City divisions, agencies, boards and commissions form it's budgets with a focus on effective service delivery that achieves approved service levels, in particular front line services, in a financially sustainable way that looks beyond just 2026, while identifying opportunities to deliver these services in the most efficient and cost effective manner. This included providing efficiencies and budget targets for City divisions, agencies, boards and commissions in order to achieve

a balanced budget for 2026.

The 2026 operating budget submission for TPL will be developed with consideration to the guidelines, directions and targets received to date. The 2026 operating budget, including any service enhancements, is expected to be presented for Board consideration at its meeting on October 27, 2025.

FINANCIAL IMPACT

This report identifies the guidelines, factors and issues that will be considered and that will impact the development of the 2026 operating budget submission.

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 continue to support many of TPL's strategic plan objectives across all priorities including social connection, civic engagement and democracy, shared community spaces, learning and growth, and awareness and availability. The 2026 budget will advance actions to achieve the objectives and outcomes identified within each of the priority areas identified within TPL's strategic plan.

EQUITY IMPACT STATEMENT

TPL's 2026 operating budget will provide affordable, accessible and resilient supports as a public service and advances equity in the city and workplace. The budget will strive to have a positive impact on many equity-deserving groups, including newcomers and low-income families and individuals. Access to library resources and programs can increase access to learning opportunities, City information, training and employment opportunities, as well as opportunities for civic engagement and community participation.

DECISION HISTORY

At a special meeting on April 8, 2025, the Board adopted the report titled [Ratification of the Memorandum of Settlement between Toronto Public Library Board and the Toronto Public Library Workers Union, CUPE Local 4948](#), which includes a budget increase of \$7.409 million net and gross to account for the financial impacts of the cost-of-living adjustment (3.95% for 2025), benefit changes and changes from the new Sunday staffing model impacting 2025 included in the collective agreement between TPL Board and the TPL Workers Union CUPE Local 4948.

At its meeting on February 24, 2025, the Board considered the [2025 Operating Budget - Adoption](#) and adopted the 2025 operating budget of \$247.1 million net (\$268.9 million gross), which includes 1,950.8 fulltime equivalent (FTE) positions.

ISSUE BACKGROUND

The 2025 operating budget included a number of items that will significantly enhance access to library services across the city. This included further implementation of the Open Hours Plan, expanding Sunday service at all 100 branches, three additional Youth Hubs, an additional Digital Innovation Hub, and further expansion of the Financial Empowerment Service and the Social and Crisis Support Service. This, in addition to ensuring base services were maintained, resulted in an increase of 7.1% over the 2024 approved operating budget.

The 2025 operating budget did not include cost of living adjustments (COLA) as a new collective agreement was being negotiated with the Toronto Public Library Workers Union, CUPE Local 4948 at the time of budget development and approval. Subsequently a new collective agreement has been ratified and includes a number of changes with financial impacts in 2025 and beyond. An in-year adjustment of \$7.409 million net will be processed as part of the six-month variance reporting to City Council to account for the estimated 2025 financial impacts from the new collective agreement, including COLA. TPL's revised 2025 net operating budget, after this adjustment, is \$254.544 million.

Impacts on 2026 and beyond from the collective agreement were not included in the 2026 operating budget outlook and will form part of the TPL 2026 budget submission. In addition, the annualized impacts of the enhanced services approved in the 2025 operating budget will also be included in TPL's 2026 budget submission.

COMMENTS

Extract from 2025 Operating Budget - Adoption Board Report

The starting point for the 2026 operating budget submission is the 2025 operating budget outlook, which was reported as part of the approved 2025 Operating Budget – Adoption board report. The 2026 outlook reflected a budget increase of \$18.268 million net, or 7.4%, over 2025. This did not include the impacts of COLA from 2025 and 2026 (3.95% and 3.9% respectively) or other estimated financial impacts from the new collective agreement.

Table 1: Council approved 2025 Operating Budget and 2026 Outlook (in \$millions)

	2025			2026		
	<u>Staffing FTEs</u>	<u>NET</u>	<u>%</u>	<u>Staffing FTEs</u>	<u>NET</u>	<u>%</u>
2024 Council approved Operating Budget	1,906.2	230.714		1,950.8	247.135	
Annualization of Prior Year approvals		4.072	1.8%		-	0.0%
Staffing costs	1.0	1.012	0.4%		1.585	0.6%
Economic & volume increases		4.719	2.0%		3.862	1.6%
Other Base Budget increases	8.5	4.475	1.9%	2.0	2.315	0.9%
Affordability measures/savings		(2.000)	-0.9%		-	0.0%
Budget Enhancements	35.1	4.143	1.8%	48.4	10.506	4.3%
2025 Budget increase	44.6	16.421	7.1%	50.4	18.268	7.4%
Council approved 2025 Operating Budget and 2026 Outlook	1,950.8	247.135	7.1%	2,001.1	265.403	7.4%

2026 Operating Budget Submission

The 2026 operating budget submission will include several updates from last year's outlook, including COLA impacts from 2025 and 2026, updated estimates for annualization of prior year approved enhancements and economic factors, adjustments to align budget to actual experience for benefit costs, and proposed service expansions.

Base Budget Changes

Salaries and Benefits

Salaries and benefits represent close to 75% of TPL's gross expenditures and therefore is the primary cost driver in the budget. The 2026 salaries and benefits budget will be developed to incorporate COLA impact from 2025 and 2026 (3.95% and 3.9% respectively) and other changes agreed to through the new collective agreement, merit and step increases for staff, as well as any adjustments needed to ensure budget levels are aligned to actual experience to address shortfalls experienced over the past few years.

Economic factor impacts on materials, supplies, and services

Rising costs, including for e-materials, driven by inflationary pressures, will be included in the 2026 budget, along with any changes to align to the budget to actual experience. This is to ensure the budget available for library materials, and other supplies and services needed to meet service levels, is sufficient.

Other base budget changes

Investments in new technology in an effort to continue to modernize TPL tools and service offerings, aligned to the Digital Strategy, and right-sizing revenue and other expense budgets to align with actual experience will also be included.

Efficiencies

As per the guidelines received by the City, TPL has worked towards identifying efficiencies as part of the budget development work, focused on actions or changes that result in cost reductions without negatively impacting services levels. Any sustainable efficiencies identified will be included in the 2026 budget submission.

Budget Enhancements

The 2026 budget submission will include service enhancements that support TPL in achieving the goals outlined in its Strategic Plan and that are aligned with City Council's strategic priorities. This includes the annualization and ongoing investments in TPL's Open Hours Plan, with all branches open seven

days a week expected for the Summer of 2026, and other enhancements made possible with donations through the TPL Foundation, which will advance and accelerate investments to achieve the outcomes identified in TPL's Strategic Plan.

City of Toronto Budget Directions and Timetable

The City of Toronto budget direction outlined expectations of City divisions, agencies, boards and commissions. The directions emphasized a focus on service and meeting Council-approved service levels in 2026 and beyond in a financially sustainable manner. The City also asked divisions, agencies, boards and commissions to find efficiencies and savings as part of developing its 2026 budget, particularly opportunities to better deliver services while reducing costs. Efficiency and budget targets for City divisions, agencies, boards and commissions were provided as part of this direction, in order to achieve a balanced budget for 2026. TPL will consider the budget direction, guidelines and targets in the development of its 2026 operating budget submission.

The 2026 operating budget submission is expected to be presented for Board consideration at its October 27, 2025, meeting. TPL staff will report back to the Board on the review and approval process at the City level. Below outlines the activity and timelines in relation to the 2026 operating budget submission.

Activity	Schedule*
Administrative Review – City Finance	Early October 2025
Board Meeting – 2026 Operating & Capital Budget Submissions	October 27, 2025
Informal Budget Committee Review, if applicable	Late October 2025
Board Meeting – 2026 Budget Updates	December 1, 2025
Budget Launch (Budget Committee)	January 8, 2026
Budget Committee – Division / Agencies Reviews	January 14 - 16
Budget Committee Wrap-Up	January 23, 2026
Board Meeting – 2026 Budget Updates	January 2026
Mayor's Proposed Budget	January 29, 2026
Special Council meeting - 2026 Budget Adoption	February 10, 2026
Board Meeting – Adoption of 2026 Budgets	February 2026

**Dates are subject to change*

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SIGNATURE

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