



STAFF REPORT ACTION REQUIRED

2024 Operating Budget Submission - Update

Date: December 4, 2023
To: Toronto Public Library Board
From: City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library Board approval for an updated 2024 operating budget submission to reflect new instructions received from the City. There is no change to the items contained in the budget submission.

Previously, the 2024 budget submission was compared to the final 2023 Council Approved budget. The revised budget instructions require that the 2024 budget submission be compared to the 2023 Council Approved budget **less** the 2023 COVID-19 impacts that were included in the budget. This has resulted in a base budget increase of \$18.017 million net, or 8.6%, over the 2023 budget; vs. \$14.464 million net, or 6.8%, as presented in October.

The net base budget increase of \$18.017 million, or 8.6%, over the 2023 budget, is comprised of:

1. annualization of prior year approvals of \$1.241 million net, or 0.6%;
2. 2024 COVID-19 impacts of \$2.925 million net, or 1.4%;
3. pressures of \$5.600 million, or 2.7%, resulting from the 2023 structural budget deficit; and
4. new base budget pressures of \$8.252 million net, or 3.9%.

The budget submission also still includes enhancement funding for the Open Hours Implementation 2024-2027, beginning in 2024 at a cost of \$2.450 million net, or 1.2%.

The total 2024 base and enhancement budget increase is \$20.467 million net, or 9.8% over the 2023 approved budget less 2023 COVID costs.

Toronto Public Library's (TPL's) total 2024 budget submission of \$230.473 million net (\$252.052 million gross) remains unchanged from the submission presented at the October 30, 2023 Board meeting.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves the 2024 operating base budget submission of \$228.023 million net (\$249.602 million gross), which represents an \$18.017 million net (\$17.621 million gross), or 8.6%, increase over the 2023 operating budget and is comprised of:
 - a. annualization of prior year approvals of \$1.241 million net (\$1.529 million gross), or 0.6%;
 - b. 2024 COVID-19 impacts of \$2.925 million net (\$1.925 million gross), or 1.4%;
 - c. pressures of \$5.600 million net and gross, or 2.7%, resulting from the 2023 structural budget deficit; and
 - d. new base budget pressures of \$8.252 million net (\$8.567 million gross), or 3.9%; and
2. approves the 2024 operating budget enhancement for expanding open hours totalling \$2.450 million net gross, or 1.2%.

FINANCIAL IMPACT

The updated 2024 operating submission is summarized in Table 1 below:

Table 1: 2024 Operating Budget Submission (\$ millions) - Updated

	<u>FTEs</u>	<u>Gross</u>	<u>Revenue</u>	<u>NET</u>	<u>%</u>
2023 Council Approved Budget	1,838.3	234.610	21.051	213.559	
<u>2023 COVID-19 impacts</u>					
Guard Services		(1.500)		(1.500)	
Health & Safety (PPE, RATs, supplies)		(1.160)		(1.160)	
Reduction in revenues and related expenditures		0.031	0.925	(0.893)	
	<u>-</u>	<u>(2.629)</u>	<u>0.925</u>	<u>(3.553)</u>	
2023 Council Approved Budget less COVID-19 impacts	1,838.3	231.982	21.976	210.006	
Annualization of prior year approvals		1.529	0.288	1.241	0.6%
2024 COVID-19 impacts		1.925	(1.000)	2.925	1.4%
Address 2023 structural deficit		5.600		5.600	2.7%
New base budget pressures	10.0	8.567	0.316	8.252	3.9%
2024 Base Budget Increase	10.0	17.621	(0.397)	18.017	8.6%
2024 Operating Base Budget Submission	1,848.3	249.602	21.579	228.023	8.6%
Budget Enhancements	51.9	2.450		2.450	1.2%
2024 Budget Increase	61.9	20.071	(0.397)	20.467	9.8%
2024 Operating Budget Submission	1,900.2	252.052	21.579	230.473	9.8%

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

DECISION HISTORY

At its meeting on September 18, 2023, the Library Board received for information the [2024 Operating Budget - Status Update](#), which provided the 2024 budget outlook and highlighted potential changes to the 2024 outlook including the need to address the 2023 operating budget structural deficit.

At the same meeting, the Board endorsed TPL's [Open Hours Implementation Plan - Update \(2024\)](#), which approved the updated Open Hours implementation plan as well as the phased approach to implementation.

At its meeting on October 30, 2023, the Library Board considered the 2024 Operating Budget Submission Board Report and approved the 2024 operating base budget submission of \$228.023 million net (\$249.602 million gross), which represented a \$14.464 million net (\$14.992 million gross), or 6.8%, increase over the 2023 operating budget comprised of:

- COVID-19 impacts of -\$0.629 million net (-\$7.04 million gross), or -0.3%;
- pressures of \$5.600 million, or 2.7%, resulting from the 2023 structural budget deficit;
- annualization of prior year approvals of \$1.241 million net (\$1.529 million gross), or 0.6%; and
- new base budget pressures of \$8.252 million net (\$8.567 million gross), or 3.9%,

Also approved at the same Board meeting was the 2024 operating budget enhancement for expanding open hours totalling \$2.450 million net gross, or 1.1%.

COMMENTS

The updated Toronto Public Library (TPL) 2024 operating budget submission reflects revised directions from the City to isolate 2023 COVID-19 financial impacts separate from the base budget, which has resulted in a base budget increase of \$18.017 million net (\$17.621 million gross), or 8.6%, over the 2023 budget, as summarized in Table 2 below:

Table 2: 2024 Operating Budget Submission Summary

	Dec 4 Board Meeting		Oct 30 Board Meeting		Changes	
	NET (\$ M)	%	NET (\$ M)	%	NET (\$ M)	%
2023 Council Approved Budget	213.559		213.559		-	
<i>less: 2023 COVID-19 financial impacts</i>	<i>(3.553)</i>				<i>(3.553)</i>	
2023 Council Approved Budget less COVID-19 impacts	210.006		213.559		(3.553)	
Annualization of prior year approvals	1.241	0.6%	1.241	0.6%	-	0.0%
2024 COVID-19 impacts	2.925	1.4%	(0.629)	-0.3%	3.553	1.7%
Address 2023 structural deficit	5.600	2.7%	5.600	2.6%	-	0.0%
New base budget pressures	8.252	3.9%	8.252	3.9%	-	0.1%
2024 Base Budget Increase	18.017	8.6%	14.464	6.8%	3.553	1.8%
2024 Operating Base Budget	228.023	8.6%	228.023	6.8%	-	1.8%
Budget Enhancements	2.450	1.2%	2.450	1.1%	-	0.1%
Total 2024 Budget Increase	20.467	9.8%	16.914	7.9%	3.553	1.9%
Total 2024 Operating Budget	230.473	9.8%	230.473	7.9%	-	1.9%

In October, the 2024 budget submission was compared to the final 2023 Council Approved budget. The revised budget instructions require that the 2024 budget submission be compared to the 2023 Council Approved budget **less** the 2023 COVID-19 impacts that were included in the budget. This has resulted in a base budget increase of \$18.017 million net, or 8.6%, over the 2023 budget; vs. \$14.464 million net, or 6.8%, as presented in October.

TPL’s total 2024 budget submission of \$230.473 million net (\$252.052 million gross) remains unchanged from the submission presented at the October 30, 2023 Board meeting.

2024 Operating Budget Timetable

Activity	Schedule
Budget Launch - Budget Committee	January 10, 2024
Budget Committee Review Meetings	January 16-18, 2024
Board Meeting - 2024 Budget Updates	January 22, 2024
Public Presentations – Budget Committee	January 22-23, 2024
Budget Committee Wrap-Up	January 26, 2024

Activity	Schedule
Mayor's Budget Introduced	February 1, 2024
City Council	February 14, 2024
Board Meeting - Adoption of 2024 Budget	February 26, 2024

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SIGNATURE

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