



## STAFF REPORT INFORMATION ONLY

### 2023 Operating Budget - Status Update

**Date:** September 19, 2022

**To:** Toronto Public Library Board

**From:** City Librarian

#### **SUMMARY**

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The purpose of this report is to provide the Toronto Public Library Board with an update on the status of the 2023 operating budget submission, which is being prepared by staff. The approved [2022 operating budget](#) included a 2023 operating base budget outlook, excluding COVID-19 impacts, with an increase of \$10.720 million net, or 5.1%, mainly due to staff cost of living adjustments and benefits, inflationary pressures and the second year impact of 2022 budget enhancements. For the 2023 budget submission, the cost pressures will be refined and budget savings and reliefs will be identified.

City of Toronto budget guidelines state that the 2023 operating submission should include offsets for all incremental base pressures not including COVID-19 specific costs.

The 2023 operating budget submission, including proposed service enhancements, is expected to be presented for Board consideration at its meeting on October 25, 2022.

## **FINANCIAL IMPACT**

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This report describes a number of factors and considerations that may impact the 2023 operating budget submission, including continuing pressures related to COVID-19, and savings and reliefs.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

## **ALIGNMENT WITH STRATEGIC PLAN**

The 2023 operating budget submission will support Toronto Public Library's (TPL) strategic plan objectives including: supporting digital literacy and inclusion; enhancing access to information, technology and e-learning; and transforming library operations for 21<sup>st</sup> century service excellence.

## **EQUITY IMPACT STATEMENT**

The 2023 operating budget submission will support an inclusive economic recovery as part of the City's recovery initiatives; provide affordable, accessible and resilient digital supports as a public service; and advance equity in the city and workplace.

## **COMMENTS**

### **Extract from 2022 Operating Budget Adoption Board Report**

The starting point for the 2023 operating budget submission is the 2023 operating budget outlook which was included as Attachment 1 of the approved [2022 operating budget](#). The 2023 outlook reflected pressures of a \$10.720 million net, or 5.1% increase over 2022, and is detailed in Table 1 below:

TABLE 1: Extracted from 2022 Operating Budget Adoption Report

	2022			2023			2024		
	FTEs	NET	%	FTEs	NET	%	FTEs	NET	%
2021 Council Approved Operating Budget	1,787.8	203,048		1,808.8	209,785		1,825.3	220,505	
<b>Budget Pressures &amp; Reliefs</b>									
Salaries and Benefits COLA		1,851	0.8%		2,259	1.1%		2,257	1.0%
Economic increases		1,710	0.8%		1,927	0.9%		2,017	0.9%
Operating impact of Capital	12.0	0.717	0.4%	11.5	1,396	0.7%		0.878	0.4%
Other Base Budget Changes	7.0	(0.690)	-0.3%	3.0	2,391	1.1%		2,000	0.9%
Balancing Actions & Efficiencies		(2,846)	-1.4%		1,893	0.9%			0.0%
Budget Enhancements	2.0	1,215	0.6%	2.0	0,854	0.4%			0.0%
<b>Base Budget</b>	<b>21.0</b>	<b>1,957</b>	<b>0.9%</b>	<b>16.5</b>	<b>10,720</b>	<b>5.1%</b>	<b>-</b>	<b>7,152</b>	<b>3.2%</b>
COVID-19 Financial Impacts*		4,779	2.4%						
<b>Budget Increase</b>	<b>21.0</b>	<b>6,737</b>	<b>3.3%</b>	<b>16.5</b>	<b>10,720</b>	<b>5.1%</b>	<b>-</b>	<b>7,152</b>	<b>3.2%</b>
<b>2022 Operating Budget and 2023-2024 Outlook</b>	<b>1,808.8</b>	<b>209,785</b>	<b>3.3%</b>	<b>1,825.3</b>	<b>220,505</b>	<b>5.1%</b>	<b>1,825.3</b>	<b>227,657</b>	<b>3.2%</b>

\*budget pressures related to COVID-19 will need to be added to the 2023 submission

The 2023 operating budget submission will contain a number of updates when compared to last year's 2023 outlook and some of these are summarized below.

### Base Budget

#### *Salary and Benefits*

Changes to salary and benefits will include updated estimates of inflationary pressures on benefits, changes to salary progression and COLA, annualization of salary costs for positions added in 2022, and an updated vacancy experience amount. Costs related to changes to the eligibility rules for the Ontario Municipal Employees Retirement System (OMERS) that allow all part time employees to opt into the program is a new cost pressure, and an estimate of the impact of this change will be included in the 2023 submission.

#### *Economic Increases*

With the inflation rate at its highest level in over 30 years, this will impact prices for commodities, supplies and services.

#### *Operating Impact of Capital*

The submission will reflect the changes in timing and financial impacts of capital projects as detailed in TPL's 2023-2032 capital budget and plan submission.

#### *Other Base Budget Changes*

The submission will include additional costs related to safety and security and will also reflect adjustments to TPL's contribution to City reserves and the reversal of prior year COVID-19 base budget adjustments.

### *Balancing Actions & Efficiencies*

Budget savings and reliefs will be identified in the submission.

### **COVID-19 Impacts**

Budget pressures related to COVID-19, such as increased security, janitorial services and supplies, HVAC costs, and lower revenues will continue in 2023 and included in the budget submission.

### **Budget Enhancements**

Service enhancements will be included the 2023 budget submission, which support TPL and City Council strategic priorities.

### **City Guidelines and Timetable**

The City's budget guidelines state that for the 2023 operating budget submission, programs are expected to finds offsets to expected 2023 incremental base pressures. Budget pressures related to the impact of COVID-19 will continue to be tracked separately as the City will continue to seek funding support from other levels of government.

The 2023 operating budget submission is expected to be presented for Board consideration at its October 25, 2022 meeting and TPL staff will continue to refine the budget and identify budget reliefs to reduce the budget request.

### **Timetable**

The 2023 operating budget submission will be presented for Board consideration at its meeting on October 25, 2022. The 2023 City budget process is delayed due to the municipal elections on October 24, 2022 and the final budget timetable is expected in November 2022.

Activity	Schedule
<b>Board Meeting - 2023 Budget Submissions</b>	<b>October 25, 2022</b>
Administrative Review - City Finance, CFO, City Manager	October 2022
Informal Budget Committee Review	N/A for election year
<b>Board Meeting - 2023 Budget Updates</b>	<b>December 5, 2022</b>
<b>Political Reviews (estimated timeframe).</b> <b>Dates to be confirmed by Striking Committee November 17, 2022</b>	

Activity	Schedule
<b>Board Meeting - 2023 Budget Updates</b>	<b>January 2023</b>
Budget Launch - Budget Committee	Late January 2023
<b>Board Meeting - 2023 Budget Updates</b>	<b>February 2023</b>
Budget Committee Review	February 2023
Public Presentations - Budget Committee	February 2023
Budget Committee Wrap-Up	February 2023
Budget Committee Final Wrap-Up	February 2023
Executive Committee	February / March 2023
City Council	Early-Mid March 2023
<b>Board Meeting - 2023 Budget Updates or Adoption of Budgets</b>	<b>March 2023</b>

## CONTACT

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## SIGNATURE

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