



STAFF REPORT INFORMATION ONLY

2024 Operating Budget - Status Update

Date: September 18, 2023
To: Toronto Public Library Board
From: City Librarian

SUMMARY

The purpose of this report is to provide the Toronto Public Library Board with an update on the status of the 2024 operating budget submission.

The approved [2023 operating budget](#) included a 2024 budget outlook which was an increase of \$15.343 million net, or 7.2%, mainly due to the reversal of 2023 budget reductions, staff cost of living adjustments and benefits, inflationary pressures, and the second year impact of 2023 budget enhancements. For the 2024 budget submission, the outlook serves as a starting point and additional pressures and reliefs will be identified, including for the 2023 structural deficit.

As detailed in a separate report dated September 18, 2023, *Operating Budget Monitoring Report as of June 30, 2023*, Toronto Public Library (TPL) is projecting a net over-spending of approximately \$6.5 million by year-end. This over-spending reflects a structural deficit in the operating budget, which will need to be addressed in the 2024 operating budget submission.

City of Toronto budget instructions state that the 2024 operating submission should treat COVID-19 impacts as part of the base budget, not include any new

or enhanced services and service levels, and no budget allocation were provided.

The 2024 operating budget submission, including potential service enhancements, is expected to be presented for Board consideration at its meeting on October 30, 2023.

FINANCIAL IMPACT

This report describes a number of factors and considerations that may impact the 2024 operating budget submission, expected at the Board meeting on October 30, 2023.

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

ALIGNMENT WITH STRATEGIC PLAN

The 2024 operating budget will support TPL's strategic plan objectives including: supporting digital literacy and inclusion; enhancing access to information, technology and e-learning; and transforming library operations for 21st century service excellence.

EQUITY IMPACT STATEMENT

TPL's 2024 operating budget supports an inclusive economic recovery as part of the City's recovery initiatives; provides affordable, accessible and resilient digital supports as a public service; and advances equity in the city and workplace. The budget will 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 its meeting on February 27, 2023, the Board considered [2023 Operating Budget – Adoption](#) and adopted the TPL 2023 operating budget of \$213.559 million net (\$234.610 million gross).

At its meeting on June 19, 2023, the Board considered [Operating Budget Monitoring – April 30, 2023](#), which reported a net budget overspending of \$2.244 million as of April 30, 2023 and a projection for a year-end net budget overspending of approximately \$5.5 million, which represents a structural deficit. As required by the Financial Control Policy, the anticipated overspending of the operating budget has already been reported to the City’s CFO who will assess the projected overspending within the overall City budget context.

ISSUE BACKGROUND

The 2023 budget process was particularly challenging for both TPL and the City with the continuing impacts of the pandemic, high inflation, supply chain disruptions and staffing challenges. There have also been steady increases in the usage of TPL services across all service areas and increased incidents of violence and disruptive behaviour in library branches that reflect trends occurring more broadly in the city.

The Library Board submitted a 2023 operating budget, which included a request for additional funding for base pressures of \$9.7 million net, or 4.7% increase, and COVID pressures of \$5.0 million net. As noted in [2023 Operating Budget – Adoption](#) at the February 27, 2023 Board meeting, through a very difficult budget process and in order to meet the City allocation and avoid service cuts, the budget was reduced and the Council-approved budget provided additional funding for base pressures of \$5.0 million net, or 2.4% increase, and COVID pressures of \$3.5 million. The lower budget was achieved through: spending reductions; spending deferrals; higher revenues; additional \$1.5 million of savings through staff vacancy experience; and a \$0.9 million unallocated budget reduction.

These reductions resulted in a 2023 budget with no room to manage unexpected pressures and also have savings targets which are not being achieved. As detailed in the *Operating Budget Monitoring Report as of June 30, 2023* report, the projected year-end net over-spending of \$6.5 million reflects a structural deficit in the operating budget, which will need to be addressed in TPL’s 2024 operating budget submission.

COMMENTS

Extract from 2023 Operating Budget Adoption Board Report

The starting point for the 2024 operating budget submission is the 2024 operating budget outlook, which was included as Attachment 1 of the approved [2023 operating budget](#). The 2024 outlook reflected pressures of a \$15.343 million net, or 7.2% increase over 2023.

The 2024 operating budget submission will contain a number of updates when compared to last year's 2024 outlook, including the impacts of the 2023 structural deficit, 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 2023, additional day of work related to the leap year, and a lower vacancy experience savings, partially due to the additional staff rehired at the end of 2022 related to TPL's vaccination policy.

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 in TPL's 2024-2033 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.

Affordability Measures and Savings

Budget savings and reliefs will be identified in the submission.

Budget Enhancements

Service enhancements may be included in the 2024 budget submission, which support TPL and City Council strategic priorities.

As detailed in a separate report dated September 18, 2023, the *Open Hours Implementation Plan – Update (2024)*, if endorsed by the Board, will result in an additional funding request to increase hours of service at TPL branches.

City Guidelines and Timetable

City of Toronto budget instructions state that the 2024 operating submission should treat COVID-19 impacts as part of the base budget, not include any new or enhanced services and service levels, and no budget allocation were provided.

The 2024 operating budget submission is expected to be presented for Board consideration at its October 30, 2023 meeting and TPL staff will continue to refine the budget and identify budget reliefs to reduce the budget request.

Timetable

The 2024 operating budget submission will be presented for Board consideration at its meeting on October 30, 2023.

Activity	Schedule
Board Meeting – 2024 Budget Submissions	October 30, 2023
Administrative Review - City Finance	October 2023
Informal Budget Committee Review	November 2023
Board Meeting - 2024 Budget Updates	December 4, 2023
Budget Launch - Budget Committee	January 2024
Board Meeting - 2024 Budget Updates	January 2024
Budget Committee Review Meetings	January 2024
Board Meeting - 2024 Budget Updates	February 2024
Executive Committee	February 2024

Activity	Schedule
City Council	February 2024
Board Meeting - Adoption of 2024 Budgets	March 2024

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SIGNATURE

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