



STAFF REPORT INFORMATION ONLY

Overdue Fines Elimination – Update

Date: April 29, 2024
To: Toronto Public Library Board
From: City Librarian

SUMMARY

The purpose of this report is to provide a comprehensive update and assessment of the Fines Elimination project. In June 2022, Toronto Public Library (TPL) took the initiative to eliminate overdue fines and fees for its members. At the initiation of this project, TPL committed to monitoring and evaluating the impacts of the policy changes, determining their effectiveness and recommending any necessary adjustments. This report focuses on three categories of metrics used for evaluation: Circulation, Finance, and Staff & Customer Experience. Based on key findings and feedback, the elimination of overdue fines has proven to be successful in removing barriers to library service and has had a positive impact on both staff and customers.

FINANCIAL IMPACT

This report has no financial impact beyond what has already been approved in the current year's budget.

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

ALIGNMENT WITH STRATEGIC PLAN

TPL's [2020-2024 Strategic Plan](#) identifies priorities through an equity lens, working to understand and break down barriers for all, with a focus on equity-deserving groups and vulnerable populations. The elimination of overdue fines aligns with TPL's Strategic Plan actions such as Focus on Equity. Outcomes are equitable access to library service, improved customer service, and increased membership and usage of library collections and services.

EQUITY IMPACT STATEMENT

The elimination of overdue fines have had a positive impact on equity-deserving groups and vulnerable populations. The policy changes align and support the City of Toronto's Poverty Reduction and Equity Initiatives, including [Anti-Black Racism](#) and the [Toronto Newcomer Strategy](#), and have helped to remove barriers to library use, especially those living in Neighbourhood Improvement Areas (NIAs).

DECISION HISTORY

At its February 18, 2021 meeting, City Council approved TPL's [2021 operating budget](#) which included funding for the elimination of children's overdue fines and on February 22, 2021, the Library Board adopted the Council-approved budget.

TPL's 2021 operating budget also included information in the 2022 outlook, referencing a plan to seek approval to permanently eliminate teen and adult overdue fines.

At its April 26, 2021 meeting, the Board approved a revised [Membership, Circulation and Collection Use Policy](#) that reflects the permanent elimination of all overdue fines on material borrowed on children's library cards and the write-off of outstanding overdue and holds-not-picked-up fines on children's cards with an estimated value of \$150,000 with funding support from the TPL Foundation.

At its September 27, 2021 meeting, the Board was provided with a [status update](#) on the elimination of overdue fines on material borrowed on children's library cards and information on TPL's plans to move onto the next phase of

fines elimination, which included the elimination of overdue fines on material borrowed on teen and adult library cards.

At its October 25, 2021 meeting, the Board approved the 2022 operating [base budget submission](#) that included budget enhancements for fines elimination and funding support from the TPL Foundation.

At the February 17, 2022 City Council Meeting, City Council approved TPL's [operating budget](#) which included funding for the elimination of teen and adult overdue fines and on February 28, 2022, the Library Board adopted the Council-approved budget.

At its March 28, 2022 meeting, the Board approved a [revised Membership, Circulation and Collection Use Policy](#) that reflects the permanent elimination of all overdue fines on material borrowed on teen and adult library cards and the write-off of outstanding overdue fines for teens and adults, holds not picked up fines for teens, and lost card fees for children, teens and adults with an estimated value of \$430,000.

ISSUE BACKGROUND

Overdue fines were initially introduced to prompt customers to return library materials on time. However, fines have increasingly become a barrier to the use of library services, particularly for vulnerable communities. TPL's data from Q1-2020 showed that overdue fines disproportionately affected racialized and low-income communities in Toronto.

With the increasing availability of electronic materials, combined with tools available for customers to manage their borrowing, TPL saw a natural decline in fines collected. The Library's fines dropped 22% from 2015 to 2019, constituting only 1.2% of revenue towards TPL's annual operating budget. The trend of customers using more digital content continued to strengthen, and one of the impacts of COVID-19 was an accelerated drop in the circulation of physical material and a corresponding rise in the use of digital content.

As part of the 2021 operating budget submission, TPL identified a phased budget enhancement request for the elimination of overdue fines; eliminating overdue fines on material borrowed on children's library cards in 2021 and

eliminating overdue fines on material borrowed on teen and adult library cards in 2022.

The TPL Foundation fundraised \$300,000 in 2021 to partially offset the \$600,000 budget pressure related to eliminating children's fines and a further \$300,000 in 2022 to partially offset the budget pressure related to eliminating adult fines.

In June 2022, TPL joined hundreds of library systems across North America and eliminated overdue fines for its members. This fines elimination initiative necessitated several policy changes, some of which pertained to risk management and mitigation strategies to ensure the prompt return of materials, while others involved procedural modifications due to the absence of fine collection. TPL took learnings from other library systems and implemented several changes. Over the course of the last year, TPL has been collecting data to monitor and evaluate the impacts of the policy changes, determining their effectiveness and recommending any necessary adjustments.

COMMENTS

TPL has been collecting data on various key metrics over the past year, and conducting thorough analyses and comparisons with data from previous years. These metrics have been categorized into three areas: Circulation, Finance, and Staff & Customer Experience. A key consideration during the implementation of fines elimination was ensuring the timely return of materials to prevent extended wait times for holds. The analysis below shows that items are being returned at a reasonable and similar rate to that of pre-fines elimination and that the fines elimination project has proven to be a tremendous success.

Circulation

In 2022, the circulation policy underwent several modifications to encourage prompt return of borrowed materials. The maximum borrowing limit for customers was reduced from 75 to 50 items. Additionally, borrowing privileges were suspended when a customer reached 10 overdue items, down from the previous threshold of 15. The assumption that long overdue items were lost was adjusted from 40 to 30 days. Furthermore, an extra overdue notice and billing notice were implemented to improve communication with customers about their borrowed materials. These changes had both positive and negative

impacts on customer behaviour including more items being returned before being declared lost and the majority of items continuing to be returned on time.

The average number of checkouts per customer saw a 7% decline from 2019 to 2023, which is not significant given the substantial increase in the utilization of digital resources, the decrease in borrowing limits as well as the rise in use of digital content during the COVID-19 pandemic. Moreover, the average wait time for holds reduced by 3% over the past year. As of October 2023, there were upwards of 3.8 million holds, with approximately 67% fulfilled in less than seven days.

From January to August 2023, the Library had 7 million items checked out, boasting a 77% on-time return rate reflecting both policy and post pandemic changes in customer behaviour. In 2019, the return rate was notably higher at 88%, reflecting an 11% decline. An important modification to the Membership, Circulation, and Collection Use policy involved enhancing customer notifications regarding overdue and lost materials. Previously, overdue notices were sent twice, initially at seven-days overdue and then at 21-days overdue. However, following the elimination of fines, adjustments were made to the timing and frequency of these notifications. Presently, the first overdue notice is sent at five-days overdue, followed by a second notice at 10-days overdue, and a final notice at 20-days overdue. Data suggests that material is being returned on average within 3.92 days of the due date. Moreover, there has been a 35% decrease between the first and second overdue notifications, and approximately 90% of overdue materials are returned by the time the third overdue notice is issued. It is evident that a greater proportion of customers are adhering to due dates, highlighting the success of increased overdue notifications.

From January to August 2023, approximately 21% of items were overdue at any given time, in contrast to the 12% average in 2019, representing an increase of around 9%. When compared to the percentage of lost materials, however, this increase is relatively less significant. In 2019, 0.76% of items were classified as lost, whereas the lost status for items stands at 1.11% as of August 2023, indicating a difference of 0.4%. Despite some customers keeping their materials past the due date, the data shows that the policy change from 40 to 30 days for

assumed lost items has been effective in encouraging customers to return borrowed items without the stress of overdue fines, which historically created a barrier to using the collection.

Finance

Two significant changes were implemented to enhance the recovery of overdue and lost materials: the inclusion of an extra billing notice and adjustments to the collection agency thresholds. Preceding the elimination of overdue fines, adult accounts were directed to the collection agency service under specific conditions: when the fines/fees totaled \$10 or more and the last billing notice was 120 days past due; or when a customer accumulated \$40 or more in fines/fees, and the last billing notice was more than 70 days past due. To ensure financial stewardship, TPL engages a collection agency service to retrieve long-overdue unpaid charges and reclaim unreturned materials. However, with the elimination of overdue fines, fewer customers had accounts with minor balances, rendering the small balance program obsolete. Based on data from other libraries, the collection agency threshold was adjusted to \$50 in total fines/fees for adult customers only and for items that are 70 days overdue.

Following the removal of fines, TPL initiated a review of the collection agency service to assess its effectiveness. The review indicates that the service remains effective in facilitating the return of material, as the percentage of materials recovered has increased from 2019 to 2023 (see Table 1). This calculation considers the cash and material value recovered from customers referred to the collection agency service, offset by administrative charges. For every dollar invested in the service, we recover three dollars in material value. With the elimination of overdue fines, the percentage cash collected and fees waived has significantly declined. However, the dollar value of recovered materials is much higher in 2022 and 2023.

Table 1: Return on Investment of Collection Agency Service

Year*	Total Collection Agency Recovery	Cash Collected	Materials Recovered	Fees Waived	Collection Agency Fees Paid
2019	\$565,681.99	\$357,397.72 (63%)	\$158,274.96 (28%)	\$50,009.31 (9%)	\$127,278.46
2022	\$349,279.86	\$54,828.25 (16%)	\$285,039.22 (82%)	\$9,412.39 (3%)	\$78,582.04
2023	\$309,162.13	\$47,446.06 (15%)	\$254,726.05 (82%)	\$6,990.02 (2%)	\$69,555.28

**The collection agency service was temporarily suspended from 2020 to 2021 during the COVID-19 pandemic.*

Another critical data point to consider when reviewing the collection agency service is the impact it has on customers. Data indicates that 60% of users that were referred to the collection agency service in 2022 have not returned to the library. It is possible that the customers have stopped borrowing physical materials due to temporary suspension of borrowing privileges but continue to use in-branch services and some digital resources. TPL will continue to monitor the effectiveness of the collection agency service to ensure unintentional barriers to access are not created.

A concern that was raised during the fines elimination initiative was the potential increase in refunds for lost materials. With the removal of overdue fines, when an item is marked as lost and paid for by the customer but later found, a full refund is issued. Since the initiative, there has been a modest 0.7% increase in the number of refunds being handled by staff. However, this increase is not significant enough to establish a direct connection to the removal of fines and since the intent is to get materials back as opposed to collecting fines, this would appear to be a positive outcome.

In addition, the implementation of a second billing notice has proven to be successful as fewer accounts are being referred to the collection agency service. In 2019, 9,000 customers were being referred to the collection agency whereas in 2023, only 1,800 customers were referred. This decline is attributed to the elimination of the small balance program and the addition of a second

billing notice. According to the available data, there is a 25% reduction in the number of second round billing notices being sent and 80% reduction in customers being referred to the collection agency service after receiving the second billing notice. The reduction of customers being referred to the collection agency has a positive impact on the overall customer experience of library users.

Staff & Customer Experience

The elimination of overdue fines has had a positive impact on the experience of staff, customers, and Torontonians. Past overdue fines were purged as part of the fines elimination project and TPL saw 36% of child cardholders, 33% of teen cardholders and 39% of adult cardholders with previously blocked status return to the library to borrow or place holds on materials. Fines elimination was met with a mixed response from the public; however, those directly impacted had positive feedback:

"Thanks for letting me know. I appreciate it very much knowing that I can access many services that the library has to offer. Thanks again."

"Deep gratitude for your hard work. You have served me so eloquently, honestly and always have a suggestion to help me – that I can only say: Thank you, I love you & God bless you. Stay well. I'll see you soon."

"This is a great incentive for me to return my books as I was embarrassed having to pay my late fees."

"Amazing! This will make the library more accessible for more people. Clearly the last two years proved that the TPL is no different than the experiences of all the other library systems around the world who have done something similar."

Following the removal of fines, TPL also experienced a notable surge in card registrations. The 2023 physical card registrations have exceeded those in 2019 by a remarkable 35%. In 2021, during the peak of the COVID-19 pandemic, Digital Access Cards were introduced. Data indicates a persistent demand for these cards, with approximately 2,600 new registrations occurring every month and 20% of total registrants choosing to upgrade their digital card to a full-service card by visiting a TPL branch.

The elimination of fines was met with great enthusiasm from staff. In August 2023, staff were surveyed to comment on their satisfaction with the fines elimination initiative. A total of 542 staff responded, with 78% representing branch staff. 77% of staff recognized the benefits of removing fines and agreed that the elimination of fines has made the library more accessible to the community. 68% of staff observed that their interactions with customers have taken a more positive turn since the elimination of fines, and 60% stated their branch/ department has personally benefitted from the fines elimination policy changes. 74% of TPL staff expressed satisfaction with the removal of fines, noting that the policy change enhanced their interactions with customers by reducing disputes over late fees. Customers are appreciative, thankful, and relieved, resulting in reduced stress for both customers and staff, therefore enhancing the overall customer experience.

In addition to the survey, staff were also encouraged to share memorable interactions, feedback and/or comments and below are some excerpts:

"An older customer was visibly relieved when she was informed that there were no fines. She mentioned that she always had to pay some kind of fine penalty which was eating into her fixed income."

"Having little kids be able to take out books again when they had their cards blocked. Seeing their faces light up when they can take out stuff with their friends in classes."

"Many customers have told me that they stopped using the library because of the fines. Now they have asked for library cards because of the fine elimination. They are always very thankful."

"I had a customer come in who began to explain why his books were late, and asked how much the fines would be. When I told him that we no longer had fines, he was extremely grateful, and nearly broke into tears. I also think about all the times where I would have to waive fines for people who were genuinely unable to return books due to life circumstances, and how it's so much more welcoming for them."

Next Steps

TPL remains committed to assessing the impacts of the policy changes related to the elimination of overdue fines, ensuring they continue to effectively remove barriers to library access. Internally, findings will be communicated among staff, while externally, TPL will continue to encourage membership among Torontonians. By eliminating overdue fines, TPL can better serve communities and reduce barriers to accessing library materials and services.

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SIGNATURE

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