

## **Toronto Public Library's 2021 Operating Budget Variance Update and the Feasibility of Reinvesting into Further New and Enhanced Initiatives**

**Date:** June 18, 2021

**To:** Executive Committee

**From:** Chief Financial Officer and Treasurer

**Wards:** All

### **SUMMARY**

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This report responds to City Council direction during the 2021 Budget process to provide an update, in consultation with the City Librarian, on the impacts of COVID-19 on the Toronto Public Library's 2021 Operating Budget variance, and an assessment of the financial implications of proposed investment in further new and enhanced initiatives, funded by the Toronto Public Library's 2021 Operating Budget variance.

This report appends a letter from the City Librarian, Toronto Public Library (TPL), regarding TPL Operating Budget Monitoring Report as of March 31, 2021 and the proposed investment of their 2021 operating underspending on two new and enhanced initiatives, namely Digital Literacy for Seniors and/or Community Librarian Outreach, adopted by the Toronto Public Library Board at its meeting on May 25, 2021.

For the period ended March 31, 2021, TPL reported a year-to-date one-time favourable operating variance of \$2.575 million net, mainly due to the impact of COVID-19 on library operations. To implement the above new and enhanced initiatives in late summer 2021, provided that public health measures permit implementation, an amount of \$0.459 million would be required in 2021 that would not be available were it not for experienced one-time underspending in other initiatives.

The financial impacts in 2022 will increase to \$1.090 million based on a combination of the full year costs associated with these initiatives, along with one-time reallocation of funds available in 2021. As a result, implementation of these initiatives in 2021 creates an added budget pressure within the Toronto Public Library of \$1.090 million in 2022 requiring Council consideration of enhanced funding through the 2022 Budget process.

## RECOMMENDATIONS

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The Chief Financial Officer and Treasurer recommends that:

1. City Council receive this report for information.

## FINANCIAL IMPACT

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As of March 31, 2021, TPL has reported a favourable operating variance of \$2.575 million net, mainly due to the impact of COVID-19 on library operations, which includes reduced spending in employee remuneration and benefits, utilities and library programming.

Consistent with the above results, an updated year-to-date favourable net variance of \$5.241 million, and projections to year-end favourable net variance of \$3.000 million, have been reported by TPL and included in the Corporate Operating Variance Report for the four months ended April 30, 2021.

The year-to-date underspending would allow TPL to accommodate the implementation of Digital Literacy for Seniors and/or Community Librarian Outreach service enhancements within its 2021 Council Approved Operating Budget on a one-time basis.

If implemented by September 2021, the current year implementation cost would be \$0.459 million in 2021 offset by one-time funding from in-year underspending, as shown in Table 1.

Table 1: Incremental Cost of New Service Enhancements (\$Millions)

Service	2021		2022		2023		Total	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Digital Literacy for Seniors	0.385	2.0	0.317	2.0	0.100	-	0.802	4.0
Community Librarians	0.074	2.0	0.314	2.0	0.100	-	0.488	4.0
2021 One-time Funding	(0.459)		0.459					
<b>Total</b>	<b>0.0</b>	<b>4.0</b>	<b>1.090</b>	<b>4.0</b>	<b>0.200</b>	<b>-</b>	<b>1.290</b>	<b>8.0</b>

Beginning in 2022 these investments will result in a total base operating pressure of \$1.090 million gross and net, based on added annualized costs of \$0.631 million and the reversal of \$0.459 million in one-time revenue; as well as a further incremental budget pressure of \$0.200 million expected in 2023.

At this time, there is no permanent funding source for these initiatives beyond 2021. Enhanced funding will be required in 2022 to continue to fund these initiatives moving forward, subject to Council's consideration.

## **DECISION HISTORY**

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At its meeting of February 18, 2021, City Council requested Chief Financial Officer and Treasurer, in consultation with the City Librarian, to report to the July 6, 2021 meeting of the Executive Committee on Toronto Public Library 2021 Operating Budget variance, and, in particular, underspending due to the COVID-19 related public health measures' impacts on Toronto Public Library service hours and programming; and the feasibility of reinvesting any positive TPL budget variance in further enhancements, including Community Librarian Outreach and / or Digital Literacy for Seniors, as public health measures permit. Attached decision link provides the City Council directive under recommendation 146 related to the above request as part of the 2021 Budget process.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX21.2>

## **COMMENTS**

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The Toronto Public Library Board has provided a letter in response to City Council's motion, summarizing TPL's 2021 Operating Budget variance, and an assessment of the financial implications of proposed investment in further new and enhanced initiatives including Digital Literacy for Seniors and/or Community Librarian Outreach. The letter is attached to this report for information.

At its meeting of May 25, 2021, Toronto Public Library Board has adopted Operating Budget Monitoring Report as of March 31, 2021. In the report, TPL Board is endorsing the implementation of the Digital Literacy for Seniors and Community Librarians Outreach service enhancements in 2021, which includes an increase of eight positions and annualized budget pressures of \$1.090 million in 2022 and an incremental budget pressure of \$0.200 million in 2023 over two years, subject to Council approval.

### **2021 Service Enhancements**

#### Digital Literacy for Seniors:

A budget enhancement to support social connectedness by expanding digital literacy programs for seniors in libraries will address the diverse needs and challenges among Toronto's seniors through two complementary programs as identified in the City of Toronto's Seniors Strategy 2.0 medium-term recommendation within 2020-2022:

- In-branch Digital Literacy for Seniors, and
- Community-based Digital Literacy for Seniors.

The budget enhancement totals \$0.385 million (full year impact of \$0.802 million net and gross to support eight additional branches each year), including 4 FTEs.

#### Community Librarians:

TPL's community librarianship emphasis on reaching out to vulnerable communities aligns with the City of Toronto's Poverty Reduction Strategy (PRS) and is an exciting new concept that moves librarians out of traditional library settings into a new community-based framework for providing library service. While working onsite in partner agency locations, community librarians work closely with agency staff and clients. The intent is for the community librarians to learn about and understand these clients' information needs, and respond by providing the best possible mix of the full range of library services and programs.

The Community Librarians' budget enhancement totalling \$0.074 million net and gross in 2021, (full year impact of \$0.488 million net and gross), including 2 FTEs, establishes a permanent team of 4 community librarians dedicated to serving vulnerable, underserved populations across the city.

Provided that public health measures permit implementation, TPL staff are prepared to proceed with the implementation of both new and enhanced initiatives in September 2021. The costs associated with the two new and enhanced initiatives are estimated at \$0.459 million gross and net as well as additional staff complement of 4.0 positions, funded by a favourable net variance to the TPL's 2021 Council Approved Operating Budget as of March 31, 2021, on a one-time basis. The approvals of these new and enhanced initiatives would result in a future year base budget pressure of \$1.090 million in 2022 and additional \$0.200 million in 2023 for Toronto Public Library.

## **CONTACT**

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## **SIGNATURE**

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Heather Taylor  
Chief Financial Officer and Treasurer

## **ATTACHMENTS**

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Attachment 1: TPL Operating Budget Monitoring Report – March 31, 2021