Agenda – Executive Policy Committee – December 3, 2019

REPORTS

Item No. 7 Provincial Library Grant

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

That this report be received as information.

Agenda – Executive Policy Committee – December 3, 2019

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 12, 2019, the Executive Policy Committee granted an extension of time of 30 days for the Winnipeg Public Service to report back on the matter.

On September 17, 2019, the Executive Policy Committee directed the Winnipeg Public Service to report back in 60 days on the following:

1. That the Province of Manitoba be requested to lift the cap on funding provided through the Public Libraries Act to the City of Winnipeg, retroactively to 1993.

2. That the Province of Manitoba be requested to provide additional library funding in the amount of $1.5 Million in 2019 and in future years, and that future years' funding be adjusted for inflation.

STANDING COMMITTEE RECOMMENDATION:

On September 9, 2019, the Standing Policy Committee on Protection, Community Services and Parks passed the following motion:

THEREFORE BE IT RESOLVED that the Standing Policy Committee on Protection, Community Services and Parks recommend to the Executive Policy Committee that the Province of Manitoba be requested to lift the cap on funding provided through The Public Libraries Act to the City of Winnipeg, retroactively to 1993;

FURTHER BE IT RESOLVED that the Province of Manitoba be requested to provide additional Libraries funding in the amount of $1.5 Million in 2019 and in future years, and that future years' funding be adjusted for inflation.

ADMINISTRATIVE REPORT

Title: Provincial Library Grant

Critical Path: Executive Policy Committee

AUTHORIZATION

Author	Department Head	CFO	CAO
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EXECUTIVE SUMMARY

The Province of Manitoba's annual operating grant to the City of Winnipeg has been capped at $1,910,118 since 1993, when *The Public Libraries Act* was amended to read that, "subsection 5(1) of *The Public Libraries Act – Public Allocation of Grants Regulation* is repealed and the following is substituted "the amount of the grant payable to a municipal public library in the City of Winnipeg shall be 11% of the approved operating budget of the library up to a maximum of $1,910,118".

Since 1993, there has been no change to the provincial grant formula. Prior to 2001, the Library Services Division, Community Services Department, did not reach the grant cap, as some expenses were ineligible from the grant calculation. Starting in 2001, additional library expenses were accepted under the Provincial grant, allowing Library Services to reach the $1,910,118 cap.

Based on the City of Winnipeg's population estimates from 1993 to 2018, the maximum grant of $1,910,118, calculated on a per capita basis, has resulted in a **decrease** from $3.03 in 1993 to $2.53 in 2018. The Library Services Division's allowable budgeted operating expenses amount has **increased** from $2,636,353 in 2011 to $3,190,716 in 2018 – a total increase of $554,363. There has been no increase in the provincial grant during this period.

If the funding formula were revised to remove the $1,910,118 cap and the Province contributed 11% (the current provincial contribution percentage) of the Library Services Division's allowable annual budgeted operating expenditures, the 2018/2019 grant would be $3,190,716; an increase of $1,280,598 or 67% over the current capped amount.

While the Library Services Division's operating budget has increased over the period that the Province has capped the funding formula, the expenditure budget has not kept pace with the Library's service level needs. A new funding formula, with no cap on the allowable operating budget expenditures, would positively impact the Library Services Division's ability to develop and deliver a library service model that better meets the needs of the community.

RECOMMENDATIONS

1. That this report be received as information.

REASON FOR THE REPORT

On September 17, 2019, the Executive Policy Committee directed the Winnipeg Public Service to report back in 60 days on the following:

1. That the Province of Manitoba be requested to lift the cap on funding provided through the Public Libraries Act to the City of Winnipeg, retroactively to 1993.

2. That the Province of Manitoba be requested to provide additional library funding in the amount of $1.5 Million in 2019 and in future years, and that future years' funding be adjusted for inflation.

3. That the Proper Officers of the City be authorized to do all things necessary to fulfill the intent of the foregoing.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications to receiving this report as information.

A proposal to remove the cap on Provincial funding to the City of Winnipeg through the Public Libraries Act requires intergovernmental negotiations between the City of Winnipeg and the Province of Manitoba.

HISTORY/DISCUSSION

Provincial Library Funding Formula:

In 1987, the Provincial Government adopted the Public Libraries Act which declared the provincial library grant in subsection 5(1). The Act Indicated that "the amount of the grant payable to a municipal public library in the City of Winnipeg shall be 50% of the actual annual operating costs of the library up to a maximum of $2.50 per capita".

Since 1987 there have been Amendments to the Act to increase the grant up until 1992, at which time it was increased to $3.30 per capita. In 1993 the Act was amended to read that subsection 5(1) of *The Public Libraries Act – Public Allocation of Grants Regulation* is repealed and the following is substituted "the amount of the grant payable to a municipal public library in the City of Winnipeg shall be 11% of the approved operating budget of the library up to a maximum of $1,910,118".

The City of Winnipeg annual Library Grant from the Province is capped at $1,910,118. Since 1993, there has been no change in the grant formula to recognize increased costs associated with providing library service. Prior to 2001, the Library Services Division did not reach the provincial cap, as specific expenses were ineligible from the grant calculation. Starting in 2001,

additional library expenses were accepted under the provincial grant, allowing Library Services to reach the cap.

Section 5(2) states that the City be paid 100% of the operating grant, based on the approved operating budget, in advance. The Grants Regulation defines an operating grant as “a grant in respect of the expenses connected with the normal operations of a library, excluding capital expenditures for building, land and the purchase of vehicles.” In 2012, the Province (Manitoba Sport, Culture & Heritage) confirmed that eligible operating expenses include capital expenditures for furniture, fixtures and shelving.

The following table (1.) outlines the per capita grant based on the maximum grant allowed under the Provincial Libraries Act. Based on City of Winnipeg population statistics from 1993 to 2018, the grant of $1,910,118 on a per capita basis has **decreased** from $3.03 in 1992 to $2.53 in 2018.

1. Per capita grant based on the maximum grant allowed under the Act.

Maximum Grant since the changes to the Act in 1993 has been $1,910,118

Grant $1,910,118

Year	Population	Per Capita Grant	Year	Population	Per Capita
1993	629,500	$ 3.03	2005	650,700	$ 2.94
1994	630,100	$ 3.03	2006	653,033	$ 2.92
1995	630,200	$ 3.03	2007	655,365	$ 2.91
1996	629,300	$ 3.04	2008	657,854	$ 2.90
1997	628,100	$ 3.04	2009	663,503	$ 2.88
1998	628,400	$ 3.04	2010	669,247	$ 2.85
1999	630,900	$ 3.03	2011	677,532	$ 2.82
2000	634,500	$ 3.01	2012	687,318	$ 2.78
2001	637,200	$ 3.00	2013	694,834	$ 2.75
2002	640,700	$ 2.98	2014	703,733	$ 2.71
2003	644,100	$ 2.97	2015	711,469	$ 2.68
2004	648,900	$ 2.94	2016	726,123	$ 2.63
			2017	741,663	$ 2.58
			2018	753,674	$ 2.53

Library Services Expenses

Library Services Division’s operating expenses have increased since the provincial funding cap was reached in 2001. The growing need to provide library service out in the community through outreach has an impact on staff training, service delivery and strategic planning. Public library service models are also changing to reflect technology trends and their impact on staff and library user training. The Province of Manitoba’s *Accessibility for Manitobans Act* sets standards for accessibility, customer service and information and communication delivery that will continue to impact library service planning and delivery. The emerging role of libraries in reducing barriers to access and supporting social inclusion are a significant part of public library service across Winnipeg. All of these trends and drivers require support and funding beyond the existing operating budget.

Selected expenditure trends from 2011 – 2018 include:

- Staffing has remained consistent with the average FTE complement at 273.5 FTEs from 2011 – 2018.
- Operating expenses have increased over time but at a rate that is insufficient to deliver a library service model that fully responds to the community's service level needs. The Library Service Division's operating accounts are challenged to meet the increased cost of downloadable/digital materials, citizen requests for additional programs and expanded hours of service.
- Salaries and benefits spending increased by $1,755,121 or 12.3% since 2011, ($15,978,215 in 2018; $14,223,094 in 2011). The cumulative Consumer Price Index increase (all items) for the same period is 13.5%.
- Computer software and related maintenance/renewal expenses increased by $155,000 or 620% from 2011 – 2018.
- Library materials spending increased by $387,569 or 14% since 2011 ($3,148,461 in 2018; $2,760,892 in 2011).
- Non-professional services spending (programming and contracted services) increased $114,243 or 45% from 2011 – 2018 ($370,000 in 2018; $255,757 in 2011).
- Eligible capital expenses (excluding expenditures on buildings, land and vehicles) for the same period represent an 8-year capital investment of $6,168,000.

The Council-approved Library Redevelopment Strategy (2013) continues to benefit the citizens of Winnipeg as new libraries are developed (Charleswood, Windsor Park and Transcona) and existing branches are renovated (St. Vital, St. John's).

These new and restored facilities opened with no change in their hours of operation due to the limits of the library operating budget. Removing the provincial funding formula cap will have a positive financial impact on the Library Services Division's ability to expand service to the citizens of Winnipeg. Current and future library building projects include Cornish, Bill & Helen Norrie, St. James, West Kildonan and Westwood.

Removing the Cap:

Table 2 outlines the per capita impact of removing the cap on the Provincial funding formula for the City of Winnipeg.

If the Province contributed 11% of the allowable annual budgeted operating expenditures, as provided for in *The* Act, the 2018/2019 grant would be $3,190,716, an increase of $1,280,598 or 67% over the current capped amount of $1,910,118.

With the cap removed, the grant on a per capita basis would have been $3.89 in 2011, increasing to $4.23 in 2018. The average annual increase since 2011 would be 1.2%.

2. Per capita grant if cap was removed and the City received 11% of allowable budgeted expenditures as calculated under the Act.

Year	Population	11% of Allowable Budgeted Expenditures	Per Capita Grant	% Annual Increase
2011	677,532	$ 2,636,353	3.89	
2012	687,318	$ 2,702,715	3.93	1.1%
2013	694,834	$ 2,823,451	4.06	3.3%
2014	703,733	$ 2,921,150	4.15	2.2%
2015	711,469	$ 3,001,967	4.22	1.6%
2016	726,123	$ 2,993,419	4.12	-2.3%
2017	741,663	$ 3,130,105	4.22	2.4%
2018	753,674	$ 3,190,716	4.23	0.3%
		Average increase		1.2%

The following table outlines the impact of removing the library grant cap from the 2020 preliminary operating budget, over the 2020 – 2024 forecast:

Year	Grant with cap	Grant without cap	Increase
2020/21	$1,910,118	$3,135,457	$1,225,339
2021/22	$1,910,118	$3,192,673	$1,282,555
2022/23	$1,910,118	$3,260,841	$1,350,723
2023/24	$1,910,118	$3,305,430	$1,395,312

Note:

The proposal to remove the library grant cap requires intergovernmental negotiations between the City of Winnipeg and the Province of Manitoba. In order to initiate this process, the City of Winnipeg's Chief Administrative Officer will send a letter to the Deputy Minister of Sport, Culture and Heritage requesting a meeting. The Chief Administrative Officer and the Deputy Minister of Sport, Culture and Heritage would then meet to discuss the details of the library grant request with the Director of Community Services, the Assistant Deputy Minister of Sport, Culture and Heritage and the Manager of Library Services.

History:

In 2005, the Province of Manitoba approved a review of public library services in Manitoba with a goal of "improving access to library services for those Manitobans currently having limited or no access to a public library." The purpose of the review was to explore potential partnership opportunities for public libraries and focus on significant issues such as long-term sustainability, the underserved population and the ability to adapt to technological changes in the library sector.

A 15-member review committee was established in 2006 under provincial leadership; the committee included representatives from the Library Services Division of the Community Services Department, as well as the Winnipeg Public Library Board.

The committee's final report, *Reaching Our Vision: Providing High Quality, Sustainable Public Library Services for All Manitoban*s, was released by the Province on December 6, 2006, as part of a public announcement concerning the investment of $1.1 million to improve technology infrastructure in Northern and rural public libraries.

The 2006 *Reaching Our Vision* report identified 22 recommendations for improving public library service in the province. The recommendations with the most significant impact on The City of Winnipeg included:

- Recommendation #10 – That the Province and municipalities establish a funding mechanism to address current trends in population and operating costs.

- Recommendation #11 – That the annual Collection Development Grant be extended to include all library branches in the province that meet the qualification of being open at least ten hours a week and agree to share their collections through the MAPLIN[1] system.

- Recommendation #13 – That an annual technology maintenance grant be made available to each library branch, including Winnipeg Public Library to be used for hardware or software replacement, for purchase of digital content or internet access.

While the Library Services Division subsequently began receiving an annual technology grant of $100,000, there has been no change to the funding formula since 2006.

In 2017, the Province of Manitoba conducted a review of the Province's cultural policy. The review included a series of consultations that sought the feedback of business leaders, organizations, individual Manitobans and cultural stakeholders, including public libraries. The Library Services Division participated in this engagement opportunity.

On March 12, 2019, the final report, *Our Way Forward – Manitoba's Culture Policy and Action Plan*, was released. The report included a number of strategic action recommendations, including the following under the heading of "Supporting culture in communities and everyday life":

- Review and modernize programs that support community arts and events, libraries, heritage and archives to improve the resiliency and sustainability of community-based cultural organizations.

- Review the public library funding model and realign provincial funding to develop a strong and sustainable public library sector.

To date, there have been no follow-up discussions with Library Services on a plan to review the public library funding formula.

[1] Manitoba Public Library Information Network

Rural Library Funding Formula

The Public Libraries Act includes a per capita funding model for rural libraries. The formula includes three types of funding:

- A basic operating grant that matches revenue raised in each municipality for library purposes to a maximum of $8.50 per capita, based on the population of the municipality.
- A collection development grant of $5,000 for the purchase of library materials for each branch or bookmobile of the municipal library system
- An additional collection development grant of $1,000 for the purchase of library materials for each branch or bookmobile of a public library that is located:

    - North of the 53rd parallel, or
    - In a designated area as set out in the government's French Language Services Policy.

Under the terms of the Public Libraries Act, the City of Winnipeg is not eligible for these grants.

FINANCIAL IMPACT

Financial Impact Statement Date: October 16, 2019

Provincial Library Grant

COMMENTS:

There are no financial implications associated with the recommendations in this report.

"Original signed by K. Lemoine"
Kelly Lemoine, CPA, CA
Manager of Finance & Administrative Services
Community Services Department

CONSULTATION

This Report has been prepared in consultation with:

N/A

OURWINNIPEG POLICY ALIGNMENT

This report is consistent with Our Winnipeg policy direction that speaks to providing quality, responsive and innovative library programs and services that emphasize literacy and life-long learning and that enrich all Winnipeggers and their communities.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

SUBMITTED BY

Department: Community Services
Division: Library Services
Prepared by: Ed Cuddy
Date: October 17, 2019
File No: CMS-2019-21