

## **Provincial Grant Increase May 26, 2023 – General Board Meeting**

**Briefing Note:** The province announced an increase in library funding on March 1st. You can read the [letter from Minister Schulz](#) for more details. This change includes a move from the [2016 population](#) to the [2019 population](#). We need to make several choices as a result.

### **What does this mean for the system budget?**

An increase in the provincial operating budget from \$4.70 to \$4.75 based on the 2019 population is an increase of \$46,157

Potential revenue from levies based on 2019 numbers is an increase of \$8,910.18 (\$1,803.85 of which would be allocated to book allotment).

The increase in revenue to the 1% admin fee on the Rural Service Grant is \$174.27

The increase in system operating funds from the OROS grant is \$679

The total projected increase in system funding (operating and capital) is **\$55,920.45**

### **What might this mean for our libraries and municipal partners regarding our levies?**

According to our agreement, we base our library levy on the population the provincial government uses to calculate library operating grants. Coming as it does in the middle of our approved budget, this presents some problems: Most municipalities have already paid their levies based on the 2016 numbers. Some municipalities go up in population and some go down. Library boards have not yet paid their levies. Libraries have already passed their budgets on 2016 numbers.

### **We have at least 3 options:**

**1)** Continue with the approved budget based on the 2016 population numbers and charge levies accordingly. This is potentially outside the agreement and could be contentious. However, it is the least disruptive to budgets.

**Option 1 is the recommendation of the Executive Committee.**

**2)** Stick to the letter of the agreement and change to the 2019 population numbers. This is likely to be contentious and the most disruptive. It would require cutting checks to those that have already paid and billing those whose populations went up. There are a few strong advocates for this approach. A switch mid-budget may assist some library boards whose populations fall. Cold Lake makes a good example as the municipality whose population falls the most in absolute numbers (775).

**COLD LAKE:**

2016 population = 15,736  
Levy = \$83,588.16  
Rural Services Grant = \$23,034.12  
M.D. Bonnyville Book Allotment = \$8,535.29  
Cold Lake Book Allotment = \$33,832.40  
New provincial operating grant = \$92,782

Total income after NLLS levy = \$74,595.65

2019 population = 14,961  
Levy = \$79,442.91  
Rural Services Grant = \$21,367.87  
M.D. Bonnyville Book Allotment = \$8,138.43  
Cold Lake Book Allotment = \$32,166.15  
New provincial operating grant = \$92,782

Total income after NLLS levy = \$75,011.54

Switching to the 2019 population numbers mid-budget would net Cold Lake Public Library \$415.89.

**3)** Charge levies in 2023 on the lesser population between 2019 and 2016. This would largely wipe out the gains in provincial funding for the system in 2023. However, it would likely be the least contentious.

**The Levy.** According to our agreement, the system levy is tied to the

population used by the provincial government to calculate library operating grants. This update to the 2019 numbers comes mid-budget, and all but one of our municipalities have already paid their 2023 levy. Therefore, changing the population figures would require us to reimburse overages and bill underpayments. This could get contentious quickly. Another option would be to adopt a one-time charging model on the lowest of the two numbers 2016/2019. This would mean cutting checks to municipalities that have already overpaid and ignoring any “underpayments.” When library boards are billed in June, we could likewise use the 2019 or 2016 populations, whichever is lower. This would come at a cost to the system of **\$35,354.20** overall. This seems like the least disruptive way to handle the situation, as it comes in the middle of an already approved budget.

**The Rural Services Grant.** Where NLLS acts as the board for a municipality (generally counties), we receive a grant of \$5.55/resident (now \$5.60/resident). This is now based on the 2019 population list. This money is redistributed to libraries as per the instructions of the municipality (minus a 1% administration fee). As a result of the change to 2019 numbers, some library boards will see a decrease in funding from their counties. However, the province has ensured that this grant will increase by at least 5%. This is a total of \$358,574. As a result of that minimum 5% increase, we could consider ensuring that every library gets at least the 2016 funding they budgeted for this year. This would come at a cost to the system of **\$908.43**.

**The Book Allotment.** The shift to the 2019 population also has an impact here. The overall impact is an additional \$1,803.85 entering the book allotment fund. However, changing this capital budget mid-year will disrupt our financial tracking. Each library has an individual account, which would need to be adjusted by \$2.15 for every person gained or lost by the population change across 49 accounts. If we choose to use the lower of the two populations for the levy, the logical step would be to recalculate the book allotment accordingly. We might also choose to leave the Book allotment as already constituted. That option would leave \$1,803.85 of new money in the system's revenue.