
2017 OPERATING BUDGET BRIEFING NOTE

TO Prosperity: Toronto Poverty Reduction Strategy

Issue/Background:

In 2015, City Council approved *TO Prosperity: Toronto Poverty Reduction Strategy* (PRS), a 20-year plan focused on Housing Stability, Service Access, Transit Equity, Food Access, Quality Jobs & Liveable Incomes, and Systemic Change. *TO Prosperity* contains 17 recommendations linked to a set of actions to be carried out over a twenty-year period. Annual work plans identify initiatives that implement these actions.

As requested in the Budget Committee meeting of December 16, 2016, this briefing note identifies the financial implications to fund initiatives included in the 2017 PRS Work Plan.

Key Points:

1. The 2017 Work Plan includes 75 initiatives that will be implemented within existing resources.
 - a. 23 of these initiatives have a combined financial impact of \$56.2M (gross), \$5.6M (net); they are funded through existing resources, including 2016 PRS investments that are now part of the City's base budget; funding from other orders of government; and external partnerships.
 - b. The remaining 52 initiatives focus on the development of policies, the improvement of ongoing programs, and the piloting of new approaches to service delivery. These initiatives advance the City's commitment to driving systemic change by prioritizing poverty reduction actions and making them part of the City's day-to-day work.

Details of the 23 initiatives totalling \$56.2M gross and \$5.6M net in the City's 2017 base budget are included in Table 1, noted below.

Table 1

Division	Initiative	Approximate Operating Budget Impact (\$000)		
		Gross	Net	Comments
SDFA	Mayor's Task Force on Community Housing/Tenants First	\$658	\$0	Social Housing Stabilization reserve
SDFA	High-Rise Retrofit Improvement Support Program (Hi-RIS)	\$6,713	\$0	Local Improvement Charge Energy Works Reserve fund
SSHA	Housing Allowance Programs	\$21,288	\$0	Provincial funding
AHO	New Affordable Rental and Ownership Housing (City Incentives)	\$12,900	\$0	Waived fees/charges & property taxes, provision of surplus City land
TPL	Library Digital Innovation Hubs and Portable Pop-ups	\$100	\$100	
TPL	Internet Wi-Fi Hotspot Lending	\$100	\$100	
TPL	Library Sunday Service Expansions	\$557	\$557	
TPL	Expansion of Youth Hubs Program	\$200	\$200	
PFR	Affordable Access to Recreation Initiatives	\$1,116	\$1,116	Foregone revenue from converting York Community Centre from a planned fee based centre to a centre where programs are free
PFR	Youth Spaces Expansion Phase 3	\$446	\$446	
SWMS, SDFA	Garbage Bag Tag Program for Toronto's Most Vulnerable People	\$0.7	\$0.7	
TESS, TPH	Dental Service Expansion to Ontario Works Clients	\$250	\$7	Provincial funding 97.2% & Property tax 2.8%
SSHA	Enhanced Tenant Supports	\$75	\$75	
TPH	Student Nutrition Program	\$1,614	\$1,505	\$109K Reserve funded
TPH	Toronto Urban Health Fund	\$207	\$52	75% Provincial funding
TPH, TS SDFA, CP	Healthy by Design: Active Apartment Neighbourhoods Project	\$25	\$0	Federal funding
TESS	Intensive Case Management Pilot	\$500	\$500	
TESS, PFR TPH, TPL, CS	Investing in Families	\$8,046	\$0	\$6.5M National Child Benefit Supplement Reserve Fund and \$1.5M Provincial funding
TESS & TPS	Paramedic Training Program	\$350	\$9.8	Provincial funding 97.2% & Property tax 2.8%
SDFA	Toronto Youth Partnership & Employment Program	\$775	\$775	
SDFA, EDC, PMMD,	Social Procurement Program	\$66	\$66	
SDFA	AnchorTO – Community of practise	\$62	\$0	External funding
SDFA, EDC	Community Hubs	\$110	\$110	
TOTAL		\$56,160	\$5,620	

2. The City is considering \$36.2M (gross), \$35.2M (net) of additional funding for the Poverty Reduction Strategy (PRS) as part of the 2017 Preliminary Operating Budget review process. These investments fall into two categories, and are noted in Tables 2 (a) and 2 (b) below.
 - a. Incremental operating impacts of 2016 PRS investments required for the full operation of initiatives started last year; \$32.4 (gross), \$31.5M (net) have been earmarked in the 2017 Preliminary Operating Budget for this purpose.
 - b. Eight initiatives in the 2017 PRS Work Plan that require a total of \$3.8M (gross), \$3.7M (net) in new funding, and which have not been included in the 2017 Preliminary Operating Budget.

Table 2a below for \$32.4M gross and \$31.5M net summarizes the incremental/annualization of 2016 PRS initiatives included in the 2017 Preliminary Operating Budget.

Table 2a

Division	Initiative	Incremental /Annualizations Included in 2017 Preliminary Base (\$000)		
		Gross	Net	Comments
PFR	Youth Spaces Expansion Phase 3	\$7	\$7	
SDFA	Social Procurement - Cost Share with Purchasing	\$12	\$12	
SDFA	AnchorTO – Community of practice	\$88	\$0	External funding
SSHA	Additional operating subsidy to TCHC	\$31,200	\$31,200	
TPH	Student Nutrition Toronto - Cost of Food Inflation	\$140	\$249	Reversed 2016 one time reserve fund revenue to fund 2016 inflation in 2017 for \$109K
TPH	Healthy by Design: Active Apartment Neighbourhoods Project	\$919	\$0	Federal Funding
TPH	Toronto Urban Health Fund - Inflation Increases	\$33	\$8	75% Provincial funding
Treasurer PMMD	Support for the Social Procurement Initiative	\$12	\$12	
TOTAL		\$32,411	\$31,488	

Table 2.b below for \$3.8M (gross), \$3.7M (net) details the 2017 PRS Work Plan initiatives that require new funding but have not been included in the 2017 Preliminary Operating Budget.

Table 2b

Division	Initiative/Deliverables	City Financial Impact (\$ 000)		
		Gross	Net	Comments
CS	Add 75 new child care fee subsidies	\$750	\$750	
TPH	Student Nutrition Program-Strengthen Current Program	\$1,145	\$1,145	
TPH	Student Nutrition Program - Expansion	\$958	\$958	
TPH	Toronto Urban Health Fund –Year 3	\$150	\$38	75% Provincial funding
TPL	Internet Wi Fi hotspot lending enhancement	\$300	\$300	
TPL	Expansion of Youth Hubs Program	\$234	\$234	
TPL	Youth Hubs Programming Costs	\$153	\$153	
TPL	Sunday open hours - year round service	\$139	\$139	
TOTAL		\$3,829	\$3,717	

- As noted in Table 3 below, the City is considering \$93M in additional PRS investments in the 2017 Preliminary Capital Budget. (\$38M of Federal and Provincial funding and \$55M of City funding).

Table 3

Division	Initiative	Approximate Capital Investments (\$000)	
		Cash flow in 2017	Comments
SSHA	Shelter Capacity Expansion (George Street Revitalization)	\$28,432	\$12.7 Debt; \$15.7 Social Housing Stabilization Reserve Fund
AHO*	New Affordable Rental & Ownership Housing, and Toronto Renovates	\$56,801	Federal, Provincial, and City (DCRF & CRF) funding
SSHA	389 Church Street Renovation	\$4,400	Debt
PFR	Wi-Fi in Public Spaces	\$100	City-Wide Parkland Development Cash-in-lieu reserve fund
S DFA	Partnerships Opportunities Legacy (POL) Fund	\$3,398	Debt
TOTAL		\$ 93,131	

Note: *AHO capital investments are included in the 2017 Preliminary Operating Budget for SSHA as grants to third parties.

- The *Fair Pass: Transit Fare Equity Program for Low-Income Torontonians*, approved in December of 2016, will be referred to the 2018 Budget Process. The estimated cost of the

first phase of the program is \$4.6M. The program has an estimated total cost of \$48.2M; subject to Council approval, full implementation will be completed in 2021.

5. Year-to-Year PRS investments are described in Table 4 below. The total cost of implementing annual work plans includes operating and capital expenditures, one-time and ongoing initiatives, implemented with existing resources and new funding.

2015, the first year of the PRS, did not have a work plan, but \$25.9M (gross), \$18.3M (net) of new funding was invested in key poverty reduction initiatives; \$28.7M (net) has been included in the base operating budget for the continuation of ongoing 2015 initiatives, such as the elimination of TTC fares for children 12 years of age and under, the expansion of Recreation Centers Where Programs Are Free, and the addition of 184 child care fee subsidies.

The total cost of implementing the 2016 PRS Work Plan was \$181.6M (gross), including \$78.6M (gross), \$77.8M (net) of new funding. The estimated total cost of implementing the 2017 PRS Work Plan is \$185.6M, including \$35M (gross), \$34.9M (net) of new funding.

Table 4 – Year-to-Year PRS Investments

Year	Total cost of the implementation of annual Work Plan (operating gross and capital cash flow)	New & Enhanced Initiatives		PRS Base Budget Increase
		Gross	Net	
2015	-	\$25.9M	\$18.3M	\$17.2M
2016	\$181.6M	\$78.6M	\$77.8M	\$88.1M
2017	\$185.6M*	\$35M*	\$34.9M*	\$35.2M*

* Pending Council approval

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