

Equity Responsive Budgeting

Date: April 30, 2018

To: Executive Committee

From: Executive Director, Social Development, Finance and Administration; Director, Human Rights, Equity & Diversity; Executive Director, Financial Planning

Wards: All

SUMMARY

The report provides an overview of the City of Toronto's progress on incorporating an equity and gender analysis into the City of Toronto's budget process. The report highlights how the use of the City's Equity Lens, which has a strong gender component, has been and will be used to support the City's budget process and Council's decision-making regarding equity priorities and resource allocation. Additionally, the report identifies three key City strategies that provide an opportunity to address gender inequity and specific needs of diverse women and girls in Toronto.

RECOMMENDATIONS

The Executive Director, Social Development, Finance and Administration, the Director, Human Rights, Equity & Diversity and the Executive Director, Financial Planning recommend that:

1. Executive Committee receive this report for information.

FINANCIAL IMPACT

There are no financial implications resulting from the adoption of this report.

Resources required to deliver the work plan for Equity Responsive Budgeting are included in the 2018 Operating Budget for Social Development, Finance & Administration.

Activities that may emanate from delivering the work plan that further integrate equity impact measures into the budget process will be absorbed within the existing and future year program budgets.

The Interim Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

EX16.37 - 2017 Budget Process - Budget Directions and Schedule

On July 12, 2016, Toronto City Council requested, as part of the Capital and Operating Budget process that the City Manager and the Deputy City Manager and Chief Financial Officer:

- a. incorporate a gender equity perspective into the design, development, adoption and execution of all budgetary processes, in order to promote equitable, effective and appropriate resource allocation and establish adequate budgetary allocations to support gender equity and development programmes which enhance women's empowerment and develop the necessary analytical and methodological tools and mechanisms for monitoring and evaluation;
 - b. restructure and target the allocation of public expenditures to promote women's economic opportunities and equal access to productive resources and to address the basic social, educational and health needs of women, particularly those living in poverty;
 - c. make efforts to systematically review how women benefit from public sector expenditures; adjust budgets to ensure equity of access to public sector expenditures, both for enhancing productive capacity and for meeting social needs;
 - d. conduct reviews of city service delivery systems to eliminate any existing bias against women; and
 - e. facilitate, at all levels, more open and transparent budget processes.
- <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.37>

EX. - 2018 Budget Process - Budget Directions and Schedule

On May 24, 2017, Toronto City Council, requested, as part of the Capital and Operating Budget process that City Programs and Agencies report on the equity impacts of the recommended efficiencies and service level changes included in the 2018 Operating Budget, with particular focus on the gender impact of these budget change proposals and the impact on persons with low-income.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.18>

EX31.2 - 2018 Capital and Operating Budgets

On February 12, 2018, Toronto City Council requested, as part of the 2018 of the Capital and Operating Budget, the Manager, Equity, Diversity and Human Rights to

consult with experts in gender-based analysis including those from the federal government and universities, City staff, community agencies serving women, including those with complex, intersecting identities, and gender-diverse members of equity-seeking groups and vulnerable populations, and report to the May 14, 2018 Executive Committee meeting on the creation and implementation of a comprehensive Gender-Responsive Budgeting process with an intersectional lens that would develop a more transparent, accountable budget process, aimed at increasing equity, access to economic opportunities and utilizing data to better allocate resources.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

COMMENTS

An Emerging Practice

In many jurisdictions, governments have adopted various models of equity budgeting, the most common of which is gender budgeting. Equity and gender budgeting is an approach to budgeting that emphasizes the protection and promotion of equity priorities through the budget process. Put simply, equity budgeting provides an opportunity to: i) examine how expenditures and revenue collection decrease, maintain and/or increase inequities, and ii) guide budget processes and decisions to explicitly support the reduction of inequities.

Almost half of the countries in the Organization for Economic Cooperation and Development have introduced or are planning or considering introducing some form of gender budgeting.

In most jurisdictions, gender budgeting is a tool used to support clear gender equity priorities with explicit policy objectives. For example, Canada's 2018 Federal Budget included a strong emphasis on gender equity. The Federal Budget introduced a new Gender Results Framework with six key pillars: i) Education and Skills Development, ii) Economic Participation and Prosperity, iii) Leadership and Democratic Participation, iv) Gender-Based Violence and Access to Justice, v) Poverty Reduction, Health and Well-Being and vi) Gender Equality Around the World. The Framework also includes indicators to track success and/or failure in addressing these priority areas.

In addition to establishing gender equity priorities, the Federal Budget also strengthened the use of the Federal Government's Gender-based Analysis Plus (GBA+), a tool that supports gender-based analysis of policy options and decisions across a range of intersectional lenses. The federal government has also committed to take a proactive approach to integrating GBA+ throughout the program cycle of the National Housing Strategy released on November 22, 2017

At the provincial level, the Government of Ontario included a statement about the 2017 Budget's impact on women and girls.

Gender and equity budgeting is related to and dependent on strong analytical tools that can be used in budget processes, as well as more broadly in policy and program

development. For example, at the provincial level, tools are currently under development to support program and policy analysis through an anti-racism lens.

In the international arena, as G7 President for 2018, Canada is using the opportunity to promote a G7 Agenda that includes an emphasis on gender equality. Canada has established the Gender Equality Advisory Council for Canada's G7 Presidency which is mandated to promote a transformative G7 agenda and support Leaders and ministers in ensuring that gender equality and gender-based analysis are integrated across all themes, activities and outcomes.

Benefits of Equity and Gender Budgeting

There are two primary benefits to equity and gender budgeting. Firstly, the application of an equity or gender lens in the budget process provides analysis of how different people will be impacted differently by budget decisions. The application of an equity or gender lens allows the specific barriers faced by different equity seeking groups to be considered, as well as the specific needs of those groups. The analysis can reveal both negative and positive equity impacts, which may be intended or unintended. This analysis can prompt the development of mitigation strategies and inform decision making in the budget process.

Secondly, where there are clear equity goals or priorities, equity or gender budgeting can inform the allocation of resources in support of the established equity goals or priorities or related policy objectives.

Distinguishing between Gender Budgeting and Equity Budgeting

Gender budgeting focuses on the needs of diverse women and girls and barriers they face to equity. The gender-based analysis which supports gender budgeting generally recognizes that identities are complex. For example, gender intersects with race, class, sexuality, age and ability significantly impacting how gender is experienced. This is often referred to as an intersectional gender analysis.

Equity budgeting focuses on the needs of women and girls, as well as other equity-seeking groups. This is the approach the City of Toronto used in the 2017 and 2018 budgets. It was determined that given the diversity of Toronto's population, the inequities and polarization in Toronto and the City's existing equity priorities, applying an equity lens that includes a significant and mandatory gender component, provides the most thorough and relevant analysis.

Incorporating Equity Budgeting into the City of Toronto Budget Process

The City of Toronto develops its annual budget in a transparent manner. Through a public process, a staff-prepared preliminary budget provides budget proposals which form the basis of extended public debates. The staff-prepared preliminary budget is developed based on Council direction given at the beginning of the budget process. Through the City's budget process, proposals are rejected, amended and added. A final budget is developed through the public budget process and approved by Council. In

contrast, for example, Canada's Federal Budget is developed and presented to Parliament in its final form, often reflecting new policy priorities and investments.

The City of Toronto has taken a phased approach to incorporating equity into its budget process. The focus of the City's approach has been the application of an equity lens to generate analysis regarding positive and negative equity impacts and thereby support Council's decision-making. The City's approach to incorporating equity has not been to direct resource allocation beyond that which is consistent with existing Council-approved equity strategies and service plans.

- For the 2017 budget (operating only) process, an External Review Panel, comprised of academics and community members with equity expertise, analyzed and reported on the potential equity impacts of proposed service level changes.
- For the 2018 budget (operating only), there were significant enhancements resulting in substantial progress being made to integrate equity impact measurements into the City's budget process.
 - An Equity Lens for the 2018 budget tool was developed. Training sessions on how to apply this tool were made available to all Programs and Agencies.
 - All Programs and Agencies were directed to apply the Equity Lens for 2018 Budget tool to all proposed efficiencies and service level changes in their 2018 Operating Budgets. The application of the Lens enabled potential equity impacts to be identified and an Equity Impact Statement to be generated.
 - Equity impact assessments were incorporated into the City's operating budget system.
 - An interdivisional staff working group was convened to review the application of the Equity Lens for the 2018 budget and the resulting analysis.
- For the 2019 budget, priority will be given to increasing staff capacity to conduct an equity impact analysis and incorporating Equity Impact Statements in the Programs' Operating Budget Notes. Increased staff training as well as support to staff throughout the process will be available. The focus of the analysis will remain on changes in the Operating Budget (investments and reductions). This high level analysis will highlight how changes in the Operating Budget are impacting existing equity priorities and strategies. Also in 2019, a relevant existing, Council-approved capital project will be identified to pilot the application of an equity impact analysis. Additionally, the appropriate criteria and methodology will be established. Furthermore, staff will engage with external stakeholders and experts regarding the most useful ways in which to involve external experts in the equity responsive budgeting initiative.
- For the 2020 budget, priority will be given to including an Equity Impact Statement regarding the changes (investments and reductions) in the City Operating Budget as a whole. This high level analysis will build upon previous years' work to highlight, at a City level, how changes in the Operating Budget are impacting existing equity

priorities and strategies. In 2020, the pilot of the application of the equity impact analysis on a capital project will be completed.

Online Equity Lens

The Equity, Diversity & Human Rights Division is launching an online Equity Lens in late Q3, 2018. The tool, which updates the City's existing Equity Lens, promotes and supports equity-based analysis for all projects, in all stages, including the budget.

The online Equity Lens will be used to analyze budget proposals. Analysis of the impacts of proposals on women, and persons with low-income is mandatory.

Future phases will also benefit from an Intersectional Gender Analysis Guide being developed by the Equity, Diversity & Human Rights Division. The purpose of the Intersectional Gender Analysis Guide is to help staff learn more about gender and equity and assist them in applying this knowledge to program and policy development, implementation and evaluation. The Intersectional Gender Analysis Guide will draw attention to the way intersectionality, gender and equity are framed and assist divisions in more effectively responding to the challenges of the increasingly diverse population that the City serves. Gender experts will be consulted in the development of the Guide which will be embedded within the online Equity Lens.

Existing Council-approved Equity Strategies

City Council has approved several strategies, action plans and policies with significant equity impacts. These include: the Toronto Poverty Reduction Strategy, the Action Plan to Confront Anti-Black Racism, the Toronto Strong Neighborhoods Strategy, the Community Grants Policy, the Seniors Strategy, the Newcomers Strategy, the Youth Equity Strategy, the Housing Opportunities Toronto 2010-2020 Action Plan and the Welcome Policy. These strategies reflect a range of different equity goals and prioritize the needs of a range of equity-seeking groups.

The City of Toronto does not currently have a strategy focussed solely on gender-equity, although many of the aforementioned strategies provide an opportunity to establish specific actions to address specific needs and inequities experienced by diverse women and girls in Toronto.

While the use of the online Equity Lens should be considered in the development, implementation and evaluation of all City strategies, programs and policies, three key strategies that are currently under development have been identified as ones with significant potential to address gender inequity and barriers faced by diverse women and girls in Toronto. These three strategies will apply an explicit gender analysis that will inform the development, implementation and evaluation of their objectives and actions: the second term action plan of the Toronto Poverty Reduction Strategy, the third phase of the Toronto Strong Neighbourhoods Strategy and the Housing Opportunities Toronto Action Plan 2020-2030.

Disaggregated Data Strategy

To make informed decisions that promote and protect equity, the City requires disaggregated data that will contribute to a greater understanding of the critical issues and barriers faced by equity-seeking groups and Indigenous peoples as well as opportunities to address them. Disaggregated data collection, analysis, and reporting is the practice of examining smaller units of data within a larger, aggregated data set. Disaggregated data can also help answer questions about who is using and benefitting from City services and programs, and can inform needs assessments of priority equity-seeking groups and Indigenous peoples.

A report entitled "Supporting Equity Goals with Disaggregated Data" will be submitted to Executive Committee at its May 14, 2018 meeting. The report provides a framework that outlines the scope and core principles of a Disaggregated Data Strategy that will support the City's capacity to acquire, access and analyze disaggregated data in support of its equity goals and service delivery objectives.

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