
2016 OPERATING BUDGET BRIEFING NOTE

Toronto Poverty Reduction Strategy

Issue/Background:

In October 4, 2015, City Council unanimously approved *TO Prosperity: Toronto Poverty Reduction Strategy*, a 20-year plan to advance equity, opportunity and prosperity for all Toronto residents. The Strategy contains 17 recommendations, each linked to a set of actions to be carried out over a four-year period. The 2015–2018 Term Action Plan contains 71 actions. Annual work plans detail services and programs that materialize actions. This briefing note lists budget requests for the 2016 Work Plan.

Key Points:

The 2016 budget process will encompass consideration of \$183.3M in funding for poverty reduction services, programs, and capital infrastructure: \$90.1M included in the Preliminary Budget, \$73M for essential services previously funded by reserves funds and the Province, and \$20.2M for new and enhanced services that have been referred to the Budget process. The sections below detail each of these categories in turn.

1. Funded Services included in the 2016 Preliminary Budget: \$90.1M

1.1 2015 Annualized costs: \$36.5M gross

In 2015, the City invested \$25.9M gross, \$18.3M net, in programs and initiatives which are already in place, assisting working parents, youth, and low-income residents. The 2016 Preliminary Budget includes funding of \$36.5M gross, 28.7M net, to ensure maintenance of these programs and services. Attachment A shows the full list of 2015 investments and annualized costs, examples include:

- Children 12 and under ride the TTC for free (\$12.5M)
- Expansion of ARC (After-School Recreation and Care) Program (\$1.1M)
- Expansion of Community Centres Where Programs are Free (\$4.4M)

1.2 New and Enhanced Programs and services included in the 2016 Preliminary Operating Budget: \$39.8M

A sizable investment in housing stability - a key pillar of *TO Prosperity* is included in the 2016 Preliminary Operating Budget. Three strategic housing investments add to \$38.8M. Council also approved support for the successful settlement of Syrian refugees, and funding for the expansion of programs at the new Regent Park Community Centre.

- New affordable rental housing (\$31.2M)
- New affordable ownership (\$1.5M)
- TO Renovates (\$6.1M)
- Syrian Refugee Resettlement (\$0.58M)
- Expansion of programs at Regent Park Community Centre (\$0.4M)

1.3 Capital Budget Requests: \$13.8M

Recognizing the importance of building the social infrastructural necessary to support City residents, three investments in capital infrastructure totalling \$13.8M have been included:

- Community infrastructure in Neighbourhood Improvement Areas (\$2.7M)
- Affordable housing for women and children at 389 Church Street (\$6.1M)
- Renovation of the Wellesley Place Employment & Social Service (\$5M)

Items included in the 2016 Preliminary Budget are consistent with the Financial Impact section of the Poverty Reduction Strategy staff report.

2. Financial Sustainability of Essential Services: \$73M

The City provides many services and programs vital for the wellbeing of Torontonians. Cutting such services puts numerous individuals and families at risk. Mindful of this, a portion of poverty-related budget requests is aimed at ensuring financial sustainability of services that have, until recently, relied on reserve funds or funding from the Province, but which will no longer be provided unless included in the tax-based operating budget.

2.1 Shelter Support and Housing Administration: \$72.1M

When the Ontario Government downloaded public housing costs to municipalities a reserve fund was established to cover transition costs. In 2008 the Province launched a pooling compensation grant to replace funding previously provided by neighboring municipalities to mitigate the high cost of downloaded services on the City of Toronto. Over the past decade, these funds have been used to fund the annual budget shortfall for Shelter Support and Housing Administration. The Province phased-out the Toronto Pooling Compensation grant over a 3-year period (2014-2016). As well, the projected reserve balance is insufficient to fund the ongoing annual budget shortfall. The 2016 Preliminary Budget includes the transfer of these funds to the property tax base. This is a significant, new commitment of City resources to public housing.

- Shifting from reserve to tax support, Shelter Support and Housing (\$34.2M)
- Compensating the withdrawal of the Pooling Compensation Funding (\$37.9M)¹

¹ Pressure moved to Non-Program Budget in 2015; Council approval through the 2015 Q4 Variance report.

2.2 Children's Services: \$0.9M

Similarly to Shelter Support and Housing Administration, a portion of the Children's Services annual budget has been funded from reserve. The 2016 Preliminary Budget includes the first year of a five- year strategy to move the reserve funded portion of the budget to property tax funding.

- Shifting from reserve to tax support, Children's Services (\$0.9M)

3. New and Enhanced Items Referred to the 2016 Budget process: \$20.2M

City staff identified several new services, programs, and initiatives that can make a direct impact on poverty reduction, as well as opportunities to enhance existing high-impact programs. Toronto Community Housing Corporation, in response to the Mayor's Task Force on Toronto Community Housing Interim Report, put forward recommendations totaling \$13.7M. Attachment B presents the full list of a wide-range of initiatives that comprise the remaining \$6.5M gross, \$5.7M net, examples include:

- Enhanced cold weather drop-in service (\$0.416M)
- Investments in youth employment (\$1M)
- Expansion of the Student Nutrition Program (\$1.6M)

4. Deliverables Within Existing Resources

Additionally, the City is prioritizing the delivery of the following social policy and programs within existing resources:

- *Housing Stability*: The Mayor's Open Doors Program, The Housing Opportunities Program
- *Service Access*: Children's Services Capital Plan, License Childcare Growth and Demand Study, and Dental Service Expansion for Ontario Works Adults
- *Transit Equity*: A Transit Fare Equity Framework to make transit more affordable for low-income residents
- *Food access*: A New Food Reach Portal, the Food Starter Incubator for food entrepreneurs, and the Piloting of Community Engagement and Entrepreneurship Development (CEED) Gardens in Hydro Corridors
- *Quality Jobs and Livable Incomes*: A Social Procurement Program, Expansion of the Partnership to Advance Youth Employment (PAYE), a Community Benefits Framework, and a Quality Jobs Assessment Tool and Living Wage Standard
- *Systemic Change*: The elaboration of a monitoring and evaluation system for City-wide initiatives, including the Poverty Reduction Strategy

Questions & Answers:

How much will be invested in poverty reduction in 2016?

The 2016 Preliminary Operating and Capital Budgets include \$163.1M of investment in poverty reduction services, programs and capital infrastructure.

What kinds of investments will be made?

Investments that our community partners have asked the City to commit to now that we have a poverty reduction strategy. There are clear alignments between the priorities of the community and the areas of investment the City is making in the Preliminary Budget, as well as what the City is prioritizing within existing resources.

What about housing and child care?

Continued investments in child care, rent subsidies, and affordable housing are important City priorities; we continue to work with other orders of governments on these issues.

What about transit?

In 2016, \$12M will be invested to support children 12 and under to ride free on the TTC. City staff will also be coming forward with a Transit Fare Equity Strategy with how best to achieve affordable transit for low income Torontonians with the introduction of Presto in 2017.

What is the City doing within existing resources?

The City is delivering a range of new initiatives in 2016 that will have measurable impact on the lives of low income residents. We are prioritizing new policies and programs within our existing resources to achieve the Mayor's Open Door Program; expand dental services for adults on Ontario Works; complete the Growth and Demand Study for License Child Care; launch a Food Starter Incubator for food entrepreneurs; and deliver a new Community Benefits Framework and Social Procurement Program to better use our existing procurement to achieve workforce development and inclusive economic growth.

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ATTACHMENT A: 2015 INVESTMENTS AND ANNUALIZATIONS							
Theme	Division	Initiative	Poverty Reduction Investment (\$ 000)				Comments
			2015 Gross Allocation	2015 Net Allocation	2016 Annualized Gross	2016 Annualized Net	
2015 Approved Base Operating Budget, New & Enhanced							
Housing Stability	MLS	Multi-Residential Building Audit Program	1,446.0	1,446.0	1,666.0	1,666.0	
	SSHA	Drop-ins (2 New 24 Hour Drop-ins for Women)	2,250.0	0.0	3,000.0	0.0	CHPI Funded
	SSHA	Shelter (54 beds for LGBTQ)	600.0	0.0	1,200.0	0.0	CHPI Funded
	SSHA	Shelter (Increase Capacity by 127 bed nights)	2,500.0	0.0	2,500.0	0.0	CHPI Funded
	SSHA	Housing Allowance (Funding Increase for Toronto Housing Allowance Program)	1,072.0	0.0	1,072.0	0.0	CHPI Funded
	SSHA	Warming Centres (Enhanced Services)	240.0	0.0	240.0	0.0	CHPI Funded
	SSHA	Housing (Purchase of Service Subsidy Increase - 3 Shelters)	706.6	0.0	706.6	0.0	CHPI Funded
	SSHA	Shelter - Kennedy House Youth Shelter Investments	221.6	0.0	100.0	0.0	CHPI Funded
Access to Services	PFR	Priority Centre (Expansion to 16 Locations)	2,443.1	2,443.1	3,303.1	4,403.1	
	PFR	Youth Lounges (4 New Sites)	338.0	338.0	716.0	716.0	
	PFR	After-School Recreation & Care (ARC) (8 Sites)	358.0	358.0	817.7	732.8	
	SWM	Waste Diversion Waiver (Fee Relief for CIROs)	892.0	892.0	892.0	892.0	
	SDFA	Community Partnership Grants Inflationary Increase	386.7	386.7	796.5	796.5	
	PFR / CS	After-School Recreation & Care (ARC) (10 Sites)	760.0	760.0	1,160.0	1,160.0	Funded by CS
	CS	Child Care Subsidy Increase (Additional 184 subsidies)	3,371.0	3,371.0	3,438.0	3,438.0	
Quality Jobs	TESS / TPS	Paramedic Training (Primary Care Paramedic Training Program for Low Income Clients)	300.0	300.0	0	0	One-time only
Transit Equity	TTC	Eliminate Child Fare (Ages 2-12)	5,411.0	5,411.0	12,511.0	12,511.0	
Food Access	T PH	Student Nutrition Inflationary increase	381.9	381.9	381.9	381.9	
2015 Approved Base Operating Budget, New & Enhanced			23,677.9	16,087.7	34,500.8	26,697.3	

ATTACHMENT A – continuation							
Theme	Division	Initiative	Poverty Reduction Investment (\$ 000)				Comments
			2015 Gross Allocation	2015 Net Allocation	2016 Annualized Gross	2016 Annualized Net	
2015 Approved Operating Base Budget Strategic Initiatives							
Housing	SSHA	Enhanced Tenant Supports	75.0	75.0	75.0	75.0	
Service Access	PFR	Youth Worker Expansion (2 New Permanent Youth Outreach Workers)	130.0	130.0	146.0	146.0	
	PFR	Enhanced Youth Spaces, Phase 2 Expansion (3 out 10 new sites)	400.0	400.0	537.0	537.0	
	SDFA	Neighbourhood Improvement Area Resident Engagement	207.0	207.0	0.0	0.0	
	TESS	Hardship Funding Inflationary Increase	26.0	26.0	26.0	26.0	
	TPL	Library Access – Fine Forgiveness Pilot	175.0	175.0	175.0	175.0	
	TPL	Youth Hubs Expansion (4 new sites)	200.0	200.0	200.0	200.0	
Quality Jobs	SDFA	Youth Arts Employment & Training Program	200.0	200.0	200.0	200.0	
	TESS	Employment Program for Single Parents	200.0	200.0	200.0	200.0	
Transit	SDFA	Seniors Community Transportation Pilot	150.0	150.0	0.0	0.0	
Food Access	TPH	Student Nutrition Expansion (Up to 27 New Schools)	356.0	356.0	356.0	356.0	
	TPH	Mobile Good Food Market	81.0	81.0	88.0	88.0	
2015 Approved Base Operating Budget Strategic Initiatives			2,200.0	2,200	2,003.0	2,003.0	
Total New & Enhanced in 2015 Approved Base Operating Budget			25,877.9	18,287.7	36,503.8	28,700.3	

ATTACHMENT B: NEW AND ENCHANCE ITEMS REFFERED TO THE BUDGET (\$ 000)				
Division	Initiative	2016 Gross	2016 Net	Comments
LTCHS	Expansion of the Homemakers and Nurses Services (HMNS) Program	750	150	
PFR	Enhanced Youth Space, Phase 3 Expansion (3 out 10 new sites)	446	446	
SSHA	Enhanced Cold Weather Drop-in service	416	416	
SSHA	Purchase of Service Rate Increases	1,124	1,124	
SSHA	Housing First Pilot Program			RFP estimated at \$0.8M
SDFA	Social Procurement - Cost Share with Purchasing	33	33	
SDFA	Toronto Youth Employment Program	633	633	
TESS	Employment Program for Single Parents	300	300	
Treasurer	Support for the Social Procurement initiative	65	33	
TPH	Toronto Urban Health Fund Budget Enhancement Year 2	150	38	
TPH	Student Nutrition Toronto Strengthen Current Programs	642	642	
TPH	Student Nutrition Toronto: Expansion to New Sites	853	853	
TPH	Student Nutrition Toronto -Cost of Food Inflation	109	109	
TPH	Toronto Urban Health Fund -Inflationary Increase	57	14	
TPL	Sunday open hours enhancement 1 -full year at 8 branches	263	263	
TPL	Sunday open hours enhancement 2 -6 new locations	294	294	
TPL	Youth Hubs - 2nd year	200	200	
TPL	Internet Wi-Fi hotspot lending	100	100	
TPL	Digital Innovation Hub	100	100	
Total		6,535	5,747	