

---

## 2019 OPERATING BUDGET BRIEFING NOTE

### Equity Impacts of Changes in the 2019 Operating Budget

---

#### Issue/Background:

As part of the equity responsive budgeting process, staff review and report on the impact that efficiencies, service level changes, revenue changes and new/enhanced services included in the 2019 Staff Recommended Operating Budget have on equity-seeking groups, with a particular focus on women and persons with low-income.

The following Briefing Note:

- Explains equity responsive budgeting,
- Outlines the process City staff used to identify the potential equity impacts of efficiencies, service level changes, revenue changes, and new/enhanced services included in the 2019 Staff Recommended Operating Budget,
- Summarizes the equity impact analysis of the proposals in the 2019 Staff Recommended Operating Budget that may have significant positive or negative impacts on equity-seeking groups,
- Highlights key feedback from the External Review Panel convened to contribute to the equity impact analysis.

Social Development, Finance and Administration in collaboration with the Financial Planning Division and Equity, Diversity and Human Rights (EDHR) Office led the implementation of the equity responsive budgeting process.

#### Key Points:

#### Equity Responsive Budgeting at the City of Toronto

Equity responsive budgeting is a process adopted in many jurisdictions across the globe that aims to ensure budget decisions support the reduction of inequities in society. In the City of Toronto, the focus of equity responsive budgeting has been on generating analysis of how changes in the Operating Budget impact different equity-seeking groups in order to inform the budget debate and decision-making process. At present, the City's approach does not direct resource allocation beyond what is consistent with Council approved equity strategies and service plans.

Equity responsive budgeting at the City of Toronto has progressed significantly since it began in 2016. Initially, a panel of subject matter experts and representatives from organizations serving equity-seeking groups analysed the equity impacts of a narrow scope of budget proposals in the Operating Budget. Since then,

- the scope of the budget under review has increased,
- City staff are undertaking the equity impact analysis and,
- equity measures have been incorporated into the analytical and reporting systems of the City's budget development process.

To support staff with the analysis, EDHR has developed an online Equity Lens Tool that helps examine the potential impact of budget proposals on equity-seeking groups, with a particular emphasis on women and persons with low income. The Equity Lens Tool also includes an intersectional lens, which allows staff to assess whether a budget proposal affects individuals that identify with more than one equity-seeking group (e.g. immigrant racialized youth). The key components of the Equity Lens Tool are included in Attachment A.

Additionally, an External Review Panel of subject matter experts and representatives from organizations serving equity-seeking groups is convened. For the 2018 and 2019 Operating Budgets, the Panel provided feedback on the equity impact statements and the potential impact of proposed budget changes. For a list of members that participated in this year's External Review Panel, see Attachment B.

## **Implementation**

All City Programs and Agencies are required to apply an equity impact analysis to budget change proposals in the Staff Recommended Operating Budget, including:

- service level reductions (reduction in existing program or services),
- new and enhanced services (new programs/services, expansion of existing programs/services),
- revenue changes (changes in user fees beyond inflation) and,
- efficiency savings (changes that produce savings and maintain or improve service levels).

For each budget proposal, staff prepare an *equity impact statement* that

- indicates whether the proposal will have a negative, positive or no impact on equity,
- identifies the affected equity-seeking group(s),
- describes how the proposal decreases or increases barriers to equity and,
- evaluates the level of impact (low, medium, high).

The analysis is intended to guide management in the development of their budgets. In 2019, there was increased engagement among middle management and senior leadership with the equity impact analysis, particularly in Community and Social Services.

The equity impact statements accompany the budget change proposals included in the Divisional Budget Notes. They are also summarized in this Budget Briefing Note, along with the feedback from the External Review Panel.

## **Challenges and Opportunities**

The 2019 equity responsive budgeting process focused on strengthening City staff's understanding and analytical capacity regarding barriers to equity in Toronto. Training sessions, an online webinar, and one-on-one support were offered throughout the budget development process. As a result, the External Review Panel noted that the quality of staff's equity impact analysis has significantly improved.

Despite these positive outcomes, the quality of analysis was not consistent across all City Programs and Agencies and it is clear that City staff require additional training and support. Furthermore, the limited use and availability of disaggregated data undermines the rigor and accuracy of the equity impact assessments. Strong equity impact analysis improves evidence-based decision-making and maximizes the use of City resources to achieve Council approved equity strategies.

## **Equity Impacts of Changes to the 2019 Staff Recommended Operating Budget**

The 2019 Staff Recommended Operating Budget includes investments that will have a positive impact on equity-seeking communities, such as, the expansion of the *Fair Pass* transit discount program, addition of child care subsidies and expansion of programs that focus on youth violence prevention and the needs of people experiencing homelessness. These proposed changes will have the greatest impact on persons with low income, vulnerable youth and women. For a comprehensive list of budget proposals with positive equity impacts, see Attachment C.

The Staff Recommended Operating Budget also avoids significant service level reductions and sustains investments made in previous years to advance Council approved equity strategies including the Poverty Reduction Strategy.

There are however, some notable changes to the Operating Budget that may deepen barriers to equity for many Torontonians. In particular, the 10 cent fare increase included in Toronto Transit Commission's Operating Budget will increase financial barriers to public transit for low income communities. For a comprehensive list of budget proposals with negative equity impacts, see Attachment D.

The equity impact of Toronto Community Housing's proposal to increase security personnel in 10 high need communities using Provincial government funding is undetermined. Staff's equity impact statement recognizes that although the proposal could increase safety for some residents at Toronto Community Housing, it could also lead to over-policing and profiling, which disproportionately affects racialized groups, including Black youth.

The Operating Budgets for the Accountability Offices do not include an equity impact analysis because the Offices determined that they were outside the purview of the equity responsive budgeting process, at this time.

The Toronto Police Service did not apply the Equity Lens Tool to the proposed changes in their Operating Budget.

**Table 1**  
**Value of Equity Impact by Budget Category**  
**2019 Staff Recommended Tax and Rate Supported Operating Budget (\$000s)**

<b>Budget Category</b>	<b>Impact Level*</b>		<b>Gross Expenditures (\$000s)</b>	<b>Net Expenditures (\$000s)</b>
<b>New or Enhanced</b>	Positive	Low	4,155.8	1,049.7
		Medium	7,663	1,809.5
		High	15,402.3	8,697.4
		<b>Total</b>	<b>27,221.1</b>	<b>11,556.6</b>
	Negative		0	0
	Undetermined		5,651.3	612.3
	No Impact		30,110.6	8,101.7
	<b>New or Enhanced Total**</b>		<b>62,983</b>	<b>20,270.6</b>
<b>Service Changes (reductions)</b>	Negative - Low		(498.8)	(497.9)
	No Impact		(16.1)	(16.1)
	<b>Service Changes Total</b>		<b>(514.9)</b>	<b>(514)</b>
<b>Efficiencies</b>	Positive	Low	(5,595.1)	(5,595.1)
		Medium	(31.8)	(31.8)
		High	0	0
		<b>Total</b>	<b>(5,626.9)</b>	<b>(5,626.9)</b>
	Negative - Low		(691.9)	(474.1)
	No Impact		(14,631.3)	(14,552)
	<b>Efficiency Savings Total</b>		<b>(20,950.1)</b>	<b>(20,653.0)</b>
<b>Revenue Changes</b>	Positive		0	0
	Negative - Low			(65.6)
	Negative – Medium		1,300	(25,811)
	No Impact		344.1	(21,714)
	<b>Revenue Changes Total</b>		<b>1,644.1</b>	<b>(47,590.7)</b>

\*For a description of the impact levels, see Attachment B.

\*\* The total expenditure for new and enhanced in the tax supported operating budget is \$54.68 million

## **Changes in the 2019 Staff Recommended Operating Budget with Significant Positive Equity Impacts**

The following section highlights the budget changes that will have a significant positive impact on equity and summarizes the analysis generated through the application of the Equity Lens Tool.

- Access to child care

Children's Services' Operating Budget improves access to child care in Toronto, in alignment with the City's Child Care Growth Strategy and Poverty Reduction Strategy. The Budget increases child care subsidies as well as service hours in one District Office. Increasing access to affordable child care allows low income women and families to use their time and resources to access employment, educational, and training opportunities.

- Access to shelter

Shelter, Support and Housing Administration's Operating Budget expands the case management service model and funds the one-time cost of a leased property, which will increase access to shelter for persons with low income, including refugees and asylum claimants. These investments will not only facilitate access to shelter space, but also enhance the services available to help people experiencing homelessness move to permanent housing with the appropriate supports. An intersectional analysis revealed that any investments in the shelter system will have a particular positive impact on Indigenous people because they continue to be overrepresented in Toronto's homeless population.

- Access to health services

Toronto Public Health's Operating Budget includes a number of enhancements that will increase access to health services for people experiencing homelessness. The enhancements focus on increasing data collection, communication, as well as public health services focused on drug harm reduction and infection prevention. The budget also increases funding for youth agencies and student nutrition programs, which aim to improve health outcomes for vulnerable youth and children.

Long-Term Care Homes and Services proposes to increase nursing hours for residents in City operated long-term care homes. The increased access to this type of specialized care will have a positive impact on vulnerable seniors, persons with low income and persons with disabilities in the City's long-term care system.

Changes to the Toronto Paramedic Services' Operating Budget includes the expansion of the Community Paramedicine Program, which treats patients at home and provides necessary referrals to other health services. The expansion will have a positive impact on persons with low income, persons with disabilities and vulnerable seniors because individuals from these equity-seeking groups are often unable to access health services, and frequently depend on 911 as their primary means of health care.

- Youth development and youth violence intervention

Social Development, Finance and Administration's Operating Budget includes significant investment in programs that support the Toronto Youth Equity Strategy, which will have a high

positive impact on vulnerable youth. The impact includes increased access to support services, life-skill and employment training for youth vulnerable to serious violence and crime. Specific programs increase access to services that focus on the needs of women and girls impacted by violence. An intersectional analysis reveals that the proposals will have a positive impact on youth living in poverty, Indigenous, Black and racialized youth.

- Access to City services and City spaces

Parks, Forestry and Recreation's Operating Budget adds 7,500 spaces in recreational programs, which will have a positive equity impact on low income families and vulnerable youth. Impacts include increasing access to healthy physical activities and creating jobs for an estimated 75 youth in Toronto.

Toronto Public Library's Operating Budget also includes investments that will increase access to City spaces and services for low income families and vulnerable youth. Additional library hours on Sundays and Youth Hubs will allow residents living in and near Neighbourhood Improvement Areas (NIAs) to access valuable resources, technology (i.e. computers, internet) and youth programming.

- Access to employment and economic development opportunities

The Operating Budgets for Toronto Employment and Social Services and Social Development, Finance and Administration include funding to implement *Rexdale – Casino Woodbine Community Benefits Agreement*, which will increase access to employment for residents with low income, women and other equity-seeking groups. The implementation of the *Community Benefits Agreement* will create employment at the Woodbine Casino and in construction trades for equity-seeking groups, including those in the local area, as well as generate economic opportunities for businesses or social enterprises that are 51% or more owned by an equity-seeking group.

Economic Development and Culture's Operating Budget also allocates funding for training and support to businesses in distressed retail areas, particularly those located in NIAs. These initiatives can have a positive impact on neighbourhoods in Toronto that face various social and economic inequities through the creation of economic development opportunities.

- Access to transit

Social Development, Finance and Administration's Operating Budget includes funding for Phase 2 of the *Transit Fair Equity Program (Fair Pass)*, which extends eligibility for TTC discounted fares to adults receiving a child care fee subsidy whose household income falls under the Low Income Measure After Tax +15%. Phase 2 of the *Fair Pass Program* will increase low-income residents' access to public transit, and as a result, their access to services, City spaces, as well as training and employment opportunities. Low-income women in particular, will be positively affected by this proposal. Female lone parent families are much more likely than the general Toronto population to have low incomes, and are disproportionately affected by the high cost of public transit in Toronto.

## **Changes in the 2019 Staff Recommended Operating Budget with Negative Equity Impacts**

The following section highlights the proposals with negative equity impacts and summarizes the analysis generated through the application of the *Equity Lens Tool*.

- Access to Transit

Toronto Transit Commission's (TTC) Operating Budget includes a 10 cent fare increase, which will increase financial barriers to transit for many low income Torontonians who depend on this public transportation to get to work, school and run necessary errands. In their equity impact analysis, the TTC noted that although the impact of the fare increase will not be fully mitigated, actions are being undertaken to lessen its impact, including:

- Full year implementation of the Two-Hour Transfer,
- Children under 12 ride free,
- Implementation of *Fair Pass Discount Program*. Customers who are eligible for this program receive a 33% discount on the adult single fare or a 21% discount on the price of a monthly adult pass.

- Access to Services

Long-Term Care Homes and Services' Operating Budget includes efficiency savings that may have a low negative impact on residents living in City operated long-term care homes. Vulnerable seniors, persons with low income, and persons with disabilities in particular might be negatively impacted due to the realignment of familiar staff and/or adjustment of familiar staff work times and/or locations that may result from these initiatives.

Similarly, efficiencies produced through Toronto Public Health's proposal to realign the program model for Tuberculous Services for New Canadians will produce temporary negative impacts for immigrants, refugees and undocumented individuals. Toronto Public Health's budget also includes savings from changing a location where seniors can access clinical services, which will have a temporary negative impact on low income seniors. The negative equity impacts of both proposals are discussed in the confidential attachments.

According to the equity impact statements of Long-Term Care Homes and Services and Toronto Public Health, the Divisions will work within existing resources to mitigate the negative impacts of these efficiencies.

### **External Review Panel – Key Comments**

The External Review Panel met twice in December 2018 to review the budget proposals and equity impact statements prepared by staff. Panel members signed confidentiality agreements to ensure information was not released before the public launch of the City Budget.

At the time of the external review, the 2019 Staff Recommended Operating Budget was not finalized and many of the proposals were still pending. The budget changes listed below were not yet incorporated in the Recommended Budget and therefore the Panel did not get the opportunity to review them:

- addition of child care subsidies,
- funding for Phase 2 of *Fair Pass Discount Program*,

- recent decision from the Toronto Transit Commission (TTC) Board to increase transit fares and,
- proposed changes to the Toronto Police Services Board's recommended Operating Budget.

Panel members recognized that in general the Staff Recommended Operating Budget avoids cuts to services that affect equity-seeking groups and protects previous years' investments in relevant programs such as child care, transit and recreation. In terms of new and enhanced services, the Panel underscored the positive equity impacts of proposals related to the implementation of the *Rexdale - Casino Woodbine Community Benefits Agreement*, youth violence prevention and services focused on the needs of people experiencing homelessness.

Overall, the Panel was enthusiastic about the evolution of the equity responsive budgeting process at the City of Toronto and the improved quality of equity impact analysis. Panel members encourage the City to continue investing in training and tools that enable staff to undertake effective equity impact analysis not only during the budgeting process, but also during the planning, implementation and evaluation stages of projects, programs and policies.

The Panel members also stressed that beyond applying robust equity impact analysis, the City needs to generate revenue to invest in equity priorities. Panel members commented that the lack of meaningful increases in revenue in the 2019 Budget limited the City's capacity to impact equity on a large scale.

The following is a summary of the key feedback collected from the Panel members as it relates to the budget change proposals recommended to Budget Committee and City Council.

- **The role of the City as an employer and job-creator**

According to the Panel, the equity impact statements accurately capture the positive role the City can play as an employer and generator of quality employment for equity-seeking groups. Parks, Forestry and Recreation's proposal to increase recreational spaces creates jobs for vulnerable youth. Proposals related to the implementation of the *Rexdale - Casino Woodbine Community Benefits Agreement* promote procurement and hiring practices that generate employment and economic opportunities for the local community, Ontario Works recipients and other equity-seeking groups. The Panel also noted that the City as an employer could have a greater impact on equity if it adopted a more intentional practice of hiring from equity-seeking groups for existing and new positions.

- **Overstating positive equity impacts**

The Panel members noted that some of the proposals overstated their positive impact on equity-seeking groups. In particular, proposals that focused on the beautification or maintenance of parks or green spaces did not differentiate between their generic impact on all Toronto residents and specific impact on equity-seeking groups. Panel members noted that this gap reflects the need to use equity impact analysis during the planning and design phases of projects that will have an impact on the City's physical landscape and infrastructure. Beautification efforts can



make public spaces more accessible and safe if equity issues are considered from the outset and equity-seeking communities are meaningfully engaged.

- **Lack of gender based analysis**

According to the Panel members, some of the budget proposals did not adequately consider the needs of women and girls either in the design of the proposed programs/services or in the analysis of their impact. Panel members commented that City staff require more capacity building in gender-based analysis particularly in the planning and implementation of strategic programs, such as youth violence prevention and shelter services, to improve equity outcomes for girls and women in Toronto.

- **Potential pitfalls of digitalization and economic development initiatives**

The Panel raised concern with the digitalization efforts at Economic Development and Culture and Toronto Public Health, which have produced efficiencies and budget savings in the Operating Budget. Panel members warned that the City's increasing use of digital media to communicate information and facilitate access to services could present barriers for low-income residents that do not have easy access to computers and internet.

The Panel also challenged the equity impact analysis of proposals in the Economic Development and Culture's budget that focused on creating economic development opportunities in distressed retail areas, some of which are located in NIAs. Although staff categorized the proposals as low positive, the Panel argued that without a proper equity impact analysis in the process of implementation, these initiatives could lead to retail gentrification or other negative social impacts such as the creation of food deserts.

- **Increased security**

Panel members were particularly concerned about several proposals in the Operating Budget for security services in City spaces that serve low income residents, including Toronto Public Health, Toronto Employment and Social Services, and Toronto Community Housing locations. According to the Panel, security guards often create unwelcome spaces and increase the stigmatization of service users, especially those who are homeless, Indigenous and/or racialized. Panel members believe this could lead to the increased criminalization of poverty and surveillance of persons with low income. These issues are further highlighted in the equity impact statements included in Facilities, Real Estate, Environment and Energy's Budget Notes.

The Panel also noted that Toronto Community Housing's proposal for increased security on its properties might undermine current and future City efforts to address youth violence and anti-Black racism. Increased security could lead to over-policing and profiling, which disproportionately affects racialized groups, especially Black youth, and could negatively impact their sense of identity as well as sense of belonging and safety in their local community.

The Panel stressed that alternative approaches to security exist and recommended that City Programs and Agencies undertake a more robust application of the Equity Lens Tool along with meaningful community consultations to help identify some of these alternative options.

- **Need for capacity building for staff in equity impact analysis**

The Panel members recognized that the quality of equity impact analysis generated by staff has significantly improved, most likely due to increased training and the availability of direct support. However, the quality of analysis was not consistent across all the Divisions and lack of disaggregated data continues to be a barrier to robust analysis.

The Panel stressed that building staff capacity to conduct equity impact analysis needs to be an ongoing priority not only for the purposes of equity responsive budgeting, but to also embed equity considerations in the planning, implementation and evaluation of all City policies, services, and assets. The consistent and accurate application of tools such as the Equity Lens advances evidence-based decision-making and can ensure that City resources are effectively and efficiently used to reduce barriers to equity in Toronto.

#### **Attachments**

Attachment A: Equity Lens Tool (print version)

Attachment B: List of External Review Panel Members

Attachment C: Changes in the 2019 Staff Recommended Operating Budget with Positive Equity Impacts

Attachment D: Changes in the 2019 Staff Recommended Operating Budget with Negative Equity Impacts

---

**Prepared by:** Joanna Duarte Laudon, Policy Development Officer, Social Development, Finance and Administration, Social Policy, Analysis and Research Unit, (416) 397-5243, [Joanna.duartelaudon@toronto.ca](mailto:Joanna.duartelaudon@toronto.ca)

**Further information:** Chris Brillinger, Executive Director, Social Development, Finance and Administration, [chris.brillinger@toronto.ca](mailto:chris.brillinger@toronto.ca)

**Date:** January 31, 2019