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2020 OPERATING BUDGET BRIEFING NOTE

Equity Impacts of Changes in the 2020 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 2020 Staff Recommended Operating Budget have on equity-seeking groups, including 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 2020 Staff Recommended Operating Budget,
- Summarizes the equity impact analysis of the proposals in the 2020 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 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. The analysis is also intended to guide management in the development of their budgets

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 impact analysis has been incorporated into the analytical and reporting systems of the City's budget development process.

Additionally, an External Review Panel of subject matter experts and representatives from organizations serving equity-seeking groups is convened. The Panel members provide feedback on the quality of 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 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.

To support staff with the equity impact analysis, staff have access to training opportunities and an online Equity Lens Tool that helps them examine the potential impact of budget proposals on equity seeking groups. The key components of the Equity Lens Tool are included in Attachment A. Staff can also access one-on-one support when crafting their equity impact statements.

Challenges and Opportunities

The 2020 equity responsive budgeting process focused on strengthening City staff's understanding and analytical capacity regarding barriers to equity in Toronto. As a result, 117 staff across different Divisions and Agencies participated in 8 training sessions related to equity responsive budgeting in the summer of 2019. This has helped generate greater awareness among budget analysts, policy staff and senior leadership of how the City's services, programs and budget decisions impact inequities in Toronto.

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 particularly as it relates to intersectional analysis. Furthermore, the limited use and availability of disaggregated data undermines the rigor and accuracy of the equity impact assessments.

Moving forward, staff are looking for opportunities to strengthen the potential of equity responsive budgeting, particularly in the context of the ongoing Budget Modernization project. Strong equity impact analysis can support evidence-based decision-making and optimize the use of City resources to achieve Council approved equity priorities.

Equity Impacts of Changes to the 2020 Staff Recommended Operating Budget

The 2020 Staff Recommended Operating Budget includes a number of investments that will have a positive impact on equity-seeking communities. Some of the investments with the highest equity impact include enhancements to the provincially funded low income senior's dental program, investment in additional recreation spaces as well as the expansion of Enhanced Youth Spaces and Youth Hubs to new locations. These proposed changes will have the greatest impact on low income families, vulnerable youth and low income seniors. 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 in the Operating Budget that may deepen barriers to equity for many Torontonians. Specifically, the 10 cent fare increase included in Toronto Transit Commission's Operating Budget will increase financial barriers to public transit for low income communities. There are no other changes to the 2020 Operating Budget that have indicated a negative equity impact.

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.

Staff did not have the opportunity to review the equity impact statements included in the Toronto Police Service Budget Notes.

Changes in the 2020 Staff Recommended Operating Budget with Significant Positive Equity Impacts

- Youth development

Several proposals in the 2020 Staff Recommended Operating Budget focus on enhancing access to City spaces that will have a positive impact on low-income youth. This includes creating four more Enhanced Youth Spaces, operated by Parks, Forestry and Recreation, and two additional Youth Hubs in Toronto Public Libraries. These spaces are free and provide youth with access to technology, programming and other services in a safe and welcoming environment.

Parks, Forestry and Recreation's Operating Budget also proposes to add 15,000 spaces in recreation programs as well as 3,250 spaces in the free "Swim to Survive" program, which will have a positive equity impact on low incomes families and youth. Impacts include increasing access to healthy physical activities, life survival skills and creating jobs for an estimated 400 youth in Toronto.

- Community safety and youth violence intervention

Social Development, Finance and Administration's Operating Budget dedicates significant resources to address the immediate needs of communities most vulnerable to serious violence and crime. Funding will support the development of a new community-based violence interruption model and the expansion of services available to residents impacted by violent and traumatic incidents, particularly youth. Resources are also allocated to the creation of the provincially mandated Community Safety and Wellbeing Plan, which will be developed in consultation with residents and community stakeholders. These investments combined intend to have a positive impact on safety and increasing access to services for communities affected by gun violence, which are predominantly racialized and experiencing higher levels of poverty.

- Experiences of discrimination and prejudice

The 2020 Operating Budget includes several investments in programs that seek to reduce the experience of discrimination and prejudice that members from equity seeking groups may experience when accessing City services. For example, the Toronto Transit Commission (TTC) is dedicating funding to the development and implementation of an anti-racism strategy as well as the creation of an independent oversight body for the Transit Enforcement Unit (TEU). Potential impacts of these measures include the reduction of racial discrimination and racial disparities in the delivery of TTC's services.

The Operating Budgets for the City Manager's Office and Social Development, Finance and Administration also allocate funding for the development and delivery of new Indigenous Cultural Competency Training and ongoing implementation of the Action Plan to Confront Anti-Black Racism. The proposals include training for City staff to help them better serve and engage Toronto's diverse Black and Indigenous communities. The initiatives also enable the City of Toronto to address some of the legacies of colonization, including anti-Black racism, and advance reconciliation with Indigenous people.

- Equity outcomes of climate actions

The Energy and Environment Division's Operating Budget includes significant investments in TransformTO and other climate change projects, which may have a positive equity impact. The projects aim to incorporate equity considerations not only in the consultation process, but also in the expected outcomes. Resources will be dedicated to increase meaningful engagement with Indigenous communities and equity seeking groups, such as low income residents and women, in the planning, development and implementation of the City's climate actions. This will ensure that the expected outcomes also benefit the needs and aspirations of these groups, such as improving access to jobs in the low carbon sector and accelerating state of good repair in residential buildings including Toronto Community Housing.

- Access to health services for vulnerable seniors

The 2020 Staff Recommended Operating Budget includes a number of enhancements that will increase access to health services for Toronto's vulnerable seniors. This includes the expansion of the provincially funded Ontario Senior Dental Care Program (OSDCP), which will allow for an additional 17,000 eligible low income seniors (65+) to receive dental treatment.

Seniors Services and Long-Term Care proposes to increase direct care hours for residents in City operated long-term care homes as part of its emotion-centered approach to care. The increased access to this type of specialized care will have a positive impact on various equity seeking groups in the City's long-term care system, particularly low income seniors with complex needs.

- Access to community participation in policy development

Social Development, Finance and Administration's Operating Budget dedicates funding to the development of policies intended to have a positive equity impact on Indigenous groups and communities experiencing higher levels of inequity. This includes the creation of an Indigenous-led Poverty Reduction Action Plan with actions specific to the needs and perspectives of the Urban Indigenous community of Toronto, which is significantly over-represented across all poverty related statistics.

The Operating Budget of the City Manager's Office funds the creation of a Gender Equity Unit within the People and Equity Division to implement a fulsome community consultation and lead the development of an intersectional gender equity strategy. The strategy aims to optimize City programs and service delivery as well as workforce initiatives to decrease inequities experienced by diverse women, girls, trans, and non-binary people in Toronto.

- Access to services in Neighborhood Improvement Areas

Various proposals in the 2020 Operating Budget direct resources to Toronto neighborhoods experiencing deep social and economic inequities, such as the \$1.351 million investment in the implementation of the Downtown East Action Plan. The Action Plan includes a number of initiatives that will increase access to City services, health services and shelter for low income

residents and persons experiencing homelessness. The Plan also aims to increase opportunities for community participation in research and decision-making including the establishment of a Lived Experience Advisory Group.

The Toronto Public Library's Operating Budget allocates funding to implement additional Sunday service at 8 neighborhood branches in existing or transitioning Neighborhood Improvement Areas. These additional library hours will enable low income families and youth living in or near Neighborhood Improvement Areas to access resources, technology (i.e. computers, internet) as well as a variety of free programming.

- Access to shelter

Shelter, Support and Housing Administration's Operating Budget expands the Streets to Homes program, which will increase access to shelter for Indigenous people and persons with low income. The program focuses on meeting the immediate health and safety needs of persons living outdoors as well as providing them with supports to move into housing, particularly during the winter months. An intersectional analysis revealed that this proposal will have a particularly positive impact on Indigenous people who continue to be overrepresented in Toronto's homeless population.

Changes in the 2020 Staff Recommended Operating Budget with Significant Negative Equity Impacts

- 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 public transportation to get to work, school and run necessary errands.

In recent years, the TTC has undertaken some measures to mitigate the impact of fare increases as part of the Toronto Poverty Reduction Strategy, including:

- Two-Hour Transfer,
- Children under 12 ride free, and
- Customers who are eligible for the Fair Pass Discount Program receive a 33% discount on the adult single fare or a 21% discount on the price of a monthly adult pass. The program is currently available to adults receiving social assistance and adult recipients of child care subsidies with household incomes under LIM+15% (15% above the national low-income measure).

It is important to note that although the 2020 Operating Budget will not expand the Fair Pass Discount Program, it does fund the design, development and acquisition of technical systems that will increase access to the discounted fares to an additional 370,000 residents in 2021. The eligibility requirements will be ultimately expanded to include *all* adults residing in Toronto with incomes below LIM+15.

External Review Panel – Key Comments

The External Review Panel met twice in November 2019 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 2020 Staff Recommended Operating Budget was not finalized. 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:

- extension of the City Building Levy,
- 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.

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 External Review Panel highlighted that the 2020 Staff Recommended Operating Budget avoids cuts to services and includes changes that will have a positive equity impact. Recognizing the pressures the City faces because of inadequate funding from other orders of government to address pressing social and economic issues, the Panel believes more investments are needed to address the mounting challenges facing Toronto residents.

In addition, Panel members suggested that the equity impact statements should contrast the budget proposals to the existing need for a City service or program, particularly if it affects equity seeking groups. For example, although the 2020 Operating Budget creates additional recreation spaces that benefit low income families, there was no information on how the proposal fares in comparison to the existing waiting list for recreation programs in Toronto. It was noted that the City's plans to better monitor and evaluate programs and services will support evidence informed decision-making that can enhance equity.

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

The External Review Panel highlighted the positive role the City of Toronto can play as an employer and creator of quality employment for equity seeking groups. This is exemplified in the proposal to create a Community Benefits Coordinator in Social Development, Finance and Administration's Operating Budget. The Coordinator will enhance the City's capacity to promote procurement and hiring practices that will increase access to employment and economic opportunities for equity seeking groups. Budget proposals related to TransformTO are also exploring opportunities to improve access to jobs in the low carbon sector for low income residents.

Panel members remarked 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.

- Opportunities to address equity in policy development

There are several proposals in the 2020 Operating Budget that allocate funding to the development of key policies that will ultimately have an impact on equity seeking groups, such as the Gender Equity Strategy and urban Indigenous-led Poverty Reduction Action Plan. The Panel members were encouraged that the proposals dedicated resources to facilitate the meaningful participation of Indigenous people and relevant equity seeking groups in the process of creating these policies. The Panel urged other policy projects in the Operating Budget such as the TTC's 5 Year Policy Fare Review to undertake a similar process of deep engagement with equity seeking groups to ensure that their needs and concerns are addressed.

- Toronto Police Services

The Toronto Police Service's Operating Budget dedicates significant funding to acquire body cameras. Although the budget proposal did not include an equity impact statement at the time of review, the Panel highlighted potential benefits and pitfalls of the proposal. Some Panel members indicated that the body cameras could deter unlawful arrests and police harassment, which disproportionately affects racialized communities. On the other hand, concerns were raised related to privacy and surveillance and the potential negative impact this can have on residents that are captured on camera.

- Equity dimensions of land development practices

In the 2020 Operating Budget there are several proposals focused on enhancing the systems that support land development processes at the city, particularly from City Planning. The budget proposals did not identify any equity impacts. Some members of the Panel believe this may be a missed opportunity since land development practices are contributing to various inequities in Toronto, particularly as it relates to affordable housing. Similarly, proposals to enhance heritage planning did not identify any equity impacts, which prompted questions on whether the preservation of Indigenous heritage is included in these planning services.

- Investment to address the potential pitfalls of digitalization

Similar to feedback in previous years, the Expert Review Panel underscored that the City of Toronto needs to support certain equity seeking groups with digital literacy particularly as the City increases its use of digital media to communicate information and facilitate access to services. In particular, the Panel was concerned with low income seniors and their vulnerability to the predatory nature of the digital world. For this reason, the Panel indicated that the Toronto Public Library's proposal to invest in Digital Safety and Literacy Programming in the 2020 Operating Budget was a step in the right direction.

- Feedback on equity responsive budgeting process

The External Review Panel also provided feedback on ways to improve the process of equity responsive budgeting as well as enhance the equity impacts of the City's budgets. Although equity responsive budgeting has strengthened the capacity of staff to undertake equity impact

analysis, Panel members believe the focus on the operating budget is too narrow. The analysis should be extended to the capital and base budget in order to gain a global perspective of who is benefiting from the City's investments and who is being left out. Some Panel members were particularly interested in the equity impacts of revenue sources such as Section 37 and development charges.

Panel members also believe that staff need to use metrics and disaggregated data to strengthen the quality of their equity impact analysis. The use of quantitative data could substantiate the level of equity impact indicated in the budget proposals and whether City services are actually reaching and adequately meeting the needs of equity seeking groups.

Beyond equity responsive budgeting, Panel members encouraged the City to continue investing in building staff's capacity to undertake or deepen equity impact analysis during the planning, implementation and evaluation of City policies, services and assets. This investment will advance evidence-based decision-making in the City of Toronto and ensure resources are effectively and efficiently being used to meet the City's equity priorities.

Attachments

Attachment A: Equity Lens Tool (print version)

Attachment B: List of External Review Panel Members

Attachment C: Changes in the 2020 Staff Recommended Operating Budget with Positive Equity Impacts:

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