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2023 OPERATING BUDGET BRIEFING NOTE

Toronto Poverty Reduction Strategy

Issue/Background:

- The City of Toronto is currently developing the Poverty Reduction Strategy Third Term Action Plan, covering the period of 2023 to 2026, and it will be presented to City Council for consideration in the second quarter of 2023.
- In 2015, City Council approved the Toronto Poverty Reduction Strategy, a 20-year strategy to address immediate needs, create pathways to prosperity, and drive system change for those living in poverty in Toronto.
- The Poverty Reduction Strategy contains 17 City Council-approved recommendations linked to a set of actions to be carried out over consecutive four-year terms of Council. In November 2019, City Council approved the 2019-2022 Term Action Plan which consisted of 32 Actions to be carried out over the course of the term, some of which require new investments.
- The Poverty Reduction Strategy focuses action on Housing Stability, Service Access and Coordination, Transportation Equity, Food Access, Quality Jobs & Liveable Incomes, and Systemic Change to advance equity, opportunity and prosperity for all Toronto residents.
- In 2016, City Council approved the multi-phase Fair Pass Transit Discount Program, a key transportation equity activity in the Poverty Reduction Strategy. In 2018, Phase 1 made the discount available to Ontario Works and Ontario Disability Support Program recipients. In 2019, Phase 2 expanded to Child Care Fee Subsidy recipients with incomes below the Low-Income Measure plus 15 percent (LIM+15%). Based on 2021 Council direction, Phase 2 was extended to Rent-Geared-to-Income subsidy recipients in early 2022. Since 2018, over 94,000 low-income Toronto residents have benefited from the Fair Pass discount, taking over 21 million subsidized Toronto Transit Commission (TTC) trips and saving nearly \$21 million on the cost of TTC transit fares.

Key Points:

Current Context

Recently released [Canadian Census data](#) reveals that in 2021, there were 363,955 individuals, or 13.2% of the population in Toronto with an income below Statistics Canada's Low Income Measure After Tax (LIM-AT). This is 179,435 fewer individuals considered to be in low-income based on the LIM-AT measure, than in 2016. Toronto continues to have a higher rate of low income than Canada (11.1%), Ontario (10.1%) and the rest of the regions in the Greater Toronto and Hamilton Area (a combined average of 8.09%).

Overall, this continues to represent a consistent downward trend in the number of individuals in Toronto experiencing poverty. As this data was collected in the early half of the pandemic, further analysis is required to understand the ongoing economic effects of the pandemic, the impact of the current economic downturn, and the affordability pressures brought about by rising inflation on low-income households.

Some research undertaken by the City of Toronto on the [cost of purchasing nutritious food](#) has recently been published that shows that while cost of living continues to go up, incomes are not keeping pace. This is most challenging for low-income households who struggle to pay for the basic costs of living.

The upcoming report on the 2023-2026 Poverty Reduction Strategy Third Term Action Plan will contain further exploration of the current context of poverty in Toronto, along with recommended actions and activities that the City should prioritize over the next four years, maximizing the municipal levers that City has control over.

2023 Operating Budget Submission

The 2023 Operating Budget contains \$3.938 million (gross), and \$3.048 million (net) in new and enhanced service priorities. These investments are primarily related to enhancing the City's efforts to help tenants avoid eviction and continue with the expansion of the Fair Pass program. Additional investments are being made to the Toronto Public Library to advance strategic efforts to support equity-deserving communities and deliver important financial empowerment programs across the city (Table 1).

Fair Pass Transit Discount Program

The 2023 Operating Budget includes an additional investment of \$2.0 million (gross and net) to expand Fair Pass eligibility to 50,000 low-income residents, prioritizing those experiencing the deepest levels of poverty in our city (Table 1).

- Fair Pass Phase 3A is expected to launch as early as June 2023 and based on a 30% uptake target, is expected to benefit between 8,000-12,000 additional low-income residents this year and 15,000 annualized.
- This expansion will mark the beginning of Phase 3 Fair Pass implementation as eligibility will be based on low-income criteria rather than participation in specific income assistance programs (Ontario Works, Ontario Disability Support Program, Child Care Fee Subsidy recipients, and Rent-Geared-to-Income tenants).
- The Phase 3A implementation creates a budget pressure for annualization in 2024 and a full roll out of Phase 3 (all other low-income people below the Low-Income Measure - After Tax + 15%).
- The first stage of Phase 3 (Phase 3A) will use a lower income threshold to determine Fair Pass eligibility (75% of the Low-Income Measure -After Tax). This effectively and equitably ensures that residents with the highest financial need are prioritized while managing the growth of subsidy costs and clients.
- Approximately 200,000 more Torontonians would be eligible for Fair Pass once Phase 3 is fully implemented using the LIM-AT+15% income criteria.

Table 1. 2023 Operating Budget New and Enhanced Services Priorities

Service	In \$ Thousands		
	Gross	Revenue	Net
Housing Secretariat			
Enhanced Eviction Prevention in the Community	1,048.4		1,048.4
Toronto Public Library			
Community-based Service for Equity Deserving Populations	141.4	141.4	
Social Service Team	500.0	500.0	
Financial Empowerment Service	248.0	248.0	
Sub Total	1,937.8	889.4	1,048.4
Non-Program			
Fair Pass Transit Discount Program Expansion (Phase 3A)	2,000.0		2,000.0
Total	3,937.8	889.4	3,048.4

Base budget investments in poverty reduction and amelioration

Beginning with the 2022 Budget, the City began to identify and report on overall spending within the base budget on programs and initiatives that support low-income residents and advance poverty reduction goals.

The analysis for the 2023 budget reveals that the base budget invests \$3.905 billion (gross), and \$1.243 billion (net) in core programs related to poverty amelioration and \$530.2 million (gross), and \$179.2 million (net) in other programs that support residents in poverty. Significant proportions of these programs are mandated and funded by other orders of government.

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