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2024 OPERATING BUDGET BRIEFING NOTE

Extensions of Provincial and Federal Responsibilities

Issue/Background:

- At its meeting on January 18, 2024, Budget Committee requested that the Chief Financial Officer and Treasurer provide a briefing note on the money the City of Toronto spends on services that are extensions of provincial and federal responsibilities and how they have shifted with the New Deal.

Key Points:

- A significant portion of Torontonians' annual property taxes is directly invested in areas that are extensions of provincial and federal responsibilities and ultimately reduce the financial burden for other orders of government including: housing; social services; and health services, as reflected in Table 1 below:

Table 1: 2024 vs. 2023 Net Property Tax Funding

City Division	2023 (\$ millions)	2024 (\$ millions)	Change (\$ millions)
Housing Secretariat	149	179	30
Toronto Shelter and Support Services	176	488	62
<i>Expected Federal Refugee Claimant Funding</i>		<i>(250)</i>	
Toronto Community Housing Corporation/ Seniors Housing Corporation	296	346	51
Housing Services Sub-Total:	620	763	143
Social Development, Finance & Administration	85	109	24
Toronto Employment & Social Services	79	80	1
Children's Services	91	94	3
Social Services Sub-Total:	255	283	28
Toronto Paramedic Services	110	112	2
Seniors Services & Long-Term Care	76	79	3
Toronto Public Health	74	78	4

City Division	2023 (\$ millions)	2024 (\$ millions)	Change (\$ millions)
Health Services Sub-Total:	260	269	9
Total City Property Tax Funding:	1,135	1,315	180

- As reflected in Table 1 above, the 2024 Staff-Prepared Net Operating Budget **includes \$1.315 billion** to invest in areas of Housing, Social and Health Services. Overall, **this represents 25% of property tax funding**.
 - In total, the \$1.315 billion represents an increase of \$180 million in property tax funding over the 2023 Operating Budget.

New Deal Impacts and Changes from 2023 City Funding

- The New Deal Agreement with the Province of Ontario provides \$200 million in funding for base shelter and homelessness support in 2024.
- Despite New Deal funding, overall City costs associated with delivering extensions of provincial and federal responsibilities are increasing by \$180 million.
- The overall change in City funding, now totalling \$1.315 billion is primarily driven by the following:
 - New Deal Funding (\$200 million):** added provincial funding and reduced City costs associated with base shelter services
 - Shelter Services Sustained Pandemic Impacts (\$274 million):** Impact of transitioning costs associated with sustained pandemic impacts on the City's Shelter Services to the City's property tax base.
 - Inflationary and Growth Pressures (\$106 million):** Added inflationary and demand pressures to fund various Housing, Social and Health Services, including investments in TCHC, Crisis Response and Paramedics hiring plan.

Service Details

- Housing** - the City's net investments in housing-related services are delivered by the Housing Secretariat, Shelter Support & Housing Administration, the Toronto Community Housing Corporation and the Toronto Seniors Housing Corporation.

The 2024 Operating Budget includes \$1.013 billion in property tax funding to support these programs, including \$274 million to reflect sustained impacts of the pandemic in the City's shelter services, which is the primary driver of the year-over-year increase. When considering expected federal funding of \$250 million for refugee claimant response which is budgeted corporately, the City's total budgeted property tax funding in 2024 is \$763 million for these services.

- **Social Services** - the City delivers a variety of social services which act as extensions of other governments' responsibilities and offer benefits which directly reduce the financial burden for the provincial government. This includes Toronto Employment and Social Services, high-quality and affordable childcare delivered by Children's Services, and social programming administered by Social Development & Finance Administration which aims to drive positive outcomes for the community including equity and reconciliation, community safety and wellbeing, poverty reduction, and neighbourhood development.

The 2024 Operating Budget contains a total of \$283 million in property tax funding to deliver these social services.

- **Health Services** - the City positively contributes to the provincially led healthcare system through the delivery of services including Toronto Paramedic Services, Seniors Services and Long-Term Care, and Toronto Public Health.
- While long-term care and care for seniors is a responsibility of the Ontario Ministries of Long-Term Care and Seniors and Accessibility respectively, the City contributes a significant portion of funding each year to delivering these services, given the existing cost-sharing agreements with the Province. In some instances, these cost-sharing agreements have a cap to program reimbursements.
- In addition, as the sole provider of emergency medical response for the City of Toronto, Toronto Paramedics Services is the largest municipal paramedic service in Canada and a critical component of the healthcare system.
- Toronto Public Health also acts as an extension of the provincial health-care system, providing key services in support of family health, promotion of healthy living, and aims to reduce illnesses and chronic diseases, directly resulting in cost avoidance for the provincial government.

In total, the 2024 Net Operating Budget for these three divisions totals \$269 million.

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