

# 2025 Budget Notes

## Toronto Employment and Social Services

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### Description

Under the authority of the *Ontario Works (OW) Act* and Regulations, Toronto Employment and Social Services (TESS) serves over 175,000 Toronto residents in financial need through a network of 14 full-service offices.

- Toronto Employment and Social Services provides social supports, financial benefits and some employment supports to people living in Toronto. Services provided include financial benefits available through the OW program and connection to health, housing, child-care, and other social services as well as preparing people who receive OW to participate in employment programs.

### Why We Do It

Toronto residents in financial need receive income supports, health benefits and employment assistance that is timely, accessible, and responsive to their needs.

- The Provincial *Ontario Works Act* lays out eligibility criteria and the type and level of benefits available to clients.
- Income supports are designed to help with the costs of food, clothing, and shelter.
- To receive financial assistance, clients must be willing to make reasonable efforts to find, prepare for and maintain a job.

*The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.*

For further information about TESS, please visit: <https://www.toronto.ca/city-government/accountability-operations-customer-service/city-administration/staff-directory-divisions-and-customer-service/employment-social-services/>

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## What Service We Provide

### **Financial Supports**

**Who We Serve:** Social Assistance Recipients and Adult Dependants, Low Income Toronto Residents

**What We Deliver:** Income supports and health benefits to Toronto residents in financial need

**How Much Resources (gross 2025 operating budget):** \$1,169.3 million

### **Integrated Case Management and Service Planning**

**Who We Serve:** Social Assistance Recipients, Adult Dependants of Ontario Disability Support Program (ODSP) Clients, Low Income Toronto Residents

**What We Deliver:** An action-oriented service plan that addresses urgent needs and identifies next steps to enhance client employability and life stabilization (i.e., housing, mental health)

**How Much Resources (gross 2025 operating budget):** \$145.6 million

### **Employment Services**

**Who We Serve:** Social Assistance Recipients, Adult Dependants of ODSP Clients, Low Income (Unemployed and Under-Employed) Toronto Residents, and Employers

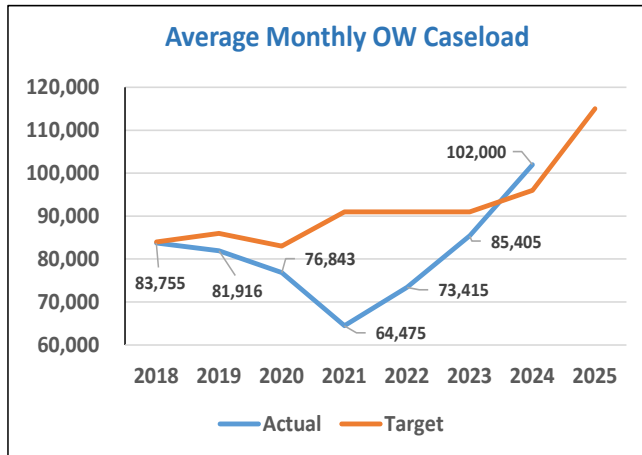
**What We Deliver:** Some employment supports to help social assistance clients prepare to participate in employment programming

**How Much Resources (gross 2025 operating budget):** \$52.7 million

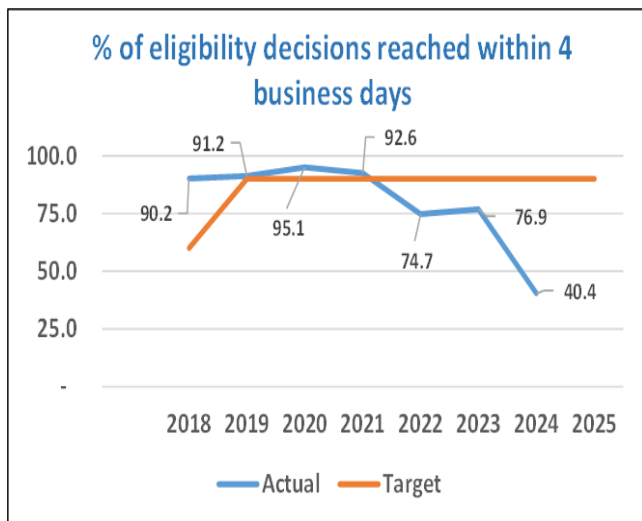
## Budget at a Glance

2025 OPERATING BUDGET				2025 - 2034 10-YEAR CAPITAL PLAN			
<u>\$Million</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>\$Million</u>	<u>2025</u>	<u>2026-2034</u>	<u>Total</u>
Revenues	\$1,277.0	\$1,249.9	\$1,248.8	Gross Expenditures	\$0.6	\$8.4	\$9.0
Gross Expenditures	\$1,367.5	\$1,363.8	\$1,364.5	Debt	\$0.6	\$8.4	\$9.0
Net Expenditures	\$90.5	\$113.9	\$115.7				
Approved Positions	2,037	2,027	2,027				

## How Well We Are Doing – Behind the Numbers



- The average monthly OW caseload represents the number of families and single individuals served during the year.
- Several factors drive caseload increases or decreases, including changes to the economy that lead to higher or lower levels of unemployment or spending power; changes to OW eligibility rules/rates; the availability, amount, and duration of benefits that can be accessed through federal income support programs, and immigration.
- Caseload declined with the onset of the 2020 pandemic as residents who might otherwise have required social assistance were able to access federal income support programs and fewer refugee claimants settled in Toronto as borders were closed. Since the Canada Emergency Response Benefit ended in October 2021, caseload has increased steadily and is expected to hit 109,000 by the end of 2024, 76% higher than the low point of 62,100 in September 2021. Growth has been mainly driven by increased rates of migration, with a third of recipients being in Canada less than 3 years versus 18% pre-pandemic.
- The average monthly caseload for 2024 is projected to be 102,000, 6,000 over the budget of 96,000.
- Caseload is expected to continue to grow in 2025 due to increased rates of migration and challenges within Toronto’s labour market. The 2025 budget has been set at 115,000, up 19,000 cases from 2024.



- Indicates service and accessibility for OW programs by showing how long it takes in days for clients to be informed (response time) if they are eligible to receive social assistance – from the time they request OW to the time they are informed of their eligibility.
- Factors affecting response time include how long it takes for a client to provide the necessary information, the availability of interpreters when English is not the first language and the application process itself.
- The province implemented a Centralized Intake (CI) process in 2023 to improve the client experience when applying or reapplying for OW by leveraging a new user-centric online application and an automated, risk-based eligibility verification process. The province’s claim--that CI would simplify the OW application process for clients, reduce administration, and allow caseworkers more time to support clients--has yet to produce the intended administrative efficiencies. The model’s inefficiencies, coupled with high application volumes, have resulted in processing delays. In 2025, the province intends to implement the final phase of the intake model and centralize most OW applications.
- Toronto Employment and Social Services is projected to spend over \$3.5 million in overtime in 2024 to clear application backlogs and manage intake-related activities, anticipating expenditures of \$1.5 million for 2025. Caseworkers assigned to ongoing caseloads are also required to perform activities related to Centralized Intake follow-up business flows, impacting the time available to meet provincial targets in other areas.

## How Well We Are Doing

Service	Measure	2022 Actual	2023 Actual	2024 Target	2024 Projection	Status	2025 Target	2026 Target
<b>Outcome Measures</b>								
Integrated Case Management and Service Planning	% of caseload on assistance more than 2 years	56.1	42.4	45.0	36.3	●	45.0	45.0
Integrated Case Management and Service Planning	Average Months on Assistance	50.7	44.8	44.0	38.7	●	44.0	44.0
Integrated Case Management and Service Planning	% Service Plans that are Current	53.2	44.6	80.0	44.8	●	80.0	80.0
Integrated Case Management and Service Planning	# of OW applications processed annually	48,286	61,451	50,000	78,325	●	80,000	80,000
Eligibility Determination and Case Management	average monthly OW cases served.	73,415	83,405	96,000	102,000	●	115,000	115,000
Financial Supports	# of financial and employment benefit payments processed annually (in '000)	982.7	1,175.9	1,300.0	1,381.0	●	1,500.0	1,500.0
<b>Service Level Measures</b>								
Integrated Case Management and Service Planning	% of eligibility decisions reached within 4 business days	74.7	76.9	90.0	40.4	●	90.0	90.0
Integrated Case Management and Service Planning	% of caseload with employment income	8.0	6.9	7.2	5.9	●	6.0	6.2
<b>Other Measures</b>								
Financial Supports	\$ benefits paid (in millions)	\$724.6	\$851.5	\$963.2	\$1,021.6	●	\$1,128.8	\$1,123.4
Employment Services	% of terminations exiting to employment	18.0%	15.1%	15.4%	15.7%	●	16.0%	16.5%

### 2024 Projection to 2024 Target Comparison

● 80 - 100% (MET TARGET)    ● 70 - 79% (LOW RISK)    ● 69% and Under (REQUIRES ATTENTION)

## EXPERIENCES, CHALLENGES AND PRIORITIES

### Our Experience and Success

- Served an average monthly caseload of 102,000 and adjudicated 78,325 applications for OW. The percent of refugee claimants on the caseload has increased from 27.4% in October 2023 (23,550) to 36.8% (36,987) in October 2024.
- Onsite services established at all 14 full-service offices, including resettlement services through partnerships with Social Development Finance and Administration's Service Kiosk Program, Service Canada onsite services, and needs-based services through expanded services with local organizations.
- Addressed the emergency housing needs of over 26,000 residents receiving social assistance through the Housing Stabilization Fund, primarily helping households to secure new housing, or to prevent eviction.
- Continued, in the final full year funding, to deliver employment and training programs to enhance client access to employment related training and employment opportunities, including:
  - 3,587 clients placed in Purchase of Employment, Wrap Around Services, and Investing in Neighbourhoods programs.
  - 39 clients hired into five-month paid trainee roles with 13 different divisions through the Work-Based Learning/Next-Gen hiring initiative.
- Collaborated with Toronto Shelter and Support Services to support refugee access to services, information, and OW benefits onsite at 129 Peter Street. Support Clarence Park encampment residents with applications and service navigation.
- Enhanced the use of technology to increase digital access through investing in a new virtual visual interface option, keeping unscheduled walk-in visitors well connected to staff if they are working off-site.
- Implemented 7 Innovative Case Management pilots to test referral pathways and community-based interventions. In partnership with community partners, TESS provided supports and services to over 1,000 low-income families to reduce their vulnerability and improve access to social and income supports.
  - Largest financial investment was directed towards Black-targeted programs, specifically designed to support OW clients, and provide culturally responsive services and supports.
- Continued to advance the City's Poverty Reduction Strategy, The Toronto Action Plan to Confront Anti-Black Racism (CABR) and the Reconciliation Action Plan (RAP) through planning and hosting information events tailored to various equity-deserving groups and with the development of the TESS RAP Roadmap.

### Key Challenges and Risks

- Toronto Employment and Social Services' caseload is expected to continue to grow in 2025 due to increased rates of migration and challenges within Toronto's labour market. Applications have risen to an average of 6,500 per month in 2024, up from 5,125 per month in 2023 and 4,040 per month in 2022.
- Addressing client needs in the current environment requires more intensive case management, partnership development, and service navigation.
  - The last OW rate increase was in 2018. The cost-of-living crisis has had profound impacts on clients, including increased food insecurity, housing precarity/homelessness, and health inequalities.
  - The percentage of OW recipients reporting significant and often intersecting barriers to employment continues to remain high and is expected to grow due to shifts in caseload demographics (i.e. increase in Refugee Claimant / Convention Refugee cases).
  - More than 36% of the OW caseload have been in receipt of assistance for over two years and greater than 20% have been on OW for over five years. During the pandemic, low-income residents, especially those from equity-deserving groups, experienced worse employment, and health outcomes.
- Employment Service Transformation will integrate social assistance employment services into Employment Ontario (EO) and establish Employment Service System Managers (ESSM) for each delivery region. On March 20, 2024, the Ministry of Labour, Immigration, Training and Skills Development announced that WCG Services was selected as the new ESSM for Toronto.
  - Transitioning away from delivering employment programs for OW recipients will have significant financial implications, including a substantial reduction in funding.
  - Toronto Employment and Social Services will be responsible for helping clients prepare to participate in employment programs / services delivered by EO. This will mean helping people access the stability supports and services they need to address barriers to their participation in employment services.

- Although the initial phase of the province's Centralized Intake (CI) model was fully implemented in June 2023, it has not produced the intended administrative savings. Model inefficiencies, coupled with consistently high application volumes, have resulted in processing delays. In 2025, the province intends to implement the final phase of the intake model and centralize most OW applications.
- For the past few years, the province froze program delivery funding at 2018 levels. For 2025, the province will update the caseload used to calculate funding, marginally increasing the funding the city will receive. However, the projected funding allocation still understates the City's needs and may put future pressure on the City to maintain adequate service levels for Toronto residents in need.

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## **Priority Actions**

### **Increased Caseload**

- Advocate and work with the Province and the Federal government to request adequate supports for refugee claimants and asylum seekers arriving and settling in Toronto.
- Continue to focus on hiring front-line staff to manage/meet client demands.
- In partnership with Toronto Shelter and Support Services, provide supports to families to allow them to access short-term emergency accommodations at hotels while awaiting shelter spaces.
- Maintain "no wrong door" approach so clients can access programs and services through the channel (in-person, online, phone) that best meets their needs.

### **Client Financial Hardship**

- Continue to work with the province and advocate for adequate social assistance rates, indexed to inflation.
- Continue to work with community and interdivisional partners to meet the complex needs of clients.
- Through the Housing Stabilization Fund, address the emergency housing needs of clients, primarily helping households to secure new housing or preventing eviction.

### **Caseload Complexity**

- Continue to support clients who are furthest from the labour market to improve access to community supports and reduce social isolation by creating and implementing a Person-Centred Stability Supports Framework with key metrics, expectations, and approaches.

### **Employment Services Transformation**

- Continue to advocate for adequate provincial funding to address the gaps in access to pre-employment supports, training opportunities, and financial support for clients with complex needs.
- Collaborate with WCG Services to develop and implement a delivery model to facilitate joint service planning to meet the complex service needs of OW clients.
- Provide clients with the stability supports and services they need to address barriers to their participation in employment programs / services delivered by EO.
- Complete the Provincial Common Assessment with clients, referring them to EO when they are ready to participate in employment activities and continuing to support them throughout their employment journey.
- Remain focused on service planning. Caseworkers will continue to be responsible for developing plans that address their clients needs and help them navigate the system to access services and supports.

### **Centralized Intake (CI) Model**

- Work with the province to fully implement the CI model, including process enhancements and further transfer of application administration to the province.
- Continue to work with the Ministry and other municipalities to improve the model to realize streamlining efficiencies and cost savings and to reassign caseworkers performing CI functions to active caseloads.

### **Program Administration Funding Cap**

- Advocate to the province for funding levels that reflect current caseload numbers and complexities, including working with the province and municipal partners on a new funding model for 2026.

### **Workplace Culture**

- Promote a culture of continuous learning, mentorship, and development and prioritize employee wellness.
- Increase staff engagement and empower staff.
- Establish a consistent and predictable approach to change

**CITY STAFF PREPARED BUDGET**

The City Manager and Chief Financial Officer and Treasurer have prepared the following budget:

1. The 2025 Operating Budget for Toronto Employment and Social Services of \$1,367.543 million gross, \$1,277.044 million revenue, and \$90.499 million net for the following services:

**Service:**

	<b>Gross Expenditures (\$000s)</b>	<b>Revenue (\$000s)</b>	<b>Net Expenditures (\$000s)</b>
Employment Services	52,680.2	34,111.7	18,568.5
Integrated Case Management and Service Planning	145,572.7	91,566.6	54,006.1
Financial Supports	1,169,290.3	1,151,365.9	17,924.4
<b>Total Program Budget</b>	<b>1,367,543.2</b>	<b>1,277,044.2</b>	<b>90,499.0</b>

- The 2025 staff complement for Toronto Employment and Social Services comprised of 2,037 operating positions.
2. The 2025 Capital Budget for Toronto Employment and Social Services with cash flows and future year commitments totaling \$0.600 million as detailed by project in [Appendix 5a](#).
  3. The 2026-2034 Capital Plan for Toronto Employment and Social Services totalling \$8.400 million in project estimates as detailed by project in [Appendix 5b](#).
  4. That all third-party funding included in the 2025 Budget be subject to the execution of an agreement or receipt of funding. If such agreement or funding is not in place by 2025 or forthcoming, the approval to spend must be reassessed by City Council relative to other City-funded priorities and needs in future budget processes.

# **2025 OPERATING BUDGET**



## 2025 OPERATING BUDGET OVERVIEW

**Table 1: 2025 Operating Budget by Service**

(In \$000s)	2023 Actual	2024 Budget	2024 Projection*	2025 Base Budget	2025 New / Enhanced	2025 Budget	Change v. 2024 Budget	
By Service	\$	\$	\$	\$	\$	\$	\$	%
<b>Revenues</b>								
Employment Services	45,557.4	48,963.1	45,712.7	34,111.7		34,111.7	(14,851.4)	(30.3%)
Financial Supports	857,402.2	986,046.8	1,041,078.8	1,151,365.9		1,151,365.9	165,319.1	16.8%
Integrated Case Management and Service Planning	69,086.8	82,123.7	75,583.5	91,566.6		91,566.6	9,442.9	11.5%
<b>Total Revenues</b>	<b>972,046.5</b>	<b>1,117,133.6</b>	<b>1,162,375.0</b>	<b>1,277,044.2</b>		<b>1,277,044.2</b>	<b>159,910.6</b>	<b>14.3%</b>
<b>Expenditures</b>								
Employment Services	57,554.9	65,280.1	61,223.2	52,680.2		52,680.2	(12,599.9)	(19.3%)
Financial Supports	875,003.1	1,002,769.9	1,057,228.8	1,169,290.3		1,169,290.3	166,520.4	16.6%
Integrated Case Management and Service Planning	115,087.1	131,279.8	126,119.3	145,572.7		145,572.7	14,292.9	10.9%
<b>Total Gross Expenditures</b>	<b>1,047,117.4</b>	<b>1,199,329.9</b>	<b>1,244,571.3</b>	<b>1,367,543.2</b>		<b>1,367,543.2</b>	<b>168,213.4</b>	<b>14.0%</b>
<b>Net Expenditures</b>	<b>75,070.9</b>	<b>82,196.2</b>	<b>82,196.2</b>	<b>90,499.0</b>		<b>90,499.0</b>	<b>8,302.8</b>	<b>10.1%</b>
<b>Approved Positions**</b>	<b>1,781.5</b>	<b>1,843.0</b>	<b>N/A</b>	<b>2,037</b>		<b>2,037.0</b>	<b>194.0</b>	<b>10.5%</b>

\* 2024 Projection based on 9 Month Variance

\*\*YoY comparison based on approved positions

### KEY DRIVERS

**Total 2025 Budget** expenditures of \$1,367.543 million gross reflects an increase of \$168.213 million in spending above 2024 budget, predominantly arising from:

- Increase in projected monthly OW caseloads of 19,000 or 20% for a total of 115,000 cases in 2025 resulting in additional expenditures of \$186.787 million gross, \$12.595 million net. Payment of client benefits are 100% funded by the province and the cost of additional staff are 100% funded by the City as program delivery expenditures are projected to be over the provincial funding cap in 2025.
- Increase in salary and benefits of \$5.577 million from contractual obligations, overtime expenses to support activities related to OW intake, and annualized salaries for 2024 complement increases as hiring was staggered over the year.
- These increases are partially offset by a reduction in the employment benefits budget for 2025 of \$26.807 million gross, \$0.060 million net reflecting TESS' transition away from delivering employment programs for OW recipients, and the transfer of program delivery funding to the Ministry of Labour, Immigration, Training and Skills Development to support the integration of employment services for social assistance under EO.
- Increased funding of program delivery for 2025 by \$7.936 million as the province is updating the funding model to reflect the average caseload from October 2022 to September 2024.

### EQUITY IMPACTS OF BUDGET CHANGES

As one of the world's most diverse cities, Toronto is home to a high proportion of Black and Indigenous people and equity-deserving populations, many of whom are overrepresented among social assistance recipients. Toronto Employment and Social Services' 2025 Operating Budget ensures eligible city residents receive income supports and health benefits on a timely basis and some employment supports to prepare people who receive OW to participate in employment programming. Toronto Employment and Social Services continues to analyze Identity-Based Data and collaborate with other City Divisions to address the complex needs of our eligible city residents.

Given the diverse demographic profile of Toronto's social assistance clients, the equity impact of the Provincial Integrated Employment Service model that will be implemented in 2025 is expected to be significant. There are concerns about the model's ability to effectively support OW clients facing multiple barriers to employment due to a gap in access to pre-employment supports, appropriate training opportunities and financial supports such as those currently being funded by TESS. In addition, there are concerns around the ability of current EO service providers to serve individuals further from the labour market without additional funding for more intensive supports.

The 2025 Budget will contribute to advancing; the City’s Poverty Reduction Strategy; the Toronto Action Plans to CABR, RAP and the Toronto Youth Equity Strategy; and the City’s overall response to the refugee crisis.

**2025 OPERATING BUDGET KEY COST DRIVERS**

The 2025 Net Operating Budget for Toronto Employment and Social Services of \$90.499 million is \$8.303 million or 10.1% greater than the 2024 Net Budget. Table 2 below summarizes the key cost drivers for the 2025 Budget.

**Table 2: 2025 Key Cost Drivers**

(In \$000s)	2025				2026 Annualized impact (Net)
	Revenues	Gross	Net	Positions**	
<b>2024 Projection*</b>	<b>1,162,375.0</b>	<b>1,244,571.3</b>	<b>82,196.2</b>	<b>1,843.0</b>	<b>N/A</b>
<b>2024 Budget</b>	<b>1,117,133.6</b>	<b>1,199,329.9</b>	<b>82,196.2</b>	<b>1,843.0</b>	<b>N/A</b>
<b>Key Cost Drivers:</b>					
<b>Salary &amp; Benefits</b>					
Salary and Benefits Adjustment		4,209.3	4,209.3	(1.0)	1,492.5
Overtime		1,367.3	1,367.3		
<b>Non-Salary Inflation</b>					
Leases, Utilities, Processing Fees	(409.8)	270.5	680.2		59.0
<b>Revenue Decrease</b>					
Provincial subsidies for Program Delivery	7,935.5		(7,935.5)		
OW Reserve Draw to partially offset caseload staffing increases	2,500.0		(2,500.0)		15,451.7
<b>Other Changes</b>					
Employment Services Transformation	(26,807.1)	(26,867.1)	(60.0)		
Increase in Caseload	174,192.0	186,786.7	12,594.7	185.0	6,419.6
Housing Stabilization Fund	1,500.0	1,500.0			
Bridging Program	1,000.0	1,000.0		10.0	
Interpreter Services		250.0	250.0		
<b>Sub-Total - Key Cost Drivers</b>	<b>159,910.6</b>	<b>168,516.6</b>	<b>8,606.0</b>	<b>194.0</b>	<b>23,422.8</b>
<b>Affordability Measures</b>		<b>(303.3)</b>	<b>(303.3)</b>		
<b>Total 2025 Base Budget</b>	<b>1,277,044.2</b>	<b>1,367,543.2</b>	<b>90,499.0</b>	<b>2,037.0</b>	<b>23,422.8</b>
<b>2025 Budget</b>	<b>1,277,044.2</b>	<b>1,367,543.2</b>	<b>90,499.0</b>	<b>2,037.0</b>	<b>23,422.8</b>
<b>Change from 2024 Budget (\$)</b>	<b>159,910.6</b>	<b>168,213.4</b>	<b>8,302.7</b>	<b>194.0</b>	<b>N/A</b>
<b>Change from 2024 Budget (%)</b>	<b>14.3%</b>	<b>14.0%</b>	<b>10.1%</b>	<b>10.5%</b>	<b>N/A</b>

\*Based on 9 Month Variance

\*\*YoY comparison based on approved positions

**Key Base Drivers:**

**Salary and Benefits:**

- Increase in salary and benefits of \$4.209 million primarily related to contractual obligations as well as the annualization of positions that were gradually filled throughout 2024.
- \$1.367 million gross and net in addition overtime costs needed to clear application backlogs and manage intake-related activities.

**Non-Salary Inflation:**

- Increases of \$0.680 million net due to base rent increases as per contractual agreements, inflationary increases in operating costs, utilities and insurance and demand increases in bank processing fees.

**Revenue Changes:**

- \$7.935 million in increased provincial program delivery subsidies due to updates to the caseload data in the model used to calculate funding levels. Caseload now reflects the average from October 2022 to September 2024.

- An additional draw of \$2.5 million from the Ontario Works (OW) Reserve Fund to partially offset the cost of the additional caseload contingent staff in the 2025 budget. The total OW reserve draw of \$15.452 million, which will fund the cost of 163 caseload contingent staff, is consistent with the purpose of the reserve, which is to provide the flexibility to manage and mitigate the risks associated with Provincial program delivery funding which is based on caseload.

**Other Changes:**

- The implementation of Employment Service Transformation results in a total of \$38.6 million of funding received from the province to deliver the OW program to be transferred to the Ministry of Labour, Immigration, Training and Skills Development for direct reinvestment in the new Employment Services System Manager’s budget. The transfer will be phased-in, with \$26.8 million transferred in 2025.
- As caseloads are expected to continue to grow in 2025 due to increased rates of migration and challenges within Toronto’s labour market, the 2025 budget has been set at 115,000, which is 19,000 cases above the 2024 monthly case load budget of 96,000. The increase of \$174.192 million for client benefits are 100% funded by the province. To adequately serve the increased caseload, complement will need to be increased by 185 FTE and \$12.595 million which will need to be funded by the City as program delivery expenditures are projected to be over the provincial funding cap in 2025.
- The Housing Stabilization Fund (HSF) is budgeted to increase by \$1.500 million, from \$26.5 million to \$28.0 million due to an increased demand for housing benefits and supports. The net impact is zero as the increase in the HSF will be offset by a higher draw from the Social Assistance Stabilization reserve.
- The Bridging Program provides shelter funds for families unable to secure a space in the City’s family shelter system. Ten caseworkers have been added to TESS’ 2025 budget to administer the program, with the \$1.000 million cost charged back to Toronto Shelter and Support Services.
- The 2025 budget has been increased by \$0.250 million to meet the demand for interpreter services to support social assistance clients with limited English language skills.

**Affordability Measures:**

**Table 3: Offsets and Efficiencies**

(In \$000s)									
Recommendation	Savings Type	Equity Impact	2025				2026 (Incremental)		
			Revenue	Gross	Net	Positions	Gross	Net	Positions
Yonge Eglinton(150 Eglinton) 6th Floor savings/efficiency	Efficiencies	No Impact		(303.3)	(303.3)				
<b>Total Affordability Measures</b>				<b>(303.3)</b>	<b>(303.3)</b>				

Efficiency measures, as described below, are specific actions taken by TESS that achieve cost reductions without impacting service levels for customers.

- The lease at 150 Yonge Eglinton for 35,601 sq ft expired at the end of October 2024. With the implementation of a hybrid work environment, space on the 6<sup>th</sup> floor otherwise occupied by administrative staff is no longer required.

## 2026 AND 2027 OUTLOOKS

Table 5: 2026 and 2027 Outlooks

(In \$000s)	2025 Budget	2026 Incremental Outlook	2027 Incremental Outlook
<b>Revenues</b>			
Employment Services Transformation		(10,713.4)	(1,070.4)
Contribution from Reserve		(15,455.8)	12.8
One-time Funding in 2025 from TSSS for Bridging Program		(1,000.0)	
<b>Total Revenues</b>	<b>1,277,044.2</b>	<b>(27,169.2)</b>	<b>(1,057.6)</b>
<b>Gross Expenditures</b>			
Salary and Benefits		7,912.1	1,760.8
Bridging Program		(1,000.0)	
Employment Services Transformation		(10,713.4)	(1,070.4)
Other Expenses		54.9	39.1
<b>Total Gross Expenditures</b>	<b>1,367,543.2</b>	<b>(3,746.4)</b>	<b>729.5</b>
<b>Net Expenditures</b>	<b>90,499.0</b>	<b>23,422.8</b>	<b>1,787.1</b>
<b>Approved Positions</b>	<b>2,037.0</b>	<b>(10.0)</b>	

\*\*YoY comparison based on approved positions

## Key Outlook Drivers

The 2026 Outlook with total gross expenditures of \$1,363.797 million reflects an anticipated \$3.746 million or 0.3% decrease in gross expenditures below the 2025 Operating Budget. The 2027 Outlook expects an increase of \$0.729 million or 0.1% above 2026 gross expenditures.

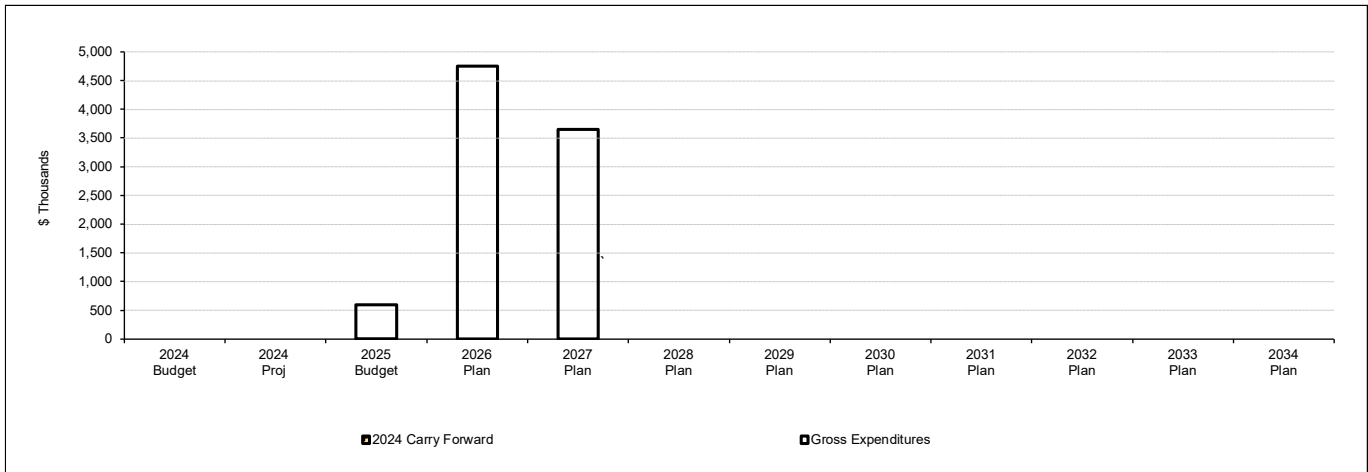
The changes in 2026 and 2027 arise from the following:

- Employment Services Transformation:** The remaining portion of the provincial Program Delivery Funding allocation will be transferred to the Ministry of Labour, Immigration, Training and Skills Development (MLITSD) to support the integration of employment services for social assistance under Employment Ontario: \$10.713 million in 2026 and \$1.070 million in 2027. At the end of 2027, the total funding transferred to MLITSD will be \$38.591 million. The budget impact of the funding transfer is net zero.
- Prior Year Impact:** Funding from the Ontario Works (OW) reserve fund will not continue after 2025 as the reserve balance will be insufficient to fund caseload contingent staff.
- Salary and Benefits:** The large increase in 2026 is due to the pace of hiring expectations. The hiring of the increased complement of 185, in 2025, to serve the additional 19,000 OW cases will be staggered over the course of the year. Annualization of 2025 salaries will increase the 2026 budget by \$4.249 million. The remaining increase in 2026 and 2027 is primarily related to salary and benefits adjustment.
- Bridging Program:** The 2025 budget includes 10 caseworkers to administer the Bridging Program, with funding provided by Toronto Shelter and Support Services. The expectation is that the bridging program will only be required for 2025.

# **2025 – 2034 CAPITAL BUDGET AND PLAN**

**2025 – 2034 CAPITAL BUDGET AND PLAN OVERVIEW**

**Chart 1: 10-Year Capital Plan Overview**



(In \$000s)	2025 Capital Budget and 2026 - 2034 Capital Plan												
	2024		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total 10 Year Plan
	Budget	Projection											
<b>Gross Expenditures by Project Category:</b>													
Health & Safety & Legislated													
SOGR													
Service Improvement & Growth			600	4,750	3,650								9,000
<b>Total by Project Category</b>			<b>600</b>	<b>4,750</b>	<b>3,650</b>								<b>9,000</b>
<b>Debt</b>													
Reserves/Reserve Funds			600	4,750	3,650								9,000
Development Charges													
Provincial													
Federal													
Debt Recoverable													
Other Revenue													
<b>Total Financing</b>			<b>600</b>	<b>4,750</b>	<b>3,650</b>								<b>9,000</b>

**New Projects**  
(\$9.000 Million)

The 2025-2034 Capital Budget and Plan includes two new projects. Projects are as follows:


- \$4.500 million for *Office 1* to relocate one of TESS's leased office spaces when the lease ends in 2027.
- \$4.500 million for *Office 2* to relocate the North York Civic Centre office. The current space can only take 25% of the office's complement and has limited interview rooms for clients. It is not a viable long-term location for the delivery of OW.
- Only seed funding in 2025 of \$0.600 million is committed to identify potential locations. The new locations must be close to clients and community partners and accessible by means of public transit.

**Note:**

For additional information, please refer to [Appendix 5](#) for a more detailed listing of the 2025 and 2026-2034 Capital Budget and Plan by project; [Appendix 7](#) for Capacity to Deliver Review; and [Appendix 9](#) for Capital Program Provincial/Federal Funding Streams by Projects.

**2025 – 2034 CAPITAL BUDGET AND PLAN**

**\$9.0 Million 10-Year Gross Capital Program**


<b>Service Improvement and Growth</b>
<b>\$9.0M</b> <b>100%</b>
Two office renovation/relocation projects

**How the Capital Program is Funded**

City of Toronto	
<b>\$9.0 M</b> <b>100%</b>	
Debt	\$9.0 M

# APPENDICES



## Appendix 1

### 2025 Operating Budget by Category

Category (In \$000s)	2022	2023	2024	2024	2025	2025 Change from 2024	
	Actual	Actual	Budget	Projection*	Budget	Budget	Budget
	\$	\$	\$	\$	\$	\$	%
Provincial Subsidies	842,961.9	956,779.5	1,077,446.9	1,129,642.3	1,232,767.3	155,320.4	14.4%
Federal Subsidies	12.6	59.5					
User Fees & Donations	888.2	384.4	384.4	5,070.4	976.8	592.4	154.1%
Contribution From Reserves/Reserve Funds		5,477.8	24,348.3	14,127.3	28,356.2	4,007.9	16.5%
Sundry and Other Revenues	9,737.2	8,847.4	14,420.1	13,001.1	13,400.0	(1,020.1)	(7.1%)
Inter-Divisional Recoveries	363.9	497.9	534.0	534.0	1,544.0	1,010.0	189.1%
<b>Total Revenues</b>	<b>853,963.8</b>	<b>972,046.5</b>	<b>1,117,133.6</b>	<b>1,162,375.0</b>	<b>1,277,044.2</b>	<b>159,910.6</b>	<b>14.3%</b>
Salary and Benefits	149,994.5	158,972.8	186,514.3	176,061.6	205,685.6	19,171.3	10.3%
Materials & Supplies	9,969.4	16,056.2	15,101.9	13,750.3	15,137.4	35.5	0.2%
Equipment	1,019.2	866.3	294.2	434.4	294.2		
Service and Rent	55,380.4	59,457.7	73,053.2	67,444.9	70,164.8	(2,888.5)	(4.0%)
Contribution To Reserves/Reserve Funds	1,983.9	2,042.4	2,009.7	2,009.7	2,067.3	57.5	2.9%
Other Expenditures	686,930.3	800,109.6	910,396.9	975,487.1	1,062,421.8	152,024.9	16.7%
Inter-Divisional Charges	9,821.5	9,612.3	11,959.6	9,383.3	11,772.2	(187.4)	(1.6%)
<b>Total Gross Expenditures</b>	<b>915,099.1</b>	<b>1,047,117.4</b>	<b>1,199,329.9</b>	<b>1,244,571.3</b>	<b>1,367,543.2</b>	<b>168,213.4</b>	<b>14.0%</b>
<b>Net Expenditures</b>	<b>61,135.4</b>	<b>75,070.9</b>	<b>82,196.2</b>	<b>82,196.2</b>	<b>90,499.0</b>	<b>8,302.8</b>	<b>10.1%</b>

\*Projection based on 9 Month Variance

## Appendix 2

### Summary of 2025 Service Changes

N/A

## Appendix 3

### Summary of 2025 New / Enhanced Service Priorities Included in Budget

N/A

## Appendix 4

### Operating Program Provincial/Federal Funding Streams by Program

Program Name	Federal / Provincial	Budget (in 000's)		
		2025	2026	2027
Ontario Works				
- Financial/Medical Benefits	Provincial	1,058,009	1,058,009	1,058,009
- Program Delivery Funding	Provincial	149,758	139,045	137,975
Homelessness Prevention Program	Provincial	25,000	25,000	25,000
<b>Total Funding</b>		<b>1,232,767</b>	<b>1,222,054</b>	<b>1,220,983</b>

### Appendix 5

#### 2025 Capital Budget; 2026 - 2034 Capital Plan Including Carry Forward Funding

Projects (In \$000s)	2025 Budget	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2025 - 2034 Total
Office 1	100	750	3,650								4,500
Office 2	500	4,000									4,500
<b>Total Expenditures (including carry forward from 2024)</b>	<b>600</b>	<b>4,750</b>	<b>3,650</b>								<b>9,000</b>

Health & Safety & Legislated	SOCR	Growth & Improved Service
		4,500
		4,500
		9,000

### Appendix 5a

#### 2025 Cash Flow and Future Year Commitments Including Carry Forward Funding

Projects (In \$000s)	2025 Budget	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	Total 2025 Cash Flow & FY Commits
Office 1	100										100
Office 2	500										500
<b>Total Expenditures (including carry forward from 2024)</b>	<b>600</b>										<b>600</b>

Previously Approved	Change in Scope	New w/ Future Year
		100
		500
		600

### Appendix 5b

#### 2026 - 2034 Capital Plan

Projects (In \$000s)	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2026 - 2034 Total
Office 1	750	3,650								4,400
Office 2	4,000									4,000
<b>Total Expenditures</b>	<b>4,750</b>	<b>3,650</b>								<b>8,400</b>

Health & Safety & Legislated	SOCR	Growth & Improved Service
		4,400
		4,000
		8,400

## Appendix 6

### Reporting on Major Capital Projects: Status Update

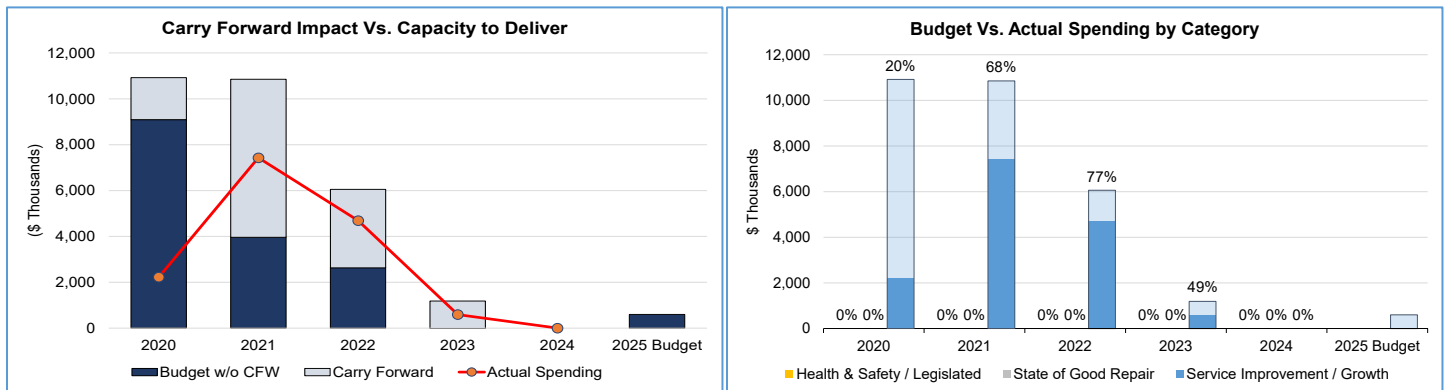
N/A

## Appendix 7

### Capacity to Deliver Review

The 10-year Plan has been developed with consideration of historically demonstrated capacity to deliver within any given year of a 10-year plan. In addition, a review was undertaken to ensure budgets align with the capacity available in the market to deliver on capital projects and assets.

The key component in determining an appropriate level of annual cash flow includes evaluating historical capacity to deliver by project categories (Chart 3 below) and assessing projected 2024 underspending that will be carried forward into the 2025 capital budget and plan.



In 2024, TESS did not have a 10-Year Capital Budget and Plan.

## Appendix 8

### Summary of Capital Delivery Constraints

Projects	Total Project Cost	Non-Debt Funding	Debt Required	Cash Flow (In \$ Millions)									
				2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>NOT INCLUDED</b>													
<i>Office 3</i>	6		6			1	5						
<i>Lawrence Square Renovation</i>	3		3		2	1							
<b>Total Delivery Constraints (Not Included)</b>	<b>9</b>		<b>9</b>		<b>2</b>	<b>2</b>	<b>5</b>						

- The “Office 3” project entails the relocation of a TESS office to better meet the needs of clients. The project has not been included in the capital plan at this time as a new site has yet to be identified and the lease at the office’s current location does not expire until 2028. Toronto Employment and Social Services is working with CREM to identify a new site.
- While the Lawrence Square Learning Centre is the central hub for learning and development at TESS, the current layout only supports prescribed computer training with limited flexibility for in-person break out activities or large group presentations. The project is designed to increase training capacity and refresh technology and furniture to ensure compliance with the *Accessibility for Ontarians with Disabilities Act*. However, given the impact renovations would have on the Lawrence Square office, the project timeline has been pushed back to explore the possibility of expanding the scope of the project to include a refresh of the office.



## Appendix 9

### Capital Program Provincial/Federal Funding Streams by Project

N/A

## Appendix 10

### Inflows and Outflows to/from Reserves and Reserve Funds

#### 2025 Operating Budget

#### Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals ( ) / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
<b>Beginning Balance</b>		<b>3,389.8</b>	<b>1,916.2</b>	<b>427.9</b>
Kids @ Computers Scholarship Project	XR2104			
<i>Withdrawals (-)</i>				
<i>TESS - Withdrawals</i>		(1,500.0)	(1,500.0)	(400.0)
<i>Contributions (+)</i>				
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>1,889.8</b>	<b>416.2</b>	<b>27.9</b>
<i>Interest Income</i>		26.4	11.7	2.3
<b>Balance at Year End</b>		<b>1,916.2</b>	<b>427.9</b>	<b>30.2</b>

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals ( ) / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
<b>Beginning Balance</b>		<b>29,256.9</b>	<b>21,102.9</b>	<b>12,871.6</b>
National Child Benefit Support	XR2102			
<i>Withdrawals (-)</i>				
<i>TESS - Withdrawals</i>		(8,404.5)	(8,400.4)	(9,513.2)
<i>Contributions (+)</i>				
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>20,852.4</b>	<b>12,702.5</b>	<b>3,358.4</b>
<i>Interest Income</i>		250.5	169.0	81.1
<b>Balance at Year End</b>		<b>21,102.9</b>	<b>12,871.6</b>	<b>3,439.5</b>

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals ( ) / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
<b>Beginning Balance</b>		<b>18,528.7</b>	<b>3,185.0</b>	<b>3,216.9</b>
Ontario Works	XR2101			
<i>Withdrawals (-)</i>				
<i>TESS - Withdrawals</i>		(15,451.7)	-	-
<i>Contributions (+)</i>				
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>3,185.0</b>	<b>3,216.9</b>	<b>3,249.1</b>
<i>Interest Income</i>		108.0	31.9	32.2
<b>Balance at Year End</b>		<b>3,185.0</b>	<b>3,216.9</b>	<b>3,249.1</b>

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals ( ) / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
<b>Beginning Balance</b>		<b>11,289.8</b>	<b>8,289.8</b>	<b>5,289.8</b>
Social Assistance Stabilization	XQ1054			
<i>Withdrawals (-)</i>				
TESS - Withdrawals		(3,000.0)	(3,000.0)	(3,000.0)
<i>Contributions (+)</i>				
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>8,289.8</b>	<b>5,289.8</b>	<b>2,289.8</b>
<b>Balance at Year End</b>		<b>8,289.8</b>	<b>5,289.8</b>	<b>2,289.8</b>

### Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals ( ) / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
<b>Beginning Balance</b>		<b>64,190.9</b>	<b>66,555.7</b>	<b>67,939.1</b>
Sick Leave	XR1007			
<i>Withdrawals (-)</i>				
TESS - Withdrawals				
<i>Contributions (+)</i>				
TESS - Contributions		263.6	263.6	<b>263.6</b>
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>64,454.5</b>	<b>66,819.3</b>	<b>68,202.7</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>		<b>1,450.7</b>	<b>450.7</b>	<b>(649.3)</b>
<b>Interest Income</b>		<b>650.5</b>	<b>669.1</b>	<b>677.5</b>
<b>Balance at Year End</b>		<b>66,555.7</b>	<b>67,939.1</b>	<b>68,230.9</b>

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals ( ) / Contributions (+)		
		2025	2026	2027
		\$	\$	\$
<b>Beginning Balance</b>		<b>49,056.8</b>	<b>35,116.6</b>	<b>19,252.1</b>
Insurance	XR1010			
<i>Withdrawals (-)</i>				
TESS - Withdrawals				
<i>Contributions (+)</i>				
TESS - Contributions		1,803.7	1,803.7	1,803.7
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>50,860.5</b>	<b>36,920.2</b>	<b>21,055.8</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>		<b>(16,162.7)</b>	<b>(17,938.7)</b>	<b>(20,055.0)</b>
<b>Interest Income</b>		<b>418.8</b>	<b>270.5</b>	<b>101.3</b>
<b>Balance at Year End</b>		<b>35,116.6</b>	<b>19,252.1</b>	<b>1,102.0</b>

## Appendix 11

### Glossary

**Approved Position:** Permanent or temporary positions that support the delivery of City services and service levels in annual budget.

**Actuals:** An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

**Capacity to Deliver:** Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

**Capital Budget and Plan:** A Capital Budget and Plan is the City's 10-year strategy to acquire/build assets or extend the useful lives of existing assets. The Capital Budget is the first year of approved cash flows and future year's commitments and the remaining nine years include project estimates.

**Capital Delivery Constraints:** The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

**Complement:** Positions that support the delivery of City services and service levels as approved by Council.

**Efficiencies:** Reductions in the cost of delivering a service without a reduction in service level.

**New / Enhanced Service Priorities:** New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

**Operating Budget:** An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provide services.

**Operating Impact of Completed Capital Projects:** The Operating Budget Impact of Capital is the change in operating expenditure and / or revenue, which is projected to occur during the implementation of a capital project and / or when a capital project is completed. These changes should be documented on a Business Case Form in the appropriate category.

**Rate Supported Budget:** Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority.

**Salary and Benefits Adjustment:** General increases related to contractual obligations, such as cost of living, step increases, pay for performance and progression pay.

**State of Good Repair (SOGR):** The cost of maintaining assets to ensure that they can support the delivery of City services and meet service outcomes.

**Tax Supported Budget:** Budget funded by property taxes.

**User Fees:** Includes all program-generated fees and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).