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## **2025 OPERATING BUDGET BRIEFING NOTE – Extensions of Provincial and Federal Responsibilities**

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### **Issue/Background:**

- At its meeting on January 15, 2025, Budget Committee requested that the Chief Financial Officer and Treasurer provide a briefing note on the money the City of Toronto continues to spend on services that are extensions of provincial and federal responsibilities.
- This is an update to the 2024 Budget Briefing Note #20 presented to the January 26, 2024, Budget Committee meeting:  
<https://www.toronto.ca/legdocs/mmis/2024/bu/bgrd/backgroundfile-242579.pdf>

### **Key Points:**

- As reported during the 2023 and 2024 Budgets, a significant portion of Torontonians' annual property taxes is directly invested in areas which reduce the financial burden for other orders of government including: housing; social services; and health services.
- The 2025 Staff-Prepared Net Operating Budget **totals \$1.424 billion** to invest in these three areas which is detailed in Table 1. Overall, **this represents 25% of property tax funding**.
- In total, the \$1.424 billion represents an increase of \$117 million over the 2024 Operating Budget, which included \$1.307 billion in property tax funding to support these services. Key drivers of the increase include:
  - \$61.2 million increase in sustained operating subsidies to Toronto Community Housing Corporation (TCHC) and Toronto Seniors Housing Corporation (TSHC) as part of a multi-year strategy to support their progress toward financial sustainability.
  - \$8.0 million net increase towards non-TCHC housing provider subsidies, including an inflationary increase for 2025.
  - \$7.9 million net increase to support staffing in Paramedic Services, including the annualized impact of the Council-Approved Multi-Year Staffing Plan and 102 additional operational staff to address call demand and hospital and health care system pressures.

- \$6.9 million net increase for expansion of the Student Nutrition Program, which enables 16,425 additional students to be supported by school food programs.

**Table 1: 2023-2025 Net Property Tax Funding (\$ millions)\***

<b>City Division</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Housing Secretariat	149	158	206
Toronto Shelter and Support Services	176	241	241
Toronto Community Housing Corporation / Seniors Housing Corporation	296	346	374
<b>Housing Services Sub-Total:</b>	<b>620</b>	<b>745</b>	<b>822</b>
Social Development, Finance & Administration	85	111	120
Toronto Employment & Social Services	79	82	90
Children's Services	91	95	95
<b>Social Services Sub-Total:</b>	<b>255</b>	<b>288</b>	<b>306</b>
Toronto Paramedic Services	110	113	130
Seniors Services & Long-Term Care	76	81	81
Toronto Public Health	74	80	86
<b>Health Services Sub-Total:</b>	<b>260</b>	<b>274</b>	<b>297</b>
<b>Total City Property Tax Funding:</b>	<b>1,135</b>	<b>1,307</b>	<b>1,424</b>

\*Values are based on Council Approved Net Expenditure Operating Budgets including in-year adjustments as of Q3 2024 and exclude COVID-19 impacts.

- Since 2023, overall net investments have increased across housing, social services and health services by \$289 million or 25%. Notably, the largest increase to investments by the City has been in housing services, which has grown by 32%.
- While net City investments have grown, it is important to note that continued engagement with the provincial and federal government has enabled greater intergovernmental funding contributions in some of these services.
  - For example, as part of the New Deal Agreement, the Province is providing annual base shelter and homelessness support of \$200 million annually, from 2024 to 2026 (\$600 million total).
  - The 2025 Operating Budget also reflects increased federal and provincial funding for Children's Services (\$579 million) to support the Canada-Wide Early Learning and Child Care Agreement.

Additional comments on the three areas of service are provided below:

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

The 2025 Operating Budget includes \$822 million in property tax funding to support these programs, including \$206 million for Housing Secretariat, \$241 million for Toronto Shelter and Support Services, and \$374 million for TCHC/TSHC. This reflects a total increase of \$76 million over the 2024 Budget, reflecting the City's continued focus on promoting housing supply and affordability.

- **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 and Administration which aims to drive positive outcomes for the community including equity and reconciliation, community safety and wellbeing, poverty reduction, and neighbourhood development.

The 2025 Operating Budget contains a total of \$306 million in property tax funding to deliver these social services, an increase of \$18 million over the 2024 Budget.

- **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 2025 Net Operating Budget for these three divisions totals \$297 million, an increase of \$23 million over the 2024 Budget.

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