

Immigration, Refugees and Citizenship Canada Funding Cuts: Impacts on Direct and Indirect Services in Toronto

Key Issue

- The City of Toronto's Newcomer Office is primarily funded by Immigration, Refugees and Citizenship Canada (IRCC) as the city-wide Local Immigration Partnership (LIP) to support the integration and settlement of newcomers across Toronto. For over 10 years, the Toronto Newcomer Office has worked in parallel with four quadrant community-based LIPs funded in the East, West, North and South of the city.
- Decisions for the latest IRCC call for proposals were announced in late November 2024, with significant funding reductions in the 2025-2027 Immigration Levels Plan announced in October.
- Community organizations are facing significant funding cuts, with some defunded entirely. These cuts will impact the capacity of Toronto's settlement sector to effectively support newcomers.
- Significant changes to LIPs in Toronto were announced by IRCC including the defunding of the Toronto East Quadrant Local Immigration Partnership and the Toronto West Quadrant Local Immigration Partnership as of April 1, 2025.
- The loss of funding for the East and West Quadrant LIPs will create a disruption of critical service coordination and capacity building in Scarborough and West Toronto.
- The community-based quadrant LIPs have met with Toronto MPs including the 416 Caucus to raise concerns. The City of Toronto has been asked to amplify the Quadrant LIP's request: for IRCC to provide one-year transitional funding to both the Toronto East Quadrant Local Immigration Partnership and Toronto West Quadrant Local Immigration Partnership. This funding is critical to continue the coordination and planning of newcomer services, while simultaneously engaging in strategic planning to merge with the North (East) and South (West) Local Immigration Partnerships.

Background

- On October 24, 2024, Marc Miller, then Minister of Immigration, Refugees and Citizenship, announced the [2025–2027 Immigration Levels Plan](#). For the first time, the plan included targets not only for permanent residents but also temporary residents. On March 14, 2025, Rachel Bendayan was made Minister of Immigration, Refugees and Citizenship Canada.
- The Federal Government has reduced the permanent resident targets:
 - From 500,000 to 395,000 in 2025
 - Further reduction to 380,000 in 2026
 - Reduction to 365,000 in 2027.
- Compared to each previous year, Canada's temporary population will decline by:
 - 445,901 in 2025
 - 445,662 in 2026
 - Followed by a modest increase of 17,439 in 2027.
- IRCC funding is tied to levels in the Immigration Levels Plan, with a funding formula accounting for past arrivals and future admissions. Funding levels will be decreasing by a small amount in the 2025-2026 fiscal year, with deeper cuts in the 2026-2027 and 2027-2028 fiscal years.
- Funding allocated for settlement services outside of Quebec will drop from about \$1.17B in 2024-2025 and \$1.12B in 2025-2026. IRCC has not made public the total funding reductions or allocations for Ontario.
- Funding formulas are applied regionally based on immigration levels, with Western Canadian provinces facing deeper cuts than Ontario.

- Despite setting a call for proposals for the 2025-2030 period, IRCC has since announced three-year contracts which decreases the capacity for longer-term planning in the sector. The new agreements will be effective April 1, 2025.
- On January 21, 2025, IRCC announced plans to cut approximately 3,300 jobs from its workforce over the next three years. These cuts were framed within the return to pre-pandemic spending and the reductions in the Immigration Levels Plan. This is expected to create additional delays in IRCC processing times.
- The reduction in permanent residency targets for 2025-2027 limits opportunities for temporary residents already living and working in Toronto to transition to permanent resident status. Community advocates are concerned that reductions to the Immigration Levels Plan will result in an increase in temporary migrants unable to extend their status, potentially forcing them to leave Canada over the next two years. Those who remain will be vulnerable to exploitation and may face detention or deportation.

Impacts on Toronto LIPs and City of Toronto Newcomer Office

- Local Immigration Partnerships are planning bodies through which IRCC supports the development of community-based partnerships to address the needs of newcomers. The LIPs in Toronto convene over 200 partners, including all three orders of government, settlement service providers and other institutions that support newcomer settlement.
- LIPs ensure effective coordination of services which promotes client awareness of settlement services, ensures services are responsive to emerging needs of newcomers, fosters multisectoral partnerships, and strengthens referral pathways.
- LIP work is not directly tied to the number of newcomers arriving in Canada, as LIPs do not deliver direct services to newcomer populations. Regardless of the number of new arrivals, the coordination of key settlement areas, such as health, education, employment, and legal supports, remain critical.
- The Toronto North and Toronto South Local Immigration Partnerships have been directed by IRCC to absorb the East and West LIPs (respectively), with insufficient funding increases and without the time needed to merge strategically and effectively.
- The City of Toronto Newcomer Office, based in Social Development, Finance & Administration, is receiving a funding cut of approximately 18-20% per year, with additional restrictions including limits on FTEs in the 2027-2028 fiscal year. The City's grant agreement with IRCC for 2025-2028 was signed on March 11, 2025. The reduced funding impacts Social Development, Finance & Administration's ability to maintain current staffing and programming levels.

Impact On Direct Settlement Services in Toronto

- Toronto continues to be the top immigrant-receiving destination in Canada. While the targets set out in the Immigration Levels Plan 2025-2027 have decreased, the current scale of service delivery and coordination remains essential given the size of Toronto's newcomer population.
- The capacity of Toronto's settlement sector to support newcomers will be diminished because of current IRCC funding reductions. Many agencies are facing funding reductions, and many will be forced to make decisions to reduce or close programs. Sector partners have expressed the need to coordinate these decisions to avoid exacerbating service gaps that may disproportionately impact vulnerable neighborhoods and newcomer communities.
- Upper language training classes, specifically Canadian Language Benchmarks (CLB) 5+, will be discontinued. This will have a significant impact on career specific language programs, negatively impacting employment integration for newcomers.
- After March 31, 2025, Canada-Ukraine Authorization for Emergency Travel holders will no longer be eligible for IRCC funded services.
- Community agencies are concerned about funding for severance payments and flexibility regarding the use of slippage from the current fiscal year. At present, IRCC is not permitting this.
- The shift from five-year to three-year contracts increases administrative burden on organizations already navigating strained staffing capacity.
- Negotiations for the 2025-2028 funding agreements are being finalized, with new IRCC funding contracts in place effective April 1, 2025. As negotiations are finalized, the scale of the impact can be better assessed.

- Social Development, Finance and Administration has provided funding to the United Way Greater Toronto to gather data on the scale and scope of IRCC funding cuts in Toronto and the potential impacts on the settlement sector, the City, and other services in Toronto. The findings of this research are anticipated in May 2025.
- Current IRCC funding supports services for newcomers with permanent resident or convention refugee status but excludes individuals with temporary status (e.g. refugee claimants, international students). This gap makes it difficult to provide comprehensive support to all newcomer communities. While this is not new, cuts to IRCC funding will exacerbate this issue.