

2026 Budget Notes

Toronto Employment & Social Services

While we aim to provide fully accessible content, there is no text alternative available for some of the content within these pages. If you require alternate formats or need assistance understanding our charts, graphs, or any other content, please contact us at FPD@toronto.ca.

Description

Under the authority of the Ontario Works Act and Regulations, Toronto Employment and Social Services (TESS) serves over 170,000 Toronto residents in financial need through a network of 14 full-service offices.

Toronto Employment and Social Services provides financial supports, social supports, and referrals to employment supports for people receiving Ontario Works (OW) assistance in Toronto. Services include providing financial benefits available through the OW program, making referrals to supports such as health, housing, child-care, and other social services as well as preparing people who receive OW to participate in employment programs available through Employment Ontario.

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 sets the rules for who qualifies and what types of benefits are available.
- Income support helps cover essential costs such as food, clothing, and shelter.
- To receive financial assistance, clients are expected to make reasonable efforts to prepare for, find, and keep a job, with support from programs designed to help them succeed.

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/>

Program/Agency:

Tom Azouz

General Manager, Employment and Social Services

Tel: (416) 392-8952

Email: Tom.Azouz@toronto.ca

Corporate:

Karin Dahm

Manager, Financial Planning

Tel: (416) 329-8167

Email: Karin.Dahm@toronto.ca

What Service We Provide

Financial Supports

Who We Serve: Ontario Works recipients and adult dependants of Ontario Disability Support Program (ODSP) clients, and low-income Toronto residents.

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

Resources (gross 2026 operating budget): \$1,119.3 million

Integrated Case Management and Service Planning

Who We Serve: Ontario Works recipients and adult dependants of ODSP clients.

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

Resources (gross 2026 operating budget): \$148.6 million

Employment Services

Who We Serve: Ontario Works recipients and adult dependants of ODSP clients.

What We Deliver: Case management and referrals to social supports and Employment Ontario services that help social assistance clients prepare for, secure and maintain employment.

Resources (gross 2026 operating budget): \$51.1 million

Budget at a Glance

2026 OPERATING BUDGET

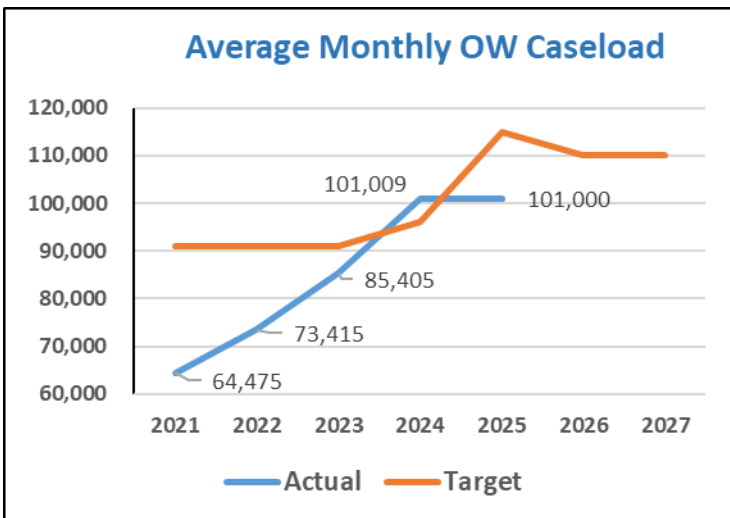
In \$ Millions	2026	2027	2028
Revenues	\$1,218.6	\$1,202.7	\$1,202.8
Gross Expenditures	\$1,318.9	\$1,331.3	\$1,337.8
Net Expenditures	\$100.3	\$128.6	\$135.0
Approved Positions	1,987.0	1,979.0	1,979.0

2026-2035 10-YEAR CAPITAL PLAN

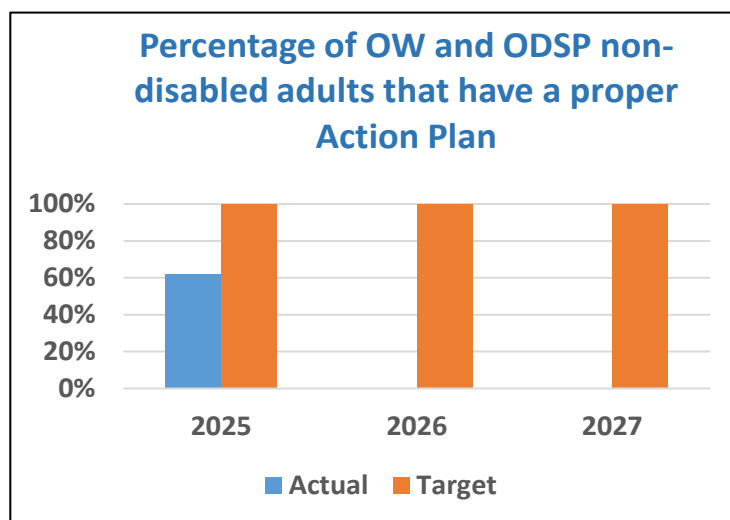
In \$ Millions	2026	2027-2035	Total
Gross Expenditures	\$0.8	\$8.2	\$9.0
Debt	\$0.8	\$8.2	\$9.0

Note: Includes 2025 carry forward funding

How Well We Are Doing – Behind the Numbers



- The average monthly Ontario Works caseload reflects the number of families and single individuals receiving financial assistance and employment supports.
- Caseloads change based on several factors, including economic conditions such as employment levels, inflation, and interest rates; changes to Ontario Works eligibility rules and benefit rates; the availability and duration of federal income support programs; and immigration trends, including asylum claimants.
- From October 2021, when the Canada Emergency Response Benefit ended, through September 2024, caseloads increased steadily, driven mainly by asylum claimants. Over the past year, caseloads have stabilized as declines in asylum claimant cases offset increases among Canadian-born and permanent residents.
- Economic forecasts for 2026 show slow growth for Canada's economy. Job growth will be very small—about 0.4%. Challenges include fewer people entering the workforce, uncertainty in global trade, and high household debt, which could make recovery harder.
- Because caseload growth typically lags economic downturns, significant increases are not expected to impact Toronto Employment and Social Services (TESS) until the second half of 2026.



- One of the key measures for Ontario Works service providers is ensuring that adults with participation requirements have an Action Plan. This plan identifies the supports and services a person may need to overcome barriers before starting work such as housing challenges, mental health concerns, addictions, or financial literacy. Addressing these issues first helps set clients up for success and ensures resources are used effectively.
- Action Plans must be created within 30 days of approval and include at least one goal linked to a barrier or a referral to supports.
- The Ministry of Children, Community and Social Services has set a 100% target for this measure, based on historical data and current Employment Service Transformation standards, in alignment with the Ministry of Labour, Immigration, Training and Skills Development.
- Since the launch of Employment Service Transformation in March through the end of October, TESS has completed approximately 77,000 Action Plans, covering 54.5% of eligible adults, exceeding the year-to-date target in the transition plan.

How Well We Are Doing

Service	Measure	2024 Actual	2025 Target	2025 Projection	2026 Target	2027 Target
Outcome Measures						
Integrated Case Management and Service Planning	Average Months on Assistance	38.8	44.0	38.7	44.0	44.0
Integrated Case Management and Service Planning	# of OW applications processed annually	75,537	80,000	64,110	80,000	80,000
Financial Supports	# of financial and employment benefit payments processed annually (in '000)	1,385	1,500	1,302	1,500	1,500
Key Service Level Measures						
Integrated Case Management and Service Planning	Percentage of Ontario Works adults and ODSP non-disabled adults with participation requirements that have a proper Action Plan created ¹	NA	100.0	62.0	100.0	100.0
Integrated Case Management and Service Planning	Percentage of Ontario Works adults and ODSP non-disabled adults with participation requirements who are referred to Employment Ontario (EO) ¹	NA	18.0	37.0	18.0	18.0
Integrated Case Management and Service Planning	Percentage of caseload on assistance more than 2 years	36.5	45.0	37.9	45.0	45.0
Other Measures						
Integrated Case Management and Service Planning	Percentage of Ontario Works cases who exited the program for any reason and return within one year ¹	26.9	27.0	25.1	27.0	27.0
Integrated Case Management and Service Planning	Percentage of Ontario Works cases (individual or family units) that exited to employment ¹	5.6	6.0	7.4	6.0	6.0

Comments:

¹ The provincial service plan uses an outcomes-based model, with a focus on creating the right conditions, and expectations, to meet targets and improve client outcomes. The measures highlighted above are in line with Employment Services Transformation, and targets are set by the Ministry using a combination of historical and current data.

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- Served an average monthly caseload of 101,000 and processed 64,110 applications for Ontario Works.
- Implemented the province's Integrated Employment Services (IES) system in March 2025, which transitioned the responsibility for delivering employment services for residents receiving OW assistance from TESS to Employment Ontario (EO). The IES system in Toronto is overseen by WCG Services, the Employment Ontario Service System Manager for Toronto. Within the IES system TESS is responsible for helping clients address barriers, preparing them to participate in employment programs / services delivered by EO and referring clients to community resources and services and EO.
- Referred almost 51,000 clients to Employment Ontario for employment services, exceeding the provincial target of 30,000 referrals in 2025, the first year of IES.
- Placed 696 clients in Purchase of Employment programs during the final year of this stream, which ended June 30, 2025, due to funding changes under IES.
- Collaborated with WCG Services to implement and enhance mechanisms for seamless service delivery and referrals within the new IES system and successfully advocated for a 2025 Toronto-specific funding stream resulting in over 4,500 WCG-funded pre-employment program seats outside of the formal IES system to prepare OW clients for employment services.
- In collaboration with Social Development and various community partners, launched six divisional and eleven local Innovative Case Management (ICM) initiatives supporting more than 700 individuals and families across Toronto.
 - ICM delivers a broad range of person-centred supports including food security, mental health services, youth development and mentorship, enhanced service navigation, intensive case management and empowerment, and targeted interventions for equity-deserving communities.
- Launched a divisional Reconciliation Action Plan roadmap to help guide actions to support Indigenous clients and community partners and engaged the City's Indigenous Affairs Office for guidance.
- Hired and onboarded 154 new caseworkers.

Key Challenges and Risks

- The ongoing cost of living crisis coupled with no increase to OW rates since 2018 has had profound impacts on OW clients and has resulted in increased food insecurity, housing precarity and homelessness, and widening health inequalities.
- While WCG Services' funding of pre-employment program seats outside of the Integrated Employment System (IES) has partially mitigated concerns about how clients facing multiple employment barriers can be effectively served within the Province's IES model, there has been no commitment by WCG to extend this stream of programming beyond the end of 2025.
- Continued uncertainty about tariffs imposed by the USA make it extremely challenging to forecast the impact on Toronto's economy and the OW caseload. Based on previous recessions and downturns, there might be a significant time lag between employer layoffs, growing unemployment and an increase in applications for OW.
- The provincial expansion of Centralized Intake began in May 2025, with the province assuming the authority to grant or deny initial eligibility for OW. TESS continues to process emergency and in-person applications and ongoing case management. Although the anticipated efficiencies have not been realized, TESS has seen a decrease in overtime and is hopeful that the intensity of work required following cases being granted assistance will abate as system refinements continue.
- The percentage of clients reporting significant barriers to employment continues to remain high and is expected to grow.
 - As of September 2025, 38.8% of the caseload has been receiving OW for more than two years. About one in five have been on OW for more than five years.
 - The percentage of refugee claimant's caseload has increased from 16.3% in January 2022 (10,690) to 35.5% as of September 2025 (31,139).
- The OW Program Delivery Funding model understates the City's requirements, which has resulted in the city having to absorb service delivery costs beyond the 50/50 provincial allocation to maintain adequate service levels for Toronto residents in need. Reserve funding has been used to help mitigate the shortfall, but it is no longer sustainable. TESS continues to advocate for provincial funding levels that reflects both

current caseload numbers as well as the complexities of the caseload in Toronto and to work with the province and municipal partners on a new funding model for Ontario Works.

Priority Actions

Strengthen Integrated Employment Service (IES) model

- Continue improving and streamlining delivery approaches while aligning divisional operations and staffing models with IES roles, responsibilities, and collaboration models.
- Continue and enhance the collaborative partnership relationship with the Employment Ontario (EO) Service System Manager for Toronto, WCG Services that includes onsite EO presence in TESS offices.
- Advocate for continuation of Preparation for IES programs in 2026 and beyond.
- Monitor and report on new IES performance metrics.
- Maintain “no wrong door” approach so clients can access programs and services through the channel (in-person, online, phone) that best meets their needs.

Centralized Intake

- Work with the Province to closely monitor and assess the implementation of Centralized Intake, with particular focus on determining the extent to which the process is operating as anticipated, as well as specific impacts on both client experiences and staff functions and roles.

Improve the client experience, enhance outcomes and find administrative and financial efficiencies

- Continue to work with interdivisional partners such as collaborations with Toronto Support and Shelter Services (TSSS) that support individuals experiencing or at risk of homelessness through:
 - Providing families experiencing homelessness with emergency support to secure short-term accommodations when family shelter space is not available.
 - Working closely with Streets to Homes Outreach and Counsellor staff to connect encampment residents to financial and service navigation supports, with the goal of helping individuals living in encampments move indoors (this initiative is Federally funded up until March 2026).
 - Support clients who are furthest from the labour market to improve their access to community supports and reduce social isolation.

Expand Divisional Person-Centred Supports

- Increase collaboration and partnership with community organizations to increase access to a range of supports and resources for clients.
- Enhance on-site services and strengthen relationships with external/internal partners.
- Continue to advance client engagement and research informing improvement to the delivery of Person-Centered Supports.

Advance Equity, Diversity and Inclusion

- Foster a divisional culture of equity, inclusion and belonging, and ensuring a representative workforce that reflects Toronto's population.
 - Advance the divisional Confronting Anti-Black Racism Action Plan.
 - Advance Indigenous Reconciliation by improving services and supports for Indigenous communities in alignment with the City's Reconciliation Action Plan.
-

CITY STAFF PREPARED BUDGET

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

1. The 2026 Operating Budget for Toronto Employment and Social Services of \$1,318.883 million gross, \$1,218.604 million revenue and \$100.279 million net for the following services:

Service:	Gross Expenditures (\$000s)	Revenues (\$000s)	Net Expenditures (\$000s)
Financial Supports	1,119,255.4	1,099,631.7	19,623.7
Integrated Case Management and Service Planning	148,554.7	89,484.8	59,069.9
Employment Services	51,073.0	29,487.9	21,585.1
Total Program Budget	1,318,883.1	1,218,604.4	100,278.7

- The 2026 staff complement for Toronto Employment and Social Services is comprised of 1,987.0 operating positions.
2. The 2026 Capital Budget for Toronto Employment and Social Services with cash flows and future year commitments totaling \$9.000 million as detailed by project in [Appendix 5a](#).
 3. That all third-party funding included in the 2026 Budget be subject to the execution of an agreement or receipt of funding. If such agreement or funding is not in place by 2026 or forthcoming, the approval to spend must be reassessed by City Council relative to other City-funded priorities and needs in future budget processes.

**2026
OPERATING BUDGET**

2026 OPERATING BUDGET OVERVIEW

Table 1: 2026 Operating Budget by Service

(In \$000s)	2024 Actual	2025 Budget	2025 Projection*	2026 Base Budget	2026 New / Enhanced	2026 Budget	Change v. 2025 Budget	
By Service	\$	\$	\$	\$	\$	\$	\$	%
Revenues								
Employment Services	46,966.1	34,144.2	31,174.8	29,487.9		29,487.9	(4,656.3)	(13.6%)
Financial Supports	1,029,857.1	1,151,392.4	998,508.4	1,099,631.7		1,099,631.7	(51,760.7)	(4.5%)
Integrated Case Management and Service Planning	73,439.8	91,701.1	84,186.2	89,484.8		89,484.8	(2,216.3)	(2.4%)
Total Revenues	1,150,263.0	1,277,237.7	1,113,869.4	1,218,604.4		1,218,604.4	(58,633.3)	(4.6%)
Gross Expenditures								
Employment Services	61,501.7	53,938.0	46,084.8	51,073.0		51,073.0	(2,865.0)	(5.3%)
Financial Supports	1,044,810.3	1,170,224.3	1,017,930.9	1,119,255.4		1,119,255.4	(50,968.9)	(4.4%)
Integrated Case Management and Service Planning	126,028.4	149,354.2	133,711.5	148,554.7		148,554.7	(799.5)	(0.5%)
Total Gross Expenditures	1,232,340.4	1,373,516.5	1,197,727.2	1,318,883.1		1,318,883.1	(54,633.4)	(4.0%)
Net Expenditures	82,077.4	96,278.8	83,857.8	100,278.7		100,278.7	3,999.9	4.2%
Approved Positions**	1,843.0	2,037.0	N/A	1,987.0		1,987.0	(50.0)	(2.5%)

*2024 Projection based on 9 Month Variance

**YoY comparison based on approved positions

KEY DRIVERS

Total 2026 Budget expenditures of \$1,318.883 million gross reflect a decrease of \$54.633 million in spending below the 2025 Budget, predominantly arising from:

- A decrease in projected monthly Ontario Works (OW) caseloads of 5,000 or 4% for a total of 110,000 cases in 2026 resulting in a reduction in expenditures of \$51.575 million gross, \$5.734 million net and a complement decrease of 52. Net savings are realized from the reduced complement as program delivery expenditures are projected to be over the provincial funding cap in 2026. Payment of client benefits are 100% funded by the province (net \$0).
- The second year of moving provincial employment service funding for Ontario Works clients to the Ministry of Labour, Immigration, Training and Skills Development to support the integration of employment services for social assistance under Employment Ontario. The total transfer of funding will be \$38.591 million, of which \$26.807 million was transferred in 2025, \$10.713 million is being transferred in 2026 and the final \$1.070 million will be transferred in 2027.
- These decreases are partially offset by an increase in salaries and benefits of \$8.779 million due to contractual obligations.

EQUITY IMPACTS OF BUDGET CHANGES

No significant equity impacts: The changes in Toronto Employment and Social Services' 2026 Operating Budget do not have any significant equity impacts.

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' 2026 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.

2026 OPERATING BUDGET KEY COST DRIVERS

The 2026 Net Operating Budget for Toronto Employment and Social Services of \$100.279 million is \$4.000 million or 4.2% greater than the 2025 Net Budget. Table 2 below summarizes the key cost drivers for the 2026 Budget.

Table 2: 2026 Key Cost Drivers

(In \$000s)	2026				2027 Annualized Impact (Net)
	Revenues	Gross Expenditures	Net Expenditures	Positions**	
2025 Projection*	1,113,869.4	1,197,727.1	83,857.7	N/A	N/A
2025 Budget	1,277,237.7	1,373,516.4	96,278.7	2,037.0	N/A
Key Cost Drivers:					
Salaries & Benefits					
Salaries and Benefits Adjustments	(200.0)	8,579.4	8,779.4	4.0	14,244.4
Non-Salary Inflation					
Leases, Utilities etc.		216.7	216.7		328.1
Revenue Changes					
OW Reserve Draw in line with caseload staffing decreases	(1,572.6)		1,572.6		13,879.0
Other Changes					
Decrease in Caseload	(45,840.0)	(51,574.7)	(5,734.7)	(52.0)	(206.7)
Employment Services Transformation	(10,713.4)	(10,713.4)			
Investing in Families and Personal Care Paramedic Programs	571.7	571.7			
Technology Support - IIF Program (formally Kids @ Computers)	(750.0)	(750.0)			
Other Changes	(129.0)	(62.1)	66.9		102.8
Sub Total Key Cost Drivers	(58,633.4)	(53,732.4)	4,900.9	(48.0)	28,347.6
Affordability Measures		(900.9)	(900.9)	(2.0)	0.0
Total 2026 Base Budget	1,218,604.4	1,318,883.1	100,278.7	1,987.0	28,347.6
2026 Budget	1,218,604.4	1,318,883.1	100,278.7	1,987.0	28,347.6
Change from 2025 Budget (\$)	(58,633.4)	(54,633.4)	4,000.0	(50.0)	N/A
Change from 2025 Budget (%)	(4.6%)	(4.0%)	4.2%	(2.5%)	N/A

*Based on 9-Month Variance

**YoY comparison based on approved positions.

Key Base Drivers:**Salaries and Benefits:**

- Increase in salaries and benefits of \$8.779 million net is primarily related to contractual obligations, including cost-of-living adjustments (COLA) as well as step, progression and performance pay.

Non-Salary Inflation:

- Increases of \$0.217 million net are due to base rent increases as per contractual lease agreements for 11 offices and inflationary increases in operating costs, utilities and insurance.

Revenue Changes:

- Reduction of \$1.573 million in the budgeted draw from the Ontario Works (OW) Reserve Fund due to projected caseload reduction. The total OW reserve draw of \$13.879 million, which will fund the cost of approximately 130 caseload contingent staff in the 2026 Budget, 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 2026 caseload budget has been set at 110,000, which is 5,000 cases below the 2025 monthly caseload budget of 115,000, but 9,000 cases above the actual 2025 caseload of 101,000. The decrease of \$45.840 million for client benefits is net zero as benefits are 100% funded by the province. To maintain a staffing ratio of 10.5 FTE per 1,000 cases, complement will be decreased by 52 resulting in net savings of \$5.735 million as program delivery expenditures are projected to be over the provincial funding cap in 2026.

- The second year of the implementation of Employment Service Transformation results in \$10.713 million of funding received from the province to deliver the OW program being transferred to the Ministry of Labour, Immigration, Training and Skills Development for direct reinvestment in the new Employment Services System Manager's budget. The budget for delivering employment programs for OW recipients has been reduced by an equal amount.
- Increased costs of \$0.571 million, due to contractual obligations for staff in partnering divisions for the Investing in Families program and funding for participants in the Primary Care Paramedic Program, fully funded by the National Child Benefit Supplement reserve.
- The budget for the Technology Support – IIF Program, which provides technology support for children aged 8-17 years old with a verified learning disability and is fully funded by the National Child Benefit Supplement reserve, has been reduced by \$0.750 million to align with actual spending levels.

Affordability Measures

Table 3: Affordability Measures

Recommendation	Savings Type	Equity Impact	(In \$000s)						
			2026				2027 (Incremental)		
			Revenues	Gross Expenditures	Net Expenditures	Positions	Gross Expenditures	Net Expenditures	Positions
Budget Unit Positions	Efficiency Savings	No Impact		(228)	(228)	(2.0)	0	0	
Client Mailings Postage	Efficiency Savings	No Impact		(272)	(272)				
Line by line review	Line-by-line	No Impact		(401)	(401)				
Total Affordability Measures				(901)	(901)	(2.0)	0	0	

Affordability measures, as described below, are specific actions taken by Toronto Employment and Social Services (TESS) that achieve cost reductions without impacting service levels for customers. For 2026, TESS has identified \$0.5 million in efficiency savings and \$0.401 million in line-by-line review through the following initiatives:

- **Budget Unit Positions:** Due to several key operational and strategic changes, the workload for the financial team has decreased. Two positions in the unit have been identified as no longer required and have been vacant for some time resulting in savings of \$0.228 million. There will be no impact on operational effectiveness.
- **Client Mailing Postage:** A reduction in postage cost of \$0.272 million has been driven by the consolidation of the Ontario Works Statement of Assistance and Statement of Income into a single monthly mailing rather than two, along with the expanded use of paperless delivery via the My Benefits online portal, an online service available 24/7 to Ontario Works recipients that allows them to securely access information.
- **Line by Line Review:** Following a detailed review of spending which compared budgeted amounts with historical expenses, the budget has been reduced by \$0.401 million primarily in stationery and printing.

Note:

For additional information, please refer to [Appendix 4](#) for Operating Program Provincial/Federal Funding Streams by Funding Source.

2027 AND 2028 OUTLOOK**Table 5: 2027 and 2028 Outlook**

(In \$000s)	2026 Budget	2027 Incremental Outlook	2028 Incremental Outlook
Revenues			
Employment Services Transformation		(1,070.4)	
Ontario Works Reserve Fund Draw		(13,879.0)	
NCBS Reserve Fund Draw		(112.4)	110.0
Other Revenue		(864.5)	
Total Revenues	1,218,604.4	(15,926.4)	110.0
Gross Expenditures			
Salaries and Benefits Changes		14,138.6	6,185.8
Employment Services Transformation		(1,070.4)	
Office Lease Costs		328.1	239.7
Investing in Families and Personal Care Paramedic Programs		(112.4)	110.0
Other Expenses		(862.6)	7.9
Total Gross Expenditures	1,318,883.1	12,421.2	6,543.4
Net Expenditures	100,278.7	28,347.6	6,433.4
Approved Positions	1,987.0	(8.0)	

Key Outlook Drivers

The 2027 Outlook with total gross expenditures of \$1.331 billion reflects an anticipated \$12.421 million or 0.9% increase in gross expenditures above the 2026 Operating Budget. The 2028 Outlook expects a further increase of \$6.543 million or 0.5% above the 2027 Outlook.

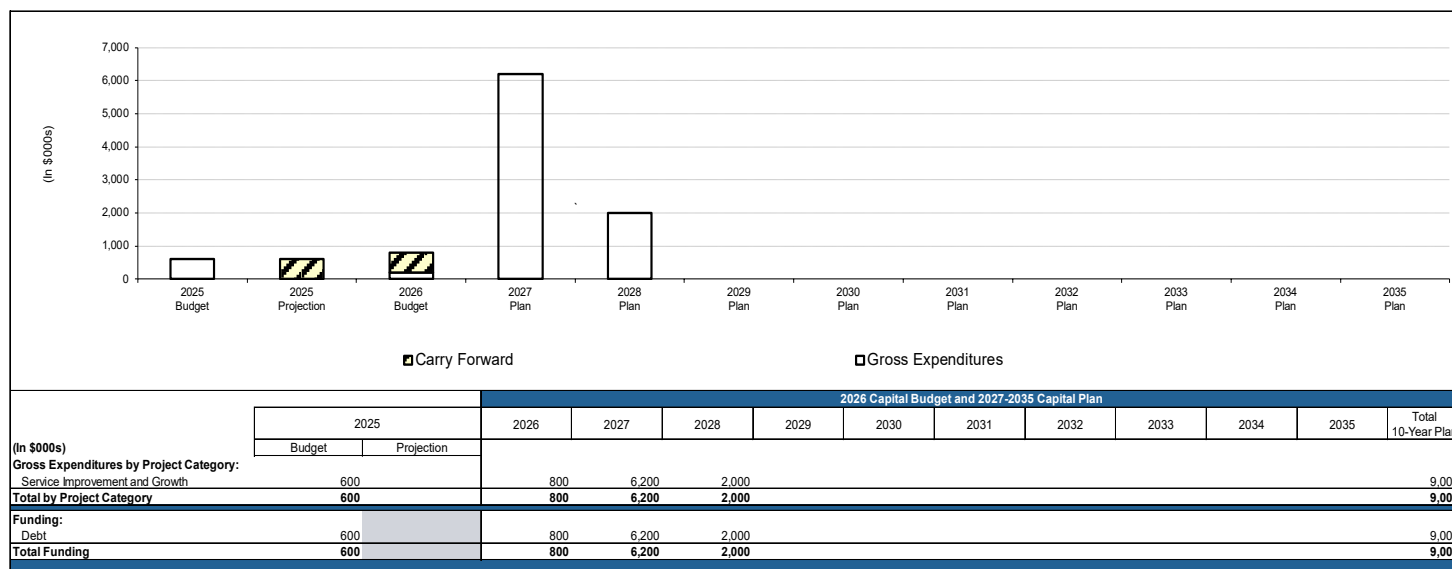
These changes arise from the following:

- **Employment Services Transformation:** The remaining \$1.070 million of 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. At the end of 2027, the total funding transferred to MLITSD will be \$38.591 million with a net \$0 impact.
- **Prior Year Impact:** Funding from the Ontario Works (OW) reserve fund will not continue after 2026 as the reserve balance will be insufficient to fund contingent staff.
- **Salaries and Benefits:** The increase in salaries and benefits in both 2027 and 2028 are mainly due to contractual obligations. In 2027, the increase is more significant due to the pace of hiring expectations.
- **Office Lease Costs:** Increase is due to base rent increases as per contractual lease agreements for TESS' 11 offices in leased space and inflationary increases in operating costs and utilities.
- **Other Revenue and Expenses:** Decrease in revenue and expenditures is primarily related to programs funded by Toronto Shelter and Support Services that are expected to end in 2027.

2026-2035 CAPITAL BUDGET AND PLAN

2026–2035 CAPITAL BUDGET AND PLAN OVERVIEW

Chart 1: 10-Year Capital Plan Overview



Project Updates

The 2026-2035 Capital Budget and Plan reflects the following changes to existing projects over the nine common years (2026-2034):


- Realignment of cash flows for the relocation projects for Office 1 (\$4.5 million), a leased space which is expiring, and Office 2 (\$4.5 million), the North York Civic Centre which can only take 25% of the office's complement and has limited interview rooms for clients. The projects are expected to be completed in 2028 as work is ongoing with Corporate Real Estate Management (CREM) to identify relocation sites.

Note:

For additional information, please refer to [Appendix 4b](#) for Capital Program Provincial/Federal Funding Streams by Projects, [Appendix 5](#) for a more detailed listing of the 2026 and 2027-2035 Capital Budget and Plan by project; [Appendix 6](#) for Capacity to Deliver Review; and [Appendix 7](#) for a Summary of Capital Delivery Constraints, respectively.

2026–2035 CAPITAL BUDGET AND PLAN

\$9.0 Million 10-Year Capital Program


Service Improvement and Growth
\$9.0 M 100.0%
Two office renovation/relocation projects.

How the Capital Program is Funded

City of Toronto		Provincial Funding	Federal Funding
\$9.0 M 100.0%		\$0.0 M 0%	\$0.0 M 0%
Debt	\$ 9.0 M		

APPENDICES

Appendix 1

2026 Operating Budget by Category

Category (In \$000s)	2024 Actual	2025 Budget	2025 Projection*	2026 Budget	2026 Change from 2025 Budget	
	\$	\$	\$	\$	\$	%
Federal Subsidies						N/A
Provincial Subsidies	1,124,963	1,232,767	1,095,862	1,176,214	(56,553)	(4.6%)
User Fees and Donations	5,070	977		977		0.0%
Contribution From Reserves/Reserve Funds	9,815	28,356	6,329	26,605	(1,751)	(6.2%)
Sundry and Other Revenue	9,880	13,400	10,458	13,400		0.0%
Inter-Divisional Recoveries	534	1,738	1,220	1,409	(329)	(18.9%)
Total Revenues	1,150,263	1,277,238	1,113,869	1,218,604	(58,633)	(4.6%)
Salaries and Benefits	175,570	211,659	187,368	214,082	2,423	1.1%
Materials and Supplies	11,036	15,178	11,106	16,244	1,067	7.0%
Equipment	459	704	1,170	704		0.0%
Service And Rent	64,874	69,715	50,203	67,337	(2,378)	(3.4%)
Contribution To Reserves/Reserve Funds	2,010	2,067	2,067	2,172	105	5.1%
Other Expenditures	969,129	1,062,422	937,370	1,006,218	(56,203)	(5.3%)
Inter-Divisional Charges	9,263	11,772	8,443	12,125	353	3.0%
Total Gross Expenditures	1,232,340	1,373,516	1,197,727	1,318,883	(54,633)	(4.0%)
Net Expenditures	82,077	96,279	83,858	100,279	4,000	4.2%

*2025 Projection based on 9-Month Variance

Appendix 2

Summary of 2026 Service Changes

N/A

Appendix 3

Summary of 2026 New/Enhanced Requests Included in Budget

N/A

Appendix 4a

Operating Program Provincial/Federal Funding Streams by Program

Fund Name – Program (in \$000s)	2026 Budget	2027 Outlook	2028 Outlook
Provincial Funding			
<i>Ontario Works</i>			
- <i>Financial/Medical Benefits</i>	1,012,169	1,012,169	1,012,169
- <i>Program Delivery Funding</i>	139,045	137,975	137,975
<i>Homelessness Prevention Program</i>	25,000	25,000	25,000
Sub-Total: Provincial Funding	1,176,214	1,175,143	1,175,143
Federal Funding			
Sub-Total: Federal Funding			
Total Funding	1,176,214	1,175,143	1,175,143

Appendix 4b

Capital Program Provincial/Federal Funding Streams by Project

N/A

Appendix 5

2026 Capital Budget; 2027-2035 Capital Plan Including Carry Forward

Projects (In \$000s)	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2035 Plan	2026-2035 Total	Health and Safety/ Legislated	SOG	Service Improvement and Growth
Office 1	300	3,200	1,000								4,500			4,500
Office 2	500	3,000	1,000								4,500			4,500
Total Expenditures (including carry forward from 2025)	800	6,200	2,000								9,000			9,000

Appendix 5a

2026 Cash Flow and Future Year Commitments Including Carry Forward

Projects (In \$000s)	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2035 Plan	Total 2026 Cash Flow and FY Commitments	Previously Approved	Change in Scope	New with Future Year
Office 1	300	3,200	1,000								4,500	100		4,400
Office 2	500	3,000	1,000								4,500	500		4,000
Total Expenditure (including carry forward)	800	6,200	2,000								9,000	600		8,400

Appendix 5b

2027-2035 Capital Plan Including Carry Forward

N/A

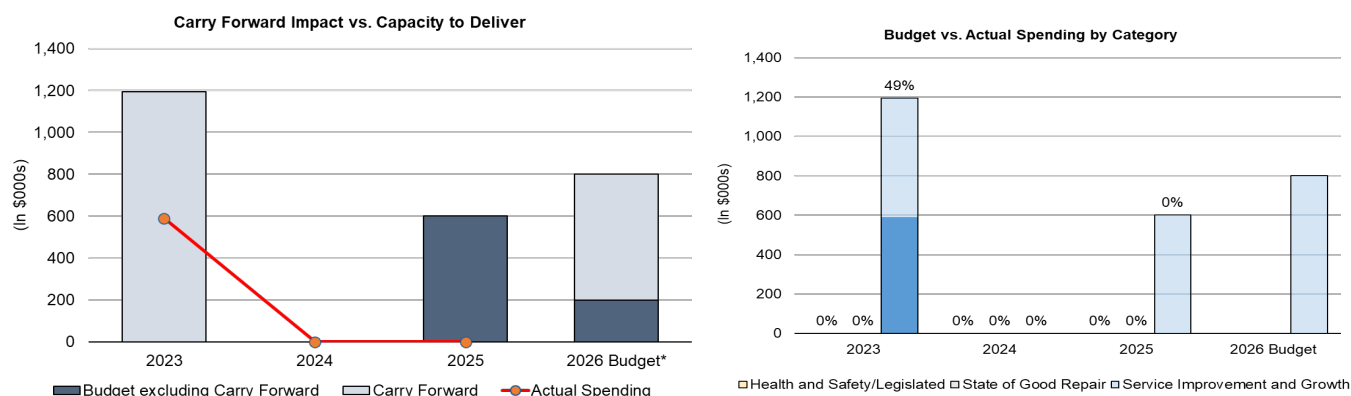
Appendix 6

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.

A 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 2025 underspending that will be carried forward into the 2026-2035 Capital Budget and Plan.

Chart 3 – Capacity to Deliver



Impact of Capacity to Deliver Review on the 10-Year Plan

- Toronto Employment and Social Services (TESS) actual spending over the previous five years, from 2021-2025, has averaged \$4.239 million per year, 90.6% of budget.
- In 2024, TESS did not have a 10-Year Capital Budget and Plan. Capital projects for TESS primarily are for leasehold improvements and/or renovations to sites when required.
- The projected spending for 2025 is \$0 million or 0% of the 2025 Capital Budget due to delays in identifying viable relocation sites. Once sites are confirmed, upgrades to meet required specifications are expected to be completed quickly.
 - Based on the review of historical capital spending and an assessment of capacity to deliver, \$0.600 million in capital spending originally allocated for 2025 has been deferred to 2026, with an additional \$2.550 million deferred to 2027.

Appendix 7

Summary of Capital Delivery Constraints

Projects	Total Project Cost	Non-Debt Funding	Debt Required	Cash Flow (In \$ Millions)									
				2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
NOT INCLUDED													
<i>Lawrence Square</i>	6		6		4	2							
<i>Office 3</i>	6		6			1	5						
Total Needs Constraints (Not Included)	12		12		4	3	5						

Two capital projects have been excluded from the 2026-2035 capital plan due to funding constraints.

- 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 as well as refresh and upgrade the existing Lawrence Square TESS office. To better inform the capital budget moving forward, TESS has contracted with a third-party vendor for preliminary design/test fit plans and a Level C cost estimate for the project.
- 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 Corporate Real Estate Management to identify a new site.

Appendix 8

Inflows and Outflows to/from Reserves and Reserve Funds

2026 Operating Budget

Reserve Account	Reserve/Reserve Fund Name	Inflow/Outflow/Balance	2026	2027	2028
XQ1054 (\$000)	Social Assistance Stabilization	Opening Balance	12,789.8	9,789.8	6,789.8
		*Contributions (+)			
		Total Contributions	0.0	0.0	0.0
		*Withdrawals (-)			
		Operating Budget			
		Toronto Employment & Social Services	(3,000.0)	(3,000.0)	(3,000.0)
		Sub-Total Operating Withdrawals	(3,000.0)	(3,000.0)	(3,000.0)
		Capital Budget and Plan			
		Sub-Total Capital Budget and Plan Withdrawals	0.0	0.0	0.0
		Total Withdrawals	(3,000.0)	(3,000.0)	(3,000.0)
		Interest Income			
		Closing Balance	9,789.8	6,789.8	3,789.8

Reserve Account	Reserve/Reserve Fund Name	Inflow/Outflow/Balance	2026	2027	2028
XR2101 (\$000)	Ontario Works	Opening Balance	19,637.4	5,885.3	5,944.2
		*Contributions (+)			
		Total Contributions	0.0	0.0	0.0
		*Withdrawals (-)			
		Operating Budget			
		Toronto Employment & Social Services	(13,879.0)	0.0	0.0
		Sub-Total Operating Withdrawals	(13,879.0)	0.0	0.0
		Capital Budget and Plan			
		Sub-Total Capital Budget and Plan Withdrawals	0.0	0.0	0.0
		Total Withdrawals	(13,879.0)	0.0	0.0
		Interest Income	127.0	58.9	59.4
		Closing Balance	5,885.3	5,944.2	6,003.6

Reserve Account	Reserve/Reserve Fund Name	Inflow/Outflow/Balance	2026	2027	2028
XR2102 (\$000)	National Child Benefit Support	Opening Balance	31,432.8	22,726.0	14,045.2
		*Contributions (+)			
		Total Contributions	0.0	0.0	0.0
		*Withdrawals (-)			
		Operating Budget			
		Toronto Employment & Social Services	(8,976.2)	(8,863.8)	(8,973.8)
		Sub-Total Operating Withdrawals	(8,976.2)	(8,863.8)	(8,973.8)
		Capital Budget and Plan			
		Sub-Total Capital Budget and Plan Withdrawals	0.0	0.0	0.0
		Total Withdrawals	(8,976.2)	(8,863.8)	(8,973.8)
		Interest Income	269.4	182.9	95.6
		Closing Balance	22,726.0	14,045.2	5,167.0

Reserve Account	Reserve/Reserve Fund Name	Inflow/Outflow/Balance	2026	2027	2028
XR2104 (\$000)	Kids @ Computers Scholarship Project	Opening Balance	3,457.2	2,738.0	2,011.6
		*Contributions (+)			
		Total Contributions	0.0	0.0	0.0
		*Withdrawals (-)			
		Operating Budget			
		Toronto Employment & Social Services	(750.0)	(750.0)	(750.0)
		Sub-Total Operating Withdrawals	(750.0)	(750.0)	(750.0)
		Capital Budget and Plan			
		Sub-Total Capital Budget and Plan Withdrawals	0.0	0.0	0.0
		Total Withdrawals	(750.0)	(750.0)	(750.0)
		Interest Income	30.8	23.6	16.4
		Closing Balance	2,738.0	2,011.6	1,278.0

Inflows and Outflows to/from Reserves and Reserve Funds

2026-2035 Capital Budget and Plan

N/A

Appendix 9

Glossary

Approved Position: Permanent or temporary position 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 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 has 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 Benefit Adjustments: 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).