

Critics say unsustainable budget leaves city unaffordable for many ^[1]

City council meets Feb. 12 to approve the 2018 budget, which Mayor John Tory called “just right” and advocates say is not enough

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EXCERPTS

Mayor John Tory called it “just right.”

Anti-poverty, child care, shelter and other advocates say the 2018 budget is far too cold when council has failed to fully fund the things it promised.

When council meets to approve the budget Monday, they will decide on how best to spend \$11 billion in operating cash to serve 2.7 million residents and those who commute in for work every day. They will also confirm the direction of a \$26-billion capital spending plan for big projects such as the controversial Scarborough subway extension over the next 10 years.

It is a budget, Tory and his allies say, that strikes the right balance between keeping property taxes low — in line with inflation — and investing in services.

[Bar graph, available to view online, indicates municipal spending allocations based on the property taxes for an average home, valued at \$624,418. Toronto Police receive the greatest portion of 14 items at \$682, Children’s services receives \$56.]

But with direction from Tory, supported by council, to freeze spending, the budget for most programs and services won’t even keep up with inflation — effectively mandating nearly across-the-board cuts.

After the fourth successive budget containing these kinds of cuts and with little new revenue coming in — after four previous years under former mayor Rob Ford of much of the same — city staff have outlined how spending has not kept up with the city’s growing population.

It’s a squeeze, critics say, which has left the city harder to get around, to raise children in or to keep a roof over your head.

“For the majority of Torontonians, this city will be less affordable because of this budget,” said Councillor Gord Perks (Ward 14 Parkdale-High Park), who has been the most vocal council opponent of the austerity measures under Tory’s administration. “If you take transit, use daycare, rely on our recreation services or simply drive on a city street, things are going to get worse because of this budget and it will cost you more money.”

A new report from Social Planning Toronto also outlines tens of millions in spending missing from the budget, which fails to provide funding to implement some of the goals from several key strategies previously approved by council — plans aimed at tackling poverty and climate change, and improving recreation and transit across the city.

“Toronto city council has a variety of options to fully fund and support these council-approved strategies and service plans,” the report, authored by Beth Wilson, says. That includes raising property taxes to cover the gap.

Despite a TTC ridership growth strategy identifying relief of overcrowding in 2018 as a goal, the funding plan to combat the crush on buses falls short of that strategy, the report outlines.

The TTC needs \$12.5 million a year to meet crowding standards, but without enough buses, staff say only some measures can be implemented, and not until September 2018, requiring just \$1 million in operating costs.

“Transit advocates are urging council to dedicate the required funds and re-examine this issue to find ways to improve overcrowding as soon as possible,” the report says.

Childcare advocates have also called on the city to actually fund the 20-per-cent cost-sharing for child care.

After funding provided by the provincial and federal governments was secured, 20 per cent for the city is \$11.2 million. But there is only \$2 million budgeted in 2018, with the remainder to be approved in 2019 and 2020.

“An additional \$9.2 million could make a huge difference for Toronto families,” child care advocate Councillor Janet Davis said in an email

to her residents. “The additional funding could increase operating grants to child care centres to reduce fees for all families and pay decent salaries for early childhood educators. The money could add hundreds of new fee subsidies to help low-income families return to work or school, reducing the number of children on the current wait list of over 12,000.”

City spokesperson Wynna Brown said the approach of phasing in \$11.2 million over three years is “aligned with the division’s capacity to deliver the expanded programming.”

There are other concerns.

The city’s Housing Opportunities Toronto 10-year plan approved by council set a goal of creating 10,000 new affordable rental units by 2020 — 1,000 new units every year.

But between 2010 and 2017, only 3,532 rental units were created. Last year, after implementing a new program called Open Door that provides incentives and land to developers to create new affordable housing, 1,200 units were approved — many of which won’t be actually built for several years.

The city has projected how many affordable rental units will be built between now and 2020. Combined with the earlier builds, the city will only have created 4,513 new rental units — falling short of the target by more than half.

Social Planning called on the city to increase its budget by \$35 million to double its efforts until the end of the plan.

Meanwhile, the budget recommendations commit to the first year of a plan to create 1,000 new shelter beds over three years. But advocates say 1,000 beds are desperately needed now, with 500 more needed as soon as possible.

The list of missing items identified by Social Planning also includes programs that are part of significant strategies earlier approved by council but didn’t even make into the early budget requests.

A Toronto Leadership Program, which helps vulnerable youth get employment and development training, will get no additional funds, which staff say was a decision made after considering “financial priorities.” And \$5 million in recreation service plan goals were not submitted for consideration in this budget, leaving them unimplemented.

“The big problem is that council adopted all these strategies to solve serious problems that the city faces and then didn’t fund them and didn’t even include them in the things that are unfunded. They just fell off the radar screen,” said Social Planning’s executive director Sean Meagher. “They ought to be front and centre.”

Brown said parks, forestry and recreation division prioritized new strategies to meet growing demand on services, including adding new recreation spaces through the budget.

Tory’s spokesperson Don Peat said in an email: “This budget makes life in Toronto more affordable for residents, keeps taxes low and makes investments in key areas. The mayor ran on a promise to keep tax increases at or below the rate of inflation — this budget keeps that promise for the fourth year in a row.”

This year’s budget did find ways to include \$52.1 million on new or expanded programs. They include a two-hour transfer on the TTC using Presto, expanding student nutrition programs, adding 20,000 recreation spaces and implementing an anti-Black racism plan.

Much of that funding came from a reserve fund that is meant to be available in case the city’s finances take a hit.

[Line graph, available to view online, shows “Balance of city’s tax rate stabilization reserve (in millions)].

The tax rate stabilization reserve is funded from operating surpluses “with the purpose of providing funding for any operating deficit in future years,” according to a recent staff report, not to be a permanent funding source to eliminate operating gaps — essentially, a rainy-day fund.

In 2010, the balance at the end of the year was \$77.9 million. Though there have been contributions to the fund in the first three years Tory has been in off, by the end of 2018, with the recommended budget drawing millions from the fund to pay for programs, the reserve will be at just \$13.3 million.

The reserve has a target balance of 1 per cent of the tax levy, which was \$42 million in 2017, according to a 2018 staff report.

To help cover off the new expenses, executive committee is also recommending the city rely on a hot housing market continuing at the unprecedented pace from 2017, despite warnings from both the city manager and the real estate industry about how a softening in sales could blow a hole in the city’s plan — what would cause a mid-year scramble to close the gap.

On the capital side, the current 10-year plan sees more than a third of all spending on the one-stop Scarborough subway extension (\$3.36 billion); Tory’s “SmartTrack” plan to add six new GO stations and a light-rail line along Eglinton Ave. West (\$3.76 billion); and rebuilding the Gardiner East (\$2.3 billion).

Council is scheduled to meet Feb. 12 and 13.

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