
2004 BUDGET BRIEFING NOTE

Issue/Background: 2004 Consolidated Grants Budget Recommendations

Standing Committees and the Board of Health have recommended new and enhanced services totaling \$6,199.0 thousand. There is no funding source for the recommended service level increases resulting in an additional net pressure of \$6,199.0 thousand.

On Wednesday March 10, 2004, BAC “approved the EMT level for Consolidated Grants” and “requested the Chief Administrative Officer, in consultation with Budget Advisory Committee Members, to prepare recommendations for prioritizing grants above the EMT level for Consolidated Grants prior to the Budget Advisory Committee wrap up meeting”.

This briefing note provides criteria that may be used to prioritize the standing committee/Board of Health recommended new and enhanced service requests. Appendices A and B provide a five year history of funding increases and additional information on the 11 programs (8 existing and 3 new) recommended for increases by standing committees and the Board of Health. Although not recommended for an increase by the Economic Development and Parks Committee, EDCT staff were directed to report to BAC on the justification for a grant to Variety Village. This has been provided to BAC as part of Commissioner Halstead’s March 3, 2004 report “2004 Capital and Operating Budget – Response to Economic Development and Parks Committee Inquiries” (page 12).

Key Points:

Priority Setting Criteria

Three criteria that can be used to prioritize new/enhanced service requests are:

- A. Affordability
- B. Service Impact and
- C. Funding History.

A. Affordability

Four levels of affordability, from least costly to most costly, are:

1. EMT recommended (flatline for the 8 existing programs),
2. Apply the economic factor (to the 8 existing programs),
3. Phase in recommended increases over the term of Council (8 existing and 3 new recommended programs),
4. Fund priority programs, determined using service impact and/or funding history criteria.

B. Service Impact

Service impact considerations, in order of priority, are:

1. Requests to maintain current service levels,
2. New/enhanced services in high risk/vulnerable communities (geographic and common bond),
3. Enhanced services in under-served communities.

C. Funding History

The application of funding history in determining priorities can be done in one of two ways:

Those programs that have received past increases be considered lower priority,

or,

those programs that have received consistent increases can, by virtue of the increases, be considered Council priorities and therefor be considered higher priority.

Other points

- There is demonstrated need for the standing committee/Board of Health recommended new and enhanced services, all of which are consistent with Council's Strategic Plan and various sectoral plans (Culture, Social Development, Access and Equity).
- Appendix A provides a summary of annual increases (1999 to 2003) for the 8 existing programs. Increases in 1999 were the result of reallocation of available funding within the Consolidated Grants Budget.
- Increases in 2002 were due to an approved, partial economic factor of 0.725% across all programs within the Consolidated Grants Budget.
- Appendices B-1 through B-11 provide a brief overview of the 11 programs, including new service/enhancement justification.

Questions & Answers:

How have previous increases in the Consolidated Grants Budget been funded?

In 1999, available funding (i.e. from grants programs that had ended, such as grants to hospitals) within the Consolidated Grants Budget was allocated to begin to harmonize grant programs across the City, with no increase to the net budget. All subsequent increases required that new funding be added to the Consolidated Grants Budget.

Date: March 18, 2004

APPENDIX A

**ANNUAL INCREASES
FOR YEARS 1999 TO 2003**

Program	1999	2000	2001	2002	2003	1999-2003 Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Toronto Arts Council Grants Program (Note 1)		57.7	(58.7)	57.5	183.4	239.9
Toronto Arts Council Operation Program	60.9		99.6	5.2	16.6	182.3
Major Cultural Organizations				23.3		23.3
George Gardiner Museum of Ceramic Arts (New)						N/A
Royal Agricultural Winter Fair			50.0	4.7		54.7
Community Information Toronto - "211" website				2.4		2.4
Community Services Grants Program				71.4		71.4
Food Security Grant Program						N/A
Service Development Program						N/A
Access & Equity Grants Program	154.4	9.0		3.4		166.8
Student Nutrition Program		481.3	88.2	75.3	44.0	688.8
Drug Prevention Grants Program	115.4		41.3	4.7		161.4
Total	330.7	548.0	220.4	247.9	244.0	1,591.0

Note:

- In accordance with the 2002 Grant Agreement between the City and the Toronto Arts Council, the TAC Operations Grant was set as a percentage of the total City grants (i.e. Program and Operations), approved at up to 10% of the total City grants. Applying a percentage of 8.3% for Operations to the total City grants resulted in the reallocation of \$58.7 thousand from the Grant Program to the Operations Program.

Appendix B-1

Program Name: Toronto Arts Council Grants Program and Operations

1. 2003 Approved Budget in thousands:

Grants	\$8,168.27
Operations	\$739.69
Total	\$8,907.96

2. 2004 Committee (Board) Recommended Budget in thousands:

Grants	\$ 9,016.27
Operations	\$ 891.66
Total	\$9,907.93

3. Funding History (Annual Increases in thousands)

1998 Total Increase: nil Grants: nil Operations: nil

There was no increase to Grants Program or to Operations. The grant amount disbursed by the former Metro Cultural Affairs was transferred to the TAC in 1997 resulted from amalgamation.

1999 Total Increase: \$60.88 Grants: nil Operations: \$60.88

2000 Total Increase: \$57.7 Grants: \$57.7 Operations: nil*

Grants: Service Harmonization = \$57,250; Technical adjustment = \$450

*Operations: One-time \$60,000 was added to the Culture Division's budget to provide "administration assistance" to TAC. This was not part of the Consolidated Grants Budget.

2001 Total Increase: \$40.9 Grants: (\$58.7) Operations: \$99.6

In the 2002 Grant Agreement between the City and TAC, TAC's Operations Grant was set as a percentage of the total City Grant (i.e. grants + operations) and approved at up to 10% of the whole. Applying a percentage of 8.3 for operations to the total grant resulted in the rebalancing of program allocations noted above.

2002 Total Increase: \$62.69 Grants: \$57.49 Operations: \$5.2

0.725% Economic factors increase for both grants and operations.

2003 Total Increase: \$200,000 Grants: \$183,400 Operations: \$16,600

Council approved an increase of \$200,000 to TAC's budget. 8.3% of the increase was applied to operations as per the Grant Agreement between the City and TAC.

4. New Service/Enhancement Justification:

At City Council meeting of March 3, 2003 the following motion passed on a vote of 37 to 3 “It is further recommended that the Commissioner of Economic Development, Culture and Tourism be requested to submit the 'Great Arts = Great City' Report, a ten-year investment plan of the Toronto Arts Council, to the 2004 budget process for consideration of a long-term funding plan.” The Great Arts = Great City report recommends an increase of \$1 million dollars to TAC’s budget by 2004. In addition, the Culture Plan, passed by City Council in June 2003 recommends an increase of 25% (\$2 million) to TAC’s grant over five years.

5. Economic Factors:

Between 1999 and 2004, the cumulative effect of inflation has been a loss of purchasing power of over \$1.4 million.

Appendix B-2

Program Name: Major Cultural Organization

1. **2003 Approved Budget:** \$3,237.9 thousand
2. **2004 Committee (Board) Recommended Budget:** \$3,554.6 thousand

3. Funding History (Annual Increases)

1998	nil
1999	nil
2000	nil
2001	nil
2002	\$23.29 thousand (0.725% Economic Factor increase)
2003	nil

4. New Service/Enhancement Justification:

Municipal funding for five of the six organizations in this grants program (the Art Gallery of Ontario, the Canadian Opera Company, the National Ballet of Canada, the National Ballet School and the Toronto Symphony Orchestra) was decreased from \$3.475 million in 1990 to \$2.861 million in 1997. Caribana was grouped under this grants program in 1998. Since amalgamation there has been one increase in 2002 representing 0.725% Economic Factor.

At its meeting on June 24, 25 & 26, 2003, Council adopted Economic Development & Parks Committee Report No. 5, Clause No. 2 that recommended the City to restore funding within five years to major cultural organizations in this grants program to the level of 1990 adjusted for inflation, or a 35% increase over five years. The recommended 7% increase of \$0.227 million will allow these organizations to regain their capacity to deliver services and to buttress their operations as they prepare for the revival of culture in Toronto.

5. Economic Factors:

The Major Cultural Organization Grants Program has not received any Economic Factor increase since 1998, except for a 0.725% in 2002.

Appendix B-3

Program Name: Major Cultural Organization—George Gardiner Museum of Ceramic Art

- 1. 2003 Approved Budget:** N/A
- 2. 2004 Committee (Board) Recommended Budget:** \$97.1 thousand
- 3. Funding History (Annual Increases)**

No previous funding history with the Major Cultural Organization grants program.
Received small project grants in 2001 and 2002

4. New Service/Enhancement Justification:

At its meeting on June 24, 25 & 26, 2003, Council adopted Economic Development & Parks Committee Report No. 5 Clause No. 2 that recommended the George Gardiner Museum of Ceramic Art be included as a Council-acknowledge major cultural organization, and be qualified for proportionate funding under the Major Cultural Organization Grants Program. On average, the major cultural organizations that are facility-based received 3% of their revenue from the City of Toronto. The recommended increase of \$97.1 thousand to the Major Cultural Organization Grants Program will accommodate the inclusion of the George Gardiner Museum of Ceramic Art, without eroding the funding base of the existing grant recipients of the program.

5. Economic Factors: N/A

Appendix B-4

Program Name: Royal Agricultural Winter Fair

1. **2003 Approved Budget:** \$654.7 thousand
2. **2004 Committee (Board) Recommended Budget:** \$715.8 thousand
3. **Funding History (Annual Increases)**

1998	nil
1999	nil
2000	nil
2001	\$50.0 thousand (Enhancement to Base)
2002	\$4.7 thousand (0.725% Economic Factor increase)
2003	nil

4. **New Service/Enhancement Justification:**

The recommended increase of \$61.1 thousand will help offset increasing facility rent associated with the presentation of annual Royal Agricultural Winter Fair at Exhibition Place. Until 1996, the Royal received an annual grant equivalent to its rent payable to Exhibition Place. Since the opening of the National Trade Centre in 1997, the Royal has been renting more space in the new building, resulting in a gap between the City grants and its rent payable. Recognizing this gap, City Council approved a \$50.0 thousand increase to The Royal's funding base in 2001. It also received a 0.725% Economic Factor increase in 2002. The Royal projects a 2004 funding gap of \$287.0 thousand between its rent payable and the 2003 Approved City grant of \$655.0 thousand.

At its meeting on April 14, 15 & 16, 2003, Council adopted Economic Development & Parks Committee Report No. 3 Clause No. 1, that recommended that the Board of Governors of Exhibition Place be requested to consider, during the 2004 budget process, transferring all or part of the parking revenues generated by attendees at the fair to the Royal to offset expenses. Exhibition Place reviewed the request and determined that any transfer of parking revenues would have a negative impact on its revenue stream. The Royal needs to further examine its space requirement, and determine a sustainable rental structure with Exhibition Place.

5. **Economic Factors:**

The Royal Agricultural Winter Fair has received a \$50.0 thousand enhancement in 2001 and a 0.725% Economic Factor increase in 2002.

Appendix B-5

Consolidated Grants Budget Briefing Note

Program Name: Community Information Toronto

1. **2003 Approved Budget:** \$333.97 thousand

2. **2004 Committee (Board) Recommended Budget:**

An additional \$250.0 thousand for a total grant of \$583.97 thousand

3. **Funding History (Annual Increases)**

1999 – \$0	(\$331.565 allocation)
2000 – \$0	(\$331.565 allocation)
2001 – \$0	(\$331.565 allocation)
2002 - \$2.405	(\$333.970 allocation)
2003 – \$0	(\$333.970 allocation)

4. **New Service/Enhancement Justification:**

At its meeting on, July 22, 23 and 25 2003, Council approved Report No.6 Clause No.8 of the Community Service Committee titled, “Community Information Toronto (CIT) – Service Agreement” which included a recommendation that the CIT budget request of an additional \$250.0 thousand to support the on-line component of “211” (www.211toronto.ca) be considered during the 2004 budget process.

5. **Economic Factors:**

In 2002 a 0.725% increase to address the impact of economic factors was added to all grant programs. CIT was allocated an additional \$2.405 thousand as a result of this adjustment.

Appendix B-6

Consolidated Grants Budget Briefing Note

Program Name: Community Services Grants Program

- 6. **2003 Approved Budget:** \$9,860.4 thousand
- 7. **2004 Committee (Board) Recommended Budget:** \$10,236.97 thousand

8. Funding History (Annual Increases)

1999

2000

2001

2002 \$71.41 thousand (.725%) to address the impact of economic factors on the program.

2003

9. New Service/Enhancement Justification:

At its meeting on June 24, 25 and 26 2003, Council received Report No.5 Clause No.7 of the Community Service Committee titled, "Community services Grants Program – 2003 Allocations and Appeals". This clause directed that the 2004 community Services Grants Program budget request include an increase of \$1,209,449.00, to fund "high priority" new programs such as those identified in the 2003 allocations report that could not be supported due to insufficient funds. The ability of the CSGP to meet requests for high priority programs is limited. In 2003, the program was able to recommend only 9.3 percent of new and increased program requests determined to be high priority. If not approved, it is expected that in 2004 that 90 percent of new and increased high priority requests will not be funded.

10. Economic Factors:

In 2002, a 0.725% increase to address economic factors was approved for all grant programs. CSGP was allocated an additional \$71.41 thousand.

Appendix B-7

Consolidated Grants Budget Briefing Note

Program Name: Food Security Grant Program

11. 2003 Approved Budget: N/A

12. 2004 Committee (Board) Recommended Budget: \$500.0 thousand

13. Funding History (Annual Increases)

N/A

14. New Service/Enhancement Justification:

At its meeting on July 22, 23 and 24 2003, Council received Report No.6 Clause No.20 of the Community Service Committee. This clause recommended that Council support the establishment of an ongoing food security grants program and that staff be directed to include a new funding request for \$1,000.0 thousand in the Consolidated Grants Budget submission.

The Food and Hunger Action Fund (FHAF) was operated in 2003 using one-time funds from the Ontario Works Incentive Funds. The operation of this fund demonstrated community food security initiatives create significant impacts at a relatively low cost. Activities supported under the FHAF required an average of only \$5.08 in grant funds per participant to operate effectively. Small capital projects required an investment of only \$1.13 per program participant to generate significant impacts.

There is currently no service in place to support the contribution of community organizations to Council's food security goals and the implementation of the Toronto Food Charter.

A \$500.0 thousand food security grant program would support the development and operations of effective community markets, community kitchens and community gardens in high priority communities.

5. Economic Factors: N/A

Appendix B-8

Consolidated Grants Budget Briefing Note

Program Name: Developmental Funding Grants Program

- 1. 2003 Approved Budget:** N/A
- 2. 2004 Committee (Board) Recommended Budget:** \$400.0 thousand
- 3. Funding History (Annual Increases)**

N/A

- 4. New Service/Enhancement Justification:**

At its meeting on November 15, 2001, the Community Services Committee directed that the “Acting Commissioner of Community & Neighbourhood Services submit to the Grants Sub-Committee in January 2002, a program request to develop a Community Initiatives Funding Program in the amount of \$400,000”. Also, at its meeting on June 9, 2003 the Community Services Committee directed that the Commissioner of Community Services report to the Committee on “a mechanism to include new groups in the entire grants process”.

In 2004, 22 Community Services Grants Program (CSGP) applicants were determined to be developmental (i.e. new organizations and services that develop as a result of emerging needs in under resourced geographic communities or communities of common-bond). Currently, the City of Toronto does not have a developmental grants program where developing organizations and services can apply for start-up and development costs to help get them established.

- 5. Economic Factors:** N/A

Appendix B-9

Consolidated Grants Budget Briefing Note

Program Name: Access and Equity Grants Program

6. **2003 Approved Budget:** \$473.8 thousand

7. **2004 Administration Committee Recommended Budget:** \$1,000.0 thousand

8. Funding History

1999 - \$461.4

2000 - \$470.4

2001 - \$470.4

2002 - \$473.8

2003 - \$473.8

9. New Service/Enhancement Justification:

- The budget envelope for the A and E Grants Program has been flatlined, or received minor increases for the past 5 years and has not provided increased funding to groups to address inflation. The increase provided to the A and E Grants Program from 1998 to 1999 derived from savings in the corporate grants envelope.
- The 1999 Report of the Task Force on Community Access and Equity recommended that the mandate of the program be expanded beyond its purpose of addressing racism and hate activities to include all access and equity issues, and that the budget be increased accordingly.
- In June 2001 Councillor Mihevc recommended an increase to \$1,000.0 thousand and a further increase to \$1,500.0 thousand between 2002 and 2004. This recommendation was referred to the Grants Sub-committee.
- The Grants Sub-committee approved the A and E Grants Program as a priority for the 2002 budget. No enhancements were requested in the 2002 Consolidated Grants Budget given the budget pressures in 2002.
- In February 2004, the Administration Committee recommended an increase of up to \$1million for the A and E Grants Program.
- Reviews of applications, input from community consultations, and the result of the findings of the Community/City Task Force on Core funding have highlighted the need for additional programs to respond to the needs of newly arriving populations who are increasingly people of colour and to address the need for core-funding to improve community capacity.

10. Economic Factors:

Economic indicators such as employment patterns and income indicate that newcomers and certain ethno-racial communities are disadvantaged. Data also indicates that women experience inequalities and that women of colour are located in low-wage, part-time economic sectors. An estimated 50% to 80% of people with disabilities are unemployed or have never participated in the labour market. Almost two out of five people with disabilities have incomes less than \$20.0 thousand.

There continues to be limited core funding from external sources to support organizations addressing the issues faced by these groups and communities.

The City's Access and Equity Grants Program is the only funding program which specifically supports advocacy activities of groups addressing racism and hate activities. Organizational support available to groups is usually linked to direct service delivery rather than to core support, advocacy or capacity building.

To date, funding has not been available from City resources to expand the Access and Equity Grants Programs, nor has the Program been able to respond to inflation or to the reduction/changes in program funding previously available from external sources.

Appendix B-10

Consolidated Grants Budget Briefing Note

Program Name: Student Nutrition programs

11. 2003 Approved Budget: \$1,999.34 thousand

12. 2004 Committee (Board) Recommended Budget: \$4,337.4 thousand

13. Funding History (Annual Increases in thousands)

1999	\$1,310.5
2000	\$1,791.8
2001	\$1,880.0
2002	\$1,955.34
2003	\$1,999.34

14. New Service/Enhancement Justification:

The student nutrition program service subsidies support 287 community-based breakfast, snack and lunch programs serving 67,000 children in schools and community sites. The funding provided by the City of Toronto has increased since 1998 in response to the growing community need and to support programs in meeting minimum nutritional standards. Currently, the City provides 20.8% of the total costs of these programs, the Province provides 15%, and the balance, 64.2%, is funded by a combination of parental contributions, private donations and community fundraising.

The Board of Health requested at its May 2003 meeting that staff report on the municipal funding required to meet the needs of these programs and provide a strategy to achieve such funding. A report was presented to and endorsed by the Board of Health in September 2003, detailing the needs and associated costs. A total net increase of **\$2,338.038** thousand added to the Consolidated Grants Budget is required to meet the student nutrition needs of Toronto's children and youth. This would bring the total municipal contribution to **\$4,337.4** thousand. This enhanced funding strategy was approved by the Board of Health at the February 23rd, 2004 meeting.

15. Economic Factors:

For the past five years, student nutrition programs in Toronto have received municipal subsidies based upon approved costs of no greater than \$0.85 per breakfast, \$2.00 per lunch and \$0.65 per snack. Municipal core funding was initiated in 1998 based upon an average cost of \$0.89/student/day over 185 school days. A key strategy to enhance all snacks with the nutrients lacking in the diets of

most children today would be to implement a citywide milk program, along with culturally appropriate calcium-rich alternatives, to augment every snack. Calculations reflecting this recommendation are shown in Appendix A.

Based on information from Toronto Public Health’s Nutritious Food Basket report (January 2004), overall food costs in the City of Toronto have increased 10% since 1999. The increase in food costs and the growth of programs each year since 1998 has resulted in the proportion of costs for student nutrition programs subsidized by the City falling from 24% to 20.8%. Restoring the level of subsidy to 24% at full coverage of actual costs would total \$3,420.1 thousand, which would be a net increase of \$1,420.7 thousand over the current budget of \$1,999.34.

Real Cost of Providing Toronto Student Nutrition Programs in 2003

Original Equation to Calculate Municipal Core Funding (1998)

(Average cost per student) x (number of students participating) x (number of school days program operates) x (municipal proportion of costs) = core municipal funding

Using 2003 Program Costs

Average cost/student is calculated using a weighted average of the program types and costs:

69 Breakfast programs costing \$1.17/student
 37 Lunch programs costing \$1.78/student
 173 Snack programs costing \$1.07/student

Average cost per student in 2003 = \$1.19
 Number of students participating = 64,730
 Number of school days program operates = 185
 Municipal proportion of total costs = 24%

Municipal Portion Using Current Numbers/Costs = \$1.19 x 64,730 x 185 x 24% = \$3,420.1 thousand.

Current Food Costs of Toronto Elementary Student Nutrition Programs

	Breakfast	Lunch	Snack
1998 Food Costs per child/day (includes 30% for program supplies & resources)	\$0.85	\$2.00	\$0.65*
2003 Food Costs per child/per day (food only)	\$0.90	\$1.37	\$0.82**
2003 Food Costs per child/per day (including 30% for program supplies & resources)	\$1.17	\$1.78	\$1.07**

Breakfast: minimum of 3 food groups served in all calculations

Lunch: minimum of 3 food groups served in all calculations

Snack: *based upon 2 food groups served

**based upon 3 food groups served; nutrient analysis conducted in 2003 of foods served indicated that a nutritionally superior snack is recommended, and is achieved by adding one food group.

Current Food Costs of Toronto Youth Student Nutrition Programs

	Breakfast	Lunch	Snack
2003 Food Costs (food only)*	\$1.35	\$2.20	\$0.84
2003 Food Costs (30% added for program supplies & resources)	\$1.75	\$2.85	\$1.45

*based upon the average daily energy needs of a moderately active 15-year-old male (2756 Calories) weighing 60 kg, using 10% of daily Calories for a snack and 25% of daily calories for a meal (World Health Organization, Basal Metabolic Rate Tool, 2001).

Breakfast & Lunch: minimum of 3 food groups

Snack: 2 food groups + milk/calcium-rich alternative

Appendix B-11

Consolidated Grants Budget Briefing Note

Program Name: **Drug Prevention Grants**

16. 2003 Approved Budget: \$661.46 thousand

17. 2004 Committee (Board) Recommended Budget: \$861.46 thousand

18. Funding History (Annual Increases in thousands)

1998	\$500.0
1999	\$615.4
2000	\$615.4
2001	\$656.7
2002	\$661.46
2003	\$661.46

19. New Service/Enhancement Justification:

At its meeting on June 24, 25 and 26, 2003 City Council adopted recommendations from the Board of Health (May 30, 2003) requesting the Medical Officer of Health to submit a report through the Board of Health Budget Subcommittee that details the unmet needs and the budget required for the 2004 Drug Prevention Grants. A recommendation for \$200,000 additional annual funding for the Drug Prevention Grants (DPG) program was approved at the February 23, 2004 Board of Health meeting. This enhanced funding strategy will increase drug prevention and harm reduction initiatives in under-served areas within the City of Toronto.

The need for enhanced services has been identified by the Youth Action Committee's *Toronto Youth Profile*. Specifically, there is heightened concern around drug activities in Regent Park, Malvern, Parkdale, Jane-Finch and Rexdale. Of the 51 projects funded by the Drug Prevention Grants Program in 2003, 11 projects in these higher-risk areas received funding. Concerted efforts have been made to increase the number of projects in the identified at-risk communities but current funding levels are inadequate to fund all projects that meet the Drug Prevention Grants mandate. In 2003, 15 project proposals that contain effective strategies in preventing drug use among youth were not funded.

20. Economic Factors:

In 1990 the Drug Prevention Grants Program was established by the former Toronto City Council to support community initiatives in drug prevention. In 1999 the program was

expanded to include applicants from across the amalgamated city. The Drug Prevention Grants program has not received harmonized funds to support the new City of Toronto and continues to work with a budget of approximately \$660.0 thousand with little substantive increase since 1999.

The Drug Prevention Grants program funds approximately 50% of the amount requested by eligible organizations and have determined that an additional \$200.0 thousand could be allocated to groups whose projects met the DPG mandate and are in the identified higher-risk areas. In 2003, South Region remains the highest funded area with 34 community projects, followed by North with 7 , East 7 and West 3.