

**Towards a more visionary, participatory, and accessible budget process
for the City of Toronto**
A consultation paper

4 February 2014

**BETTER
BUDGET TO**

Executive Summary

Better Budget TO is a citizen-led initiative dedicated to improving Toronto's budget process in order to build a better city.

Toronto's budget process needs improvement. While no looming fiscal crisis threatens our city, financing our long-term needs as a fast-growing metropolis will be a real challenge. And the process we use to spend public money leaves much to be desired. Debate over the city budget has become a confusing, technocratic, and uninspiring exercise – an affirmation of the dysfunction that many feel pervades City Hall.

Last fall, we hosted [Better Budget Day](#), a full-day workshop where we and many other Torontonians discussed ways to improve the budget process. The inspiring day produced a number of exciting ideas. They are summarized here and described in more detail later in the paper.

- *Tie the budget process to a [long-term City vision and medium-term Council priorities](#)*
 - Develop a long-term vision for the City; update the City's Strategic Plan every 4 years
 - Build the annual budget process around the Strategic Plan's objectives
- *Improve Council's [longer-term financial planning and accountability mechanisms](#)*
 - Move to a three- or four-year budget plan; integrate the operating and capital budgets
 - Introduce independent, third party budget assessors
- *[Embed public engagement opportunities](#) in all phases of City budgeting, and [support participatory budgeting](#)*
 - Inaugurate annual deliberations with a high profile mayor-led budget presentation
 - Host forums in different formats and at new sites to broaden public consultation
 - Host a "Toronto Budget Week" to publicize budget issues and pending decisions
 - Launch an intergovernmental forum for voters to engage all levels of government
 - Invest in online deliberation tools to broaden engagement and solicit feedback
 - Allocate some discretionary funds to Participatory Budgeting; establish a PB secretariat
- *Make communications about the budget process more [accessible and compelling](#)*
 - Establish a clear Budget Timetable; enhance the City's Open Data initiative;
 - Democratize the City's existing Financial Planning initiative
- *Use [civic technologies to generate more interactive and integrated budget information](#)*
 - Pilot a Budget Simulator and an interactive Budget Map
 - Launch an alert system to inform citizens of issue-specific budget developments

We think these proposals could substantially improve Toronto’s budget process.

But we want to know what you think!

In [Part IV](#) of the paper, we list some questions we want your feedback on. Send your views to info@betterbudget.ca. We’ll keep you posted as the Better Budget TO campaign progresses.

Your feedback will help us to develop a Better Budget pledge. To build support for budget reform in City Council’s next term, we plan to invite councillors and candidates, civic leaders and residents alike to sign a “pledge” to help create a more visionary, participatory, and accessible budget process for Toronto.

I. Who we are

[Better Budget TO](#) is a citizen-led initiative dedicated to improving Toronto’s budget process. We see an improved budget process as an important tool for building a better city. We aim to spark and inform thoughtful debate with a near-term focus on putting budget reform on the agenda in Toronto’s 2014 municipal elections. We’re guided by a commitment to openness, transparency, clarity, and accessibility, and by a desire to harness citizen engagement, incorporate long-term thinking, and ensure fiscal sustainability.

On October 19, 2013, in partnership with the [Wellesley Institute](#), we hosted [Better Budget Day](#), a day-long civic engagement workshop focused on designing a better budget process for Toronto. The event brought together about 75 engaged Torontonians from across the city and from a range of fields including public policy, academia, labour, business, technology, social advocacy, journalism, and community organizing. The day included facilitated workshops on the following topics:

- Budget as vision
- Better communications
- Civic Tech
- Better public engagement
- Participatory budgeting

This consultation paper takes many of the promising conversations and ideas from Better Budget Day and translates them into a set of principles and concrete ideas that could form the basis of a budget reform agenda for the next term of Toronto City Council.

The purpose of this paper

This discussion paper serves two purposes. First, it aims to inform public debate about budget reform. Second, it will help Better Budget TO and its partners develop an agenda for budget reform for the next term of City Council. In order to promote this agenda, we plan to create a budget “pledge” that we and

our partners will encourage councillor and mayoral candidates, stakeholder groups, and residents to sign as a signal of their commitment to more visionary, participatory, and accessible budgeting. Such a pledge could include a set of budgeting principles supported by 5-10 specific proposals for budget reform.

Below we propose three key principles that we believe should guide budget reform: vision, participation, and accessibility. We also lay out a number of specific reform proposals – most of which have already been implemented in leading jurisdictions – that could help bring these principles to life.

We are seeking your feedback on these ideas. In the [last section of the paper](#) we describe how you can share your ideas, criticisms, comments, and advice with us.

II. Why Toronto needs a better budget

As a leading city in the world, Toronto should be a leader in how public money is spent. At a time when Torontonians are especially concerned about responsible spending, good government, and the need for effective investments in our future, it is more important than ever to focus on smart public budgeting.

Toronto's budget process needs improvement. While no looming fiscal crisis threatens our city, financing our long-term needs as a fast-growing metropolis will be a real challenge. And the process we use to spend public money leaves much to be desired. Debate over the city budget has become a confusing, technocratic, and uninspiring exercise – an affirmation of the dysfunction that many feel pervades City Hall.

Unlike provincial and federal budgets, which are developed behind closed doors, city budgets hold the promise of transparency and greater public participation. But Toronto's budget can be confusing and inaccessible. Budget documents are written in dense accountant-speak. The multiple budgets the city uses – “tax-supported” vs. “rate-supported”, operating vs. capital, gross vs. net – make it hard for citizens to get an integrated view of where public resources are going.

The budget process can be frustrating and seem inaccessible for the citizens, interest groups, businesses, and neighbourhood associations that are trying to participate. Input often involves short notice before meetings and little time for the sharing of views through “deputations”, and few feel they have the opportunity to provide meaningful feedback.

As arguably the most important set of decisions City Hall makes each year, the budget should offer a vision for where our city government is going, and how it proposes to solve the biggest problems that we as a city face. Instead, the budget is a narrow number-crunching document focused on setting the property tax rate and closing the gap between revenues and expenses. These financial elements are important and necessary, but they are not sufficient.

About the budget

The budget is one of the most important elements of how our city works. Every year, the budget determines how almost \$14 billion of public money is spent. The budget also determines how much residents and businesses will pay in taxes and fees. Toronto's budget is the sixth largest of any Canadian government and the fifth largest of any North American city.

Where our public money goes is closely linked with what our city government does. Budgeting determines how much will be spent on public transit, child care, policing, sewers, housing, libraries, parks, supports for those seeking work, and so on. Just as importantly, through the Budget, City Council also decides which specific programs and projects within each of these areas get funded, and which do not. Which bus lines should be cut back, and which should get more frequent service? How should we expand our public transit system? Which new parks should be built, and which should be upgraded? What hours should libraries keep? How many daycare spaces should we fund, and how many of these should be for those who can't afford the full fee?

The budget affects almost everything our city does.

Although this paper refers to *the* Toronto budget, our city actually produces two budgets every year – an operating budget and a capital budget. The operating budget covers the city's day-to-day functions, covering everything from running TTC routes to daycare subsidies to parks and recreation programming to policing. Within the operating budget, there is both a "tax-supported budget," which covers costs that are paid for out of general revenues (e.g., property tax, Land Transfer Tax, federal and provincial transfers), and a "rate-supported budget," which includes water, parking, and waste management, and is paid for through fees.

The capital budget deals with long-term investments. It is mainly focused on building new infrastructure and maintaining that infrastructure. Like the operating budget, it is divided into "tax-supported" and "rate-supported" components. The time horizon for the capital budget is 10 years.

For reasons of simplicity – and because we believe it is most useful to think of city budgeting as part of a single, integrated process – for the purposes of this paper we will define "budget" as encompassing the capital and operating budgets including both the rate-supported and the tax-supported portions.

III. Three elements of a better budget

A. A more visionary budget

The principle:

The budget should be much more than an accounting exercise. It should be about allocating the resources to create the kind of city we want to live in. As arguably the most important policy process in city government, the budget is an opportunity to develop or update a shared vision for the city, and to establish a strategy for how city government can help fulfill that vision.

Creating a “More Visionary Toronto Budget” should require alignment with certain guiding principles:

- A long-term vision for the City of Toronto that links to shorter term financial priorities
- A budget narrative and themes – or, the “story” – that explains what the budget is about
- Clear public commitments, with accountability mechanisms to ensure Council delivers
- Opportunities for residents to engage at intervals through all phases of budget planning

Ideas

Tie the budget process to a long-term vision for Toronto, and medium-term Council priorities

A more visionary Toronto budget process could be a three-step affair – starting from a long-term vision for the City developed with residents, linking to Council’s medium-term priorities, which then form the basis for spending and taxing decisions to achieve those priorities as part of the annual budget process.

- **Develop a long-term vision for the City**, with broad public participation and consultation, to identify the vision for Toronto over a 20 to 50 year horizon. In Calgary, for instance, a participatory process called [imagineCALGARY](#) was introduced to shape residents’ long-term vision for their City, which was then used to inform 10-year reviews of city services and the City’s three-year business plan.
- **Update the City’s Strategic Plan every four years**, following elections, to establish the priorities of the new Council, identifying specific initiatives and setting targets. For instance, if a Council priority is to “build affordable housing,” a specific initiative and target would be to “build 200 new, mixed-income units in Malvern.” Helsinki City Council does just this, developing a [Strategy Programme](#) at the beginning of each council term to identify the City’s major objectives and Council’s priority initiatives, which is then used to establish the goals for the annual budget process. Toronto City Council has a [Strategic Plan](#) document, which is used to establish longer-term priorities for the government. However, this plan has not been updated on a regular basis, and there is room for more democratic input into its contents. Aligning the city’s strategic planning with the four-year Council election cycle is one way to encourage effective input from

elected officials into City Hall's longer-term priorities.

- **Build the annual budget process around the objectives in the Strategic Plan**, with budget planning and deliberations geared to achieving Council's priority themes, initiatives and targets while managing spending and tax levels. In Vancouver, budget planning is shaped around the City's [long-term priorities](#) ("people, the environment and prosperity"), with the budget's objectives presented to the public for consultation in an annual [Budget Outlook](#) document.

Improve longer-term financial planning and accountability mechanisms

Just as households will save for years to make a down payment on a house, budgeting for Council's multi-year priorities will require a longer-term and more integrated approach to financial planning. There also needs to be a clear system of public reporting about financial results, and other ways to ensure that Council is held to account for delivering on its commitments.

- **Move to a three- or four-year budget plan**, updated each year, to allow Council to plan over the longer-term. [Recommended](#) by the Toronto Region Board of Trade, Vancouver recently made this shift to multi-year budgeting and it is the practice in cities like Winnipeg and Mississauga, as well as at with federal and provincial governments.
- **Integrate the operating and capital budgets** to provide councillors and residents with a complete and more understandable picture of the City's finances. The CD Howe Institute has made a [strong case](#) for this change, and other Ontario cities such as London and Markham already do it.
- **Introduce independent, third party assessors** to verify that politicians are providing accurate financial information, to ensure that political commitments are subject to evidence-based cost assessments, and to track whether Council is delivering on those budget commitments. This budgeting watchdog could be the [City Auditor](#), a [Budget Officer](#), or a review panel made up of academic or private sector experts. Independent expertise can also serve as a source of input on the effectiveness of programs and services, a leading example of which exists in [Washington State](#).

If inflation and growth increase city service costs every year, plan for revenues to grow too

Every year, City expenses grow as a result of the impact of inflation on materials, salaries and other inputs for public services, and because of the growth of the City's population. Property tax revenue needs to be increased by several percentage points every year *just to keep pace with these rising costs*. Rarely raised during Council's heated budget debates, this is a critical factor in the City's financial planning.

- **Link the property tax rate to an ‘inflation + growth’ index**, so that the starting point for budget deliberations factors the natural growth in city expenses into property tax revenues.

B. A more participatory budget

The principle: All steps of the budget process, from the initial visioning to finalizing line items, should be informed by public deliberation. The current paradigm of occasional town halls and late-night deputations encourage tokenistic and superficial public debate among only a self-selected few. There should be more opportunities for public engagement at more junctures in the process. These should be better communicated and made more appealing and accessible to the broader public. There should be different modes of engagement to appeal to people of different learning styles, backgrounds, literacies, and opportunities. Greater engagement may require some decision makers, such as the City’s budget office and individual councillors, to relinquish control over some decisions.

Ideas

Embed public engagement opportunities in all phases of financial planning

Residents should play a central role in shaping the long-term vision for the city, and should inform the medium-term Council Strategic Plan through the electoral process and other avenues. There should also be clear engagement points for residents in the annual budget deliberations. For example, the City could:

- **Launch the budget process with a high profile presentation by the Mayor or Budget Chief**, like a “Speech from the Throne”, which reinforces the City’s vision and sets out the preliminary budget themes and priorities, and creates an opportunity for public engagement around these priorities.
- **Create a forum for public engagement at different stages throughout the budget process**, inviting input on the goals for deliberation, broad values, and key decisions, as has been done in [Calgary](#).
- **Seek public input earlier**. Although the internal budget process begins in the spring of each year, the public is usually not consulted until much later – typically November. Beginning public consultations much earlier in the process would allow more meaningful engagement before key budget decisions have been shaped.
- **Stop calling deputations “deputations”**. The term can be intimidating to some members of the public and imply a high degree of formality or expertise required.
- **Create new forums in different formats for public consultation**. Experiment with “budget workshops”, as in [London](#), Ontario, or sessions held in unconventional places, as the [Mayor of](#)

[Ottawa has done in shopping malls](#), or the [City of Boston has done with its “City on the Go” truck](#).

- **Introduce a “Toronto Budget Week”** so residents can learn about and debate the budget proposals that will go to Council for approval. Budget Week could be a partnership between the City, media outlets, local post-secondary institutions and other community partners.
- **Create an intergovernmental forum** for public engagement, held during the budget process, that allows residents to consult with MPs, MPPs, mayors and councillors about how the different orders of government are working together to provide high quality, efficient services.
- **Invest in online deliberation tools**, akin to [Mindmixer](#), to generate ideas, build online community, and assemble feedback on city proposals.

Support Participatory Budgeting

Participatory Budgeting (PB) is a well-tested and widely used process that allows citizens to decide directly how cities spend parts of their budget. Citizens identify local needs and establish a process for selecting them directly, usually by means of a vote. PB encourages transparency and discourages the abuse of public spending by opening up municipal accounts to public scrutiny. It also, by giving citizens an experience in setting priorities and managing public funds, may encourage a greater understanding of the budgeting exercise. Pioneered in [Porto Alegre](#), Brazil, PB is in use in over a thousand cities worldwide, including Chicago, New York, [Guelph](#), and Hamilton.

- **Allocate a portion of section 37 funds to Participatory Budgeting.** As in [Chicago](#), [New York](#), and [Hamilton](#), where councillors have chosen to earmark discretionary funds to PB, Toronto City Councillors could make use of this option. [Section 37](#) of the *Ontario Planning Act* allows the City to negotiate agreements with developers that trade additional building density for funding or in-kind benefits, which councillors have discretion over. Councillors could decide to allocate these funds to PB, or City Council could mandate a portion of these “community benefits” funds to be designated for PB.
- **Establish a secretariat to support PB.** Participatory Budgeting requires substantial resources to ensure that it is accessible to the broad public and not captured by special interest groups. The City could support councillors in implementing PB by investing in a centralized secretariat that would answer questions and provide resources for the various stages of PB, which include proposing, voting on, implementing, and monitoring projects.

C. A more accessible budget

The principle: Given the complexity of the City’s budget, a number of actions could help overcome barriers that currently prevent citizens from effectively understanding and shaping the city’s budget. Just as many large organizations invest heavily in developing compelling ad campaigns, there is scope for the City’s budget office and elected officials to devote more resources to presenting budget information in more compelling and accessible formats. Technology could enable this process and allow the City to employ new tools to help citizens understand budget decisions, trade-offs, and linkages. Better communications materials, as well as leveraging new ‘apps’ and civic technologies, could help make the budget more easily understood and, hence, accessible.

Ideas

Communicate the wider budget process in a more accessible and compelling way, to broaden public discourse beyond the current fixation on the level of tax increase.

- ***Establish a Clear Budget Timetable.*** The specific timetable for providing useful Budget input is currently opaque and varies from year to year. Widely disseminating beforehand the week-by-week steps in the budget process and the dates of town halls and “deputations” ([ideally called something else](#)) would help citizens and groups organize and provide considered input.
- ***Modernize the City’s Open Data [initiative](#),*** developing a user-friendly format to disseminate budget information. The city’s existing open data initiative could be significantly improved by moving from being a repository of ‘zipped’ administrative files to becoming a cross-linked environment that helps citizens compare city spending against stated priorities, and program objectives and outcomes.
- ***Democratize the City’s existing Financial Planning initiative.*** The City has embarked on an ambitious process to develop a detailed [Financial Planning Analysis Reporting System](#). The project’s roll out in 2014 should be used as an opportunity to engage with citizens (in person and online) about the city’s financial plans, performance and prospects, and develop an accessible tool for disseminating information.
- ***Expand communications to ensure the budget process maximizes public participation.*** Ensure that Budget information is available through multiple channels, including: online, regional town halls, plain language, multi-language formats, etc.

Use civic technologies to make budget information more interactive and integrated.

- ***Introduce a Budget Simulator*** and online visualization tool. This could build on Toronto’s [Budget 2005 simulation experiment](#), or existing simulator initiatives such as [Open North](#), which allow citizens to submit balanced budgets to their city and define local priorities using an interactive

budget simulator. Such an initiative could help citizens to make trade-offs and understand what proportion of the city's budget is discretionary and subject to change each year, and what proportion is prescribed (e.g., collective agreements, interest payments, etc.).

- ***Pilot an interactive Budget Map.*** Develop an interactive geographic map that could provide detailed information to citizens, such as how much is spent by ward on specific functions. For example, an enhanced Google Map could have links that show where libraries are located and what is spent per location to support which programs, or could show the location of local police detachments and fire halls, as well as staffing levels, expenditures, and area crime and fire statistics. This would tangibly help citizens understand what is spent to support services and activities in specific neighbourhoods.
- ***Offer an alert system to inform citizens of issue-specific budget developments.*** Automated alerts (e.g., e-mail or Twitter) could inform citizens when key budget topics are being discussed by city council (e.g., libraries, after school programs, etc.) and provide opportunities for citizens to comment and engage.

IV. Your feedback wanted!

Building on the great ideas we heard at Better Budget Day, we'd love to get your input on this paper. It is very important that a better budget agenda reflect a diversity of voices, perspectives, and disciplines.

Questions for discussion

1. Which of the ideas described in this paper would have the **greatest impact** in improving Toronto's budget process – and ultimately in serving the people of Toronto more effectively?
2. Which of the ideas discussed above **should be rejected and why?** (e.g., ineffective, negative experience from other cities, inappropriate for Toronto's governance structure)
3. What **other specific ideas** do you have to make Toronto's budget more **visionary, participatory, and accessible?** Where else have these ideas been applied and with what results?
4. What is the City **already doing** to make the budget process visionary, participatory, and accessible? How can these initiatives be built upon?
5. How can Better Budget TO and its partners work with others to **build support** among policy makers, stakeholders, and the public for a budget reform agenda, both during and after the 2014 election campaign?
6. What should be contained in a "**Better Budget Pledge**" that councillor and mayoral candidates would be invited to sign on to?

Providing feedback

- We'd love to hear from you directly. The best way to be in touch is to email info@betterbudget.ca. Short answers, long answers, additional questions or ideas - we value your input in any form.
- Our consultation phase will last approximately two months. While your feedback is always welcome, it would be most useful **before March 31, 2014**.
- Please keep an eye out on [our website](#) and [Twitter feed](#) for information on **in-person** and **online** avenues for deliberation.

Developing a Better Budget Pledge

After the close of the consultation process, we will take the feedback we've received and develop a Better Budget Pledge. We expect that pledge to be ready for release by late spring 2014. Following its release, we plan to reach out to councillor and mayoral candidates, interested stakeholder groups, and the general public to seek endorsement of the pledge.