Putting the public back in public budgeting: Review of the 2015 Toronto budget process

BETTER BUDGET **TO**

ABOUT BETTER BUDGET TO

Better Budget TO (BBTO) is a civic initiative made up of engaged city builders who believe a city's budget is more than just numbers on a page. City budgets determine direction. They help us achieve the quality of life we want for our neighbours and ourselves. They make a good city great. We are non-partisan, volunteer driven and committed to making Toronto a model of open, democratic and evidence-based budgeting.

Better Budget TO is focused on public education, policy and analysis around budget issues. We conduct reviews of Toronto's budget: how it's made, who it serves and who has a say. We compare it to best budgeting practices from around the world. We bring together Torontonians to discuss better budgets and what that means for us and our city.

Better Budget TO believes that municipal budgets should be visionary, participatory, engaging, and evidence-based. Toronto should model city budgeting that invites citizens to participate in and understand the process and outcomes of a democratic, open and evidence-based city budget.

Copies of report available for download at www.betterbudget.ca

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EXECUTIVE SUMMARY

Building on its 2014 consultation paper which set out a broad agenda for improving Toronto's budget process, Better Budget TO (BBTO) conducted a review of the 2015 budget process to assess the city's progress in building an open, democratic budget process, and to recommend opportunities for further improvement.

BBTO's review assesses the 2015 budget process against four key principles: (1) participation, (2) accessibility, (3) vision and, (4) the use of evidence. While the City of Toronto is making progress on all four of these principles, there remains considerable opportunity to improve, especially when compared to other cities globally that are at the leading edge of open, democratic budgeting.

The report identifies a number of areas for action.

Participation

- Holding more public hearings and budget town halls, in different parts of the city, is encouraging. But there should be more consultation earlier in the budget process.
- There should also be more interactive online tools for residents to provide input on the budget rather than just sending an email to city staff.
- The three participatory budgeting (PB) pilots across Toronto are an exciting opportunity to get residents involved. Options should be explored to scale up PB across the city.
- The Council motion, approved in late 2014, to develop a comprehensive community consultation process for the 2016 to 2018 budgets represents an important opportunity to rethink the budget consultation process. A staff report can be expected in late 2015.

Accessibility

- The city deserves credit for ongoing efforts to improve the accessibility of its budget products, including infographics, more user-friendly guides for the public on the budget, a toolkit for councillors (and potentially community groups) to host town halls, and more.
- Consolidate budget information into a single document, including both the tax- and rate-supported budgets for both operating and capital, following Council approval.
- Continue to improve budget data on the Open Data portal, making data more detailed, current, and machine-readable, providing a codebook to define expenditure and revenue categories, and engaging the open community on creative ways to use the data.
- Create tools for non-profit service providers, community centres and advocacy groups to help them educate, engage and empower residents around budget issues, particularly in marginalized communities where there is often distrust city government. It's not just on the City to create these tools of engagement, there must be room for community-based organizations, associations, and advocacy groups to play a greater role in organizing around the budget and in boosting budget literacy.

Vision

- Consider launching a long-term visioning exercise for Toronto, as Calgary has done.
- Clearly show how budget initiatives support the Toronto Strategic Plan's 26 Actions, and track measureable progress in achieving them.
- The City's initiative to integrate planning, performance tracking and multi-year budgets should be exciting for BBTO budget nerds and other citizens too. The next step should be finding ways to present this info to the public in understandable ways.

The Use of Evidence

- Building on international best practices in evidence-based budgeting, the city should seek new ways of incorporating evidence into budgeting decisions, including cost-benefit and value-for-money analysis.
- Performance measurement and benchmarking data should be closely integrated with the budget process, with greater focus on distilling this data into simple, actionable insights.
- The introduction of service-based budgeting represents an opportunity to ensure scarce public dollars are being allocated to the areas of greatest need

INTRODUCTION

While not always sexy, budgets are the best reflection of the maxim that politics is an exercise in "who gets what, when and how," and how to pay for it. While it can sometimes feel like an accounting exercise, the city budget is the clearest articulation of Toronto's shared civic goals. Budgeting prioritizes what parts of the city public dollars flow to and for what services, balancing these choices with the mix of taxes and user fees citizens pay to receive them. Do we put the next dollar into transit or social housing? Higher property taxes or TTC fares? And the stakes are high. This past March, Toronto city council approved an $11.4 billion operating budget—larger than many Canadian provinces—with a further $31.7 billion in capital infrastructure investment over the next 10 years. How these dollars are spent will have a huge impact on both the future of the city and the quality of the services we receive as residents.

Because the City's annual budget is so important, the process through which the City sets its budget is critical in how budgeting decisions are made. This is where Better Budget TO (BBTO) comes in.

BBTO's objective is simple: that Toronto become the best at city budgeting in the world. World class status requires a commitment to openness, transparency, clarity, and accessibility in the budget process; to engaging citizens and creating participatory opportunities; to setting long-term civic priorities and multi-year budget plans; to using evidence to inform decisions and reporting on results; and, of course, to ensuring financial sustainability. A voluntary, non-partisan group, BBTO is focused on learning and analysis about Toronto's budget process, modeling best budgeting practices from around the world, and bringing together Torontonians to discuss better budgets and what that means for our city.

This report takes an in-depth look at Toronto's 2015 budget process, building on BBTO's first Better Budget Day in the fall of 2013 and a consultation paper that was released afterwards that contained over 20 ideas for how to improve the budget process. The review looks at the City's budget process through four lenses, each reflecting a core BBTO principle:

1. **Participation:** How well does the budget process provide opportunities for citizen participation?
2. **Accessibility:** How accessible and understandable is budget information made available to citizens?
3. **Vision:** How does the budget process align with the City's long-term strategies, plans and priorities?
4. **Evidence-based:** Is the budget process informed by evidence-based principles and practices?

The report is laid out in five sections. This first four focus on the questions above, addressing them by looking at different aspects of the City budget process. In addition to examining the current state and the 2015 experience, each section profiles some of the City's recent budget process innovations—ranging from participatory budgeting pilots to new evidence-based decision-making tools. The report also highlights lessons, best practices and cool ideas from other major cities that Toronto can learn from. Finally, the report provides conclusions and proposals on how to create better budgets in Toronto.

There are many audiences for the review, from the "non-expert" engaged citizen, community organizations and local NGOs, to city councillors and staff. BBTO believes that while the City of Toronto obviously plays a central role in shaping the budget process, public budgeting involves a much broader set of participants. The report aims to provide constructive ideas not just for City Hall, but for the many other players in the civic ecosystem that

can play a role in building budget awareness, engaging and enabling citizens to participate, and contributing to a more fun, dynamic and world class budgeting process.

Process for Conducting the Review

The review of Toronto's 2015 budget process was undertaken by the BBTO team between January and April of 2015. We recognized that the 2015 process was somewhat atypical as a "post-election" budget. Still, the review looked at many different aspects of the budget process—most of which reflect the standard practices, policies or information the City provides for citizens and budget stakeholders every year.

In conducting the review, the BBTO team undertook a number of different activities including:

- Attending three sets of Budget Committee public hearings to observe the process, as well as presenting to the Committee at one of these hearings to share BBTO's views on the budget process
- Attending six budget town halls across the City to assess how they are used to engage and inform citizens
- Conducting a pilot citizen experience workshop with residents in a North York community in the Jane-Finch neighbourhood
- Reviewing city materials and websites to assess the accessibility of budget information
- Conducting a scan of 2015 Budget media coverage from major print media
- Holding meetings and discussions with city councillors and city staff
- Researching and learning about budgeting innovations in many of Toronto's peer cities

Participation

How well does the budget process provide opportunities for citizen participation?

Better budgets require active citizen participation. If the budget is a vehicle to direct resources to the civic priorities of residents, there need to be opportunities for them to provide their input. Of course, there are many different forms of participation. At one end of the spectrum, citizens can simply provide input on what the budget priorities should be or what decisions should be taken. At the other end, citizens can play an active decision-making role. In general, BBTO believes providing meaningful opportunities for engagement in the budget process are a critical for city-building, enabling residents to take some ownership in the shared project of building a better city.

1.1 The City's Official Budget Consultations

Currently, the City of Toronto builds in opportunities for residents to have their input on the city's operating and capital budget. The official channels for providing input include:


BBTO co-founder Alex Mazer deputes to the Budget Committee

- Public presentations ("deputations") to the Budget Committee;
- Written submissions to the Budget Committee;
- Attending a councillor-hosted town hall; and/or
- Direct contact with local city councillors and/or the mayor.

The public hearing process for the 2015 budget involved four meetings at four Civic Centres throughout the city: 1) Toronto City Hall, 2) North York Civic Centre, 3) Etobicoke Civic Centre and 4) Scarborough Civic Centre. To Better Budget TO's knowledge, the 2015 Budget Process was the first time deputations were held at the various civic centres across Toronto.

Town halls, which occur at the ward level, are another avenue for consulting with residents. City councillors are responsible for hosting the town halls in their respective wards, and they host these town halls on a discretionary basis, with the support of city staff. The purpose is to give residents the opportunity to learn about the budget and to discuss what their priorities are. Typically, there is a town hall presentation given by senior city staff that explains the City of Toronto's context, key terms and highlights of this year's staff recommended budget. It is important to note that it is not mandatory for councillors to host a budget town hall. For the 2015 budget, 20 of the 44 councilors (with one cancellation due to inclement weather conditions) opted to hold a budget town hall.

Budget Town Halls
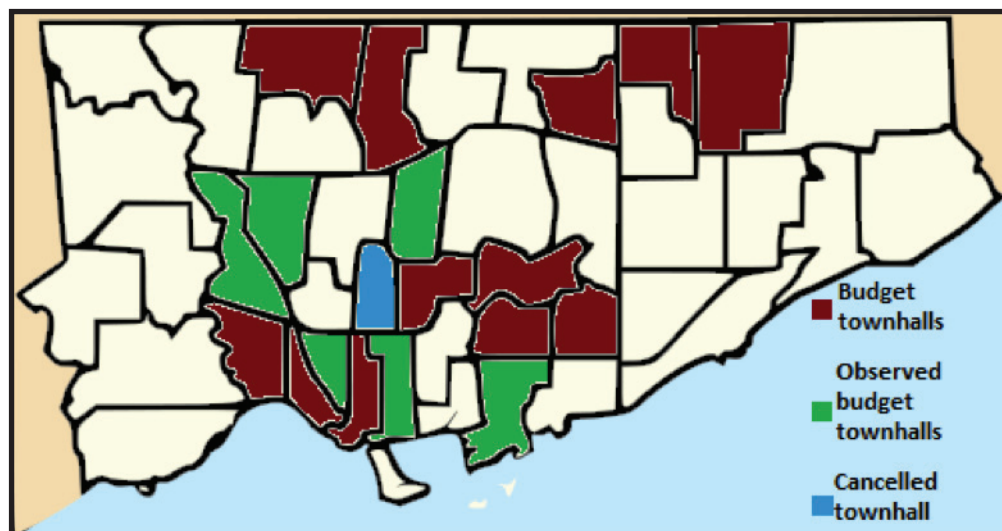
A Comprehensive Community Consultation Process on the Budget
Based on a motion from Counicllor Mike Layton passes at Executive Committee in December 2014, city staff are now preparing a broad community consultation process for the budgets in the remainder of this term of council. This represents an important opportunity to rethink and improve the city's approach to budget consultation. The approved motion reads as follows:

That City Council request the Deputy City Manager and Chief Financial Officer and the City Manager to report to the first regular budget process on a comprehensive community consultation process for priority setting for both spending and investment for the multi-year 2016, 2017 and 2018 budgets.

OBSERVATIONS ABOUT THE CITY'S BUDGET CONSULTATIONS
As part of the review of citizen participation in the budget process, members of the BBTO team attended three deputations (presenting at one of them) and 6 of the 20 town halls. The objective was to observe the sessions and to assess a number of key elements, including: the structure of the meetings; the materials shared and presented by councillors and city staff; clarity about the objectives of the consultations; expectation-setting about how feedback will be used; and the characteristics of the participants.

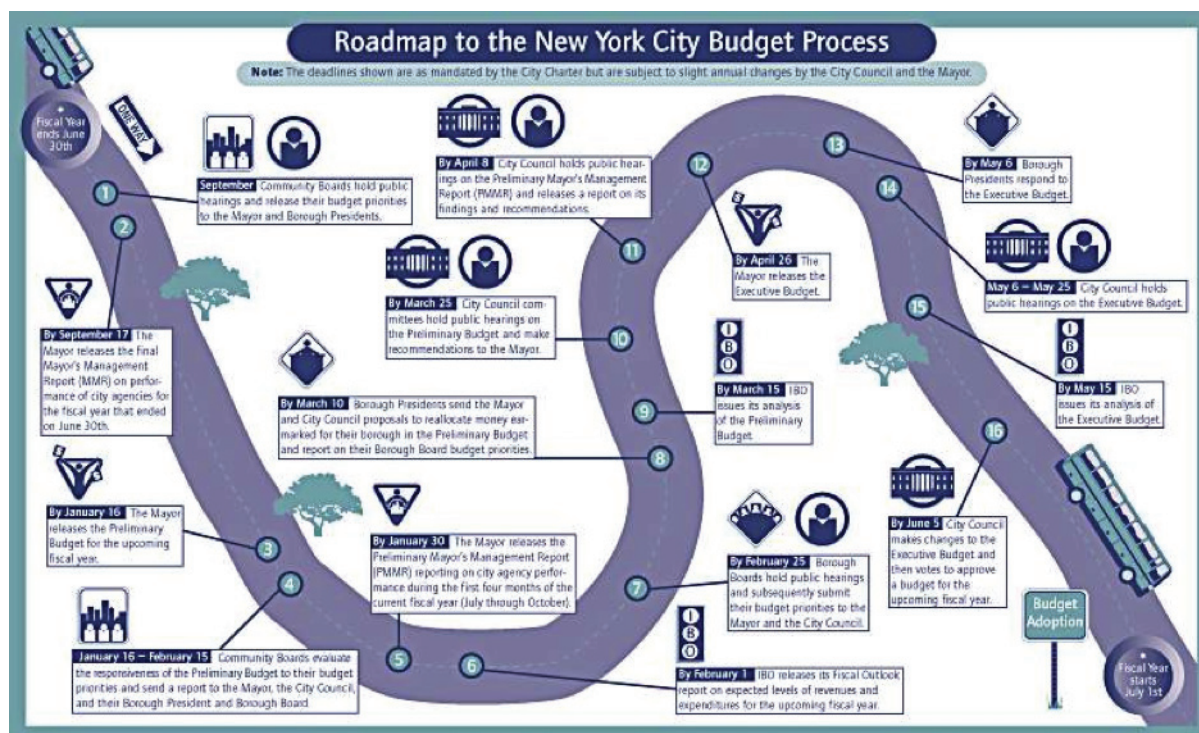The BBTO team's observations are summarized below.

The Public Hearings

TOPIC	OBSERVATIONS	COMMENTS
Meeting Timing	Hearings scheduled at City Hall ran all day (9 am to 5 pm), whereas Etobicoke, North York and Scarborough sessions were afternoon (3 pm to 6 pm) and evening (6 pm onwards).	Daytime meetings are tough for many residents.
Format	Pre-registration was required for those wanting to present, with a speakers' list providing deputants with a rough timeline of when their turn would come. Deputants had an allotted amount of time to publicly address councilors, who would sometimes ask questions in return. A high degree of formality in the interaction.	More certainty about timing would be helpful. Perhaps speakers could be notified by text message.

Participant experience	Deputants often spoke to very specific issues, generally of a social policy nature, where there were requests for funding. Some deputants lacked adequate information. For example, some spoke against cuts to the Student Nutrition Program, though the recommended budget maintained the baseline funding levels. Some, particularly at the Scarborough hearings, noted that they should have been consulted earlier in the process and on a more ongoing basis.	New York City's budget process provides lessons on how to engage early and often.

New York City's Budget Process Roadmap

New York City's budget roadmap is an innovative way of showing residents what their entry points are into the budget process. Running from September to the following July, the budget process builds in an extensive timeline that includes many check-ins along the way for citizens to assess budget priorities and submit feedback. A key connector between citizens and city hall are the Community Boards and Borough Boards.

Roadmap to the New York City Budget Process

Budget Town Halls

TOPIC	OBSERVATIONS	COMMENTS
MEETING TIMING AND FORMAT	• 20 town halls during the 2015 budget process. • Typically scheduled on weekdays in the evening, beginning at 7:00 p.m. A few were hosted on Saturday in the afternoon. • The format tended to be split between presentations about budget information and opportunity for public discussion and a Q and A.	There were more town halls this year than last (only 12 in 2014). Scheduling was more convenient for citizens than daytime public hearings.
MATERIALS	• The City prepared standard material for town halls. This included a PowerPoint presentation and the Budget at a Glance backgrounder. • Some councilors at town halls also provided questionnaires as well.	Questionnaires offer another form of engagement, but they were not used consistently.
PRESENTATIONS	• Lengthy slide presentation provided an overview of the budget process, context for the City issues and challenges, and key 2015 budget highlights. • Senior city budget staff would typically lead the presentations.	The presence of senior city suggested town hall were being taken seriously.
DISCUSSION AND PARTICIPANT INPUT	• There were varying expectations about the purpose of the town halls and how participant feedback will be used. • Comments and questions from participants often focused on specific ward-level concerns, rather than city-wide issues. • Opportunities to submit further input online consists of emailing written comments to the Budget Committee or local councillor.	Expectations could be clearer about the objectives of the meeting, and how feedback will be used. There are opportunities to improve online engagement.

PARTICIPANT CHARACTERISTICS	• Turnout was modest (i.e. generally 20 to 40 participants). • Participant mix tended to reflect the neighbourhood's demographic profile. • Age range skewed towards middle-aged and seniors, while youth were often not present. • Some town halls attracted elected officials from federal or provincial government as well.	Modest turnout suggests challenges in outreach and participant inclusion, especially towards younger participants.

Calgary's Budget Engagement Process

The City of Calgary's Action Plan 2015-2018, described in this video, doubled as both a strategic planning and an intensive citizen engagement process. Described as "a year long process where, the public engagement portion of the campaign included a number of online and in-person elements, including budget simulators, prioritization tools and "dotmocracy" exercises. In all, the City's Action Plan process involved over 20 events in 18 days across the city, with over 3,000 citizens attending. The campaign's online segment resulted in 3,400 web submissions.

1.3 THE CITIZEN EXPERIENCE WORKSHOP PILOT

Better Budget TO is interested in understanding what participation in the budget process is like from the perspective of residents—particularly those who typically have less contact with City Hall. On May 7, 2015, BBTO, in collaboration with the Jane and Finch Community and Family Centre, held a pilot citizen experience workshop. In total, 22 residents participated.

The workshop focused on four distinct steps that residents take when interacting with the budget process and related civic activities:
- Interest, where residents develop an interest in issues that serve as the entry point into the resident journey through the process;
- Learning, where residents learn more about the issues to inform themselves;
- Engagement, where residents participate in the process and provide input on their issues, and
- Reflection, where residents reflect on their experience and evaluate their interactions with the budget process.

The verbal and written feedback compiled by BBTO facilitators is presented in the chart below.

2.5 AREAS FOR ACTION
- Holding more public hearings and budget town halls, in different parts of the city, is encouraging. But there could be more consultation earlier in the budget process.
- There should also be more interactive online tools for residents to provide input on the budget than sending an email to city staff.
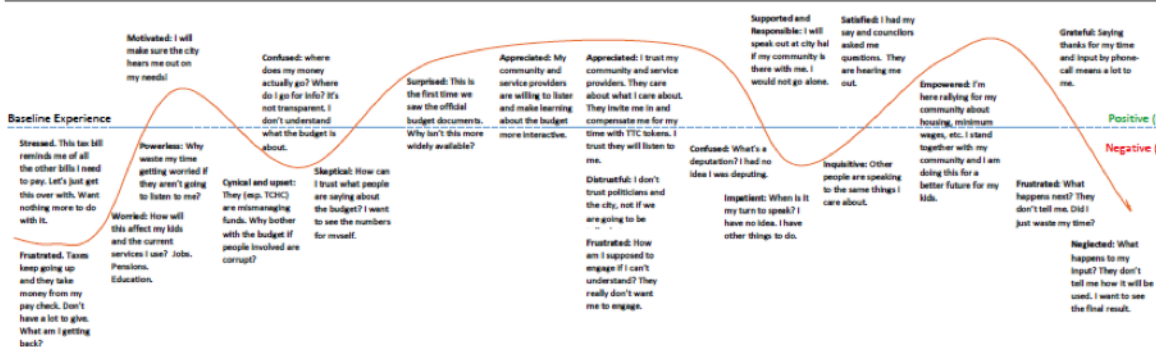- The three participatory budgeting (PB) pilots across Toronto

Interest	Learning	Engagement	Reflection

2   OBJECTIVE

| Interested in getting funding for issues that personally affect them and for their neighbourhood. Pay off the tax bill as soon as possible. | Interested in learning about where the budget dollars are going and what services they will obtain in return. Want assurances public funds are well-managed. | Interested in having their say on the funding implications of specific issues that personally affect them or their immediate neighbourhood Want acknowledgement and validation for their issue from their community and from public officials. | Interested in knowing what the final impact of the budget will be on them. Want to know how their say will impact budget process. |

3   WHAT ARE THEY DOING? (RESIDENT PERCEPTION OF EXPERIENCE: POSITIVE | NEUTRAL | NEGATIVE)

Receive the property tax bill	Want to have their say on specific issues that personally affect them like housing and childcare	Watch media coverage on budget issues on CP24. Read about it on the Metro or Toronto Star. Hear stories of alleged mismanagement Will look up on budget information using Google, mostly reading news articles.	Attending budget workshops hosted by service providers and/or the community to learn and discuss the budget. Will read up on specific issues through community flyers and posters that are passed onto them.	Participating in invited budget meetings organized by service providers Interfacing with councilors on budget issues City of Toronto organized budget outreach events	Deputing at city hall where community organizes for you to give remarks on their behalf Waiting for your turn to speak Hearing from other deputants on their issues Speaking to budget committee	Mobilizing for a rally or protest on specific issue with funding implications.	Reflecting on impact of their engagement. Follow-up through phone on participating and engaging.
Hear about service cuts from the media and their engaged neighbours							

4   WHAT ARE THE THINKING AND WHAT ARE THEY FEELING?

Participatory Budgeting in TO

On the scale of citizen participation, Participatory budgeting (PB) is a much more active form, allowing citizens to vote directly on how part of the budget will be spent within their area of their city. The Participatory Budgeting Project, an organization dedicated to creating and supporting PB in different cities, has a great video about how it works. PB's been taking off: it's now used in over 1,500 cities around the world.

Toronto is getting into the action too. In February 2015, City Council approved an initiative to pilot PB in three parts of the city. The pilots run from April to November 2015, with funding of $150,000 through the City's budget for each of the projects, specifically earmarked for community infrastructure improvements. Supported by a unit at City Hall in partnership with local ward councillors, the pilots will allow the City to assess the benefits and challenges of PB at the neighbourhood level, and to report on the potential of scaling it up across Toronto. The City has had previous experiences with PB, with a trial led by Ward 33 Councillor Shelley Carroll in 2014, and a Toronto Community Housing program that allows tenants to direct funding to capital maintenance and safety projects.

As TO's PB program gets off the ground, there are plenty of other cities to learn from. For example, New York City currently allocates about $25 million in "bricks and mortar" infrastructure funding through PB - more than any other city in North America. Led at the ward level, 24 councillors have chosen to participate. Citizens are engaged in a yearlong process that begins with neighbourhood assemblies where delegates are selected. Project ideas from the community are developed into full proposals, which are then voted on and implemented. Research and evaluation happens throughout the process to ensure the continuous improvement of the program.

are an exciting opportunity to get residents involved. Options should be explored to scale up PB across the city.
- The Council motion, approved in late 2014, to develop a "comprehensive community consultation process" for the 2016 to 2018 budgets represents an important opportunity to rethink the budget consultation process. A staff report can be expected in late 2015.

2. Accessibility

How accessible and understandable is budget information made available to citizens?

The contents of a budget should be easily accessible and understandable to residents. The availability and presentation of budget info should allows residents and stakeholders to form opinions about budget proposals, monitor issues that are relevant to their neighbourhood or organization, and even influence budgeting decisions. In other words, accessibility is a key enabler of participation and active, engaged citizenship.

2.1 CITY BUDGET INFORMATION

There's no doubt that the City has improved the accessibility and quality of its budget information. The budget portal contains a vast array of resources. Citizens have access to analyst notes, the councillors Toolkit, the proposed staff budget, all materials delivered at town halls, detailed explanations of city services, infographics, and several other explanatory or supporting documents. The Budget at a Glance document, in particular, offers a succinct, well-presented summary of major budget items. It also informs residents about how they can offer their input into the budget process.


While there is plenty of information in the budget portal, the website's design can make it difficult to locate or understand what's on there. The City could take design cues from the "playbooks" of the UK and US governments' digital services to make the wealth of information easier to sort through and more accessible for citizens. London, Ontario has an excellent "build a budget 2015" website that has a budgets 101 video and explains key concepts, summarizes the proposed budget, and is the hub for citizen consultation. Chicago has won awards for budget documents that provide comprehensive info but are prepared in a plain English, well-designed and easy to read format. Chicago's budget documents won an award for presentation from the Government Finance Officers Association. And, for citizens that aren't on the web, Calgary provides printed copies of a budget Citizen Summary at city hall, as well as in public libraries and recreational centres.

2.2 CIVIC TECH AND OPEN BUDGET DATA

Online interactive tools offer tons of potential to visualize information and engage citizens. Many governments solicit citizens' ideas through online platforms that allow users to "upvote" the ones they like, such as the Ontario government's Budget Talks website. Budget simulations or data visualizations can also be helpful learning tools. Examples of budget simulation tools include the Toronto Star budget balance game and Mississauga's budget allocator. Good models of budget visualizations include the Town of Arlington's visual budget and Philadelphia's open budget, which shows the different funding sources and expenses in a dynamic way and allows the user to zoom in on different elements of the budget to get more details.

PHILADELPHIA'S OPEN BUDGET

Philadelphia provides an interactive data visualization for their budget data that allows for budget information to be more easily communicated.
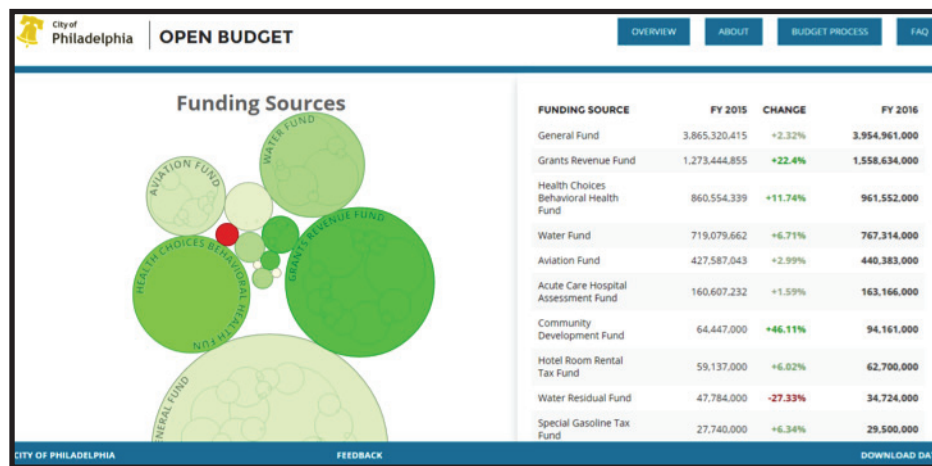
And these interactives needn't be built at City Hall. In fact, the "civic technology" community may often be better positioned than governments to create the right tools. Some cities, like Ottawa, have launched civic app development competitions, with cash prizes. Others engage companies like OpenNorth that specialize in building online budgeting applications. Organizations like OpenSpending.org collect budget data from around the world for a community of users focussed on financial transparency. Cities must be the enablers though, by making available high quality budget data.

Toronto's Open Data portal does have high-level summary budget data from the past several years. To assess the availability and quality of the City's budget data, a member of the BBTO team used it to construct a data visualization using Tableau. While it looks pretty cool, a few important challenges with the dataset were noted from the user's perspective:

- Data is broken down by aggregate expenditure areas and revenue sources, but not by specific program area.
- Inconsistent formatting across years makes it time intensive to clean and validate the data.
- Data for the current (or proposed) budget is not available.
- There was no glossary of key terms for certain column headings for the data.
- Overall, the data provided does not currently adhere to standard "tidy" data principles.

Toronto could step up its game in this regard. This set could be improved by providing more detailed, timely budget information, making the data machine-readable, and providing a codebook to define columns and expenditure/revenue categories. These changes would allow media, data savvy citizens, or eager non-profits to create new budget analyses or tools.

2.3 OTHER SOURCES OF BUDGET INFORMATION AND ANALYSIS

Not to be overlooked is the small but mighty array of independent research institutes, think tanks and advocacy organizations that also provide budget information and analysis.

For instance, the Institute on Municipal Finance and Governance (IMFG), housed at the University of Toronto, puts out reports about city finances (such as the 2014 "Is Toronto Fiscally Healthy?" pre-election report) and hosts events including an annual presentation by Toronto's City Manager about the state of the finances. Other think tanks such as the Wellesley Institute put out research and analysis about the City budget and other civic issues. The Martin Prosperity Institute, Ryerson's City Building Institute, and a range of other organizations provide research and analysis that can help citizens and policymakers alike understand city issues.

Social advocacy groups such as Social Planning Toronto, and its affiliated organization, Commitment 2 Community, provide an important public service in offering budget analysis, forums for stakeholders and residents to discuss the budget, and efforts to train and organize community groups around budget-related issues.

2.4 MEDIA COVERAGE OF THE 2015 BUDGET

As an important source of civic information and news, the media help shape public perceptions and discourse on the city budget. Media coverage has broadened in recent years to include everything including traditional print and TV, web, radio, Twitter and well-read bloggers. To assess how media coverage of the 2015 budget process contributed to public perceptions, Better Budget TO looked at one major element of the coverage: the major daily newspapers based in Toronto.

The scan covered a publication period from January 19, 2015 to March 15, 2015, and included the *Globe and Mail* (Toronto news, opinion), *Metro* (news, opinion), *National Post* (Toronto news, opinion), and the *Toronto Star* (city hall, GTA, opinion). Major themes and topics were identified, and broad observations were made about the nature and focus of the coverage. These are a sample of some of the headlines Better Budget TO reviewed:

MAJOR THEMES	BROAD OBSERVATIONS
BROAD BUDGET NARRATIVES	• There is a narrative that suggests the City of Toronto is reliant on the provincial government to help fund their budget, and that the province and the city are not cooperating • There were numerous mentions of the $86 million budget gap that resulted from the province withdrawing funding for social housing programs. This impacted budgetary cuts to proposed city hall staffing positions, most notably with respect to accountability officers such as the Ombudsman. • There was discussion about a $200 million line of credit offered by the provincial government in January 2015 to balance the budget. The City ultimately rejected this offer. • Narrative of raising property taxes that is framed as inevitable and scrambling to find funds as suggested by city lending itself funds to balance books. • The was a focus on the priority areas of investment in the budget, with a particular emphasis on public transit. • There was a narrative of longer terms fiscal challenges in future budget discussions at the City of Toronto.
SPENDING ON MAJOR PROGRAMS AND SERVICES	• Publications provided a summarized high-level breakdown of what was funded in the 2015 budget, including major programs and services. They focused on key initiatives • No reference to official City of Toronto budget communication materials was used to BBTO's knowledge. • There was a focus on transit initiatives as well as poverty reduction programs, which is consistent with budget highlights suggested by the staff recommended budget. There was also discussion on how to fund these investments.

FRAMING THE POLITICAL CONTEXT AND COUNCIL DYNAMICS	• Coverage focused on city hall politics, and how this budget would help define the post-Ford / John Tory era at city hall. • Media staked out the various political and policy positions on city council. • There was a strong emphasis on John Tory's role in the budgetary process, and what this budget meant for his vision for the City of Toronto. • There was a focus around John Tory's relationship with the province, particularly around the proposal and decision around accepting a $200 million line of credit from the province.

2.5 AREAS FOR ACTION
• The city budget website is considerably improved. Further refinements should focus on "wayfinding" to help users how to access the valuable information on the site.
• Consolidate budget information into a single document, including both the tax- and rate-supported budgets for both operating and capital, following council approval.
• Continue to improve budget data on the Open Data portal, making data more detailed, current, and machine-readable, providing a codebook to define expenditure and revenue categories, and engaging the "open community" on neat ways to use the data.
• Identify tools for non-profit service providers, community centres and advocacy groups to help them educate, engage and empower residents around budget issues, particularly in marginalized communities where there is often distrust city government.

3. Vision

How does the budget process align with the City's long-term strategies, plans and priorities?

The budget is more than an annual accounting exercise. It's about directing a City's resources to the priorities of its residents. Visionary budgeting is layered, like a wedding cake: yearly budget decisions as part of multi-year financial plans, aligned with medium-term plans and priorities, under a long-term vision for the future of the city. It also about presenting a clear budget narrative—the "story" of the budget that explains to residents what the key priorities are and how it supports the City's long-term goals.

3.1 BUDGET LINKS WITH TORONTO'S LONG-TERM PRIORITIES
The 2015 budget presentation to council was titled, Getting Toronto Moving. Unlike in previous years, this "framing" very clearly supported the major political narrative around investment in transportation coming out of the Fall 2014 election. Transportation investment is also, as you'd expect, generally understood as a long-term priority for the City. But what are the City's long-term plans and priorities? And how does the budget line up with the priorities in them?

The review looked at three of the City's key plans: the Strategic Plan 2013-2018, the Long-Term Fiscal Plan and the Official Plan. The review assessed these plans along two dimensions: first, whether they outlined specific, long-term and public priorities for the City; and second, whether there is a clear narrative in the budget explicitly linking initiatives or decisions to these priorities.

TORONTO'S STRATEGIC PLAN 2013-2018
First approved by city council in 2002, the strategic plan sets out the City's long-term priorities. In 2013, council approved a renewed Strategic Plan 2013-2018 with 26 strategic actions grouped under six overarching themes (see chart below).

The plan, "designed to advance council's vision, mission and goals for Toronto as articulated in its [2002] Strategic Plan," is described as a key component in an integrated planning framework, where the implementation of these strategic actions is to be supported by multi-year budgeting, service planning and performance measurement.

City Building
1. Implement Smart Urban Growth Strategies
2. Invest in Culture
3. Develop a Long-term Transportation Plan and Policies

Economic Vitality
4. Increase Employment Opportunities
5. Accelerate Economic Growth

Environmental Sustainability
6. Support Environmental Sustainability
7. Develop a Long-term Solid Waste Management Strategy

Social Development
8. Support Affordable Housing
9. Strengthen Neighbourhoods
10. Enhance the City's Quality of Life
11. Advance Toronto's Motto 'Diversity our Strength'
12. Improve Emergency Response and Prevention

Good Governance
13. Open Government by Design
14. Engage the Public
15. Strengthen Public Service Governance
16. Strengthen Intergovernmental Relationships
17. Enhance the City's Capacity to Serve Toronto's Diversity
18. Develop and Implement a Workforce Plan
19. Improve Customer Service
20. Enhance Performance Measurement
21. Improve Organizational Excellence
22. Implement Shared Services

Fiscal Sustainability
23. Update the Long-term Fiscal Plan
24. Improve Service and Financial Planning
25. Ensure State of Good Repair for Infrastructure
26. Finance the City's Growth

STRATEGIC ACTIONS 2013-2018

The 2015 Budget Presentation to council, prepared by City Staff, prominently featured the City's strategic actions and identified a number of specific initiatives or investments under the six themes. In short, it did present a narrative that linked budget decisions to these longer-term priorities.

The table below provides illustrative examples of what was included in the budget materials.

THEME	BUDGET PRESENTATION HIGHLIGHTS
CITY BUILDING	• Focused heavily on investment in transit and transportation (e.g. SmartTrak, new subway cars and buses, eliminating fares for kids under 12, Gardiner repairs).
ECONOMIC VITALITY	• Highlighted actions aimed at increasing employment opportunities and accelerating economic growth (e.g. the Pan / Parapan Am Games and its legacy, supports for entrepreneurs and businesses).
SOCIAL DEVELOPMENT	• Featured investments in poverty reduction, public safety, and community and rec services (e.g. homeless shelters, social housing, paramedics and fire services, and community centres).
ENVIRONMENTAL SUSTAINABILITY	• Less of a focal point. Included tree planting, solid waste, public spaces and stewardship (e.g. energy reduction, greenhouse gas reduction)
GOOD GOVERNANCE	• Focused on public reporting on the City's performance, improving customer service, and intergovernmental relations (e.g. Open Data, service benchmarking, IT projects and 311 service).

FISCAL SUSTAINABILITY	• Not presented directly like the other areas, issues like service and financial planning, infrastructure "state of good repair," and revenue tools and capital financing were dealt with through throughout (e.g. property taxes and new transit fares, service funding pressures)

THE LONG-TERM FISCAL PLAN

The City's Long-Term Fiscal Plan (LTFP), approved by council in 2005, is guided by three principles: that spending be well-managed, revenues remain affordable for residents and businesses, and the City plan for its infrastructure assets and liabilities in a sustainable way.

The plan identifies a number of specific priorities or challenges under each of these areas, such as higher service costs in Toronto than neighbouring municipalities, the need for revenue growth to match service funding needs, and the replacement of aging infrastructure.

In 2014, the Toronto City Manager presented a scorecard on the status of the commitments under the 2005 LTFP, most of which have been achieved (see slide 25 here). The City has also committed to updating the LTFP in 2015. Yet, while the LTFP does set out specific priorities, there was no clear budget narrative in 2015 that linked these priorities to budget decisions.

TORONTO'S OFFICIAL PLAN

Toronto's Official Plan (or, the "OP") is a third critical strategy document, as it sets out policies for land use planning and development in support of broad City objectives. The most recent update to the city's OP was released in 2010, with the five-year renewal well underway.

The OP sets out a series of priorities, including a regionally integrated city; planning around growth hubs, employment districts like the downtown core and major avenues; tight links between land use and transportation planning; a full range of housing, in terms of form, tenure and affordability; adequate and equitable access to community services and green spaces; and a commitment to good architectural design, cultural heritage, and public art.

While these priorities align with many of the actions in the Strategic Plan, there was no budget narrative clearly linking them to budget initiatives or decisions.

3.2 INTEGRATED PLANNING AND MULTI-YEAR BUDGETING

In April 2015, the City of Toronto introduced an integrated planning and performance framework (see visual below). While it sounds complicated (and likely is…), the basic idea is to integrate the City's different long-term planning elements, including council goals, and the Strategic Plan and Official Plan priorities, and service level objectives; and to consistently track and report on performance in achieving those goals and priorities. This is a powerful concept.

THE CITY'S NEW INTEGRATED PLANNING AND PERFORMANCE FRAMEWORK

As part of this, the City is also introducing multi-year budgeting. The budget process already includes the development of a 10-year capital infrastructure budget, which is updated each year. But multi-year operating budgets —usually three or four year financial plans, updated annually—are considered a best practice for governments. Endorsed by the Toronto Region Board of Trade and other groups like the CD Howe Institute, multi-year budgeting is used in cities such as Vancouver, Winnipeg and Mississauga, as well as by the federal and provincial governments. City divisions have also begun to set multi-year service plans, which establish links between the levels of service provided and the amount of budget funding received. For instance, Toronto Public Health's has a five-year service plan.

To enhance the City's capacity for multi-year financial planning and budgeting, it is introducing a new internal IT system: the awkwardly named Financial Planning, Analysis and Reporting System, or "FPARS." According to the City, FPARS will allow for three-year budgeting, advanced analysis of financial information, and tracking and reporting on performance measures, among other things. From the citizen's viewpoint, this could enable more "citizen-centred" services, better public discussions about service levels and priorities, and access to more and better financial "Open Data."

While it isn't yet clear how this new integrated planning and budgeting system will work in practice, it represents a big, exciting innovation in the direction of "visionary" budgeting.

Lessons from Peer Cities

Calgary is at the leading edge of visionary budgeting. Through its ImagineCalgary initiative, it took long-term planning to a new level, engaging citizens in the shaping of a 100 year vision for the city's growth and development. Over the medium-term, an Action Plan 2015-2018 presents a "road map for developing four-year business plans and budgets," combining long-term plans with the current council's priorities. Also of note: the website looks awesome.

In Helsinki, the Finnish capital, the City's Strategic Plan is updated every four years, following elec-tions, to establish the priorities of the new Council. Helsinki City Council's Strategy Programme identifies the City's major objectives and Council's priority initiatives and targets, which is then used to establish the goals for the annual budget process.

Vancouver's budget planning is shaped around the City's three long-term priorities ("people, the environment and prosperity"), with the budget's objectives presented to the public for consultation every year in a comprehensive but very readable, 15-page Budget Outlook report.

3.3 AREAS FOR ACTION

- Consider launching a long-term visioning exercise for TO, as Calgary's done.
- Develop a clearer "budget narrative" —the public story of what the budget is about.
- Clearly show how budget initiatives support the Strategic Plan's 26 Actions, and track measurable progress in achieving them. For instance, transit and transportation was a major priority, but it was not clear how the 2015 budget initiatives supported the strategic action to "develop a long-term transportation plan."
- Better identify linkages with other long-term plans, such as a refreshed Long-Term Fiscal Plan, the Of-ficial Plan, and other strategies. For example, it was not clear how the initiatives under the Strategic Plan's "Economic Vitality" theme link with the City's 2012 workforce development strategy or the 2013 economic development plan.
- The City's initiative to integrate planning, performance tracking and multi-year budgets should be exciting for BBTO budget nerds and other citizens too. The next step should be finding ways to present this info to the public in understandable ways.

4. Evidence

*Is the budget process informed by evidence-based principles and practices?*

One criterion for successful budget budgeting is whether scarce resources are being allocated to programs and

services that work. Governments that deploy evidence and evaluation as part of their budgeting processes are more likely to fund such programs and services, while diverting funds away from those that do not. Decision makers and program managers should ideally have a sense of whether existing programs and services are delivering value for money, of what reforms would improve the performance of those programs, and of what the return on investment is likely to be from proposed new programs and services.

4.1 WHAT THE CITY IS DOING

The city takes a number of steps as part of the budget and overall planning process to encourage the consideration of evidence.

The city invests considerable resources in performance measurement. The City Manager's office issues a Performance Measurement and Benchmarking Report, which provides approximately 256 service/activity level indicators and performance measurement results in 35 service areas. The report, which was last issued in 2012, provides a useful overview of the areas in which the city is improving its overall service and activity levels, and areas where those levels are decreasing. The report also contains detailed reporting from departments across the city on service levels, performance, and benchmarking against other municipalities using Ontario Municipal Benchmarking Initiative data.
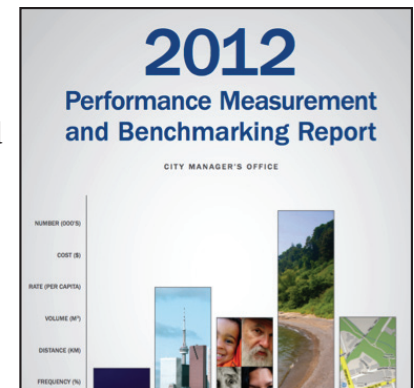
The City Manager's Office also issues a quarterly Management Information Dashboard which tracks certain key indicators on a more regular basis. A large amount of performance measures and other data can also be found in the detailed budget analyst notes for each department (an example of an analyst note, for Transportation Services, can be found here). As noted above, the city is introducing the FPARS accounting system, which aims to allow more multi-year budgeting, advanced financial analysis, tracking and reporting of performance measures, and more.

Part I - Indicators for the City of Toronto as a Whole						
Health of Toronto Economy						
1.01 Percentage of Vacant Industrial Space	Decrease	Decrease	n/a	n/a	n/a	14
1.02 Percentage of Vacant Office Space	Decrease	Decrease	n/a	n/a	n/a	14
1.03 Number of Personal Bankruptcies (Ontario)	Increase	Increase	n/a	Decrease	n/a	14
1.04 Number of Business Bankruptcies (Ontario)	Decrease	Decrease	n/a	Decrease	n/a	14
1.05 Employed City of Toronto Residents (000s)	Increase	Stable	n/a	n/a	n/a	15
1.06 % of Toronto Residents who are Self-Employed	Increase	Increase	n/a	n/a	n/a	15
1.07 Unemployment Rate - Toronto Residents	Decrease	Decrease	n/a	n/a	n/a	15
1.08 Employment Rate - Toronto Residents	Stable	Decrease	n/a	n/a	n/a	15
1.09 Participation Rate - Toronto Residents	Stable	Decrease	n/a	n/a	n/a	16
1.10 Number of Employment Insurance (E.I.) Beneficiaries	Increase	Decrease	n/a	n/a	n/a	16
1.11 Average Weekly Hours Worked - City of Toronto Residents	Stable	Decrease	n/a	n/a	n/a	16
1.12 Average Home Price - City of Toronto	Decrease	Increase	n/a	n/a	n/a	16
1.13 Number of Home Sales - City of Toronto	Decrease	Increase	n/a	Decrease	n/a	17
1.14 Ontario Product Exports to U.S. ($millions CAD)	Increase	Increase	n/a	Increase	n/a	17
1.15 Retail Sales - Toronto CMA ($millions CAD)	Increase	Increase	n/a	Increase	n/a	17
1.16 CPI - Consumer Price Index - Toronto (% Change)	n/a	n/a	n/a	n/a	n/a	17

Data is also increasingly available at the local level, to help inform Ward- and neighbourhood-level spending decisions, and to allow better comparisons among different parts of the city. For instance, Wellbeing Toronto is a map visualization tool that provides publicly accessible, neighbourhood-level data across a wide range of categories, including demographics, education, economics, culture, and more.

The city has also evaluated the efficiency and effectiveness of a variety of departments, programs, and services

in the past several years. In the wake of its 2011 Core Services Review, the city conducted—mainly through third-party consultants—a number of "Service Efficiency Studies" to identify new and lower cost ways to deliver services across a range of service areas, from 311 to court services to policing.

4.2 LESSONS FROM OTHER CITIES

New York City established a Centre for Economic Opportunity in 2006 to help identify and find ways to lift citizens out of poverty. This program rigorously evaluated numerous pilots to determine which programs are most effective, even using randomized controlled trials where possible. Programs are identified as either pilots under evaluation, successful programs which retain funding, or ineffective programs which are discontinued. This program won the award for Innovation in American Government from Harvard University for its unique ability to generate and monitor innovative ideas.

The City of Baltimore implemented the "CitiStat" tool, inspired by the NYPD's CompStat system, to help monitor city programs. This program, now used by 18 cities, won the award for Innovation in American Government from Harvard University. By monitoring programs and having basic metrics available in an easily accessible format, policymakers are able to make evidence-based decisions. This enabled Baltimore to generate $350 million in savings over a seven-year period, and reinvest $54 million in new programming for children.

PhillyStat, the City of Philadelphia's performance management office, reports on metrics related to the city's strategic plan. This ensures a focus on outcomes and efficiency, and allows the city to engage in cost-benefit analysis and performance-based budgeting by setting goals for key metrics. Weekly PhillyStat meetings are held with the most senior city officials, including the Mayor and department heads, to ensure they are aware of the evidence and are able to use it in their day-to-day decision making. These weekly presentations are then made available to the public.

Several charitable foundations in the United States have launched initiatives to encourage greater use of evidence and data in policy making and resource allocation. Bloomberg Philanthropies recently launched What Works Cities, a $42 million initiative designed to encourage greater use of evidence and data in 100 mid-sized US cities. What Works Cities will focus on four areas: (1) open data, transparency, and citizen engagement programs (2) better incorporating data into budget, operational, and policy decision making (3) low-cost, rapid program evaluations (4) focusing funding on areas that deliver results for citizens. The Pew Charitable Trusts and the MacArthur Foundation have joined together on an initiative called Results First, which is focused on spreading the use of cost-benefit analysis at the state level, building on models like the Washington State Institute for Public Policy.

4.3 AREAS FOR ACTION

The city could make greater use of cost-benefit analysis and other program evaluation tools to assess the value for money of existing programs and to identify potential reforms. These techniques have been used extensively in the US, and could be applied to a small subset of all city programs each year.

The link between the extensive performance measurement data that the city has produced and the budget process could be made clearer. For instance, clarifying the influence the findings of the Performance Measurement and Benchmarking report has on the draft budget proposed by city staff at the beginning of each budget cycle.

The city should explore ways to benchmark its performance against that of cities outside of Ontario. While the Ontario Municipal Benchmarking Initiative (OMBI) offers a readily available source of comparable data across Ontario, it may be more relevant to compare Toronto's performance to that of similarly situated global peers.

The city should focus on making the data that it does have (e.g., through FPARS and the Performance Measurement and Benchmarking report) as relevant as possible to the public and decision makers. That means distilling

the data into digestible, actionable pieces of information, and rigorously sorting the data to identify what is truly important.

The introduction of service-based budgeting represents an opportunity to ensure scarce public dollars are being allocated to the areas of greatest need.

5. Conclusions

The 2015 budget included many examples of efforts by the city to improve and democratize its budget process, from a participatory budgeting pilot to improved communications materials to a move towards multi-year, service-based budgets. The budget process in 2015 appears to be more participatory, accessible, visionary, and evidence-based that it has been in previous years.

These changes are very welcome, and we recognize the efforts of city staff, councillors, and external stakeholders to advocate for, and help execute, these important reforms.

There remains, however, a long way to go before Toronto can call itself a global leader in open and democratic budgeting—before cities from around the world begin to look to Toronto as an example of leading-edge budgeting practice.

The current term of city council represents a unique opportunity not only to continue but to accelerate the city's work in improving the city budget process. In addition to the specific work now underway on the budget process, the unique conditions of the present include:

- A new mayor who was elected on the promise of making city hall and city council more effective
- A civil society in Toronto that appears increasingly interested in municipal issues, and eager to contribute to city building
- A rapidly growing start-up and tech community in Toronto, including a portion of that community that is interested in applying their expertise and capacity to the public good
- A burgeoning of activity and thinking, particularly in the US, around evidence-based and data-driven budgeting

We encourage city council, city staff, and other stakeholders and community members involved in the budget process to seize this opportunity and work together to make Toronto a leading light in the practice of budgeting.

BETTER BUDGET TO