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reporting to the public on civic affairs.

CIVIC AFFAIRS

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BUDGET BACKGROUND

Fellow Citizens:

No single responsibility put into the hands of Toronto's elected representatives is more important, year by year, than screening and approving the annual budget. It is up to our representatives in Council and on the school Boards to decide not only the total expenditure and the tax rate which follows on this, but also the precise way the money is to be spent on care of indigents, ball diamonds or tennis courts, teachers' salaries, fire alarm boxes, snow removal and so forth. Many of the expenditures authorized or rejected in one year affect the pattern of civic services and the lives of the citizens for years to come. For instance, if we skimp on street repairs in 1949, much heavier spending may be forced on us for major repairs later on. Again, many changes in civic operations, particularly if they call for new equipment or construction, are only sound as a long-term proposition. Is a new swimming pool, for example, something the City can afford, or something it can better afford to do without at the moment? Should we take on the added debt load and the new operating expenditures it will require?

Right now, work on the 1949 budget is in full swing. Even with the advice of civic officials and the budgets of previous years as a guide, it is not easy to do a good job. Members can make the best contribution only with the support of an informed public. Particularly this year, however, the budget story is involved and confusing and calls, therefore, for explanation and comment.

Hold-up on Re-assessment

Nearly two years ago, the City embarked on plans for re-assessment of all the land and buildings in Toronto. This move to review and revise valuations for tax purposes in the interest of greater equity, was fully justified by the preliminary investigation. But, there must be widespread disappointment at the poor timing on this work. For it has proved a much heavier assignment than originally anticipated and, in spite of recruitment of additional staff, there seems no prospect that the collector's rolls will be ready before the beginning of May--about five months late. Indeed, Provincial legislation is being secured to extend the time to June 1st, and this date may leave little time to spare. Meanwhile, the Council and Board of Education can plan expenditures and estimate other revenues, but they cannot strike the tax rate. It is an unhappy situation, absolutely without precedent.

PRE-ELECTION BUDGET

Last fall, for the first time, the City prepared and issued a pre-election budget, an efficiency move which the Bureau has long championed. An earlier Bureau release detailed some of the difficulties in introducing such a change and warned that the proposal was taken up late. It was known, too, that re-assessment would be delayed, so that the best that could be produced in 1948 was an estimate of expenditures only, not of revenues. These difficulties had the psychological effect of diluting the industry and enthusiasm with which elected representatives and civic officials tackled the assignment. The Board of Education budget was submitted to City Council "on the understanding that it is purely tentative." That qualification was, of course, fully justified, but the form of the Board's submission, together with discussion and comment on it, clearly suggests that the pre-election figures were not intended to be taken too seriously. The Trustees were reluctant to submit a pre-election budget at all. But they did. The Board of Education gave summary assent to estimated expenditures totalling \$16.4 million without requesting a breakdown beyond the bare listing of eight sub-totals. Aside from the Finance Committee, the Trustees did not even enquire how the expenditures were to be split between primary and secondary schools.

The Board of Control and Council paid better attention to the early budget, which is not surprising since they fathered the innovation. The Council had the normal breakdown of expenditures before it at its December meeting. However, copies were not available for general distribution and the published report which appeared just before the election included no breakdown except for capital items. The selection was not without some significance for it was on the capital budget that the better work was done.

For what it was worth, the pre-election budget was approved by City Council December 7th. It was not explained officially or widely publicized to the electorate. With the serious gaps in detailed figures, it would have been over-optimistic to expect informed analysis and criticism; and, in fact, the budget played no significant part in the election campaign.

(1) Education Estimates

Since the election, the Board of Education has completed its revised estimates--with one exception. Financing of the new building programme which is now under discussion with the City Treasury, may or may not boost debt charges this year.

The pre-election estimate was up \$1 million over the amount actually spent in 1948. The present submission adds another \$650 thousand, bringing the total to better than \$17 million. As it stands now, the operation of public and secondary schools will cost Toronto taxpayers 15 percent more than last year. Those of us who have business budgets to draw up will not be surprised at the 1949 operating budget being set up a notch over 1948. Nevertheless, in a city of static population, a growth in expenditures of this order certainly warrants consideration by the citizens.

Not all the costs of education are born by owners (or indirectly by tenants) of real property. Towards its 1949 budget, the Board of Education expects \$3.28 million in grants from the Province, or very nearly 20 percent of the required funds. The Separate School Board also receives considerable Provincial support. But, Toronto citizens are paying their generous share into the Provincial as well as the City coffers, and so these education grants should not be rated in any sense as a gift. With virtually all the educational funds coming from these two sources--City taxes and Provincial grants--every citizen has an interest in seeing that the local authorities budget for a sound programme within our corporate means.

Where does the local responsibility for educational expenditures actually lie? As the sequence goes, the budget is forwarded by the Board of Education and included in the estimates which are finally approved by City Council; yet, the sums required for education are repeatedly described by the Mayor or the members of Council as 'uncontrollable' expenditures. So far as the Council is concerned, this is the blunt situation. But that does not mean there is no public check on them.

The City Council may protest if current expenditures proposed by the Board of Education seem out of line. Such protests have some salutary results, but if the Board remains adamant the Council under Ontario law must go ahead and authorize the required educational rate. The Board gets the money in full, while the Council alone is assigned the job of collecting the taxes, dealing with delinquents, and taking losses on arrears. When it comes to capital undertakings, such as the building of a new school, the Board of Education must get the City to issue debentures. Here the Council's position is stronger, for it may refuse to authorize a bond issue. But the Trustees can then go over the head of Council and, by referendum, appeal directly to the voters. Because the threat is hardly likely to be invoked, this regulation is not widely known. Its importance is real, nevertheless.

Judging by the milk and water campaigning which so often characterizes Board of Education elections, this body's fiscal powers are not fully realized. It must be emphasized that for all practical purposes the elected Trustees are responsible for all civic spending on education, and, consequently, for the education figure in the mill rate. Provincial supervision of local Boards is a recognized feature of our educational system, but financial control by the municipal Council is virtually nonexistent. It is worth recalling, then, that there are two elected bodies responsible for the size of your tax bill; and the Board of Education is the one which must answer to the public for changes in the bill for education compared with 1948 and with the half-hearted December forecast.

(2) Departmental Estimates

As with the Board of Education, the City Departments, and also the Standing Committees which do the first screening job, have not paid too close attention to the pre-election estimates in lining up proposed expenditures now. The press has commented, for example, on an increased appropriation sought by the Parks Committee of about \$255 thousand over last December's figure. All departmental estimates, however, have yet to go through the Board of Control's hands and this body may give them a serious trimming before the budget reaches Council for final consideration. The end result may be to reduce most items to the pre-election figures, but not without much of the work being done twice.

The 1948 Council could not bind its 1949 successor to adopt the December estimates, even if all the members had been re-elected. Therefore, some may wonder whether the pre-election budget can be of much value. Yet there is an obvious way to increase its usefulness, and it is this: the Board of Control is charged with bringing forward the estimates to Council; at the start of the year the new Board should meet and review the pre-election budget; it should decide then on any major policy changes and beyond this, should instruct Department heads to limit their suggestions to minor adjustments or corrections.

To summarize. First, if the pre-election budget is to serve a useful purpose, it needs to be a more complete document, carefully prepared and fully itemized. Secondly, the incoming executive, the Board of Control, has a responsibility to

take a real stand on the pre-election budget before Standing Committees or Department heads begin work on the final returns in the new year. As for the Board of Education, the position is even clearer. Unless opponents of the December budget have gained a victory at the polls, it should normally be re-affirmed in the new year with no more than slight amendments.

TELLING THE STORY

The Federal Government and the provinces have come to see that a valuable way to build and hold support for public policies is through good and frequent information releases. Bodies like the T.T.C. spend a lot on public relations. The Board of Education has a Public Relations Committee which has sponsored some excellent reports. The City Hall, however, has not a single public relations officer in any Department. City Departments alone spend more each year on current account than any Maritime province, yet the members of Council are content to undertake the public relations job themselves without the help of any specially qualified assistants. This hit-and-miss method leaves an opening for some citizens to scoff at the calibre of their local government because minor annoyances which crop up in the operations of any large organization are not always cleared up and the good news is not systematically publicized. It is bad for the morale of the City staff as well as the citizens at large.

The City spends a good deal now on publishing its annual budget estimates and its public accounts. The information is complete, but the reports make heavy reading for even an experienced accountant. Can the story be told any more simply? Many American cities think so, and one has even turned out a product which runs as a special supplement in the Sunday weeklies. The Board of Education's financial report is merely mimeographed and bound in a printed cover, yet it has as much appeal or more, than the City Hall product.

It is not suggested that the City's presentation of its annual estimates should be greatly revamped. If the Treasurer's Department were able to draw on the services of a public relations staff, the published estimates could be spruced up. But, as it stands, it gives a detailed account of finances which is valuable now and which would be costly to convert into popular form.

The Bureau recommends, rather, that Council give attention to a new, popular budget story, touching only the highlights. For the past four or five years, the Treasury has prepared a sheet giving some facts of interest to the taxpayer, and enclosed it with the tax notice. It is a move in the right direction, but only a start. The Board of Education also issues a folder giving facts about its budget. The two should be combined, with a section added for Separate School supporters.

The new budget story is not a job for the accountants, although they should check its accuracy. It is recommended that the Council authorize the appointment of the City Hall's first public relations officer and commission him to do this job. The post must carry senior status and salary with the selection based on merit, or the effort is certain to be wasted. Behind a lively style, supported by a few good illustrations in colour, should be a sincere attempt to interest and inform the voter. If the work is done with imagination it need not be expensive to be effective.

The Old Rate and the New

It would be hard to find a year when the 'budget story' was more needed than in 1949. If Council thinks it worthwhile to add 500 temporary employees to the staff to help re-assess City properties, surely it should consider the value of bringing in one competent man and providing him with the money to explain this and other points affecting your tax bill and mine.

The public will not be blindly opposed to budget increases if the need is real and is explained to them. But they should strongly condemn large increases which are not explained or are in any sense concealed from them.. With re-assessment the City has one clear responsibility--to show the tax load in terms of both the old total assessment and the new. Before launching into any detailed explanation, a statement along the following lines should start off the budget story:

	<u>1948 Tax Rate</u>	<u>Tax Rate in 1949 if Assessment Unchanged</u>	<u>1949 Tax Rate (Based on Re-assessment)</u>
General	26.6 mills	. . . mills	. . . mills
<u>plus</u>			
Public School Supporters	11.9 mills	. . . mills	. . . mills
Separate School Supporters	15.2 mills	. . . mills	. . . mills

If these facts alone were given, the taxpayer would at least know basically where he stands in relation to the overall tax picture because he could quickly see where the rates would run if assessment were unchanged. Probably when the budget is finalized and the figures can be filled in, such a statement will show a real increase in the total general levy as well as in the school levy. But, increase or no, the position will not be obscured by re-assessment, and both the general and school rates will have to stand on their merits.

In this letter the Bureau has not examined individual items in the 1949 budget. With the exception of the Board of Education estimates, the whole budget is still quite tentative. Even the Education estimates could be still changed materially although at this late date this is highly unlikely. What we feel to be important now is that the public take a genuine interest in the cost of civic government as expressed in the budget; and by this the elected representatives will feel that they must combine economy with good value and build public understanding and confidence in their work.

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