



## Elementary Teachers' Federation of Ontario (ETFO)

Fédération des enseignantes et des enseignants  
de l'élémentaire de l'Ontario (FEEO)

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## MEMORANDUM

**TO:** Local Presidents  
Executive Members (For Information)

**FROM:** Sharon O'Halloran, General Secretary  
Lorna Larmour, Deputy General Secretary  
Federico Carvajal, Executive Staff, Communications and Political Action Services

**DATE:** March 27, 2024

**RE:** **Budget 2024**

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On March 26, 2024, the Ford government tabled the 2024 provincial budget. The budget includes a significant increase in the deficit projected for 2024-25, \$9.8 billion, more than double what the government had forecasted during the fall economic update.

Slow economic growth is projected to result in lower revenues over the next few years. Despite this, the government continued to ignore the significant gap in revenue generation that exists compared to the rest of the provinces in Canada.

The compensation settlements resulting from Bill 124 being declared unconstitutional led to revisions in the spending figures for 2022-23 and 2023-24, this was particularly significant in the health and education sectors. The budget outlines more than \$6.2 billion in Bill 124 compensation settlements over the past two years, with \$2.8 billion in the education sector alone.

While refusing to address the need to increase revenue generation, the government also chose not to make the necessary investments in public education, health care, and other public services Ontarians rely on. Instead, the government continued its pattern of providing additional tax cuts to corporations and underspending in social programs.

### **Return to Balance Delayed**

In the 2024 budget, the government revised its deficit projection for 2023-24 to \$3.0 billion, down from \$5.6 billion in the fall economic update. The 2024 budget projects deficits of \$9.8 billion for 2024-25 and \$4.6 billion for 2025-26, returning to balance in 2026-27 with a small surplus of \$0.5 billion.

The government cited slow economic growth as the main reason for lower tax revenues. The

changes to Ontario's economic outlook reflected in the budget has delayed the government's plan to return to a balance budget by at least one year. As recently as last fall, the government planned a return to surplus budgets by 2025-26, this will now be delayed at least until 2026-27, the year of the next provincial election.

## **Tax Cuts**

The 2024 budget contains some additional tax reductions for businesses and individuals while it maintains previously announced measures. The temporary gas tax and fuel tax rate cuts that were set to expire on June 30, 2024 will be extended until December 31, 2024. This will result in \$620 million in lost revenue to the province in 2024-25.

The government is maintaining current subsidies for industrial electricity rates and previously announced measures aimed at reducing taxes paid by corporations. The combined impact of these corporate tax reductions is \$8 billion in lost revenue to the province for 2024-25 alone, with two thirds of that amount—\$5.3 billion—going to large corporations.

## **Education**

The 2024 budget adjusted the projections for education spending for 2022-23 and 2023-24 to account for Bill 124 compensation settlements which will also impact compensation grids going forward. Total education spending (including child care) for 2023-24 was revised to \$36.6 billion up from \$34.7 billion in the fall economic update.

For 2024-25 the budget shows an increase of \$1 billion in education funding—including child care—when compared to 2023-24. This represents an increase of 2.7 per cent compared to 2023-24. This nominal increase in funding is easily outpaced when accounting for inflation, which for 2023 is projected to be 3.8 per cent and enrolment growth projected at 1 per cent for 2024-25. In real dollars, this means a reduction in overall education funding for 2024-25.

In the medium term, the budget projects nominal increases to education funding, with funding projected at \$37.6 billion for 2024-25, \$38.8 billion in 2025-26, and \$39.4 billion in 2026-27. The increases over this three year period will be outpaced by projected inflation.

Because the budget does not contain a breakdown between child care and education spending, the impact of these budget changes will not be clear until details on the Grants for Student Needs (GSN) are released.

## **Infrastructure**

The budget includes \$26.2 billion in infrastructure spending for 2024-25, with more than \$190 billion in infrastructure spending proposed for the next 10 years. Highway 413 and the Bradford Bypass, alongside the widening of Highway 401 are some of the projects included in the budget. This multi-year capital spending plan includes \$23 billion for schools and child care spaces, with \$16 billion going to capital grants over 10 years.

For 2024-25, \$1.4 billion is allocated in capital grants for school repairs and renewal. The current school repairs backlog is estimated to be approximately \$17 billion.

## **Health Care**

Health care spending will be lower in 2024-25 (\$75.6 billion) compared to 2023-24 (\$76.7 billion, including the Bill 124 compensation settlements). With inflation at 3.8 per cent in 2023, this represents a significant reduction in health care spending at a time when the province faces increasing wait times and a crisis in access to primary care.

The budget includes the announcement of a new medical school at York University that will primarily focus on family medicine, however there were no details provided on how it would be funded or staffed. The budget also includes the allocation of \$564 million over three years to connect approximately 600,000 people to primary health teams. The province also announced an additional \$128 million over three years to increase nursing student enrolment.

## **Other Budget Measures**

The 2024 budget includes proposed auto insurance reforms. These reforms will change some auto insurance coverage benefits that are currently mandatory to optional, allowing drivers to decline certain portions of their coverage. The impact these reforms would have on insurance rates is unknown at this point.

The budget includes an increase to the Ontario Autism Program of \$120 million in 2024-25, \$1.3 billion to improving high-speed internet access across the province, and \$1.8 billion to help build municipal infrastructure to enable new housing construction.

## **Conclusion**

The impact of high interest rates is being felt in Ontario's economy, resulting in slow economic growth. Slower growth means lower revenue for the government. Despite this, the government continues to ignore the significant gap that exists in revenue generation in Ontario compared to the other Canadian provinces. Ontario is last in per-capita revenue and unsurprisingly, last in per-capita program spending.

Instead of taking steps to address this ongoing revenue problem and make necessary investments in public education, public health care and other public services, the government is continuing to fund tax breaks to corporations to the tune of \$8.0 billion per year.

Outside of some infrastructure projects, there are no significant investments made in this budget. When it comes to health care and education, once inflation is considered, the budget represents further reductions in real dollars.

While the budget does not contain details on school board allocations, which will be available once information on the Grants for Student Needs is released, it is clear that the government's plan for education does not address the ongoing underfunding of public schools.

The nominal increases in education funding contained in the budget for the next three years, are simply not enough to keep up with enrolment growth or inflationary costs. Unless there are additional funds made available to school boards, many of them will continue to experience increasing fiscal pressures that could result in further loss of important student supports and programs.