ETFO FEEO

Elementary Teachers' Federation of Ontario (ETFO)
Fédération des enseignantes et des enseignants
de l'élémentaire de l'Ontario (FEEO)
136 Isabella Street, Toronto, ON M4Y 0B5
Tel: 416-962-3836 Toll Free: 1-888-838-3836 etfo.ca

M E M O R A N D U M

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: May 20, 2025

RE: Budget 2025

On May 15, 2025, the Ford government tabled the 2025 provincial budget. The budget projects a significant deficit of $14.6 billion for 2025-26, resulting primarily due to measures the government is introducing to deal with the economic impact of the ongoing trade dispute with the United States.

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.

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 and continues to be the province with the lowest per-capita program spending in Canada.

Return to Balance Delayed

In the 2025 budget, the government revised its deficit projection for 2024-25 to $6.0 billion, down from $9.8 billion in the fall economic update. The 2025 budget projects deficits of $14.6 billion for 2025-26 and $7.8 billion for 2026-27, returning to balance in 2027-28 with a small surplus of $0.2 billion.

The government cited a weaker economic outlook resulting from tariffs as the main reason for lower tax revenues going forward. 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.

Tax Cuts

The 2025 budget contains additional tax reductions for businesses and individuals while it maintains previously announced measures. The budget would also make the temporary gasoline and fuel tax cuts permanent.

The budget includes a $9 billion tax-deferral program for 80,000 businesses, $2 billion in WSIB rebates to employers, and a new fund of up to $5 billion called the *Protecting Ontario Account* which is aimed at supporting businesses affected by tariff-related disruptions.

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 $11.9 billion in lost revenue to the province for 2025-26 alone, with more than half of it—$6.3 billion—going to large corporations.

Education

The 2025 budget adjusted the projections for education spending for 2023-24 and 2024-25. Total education spending (including child care) for 2024-25 was revised to $38.4 billion up from $37.6 billion in the fall economic update.

For 2025-26 the budget shows an increase of $2.6 billion in total education funding—including child care—when compared to 2024-25, from $38.4 billion to $41 billion. This represents an increase of 6.3 per cent in funding, but it includes the increase in federal childcare funds that Ontario will receive as part of the renewed agreement with the federal government.

Because the budget does not contain a breakdown between child care and education spending, the impact of these budget changes on school board funding will not be clear until details on the Core Education Funding grants are released.

In the medium term, the budget projects nominal increases to education funding, with funding projected at $41.1 billion for 2026-27, and $41.3 billion in 2027-28. The increases over the last two years of the three year period covered in the budget will be outpaced by projected inflation.

Infrastructure

The budget includes $33 billion in infrastructure spending for 2025-26, with more than $200 billion in planned infrastructure spending over the next 10 years. Highway 413 and the Bradford Bypass, alongside the widening of Highway 401 are some of the projects once again included in the budget.

The government’s multi-year capital spending plan includes $30 billion for schools and child care spaces, with $23 billion going to capital grants over 10 years. For 2025-26, close to $2 billion is allocated in capital grants for school repairs and renewal.

Health Care

Health care spending over the next three years will fail to keep up with current cost drivers including inflation, population growth and population aging. In 2025-26 health care spending will increase by 2 per cent, when cost increases are projected to be 3.7 per cent. This means that the 2025-26 allocation for health care will be outpaced by rising costs and the health care sector will once again have to do more with less. For 2026-27, the increases will fall 2.2 per cent and 2.3 per cent below the required funding to maintain status quo.

Other Budget Measures

The 2025 budget includes $ 900 million over three years, in new funding for the Skills Development Fund. This increase in funding will help support workers in impacted sectors of the economy as a result of the ongoing trade dispute.

Conclusion

The PC government's response to the economic turmoil resulting from the ongoing trade dispute with the U.S. is almost exclusively focused on supporting businesses and in particular large corporations. While the budget allocates some new funding for skills retraining, it is simply not sufficient. The government is also not addressing structural underfunding in the public sector, including health care and education, at a time where the demands on public services and supports is only going to increase as a result of economic uncertainty.

Slower economic 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 doubling down on its strategy of providing tax breaks to corporations to the tune of $11.9 billion per year.

The budget does not contain details on school board allocations, which will be available once information on Core Education Funding grants is released. It is concerning, that for two of the three years projected in the budget, the nominal increases in spending will be outpaced by 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.

SO:LL:FC:MG