

# WHEN THE GROUND SHIFTS

The impacts of funding  
cuts on the immigrant and  
refugee serving sector



WORKING WITH  
COMMUNITIES IN  
PEEL, TORONTO &  
YORK REGION

**OCASI**  
Ontario Council of Agencies Serving Immigrants



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# LAND ACKNOWLEDGEMENT

1.

It is with profound respect that we acknowledge that we operate on the traditional territory and gathering place of many Indigenous nations including the Wendat, the Anishnaabeg and the Haudenosaune. Today, it is home to many urban Indigenous Peoples, including First Nations, Métis and Inuit Peoples. We recognize that the Greater Toronto Area is covered by several treaties including Treaty 13 signed with the Mississaugas of the Credit First Nation and the Williams Treaties signed by seven First Nations including the Chippewas of Beausoleil, Georgina Island and Rama, and the Mississaugas of Alderville, Curve Lake, Hiawatha and Scugog Island. We recognize the rights of Indigenous communities and acknowledge the ancestral and unceded territories of the First Nations, Métis and Inuit Peoples across Turtle Island. We honour the teachings of Indigenous Peoples with respect to the land we each call home and our responsibilities to the land and one another. We are committed to improving our relations with Indigenous Peoples and acting on our responsibilities in Truth and Reconciliation and the United Nations Declaration on the Rights of Indigenous Peoples. We recognize all Treaty peoples, including those who arrived as settlers, as migrants either in this generation or in generations past. We also acknowledge those who came here involuntarily, particularly those brought to these lands as a result of the Trans-Atlantic Slave Trade and Slavery. We must also acknowledge the deep-rooted inequities that persist today because of historical injustices. The legacy of colonization and slavery has left enduring impacts on Indigenous and African-descended communities, manifesting in disparities in economic opportunities, education, housing, health care, and systemic discrimination. In recognizing this history and the current context, we pay tribute to the ancestors of African Origin and descent.



# PARTNERS

## 2.



### United Way Greater Toronto

As the largest funder of community services in the GTA, outside of the government, United Way Greater Toronto reinforces a crucial community safety net to support people living in poverty. United Way's network of agencies and initiatives in neighbourhoods across Peel, Toronto and York Region works to ensure that everyone has access to the programs and services they need to thrive. Mobilizing community support, United Way's work is rooted in groundbreaking research, strategic leadership, local advocacy and cross-sectoral partnerships committed to building a more equitable region and lasting solutions to the GTA's greatest challenges.

[unitedwaygt.org](http://unitedwaygt.org)



### OCASI – Ontario Council of Agencies Serving Immigrants

OCASI is the provincial umbrella organization for the immigrant and refugee-serving sector. Founded in 1978 and now representing more than 250 member agencies, OCASI is a registered charity governed by a volunteer board of directors. Our mission is to advance equity and human rights for immigrants and refugees through strategic advocacy, collaborative planning, research, and sector-wide capacity-building, all in pursuit of our vision: a Canada of equity and social justice where everyone belongs.

[ocasi.org](http://ocasi.org)

# 3.

## ACKNOWLEDGEMENTS

This report was written by Yogendra Shakya (independent consultant), Gemechu Abeshu (York University), Umair Majid (United Way Greater Toronto), Stephanie Procyk (United Way Greater Toronto), and Tanurina Datta (United Way Greater Toronto).

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We owe a special debt of gratitude to the OCASI – Ontario Council of Agencies Serving Immigrants' for their support throughout this entire research process, including from members of the OCASI Policy, Research and Membership Team. Your partnership and feedback on research design and report participant recruitment served to enrich the rigor of the report.

The insights and collaborative spirit of everyone involved have been essential in shaping this report and its recommendations. We hope that this work will contribute to fostering a more stable, equitable, and effective funding system for the immigrant and refugee serving sector in Canada.

# ACRONYMS

## 4.

|              |                                                    |
|--------------|----------------------------------------------------|
| <b>AI</b>    | Artificial Intelligence                            |
| <b>CFP</b>   | Call for Proposals                                 |
| <b>CMHA</b>  | Canadian Mental Health Association                 |
| <b>CUAET</b> | Canada-Ukraine Authorization for Emergency Travel  |
| <b>GDP</b>   | Gross Domestic Product                             |
| <b>GTA</b>   | Greater Toronto Area                               |
| <b>HR</b>    | Human Resources                                    |
| <b>IRCC</b>  | Immigration, Refugees and Citizenship Canada       |
| <b>IT</b>    | Information Technology                             |
| <b>LINC</b>  | Language Instruction for Newcomers to Canada       |
| <b>LIP</b>   | Local Immigration Partnership                      |
| <b>NAARS</b> | Needs and Assets Assessment and Referrals Services |
| <b>NSIC</b>  | National Settlement Integration Council            |
| <b>OCASI</b> | Ontario Council of Agencies Serving Immigrants     |
| <b>PR</b>    | Permanent Resident                                 |
| <b>SWIS</b>  | Settlement Workers in Schools                      |
| <b>UWGT</b>  | United Way Greater Toronto                         |

# 5.

## EXECUTIVE SUMMARY

Social and community services play an important, yet undervalued, role in the economic development and health of Canada. In 2023, nonprofits contributed to 8.2% of Canada's Gross Domestic Product (GDP), representing \$216.5 billion.<sup>1</sup> The community services sector forms the backbone of Canada's social infrastructure by delivering essential programs and services in areas such as housing, employment, health, education, child and family support, and community development. The sector helps young people and those newly out of work connect with jobs, develops and maintains co-operative and non-profit housing to ensure people have a place to live, and connects people experiencing mental health challenges with needed services. The sector also contributes to the economy as an employer—employing 2.8 million Canadians annually.<sup>2</sup> As Canada looks to strengthen its economy during a challenging period, the nonprofit sector and social and community services in particular, cannot be left out of the equation. As PWC notes, the services provided by the nonprofit sector are “even more critical during economic downturns and periods of transformation.”<sup>3</sup>

Yet the social and community services sector is under strain, having been dealt multiple blows from a growth in complex needs post-COVID to an ever-increasing affordability crisis. Even though demand has grown by 70.2% for social services in Canada, capacity to meet this demand has only grown by 40.3%.<sup>4</sup> As all ministries look to find savings and reduce program expenditures, there is growing concern that Canada's social infrastructure will be profoundly impacted, multiplying the impact on individuals. The immigrant and refugee-serving sector provides a clear example of how these funding reductions play out in real time in organizations, communities, and people's lives. The services, largely funded and coordinated by Immigration, Refugees and Citizenship Canada (IRCC), is critical to enabling newcomers to integrate successfully and to ensuring that immigration continues to benefit both newcomers and Canadian society as a whole.

### 5.1 Report overview

This report, commissioned by United Way Greater Toronto and the City of Toronto in partnership with the OCASI – Ontario Council of Agencies Serving Immigrants, documents the impacts of the 2024 funding changes and reductions on the immigrant and refugee serving sector in Peel Region, the city of Toronto and York Region in Ontario. Specifically, it explores how:

1. IRCC's 2024 funding reductions are causing deep and measurable impacts,
2. Funding reductions have undermined partnership and collaboration with the sector,
3. The immigrant and refugee serving sector is being destabilized by shorter-term funding and sudden changes,
4. The next phase of IRCC funding reductions will define the direction, resilience and capacity of the sector, and
5. Policy and practice recommendations can help restore partnerships and promote sustained funding.

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1 Statistics Canada, 2024a.

2 Statistics Canada, 2024b.

3 PWC, 2025.

4 Statistics Canada, 2024a.

This report draws upon an agency survey (48 agencies), key informant interviews (10 agency leaders), and two focus group discussions (21 participants) with sector leaders and frontline staff working in the immigrant and refugee serving sector in Peel Region, the city of Toronto, and York Region.

## 5.2 Context: Robust settlement services build a strong Canada

Immigration has long been a central component of Canada's economic growth, social development, and global reputation as a welcoming and inclusive nation. Canada has historically been praised both at home and abroad for its comprehensive approach to immigration policy. Newcomers contribute to Canada in countless ways: they support innovation and entrepreneurship, enrich cultural and community life and strengthen Canada's demographic and economic sustainability in the face of an aging population.

The success of immigration in Canada, however, depends not only on welcoming new arrivals but also on ensuring that they have the tools, resources, and opportunities to thrive. The immigrant and refugee-serving sector plays a crucial role in this process. Agencies across the country provide vital supports such as language training, employment services, information and orientation, housing assistance and community connections.

The 2024 federal budgetary decisions, featuring what amounts to consecutive reductions, are now at risk of destabilizing this well-respected system and the deeply collaborative partnerships that have helmed it for so long. In 2023, under the federal government's Refocusing Government Spending Plan, significant budget cuts were announced for IRCC and other departments aimed at bringing spending to pre-pandemic levels.<sup>5</sup> All ministries—including IRCC—have been told to find savings and reduce program spending by 7.5% in the 2026-27 fiscal year, 10% in 2026-2027, and 15% in 2028-29.<sup>6</sup> Simultaneously, there was also a reduction in immigration targets outlined in the 2025-2027 Immigration Levels Plan, which had been announced prior to the current government taking office. These measures included a \$317.3 million reduction to IRCC's budget and the projected elimination of 3,300 IRCC jobs over the next three years. On top of these cuts, the sector has been contending with multiple concurrent challenges: the end in federal support for Ukrainian and Afghan arrivals<sup>7</sup> and the sudden roll-back of a five-year funding cycle back to three years for settlement service providers under the federal Settlement Program and Resettlement Assistance Program.<sup>8</sup>

<sup>5</sup> IRCC, 2023.

<sup>6</sup> Mukherjee, 2025.

<sup>7</sup> IRCC, 2025a.

<sup>8</sup> RCC, 2025b.

## 5.3 Key findings

Budgetary reductions have meant substantive losses to the staff, programs and financial stability of community organizations delivering immigrant and refugee services.

### Loss of immigrant and refugee serving staff:

- 68.8% of agencies (33 agencies) noted that they anticipated laying off staff as an impact of the funding reductions, and a minimum of 310 layoffs were estimated from 2025 to 2028, representing 4.3% of the sampled agency workforce.

### Loss of immigrant and refugee serving programs:

- 44% of agencies (21 agencies) anticipated program closures and 56% (28) indicated that they would experience program disruption.
- About 50% of agencies reported anticipated reductions in Language Training (24 agencies), Community Connections (23 agencies), and Information and Orientation services (22 agencies).

### Loss of financial stability:

- 75% (36 agencies) expected financial consequences due to the funding changes.

In particular, the abrupt reversal from the still relatively new five-year funding cycle back to a three-year funding cycle was identified as a source of instability with impacts of reductions worsening in the second year.

- 75% of agencies (36 agencies) cited increased pressure from the need to reapply for continued funding earlier in the process.
- 68% of agencies (32 agencies) noted that short funding cycles will make their IRCC-funded programs short-term oriented and shift them away from longer-term strategic planning.

Many agencies that are forced to lay off staff faced unreimbursed severance obligations, which depleted reserves and effectively penalized them for retaining long-serving, unionized employees.

These losses, in turn, have undermined the ability of the sector to deliver on its mandate and compromised the successful integration of newcomer individuals and families. For clients this has meant:

- Longer wait times and reduced access to vital support and wrap around supports like childcare
- Loss of specialized and community-based programs that connect newcomers to the labour market, opening the door to greater independence
- Service reductions and closures
- Inadequate resources to support education and career pathways

The immigrant and refugee serving sector is in crisis mode.

Even so, the sector has shown remarkable resilience: two thirds shared strategies used for adapting and innovating to keep people connected through collaboration, volunteerism, and local leadership. Yet dedication alone cannot sustain the system; stable, coordinated funding remains essential. Only with a renewed federal commitment and stable and sustained funding can the immigrant and refugee serving sector successfully play the role Canadians need it to, supporting immigrants and refugees as they lay down roots in Canada, and continue to contribute to Canadian society.

## 5.4 Recommendations

This report provides three recommendations for IRCC, community funders and the immigrant and refugee serving sector as a whole:

1. Increase stable, sustained and core funding for the sector to meet the growing need and service standards,
2. Strengthen collaboration, coordination and alignment with agencies, government bodies and coordination tables to rebuild trust, and
3. Continue innovating and building resilience in this new landscape of severe constraints.

The success of our immigration system does not start and stop at the border; it unfolds in classrooms, workplaces and communities, years after arrival. Recent federal decisions to reduce projected permanent and temporary immigration arrivals do not change this underlying reality. Core settlement and coordination infrastructure cannot be turned on and off in line with annual intake targets. Even as projected arrivals are reduced, hundreds of thousands of permanent and temporary residents already living in Canada are already here and relying on these systems. Funding decisions need to reflect this ongoing demand and the long-term role of coordination tables such as LIPs, rather than short-term changes in projected arrivals. While this report highlighted a snapshot of the experiences of immigrant and refugee serving agencies, it holds important lessons for decision-makers assessing future funding reductions from all levels of government as we enter economically turbulent times.

# 6.

## INTRODUCTION

In 2023, under the federal government's Refocusing Government Spending Plan, significant budget cuts were announced for IRCC and other departments.<sup>9</sup> Aimed at reducing spending to pre-pandemic levels, these measures included a \$317.3 million reduction to IRCC's budget<sup>10</sup> and the projected elimination of 3,300 IRCC jobs over the next three years.<sup>11</sup> Separately, immigration targets were reduced under the 2025–2027 Immigration Levels Plan, announced prior to the current government taking office, and framed publicly as a move toward a more “balanced” immigration system. The concurrence of these two policy decisions has created compounding pressures for IRCC and for the community agencies that rely on federal settlement funding, where allocations are closely tied to immigration levels. The combined effect of these changes has directly impacted IRCC's internal operations and the stability of community-based programs and services at a time when demand remains high.

This report, commissioned by United Way Greater Toronto and the City of Toronto in partnership with the OCASI – Ontario Council of Agencies Serving Immigrants, documents the impacts of these funding changes and reductions on immigrant and refugee serving sector in Peel Region, city of Toronto and York Region. Specifically, it explores how:

1. IRCC's 2024 funding reductions are causing deep and measurable impacts,
2. Funding reductions have undermined partnership and collaboration with the sector,
3. The immigrant and refugee serving sector is being destabilized by shorter-term funding and sudden changes,
4. The next phase of IRCC funding reductions will define the direction, resilience and capacity of the sector, and
5. Policy and practice recommendations can help restore partnerships and promote sustained funding.

By examining the effects of recent funding reductions within the broader context of Canada's immigration and immigrant and refugee serving sector, this report aims to highlight both the risks of the current trajectory and the opportunities for building a stronger, more resilient sector that continues to advance Canada's economic and social objectives.

### 6.1 Research Methods

This report uses a mixed-methods approach comprising a survey with 48 immigrant and refugee serving agencies, key informant interviews with 10 sector leaders/agency leaders, and two focus group discussions: one with 11 sector/agency leaders and one with 10 frontline staff. The report did not include any direct engagement with IRCC. The report focuses on the Peel Region, city of Toronto and York Region.

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<sup>9</sup> Treasury Board of Canada Secretariat, 2024.

<sup>10</sup> IRCC, 2025c.

<sup>11</sup> Weller, 2025.

The report aims to answer the following key research questions:

1. What are the impacts of 2024 IRCC funding reductions/changes on the immigrant and refugee serving sector in Peel Region, city of Toronto, and York Region with regards to core operational capacity, organizational stability, and service delivery?
2. How are affected immigrant and refugee serving agencies and the sector as a whole responding to these IRCC reductions?
3. What are opportunities for sector-wide sustainability planning, capacity building, and collective advocacy to mitigate the negative impacts of these reductions and to champion more stable and equitable settlement funding policies?

The objective of the report is both to document the impacts of IRCC's funding changes on the immigrant and refugee serving sector and to capture how immigrant and refugee serving agencies are responding to these changes both internally (e.g., to mitigate the impacts) and externally (e.g., engaging in shared sector level solutions and policy advocacy). In addition, this report seeks to identify and share recommendations for change.



# 7.

## CONTEXT

The immigrant and refugee-serving sector provides a clear example of how the pressures faced by the nonprofit sector are manifesting in real time. Social and community services form the backbone of Canada's social infrastructure by providing essential supports that underpin the country's economic development, public health, and overall well-being. From housing and employment to health, education, and family support, nonprofit organizations deliver the programs that help people meet basic needs and build more secure futures. In 2023, nonprofits contributed to 8.2% of Canada's GDP, representing \$216.5 billion,<sup>12</sup> and played a pivotal role in keeping communities resilient during periods of economic and social transformation.

The social and community services sector has been under strain, having been dealt multiple blows from a growth in complex needs post-Covid to an ever-increasing affordability crisis. Across Canada, nonprofit organizations are facing higher operational costs, greater complexity in client needs, and growing administrative burdens, all while managing shorter-term and less predictable funding. Demand has grown by 70.2% for social services in Canada, while capacity to meet this demand has only grown by 40.3%.<sup>13</sup> As governments seek to reduce expenditures across federal ministries, there is growing concern that these cuts will further weaken Canada's social infrastructure and deepen inequities in access to essential supports.

Canada's spending decisions threaten to reshape the country's social infrastructure and redefine what communities can expect from the non-profit sector. Many agencies are already being forced to make difficult choices such as scaling back programs, reducing staff, or closing services altogether.<sup>14</sup> This is reflected in the impacts that have been experienced by the immigrant and refugee serving sectors.

Immigration has long been central to Canada's economic growth, social development, and global reputation as a welcoming and inclusive country. According to the 2021 census, almost one in four people in Canada (23%) are immigrants and as of 2023 immigrants accounted for 28.9% of the national labour force. Several studies have shown that newcomers contribute to Canada in countless ways: they support innovation and entrepreneurship, enrich cultural and community life, and strengthen Canada's demographic sustainability in the face of an aging population.<sup>15</sup> The success of immigration in Canada, however, depends not only on welcoming new arrivals but also on ensuring that they have the tools, resources, and opportunities to thrive.

As a vital part of Canada's social and community services system, immigrant and refugee serving organizations not only help newcomers build their lives in Canada but also contribute to the strength and cohesion of communities across the country. These agencies across the country provide essential supports such as language training, employment services, housing assistance, and community connections. These services are largely funded and coordinated through, IRCC (formerly known as Citizenship and Immigration Canada), the federal department responsible for managing immigration, refugee programs, and citizenship.<sup>16</sup> IRCC plays a key role in determining who comes to Canada and how they are supported upon arrival. IRCC's partnerships with community-based organizations are critical to enabling newcomers to integrate successfully and to ensuring that immigration continues to benefit both newcomers and Canadian society as a whole.

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<sup>12</sup> *Ibid.*

<sup>15</sup> Banerjee et al., 2025

<sup>13</sup> *Ibid.*

<sup>16</sup> IRCC, 2021.

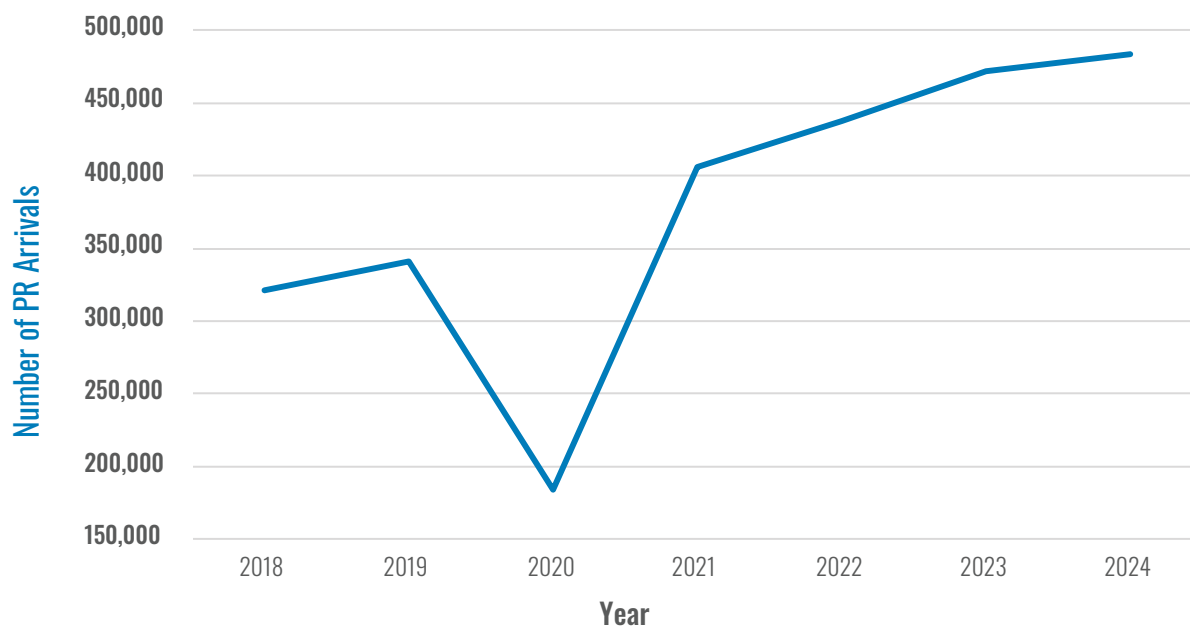
<sup>14</sup> McWhinney, 2025.

IRCC's 2017 Evaluation of the Settlement Program found that many funded agencies achieved positive outcomes for newcomers, including improved language skills, increased employment, and social integration.<sup>17</sup>

Canada has historically been praised both at home and abroad for its welcoming approach to immigration. During the 2010s and early 2020s, the federal government increased funding to support a higher number of permanent residents and refugees, as well as to strengthen immigrant and refugee services nationwide.<sup>18</sup> This period was characterized by long-term immigration plans, enhanced support for newcomers before they arrived, and robust partnerships with local organizations. Many international observers have pointed to Canada as a positive example, particularly in comparison to stricter immigration policies in countries such as the U.S., the U.K., and parts of Europe.<sup>19</sup>

As part of its post-pandemic economic recovery strategy, Canada significantly increased its permanent resident (PR) arrival levels compared to pre-pandemic numbers. The number of PR arrivals rose from 321,000 in 2018 to 483,591 in 2024, rebounding after a decline during the peak of the COVID-19 pandemic in 2020 (Figure 1).<sup>20</sup>

**Figure 1.** Number of PR arrivals (2018-2024)



Source: IRCC, 2024a

17 IRCC, 2017.

18 Braun & Clément, 2019.

19 Warren, 2016.

20 IRCC, 2024a.

At the same time, the number of temporary migrant arrivals (e.g. international students, temporary foreign workers) increased by almost two-fold or more as part of the post-pandemic recovery plan. The number of study permit holders (international students) increased from 402,427 in 2019 to 682,889 in 2023, representing a 70% increase.<sup>21</sup> Similarly, between 2019 and 2023, the number of people issued temporary work permits (for Temporary Foreign Worker Program and the International Mobility Program) increased by 135% from 403,869 in 2019 to 949,270 in 2023.<sup>22</sup>

Increasing immigration levels has had wide support from both the public and political leaders.<sup>23</sup> But public attitudes started to shift. International students, in particular, became a turning point in the debate, as they were increasingly associated with rising immigration levels and scapegoated for contributing to high housing costs.<sup>24</sup> As the 2025 federal election was approaching, a national poll found that 58% of Canadians across most parts of the country thought immigration levels were too high.<sup>25</sup> More people were concerned about issues such as the negative impact on jobs, cost of housing, long wait times in healthcare, overcrowded public services, and inflation.

In the same year, the government announced major reductions to immigration targets, stating that changes were necessary to manage growth and alleviate pressure on public services.<sup>26</sup> The federal government began making large reductions in its projected arrivals for both PRs and temporary migrants, with the stated goal of “sustaining growth” and ensuring Canadians’ expectations of a “well-managed immigration system” were met.<sup>27</sup> The projected PR arrivals for 2025 were cut by 21% (from 500,000 to 395,000), with further projected reductions in 2026 (to 380,000) and 2027 (to 365,000).<sup>28</sup> The number of arrivals for temporary migrants was also substantially reduced. The number of study permit holders decreased from 682,889 in 2023 to 485,000 in 2024 (a 29% decrease) and further to 437,000 in 2025. The Refocusing Government Spending plan, announced in the Canadian Federal Budget 2023, outlined sweeping spending reductions totaling \$14.1 billion over five years, starting in 2023–24 and \$4.1 billion annually thereafter, for a wide range of federal departments and agencies.<sup>29</sup> These reductions were aimed at bringing the “growth of government spending back to a pre-pandemic path.”<sup>30</sup>

As a result of these changes, IRCC was expected to introduce major spending reductions totaling \$317.3 million to be rolled out over three years:<sup>31</sup>

- \$97.3 million in 2024-2025,
- \$103.1 million in 2025-2026, and
- \$116.9 million in 2026-27.

IRCC announced in January 2025 that it will be cutting 3,300 jobs over the next three years.<sup>32</sup> This represents a reduction of a quarter of its workforce, bringing the total staffing number back to the number of staff employed in IRCC in 2021.<sup>33</sup> Approximately 20% of staffing reductions will be implemented through a workforce adjustment process that will affect regular full-time staff. According to IRCC, the combination of salary and non-salary spending reductions for 2025-2026 amounts to \$573 million.

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21 *Ibid.*

22 *Ibid.*

23 Esipova, N. et al., 2020.

24 Environics Institute, 2024.

25 *Ibid.*

26 Gillies R., 2024.

27 IRCC, 2024b.

28 IRCC, 2024c.

29 Government of Canada, 2024.

30 Government of Canada, 2025.

31 IRCC, 2025b.

32 CBC, 2025.

33 *Ibid.*

These reductions will have a profound impact not only on the IRCC workforce and the direct services it provides (e.g., immigration applications), but also on the agencies that receive regular IRCC funding to provide services and the newcomers that the sector supports. Vital services for immigrants and refugees, including language services, job search and training programs, and service navigation are expected to be drastically cut or streamlined. For newcomers, this means longer wait times, fewer pathways to employment and reduced access to community-based supports that are essential to stability, belonging and economic independence.

Most people who eventually become PRs are already in Canada on temporary visas, and so reductions will not stop new arrivals but will instead delay or deny permanent status to many who are already here.<sup>34</sup> For those living in low income, remaining on temporary status restricts eligibility for immigrant and refugee services and other supports, leaving them with limited pathways out of poverty and at greater risk of long-term precarity. This mismatch between those who need help and those who qualify has the potential to create gaps in support and access.

## 7.1 A Sector Built on Variable Funding

IRCC settlement funding levels are based on a national funding formula (excluding Quebec, which has its own agreement) designed to match immigration arrival levels: thus, they may fluctuate from time to time. There have been instances of significant reductions in large-scale funding in the past that have had substantial and long-lasting effects on immigrant and refugee serving sector infrastructure. Following the 2010 federal Strategic Review, Ontario's federal funding shrank by approximately 9%, falling from \$346.5 million in 2011–12 to \$314.9 million in 2012–13.<sup>35</sup> This decline occurred even as the number of newcomer arrivals remained stable. Agency leaders reported widespread layoffs, reductions in service hours, and heavier caseloads for the remaining staff.<sup>36</sup> In a survey of 47 agencies affected by the reductions, 55% reported job losses, including those of long-serving employees, and 36% reduced staff hours despite a significant rise in workloads.<sup>37</sup> However, the recent 2024 IRCC spending reductions represent one of the biggest reductions to date.

Historical examples highlight a broader issue with the funding of immigrant and refugee services in Canada. On the one hand, the government wants the immigrant and refugee serving sector to demonstrate clear results and stay within budget. On the other hand, local service providers require flexible funding so they can respond quickly when circumstances change, such as with a sudden increase in refugee or immigration numbers.

These funding problems directly affect newcomers. People often face long wait times for language classes and job supports or miss out on services altogether. Local agencies in these areas have reported that they lack the necessary staff and resources to meet the demand. Experts agree that Canada needs a more effective, flexible funding system that responds to the diverse needs of communities and helps agencies remain strong and stable,<sup>38</sup> especially given that immigration and settlement have been a stated objective of recent federal governments, and historically enabled Canada's national economy to grow and flourish.

<sup>34</sup> IRCC, 2024d.

<sup>35</sup> IRCC, 2011.

<sup>36</sup> OCASI, 2013.

<sup>37</sup> *Ibid.*

<sup>38</sup> Bushell & Shields, 2018.



## 7.2 A Sector Weakened by Short-term Funding Cycles

One key issue highlighted under the 2010 Federal Strategic Review was the inflexibility of short-term funding cycles.<sup>39</sup> Agencies operated under three-year contribution agreements, which limited their ability to plan long-term, scale up in response to surges in demand, or pilot innovative service models. This was especially evident during periods of sudden intake increases, such as Syrian refugee resettlement in 2015–2016.

In its 2017 audit of the program, the Office of the Auditor General similarly observed that three-year agreements had expired at the height of the Syrian refugee response.<sup>40</sup> Despite having unspent funds available, IRCC did not promptly reallocate resources, resulting in service disruptions. Several agencies were forced to temporarily suspend or reduce programming, creating service gaps for newly arrived refugees during a critical window. The lack of agile funding mechanisms meant that agencies could not pivot quickly to meet unexpected demands, even when the federal government had already committed to resettling large cohorts. These delays not only undermined the coordination of care and outcomes for clients but also placed considerable operational strain on community agencies.

The short-term, competitive nature of funding distribution makes it challenging for agencies to sustain themselves. Agencies spend a significant amount of time reapplying for funding, which detracts from their ability to run programs.<sup>41</sup> This cycle makes it difficult to plan ahead, keep experienced staff, or try new ways to support clients. Many agencies end up stuck, as they cannot grow their services to adjust to new community needs.

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<sup>39</sup> IRCC, 2011.

<sup>40</sup> Office of the Auditor General of Canada, 2017.

<sup>41</sup> Bushell & Shields, 2018.

# SNAPSHOT: 2024 FUNDING REDUCTIONS ARE CAUSING DEEP AND MEASURABLE IMPACTS

## 8.

This report examines the impacts of the 2024 funding changes and reductions on the immigrant and refugee serving sector in Peel Region, city of Toronto and York Region. This first section addresses how these funding shifts are affecting agencies' operational capacity, stability, and ability to deliver services. As agencies lose staff, close programs and navigate financial instability, the effects ripple outward to newcomers, their families and communities who depend on these services for connection, stability and opportunities. This section is divided into sections that cover losses of staff, programs, financial stability and the negative impact these losses have had on clients.

### 8.1 Loss of Immigrant and Refugee Serving Staff

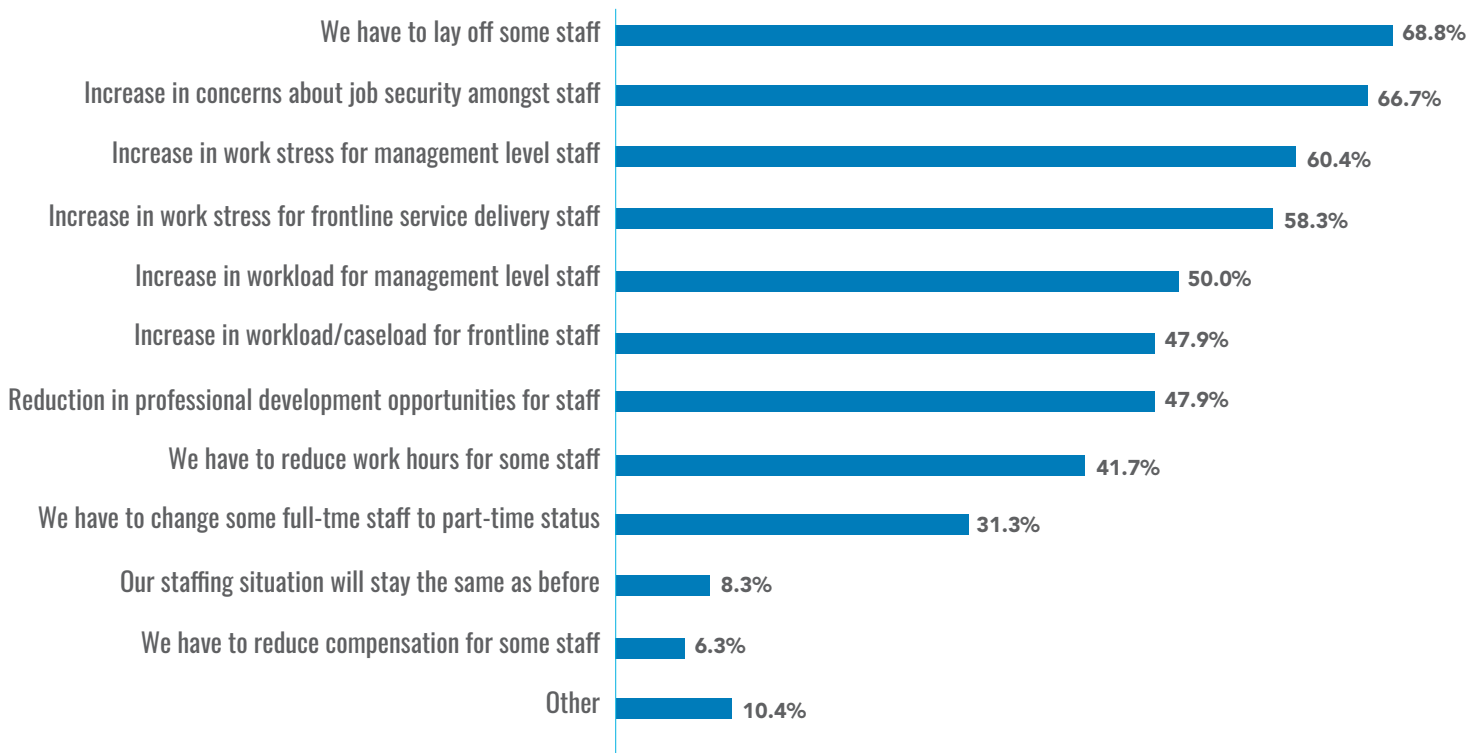
IRCC funding changes are tied to the Immigration Levels Plan and the projected number of PR arrivals. According to several key informants, this resulted in minor reductions in the first year, more significant reductions of about 20% in the second, and a slight rebound for some agencies in the third year. The scope and impact of these reductions have been uneven, with Western provinces, such as British Columbia, experiencing the largest reductions due to lower projected PR arrivals in those regions. According to key informants, the southern and western parts of Ontario have been the hardest hit, but agencies in the Greater Toronto Area (GTA) have also been impacted. One agency leader summarized the reductions in the following way:

*“The agencies out West were much harder hit, but it is impacting pretty much everyone. What we’re seeing across the board in Toronto is that pretty much for all agencies, regular programs were impacted. Everybody’s seeing the same trend of a bit of a cut this fiscal year, a much deeper cut, second fiscal year, and then a little bit of a bounce back.”*

*– Immigrant and Refugee Serving Agency leader*

The most immediate and sector-wide effect of changes to IRCC funding through the 2024 Call for Proposals (CFP) was significant staff losses. According to the survey, 68.8% (33) agencies indicated they are going to lay off staff, 66.7% (32) indicated increased concerns about job security, 60.4% (29) reported increased work stress for the management team, 58.3% (28) reported increased work stress for frontline staff, and 47.9% (23) indicated that IRCC funding changes led to an increased workload for frontline staff (Figure 2).

**Figure 2:** Impact of IRCC funding reductions on staffing and workload



Source: Survey of 48 agencies. Note that two agencies (4.2%) said their staffing situation will improve and zero agencies said that they won't be hiring any new staff due to these reductions. However, this does not necessarily mean that all agencies plan to hire new staff, as some respondents may be unsure or maintain current staffing levels.

### 8.1.1 Staff Layoffs

Staffing reductions have far-reaching effects for agencies losing valued employees but importantly also for the newcomers and communities who depend on their experience and support. Across the 48 agencies that participated in the survey, the overall percentage of staff layoffs was 4.3% at the time of the survey, representing a total of at least 310 staff members who were projected to be laid off over the three years from 2025 to 2028 due to changes in IRCC funding. Over 40% of these layoffs are expected to occur in the first year.

The effect of these staffing reductions was significant. One agency leader observed,

*“...we received 6% cuts...we lost about 14 staff...We’re not a very big organization...and now the agency is pretty much running on skeleton.”*

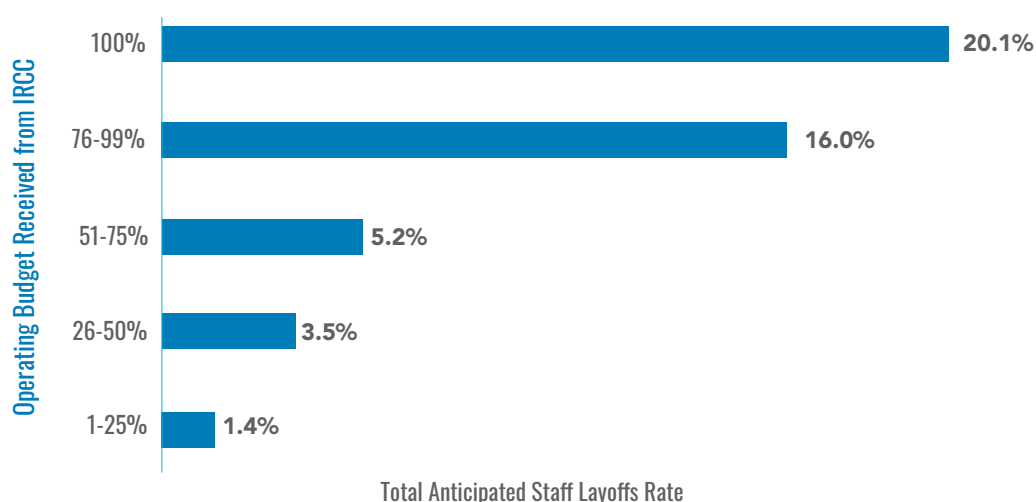
*– Immigrant and Refugee Serving Agency Leader*

Key informants from agencies led by and/or focused on racialized communities expressed their opinion that they have been disproportionately affected. This seems to be somewhat corroborated by survey data. For instance, the percentage of reported staff layoffs over three years was highest (6.0%) for racialized and/or Black-led agencies compared to all agencies surveyed (4.3%).

Staff layoffs reported by agency respondents demonstrated regional variations. Agencies in Peel Region recorded the highest percentage of layoffs at 8.9%, while agencies in Toronto and York Region reported lower than the overall sector at 2.4% and 0.3%, respectively.

Agencies with a higher reliance on IRCC funding experienced the most substantial staff losses. Agencies receiving over 75% of their budget from IRCC in the 2024-25 budget year reported the highest three-year layoff at 16.0% (173 staff). This contrasts with agencies that received 25% or less of their budget from IRCC, which had a layoff rate of 1.4% compared to the sector's overall 4.3% (Figure 3).

**Figure 3.** Anticipated staff layoff 2025-2028 by operating budget received from IRCC



Source: Survey of 48 agencies

The distribution of staff reductions also varied significantly based on agency size. Over the three-year period, agencies with fewer than 50 employees reported the highest percentage of layoffs at 18%, considerably above the overall sector average of 4.3%. Conversely, larger agencies (e.g., those with 100 or more employees) reported a lower percentage of layoffs at 3.2% compared to the overall sector average at 4.3%. This disparity suggests that while the sector broadly feels the effects of funding changes, small and mid-sized agencies are disproportionately affected. The reason for this disparity was not explained by respondents.

The changes in funding have led to a detrimental loss of specialized staff. An agency in Peel Region reported discontinuing a business support program that had run for over 17 years, resulting in the loss of "two full-time staff [who had] been working for years." Similarly, an agency leader recounted having to lay off their "Ukrainian team...Then the whole crew... We have to lay them off." Another agency highlighted reductions to essential positions in "international credential recognition. And you know, there's one position that was cut for that role this year, there'll be another [cut] next year," illustrating the loss of specialized staff.



### 8.1.2 Staff Burnout

Staff morale and retention have emerged as core vulnerabilities of immigrant and refugee serving agencies, with staff facing stagnant wages, job insecurity, and burnout. Staff morale has also deteriorated across the board, with frontline staff actively considering leaving the sector. Key informants spoke of emotional exhaustion, grief, and frustration. High caseloads meant staff were faced with new challenges. For example, those “who previously had protected decompression time after counseling sessions” now had to take more sessions and had less decompression time, which is critical to this role. This has led one agency leader to warn that the IRCC funding reductions will impact the quality of services provided to newcomers. As staff capacity erodes, newcomers face longer wait times, less consistent support and reduced opportunities to build trusted relationships with immigrant and refugee serving workers that are often key to successful integration and well-being.

These concerns reflect broader sector-wide challenges identified in a 2025 report by the Canadian Mental Health Association, Toronto (CMHA) and the Toronto South West Local Immigration Partnership (LIP) on workplace stress and burnout in Toronto’s immigrant and refugee serving sector. It found that over 40% of respondents had burnout, with three-quarters of this group also reporting poor mental health, and nearly half reporting depression. Burnout was linked to unrealistic workloads, insufficient income, long hours, and inadequate organizational support. Staff cited financial pressures, emotional exhaustion, and workplace discrimination as central stressors.<sup>42</sup> Importantly, the CMHA and LIP report was not conducted with reference to IRCC funding reductions; if anything, the reductions introduced last year — the focus of this report — and any future anticipated funding reductions are likely to exacerbate staff burnout and stress.

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<sup>42</sup> Mollina, et al., 2025.

# LOSS OF IMMIGRANT AND REFUGEE SERVING PROGRAMS

9.

Program closures and disruptions can have immediate and lasting effects on people who rely on them like reducing access to essential supports and increasing uncertainty for newcomers and their families. As shown in Figure 4, 43.8% (21) agencies anticipated having to close programs or services, and 56.3% (28) indicated that they would experience program disruption.

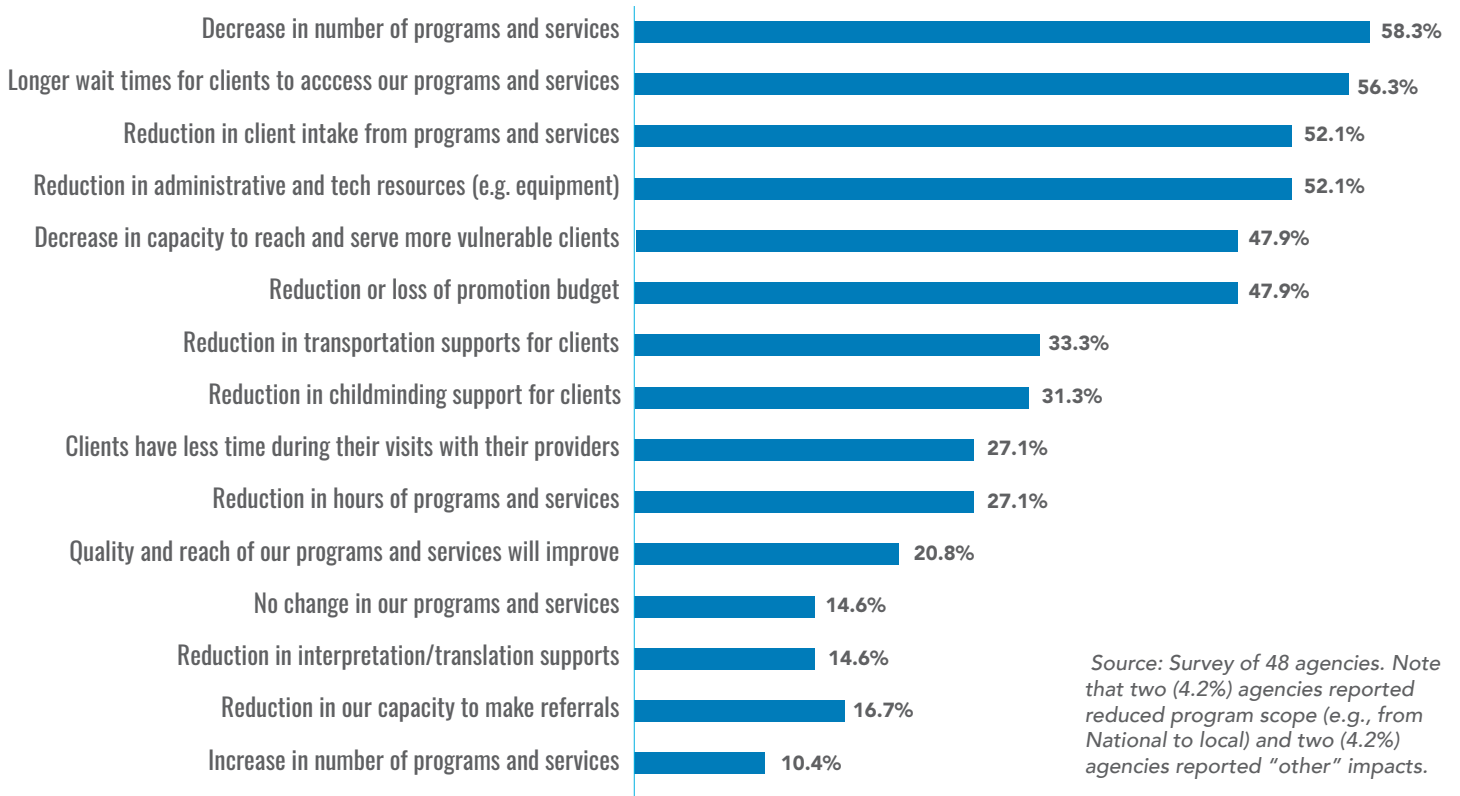
**Figure 4:** Percentage of agencies reported that they will need to close programs and services



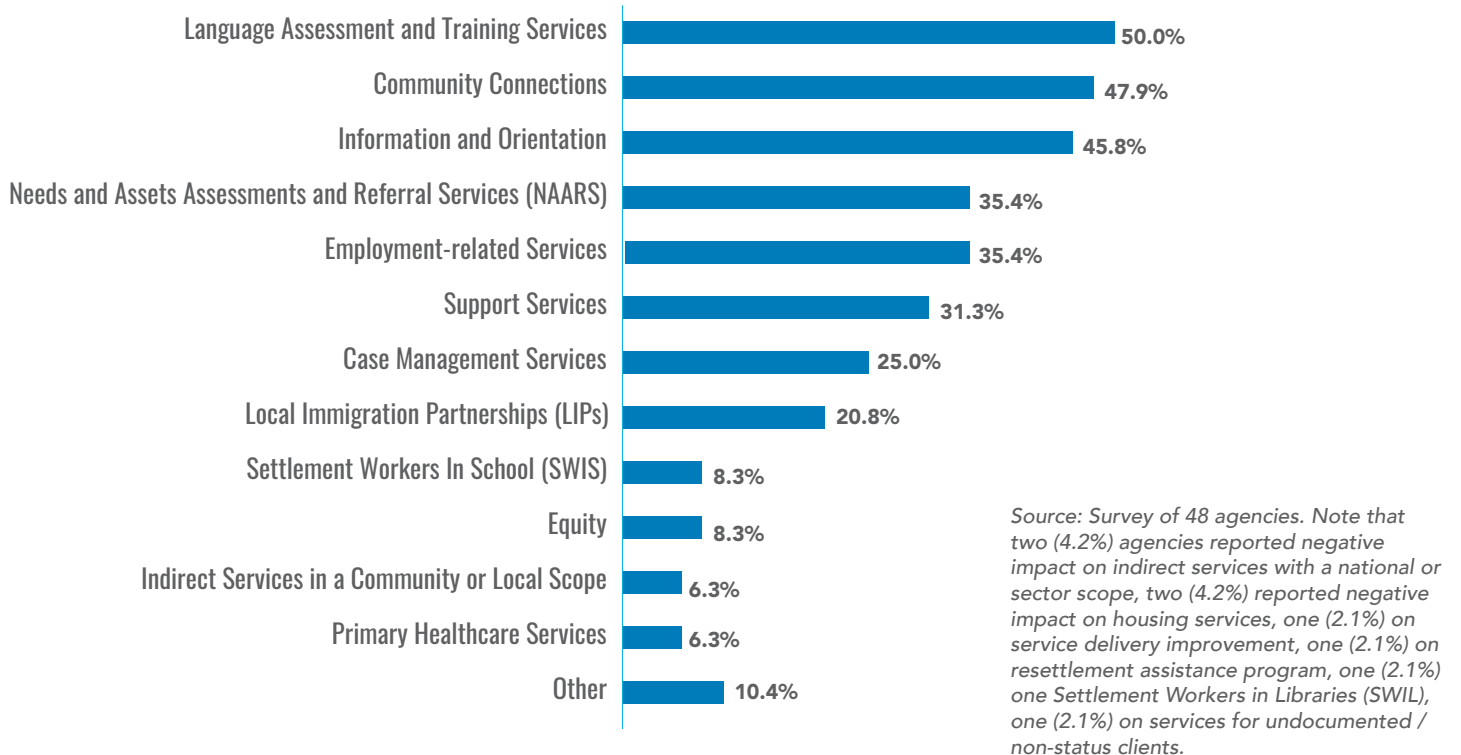
*Source: Survey of 48 agencies. Note that the 21 agencies that reported not closing programs or services indicated that although they are not shutting down entire programs, they will be reducing their scope.*

As shown in Figure 5, the most common program disruptions and impacts of IRCC funding changes were a decrease in the number of programs and services for 58.3% (28 agencies). This was closely followed by longer wait times for clients to access services for 56.3% (27 agencies), as well as a reduction in client intake and administrative and technical resources for 52.1% (25 agencies).

**Figure 5:** The range of impacts from IRCC funding reductions



**Figure 6:** Percentage of programs and services that will be negatively impacted



Among programs and services (Figure 6) that were most negatively impacted by IRCC funding reductions were Language Assessment and Training Services (50.0%, 24 agencies), Community Connections <sup>43</sup> (47.9%, 23 agencies), and Information and Orientation services (45.8%, 22 agencies).

Based on key informant interviews and focus groups, IRCC funding changes are anticipated to lead to the following impacts on programs and services:

- **Service Discontinuation:** Services such as Community Connections, which include group activities and mental health components, will be disrupted due to staff layoffs.
- **Program Closures and Reductions:** Closing or significantly reducing the scope and reach of some initiatives, such as programs for language training, newcomer women, and digital literacy.
- **Reductions in School-Based Services:** Several agencies with Settlement Workers in Schools (SWIS) programs detailed that their program delivery funding was dramatically reduced.
- **Impact on Specialized Services:** Agencies specializing in International Credential Recognition explained that their staff positions are being reduced in the first two years, despite having a growing client waitlist.
- **Loss of Health Services:** Agencies providing mental health support to newcomers noted they will have to dramatically reduce primary care services in the second year of the cycle because they will no longer be able to afford nurses.
- **Loss of Training and Capacity Building:** Agencies stated that funding was lost for community capacity building, training, and consultation.
- **Human Resources and Administrative Provisions:** Cost-of-living increases, severance pay, professional development, and logistical expenses (e.g., program vehicles) are excluded from IRCC funding grants or are subject to significant spending limitations.

It is worth noting that five (10%) agencies reported positive outcomes from recent changes in IRCC funding, including new funding for programs and increased funding for their existing initiatives. This is in addition to the seven (15%) agencies that stated that the IRCC funding changes will have no negative impact on any of their programs.

## 9.1 Loss of Language Training Programs

Survey findings revealed that language assessment and training services are expected to be significantly affected by IRCC funding changes, with half of all responding agencies identifying this area as vulnerable. Many federally funded English-language training programs are experiencing funding cuts resulting in closures, layoffs and fewer classes available. At risk is the future of Language Instruction for Newcomers to Canada (LINC) — a federally funded program that has been running since 1992. One of the most significant impacts of this would be the discontinuation of advanced language training,<sup>44</sup> such as Canadian Language Benchmark (CLB) 5-8 classes, which means intermediate English learners will now have less opportunities going forward.<sup>45</sup>

43 According to IRCC, Community Connections help newcomers build social networks, connect with local volunteers and peers, and learn about Canadian life through group activities, mentorship and cultural exchanges. These programs reduce isolation and support smoother integration by fostering belonging, confidence and access to community resources.

44 Macdonald, 2025.

45 CTV News, 2024.

All agency respondents who provided language training services were impacted. These agencies were either in Peel Region or Toronto, as none of the respondents in York Region provided language training services.

The implications of IRCC funding changes and reductions to language services were significant. An agency leader expressed concern about not meeting the needs of newcomers because of IRCC funding reductions, underlining how these cuts are in conflict with the government's priorities on strengthening the economy:

*“I’m really concerned about how newcomers will actually ladder into more meaningful career pathways because you need level 7, 8 to kind of actually be as competitive on the landscape...So, certain clients of higher-level English classes actually want to meet in person, and we’ve been told that it has to be all digitally delivered.”*

*– Immigrant and Refugee Serving Agency Leader*

## 9.2 Loss of Immigrant and Refugee Coordination Services

LIPs are community-based initiatives designed to enhance the social and economic integration of immigrants at the local level. They bring together a diverse range of stakeholders, including municipal governments, service providers, employers, schools, and community organizations, to coordinate planning, share resources, and develop strategies that support the settlement and integration of newcomers. By fostering collaboration across sectors, LIPs help create welcoming communities, improve access to services, and ensure that local policies and programs reflect the diverse needs and strengths of immigrant populations.

IRCC funding changes will impact coordination. Survey results indicate that two of Toronto's LIPs have been closed, raising concerns about how local immigration coordination initiatives will be handled. IRCC has directed Toronto North and Toronto South LIPs to absorb Toronto West and East LIPs, respectively, without increases in funding or sufficient time to manage these mergers. IRCC has generally justified funding reductions – although not specifically for defunding Toronto LIPs – by citing the Immigration Levels Plan. However, for LIPs specifically, this rationale overlooks the fact that LIPs are not necessarily linked to the volume of newcomer arrivals, as they do not provide direct client services. The crucial work of coordinating key support for immigrants and refugees in areas such as health, education, and employment is necessary irrespective of the number of people arriving in Canada. When coordination weakens, newcomers and communities feel the effects first like greater service fragmentation, fewer local partnerships and more difficulty navigating the systems that support their integration and well-being.

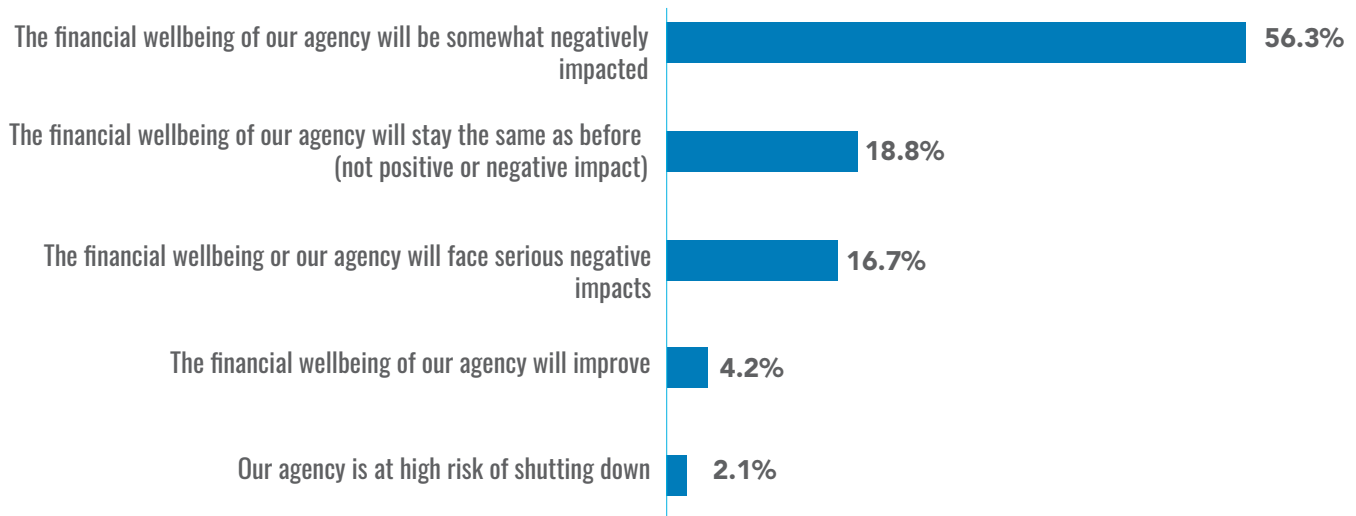
# LOSS OF FINANCIAL STABILITY

10.

Financial instability affects not just agencies' operations but also the services provided to people, their families and communities. When agencies struggle to manage funding shortfalls, cash flow gaps or delayed reimbursements, the result is reduced service continuity, fewer available programs and greater uncertainty for newcomers who rely on these supports to meet basic needs, find employment and settle successfully in Canada.

Three-quarters (36) of surveyed agencies expect financial consequences because of IRCC funding changes. A majority (56.3% or 27 agencies) of agencies anticipate that their agency's financial well-being will be "somewhat negatively impacted"; 16.7% (8 agencies) foresee "serious negative impacts"; and 2.1% or one agency reported their agency is at "high risk of shutting down." However, 18.8% (9 agencies) believe their financial situation will "stay the same as before," and 4.2% (2 agencies) anticipate some improvement. These findings highlight an overall fairly pessimistic outlook toward financial stability following reductions to IRCC funding (Figure 7).

**Figure 7:** Percentage of agencies reporting impact on financial well-being



Source: Survey of 48 agencies

## When the Ground Shifts

While some agencies reported an increase in funding for their existing IRCC-funded programs or services, a more nuanced picture emerges from the open-ended survey responses, revealing a mix of expansion, moderate growth, and ongoing challenges. Several agencies noted an increase in program scope or the addition of new services. For example, one agency reported that “Engineering Connections and Healthcare Connections were expanded to include sector-specific pre-arrival services.”

Despite positive changes and increases for some agencies and some services, agencies experienced minimal to moderate increases tied to specific activities that were often insufficient to meet growing needs or maintain previous service levels. Furthermore, even with increased funding in one area, some agencies faced reductions in other areas. One agency noted a lack of sustained funding for an eight-year program in the GTA, while simultaneously receiving funds to expand into three new Canadian regions. Other agencies reported an initial funding increase followed by significant reductions in subsequent years. This suggests that increased funding does not always ensure long-term financial or program sustainability, particularly without corresponding funding improvements in other areas or in future years.

Key informants indicated that a shift from advance-based to reimbursement-based funding model has introduced unprecedented financial strain. Agencies were required to pay staff and operational costs upfront, effectively acting as lenders to the federal government, as reimbursements were often delayed due to the complexity of invoice approval processes. This situation has worsened cash flow and put organizations at risk of financial challenges. For example, one agency managed four contribution agreements without receiving advances from IRCC, which meant that their ability to continue to pay their staff was at risk. To cope with these financial pressures, one sector leader explained, “organizations are now working with their banks to see if they can have a line of credit extended.” This may be correlated with a new and unclear model for determining which agencies receive advances, which IRCC has recently introduced. The lack of transparency and communication further reinforces participants’ concerns about inconsistent processes and the absence of meaningful consultation.

### 10.1 Severance Pay

Severance pay is not listed as an eligible cost under IRCC’s funding guidelines, which specify allowable expenditures such as salaries, wages, and benefits, but do not include termination-related expenses in their eligible cost categories.<sup>46</sup> A sector leader explained:

*“The response has been that the policy of IRCC finance is not to use IRCC funds, which are service dollars, for administrative expenses like severance pay, [and] that the federal government is not the employer.”*

*– Immigrant and Refugee Serving Sector Leader*

IRCC does not set employment terms or act as the employer, but it does prescribe what positions it will fund and at what dollar value. This creates a contradiction: IRCC tightly controls staffing

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<sup>46</sup> IRCC, 2019.

decisions through funding allocations, yet agencies must shoulder the full cost of severance when positions must be eliminated due to IRCC funding reductions.<sup>47</sup> Key informants and focus group participants spent a great deal of time discussing how the need to pay severance created immense financial strain when they had to let go of several staff members because of IRCC funding reductions. One agency leader described this immense financial strain:

*“And then on top of it, I had to pay a hundred thousand severance payment to these people. And then they [IRCC] didn’t even think about it.”*

*– Immigrant and Refugee Serving Agency Leader*

One of the largest agencies in the city of Toronto laid off approximately 20 staff and paid severance funds, while another unionized agency had to draw on reserve funds, both due to IRCC’s policy on severance costs. Unionized agencies also noted that IRCC does not reimburse severance packages, creating a disincentive to retain experienced staff. A prominent sector leader emphasized this point:

*“It almost feels like in some ways being penalized for having collective agreements, whereas other organizations that haven’t paid their staff as well, they can probably just lay people off and give them a week per year and that’s that.”*

*– Immigrant and Refugee Sector Leader*

Having to cover unfunded severance costs, combined with lease penalties and administrative reorganization costs, has forced some to make painful staffing decisions; one agency leader described their strategy as “depressing and sad that I had to lay off only people that I can mitigate the severance pay [for].”

This lack of flexibility in funding not only placed agencies in an untenable financial position but also eroded trust between the sector and IRCC. Many agency leaders emphasized that the rigidity and limited communication surrounding funding decisions replaced strong partnership with unilateral direction at a time when stability and dialogue were most needed.

As one sector leader noted,

*“Some of these are women who are in their late 40s and early 50s. Right. Who can’t begin to think of restarting over, and who, under Ontario law, are owed severance.”*

*– Immigrant and Refugee Sector Leader*

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<sup>47</sup> Ibid.

## 10.2 The immigrant and refugee serving sector is being destabilized by shorter-term funding and sudden changes

One of the most significant and widely noted changes to IRCC funding was the shift from a five-year funding cycle to a much shorter three-year period. This change, announced suddenly in November 2024, affects all immigrant and refugee serving agencies that applied for IRCC Settlement Program funding during the 2024 CFP.

The transition from a five-year to a three-year funding cycle was frequently described as a source of deep uncertainty and disruption in the coming years. An agency leader from one of the biggest agencies in the city of Toronto's immigrant and refugee serving sector described how this shift undermined financial and operational predictability. Without longer-term commitments, agencies have been forced into short-term leasing agreements, incurring higher costs and risking program discontinuity. In the words of this agency leader:

*“The shift from a five-year to a three-year funding cycle adds considerable uncertainty and complexity to our planning. With a five-year commitment, we were able to negotiate leases, plan staffing, and build stability. Now, with only three years guaranteed, we’re forced to consider short-term leasing agreements, which are often more expensive because they require flexibility and include early termination clauses. Those extra costs reduce the funding available for client services.”*

*– Immigrant and Refugee Serving Agency Leader*

When funding becomes shorter-term and unpredictable, it also disrupts the relationships at the heart of work serving immigrant and refugees. Newcomers often lose continuity in programs and with trusted staff who guide them through their early years. Families face longer waits, programs close midstream, and the sense of stability that supports integration is weakened.

Survey data revealed several anticipated impacts of the shorter funding cycle:

- The most pronounced impact, cited by 75.0% (36) agencies, was the increased pressure to start preparing for the next application.
- 67.7% (32 agencies) said that short funding cycles will make their IRCC-funded programs short-term oriented and shift them away from longer-term strategic planning.
- 58.3% (28 agencies) foresee an increase in workload and work stress due to the need to complete funding programs in a shorter timeframe.
- Over half (52.0% or 25 agencies) feel it will reduce the time they have to plan for their programs.
- Nearly half of the agencies (47.9% or 23 agencies) indicated that the shorter cycle will hinder their ability to develop strong, mutually beneficial partnerships.
- About one-third (35.4% or 17 agencies) anticipate that this change will limit their ability to reach vulnerable clients.

- About one-third (33.3% or 16 agencies) anticipate that the quality of their IRCC-funded programs will be reduced.
- Additionally, 12.5% (6 agencies) said that shorter funding cycles will hinder their ability to apply for other funding.

Overall, the data suggests a future where agencies will face a greater administrative burden, focusing on short-term outcomes, and may encounter potential constraints on program depth and collaborative efforts due to the shorter funding cycle.

An agency leader emphasized that the need for more frequent applications due to the reduced funding period will drain staff time and increase administrative overhead, noting: “We don’t get paid to write funding proposals—we get paid to run programs.” Frontline staff from a focus group echoed these sentiments, describing the planning atmosphere as “pure survival mode,” with agencies unable to pursue visioning, multi-year strategies, or workforce development.

An agency leader expressed that every new contract cycle brings anxiety and dread. In their view, the psychological impact of shorter funding cycles on both leadership and staff, combined with the inability to plan multi-year strategies, has frozen organizational innovation. “We can’t attract or retain qualified professionals,” an agency leader noted, referencing the cut to a long-standing program. Conversely, a small minority of agencies (four small, one medium and two large) had a more optimistic outlook. Specifically, 15% of respondents believed that the shorter funding cycles would have no negative impacts, while 10% of agencies indicated that it would lead to an increase in programs or services. One agency leader reasoned that the shorter funding cycle may be useful:

*“Shorter funding cycles can be useful when volatility is high.  
If cuts are coming, I’d rather know every three years than be locked  
into a five-year plan.”*

*– Immigrant and Refugee Serving Agency Leader*

Taken together, the findings show that shortened funding cycles destabilize not only the majority of agencies that deliver services but also the people those services exist to support. For newcomers, instability in funding translates into instability in the immigrant and refugee serving sector: interrupted programs, reduced access to skilled staff, and greater uncertainty during an already vulnerable period of transition. At a community level, these disruptions weaken trust and continuity in the very systems designed to foster inclusion and belonging. A beleaguered agency leader summarised this impact as:

*“I think overall the sector is being shrunk and I’m not positive or that it will  
regain the wins and the development and the network that has been built  
across the country...All the work that’s been done over the last 10 years to  
build this sector, I think has so been quickly eroded...and I fear that it won’t  
be rebuilt.”*

*– Immigrant and Refugee Serving Agency Leader*

# 11.

## LOSSES NEGATIVELY IMPACT CLIENTS

Key informants and focus group participants reported that clients had already begun to experience the negative effects of IRCC funding reductions, including longer wait times for crucial support, reduced access to vital resources such as childcare, and the complete elimination of specialized programs designed to support the integration and well-being of newcomers. A frontline staff member shared that some clients have begun expressing regret for migrating to Canada because they were unable to access vital services.

Changes to programs and services directly diminish the capacity of agencies to deliver comprehensive, accessible, and culturally responsive services, ultimately creating barriers to integration in Canada. An agency leader stated, “So if we are laying off staff because of the funding, then those services will be just discarded,” including community connections and some mental health components. A leader at a large immigrant and refugee serving agency reported a 40% reduction in their service delivery sites:

*“In terms of changes in service delivery and coverage, we had to eliminate five of our 12 locations. So very significant...for the over 40% of the sites that we’ve lost, I mean, there’s just no way to compensate for that. Those communities have a loss.”*

*– Immigrant and Refugee Serving Agency Leader*

This research focused primarily on the impacts of IRCC funding reductions on the immigrant and refugee-serving and broader community services sector, drawing on the perspectives of agencies, sector leaders, and frontline staff. As a result, the findings capture early and indirect effects on clients, underscoring the need for future, targeted research that directly examines the downstream impacts of funding reductions on newcomers themselves.

# FUNDING REDUCTIONS HAVE UNDERMINED PARTNERSHIP AND COLLABORATION WITH THE SECTOR

When collaboration between funders and service providers weakens, the consequences are felt by people and communities who depend on coordinated, well-resourced services to build their lives in Canada. The 2024 funding reductions not only weakened agencies' financial stability but also strained the relationship between the immigrant and refugee serving sector and IRCC.

Agencies went to great lengths to describe the problematic ways that IRCC funding officers communicated and interacted with staff from immigrant and refugee serving agencies during the 2024 funding application process. Some of the words that agencies used to describe their concerns included 'shocking', 'disrespectful' and 'unilateral'.

Some agencies bluntly indicated that IRCC had completely ignored all the best practices around funding and had become "one of the worst funders" by replacing collaborative approaches with unilateral top-down communication. The result is more than a funding issue; it disrupts how support systems function on the ground. When coordination breaks down at the national level, agencies struggle to plan, partnerships weaken, and newcomers face longer waits, inconsistent services and loss of continuity in supports that help them find work, housing and belonging.

Agencies emphasized that the way funding reductions were implemented has eroded trust in IRCC. They identified five key areas of concern:

- 1. Lack of transparency and limited information.** Agencies reported being "left in the dark" because they received generic notices without an explanation. One program manager recalled, "no heads up... [just] a general letter...it will be a three-year funding cycle...There's no specific reason explained for that." Staff at a Toronto agency described that the decision made was "we are no longer going to fund you...there's no communication...You ask for a rationale. Silence...until right at the end [before submission of document requested by IRCC]." A LINC teacher learned about the funding reductions from students via WeChat, which she initially dismissed, and only received official notice four months later after contacting IRCC to confirm the news.
- 2. Abrupt decisions and rushed timelines, with shifting/unclear requirements.** Agencies described a drastic pivot from five-year to three-year agreements made "abrupt[ly]" and "with no consultation," undermining long-term planning. An agency leader noted weekly emails on "separate things, separate topics," demanding responses "by the next four or five hours," including over the holidays. Multiple agency managers reported requirements "changing almost daily," forcing teams to "start again from scratch," and survey respondents pointed to contradictory or unwritten budget rules.



- 3. Micromanagement that prioritized minutiae over outcomes.** While some acknowledged the reality of fiscal pressure, the manner in which funding reductions were implemented was characterized as “extreme...micromanaging...making up rules as they went...then changing their mind.” Leaders described extremely difficult deadlines that effectively cancelled staff vacation. Survey respondents highlighted negotiations over per-person snack and refreshment allocations, with little room to address staffing costs or market-aligned salaries, which threatened retention and program quality.
- 4. Minimal consultation and collaboration with the sector.** Many expected opportunities to meet, review submissions, and receive feedback; instead, “there was no meeting...only emails.” Longstanding collaborative structures (joint tables, e.g., the National Settlement Immigration Council) were ignored: “It took years to get to a five-year agreement, which went out the window without conversation at the joint table.”
- 5. Lack of empathy and respect: perceived drivers of communication breakdown.** Several noticed a more “unilateral” posture of IRCC by mid-2024 because they were “searching for things to criticize.” Agency leaders pointed to “massive turnover, particularly at the senior level,” that led to the loss of institutional memory, relationships with agencies, and less experienced staff making decisions without context. Others attributed behaviour to fear and job insecurity: IRCC officers “needing to...look tough and save money...to save their jobs.” Some acknowledged IRCC’s push to finalize agreements before an election to avoid deeper future reductions; nonetheless, many felt that established best practices, such as the Code of Good Practice on Funding, were sidelined.

The cumulative effect of sudden changes, thin rationale, shifting rules, and top-down demands has strained relationships, eroded goodwill, and reduced confidence in IRCC’s reliability as a funding partner. Rebuilding trust is essential for restoring stability, coordination and confidence that both service providers and newcomers need in order to succeed. It requires clear rationale, stable and written guidance, reasonable timelines, genuine two-way consultation through sector tables, and a shift from tactical micromanagement to outcome-focused stewardship. Without these, participants warned that skepticism toward IRCC will persist, complicating future collaboration and compromising sector capacity to deliver for newcomers.

# THE NEXT PHASE OF IRCC FUNDING REDUCTIONS WILL DEFINE THE DIRECTION, RESILIENCE AND CAPACITY OF THE SECTOR

The pressures facing the immigrant and refugee serving sector mirror challenges across Canada's broader social and community services landscape. Nonprofit and community organizations in every field are contending with the same combination of rising demand, increasing costs, and unpredictable public funding. As governments at all levels pursue fiscal restraint, funding reductions in one department, such as IRCC, are part of a broader trend that threatens the stability of Canada's social infrastructure. The lessons emerging from the IRCC funding reductions, therefore, extend well beyond the immigrant and refugee serving sector and underscore the need for predictable, collaborative, and outcome-oriented funding relationships that sustain, rather than destabilize, the essential systems supporting people and communities during periods of economic uncertainty.

Many agencies have already been informed of upcoming reductions in the second and third years of existing agreements. This additional layer of volatility intensifies insecurity. An agency leader operating in Peel Region cited an 8% funding reduction expected in the second year, while another, leading an agency in the city of Toronto, described a cascading reduction — from \$2.6 million to \$2.2 million — across three years. This agency leader reported that his agency was bracing for further layoffs and program closures, and they delayed some reductions only in the hope that a change in government might reverse the trajectory.

*“We’re being told to expect new funding decisions, new reductions, possibly new layoffs. Nobody knows what to expect.”*

*— Frontline Service Provider*

These sentiments were echoed by another agency leader from a focus group, who was already engaged in planning site closures and additional staffing reductions. Larger organizations in the city of Toronto, particularly those with diversified funding and significant institutional scale, have been somewhat less affected by the immediate fallout. However, even these agencies reported disrupted planning, emotional exhaustion, and operational strain. In contrast, various smaller and mid-sized agencies in Peel and York described more acute disruptions, including full program closures, reputational damage, and the collapse of long-term strategic initiatives.

Agencies with over a decade of history reported deep distress at the potential unraveling of years of program development and community trust-building. Those working with high-needs populations (e.g., torture survivors, racialized women, and francophone African refugees) raised concerns that these groups would be disproportionately harmed by funding volatility.

The survey, key informant interviews, and focus groups reveal an immigrant and refugee serving sector grappling with increasing structural instability. The shortened three-year funding cycle has had wide-ranging and interlocking impacts: reduced service capacity, weakened client trust, diminished innovation, and stressed organizational systems. At the same time, staff burnout, stalled professional growth, and a decline in programming capacity pose a threat to the sector's sustainability. While some agencies are managing the immediate crisis, the long-term outlook — especially under-anticipated further reductions — is bleak. Without renewed commitments to stable, long-term funding from IRCC, the very foundations of Canada's immigrant and refugee serving sector risk erosion.

### 13.1 Strategies and Needs

The immigrant and refugee serving sector in Peel Region, city of Toronto, and York Region has demonstrated remarkable resilience and innovation in responding to IRCC funding reductions by adopting a wide range of internal and external strategies to sustain essential services and support staff morale.

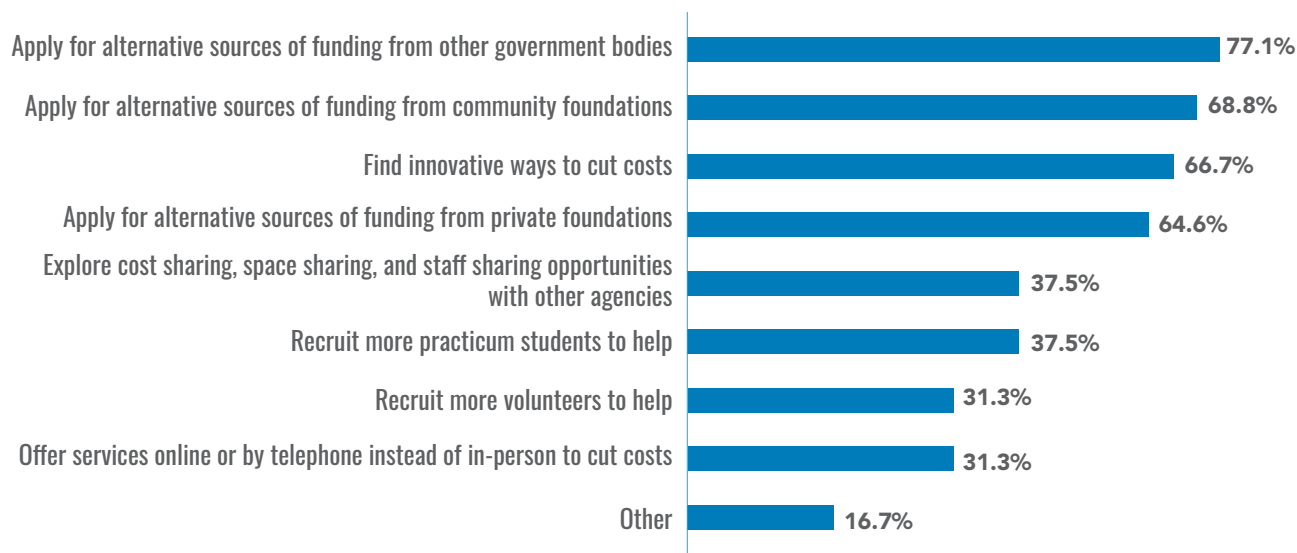
- Internal strategies included reducing operational costs, restructuring or merging existing programs and redefining staff roles to maintain essential services amid funding reductions.
- External strategies included seeking alternative funding sources, forming cost- and space-sharing partnerships, and expanding reliance on volunteers and student interns to sustain service delivery.

Yet, while these efforts highlight the sector's adaptability and deep commitment to clients, they also underscore clear limits to how far resilience alone can stretch.

#### 13.1.1 Internal Strategies and Needs

About two-thirds of agency respondents reported finding innovative ways to reduce costs (Figure 8). While some agencies entered a mode of strategic triage (i.e., prioritizing limited resources or actions based on urgency, impact, and strategic value), others initiated broader restructuring of their operating models, formed new partnerships and identified novel revenue strategies.

**Figure 8:** Percentage of agencies that reported using different internal and external strategies to reduce the impact of IRCC funding reductions



Source: Survey of 48 agencies

Key informants emphasized that these changes reflect not just financial adaptation but also a profound commitment to maintaining service continuity under constrained conditions. Many staff went above and beyond their revised roles, often continuing to support clients despite it no longer being within their responsibility. As one frontline worker explained:

*“If there’s a client that I’ve worked with before and they walk through that door or they call me or they send me an email, despite my job description now I’m going to still support my client.”*

– Frontline Service Provider

Recognizing the impact of IRCC funding reductions, some staff even agreed to take pay cuts. However, the ethos of dedication was mirrored by agency leaders who chose to decline staff offers to take pay cuts, emphasizing sector values around fair compensation and mutual respect. At the same time, some agency leaders reported taking additional steps to humanize the transition for laid-off staff, securing temporary extensions or internal funding to provide a runway before their departure. These efforts suggest that internal strategies were not only reactive responses to funding shortfalls but also actions guided by ethical considerations and a strong and collective sense of mission.



Although agencies adopted digital tools and internal reorganization to maintain operations, many expressed concerns about the long-term sustainability of these strategies. The stretching of staff roles, reliance on one-time internal reallocations, and the use of artificial intelligence (AI) tools were often described as necessary but potentially unsustainable if funding issues persist or further reductions occur.

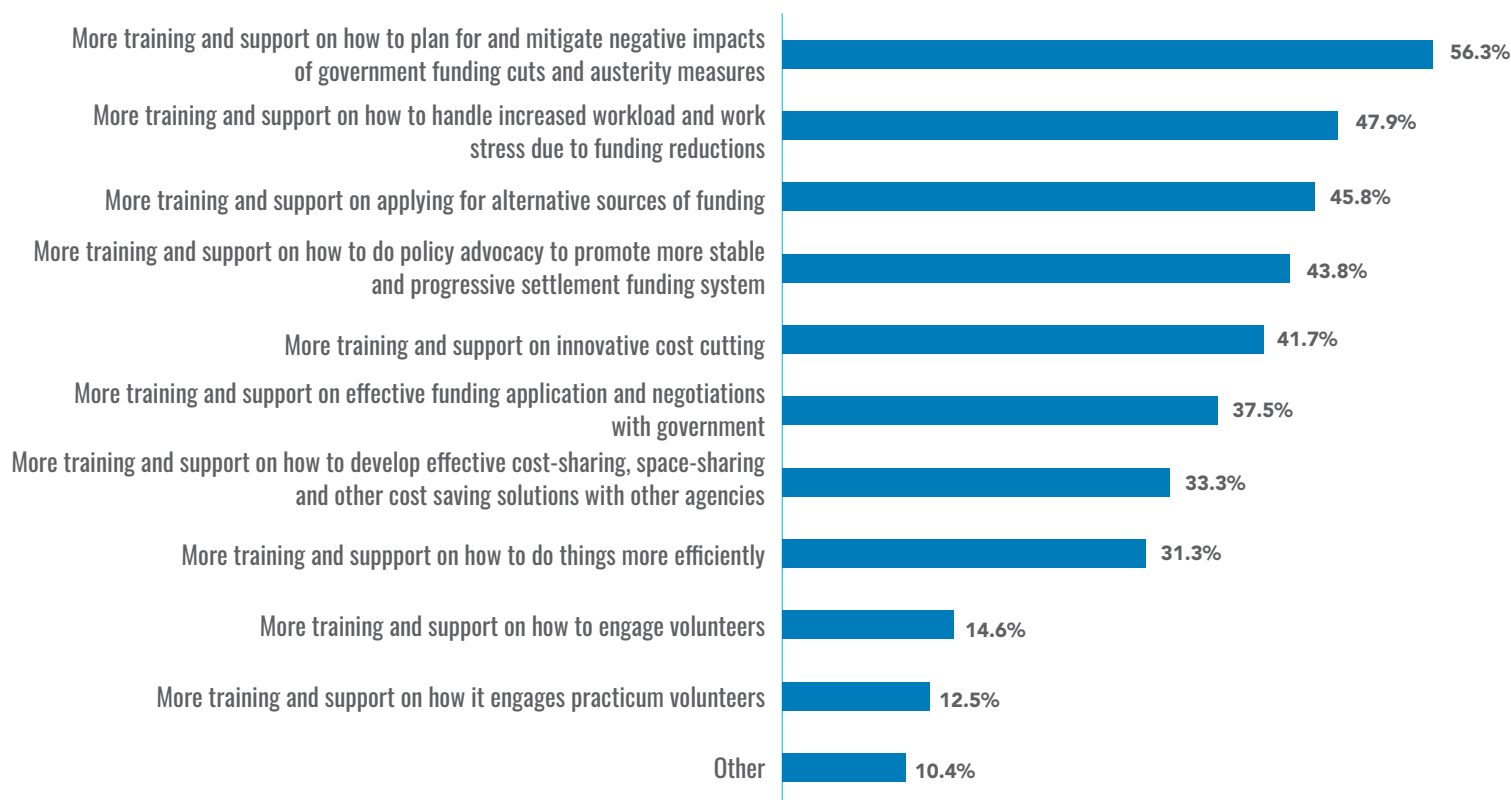
Amid ongoing funding uncertainty, agency leaders expressed that internal strategies cannot rely on goodwill alone. Staff have been stretched thin because of having to:

- Absorb multiple roles
- Support clients outside of formal job responsibilities
- Navigate the emotional toll of layoffs and reduced services

What emerged from the survey, interviews, and focus groups was a critical need for capacity building that goes beyond technical efficiency. The most commonly reported capacity-building needs were (Figure 9):

1. Planning for and mitigating negative impacts of government funding cuts and austerity measures (56.3%)
2. Handling increased workload and work stress due to funding reductions (47.9%)
3. Applying for alternative sources of funding (45.8%)
4. Doing more policy advocacy (43.8%)
5. Conducting innovative cost cutting (41.7%)

One agency leader noted, “we wake up when there is a crisis,” pointing to the absence of proactive systems to prepare for shocks that come from funding reductions. Building this internal capacity before the next crisis is as much about protecting services for community and staff well-being as it is about organizational survival.

**Figure 9.** Percentage of agencies that reported different capacity-building needs

Source: Survey of 48 agencies

### 13.1.2 External Strategies and Needs

Among the most frequently reported strategies was more training and support on applying for more alternative sources of funding (45.8%) (Figure 9):

- 77% of agencies reported applying for alternative funding sources from other government bodies (provincial and municipal)
- 69% from community funders and foundations
- 65% from private foundations

The decision to seek alternative funding streams was not only a response to immediate financial shortfalls but also a recognition of the growing unpredictability of IRCC funding. Several agency leaders described a mindset shift from reliance to resilience, viewing funding diversification as both a survival tactic and a strategic pivot. For some, this meant restructuring as social enterprises; for others, it meant approaching private corporations and community donors to build relationships that could buffer future funding disruptions.

However, alternative sources of funding have several limitations:

- Provincial and municipal governments were often reluctant to take on immigrant and refugee services, citing immigration and settlement as a federal responsibility.
- Philanthropic and private-sector grants were often short-term and restricted in scope, offering little stability for core operations or long-term staffing.

- The growing emphasis on funding diversification may inadvertently intensify competition for limited funding within the broader immigrant and refugee serving sector. Organizations that have never qualified for IRCC funding (i.e., those serving asylum claimants or temporary migrants) may face even greater pressure than agencies funded by IRCC due to a constrained funding landscape.

Besides identifying alternative funding sources, agencies sought to maximize non-financial resources. Volunteers and student placements were viewed as vital stopgaps, but at the same time posed challenges to staff because they introduced new supervisory demands at a time when staff were already stretched thin.

Externally, key informants and focus group participants explained how the funding landscape has shifted dramatically, and agencies are being pushed to think and act like fundraisers, negotiators, and policy advocates. Yet, many agency leaders shared that they felt unequipped to meet these expectations without sector-wide training in government relations, revenue diversification, and funding negotiation.

Agency leaders spoke of needing not just grant writing skills, but the ability to frame compelling business cases and outcomes that resonate with increasingly sophisticated funders. Others emphasized the value of learning how to navigate political relationships, noting that building credibility with policymakers and elected officials is essential to long-term sustainability.

At the same time, there was a call to strengthen advocacy and public communication efforts, especially through social and traditional media. Agencies recognized that storytelling, policy alignment, and cross-sector collaboration are no longer “extras,” but core competencies for staying afloat in a climate where funding is shrinking while expectations are rising. However, some agency leaders raised concerns about structural limitations on advocacy for those receiving federal funding through IRCC. Advocacy clauses in funding agreements restrict agencies from speaking out against government policies, which can significantly limit their ability to challenge systemic issues or publicly call for policy reform, even when such action aligns with the needs of the communities they serve.

Agencies also identified a need for tools to better manage digital transitions and supervision demands, particularly with the increased reliance on volunteers and student placements.

Strategies used by the immigrant and refugee serving sector to respond to funding reductions underscore the sector’s determination to safeguard staff and core services. Yet, they also reveal the limits of what can be achieved in isolation and without sustainable and reliable funding.

# POLICY AND PRACTICE RECOMMENDATIONS CAN HELP RESTORE PARTNERSHIPS AND PROMOTE SUSTAINED FUNDING

At its core, this is not just a funding issue, but a people issue. People in our communities need strong services and programs to get through challenging times. Across the country, organizations providing housing, health, employment and family supports face similar funding pressures, threatening the stability of essential services and the social infrastructure Canadians rely on.

Immigration remains vital to Canada's future: immigrants enrich our communities and drive economic growth. The federal government has reflected this in its mandate letter, naming 'attracting the best talent in the world to help build our economy' as one of its seven priorities.<sup>48</sup> Stable, coordinated, and well-resourced supports empower immigrants to thrive in Canada. Funding stability translates directly into life stability by ensuring newcomers can find housing, learn English and French, secure employment and participate fully in their new communities.

The immigrant and refugee serving sector is ready to work in partnership with IRCC and across sectors to help deliver this vision. Immigrant and refugee serving agencies are at the frontline of ensuring immigrants and refugees can fully contribute. Agencies provide everything from basic needs like housing and employment to advanced supports like language training and credential recognition. When funding is unpredictable or reduced, the result is not just lost programs or jobs, but also disrupted lives, longer wait times for essential services, and fewer opportunities for newcomers to reach their full potential. Measures that constrain funding for the sector also constrain the sector's ability to provide these services and act as barriers to both the success of immigrants and refugees and Canada's long-term prosperity.

We need to move beyond a short-term stopgap measure approach toward collective, long-term stability for the sector. While we face an uncertain and challenging economic and political environment, the community services sector overall and the immigrant and refugee serving sector in particular require sustained support to continue connecting people to opportunities.

The following recommendations are rooted in the needs and opportunities seen by the immigrant and refugee serving sector. Many of these recommendations apply to IRCC as the key funder of immigrant and refugee serving agencies. Supporting newcomers effectively requires shared responsibility across governments, funders and the immigrant and refugee serving sector because stable lives depend on stable systems.

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<sup>48</sup> Prime Minister of Canada, 2025.

## 14.1 Increase stable, sustained and core funding

Sustainable investment in immigrant and refugee services is a preventative investment. Critical immigrant and refugee serving organizations that reach newcomers early on will reduce downstream strain on social systems and already overburdened social services. When newcomers receive timely and coordinated support, they integrate faster, contribute sooner and experience greater social and economic mobility that will benefit all Canadians.

While the immigrant and refugee serving sector is still grappling with the immediate impacts of the 2024 IRCC funding reductions, agencies are acutely aware that additional reductions are already underway as part of a broader set of spending reductions affecting all federal departments, including IRCC. These austerity measures are being expanded and accelerated, with more reductions. This is true of all services, not just immigrant and refugee services.

This report described the range of impacts that are being experienced by the sector, from lay-offs to financial instability to program reductions, as a result of these funding changes that have collectively destabilized the sector and the people it serves.

As the need for community services grows, it is critical that IRCC return to more stable, sustained, and core funding in the long term. IRCC is urged to return to long-term five-year funding arrangements that reflect real costs and regional disparities, and shift away from short-term, transactional arrangements. At the same time, all funders of the sector, including IRCC, can fund beyond direct services and invest in system-level solutions, such as collaborative platforms, innovation grants, and shared infrastructure, including legal and data support. Sector funders can also consider strategic investments in capacity-building areas like grant writing, revenue diversification, and resilience planning as well as supports for functions like public policy advocacy and communications to help the sector share how changes are impacting their capacity and operations. These investments ensure that agencies remain resilient, connected and able to respond to newcomers' evolving needs.

Funders of the sector outside of IRCC are uniquely positioned to play a crucial role in stabilizing the sector and advocating for policy change. Agencies emphasized the role of community funders as trusted intermediaries that can speak boldly on behalf of the sector, given the advocacy constraints many IRCC-funded agencies face.

## 14.2 Strengthen collaboration, coordination and alignment

The deep and measurable impacts of last year's funding reductions have led to deep strain in the sector and eroded years of trust built between IRCC and the immigrant and refugee serving sector.

IRCC, municipal and regional governments, provinces and territories, funders, and the sector can also build stronger partnerships to enable more coordinated immigrant and refugee service delivery and funding, to reduce duplication and to align eligibility requirements. IRCC is urged to strengthen linkages between the National Settlement Immigration Council (NSIC) and regional coordination bodies such as the Toronto Newcomer Leadership Table and other local newcomer tables to ensure coherence and two-way communication across governance levels.

The federal government overall is also urged to build strong partnerships with the community services sector to ensure that funding decisions are made collaboratively and agencies are given sufficient time to plan.

In addition, all groups working in the sector can consider existing partnerships that can serve as an advisory body to develop priorities, identify service improvements, and monitor impacts in real-time. These spaces can support the co-design of funding frameworks to meaningfully engage frontline organizations in funding priorities, criteria and delivery. For example, the Toronto Newcomer Leadership Table, which is a cross-sectoral table that is co-chaired by the City of Toronto's Social Development Division, United Way Greater Toronto and the OCASI, works collaboratively to advance the needs of newcomers across sectors.

### 14.3 Continue innovating and building resilience in this new landscape of severe constraints

One of the key learnings that has emerged from this report is that the immigrant and refugee serving sector has been pivoting, innovating, and creating alternatives in this new landscape of severe constraints. Some agencies have found creative ways to keep people connected to services, often filling gaps through collaboration, volunteerism, and local leadership. In practice, this innovation has taken many forms. Agencies described shifting service delivery models by moving programs online or offering services by telephone instead of in-person programming in order to reduce operational costs while maintaining continuity of care. Others explored cost-sharing arrangements, including space-sharing, staff-sharing, and back-office collaboration with partner organizations. Many agencies expanded their reliance on practicum students and volunteers to sustain service delivery, despite the additional supervision and coordination demands this placed on already stretched staff. Internally, agencies reported restructuring or merging programs and redefining staff roles to prioritize essential services. Several also described adopting digital tools, including emerging uses of artificial intelligence, to support administrative efficiency and service continuity as part of broader cost-cutting efforts. In response to staffing reductions, some agency leaders took short-term internal steps to soften layoffs, such as securing temporary extensions or reallocating internal funds to provide limited runway for departing staff. These innovations reflect not only the sector's deep commitment to people but also an entrepreneurial spirit, continuously adapting to meet needs in a changing context. But commitment alone cannot replace the need for stable, coordinated funding. This is true for all community services.

While improvements to funding models and collaboration are underway, it will be imperative that the sector continues to adapt to this new reality and to share best practices. Without a unified front and proactive policy advocacy, agencies will continue to be pitted against each other for shrinking resources, a cycle that undermines service quality, staff morale, and newcomer outcomes.

Reframing funding as an investment in people, not just programs, is essential. Structural reform should focus on valuing human relationships, trust, and local knowledge that drive effective integration. Shared, sector-level responses that involve coordinated leadership, collective advocacy, service mapping, and infrastructure sharing are necessary to sustain the capacity that helps newcomers build their lives in Canada. This involves not only restoring lost funds but also a structural shift in how immigrant and refugee services and community services overall are valued, coordinated, and resourced in Canada.

# 15.

## CONCLUSION

The success of our immigration system does not start and stop at the border; it unfolds in classrooms, workplaces and communities, years after arrival. While this report highlighted a snapshot of the experiences of immigrant and refugee serving agencies, it holds important lessons for decision-makers assessing future funding reductions from all levels of government as we enter economically turbulent times. At a time of economic uncertainty and social strain, maintaining that understanding of the contributions of the community sector is not only sound policy, but an investment in people, in communities and in Canada's shared future.

# APPENDIX: RESPONDENT CHARACTERISTICS

16.



## 16.1 Participant Characteristics

This section presents the demographic breakdown of survey respondents, key informants, and focus group participants by region and gender.

**Table 1. Area of Geography in which agencies operate, survey respondents**

| Geography    | Agency Survey Respondents<br>n (%)* |
|--------------|-------------------------------------|
| Toronto      | 36 (75.0%)                          |
| Peel Region  | 19 (39.6%)                          |
| York Region  | 13 (27.1%)                          |
| <b>TOTAL</b> | <b>48</b>                           |

*\*Number and percent of agencies will not add up to 48 or 100% because 13 agencies served multiple regions*

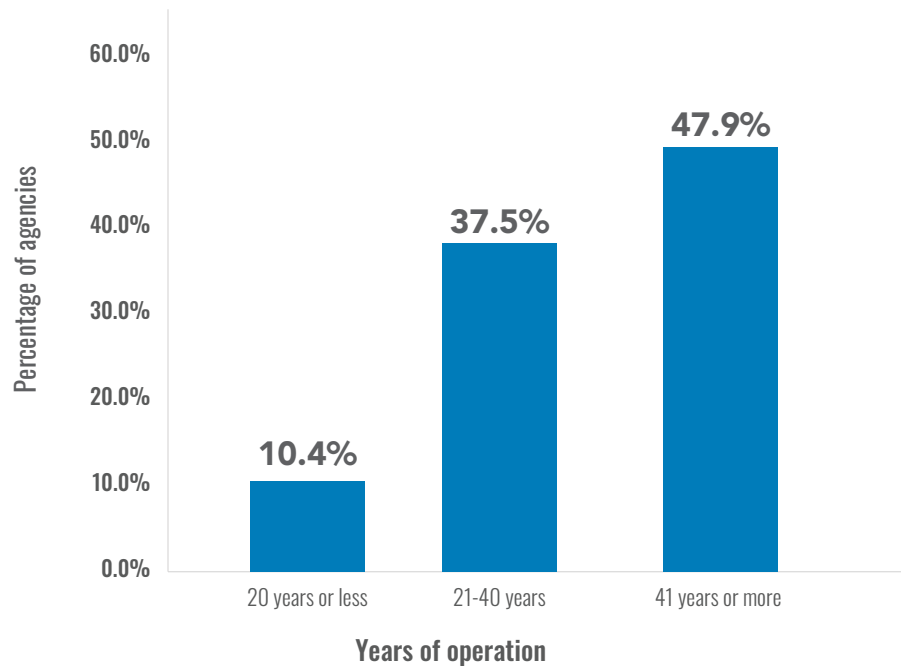
**Table 2. Gender of key informants and focus group participants**

| Gender       | Key informant and<br>focus group participants (%) |
|--------------|---------------------------------------------------|
| Female       | 61.3% (19)                                        |
| Male         | 38.7% (12)                                        |
| <b>TOTAL</b> | <b>31</b>                                         |

## 16.2 Agency Characteristics

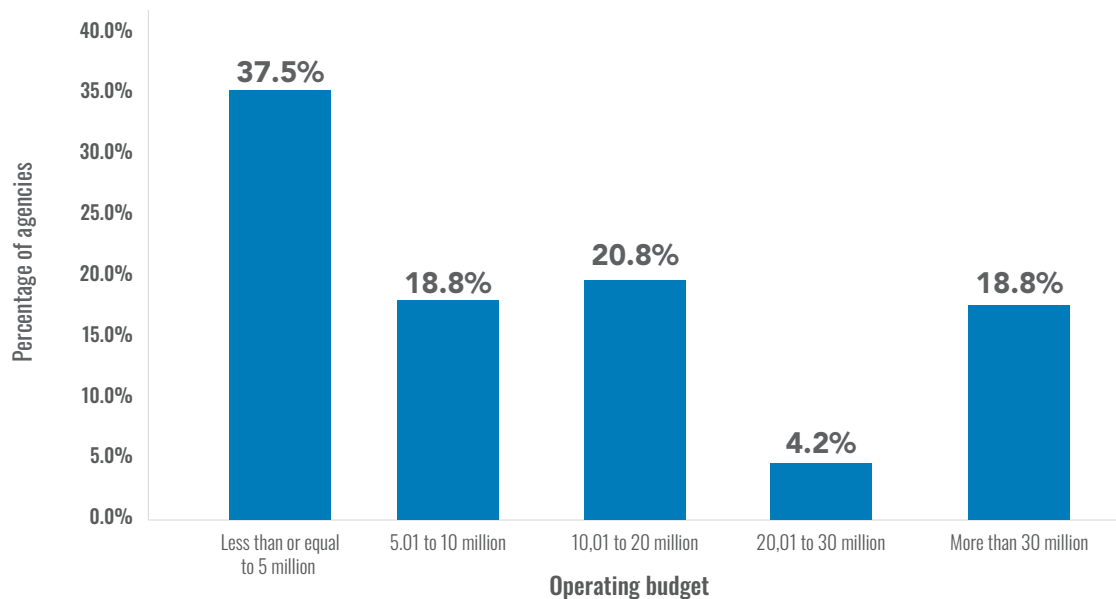
This section presents a profile of agency survey respondents, including operational characteristics and funding structures.

**Figure 10:** Percentage of agencies by years of operation



Source: Survey of 48 agencies

Longevity: Approximately half (47.9% or 23 agencies) reported that they had been operating for 41 years or more, 37.5% (18 agencies) between 21 and 40 years, and 10.4% (5 agencies) agencies for 20 years or less (Figure 10).

**Figure 11:** Percentage of agencies by annual operating budget in 2024-2025

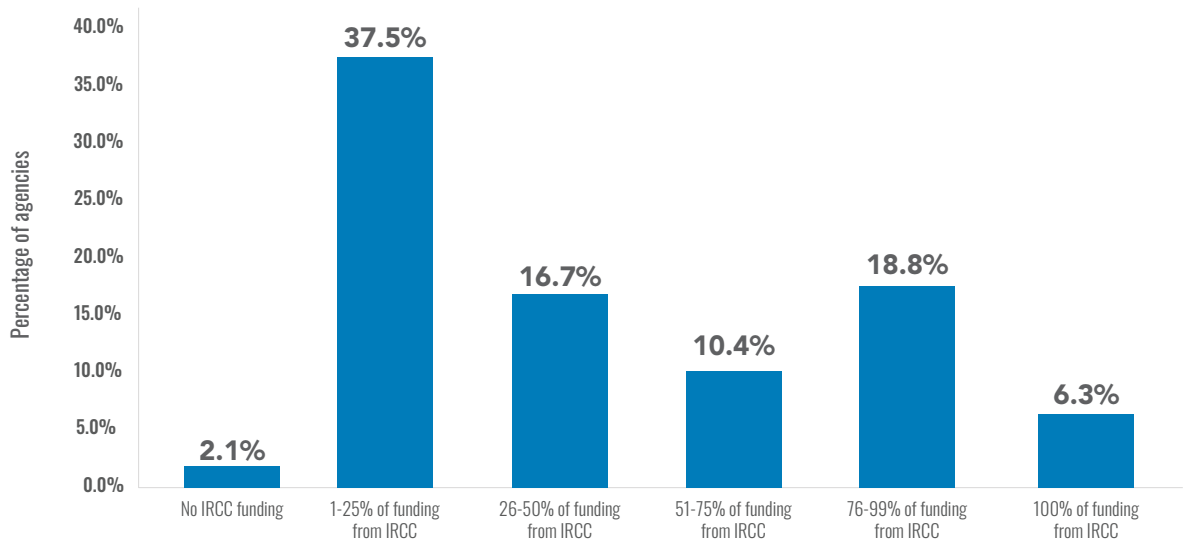
Source: Survey of 48 agencies

**Annual Operating Budget:** Most (56.3% or 27 agencies) reported an annual operating budget of \$10 million or less in 2024. A significant segment operated with larger budgets, including 20.8% (10 agencies) with budgets between \$10.01 million and \$20 million, and 18.8% (9 agencies) with budgets exceeding \$30 million (Figure 11).

**Funding Sources (2024-2025 Fiscal Year):** The immigrant and refugee serving sector in Peel Region, Toronto, and York Region rely on a range of funding sources to support their programs and services, such as IRCC and UWGT.

A large majority (83.3% or 40 agencies) of the surveyed agencies reported receiving funding from UWGT. UWGT currently provides a total of \$4,982,350 in funding for 57 projects across 46 organizations.

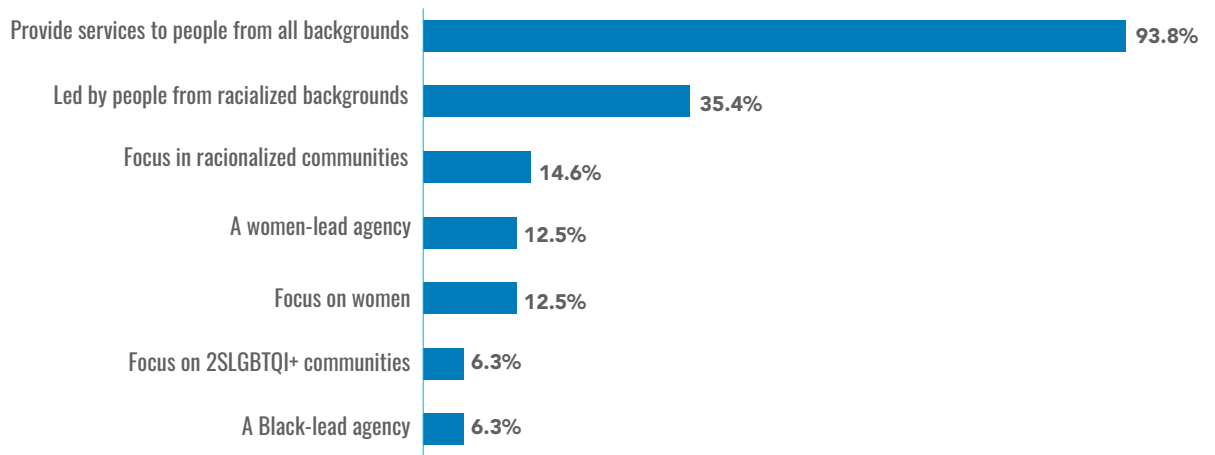
**Figure 12.** Agencies' reliance on IRCC funding in 2024-2025



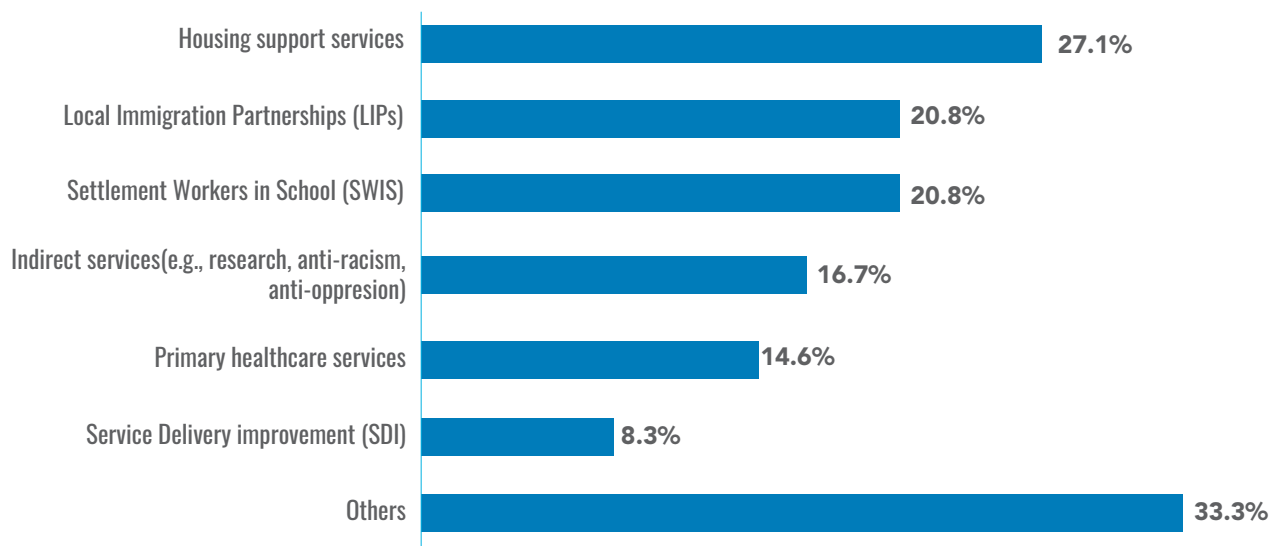
Source: Survey of 48 agencies

Agencies showed strong reliance on IRCC funding for the 2024-2025 fiscal year (Figure 12). In total, 35.4% (17 agencies) depended on IRCC for more than half of their operating budget. Only one agency reported receiving no IRCC funding for the 2024-2025 fiscal year.

**Figure 13:** Percentage of agencies by leadership structure or program or community focus



Source: Survey of 48 agencies. Note that two (4.2%) agencies were led by people with disability, two (4.2%) focus on people with disabilities, two (4.2%) focus on youth, two (4.2%) focus on Black communities, two (4.2%) were 2SLGBTQI-led agencies, one (2.1%) was a Francophone-led agency, and one (2.1%) focused on Francophone agencies.

**Figure 14:** Percentage of agencies by types of programs/services provided

Source: Survey of 48 agencies. Note that two (4.2%) agencies provided Settlement Workers in Libraries (SWIL) and two (4.2%) provided Resettlement Assistance Program (RAP).



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