

April 24, 2019

Budget Update: Provincial In-Year Funding Reductions

Several provincial funding reductions and items of municipal interest happened late last week and we wanted you to be aware of them. Not all had media or social media coverage.

This update shares the information we have and we will continue to update you. We would encourage CAOs/ City Managers to share this with your staff as our database may not include them.

Public Health Funding Reductions and Re-Structuring

Overall, municipal service providers will see fiscal impacts starting immediately. The Province will be reducing the current cost-sharing arrangement over three years beginning this year. The following changes to the provincial-municipal cost sharing have been shared with Boards of Health:

2019-20* – 60:40 for Toronto; 70:30 for all other public health units

*As of April 1, 2019

2020-21 - 60:40 for Toronto; 70:30 for other public health units

2021-22 - 50:50 for Toronto;

60:40 for 6 regions with population greater than 1 million;

70:30 for 3 regions with a population less than 1 million (10 regional entities).

The government has not formally communicated this change in cost sharing to public health units. The Budget committed the government to re-structure public health units from 35 down to 10 autonomous agencies. This is expected to save "\$200 million a year by 2021-22."

It was said that service level expectations are to be maintained. The province is encouraging public health units to look for administrative efficiencies, rather than front-line cuts. However, this will be challenging as the majority of a public health unit's budget is linked to staff costs. The province will consider one-time funding to help mitigate impacts and consider a waiver for Ontario Public Health Standards expectations on a board-by-board basis.

Municipal governments have always been vulnerable to rising costs as under the Health Promotion and Protection Act since 1997, municipalities are legally responsible for 100% of public health costs. It is only a matter of policy that the provincial government

has shared the cost of public health at a level of 75% provincial and 25% municipal. However in reality, the municipal cost share is much higher than the mandated 25%.

According to media reports, the ministry is characterizing the changes as, “strengthening the role of municipalities in the delivery of public health”. AMO and its members are eager to understand what this means and are awaiting discussions.

Ambulance (EMS)

Although there is no new information to share from our April 16th update, we wanted to remind members that in terms of any restructuring of paramedics services, the Ministry of Health and Long-Term Care has committed to work directly with AMO and others. The next steps are not available as yet.

Policing Grants

The Ministry of the Solicitor General has announced changes to policing grants. All existing grants will be combined into the new Community Safety and Policing Grant starting now. While AMO has been told the total funding envelope will remain the same, two significant factors may dilute the distribution of these funds to municipal services. It would appear the OPP is now eligible to apply for grants (previously the OPP was ineligible). There have not been any meaningful discussions with the Ministry on the issue of grant criteria. It is not clear how these dollars will be distributed. For over a decade, the provincial government has helped to fund the addition of over 2,000 front-line officers and a portion of their salaries.

AMO has been seeking provincial support for newly legislated costs including mandatory police service board training and mandatory municipal community safety and wellbeing planning. The Ministry’s grant announcement is silent on these issues. In addition, a high degree of uncertainty exists with respect to provincial funding for animal cruelty enforcement. Recent animal enforcement changes are putting pressure on policing services and new additional costs.

Guns and Gangs

With respect to the Guns and Gangs funding program, the City of Toronto received \$25 million in 2018 and the City of Ottawa is receiving \$2 million in 2019, and an additional \$16.4 million funding over two years will help other centres throughout Ontario. In addition, other initiatives relate to:

- Establishing a provincial Guns and Gangs Support Unit to assist local police officers
- A dedicated Gun and Gang Specialized Investigations Fund to support joint forces operations targeting the organized crime areas that fuel gang operations, such as drug, gun and human trafficking, and provide intelligence analysis; and

- Protecting the most vulnerable people with the highest risk of experiencing gun and gang violence and victimization.

Ontario Library Services

The Southern Ontario Library Service and the Ontario Library Service-North now face a 50% in-year funding cut for 2019/2020. As this is significant, interlibrary loans across Ontario are discontinued. This impacts the 325+ communities and First Nation communities directly supported by these agencies. Many of these are smaller communities located in rural and northern Ontario, losing access to books and supports available elsewhere. While the 2019 Ontario Budget maintains provincial funding levels for local libraries, provincial funding for municipal libraries has been frozen for the last 20 years.

Child Care and Early Years

While not announced in the Budget, municipal governments and District Social Service Administration Boards (DSSABs) that are designated as Service System Managers for childcare and early years programming have now received formal notification from the Ministry of Education about changes to cost sharing arrangements and administration funding.

Starting in April 2019, all service managers will be required to cost-share the operating portion of Expansion Plan funding for new child care spaces by contributing 20% municipal funding in order to access the provincial funds. The Expansion Plan funding envelope is \$216 million. A 20% potential share of this is \$43.2 million. Separate from the Expansion Plan, the province has directed a new administrative cost sharing arrangement, which reduces the amount that can be spent on administration from 10% to 5%. This will have some immediate municipal financial impacts if efficiencies are not found.

Conservation Authorities

Conservation Authorities (CA) will see a \$3.7 million (50%) annual cut from the annual \$7.4 million transfer payment from the Hazard Program. This funding is used by Conservation Authorities for:

- Forecasting flooding and issue warnings
- Monitoring streamflow, rainfall and snow packs
- Floodplain mapping
- Providing planning support and advice to the Province, municipalities and the federal government to minimize flood impacts
- Regulating development activities in floodplains

- Contributing to municipal emergency planning and preparedness activities as well as recovery activities
- Informing and educating the public about flooding
- Protecting, restoring and rehabilitating natural cover that contributes to reducing the impacts of flooding

The impact of the cuts will be experienced differently by each Conservation Authority (CA). For a few, the financial loss does not represent a large proportion of their budgets. For the smaller Conservation Authorities, it will have a significant impact on the hazard related services. For all, it is an in-year financial impact. How CAs will address this loss of funding has yet to be determined. We also do not know if this funding reduction will result in insurance rate increases for CAs.

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