

# PROVINCIAL BUDGET 2019

- Understanding the Nature of the Pressures on Municipal Governments in 2019 and Going Forward
- As of May 17, 2019

# CHANGE FALLS INTO SEVERAL CATEGORIES

- NEW PRESSURES - 2019
- CHANGING PRESSURES - 2019
- UNKNOWN IMPACTS – 2019 and future years
- FORGONE FUNDING – 2019
- NEW FUNDING – 2019 and future years

# NEW AND CHANGING PRESSURES

## **New Pressures:**

- Child Care - expansion of new spaces will be subject to 20% municipal contribution (no municipal contribution previously; voluntary program); unclear whether previously submitted but unapproved applications will be expected to now be 80/20 rather than 100% provincial

## **Changing Pressures:**

- Public Health – change to current 75:25 provincial/municipal cost share; in 2019 will be 60:40 for Toronto and 70:30 for others; by 2021-22 in the proposed restructured entities, will change to 50:50 for Toronto, 60:40 for 6 large regions and 70:30 for 3 smaller regions; new 'seniors dental care' benefit program is 100% but uncertain the rollout to maturity when it is to reach \$90m or its impact on administrative costs
- Child Care - allowable administration threshold reduced from 10% to 5% (impact province-wide not available at this time); understand provincial subsidy program reduced by \$80m for 2019
- Paramedic services – 2019 funding amount is based on 2018 grant which is in effect 2017 amount given 1 year payment lag; anticipated 2019 increase of estimated \$30m to \$35 million will not occur; service to First Nation and Unorganized Areas using municipal service is subject to grant application review
- Conservation Authorities- \$3.7 million (50%) annual cut from the \$7.4 million annual transfer payment for the Hazard Program; program has had no adjustment, including inflationary adjustment for many years; CAs could look to municipal governments for increased funding
- Library Services: The Southern Ontario Library Service and the Ontario Library Service-North now face a 50% in-year funding cut for 2019/2020 of about \$2m.

# UNKNOWN IMPACTS

- Public Health- costs related to restructuring 35 public health units to “10 regional autonomous entities”; as a provincial driven initiative, any transition costs (e.g., labour; assets) would need to be borne by the province
- Public Health - annual savings of \$200 million by 2021–22; unable to determine province-wide impact for 2019
- Paramedic Services: province looking at re-structuring 52 municipal services (plus First Nations and Ornge) including dispatch centres; as a provincial driven initiative, any transition costs (e.g., labour; assets) would need to be borne by the province
- Land ambulance dispatch centres: The government will streamline the way land ambulance dispatch services are delivered by better integrating Ontario’s 59 emergency health services operators and 22 dispatch centres

# UNKNOWN IMPACTS

- Policing Grants: province consolidating funding envelopes and says total amount will not change; however OPP now eligible to apply as are First Nations so expect own police forces will see a reduction; local impacts will come after allocations made (just starting now); some own forces may have less impact with new Guns and Gang fund; other regulatory changes e.g., community safety plans are unfunded new work for municipalities
- Social Assistance System: the province's budget goal of an estimated annual saving of over \$1 billion (at maturity based on changes from its program review) should not affect municipal governments in light of the upload of the benefits for ODSP, ODB and OW; unclear of impact for municipal administration function as municipal OW employment services are integrated in provincial Employment Ontario network
- Environment: municipalities will be required to provide real-time reporting of sewage outflows

# FORGONE FUNDING

- Ontario Community Infrastructure Fund - \$200 million reduction by removing \$100m 'top up' grant portion for 2019 and 2018 (program for municipalities under 100K population); leaves \$200m for the 2019 formula distribution; capital projects which have been budgeted anticipating a grant application portion will be impacted
- Provincial Gas Tax funding for transit - the doubling as committed will not occur; means \$364m won't be available for transit capital plans in 2019
- Community Homelessness Prevention Initiative- planned increased of \$15 million not proceeding

# NEW FUNDING- 2019 AND FUTURE YEARS

- Guns and Gang fund of about \$16m may help offset some impacts of other grant reduction
- Province to fully fund new 'seniors dental care' program (not clear if just for 2019 or going forward); some boards of health do have a program so this funding likely could replace/supplement it
- Broadband and cellular: Investment of new \$315m over 5 years for expansion, particularly to service rural and northern areas
- Housing: \$4 b in combined federal and provincial funding over next nine years through the National Housing Strategy Canada-Ontario bilateral agreement; includes social housing repair and new housing; funding amount unclear but backend loaded starting in 2019
- National Housing Benefit program: additional funding if cost matched by province for 20/21; awaiting negotiations