



Fiscal and Service Delivery Review - Frequently Asked Questions

1. What impact do the uploads have on my municipality's OMPF allocation?

- Grants for Equalization, Northern and Rural Communities, and Police Services will continue to function in response to conditions in each municipality. The mid-December 2009 allocation notices will incorporate the new MPAC property value assessment as well as any changes to policing costs.
- The uploading of the Ontario Drug Benefit, the Ontario Disability Support Plan, and Ontario Works benefits will see municipal costs decrease. This will affect municipal eligibility for the Social Programs Grant Component of the OMPF. Where these costs are reduced, the OMPF Social Programs Grant Component will respond with corresponding reductions.

2. What about the OMPF's Stable Funding Guarantee?

- The Stable Funding Guarantee (known at times as "Additional One-Time Special Assistance") has been in place since the 2005 transition from the Community Reinvestment Fund (CRF) to the OMPF. It has been provided on an annual basis at the government's discretion. The Guarantee has done two things, from 2005 to 2007 it ensured that the no municipality receive any less funding than they received in 2004 under the CRF. For 2008, additional funding was allocated to ensure that the OMPF Social Program Grants would not be reduced as a result of municipal costs savings from the Ontario Drug Benefit upload. This is a one-year only commitment.
- AMO was able to secure a further extension of the original stable funding guarantee for municipalities in 2009. For 2009, this guarantee is called the "Combined Benefit Stable Funding Guarantee". Its calculation is based on a municipality's 2007 OMPF allocation (and does not include the special 2008 one-time funding which accompanied the ODB upload) and commits to a municipality receiving a combined benefit of OMPF and uploading savings in 2009 at least equivalent to 2007 OMPF.
- At this time, the government is signaling that the one-time assistance that has been offered annually each year since 2005 will cease starting in 2010. AMO's advocacy for the preservation of the stable funding guarantee in future years will continue

throughout 2009. This has always been positioned by the government as “one time” funding but it has been extended in each year since 2005. AMO will seek to have it extended again for 2010 and beyond.

- In its 2007 and 2008 letter to treasurers, the government has stated that, “although municipal social program costs will fall in 2008, the government also committed that, province-wide, overall dollars for the OMPF would not be reduced in 2008 as a result of the upload”. It was also stated that, “provincial support only be provided in respect of costs that are actually incurred by municipalities. As a result, 2008 will be a transition year for the OMPF.”

3. Why upload social assistance programs?

- For the past ten years, the top priority of AMO and its member municipal governments has been to upload social assistance costs including Ontario Works, the Ontario Disability Support Program and the Ontario Drug Benefit. Subsidizing these provincial, income redistribution programs has diverted billions in municipal revenues away from municipal services and infrastructure investment, and led directly to increased property taxes.
- Programs like Ontario Works also carry substantial financial exposure because caseloads grow rapidly in tougher economic circumstances. In 1995, caseloads were twice what they are today. Municipalities are not in a position to carry that financial risk. The projected growth costs included in the Review’s agreement have been based on very conservative estimates of growth. The actual benefit to municipalities could be substantially higher.

4. Why upload court security?

- Court Security costs were downloaded to municipalities in 1990 as a provincial cost saving measure. There is no conceivable reason why municipalities should pay for the transportation of prisoners and the security in a court that is administered by the province. In addition, requiring municipalities to fund court security was inequitable because it only affected municipalities providing and paying for the related policing services but the courts often have a catchment area well beyond the boundaries of the municipalities that host courts.
- The Province, AMO and Toronto will work with other key stakeholders to develop court security standards and to establish a framework for accounting for the costs to be uploaded. Funding will be provided to those municipalities that are funding the service.

5. What about all of the other issues that the Review has not resolved?

- AMO made the case for a variety of other issues which have been long-standing concerns of the municipal sector, including the costs of social housing, downloaded farm tax policy, the cost of services for crown lands, Payments in Lieu, including the Heads and Beds rates and others.
- No consensus was reached in these other areas. AMO will continue to advocate for changes in these and other areas for the benefit of municipalities and property tax payers.

6. Do all municipalities benefit from this Review?

- Every property taxpayer has paid for social assistance costs so reducing the financial risk of social assistance costs and lifting them from the property tax base is important to all property tax payers across Ontario – urban and rural.
- The upload of social assistance and court security will affect different municipalities in different ways depending on whether or not they currently pay those costs. For example, where there is two-tier municipal government cost savings will accrue at the upper tier but will benefit the property taxpayers in all parts of the region or county. The same is true in northern communities with DSSAB costs.

7. What is the benefit to municipalities that already had their social assistance costs offset by the OMPF?

- There are a number of municipalities that have had some or even all of their social assistance costs offset by the Social Programs Grant Component of the OMPF. In addition, the government has done a good job in recent years (during recent good economic times) of increasing the social programs component of the OMPF as social assistance costs increased. However, this process of reimbursing municipalities does not deal with the financial risk associated with cost sharing social assistance. It is unlikely that the OMPF would have continued to increase each year in the future if the government's revenues declined and the costs of social assistance increased. There certainly was no guarantee ever given that the OMPF would continue to increase as social assistance grants went up in the future. Once fully implemented, the uploading of social assistance will remove that financial risk once and for all.

**8. Is the length of the implementation appropriate? Too little, too late?
Municipalities need help now, not a decade from now.**

- AMO has always understood that reversing the harm done to provincial-municipal arrangements in the 1990s could not be fixed overnight. The current economic circumstances confirm that.
- These uploads will create structural improvements to provincial municipal fiscal arrangements that will materially benefit municipalities and significantly reduce financial risk in the future. That is a long term solution.

9. What happens to this 10 year plan if the government changes in three years?

- All three parties have been clear about the need to make these changes. It would be difficult for them to turn their backs on this report.
- These changes will ensure that Ontario has better public policy and stronger communities in the future.

If you have further questions related to the Review, please contact:

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