

To:	Warden Hicks and Members of Grey County Council
Committee Date:	May 23, 2019
Subject / Report No:	FR-CW-13-19
Title:	Provincial Budget – Impact on Funding for County of Grey
Prepared by:	Kevin Weppler, Director of Corporate Services
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	
Status:	Recommendation adopted as presented by Committee of the Whole as per Resolution <i>CW117-19</i> ; Endorsed by County Council on June 13, 2019 as per Resolution <i>CC43-19</i> .

Recommendation

1. That Report **FR-CW-13-19** be received for information; and
2. That upon receiving more complete information from the Province on program funding levels and service guidelines impacting the County's 2019 approved budget and the 2020 budget, that staff prepare a further report, including recommendations to address changes to funding and/or service delivery, for consideration.

Executive Summary

Significant in-year and future year budget impacts are occurring as a result of the Ontario government's 2019 budget, tabled on April 11, 2019. Grey County has received notification of changes in program funding levels, funding formulas and changes to municipal cost sharing arrangements. This report summarizes the preliminary information available at this time. Further information is anticipated over the next two months and beyond.

Background and Discussion

This report provides a high-level summary of the information staff have received to date. In some cases, staff are aware of changes to funding envelopes but have not received the guidelines that provide details on how funds can be expended. The text below

provides a description of the changes as understood at this time. A table summarizing the figures can be found beginning on page 5 of this report.

Public Health – Grey Bruce Health Unit

Grey and Bruce counties have cost shared 25% of the operations of the health unit, with each party’s contribution calculated as the percentage of the population that each of Grey and Bruce have as a proportion of the total population of Grey and Bruce combined. Currently Grey County’s proportion is 58.53%.

The Province has advised that the current 35 public health units, will be reduced to 10, and that by April 1, 2020, a new regional public health entity will be formed comprised of Grey, Bruce, Huron and Perth Counties governed by an autonomous board of health. Whether there will be any municipal representation on the new board is unknown at this time. Minister Elliott has stated that there will be further consultation with municipalities before final decisions are made.

In addition, the following changes to the provincial municipal cost sharing have been shared with Boards of Health. The cost sharing is to apply to all programs, including those that were previously 100% provincially funded. This means the actual impact of the change will be greater than the 5% reduction announced. It should be noted that programs delivered by the Health Unit but funded by other Ministries, such as Ministry of Children, Community and Social Services, are not to be part of this budget change.

<u>Fiscal Year</u>	<u>Provincial/Municipal Cost Share</u>
Prior to April 2019	75/25
2019-2020*	70/30, (60/40 for Toronto)
2020-2021	70/30, (60/40 for Toronto)
2021-2022	60/40 for 6 regions with population greater than 1million, 70/30 for 3 regions with population less than 1 million, 50/50 for Toronto

Ontario Works and Employment Services

The Ministry of Children, Community and Social Services (MCCSS) has announced the implementation of reforms to these programs. These include:

- Modernizing Service Delivery
- Benefit Changes
 - The Transition Child Benefit (TCB) will be eliminated in November 2019
 - Ending the Addictions Services Initiative, a pilot program delivered by 17 municipal Ontario Works partners, as of July 31, 2019.
- Moving People to Employment

- Previously announced changes to earning exemptions will be implemented for social assistance recipients effective November 2019.
- Cutting Red Tape and Restoring Accountability

Child Care and Early Years

A memo dated April 18, 2019, from Jill Dubrick, Director, Early Years and Child Care Programs and Service Integration Branch, Early Years and Child Care Branch, Ministry of Education outlines changes to the child care system and the County's 2019 provincial child care allocation.

- County will be required to cost-share operating portion of Expansion Plan Funding at a rate of 80:20 provincial/municipal (previously 100% provincial).
- Wage Enhancement administration funding will be cost shared 50:50 provincial/municipal (previously 100% provincial).
- Administration funding envelope will remain at 50:50 cost share but will be based on 5% of the overall budget (previously 10%).

Housing and Homelessness

A letter dated on April 17, 2019, from the Honourable Steve Clark, the Minister of Municipal Affairs and Housing, provided a program-by-program information and the County of Grey's specific allocation.

- New Programs have been announced to support the government's Community Housing Renewal Strategy.
 - The Canada-Ontario Community Housing Initiative (COCHI) will provide funding to replace the federal Social Housing Agreement funding that expires each year, beginning 2019-20.
 - The Ontario Priorities Housing Initiative will provide flexibility for Program Administrators to address local priorities in the areas of housing supply and affordability, including new affordable rental construction, community housing repair, rental assistance, tenant supports and affordable homeownership.

Long Term Care

No announcements on funding changes have been received at this time for Long Term Care. Neither has the County received confirmation of the funding envelope for 2019.

Paramedic Services

AMO announced on April 15, 2019, that they had been informed by the government that it was the Ministry of Health and Long Term Care's intent to move 59 ambulance services to 10 through restructuring.

On May 7, 2019, Alison Blair, Executive Director, Emergency Health Services Office has indicated in a letter that subsequent to the governments review and in line with the government's commitment to support frontline care, that the County's 2019/20 base funding continue at the same funding level as provided in 2018/19. There will be no reductions in 2019/20 Land Ambulance Service Grant funding compared to 2018/19 funding.

Legal and Legislated Requirements

Programs and funding levels will be based on regulatory requirements.

Financial and Resource Implications

Provincial Budget – Impact on Funding for Grey County

Program Changes	Provincial Change / Adjustment	2019 Estimated Grey County Funding Impact	2020 Estimated Grey County Funding Impact
<p>Public Health</p> <ul style="list-style-type: none"> • Mandatory Cost Shared Programs • 100% Funded Programs • New Senior's Dental Program and one-time capital funding to support implementation • One-time mitigation funding of \$700,000 in 2019-2020 provided to the Health Unit 	<p>2019/2020 – Provincial cost share of Public Health Units to change from 75% provincial / 25% municipal to 70/30 effective retroactively to April 1, 2019; (60/40 for City of Toronto).</p> <p>2020/202 - 70/30 (60/40 for City of Toronto)</p> <p>2021/2022 – 70/30 for 3 regions with a population of less than 1 million, 60/40 for 6 regions with greater than 1 million population, 50/50 for City of Toronto.</p>	<p>(\$175,600)</p> <p>Impact offset with One-Time mitigation funding</p>	<p>(\$797,300)</p>

Provincial Budget – Impact on Funding for Grey County (continued)

Program Changes	Provincial Change / Adjustment	2019 Estimated Grey County Funding Impact	2020 Estimated Grey County Funding Impact
<p>Ontario Works and Employment Services</p> <ul style="list-style-type: none"> • Modernizing Service Delivery • Benefit Changes • Moving People to Employment • Cutting Red Tape and Restoring Accountability 	<p>The Transition Child Benefit (TCB) will be eliminated in November 2019</p> <p>Ending the Addictions Services Initiative, a pilot program delivered by 17 municipal Ontario Works partners, as of July 31, 2019. Grey County was not one of the 17 municipal Ontario Works Addiction Services Initiative pilots and therefore will not result in any changes.</p> <p>Previously announced changes to earning exemptions will be implemented for social assistance recipients effective November 2019.</p> <p>Ministry will establish targets for each CMSM to reduce Ontario Works caseload. Funding levels will be tied to caseload reduction targets.</p> <p>Ontario Works Administration funding to be frozen at 2018 actual expenditures.</p>	<p>To Be Determined</p> <p>Ontario Works benefit costs had been funded 100% by the province. Provincial funding changes based on service targets may result in additional municipal costs.</p> <p>County of Grey still awaiting Ontario Works administrative funding budget allocations for 2019.</p>	<p>To Be Determined</p>

Provincial Budget – Impact on Funding for Grey County (continued)

Program Changes	Provincial Change / Adjustment	2019 Estimated Grey County Funding Impact	2020 Estimated Grey County Funding Impact
<p>Child Care</p> <ul style="list-style-type: none"> • Updates to Child Care Funding Formula Data Elements • Changes to Municipal Cost-Sharing and Administration Threshold • Changes to Fee Stabilization Support Funding • Continuation of Wage Enhancement Funding and Administrative Burden Reduction • Continuation of Base Funding for Licensed Home Child Care • Introducing new Ontario Childcare Access and Relief from Expenses (CARE) tax credit. • New Child Care Plan 	<p>Child Care funding formula updated with the 2016 census data from Statistics Canada. Result is a reduction to Grey County in 2019 child care allocations.</p> <p>Beginning in April 1, 2019, County will be required to cost-share the operating portion of Expansion Plan funding at a rate of 80/20 provincial/municipal and all administration funding, including Wage Enhancement administration funding will now be cost shared at a rate of 50/50. In addition, the threshold for allowable administration funding municipalities can spend on child care will be reduced from 10% to 5%.</p> <p>Fee Stabilization Support to end as of March 31, 2019.</p> <p>An updated approach to service targets will be implemented in 2019.</p> <p>Wage Enhancement funding will continue to be funded at current funding formula, while administration funding for wage enhancement will be adjusted.</p>	<p>(\$562,500)</p> <p>Based on changes being made effective April 1, 2019</p>	<p>(\$750,000)</p>

Provincial Budget – Impact on Funding for Grey County (continued)

Program Changes	Provincial Change / Adjustment	2019 Estimated Grey County Funding Impact	2020 Estimated Grey County Funding Impact
<p>Housing and Homelessness</p> <ul style="list-style-type: none"> • Investment in Affordable Housing for Ontario (2014 Extension) • Community Homelessness Prevention Initiative (CHPI) • Two new programs being launched in 2019-20 to support government’s Community Housing Renewal Strategy <ul style="list-style-type: none"> ○ Canada-Ontario Community Housing Initiative (COCHI) ○ Ontario Priorities Housing Initiative 	<p>Province has committed to providing Investment in Affordable Housing for Ontario funding for 2019-20.</p> <p>Community Homelessness Prevention Initiative (CHPI) to be maintained in 2019-20 at the 2018-19 level.</p> <p>Canada-Ontario Community Housing Initiative (COCHI) for repair, regenerate and expand community housing and to protect affordability support for tenants.</p> <p>Ontario Priorities Housing Initiative to provide flexible funding to all 47 Service Managers and the two Indigenous Program Administrators to address local priorities in the areas of housing supply and affordability, including new affordable rental construction, community housing repair, rental assistance, tenant supports and affordable homeownership.</p>	<p>(\$560,800)</p> <p>Based on average provincial funding received 2016-2018</p>	<p>(\$1,247,300)</p> <p>Reduction in Community Homelessness Prevention Initiative funding in 2020</p>

Provincial Budget – Impact on Funding for Grey County

Program Changes	Provincial Change / Adjustment	2019 Estimated Grey County Funding Impact	2020 Estimated Grey County Funding Impact
<p>Long Term Care</p> <ul style="list-style-type: none"> Ministry funding announcement still outstanding 	<p>As of May 14, 2019, no funding announcements have been provided.</p>	<p>To Be Determined</p>	<p>To Be Determined</p>
<p>Paramedic Services</p> <ul style="list-style-type: none"> Ministry of Health and Long Term Care's intent to move 52 paramedic services to 10 through restructuring County's 2019/20 base funding continue at the same funding level as provided in 2018/19 	<p>Currently no information on the government's plan to the restructure of paramedic services in Ontario.</p> <p>County's 2019/20 base funding continue at the same funding level as provided in 2018/19.</p>	<p>(\$174,500)</p> <p>County 2019 budget included a provision for a 1.50% inflationary increase.</p>	<p>(\$174,500)</p> <p>2019 shortfall will need to be included in 2020 budget, unless funding 2020 increases are announced</p>
<p>Service Modernization Funding</p> <ul style="list-style-type: none"> Ontario Budget allocated funding to support small and rural municipalities' efforts to become efficient and reduce expenditure growth in the longer term. 	<p>Municipal allocations are based on formula which takes into consideration the number of households in a municipality and whether it is urban or rural.</p>	<p>\$725,000</p> <p>One-time payment of \$725,000 received in March 2019.</p>	<p>\$0</p>

Financial and Resource Implications (continued)

In order for staff to verify the impact to the County's 2019 budget and future budget implications of the Provincial Budget that was tabled on April 11, 2019, more information from the various ministries is needed along with the provincial guidelines. Early estimates project that the Provincial budget changes will result in an overall funding shortfall of \$748,400 in 2019, after the application of any one-time provincial funding.

Based on changes announced in program funding levels, funding formulas and changes to municipal cost sharing arrangements, a provincial funding reduction of \$2,969,100 is estimated for the 2020 budget year. Estimates are still being reviewed and will need to be updated as new information is provided by provincial ministries.

Relevant Consultation

- Internal – Senior Management Team
- External (list)

Appendices and Attachments

[AMO - Budget Update:- Provincial In-Year Funding Reductions](#)

[Community Housing Renewal Grey 2019-20 Allocation Letter](#)

[EYCC02 2019 Child Care and Early Years CMSMs DSSABs Allocations Memo](#)

[2019/20 Budget Allocation Grey Land Ambulance Services Grant](#)