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ALERT

MEMBER COMMUNICATION

ALERT N°: 09/087

To the attention of the Clerk and Council
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Ontario Municipal Partnership Fund (OMPF) Allocations Announcement

Issue: The Ministry of Finance is today confirming individual municipal allocations for 2010.

The provincial government has announced Ontario Municipal Partnership Fund (OMPF) allocations to eligible municipalities on the Ministry of Finance website. Letters to heads of council and treasurers are also being mailed at this time. The Ministry's website is <http://www.fin.gov.on.ca/en/budget/ompf/2010/>.

The OMPF is a critical provincial funding program which assists municipalities with social program costs, equalization, policing costs, and assists northern and rural communities to provide services to citizens. For 2010, 382 municipalities will receive \$625 million in OMPF funding and the social assistance benefit uploads are valued at \$570 million. Some data elements and thresholds have been updated but the OMPF formula remains as it did for 2009.

One important component of the Fund which is of concern for 2010 is the issue of mitigation funding. Last year the provincial government signaled to municipalities that mitigation funding would not be provided in 2010.

In 2010, mitigation funding (will be known as the Transitional Assistance Guarantee) will total \$25 million (or 4% of the total OMPF allocation). This does not represent full mitigation funding. It will be distributed to 105 municipalities. This is a better outcome than the government's 2009 announced intention of not providing any mitigation during a period of very limited provincial resources. However, it will also mean that some municipalities will be affected with an equivalent tax impact of \$30 per household on average, and for some, up to \$85 per household.

The Calculation of the Transitional Assistance Guarantee

Mitigation funding in 2010 is being calculated as a percentage of the 2009 Combined Benefit. The Combined Benefit is both a municipality's OMPF allocation and the value of the uploaded ODB and ODSP program costs in 2009.

Municipalities in Southern Ontario (outside of the GTA) will receive 80% of the difference between the 2009 and 2010 Combined Benefits.

Municipalities in Northern Ontario will receive 95% of the difference between the 2009 and 2010 Combined Benefits.

In addition, the maximum mitigation impact for any one municipality is capped at \$2.5 million.

Background

AMO representatives, who included a number of senior municipal treasurers and officials, met with provincial officials to review the OMPF this past summer. AMO's position throughout these discussions was that no municipality should receive any less funding in future years. The 2010 OMPF allocation, as announced today, does not represent AMO's position.

In 2009, mitigation funding (known as the Combined Benefit Stable Funding Guarantee) was valued at \$70 million (or 9% of the total OMPF allocation). It was been distributed to 177 municipalities in 2009 and has been provided on an annual basis since 2005.

AMO was able to secure the Stable Funding Guarantee for 2009 as part of the Provincial-Municipal Fiscal and Service Delivery Review. During late summer and fall, AMO staff has contacted CAOs or Treasurers in every potentially affected municipality to ensure they understood the OMPF funding risk for 2010 and in support of Council advocacy with local MPPs. The government has made it clear that this mitigation funding is available for 2010 only.

AMO looks forward to the Ministry of Finance completing the normal annual reconciliation of social service costs which is a key feature of the OMPF.

Action:

AMO is waiting for more information from the Ministry of Finance including a per municipality breakdown of the OMPF impacts. AMO's detailed review of these numbers will continue.

For more information please visit <http://www.fin.gov.on.ca/en/budget/ompf/2010/>.

This information is available in the Policy Issues section of the AMO website at www.amo.on.ca.