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**Report of the Commissioner of Community and Health Services**  
**Provincial Funding Shortfall of Human and Health Programs and Services**

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## **1. Recommendation**

1. The Regional Chairman and all nine mayors, send a joint letter to the Premier of Ontario and the Ministers of Municipal Affairs and Housing, Long-Term Care, and Health, requesting a meeting to:
  - a. Discuss existing funding arrangements for mandated health and human services, taking into account population growth, socio-economic shifts and increased costs, and establish permanent sustainable provincial funding solutions to ensure York Region receives the funding needed to deliver these important programs.
  - b. Request a review of existing funding arrangements for mandated human and health services.
2. York Region staff work with community partners, Association of Municipalities of Ontario and other public sector organizations to advocate to provincial counterparts for sustainable funding to ensure services delivered by municipalities can meet growing and changing community needs.
3. The Regional Clerk circulate the report, to local municipalities, local hospitals, Human Services Planning Board, Newcomer Inclusion Table, Association of Municipalities of Ontario, Ontario Municipal Social Services Association, United Way Greater Toronto, AdvantAge Ontario, Ontario Long-Term Care Association, Ontario Association of Paramedic Chiefs, Association of Public Health Business Administrators, Ontario Alliance to End Homelessness, Ontario Health Teams in York Region and local Members of Provincial Parliament requesting they join in the Region's advocacy efforts.

## 2. Purpose

This report examines provincial funding formulas for four programs delivered by York Region on behalf of the Province. It underscores impacts of provincial underfunding for mandated human and health programs and services and additional municipal tax levy contributions required to sustain current service delivery levels. This analysis will serve as a foundation for future advocacy efforts.

### Key Points:

- York Region delivers a range of human and health programs and services with approximately 73% or \$909.6M of the Community and Health Services 2025 operating budget, excluding corporate allocations, funded through grants and subsidies from the province and to a lesser extent the federal government. Approximately 24% or \$300.7M comes from the regional tax levy, with the remaining 3% or \$44.0M coming from other revenue sources
- Provincial funding formulas vary across programs and can include mandatory cost-share contributions, limits on total funding or administrative funding, and/or targeted funding for specific program components
- York Region annually supplements provincial funding and required tax levy cost share with additional tax levy investments as provincial funding has not kept pace with population growth, inflation and evolving community needs
- Between 2022 and 2024, \$142.3M of tax levy has been used to address provincial funding shortfalls in Homelessness Community Programs, Long-Term Care, Paramedic Emergency Services and Public Health. An additional \$77.0M in tax levy is budgeted for 2025 to continue addressing these shortfalls

## 3. Background

### **Association of Municipalities of Ontario estimates a third of municipal spending is for services in areas of provincial responsibility and expenditures are outpacing provincial contributions**

In [January 2024](#), York Region joined over 160 municipalities and municipal organizations in endorsing the Association of Municipalities of Ontario (AMO) resolution for a [Social and Economic Prosperity Review](#). This resolution aims to revisit the provincial-municipal partnership through a review of joint revenues, costs, financial risks and investments and service delivery needs, with the goal of building sustainable communities, stronger economic foundations and a better quality of life for residents.

The last Provincial-Municipal Fiscal Service Delivery Review Agreement was signed in 2008 and fully implemented in 2018. AMO calculated that \$5B of municipal revenues across Ontario is spent on provincial programs like health and social services, which reduces municipal dollars that support other initiatives for a thriving community.

AMO estimates that a third of municipal spending in Ontario is for services in areas of provincial responsibility and expenditures are outpacing provincial contributions. Unlike provincial income tax revenues, municipal revenues do not grow with the economy or inflation. Impacts of inflation, rising interest rates and provincial policy decisions are straining municipal fiscal capacity.

Appropriately funding mandated human and health services through provincial revenues can alleviate the financial burden on property owners and can lead to a more balanced and sustainable fiscal framework for municipalities. This shift would reduce the financial strain on property owners and ensure that essential human and health services are adequately funded.

### **Current service levels for mandated human and health programs and services in York Region require additional municipal tax levy support**

York Region is responsible for delivery of provincially mandated human and health programs and services. Expertise in community needs, supports and partners allows York Region to provide a local, person-centered approach for effective delivery of key services to residents at every stage of life.

York Region, like other municipalities, faces funding gaps for mandated programs due to insufficient provincial funding. Most provincial cost-shared and non-cost-shared programs now require additional funding to maintain current service levels. Provincial funding models vary, including cost-shared, fully funded, an amount for each service unit, or a blend of these approaches.

All provincial funding agreements are program specific, with guidelines outlining eligible and ineligible expenses, with limits to total provincial funding for program delivery and/or program administration. Many do not incorporate appropriate increases for inflation.

Community and Health Services is reliant on other levels of government with approximately 73% or \$909.6M of 2025 budgeted operating expenditures, excluding corporate allocations, funded through grants and subsidies from the province and to a lesser extent the federal government. Provincial decisions related to cost-sharing, policy shifts and eligibility changes cause uncertainty and financial risks to York Region.

The [2024 York Region Health and Well-Being Review](#) indicates York Region's population is growing, aging and culturally diverse, reaching 1.28 million residents in 2024. By 2051, the population is expected to exceed 2 million. The 2025 Ontario Budget Consultation report to Regional Council in [January 2025](#) outlined York Region requests to the Province for consideration including requests for human and health programs and services funding.

## Provincial funding models for mandated programs in Homelessness Community Programs, Long-Term Care, Paramedic Emergency Services, and Public Health have unique requirements and guidelines

This report examines four provincially mandated program areas delivered by York Region: Homelessness Community Programs, Long-Term Care, Paramedic Emergency Services and Public Health. Each have unique funding requirements and guidelines, which demonstrate the complexity of existing funding formulas and together they represent a large portion of the funding shortfall. Table 1 provides an overview of these funding models.

**Table 1**

### Funding Models for Homelessness Community Programs, Long-Term Care, Paramedic Emergency Services and Public Health

Services	Ministry	Programs	Funding Models
Homelessness Community Programs	Ministry of Municipal Affairs and Housing	Emergency and Transitional Housing Operations, Outreach and Supports, Homelessness Prevention and Housing Stability	Provincially funded with a limit on total provincial funding, no tax levy cost-share requirement
Long-Term Care	Ministry of Long-Term Care	Newmarket Health Centre and Maple Health Centre	Provincially funded with a limit on total provincial funding, no tax levy cost-share requirement
Paramedic Emergency Services	Ministry of Health	Emergency Services	Cost-share 50% provincial / 50% regional with a limit on total provincial funding
Public Health	Ministry of Health	Child and Family Health* Healthy Living Infectious Disease Control Health Protection	Cost-share 75% provincial / 25% regional with a limit on total provincial funding

\*Excludes - Seniors Dental and Healthy Babies, Healthy Children

## **Social Assistance, Child Care, Community Housing Services, Community Safety and Well-Being Plan, Seniors Dental and Healthy Babies, Healthy Children are not within scope of this analysis**

- Social Assistance (Ontario Works): An increase in provincial Program Delivery funding starting in 2025 was identified during the Community & Health Services budget presentation at the Committee of the Whole in November 2024
- Child Care: In [December 2024](#), Regional Council received a memorandum about the new 2025 Ontario Child Care and Early Years funding approach, which includes a new cost-based funding model to better reflect the cost of delivering child care. York Region received an increase of over \$136M in Child Care funding in 2025 to support these changes
- Community Housing: Shortfalls in provincial funding for York Region's role as Housing Service Manager will be addressed through the next 10 Year Housing and Homelessness Plan, which will be brought forward in a separate report planned for Q4, pending release of provincial requirements. Priority actions for advancing supply continue to progress
- Community Safety and Well-Being Plan (CSWB): In December 2024, Council received an update on the CSWB Plan. The update highlighted that although advocacy is underway, the CSWB Plan does not have a permanent funding source and has been supported by provincial and federal grants, which are set to expire in 2025 and 2026, respectively. York Region is awaiting details on grant renewals. An update to Council is scheduled to be included in the CSWB Plan annual progress report planned for Q4 2025
- Seniors Dental and Healthy Babies, Healthy Children (HBHC): These programs each have unique funding models that are different from the other Public Health programs. They are nearly 100% funded by the Ministry of Health and Ministry of Children, Community and Social Services, respectively, and account for only \$0.6M or 2% of the total Public Health shortfall

## **4. Analysis**

### **The analysis examines eligible expenditures and highlights tax levy investments exceeding provincial funding for Homelessness Community Programs, Long-Term Care, Paramedic Emergency Services and Public Health**

Although there have been some appreciated funding increases from the provincial and federal governments, in most areas, increases have not been enough to meet the growing need for mandated services. The following programs described are represented in the total shortfall identified in the financial considerations section.

Provincial funding is accompanied by funding guidelines which identify eligible and ineligible expenditures. Typically, operating funding cannot be used to fund contributions to capital reserves, so reserve contributions are excluded when calculating total eligible expenditures. In most instances, the cost of corporate supports such as legal, financial services, technology and human resources, as well as amortization are considered eligible expenditures, usually classed under administrative expenses. These costs are reported as eligible expenditures to the Province based on funding guidelines. As such, they have been included in this analysis to show the true tax levy investments being made. This analysis excludes COVID extraordinary expenses and funding where applicable.

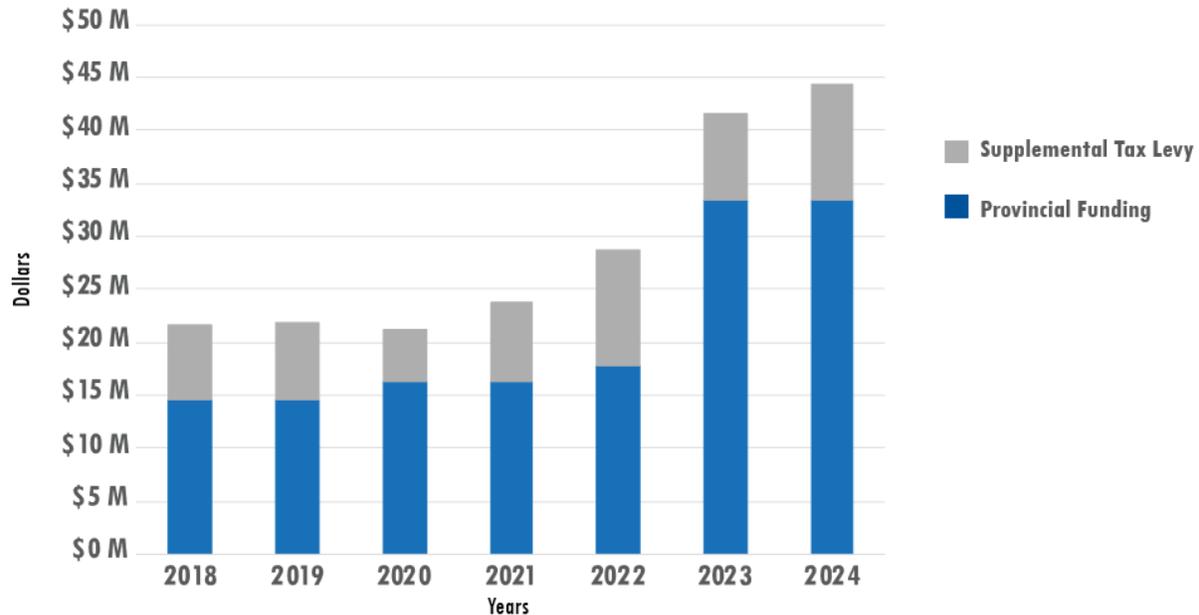
## **HOMELESSNESS COMMUNITY PROGRAMS**

The provincial funding arrangement provides funding to support delivery of most programs under Homelessness Community Programs. There is no tax levy requirement in the agreement; however, only a maximum of 5% of funding can be used for administration. For example, in 2024/2025 total funding of \$33.4M is provided from the Province, with a maximum of \$1.8M for administration costs.

The Province does not provide annual funding increases for Homelessness Community Programs creating tax levy pressures as program delivery costs are subject to annual inflationary and growth factors. In 2023, a \$15.8M funding increase was received as updated census data was used in the provincial funding formula. This provided a permanent source of funding for Critical Social Infrastructure initiatives related to homelessness, initially costing \$4.1M in 2023 and growing to \$4.8M in 2024, as reported to Council in [February 2023](#). The remaining increase was used to expand programs, supports and services to address growing community need, as outlined in a memorandum in [June 2023](#). As a result, there were slightly lower tax levy 2023 expenditures as implementation of expanded programs took some time to be fully executed, see Figure 1.

**Figure 1**

**Provincial and Regional Funding for Homelessness Community Programs**



In [June 2024](#), Council approved the 2024 to 2027 Homelessness Service System Plan and associated rapid deployment actions to quickly add capacity to the emergency and transitional housing system, expand outreach initiatives to support people at risk of or experiencing homelessness and provide additional funding to help house people who experience chronic homelessness. In [November 2024](#), Council approved new tax levy coupled with existing budget for a total of \$8.4M to provide permanent 2025 operating funding for rapid deployment actions.

**Provincial funding is not keeping pace with the growing demand for homelessness services in York Region**

While York Region continues to act swiftly to address the growing number of people experiencing or at risk of homelessness, including people living in encampments, annual provincial funding is not keeping pace. Funding did not increase in 2024 and based on preliminary planning allocations provided, funding will not increase in 2025. The 2025 budget for Homelessness Community Programs assumes a \$24.5M shortfall in provincial funding.

**One-time funding opportunities can provide temporary tax levy relief, but are not a sustainable alternative to permanent funding increases**

York Region continues to explore funding options to help increase homelessness supports and services, such as accessing one-time Federal Reaching Home funding through the United Way Greater Toronto of just over \$0.5M in both 2023 and 2024. As reported to Council in [January 2025](#), York Region successfully secured \$10.8M under new two-year Federal Unsheltered

Homelessness and Encampments Initiative funding stream and \$1.4M for 2024/2025 in Provincial Encampment Response Initiative funding. However, the federal funding includes a cost-matching requirement that does not provide any tax levy relief, and the provincial funding can only be applied to expenditures incurred between January 1 to March 31, 2025. The one-time nature of these funding sources may provide temporary assistance, but do not offer a sustainable ongoing alternative funding source to tax levy.

## **LONG-TERM CARE**

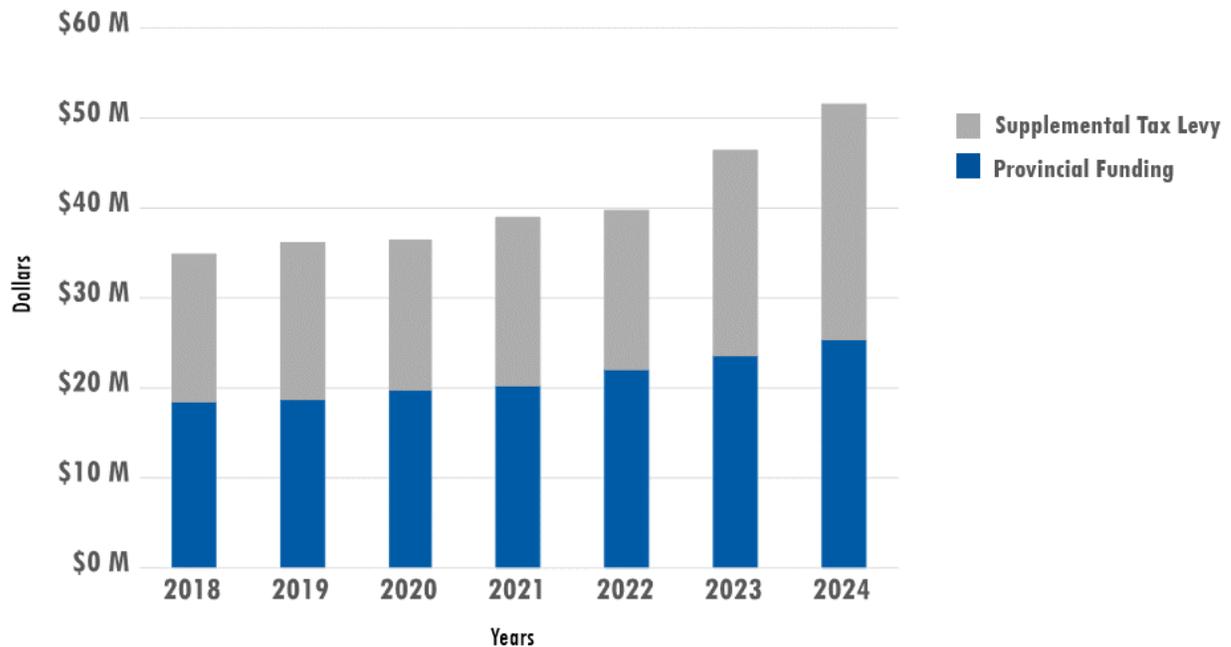
Approximately 40 provincial funding agreements support the operation of York Region's two long-term care homes. Most provincial funding is based on a per resident per day level of care allocation and staffing supplement. A resident co-payment fee, set by the Province, is collected as a revenue to the home which then reduces the provincial funding to York Region. In 2024, revenue for both homes was \$25.3M, of which, \$4.0M was resident co-payments. There is no tax levy cost share required under this funding agreement.

### **While York Region received new funding with the *Fixing Long-Term Care Act, 2021* mandates, it is not enough to cover the increase in associated costs**

As reported to Council through the [September 2024](#) Annual Performance Update, York Region's long-term care homes are meeting mandates under the *Fixing Long-Term Care Act, 2021*, including direct hours of resident care, new infection prevention and control standards and changes to meal planning. However, the cost to deliver these mandates exceeds the amount of funding received which creates a tax levy pressure, see Figure 2.

**Figure 2**

**Provincial and Regional Funding for Long-Term Care**



Regulatory increases and oversight of the long-term care sector has driven up expenses. The Province has signaled more changes are coming. While funding has seen a marked increase since 2021, the provincial contribution has continued to average under 50% of eligible gross operating expenses.

**Implementing operational efficiencies can help to provide some relief to increasing cost pressures, but cannot close the funding gap**

York Region has made efforts to mitigate increases by:

- Optimizing a Relief Model staffing schedule
- Enhancing energy and resource conservation with resident washroom renovations
- Leveraging existing Property Services contracts (e.g. snow removal) to reduce procurement and contracting efforts

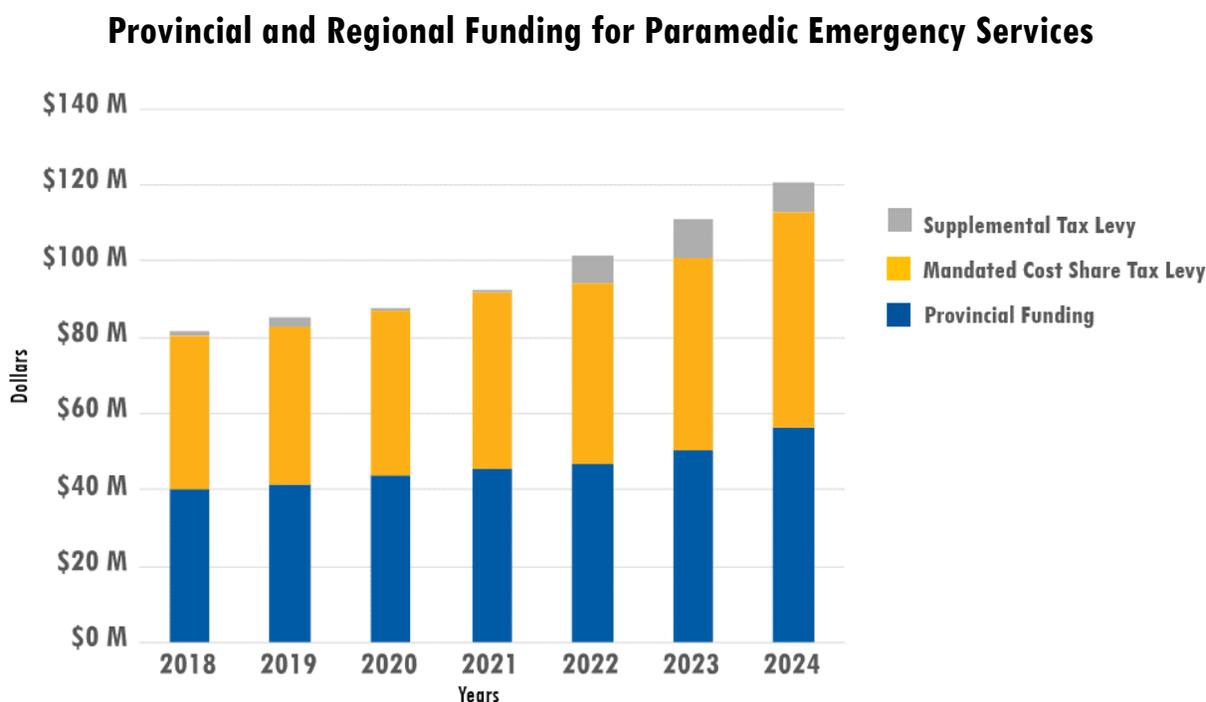
Provincial funding for long-term care homes is not keeping pace with growing expenses. The 2025 budget for Long-Term Care assumes a \$27.1M funding shortfall, requiring supplementary tax levy to meet legislative mandates.

## PARAMEDIC EMERGENCY SERVICES

York Region Paramedic Emergency Services is the largest program within the Paramedic Services branch, providing emergency ambulatory medical response. Paramedic Emergency Services excludes non-emergency support programs that fall under the Paramedic Services Branch like Community Paramedicine, Improving Patient Access to Care in the Community and Dedicated Nurse Offload, which have different directives and funding models.

Like other municipalities, York Region Paramedic Emergency Services receives provincial funding based on a funding formula requiring York Region to share in the total cost of program delivery. York Region is required to pay 50% of eligible expenses with a 50% provincial cost-share contribution. However, there is a limit on the total provincial funding portion. As of 2019, the limit is based on 50% of the prior year budget, meaning there is a one-year lag in provincial funding. Funding is not keeping pace with annual cost increases, resulting in a need for additional tax levy to maintain mandated service levels as can be seen in Figure 3.

**Figure 3**



### **Provincial funding is lagging in responding to annual increases in Paramedic Emergency Services demands and inflationary pressures**

In recent years, Paramedic Emergency Services has been facing increasing cost pressures due to:

- Call volume projections outpacing population growth projections, as reported in the Paramedic Services Master Plan 2021-2031, [June, 2022](#)

- Inflationary increases and supply chain disruptions, as noted in the Update on the Paramedic Services Master Plan 2021 – 2031, [September 2024](#)
- Time from initial patient contact to discharge or transfer has increased by about three minutes per call, since 2019, resulting in a loss of approximately 5700 hours annually

### **Measures have been implemented to reduce demands on resources and mitigate cost increases, but they are not enough to close the provincial funding gap**

Paramedic Emergency Services has made efforts to mitigate increases through:

- Partnership with Social Services on the Community Paramedicine Outreach Team to provide integrated care and advocacy with Community Paramedics and Outreach Workers working together to better address the needs of complex clients to reduce emergency calls
- Anti-idling technologies in ambulances have reduced engine idle time and fuel consumption, saving about \$360,000 and reducing greenhouse gas emissions by 226 tonnes since 2020

The 2025 budget for Paramedic Emergency Services assumes a \$4.6M shortfall in the province's share of funding. This is calculated by applying the provincial cost-share ratio of 50% to the supplemental tax levy, beyond the funding arrangement, required to maintain service levels.

## **PUBLIC HEALTH**

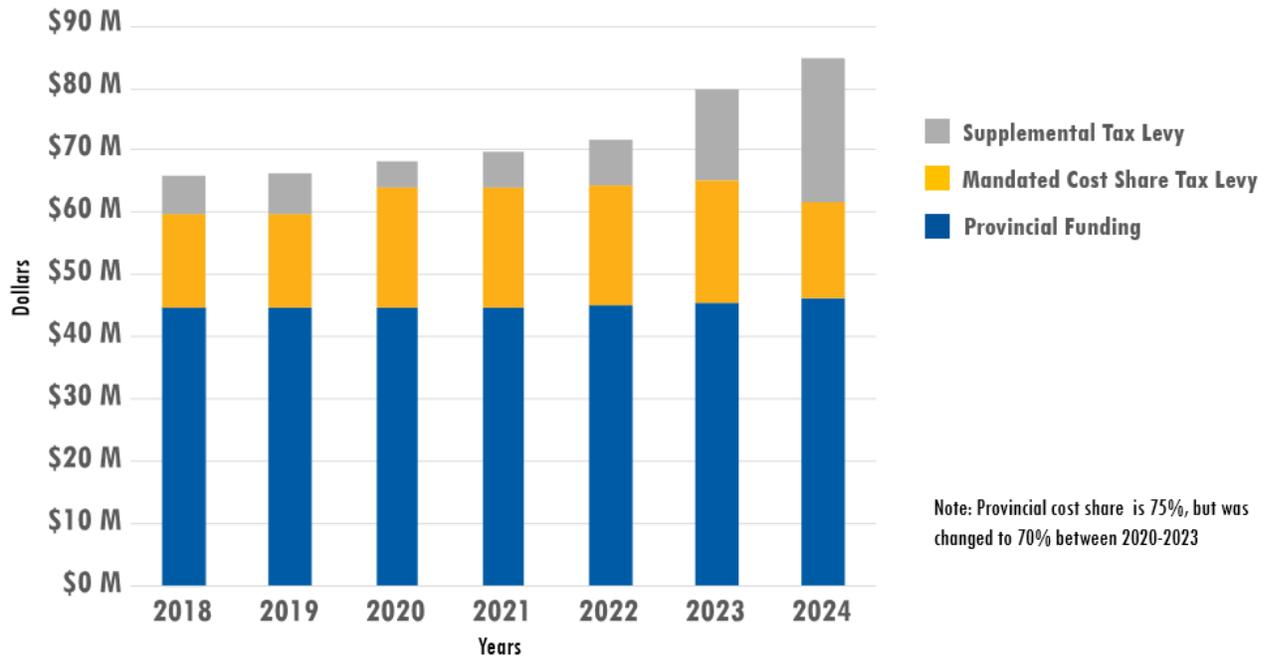
Most mandated programs delivered by Public Health are funded by the Province using a formula requiring local Boards of Health, such as municipalities, to share in the total cost of program delivery. As such, York Region is required to pay for 25% of eligible expenses with a provincial cost-share contribution of 75%. However, the province has placed a limit on their portion of the funding.

### **In principle, the province funds 75% of eligible expenses in the arrangement, but in 2024 only 54% was covered**

Since 2018, provincial funding has increased by an average of less than 1% or \$0.2M per year for Public Health mandated programs with expenses increasing at an annual average of 4.3% or \$3.2M, creating a tax levy pressure to maintain service levels. In principle, the Province funds 75% of eligible expenses in the arrangement, but in 2024 only 54% were covered by the \$46.2M provincial funding received. This means York Region provided tax levy for the 25% mandated cost share and an additional \$23.3M tax levy to fund the true cost to deliver services. Figure 4 represents funding models for Public Health.

**Figure 4**

**Provincial and Regional Funding for Public Health**



**Public Health has implemented efficiencies in program delivery to better anticipate risk, however this alone cannot address funding gap left by Province**

In addition to inflationary and growth pressures, Public Health is responding to increasing demands within the community, as outlined in the April 2025 Memorandum, Public Health 2024 Achievements and 2025 Areas of Focus, for example:

- Increases in reportable infectious diseases and case counts (e.g., influenza, varicella (chickenpox) and infectious syphilis) and unpredictable infectious disease surges
- Increase in the number of establishments requiring public health inspections. In 2025, an additional 390 food and personal services, requiring 584 compliance inspections annually and 130 licensed home-based childcare centers, requiring one food compliance inspection were identified
- Change in substance use patterns, including three times more opioid related deaths, higher rates of youth vaping and an increase in cannabis-related emergency department visits

**Public Health has implemented efficiencies in program delivery and can better anticipate risk, however, this alone cannot address the Provincial funding gap**

Public Health has helped to mitigate increases in expenses by:

- Implementing virtual clinical services, increasing the number of appointments that staff can support in a day
- Transitioning to electronic documentation in the Infectious Diseases and Control Division, enabling better use of data for surveillance, reporting and notification
- Continuing wastewater surveillance to increase preparedness for outbreaks

The 2025 budget for Public Health assumes a \$20.7M shortfall in the province's share of funding.

### **York Region is working with provincial and community partners to innovate and advocate for more sustainable provincial funding models**

The provincial government has recognized the need to adjust funding formulas in some areas; however, there is still an issue with total funding to York Region for mandated services. Economic and social changes in the community need a strong health and human services sector. Regular, proactive discussions with provincial ministries will help ensure funding takes into account population growth, socio-demographic shifts and increased costs to deliver services.

There is an opportunity to improve provincial systems and services that create efficiencies for York Region. For example, provincial technological delays have required York Region, along with other municipalities, to develop stand-alone data infrastructures for infectious diseases. An integrated provincial system would mitigate costs and increase efficiencies.

There may also be opportunities to work with community partners and provincial funders to showcase successful, local innovations for possible broader application. For example, in April 2024 York Region Paramedic Services launched the Improving Patient Access to Care in the Community program to expand the range of services specially trained paramedics can provide to patients without going to the hospital. Early results show this relieves pressure on the healthcare system and allows Paramedic Emergency Services to improve resource efficiency. More information for Council is tentatively planned for Q4.

This report recommends sharing this information with community partners such as the Human Services Planning Board and others to work together to advocate to senior levels of government. Regional staff will continue to meet with provincial ministries to discuss funding needed, explore opportunities to work together, and identify and/or pilot new ways of integrating digital solutions. By joining AMO and others in their efforts, we will build on common messages such as:

- Curbing reliance on municipal tax dollars
- Investing in local infrastructure to build housing
- Addressing causes of homelessness

Work will continue throughout 2025 towards addressing the provincial shortfalls outlined in this report. An update on funding levels will be provided as part of the presentation of the Community and Health Services 2026 budget.

## 5. Financial Considerations

This report does not present current or anticipated financial changes to the Region’s budget or fiscal position at this time. But could have an impact if advocacy work is successful to provide additional Provincial funding and therefore tax levy relief.

### A funding shortfall of \$77.0M is projected for 2025

Based on approved 2025 operating budgets, Table 2 shows a projected cumulative provincial funding shortfall of \$77.0M in 2025 for the programs outlined in this report. This represents the amount of additional funding needed to align with the 2025 cost of services based on cost sharing parameters in provincial funding agreements. The provincial shortfall for these four programs represents approximately 5% of York Region total 2025 tax levy budget.

**Table 2**

**Provincial Funding Shortfalls for Homelessness Community Programs, Long-Term Care, Paramedic Emergency Services and Public Health**

Service	Cumulative 3-Year Funding Shortfall (2022 to 2024) \$ million	Budgeted 2025 Funding Shortfall \$ million
<b>Homelessness Community Programs</b>	29.8	24.5
<b>Long-Term Care Homes</b>	66.8	27.1
<b>Paramedic Emergency Services</b>	12.8	4.6
<b>Public Health</b>	32.9	20.7
<b>Total Operating Shortfall</b>	142.3	77.0

From 2022 to 2024 \$142.3M in regional tax levy has subsidized the provincial funding shortfall.

Provincial funding shortfalls create tax levy budget pressures, impacting current and future budgets. While one-time or program specific provincial funding helps, annual increases in provincial funding for mandated programs are needed to mitigate future tax levy impacts.

## 6. Local Impact

York Region delivers critical provincially mandated human and health service programs to support residents in all municipalities. Programs focus on basic needs, improve quality of life, and support the health and well-being of residents. Without changes to provincial funding arrangements, budget pressures will continue to escalate and may require difficult decisions that could put service delivery levels at-risk.

## 7. Conclusion

Underfunding of municipalities is not a new problem. Ongoing funding shortfalls for provincially mandated human and health programs and services has financial implications for York Region and poses challenges to expanding services to meet growing community needs. Updated, sustainable provincial-municipal funding arrangements are needed to enable municipalities to continue to support the health and well-being of residents.

York Region staff will continue to advocate to provincial representatives for adequate funding to support mandated human and health programs and services.

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For more information on this report, please contact Monica Bryce, (A) Director, Integrated Business Services at 1-877-464-9675 ext. 72096. Accessible formats or communication supports are available upon request.



Recommended by:

**Lisa Gonsalves**

Commissioner of Community and Health Services



Approved for Submission:

**Erin Mahoney**

Chief Administrative Officer

March 25, 2025  
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