



MEMORANDUM

To: Regional Chair Emmerson and Members of Regional Council
From: Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer
Date: October 17, 2019
Re: Updates to provincial funding changes affecting York Region budget

The 2019 Ontario Budget introduced funding changes in several areas affecting municipalities. This memorandum summarizes the estimated impacts of the changes on the Region's budget. The information in the attachments provides an update to the September 18, 2019 memorandum to the Committee of the Whole and reflects staff's interpretation of the information available on October 17, 2019.

The majority of the changes impact programs and services delivered by the Community and Health Services department. A smaller portion of the changes affect York Regional Police.

The first table in Attachment 1 summarizes provincial funding changes that will need to be managed within the Regional tax levy budget, through an adjustment to service levels or through an equivalent offsetting reduction. Based on information received to date, these tax levy pressures are projected to exceed \$22 million per year by 2022. The figures reflect the revised timing announced by the Province to phase in the implementation of some of the changes.

The Region's 2020 budget, scheduled to be presented to the Council on November 21, will include a proposed approach for addressing the tax levy pressure.

The second table summarizes provincial changes related to Public Health, child care and affordable housing programs without a tax levy impact. This funding is provided for specific programs and services and cannot be used for another purpose.

Service Areas Affected by Provincial Funding Changes

Funding changes include a reduced Provincial contribution towards **Public Health** costs from 75 per cent to 70 per cent in 2020, and a further reduction to 60 per cent in 2021. Most of the reduction is expected to impact the Region's budget beginning in 2021, with an estimated tax levy impact of \$8 million by 2022.

The Public Health figures exclude potential efficiency expectations associated with the Province's proposed new governance/service delivery model, effective April 2020. The Province advised Public Health units that there would be an expectation of 10% savings as a result of the governance changes, estimated to be approximately \$6.7 million per year for York Region.

Changes to **Child Care** include reduced contributions towards the cost of creating new child care spaces, with York Region and other municipalities responsible for paying 20 per cent of the cost of new daycare spaces. These costs were previously fully covered by the Province. In addition, there will be less Provincial funding to cover administrative costs. The changes would impact the Region's tax levy with costs projected to reach \$8.6 million by 2022.

Announced funding for **Paramedic Services** and **Seniors Services** reflects smaller funding increases than the Province has provided historically.

Changes to **Homelessness Prevention** include the delay of a previously announced increase in grant funding through the Community Homelessness Prevention Initiative, which funds third party program costs to reduce and prevent homelessness, as well as the Region's cost to administer this funding to third parties. The reduction is partially offset by the continuation of funding for the Home For Good program, which was previously expected to be phased out in 2020.

A reduction to the Community Safety and Policing grant for **York Regional Police** is contributing to a potential shortfall of up to \$1.9 million per year. As of the date of this memo, the Province had not yet confirmed the total grant allocation for York Regional Police. Further updates based on announced grant funding allocations will be provided at a later date.

Key changes to funding that do not have a tax levy impact include increases for the new dental program for low-income seniors, additional funding for wage enhancement for child care workers in support of retention and quality services, and new funding to support affordable housing. The increases are partially offset by the phase-out of fee stabilization in the child care sector, which aims to offset child care operator staffing costs associated with the minimum wage increase effective January 2018. In 2019, this funding exceeds the budgeted amount by \$8.8 million. The extra funding amount decreases in each following year.

Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer

Bruce Macgregor
Chief Administrative Officer

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Attachment (1)
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