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December 15, 2008

Dear Heads of Council:

We are writing you to announce the release of the Ontario Municipal Partnership Fund (OMPF) allocations for 2009. This release is a follow-up to the OMPF 2009 Combined Benefit Stable Funding Guarantee announced on November 14, 2008.

As you know, the Province, along with the Association of Municipalities (AMO) and the City of Toronto, released the consensus Report of the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) on October 31st. In the Report, our partners agreed to the key principle that the OMPF should remain responsive to changes in municipal circumstances, such as the upload of Ontario Drug Benefits (ODB), and Ontario Disability Support Program (ODSP) and Ontario Works (OW) benefits. Consistent with the normal operation of the OMPF, the 2009 social programs grants have been adjusted to reflect the reduction in municipal costs resulting from the full upload of ODB and ODSP administration. Future OMPF allocations will also be adjusted as the remaining social programs uploads are phased in.

The benefit of the uploads will increase to an estimated net \$1.5 billion annually over the 2007 OMPF allocations, when the social program and court security uploads agreed to in the Review are fully phased in by 2018. As a result of the uploads and other provincial initiatives, we will have increased ongoing annual support to municipalities to over \$3.8 billion by 2018, an increase of more than \$2.7 billion, or over 250 per cent, compared to 2003.

For 2009, the OMPF will provide \$704 million to 387 municipalities across the province. Combined with the 2009 uploads (ODB and ODSP administration), this is a \$330 million or 53 per cent increase over the funding provided in 2004 under the previous program.

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Although municipalities delivering social programs will see their social program costs decrease, no municipality will receive less funding in 2009 than the funding identified on the *OMPF 2009 Combined Benefit Stable Funding Guarantee Notice* issued to Treasurers and Clerk-Treasurers on November 14, 2008.

We would also like to confirm that beginning in 2009, the limits originally announced as part of the OMPF transition will expire and, as a result, municipalities are now entitled to receive any funding increases in full.

In 2009, through the Combined Benefit Stable Funding Guarantee (CBSFG), we will ensure that your municipality's *combined benefit* of your 2009 OMPF plus the reduced costs from ODB and ODSP administration uploads, will be at least equal to your March 2007 OMPF. Without this additional support, some municipalities would normally see a reduction in their OMPF allocations because of the phase-out of the one-time and transitional funding they have received in past years under the OMPF.

The special one-time assistance we are providing in 2009, to deliver on the CBSFG, will allow you sufficient time to begin planning for your 2010 budget cycle with information on your actual OMPF entitlements. In 2009, the Ministry of Finance will also work with AMO and the City of Toronto to review the OMPF in advance of the release of 2010 allocations.

The Deputy Ministers of Finance and Municipal Affairs and Housing will be providing further details on the 2009 OMPF grant parameters to your municipal Treasurers and Clerk-Treasurers shortly. This information and other supporting materials will be posted in both English and French on the Ministry of Finance website:

<http://www.fin.gov.on.ca/english/budget/ompf/>

<http://www.fin.gov.on.ca/french/budget/ompf/>

The Ontario government will continue to develop its partnership with municipalities, and work with you to build strong communities in a strong and prosperous Ontario.

Sincerely,



Dwight Duncan
Minister of Finance



Jim Watson
Minister of Municipal Affairs and Housing