



Ministry of Finance

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March 14, 2008

Dear Treasurer/Clerk-Treasurer:

This letter is in follow up to the recent letter to Heads of Council from the Ministers of Finance and Municipal Affairs and Housing announcing the release of the 2008 Ontario Municipal Partnership Fund (OMPF) allocations.

In 2008, the OMPF is providing \$870 million to 393 municipalities across the Province. This is a \$252 million or 41% increase over the funding provided in 2004 under the previous program.

No municipality will receive less funding than the level identified on the 2008 Stable Funding Guarantee Notice issued December 21, 2007.

In addition, municipalities delivering social programs will benefit significantly from the upload of the Ontario Drug Benefit (ODB) and Ontario Disability Support Program (ODSP) announced by the Premier last August. By 2011, the Ontario Drug Benefit (ODB) and Ontario Disability Support Program (ODSP) upload will save municipalities in excess of \$900 million annually. The municipal savings resulting from the January 1, 2008 upload of ODB is identified on Line E1 of the enclosed *Allocation Notice*.

The OMPF is included in the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) and the review's recommendations may result in changes to the program for future years. As noted in the Ministers' letter, a key principle for the province is that the OMPF remain responsive to changes in municipal circumstances and provincial support only be provided in respect of costs that are actually incurred by municipalities. As a result, 2008 will be a transition year for the OMPF.

Details of the 2008 OMPF Release

Details of the 2008 OMPF grant calculations are provided in the attached *Ontario Municipal Partnership Fund Technical Guide 2008*.

The 2008 OMPF has been updated to reflect the most current program data to ensure that the OMPF remains responsive to changing municipal circumstances.

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The January 2008 upload of municipal ODB costs to the Province has resulted in significant savings for municipalities delivering these services. These reduced municipal costs are reflected in the social program grants under the 2008 OMPF.

Similarly, changes in assessment, households or policing costs are also reflected in the respective grants.

While the basic structure of the OMPF grants will remain the same in 2008, further refinements to OMPF grant parameters have been introduced in order to continue to provide enhanced support to municipalities. The specific refinements to the grant parameters incorporated in the 2008 OMPF are as follows:

- The weighted assessment eligibility benchmark for the Social Programs Assessment Threshold Component has been adjusted to 0.176% in 2008 (from 0.178% in 2007), to respond to municipal assessment growth.
- Under the Assessment Equalization Grant Component, municipalities will receive funding if their total assessment per household is less than \$190,000 (adjusted from \$187,000 in 2007), in response to assessment changes.
- The tax revenue benchmark for Northern and Rural Social Programs Grant Component has been adjusted to 12.5% in 2008 (from 13% in 2007) to reflect changes in tax revenue.
- Rural and Small Community Measure (RSCM) representing the proportion of a municipality's population residing in rural areas or small communities has been updated to incorporate recently released 2006 Census data.

Special 2008 ODB Upload Guarantee

The Special 2008 ODB Upload Guarantee is included in this year's OMPF. This grant provides special additional one-time funding in 2008 to those municipalities that otherwise would see funding decreases, relative to their March 2007 OMPF allocations, specifically as a result of no longer sharing the ODB costs for social assistance recipients. Some municipalities will receive additional assistance, as in previous years.

OCB/NCBS

With the introduction of the Ontario Child Benefit (OCB), announced in 2007, municipalities are benefiting from lower social assistance (SA) costs. To the extent that overall SA expenditures decline as a result of reducing child-related payments, the municipal share of these expenditures will also decline. This decline will result in municipal cost savings.

While the National Child Benefit Supplement (NCBS) will no longer reduce SA benefits for families with children, municipalities are still expected to maintain investments in the NCB reinvestment programs. These municipal investments will continue to be recognized as eligible social program costs under OMPF, after the introduction of the OCB, if they flow to programs for children in low-income families.

2008 OMPF Allocation Notice

The results for your municipality are reflected in the enclosed *2008 OMPF Allocation Notice*.

As the Ministers' letter advised, no municipality will receive less funding in 2008 than the level of funding announced under the 2007 OMPF in March. To ensure this, municipalities otherwise projected to see lower OMPF funding in 2008 will receive additional assistance, as in previous years, and/or the Special 2008 ODB Upload Guarantee (Lines B and A5 respectively, on the *Allocation Notice*).

2008 Cash Flow

The attached *2008 Cash Flow Notice* identifies each of the 2008 OMPF quarterly payments. The remaining quarterly payments to municipalities will be processed at the end of April, July and October 2008.

2008 Reporting Requirements

Municipalities are required to submit the following to the Ministry of Municipal Affairs and Housing:

- their 2007 Financial Information Returns (FIRs) by **May 31, 2008**;
- their 2008 tax rate by-laws by **September 30, 2008**; and
- any outstanding 2006 Financial Information Returns (if applicable).

Failure to meet these deadlines may result in the withholding of 2008 OMPF payments until these documents have been provided to the Province.

All *2008 OMPF Allocation Notices* and the *2008 Ontario Municipal Partnership Fund Technical Guide* will be posted in 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/>

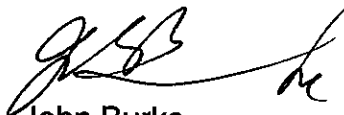
Staff from the Ministries of Finance and Municipal Affairs and Housing would also be pleased to arrange technical briefings on the modifications to the OMPF grant parameters in the upcoming months if requested.

If you require additional information regarding your 2008 OMPF allocation, you may contact your local Municipal Services Office of the Ministry of Municipal Affairs and Housing, or e-mail your inquiries and your contact phone number to: info.ompf@ontario.ca

Sincerely,



Colin Andersen
Deputy Minister
Ministry of Finance



John Burke
Deputy Minister
Ministry of Municipal Affairs and Housing

Attachments