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Subject AMO Policy Update - 2016 OMPF Allocations Announced

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2016 OMPF Allocations Announced

Today the Ministry of Finance issued 2016 allocation notices from the Ontario Municipal Partnership Fund (OMPF). Letters to heads of council and treasurers are being mailed at this time. Allocation notices may also be viewed on the Ministry's [website](#). Below are key aspects of the funding announcement for 2016:

1. The spring 2015 provincial budget announced an additional \$5 million for northern communities. This change brings the total OMPF envelope for 2016 to \$505 million. This means municipalities will experience a \$10 million cut in total funding, an improvement over the expected \$15 million cut for 2016.
2. A cut of 10% for municipalities in northern Ontario (in Ministry parlance, a 90% funding guarantee), is the same cut experienced in 2015.
3. A cut of 15% for municipalities in southern Ontario (in Ministry parlance, 85% funding guarantee), is an improvement of 5% over the 20% cut in 2015. The value of this change for southern municipalities is estimated at \$5 million.
4. A reallocation of \$5 million for rural communities with a high percentage of farmland (over 70%) using a new Farm Area Measure. These dollars are funded from within the Transition envelope.
5. A reallocation of \$12 million for municipalities based on need (Municipal Fiscal Circumstances Index). These dollars are also funded from within the Transition envelope.

The chart below illustrates the changes to each of the grants components over time.

Historical OMPF Allocation by Grant (in millions of \$)

Component	2010	2011	2012	2013	2014	2015	2016
Social Services Grant	84	25	25	0	0	0	0
Policing Grant	82	92	94	0	0	0	0
Farmland and Managed Forests Grant	47	47	46	0	0	0	0
Assessment Equalization Grant	150	147	147	0	149	149	149
Northern Communities Grant	84	85	86	0	79	79	84
Rural Communities Grant	158	159	162	0	138	138	143
Northern and Rural Fiscal Circumstances Grant	0	0	0	0	50	55	67
Transitional and Stabilization Grants (incl. Northern & Rural Social Program)	45	42	38	0	134	94	61

TOTAL OMPF	650	597	598	575	550	515	505
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The overall OMPF envelope was part of the 2008 Provincial-Municipal Fiscal and Service Delivery Review Agreement. Next year's decrease will be the last scheduled decline.

The Ministry's changes for 2016 demonstrate an effort to distribute OMPF allocations based on need and the specific fiscal challenges of different types of municipalities. The remaining transitional and stabilization grants are an integral part of the overall envelope in future years.

The Ministry has been hosting annual discussions with almost 30 municipal treasurers to consider the Fund's design and ongoing evolution. These discussions have helped to inform some of the Province's funding decisions in past years. However, looking forward, the Province's fiscal plan for the OMPF in 2017 and beyond has not yet been discussed or formalized.

Despite the merits of the uploads, many communities continue to face limited or declining fiscal health and face fundamental operating budget challenges. AMO continues to be concerned about the cumulative fiscal impact of recent and anticipated future provincial government initiatives. These include the impact of the 2011-2014 OPP wage increase, uncertainty regarding a new OPP collective agreement, OPP billing changes, social assistance benefit adjustments and special dam payment cuts.

AMO's discussions with the provincial government regarding the future of the OMPF will be informed by the above issues and the enduring need for a strong equalization program across the province.

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