



## INFORMATION REPORT

<b>TO:</b>	Chair and Members Emergency and Community Services Committee
<b>COMMITTEE DATE:</b>	May 2, 2019
<b>SUBJECT/REPORT NO:</b>	2019 Provincial Funding Update (HSC19023) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Amanda Thind (905) 546-2424 Ext. 4522
<b>SUBMITTED BY:</b>	Paul Johnson General Manager Healthy and Safe Communities Department
<b>SIGNATURE:</b>	

### INFORMATION

This report provides a high-level summary of the potential funding impacts to services delivered by the Healthy and Safe Communities Department resulting from the 2019 Ontario Budget. Staff will continue to gather information regarding the timing of commitments and potential funding program parameters, to assist Council in preparing for future funding decisions.

The 2019 annual funding for the Healthy and Safety Communities Department includes provincial funding in the amount of \$324 million. The actual annual 2019 allocation is expected to be about \$314 million based on confirmed allocations as well as assumptions based on known information, resulting in a shortfall of about \$10 million. The prorated 2019 shortfall is expected to be about \$8.9 million. A breakdown of the funding by division is provided in Table 1.

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Table 1

Division	Expected Annual Funding	2019 Prorated Impact	Annual Impact
Children's Services and Neighbourhood Development	\$68.8 M	(\$3.4 M)	(\$3.4 M)
Housing Services	\$25.3 M	-	-
Long-Term Care	\$21.2 M	(\$400.0 K)	(\$400.0 K)
Hamilton Paramedic Service	\$25.6 M	(\$700.0 K)	(\$700.0 K)
Ontario Works	\$139.0 M	(\$2.0 M)	(\$2.5 M)
Recreation	\$380.0 K	-	-
Public Health Services	\$33.8 M	(\$2.4 M)	(\$3.3 M)
<b>Total Healthy and Safe Communities</b>	<b>\$314.1 M</b>	<b>(\$8.9 M)</b>	<b>(\$10.2 M)</b>

**New Programs**

Housing Services	\$5.8 Million	\$5.8 Million	\$5.8 Million
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*\*Table may not add due to rounding*

**Housing Services Division – Ministry of Municipal Affairs and Housing, Ministry of Children, Community and Social Services**

The City's 2019 budget includes provincial funding in the amount of \$25.3 million. The City has received confirmation for most of the programs resulting in no change to the budgeted amounts. There are no negative funding impacts for the Housing Services Division.

In addition, Housing Services is receiving funding for two new programs; the Canada Ontario Community Housing Initiative in the amount of \$1.2 million and Ontario Priorities Housing Initiative in the amount of \$4.6 million for a total of \$5.8 million. These programs were not included in the 2019 budget.

**Ontario Works - Ministry of Children, Community and Social Services**

The 2019 budget includes provincial funding in the amount of \$141.5 million. The City has not received any funding confirmations from the Province other than the discontinuation of the Addiction Services Initiative (ASI) funding. It is now expected that the funding amounts will remain at the 2018 actual levels for Ontario Works 50/50 funding and the Employment Assistance Program (as opposed to the 2018 budgeted levels). This will also impact several other divisions within Healthy and Safe Communities. Based on

this information OW would receive \$139 million in annual funding, resulting in an annual shortfall of \$2.5 million and a 2019 prorated shortfall of \$2 million.

The City has been informed that it can present a business case for increasing the 2019 budget from 2018 actuals to closer to our 2018 budgeted amount. Staff will be preparing that submission immediately.

The Addiction Services Initiative funding reduction equals a loss of \$1.1 million in 100% provincial funding for intensive case management and addiction treatment. This results in a reduction of 12 FTEs (within Ontario Works, Housing Services and Public Health Services) and the loss of intensive case management and programming for approximately 240 people. It is anticipated that community partners, including the City's Public Health Alcohol, Drugs and Gambling Services (ADGS) will be unable to accommodate the exiting 140 people receiving addiction treatment through ASI.

### **Recreation - Ministry of Senior Affairs**

The 2019 budget includes provincial funding in the amount of \$380K. The City has not received any funding confirmations from the Province and has no further information at this time, however the funding level is not expected to change.

### **Public Health Services – Ministry of Health and Long-Term Care**

The 2019 budget includes an assumption of provincial funding in the amount of \$37 million. The City is waiting to receive confirmation from the Province on the funding allocations, however based on known information a 70/30 split has been assumed for most provincially funded programs resulting in an estimated funding allocation of \$33.8 million for 2019, leading to a shortfall in 2019 of \$2.4 million, and a further impact of \$900,000 in 2020. The funding formula would further shift by 2021/2022 to its end state of 60% provincial and 40% municipal, although the province is hoping to achieve some efficiencies through regionalization that may offset impacts.

Portions of the Public Health Services budget are also funded through other Ministries or other sections of the Ministry of Health. At this time, there is no indication that these areas are impacted, and so no change in estimates are included for those programs (e.g. Healthy Babies Healthy Children). Staff will be seeking clarification on these points during discussions with the Province.

The Province has indicated that there will be an opportunity to discuss one-time funding on a case-by-case basis with each health unit to assist with the transition to the new funding formula in 2019.

**Children's Services and Neighborhood Development - Ministry of Education**

The 2019 budget was based on the 2018 provincial funding in the amount of \$72.2 million, however the Province has confirmed the actual funding for 2019 will be \$68.8 million, resulting in a shortfall of \$3.4 million. The Province is updating the funding formula and municipal cost share requirements and full details on these impacts are not known at this time. The Ministry of Education will provide further details on these changes when they release the 2019 Service Agreement and the Ontario Child Care Service Management and Funding Guidelines which will be available in the coming weeks.

**Long Term Care – Ministry of Health and Long-Term Care**

The 2019 budget included provincial funding in the amount of \$21.6 million. To date the City has not received any confirmation of funding but is expecting funding to remain at the 2018 levels of \$21.2 million resulting in a shortfall of about \$400,000.

Over the past 4 years, Long-Term Care (LTC) Homes have budgeted a 2% increase to the Nursing & Personal Care envelope based on previous year's increases by the Ministry of Health & Long-Term Care. For the 2019 budget, a more conservative assumption was made at a 1% increase for the Nursing & Personal Care envelope.

The LTC funding may be further impacted once the City receives their case mix index (CMI) data. The CMI is the information that is used in determining the allocation of resources to provide care for residents at our two long-term care facilities. The 2019 budget assumed that the CMI would remain unchanged.

**Hamilton Paramedic Services – Ministry of Health and Long-Term Care, Local Health Integration Network**

The 2019 budget included provincial funding in the amount of \$26.3 million. The City is still waiting to receive confirmation from the Province on the funding allocation, however it is not expected that the City will receive the Land Ambulance funding that was approved through the Capital budget process in 2019 resulting in an estimated funding allocation of \$25.6 million for 2019 leading to a shortfall of over \$700,000.

In accordance with the Land Ambulance Service Grant (LASG) agreement the Province has adjusted our grant funding in each of the years following Council approval of capacity increases. However, the funding formula within the LASG creates a one-year lag before the provincial 50% of our operating costs are funded. In essence, the City has been required to fund 100% of the cost of ambulance service resource increases in the first year of operation rather than the 50% of ambulance costs contemplated in the original downloading of ambulance services to the municipality. This issue has previously been raised with the Ministry of Health and Long-Term Care, and Hamilton's Mayor has written directly to the Minister to seek a resolution to this matter.

### **Next Steps**

As the full budget packages from the province are received, staff will update the financial impacts and begin to prepare in-year mitigation strategies. Those strategies will be presented as part of a corporate report regarding the impacts across all departments. It is expected that this report will be presented by the end of Q2 2019. While this report is being prepared, services in the above-mentioned program areas will operate on a “business as usual” basis except for the ASI program which will wind down between now and July 31, 2019.

### **APPENDICES AND SCHEDULES ATTACHED**

None