

CURE Policy Brief



About the Center

The Centre for Urban Research and Education (CURE) is a multi-disciplinary network of researchers, primarily from Carleton University, who share an interest and commitment to strengthening municipal and urban affairs. With diverse experience, expertise and perspectives, the CURE network carries out collaborative research in areas including community governance, citizen engagement and local capacity building around planning for infrastructure to support social, economic, and environmental sustainability.

Vision and Goals

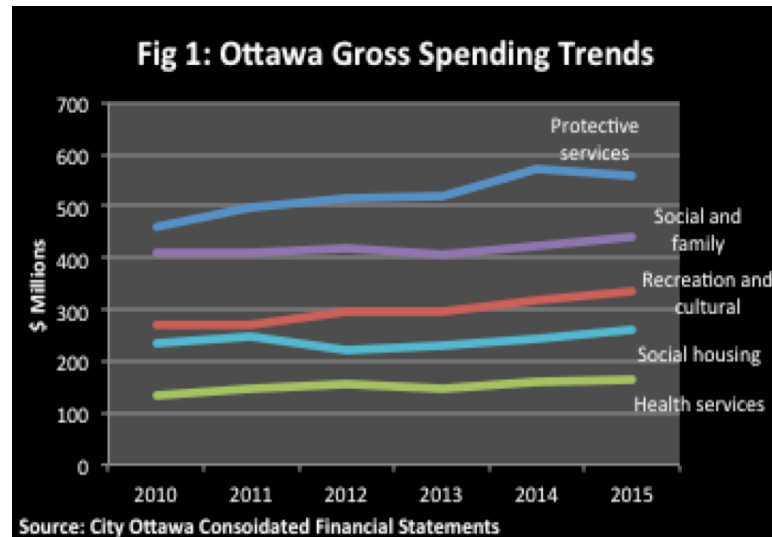
We are committed to strengthening governance, policy making, and management in urban areas through collaborative research, community engagement, and education.

Is the City of Ottawa balancing its budget on the backs of the poor?

by Steve Pomeroy and Maude Marquis-Bissonnetteⁱ

Since 2009 Ottawa has reported the first or second highest median total income of any metropolitan region in Canada.¹ In addition, Ottawa enjoys the fourth highest home prices after Vancouver, Toronto and Calgary, creating the opportunity to benefit from a rich tax base.

Based on the high commitment to local fundraising campaigns and volunteerism the citizens of Ottawa appear to be generous and caring. However this caring perspective is not reflected in the municipal budget, where City Council has consistently taken a much more frugal approach to spending in areas that affect the City's capacity to respond to pressures on key social issues.



Council has committed to hold property tax increases to a maximum of 2% and is therefore faced with the need to trim budgets and control spending. As the City works to balance budgets, evidence has shown that investments in the areas of community and family services have fallen behind those in other service areas. Since 2010, there has been a gradual increase in overall City spending; however, support for community services has lagged behind other key areas, both in relative spending levels and in relation to need.

This trend is evident both in gross expenditure levels as well as “net” spending, the portion of the budget that is covered by property taxes and is controlled by Council. The methodology used to arrive at this conclusion is described in an endnote below.ⁱⁱ

Gross expenditure trends

“Gross spending” refers to funds spent on City programs that are partially or totally provided by the province or federal government (e.g. Ontario Works, all of Ontario Disability Support Payments and part of social housing). For many of these programs, the City has no control over how the funds are spent because they are covered by legislation (e.g. social housing, and OW & ODSP expenditure). Because of this, spending levels may vary from year to year due to changes in funding levels from other levels of government; as well as shifts in demand for certain programs (such as caseloads in OW & ODSP).

Figure 1 shows that the largest increase in City spending has been in protective services (police, fire and EMS); investments in recreation and culture have also seen steady gains. By comparison, health, social services and social housing have not enjoyed similar gains.

Figure 2 shows that the share of spending for community services and social housing have both declined, while spending on protective services, recreation and health have increased their respective shares of the overall City spending.

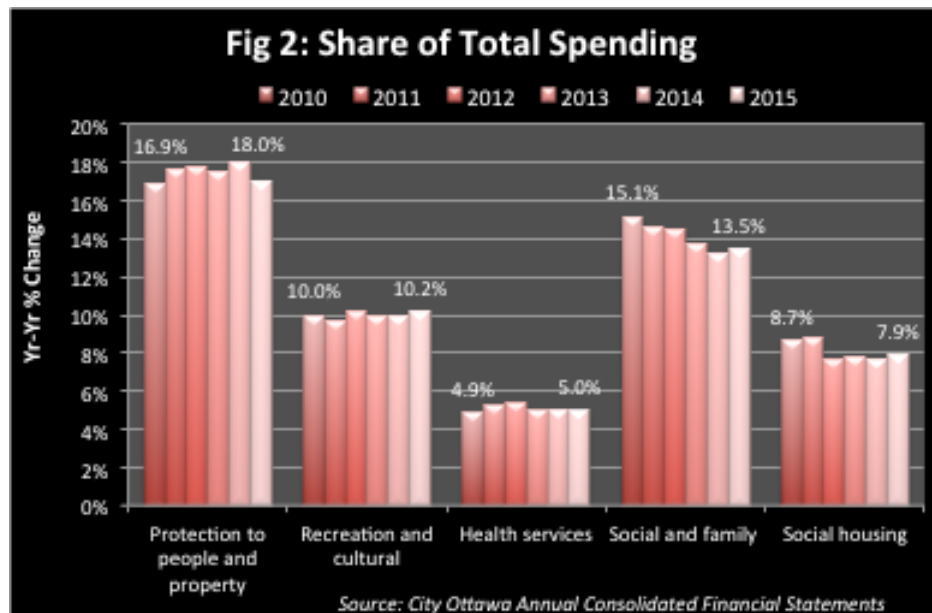
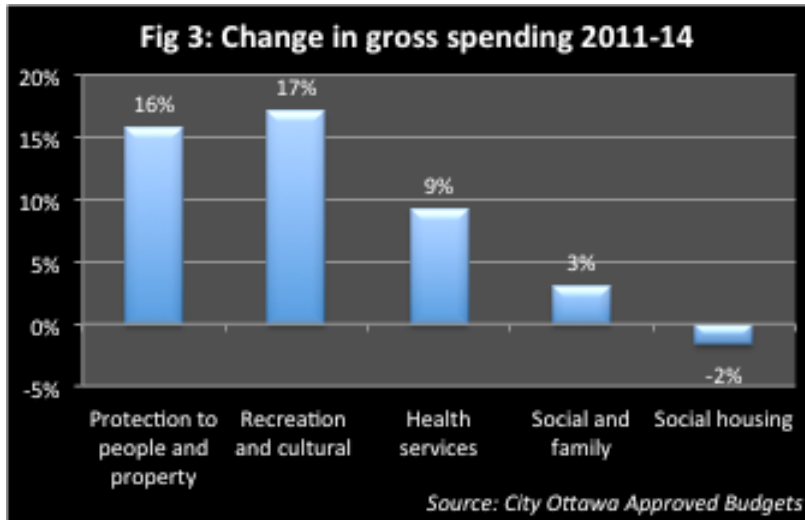


Figure 3 looks at City spending between 2011 and 2014 and shows a significant difference in spending, with the two social service categories are well below the others, despite allocation of funding from a provincial upload to housing and homelessness.



Net spending (municipal tax base)

“Net” City spending is the portion of the budget that Council controls and it represents a better reflection of the City’s priorities and decisions. Net spending also includes revenues generated from user fees.

“Net requirement” is the portion of the budget that is used by Council to decide property tax rates – the taxes collected are set at a level to match the net budget requirements and thereby balance the books.

Similar to the trend in gross spending, on a net basis Figure 4 shows that the portion of spending funded directly by the City has again favoured protective services; and to a lesser extent, recreation and cultural services. Community and social services (CSS) is the only service area where there is a notable and steady decline in the share of total tax-based spending.

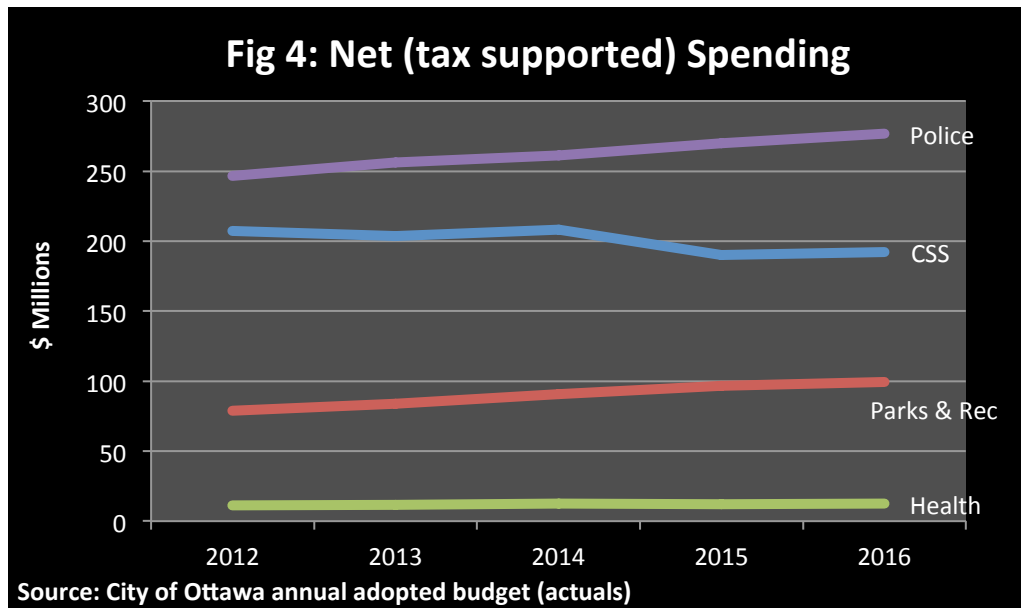
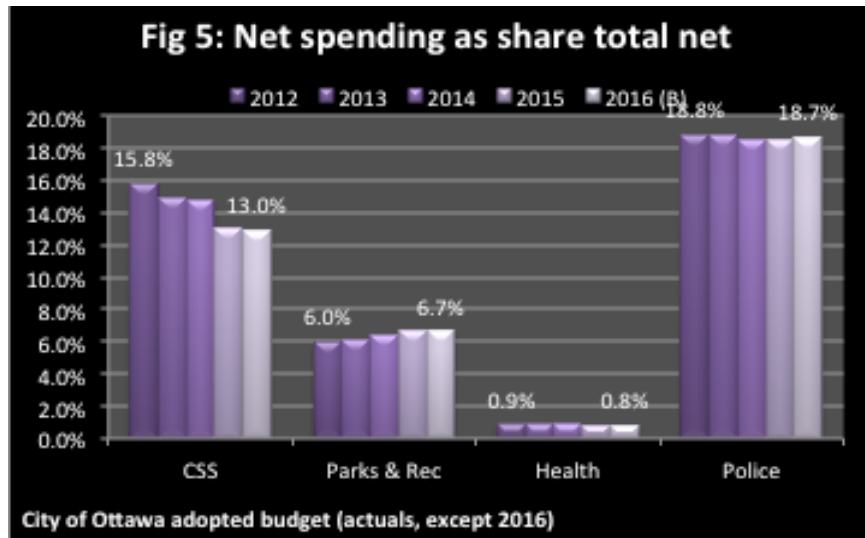


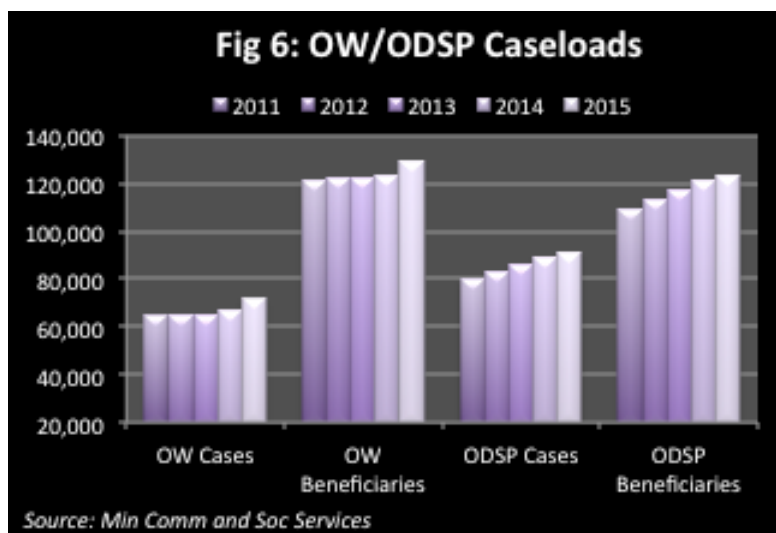
Figure 4 examines the same data on a per capita basis and shows that contributions to community and social services have declined from \$222 to \$200; meanwhile police spending increased from \$264 to \$288. Figure 5 demonstrates clearly that, in relative terms, the proportion of investments in CSS have declined as a share of total tax funded expenditures from 15.8% in 2012 to 13% in the 2016 budget.



The spending trends are inconsistent with trends in levels of social assistance caseloads and crime rates: the Police Services Board’s annual crime statistics have reported a steady decline in crime rates across all types of offences, including a decrease of 6.6% in traffic-related offences between 2010 and 2014; total offenses including traffic related were down 6.6%. Despite these improvements in crime rates, funding for protective services has continued to increase.

Conversely, in spite of an increasing population and growth in demonstrated need, funding for community and family services has risen much more slowly; and, in fact, in relative spending and per capita terms it has declined.

One of the key drivers of services and support needs in family and social services is the caseloads in the two provincial income support programs: Ontario Works (OW) and Ontario Disability Support Program (ODSP). ODSP is entirely funded by the province and is delivered by the City, which shares 50% of the administrative cost. OW is also delivered by the City; and support payments to clients are partially funded by the City.ⁱⁱⁱ



Caseloads in both ODSP and OW impact on the requests for support received by community health and resource centres (CHRCs) and other community services providers – demand increases proportionally with caseloads. The services provided by these agencies are supported by operating funds from the City. In the annual City budgets the operating allocations to community services providers funded by the City have been increased at or about the rate

of inflation – generally 1.5% per year.

The small increases to community and social services funding significantly lags behind the rate of overall population growth. Further, they are not reflective of the rising levels of demand and need attributable to increasing OW & ODSP caseloads, which, as noted, are key drivers of demand for supportive community services.

CHRCs and other community support agencies have experienced a large increase in the number of individuals and families seeking support in order to stabilize and ultimately improve their lives. In the face of this demand, funding levels allocated to family and social services and funding for community health and resource centres by Ottawa City Council appear to be insufficient.

In comparison, City Council's support for other municipal responsibilities appears indicate a preference to support protective and recreational services over those seeking to address core issues of poverty and disadvantage.

Notes

ⁱ Steve Pomeroy is a Senior Research Fellow in CURE; Maude Marquis Bissonnette is a PHD Candidate in the School of Public Policy and Administration. This research brief was supported in part with funding from the Coalition of Community Health and Resource Centres.

ⁱⁱ This review draws on two data sets, the annual budget documents, as prepared and approved by the City and the subsequent audited consolidated annual financial statements. The budget data reflect a priori planned spending for the coming year; the consolidated financial statements present a post hoc confirmation of actual spending, for the prior two years. The City's Operating and Capital Budgets are based upon a modified cash basis of accounting. This results in significant differences between the City's annual consolidated financial statements and its Operating and Capital Budgets. PSAB accounting policies require that the consolidated financial statements show a comparison of the actual financial results for the period to those originally planned (budgeted). These policies also state that those "planned" (budgeted) results should be presented for the same scope of activities and on a basis consistent with that used for actual results. The City prepares its Operating and Capital budgets on a different basis from that used to account for transactions in the consolidated financial statements. A reconciliation of Council's approved budgets to the budget figures reported in the financial statements is reported in notes to the annual consolidated financial statements.

Budget data is however presented in much greater detail than the financial statements, and includes explanation of variations and adjustments to prior years. As such budgets provide greater insight to interpret spending levels. For this reason, budget data are also used, but draw on the "actual" spending as reported for comparison for the year prior to each budget. Using budget data also provides information for planned spending for 2016.

ⁱⁱⁱ The Ministry of Community and Social Services is gradually uploading the cost of Ontario Works social assistance benefits and covered 88.6% in 2014, 91.4% in 2015. It will be 100% uploaded by 2018. The cost of administration for the delivery of social assistance remains at 50%.