

# Memorandum



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**TO:** Chair and Members of Budget Committee

**FROM:** Brenda R. Breault,  
Commissioner of Corporate Services and Treasurer

**DATE:** January 27, 2011

**SUBJECT:** **Regional Uploading of Toronto Tax and Social Benefit Programs to the Province**

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## Background

During the Provincial Budget speech in March 2007, the Province announced the phasing out of the Toronto Tax program. The 2007 budget called for contributions to be rolled back to the 2004 level and a reduction of one sixth of the program contributions each year until the full elimination of the program in 2013. In August 2007, the Province announced the uploading of costs for the Ontario Disability Support Program (ODSP) and the Ontario Drug Benefit (ODB) Program. Uploading of these programs would begin in 2008 and be fully transferred to the Province by 2011. The uploading of the Ontario Works cost-shared benefit costs began in 2010 and will be gradually phased in each year until 2018.

## Regional Information from 2007:

The Region of Peel staff prepared a report in September 2007 entitled 2008 Budget Update and Ontario Disability Support Program/Toronto Tax Reductions recommending that ODSP/Toronto Tax expenditure reduction in 2008 be shared with the area municipalities. This report recommended that the reduction be applied to the upper and lower tier municipalities based on the relative shares that the upper and lower tier municipalities have of the combined 2007 tax levy.

This report was deferred to 2008 Regional Budget discussions which took place on December 13, 2007. At that time Region of Peel Council decided that funding provided by the Province of Ontario related to the Ontario Disability Support Program (ODSP) and the phasing out of the Toronto Tax be retained by the Region of Peel – Recommendation GCB-8-2007.

### Summary of Mississauga's Information from 2007

At the Mississauga Budget Committee meeting on November 7, 2007, staff tabled a report entitled "Mississauga's Participation in Provincial Uploading" which provided information on potential impacts of having tax room created from the uploaded services reallocated from the Region of Peel to Mississauga and the other area municipalities. The report indicated that reallocation of tax room from the upper tier could provide some lower tier relief on tax increases, reduce overall debt issuance requirements, or support additional unfunded infrastructure needs. The report and related presentation were received for information by the Budget Committee on November 14, 2007 but no further action was taken in this regard.

### 2011 Regional Budget Savings

The 2011 Regional Budget includes \$26.6 million in savings being realized from the uploading of program costs to the Province. If these savings were distributed between the Region and the lower tier municipalities on the basis of shares of the 2010 total tax levy, then 57.2% of these savings would be allocated to the Region and 42.8% to the lower tier municipalities as shown below.

(\$Millions)	Mississauga	Brampton	Caledon	Total	% Share	Allocation of Uploaded Savings
Regional 2010 Levy	\$496.9 (62.3%)	\$261.9 (32.9%)	\$37.4 (4.8%)	\$796.3 (100.0%)	57.2%	\$15.2
Lower Tier 2010 Levy	<u>\$297.2</u>	<u>\$264.2</u>	<u>\$33.8</u>	<u>\$595.2</u>	<u>42.8%</u>	<u>\$11.4</u>
Total	\$794.1	\$526.1	\$71.3	\$1,391.5	100.0%	\$26.6

Distributing the \$11.4 million lower tier portion of the savings (i.e. 42.8% of the \$26.6 million) on the basis of each municipality's share of the Regional tax levy would result in an allocation to Mississauga of \$7.1 million (i.e. 62.3% of \$11.4 million). \$7.1 million in additional tax room which would be available to the City which equates to about 2.4% of City taxes. If this tax room, created through uploading of costs to the Province was shared, the City's proposed tax rate would effectively be about 4.7% or 1.3% on the total tax bill.

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The chart below prepared by Regional staff in 2008 shows the estimated total savings to be realized as a result of provincial uploading initiatives over the years 2009 to 2018. Although there will be some updates/revisions required to the amounts shown, they are a reasonable reflection of the savings being realized from the uploading by the Province

(\$Millions)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Social Ass'tce and Employ Benefits (OW)		\$0.05	\$0.05	\$0.5	\$2.5	\$2.7	\$3.1	\$3.6	\$4.5	\$4.7	\$21.7
ODSP	\$1.40	\$13.40	\$16.10								\$30.9
GTA Pooling	\$10.10	\$10.10	\$10.10	\$10.10	\$10.20						\$50.6
<b>Total</b>	<b>\$11.5</b>	<b>\$23.5</b>	<b>\$26.2</b>	<b>\$10.6</b>	<b>\$12.7</b>	<b>\$2.7</b>	<b>\$3.1</b>	<b>\$3.6</b>	<b>\$4.5</b>	<b>\$4.8</b>	<b>\$103.2</b>

While savings realized prior to 2011 have all been absorbed by the Region, the uploading savings in 2011 and future years could be shared with Peel's lower tier municipalities. This would assist in providing some much needed tax room to the lower tier municipalities as they struggle to meet ongoing and increasing demands by taxpayers for local services and service improvements in areas such as Transit.



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