

January 31, 2024

The Honourable Peter Bethlenfalvy

Minister of Finance

c/o Budget Secretariat

Frost Building North, 3rd Floor

95 Grosvenor Street.

Toronto, Ontario, M7A 1Z1

Sent by email to: Peter.Bethlenfalvy@pc.ola.org and submissions@ontario.ca

Re: OMSSA 2024 Provincial Pre-Budget Submission

Dear Minister Bethlenfalvy,

The Ontario Municipal Social Services Association (OMSSA) is a non-profit association whose Members are Ontario's Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs). Our 47 Members appreciate the opportunity to provide consultation on the upcoming 2024 Ontario Budget.

Municipal-Provincial Fiscal Relationship:

OMSSA supports the Association of Municipalities Ontario's (AMO) call for a Social and Economic Prosperity Review to review and update a new approach to the provincial-municipal fiscal relationship. According to AMO, municipalities are subsidizing the province by an estimated \$4 billion per year for services within provincial jurisdiction.

This makes up almost a third of all municipal spending including community housing, homelessness shelters, public long-term care homes, public health, social assistance, employment supports, human services and more.

Over the past five years, municipal spending on homelessness has increased over 200%. Municipalities have also seen human services, shelter capacity, and supportive services, further stretched covering federal costs associated with asylum seekers and refugees seeking a better life in Canada.

These costs cannot be supported by property taxes alone. Municipalities only collect 9% of total tax revenue in Canada and face an expanding scope of services to provide.

Municipalities are also responsible for maintaining infrastructure and plan to spend \$250-290 billion on infrastructure over the next 10 years. Municipalities have also been impacted by higher-than-normal inflation. The fiscal framework that enables municipalities to deliver

infrastructure and vital services is broken and it is failing residents, small businesses, and major industries.

The last review of provincial-municipal cost sharing was undertaken in 2008. A review of provincial-municipal financial arrangements is long overdue. Ontario's property taxes are already the second highest in Canada. The burden on property taxpayers is already far too high as residents struggle with a cost-of-living crisis.

OMSSA supports AMO's call for a province-wide conversation where urban, suburban, rural, and Northern municipalities, and the Province, come together to promote the stability and sustainability of municipal and DSSAB finances across the province. AMO is calling on the provincial government to commit to this review as part of the upcoming budget, to developing consensus and to report back with recommendations by 2025. Municipalities cannot afford any further downloading or funding cuts and need a new deal.

Early Years and Child Care:

In Ontario, Service System Managers play a central role in the planning, funding, administration and operation of licensed early years and child care services. OMSSA appreciates our collaborative relationship with the Ministry of Education, and the consultations that have taken place through the provincial-municipal technical table on implementing the Canada-Wide Early Learning & Child Care (CWELCC) agreement across Ontario.

In December 2023, the Ministry of Education informed Service Managers of a decision to reduce early years and child care administrative funding and implement cost sharing (originally announced in 2019) would be implemented in 2024. This decision has an \$85.5 million dollar impact to CMSMs and DSSABs across the province. One-time funding was provided in 2020, 2021, 2022, and 2023, to address this financial download to municipal government.

This funding is still required to plan, manage, and deliver the early years and child care system as well as implement CWELCC and expand child care in Ontario.

OMSSA and its Members call on the province to reverse \$85.5 million in funding reductions and continue consulting with Service Managers on a fair, adequate, and sustainable funding formula to ensure implementation of CWELCC, support operators and ensure access to quality early years and child care services locally across Ontario.

There are several priority issues that should be discussed as part of the three-year review and negotiations between the federal and provincial government, these include: increased demand for \$10-per-day child care, fee subsidies, special needs resourcing, EarlyON, Indigenous Child Care and expansion targets require increased capital and operational funding. In addition, OMSSA recognizes many positive aspects of Ontario's Registered Early Childhood Educator (RECE) recruitment and retention strategy, but workforce challenges remain as low wages continue to result in difficulty retaining and recruiting RECEs into the sector.

OMSSA has concerns about audits related to the direct delivery of early years and child care services by municipalities. If required, these audits should be funded by the province.

Service Managers should be given flexibility to deliver early years and child care services that are appropriate for their own local needs and circumstances. It should be up to CMSMs and

DSSABs to determine what mix of for-profit, non-profit, home-based or directly-delivered services work best in their community with quality, access, workforce, equity, and fiscal sustainability fully considered in the context of these decisions.

OMSSA believes Indigenous child care services should be delivered by Indigenous child care providers. OMSSA supports the province engaging in direct talks with the Ontario Federation of Indigenous Friendship Centres (OFIFC) and other Indigenous organizations looking to build capacity and deliver these services directly.

OMSSA also calls for an enhanced collaboration with Ontario’s school boards and child welfare sector on issues related to early years and child care access, expansion, and planning.

Social Assistance and Employment Outcomes:

In Ontario, Service System Managers play a central role in the planning, funding, administration, and delivery of income support (Ontario Works) and stability supports. OMSSA Members are also working towards Employment Services Transformation and Social Assistance Renewal with the Province of Ontario.

OMSSA is concerned about growing poverty and homelessness in all Ontario communities.

Ontario Works rates have not kept up with inflation or the rising costs of basic needs. Inflation increased 3.4% in 2021, 6.8% in 2022 and 3.62% in 2023. Ontario Works rates have not seen an increase since 2018 and are forcing recipients to live in poverty and has led to an increase in evictions, homelessness, and encampments.

Frozen rates have also led to increased usage of food banks and put additional pressure on charities and non-profits providing supportive services. It also has an impact on health and justice costs.

Ontario Works and ODSP rates must be increased along with rent and utility scales. Consideration should also be given to increased income exemptions and expanding drug and dental coverage to prevent people from returning to Ontario Works after finding employment. OMSSA appreciates steps the province has taken to increase the minimum wage and index it to inflation. This should also be done for Ontario Works and ODSP rates.

CMSMs and DSSABs remain accountable for employment outcomes despite having less control of those outcomes under Employment Services Transformation.

Employment funding to municipalities has been cut 22% and has resulted in fewer discretionary benefits to remove barriers to employment, layoffs, and increased workloads.

Program delivery funding has also been frozen to 2018 levels and has not increased despite increasing caseloads, collective bargaining agreements, and additional security costs. Additionally, the majority of Service Managers are having to utilize caseworkers to address backlogs in service provision because of the failing Centralized Intake initiative.

OMSSA calls on the province to increase program delivery funding to support municipal delivery of the Ontario Works program, and increased funding to provide stability supports to

ODSP clients. Investments in local mental health services, supportive housing wrap-around supports, and a digital access strategy is also required.

Housing and Homelessness:

In Ontario, community housing and homelessness prevention programs are co-funded, planned, and administered by our 47 Service System Managers. OMSSA and its Members work with the provincial and federal governments to improve access and affordability across the full spectrum of housing options in communities across Ontario.

Municipalities are working towards increasing affordable housing and rental supply, but the impact of Bill 23 has resulted in lost revenue across the province that funds required infrastructure to support population growth.

Affordable housing is often unaffordable for those on low income and at risk of homelessness. Rental supply must increase to address low rental vacancies and rapidly increasing rents in Ontario communities. Portable housing benefits are less effective in this environment. Increased federal and provincial funding is required to support community and supportive housing, non-profit and co-op housing as part of the housing spectrum. Funding for repair backlogs and new builds is needed to address long wait times and a shortage of new units built over many decades.

A housing first approach is needed to provide stability supports and all governments must work collaboratively to increase capital and operational funding for supportive housing to ensure successful tenancies. Issues with the Landlord Tenant Board (LTB) must be addressed to ensure fair access to a hearing and quicker decisions.

OMSSA supports the Province of Ontario calling for a fair share of funding from the Government of Canada with a current impact of over \$400 million. OMSSA appreciates the provincial government investing an additional \$200 million into homelessness through the Housing Prevention Program (HPP). All governments must work together to solve the housing and homeless crisis communities are currently facing.

Unfortunately, communities across Ontario are seeing an increase in visible homelessness, encampments, and shelter system well above capacity. This will likely continue to increase as economic conditions decline and as global conflicts and poverty lead to a rise in asylum seekers and refugees into Canada. Increased funding is needed to address housing supply, community housing and rising homelessness in all Ontario communities.

Adequate, sustainable, and predictable funding increases are needed for HPP, Ontario Priorities Housing Initiatives (OPHI), Canada-Ontario Community Housing Initiative (COCHI) and Canada-Ontario Housing Benefit (COHB). [OMSSA supports AMO's Proposal for a Collaborative Provincial-Municipal Co-Design and Implementation of a Blueprint to End Homelessness in Ontario](#) recognizing homelessness is a complex issue that required a multi-pronged solution.

Asylum seekers currently make up 40% of Toronto's shelter capacity, 50% of Ottawa's shelter capacity, and this growing issue is putting major pressure on local human services and housing. Additionally, a large percentage of migrants end up on social assistance within their first year.

Municipalities should be compensated by the federal government for these costs and a permanent solution is required to avoid costs associated with hotels, motels, and less cost-effective solutions.

A formal intergovernmental strategy is immediately needed to address the large-scale arrivals of asylum claimants, including structures to triage arrivals and allocate emergency housing to them. Service Managers are willing to be part of this response, with the cost of emergency housing and supports being covered by the Federal and Provincial governments.

The municipal property tax base can simply not afford these costs. Toronto residents are currently facing a 6.5% property tax increase if \$250 million in costs are not recovered. Many other Ontario municipalities are also directly impacted by this issue across Ontario and Canada.

Emergency Social Services:

OMSSA's Members provide emergency social services. Emergencies such as extreme weather conditions, forest fires, floods, heat waves, blizzards, tornadoes, and other natural disasters resulting from climate change are becoming more frequent.

Municipalities are on the frontlines of climate change and require funding to retrofit buildings, adapt to climate change through mitigation efforts, and cover the cost of increasing climate events that result in the need for more emergency social services.

Climate change is a global crisis, and all governments have a role to play in reducing carbon emissions and preparing for the adverse impacts resulting from climate change such as the wildfires experienced in the summer of 2023.

Increased provincial support to assist municipalities with planning and responding to emergencies is required.

Health and Human Services Integration:

OMSSA recently released a [report on Human Services Integration](#) and submitted it to the Province of Ontario. OMSSA and its Members have been advocating for and working towards Human Services Integration for many years. Sustainable, cost-effective, and efficient health and human services are fundamental to Ontario's prosperity and economic recovery.

High-quality, affordable child care, affordable and stable housing, and income and employment supports, are crucial components of local economic prosperity, healthy populations, and community safety and well-being.

This philosophy of how to deliver integrated services focuses on improving the client experience, enhancing outcomes for people, and finding administrative and financial efficiencies that can be reinvested back into human services at the local level.

OMSSA encourages the Province to move forward with Human Services Integration and to consider human services integration in policy development related to early years and child care; housing and homelessness; social assistance; employment supports; emergency services; public health; Ontario health teams; long-term care; community safety and well-

being; while breaking down silos among provincial ministries. It is also important to have the Ministry of Health at the table for these discussions.

OMSSA also calls for increased support for Community Safety and Well-Being Plans that have shown early positive results for local communities.

OMSSA would also support increased funding for navigation of health and human services through Ontario 211.

Finally, OMSSA requests consultations to reduce municipal administrative and reporting burdens and to enhance data sharing across all ministries local governments interact with.

Relationship with the Province:

OMSSA and its Members appreciate our partnership and opportunity for consultation we have with the Ontario Public Service and the Province of Ontario.

It is our objective to deliver our best possible non-partisan advice to support local and provincial elected officials. We appreciate the opportunity to highlight these issues through our 2024 pre-budget submission.

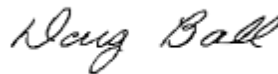
OMSSA also supports pre-budget submissions from other municipal associations including the Association of Municipalities of Ontario (AMO), Municipal Finance Officers' Association (MFOA) and the individual cities, regions, counties and DSSABs that make up the OMSSA membership. We also support submissions from our partners the Canadian Mental Health Association, Ontario (CMHA), Ontario Federation of Indigenous Friendship Centres (OFIFC) and others in the health and human services sectors facing similar challenges and working towards aligned objectives.

OMSSA wishes you and Ministry of Finance officials all the best as they develop the 2024 Ontario Budget.

Sincerely,



Henry Wall
President



Doug Ball
Executive Director