

An Analysis of the 2010 Ottawa Draft Budget

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Introduction

The budget process at the City of Ottawa is different this year than in previous years. Previously, a global draft budget was created by the bureaucracy through the Mayor's office with the goal of presenting several scenarios linked to increases in the property tax rate, for instance a 0%, 3% or 6% tax increase and what would need to be cut to achieve each taxation level. This year, each Standing Committee of Council put together its own specific budget proposals without directly referencing the tax rate. The final 2010 Draft City Budget, put together by the new Audit, Budget and Finance Standing Committee, attempts to balance the recommendations of the committees with an acceptable tax increase.

The 2010 Draft Budget presents a tax increase of 2.9% coming from core city programs and another 1.0% coming from the police and library boards over which the city has less control. The total increase for taxpayers would be 3.9% under the draft budget.

Unlike previous budgets essentially all departments got a budget increase of some kind. This "no-cuts" budget is likely a result of the new budget process. To analyse the new environment of across the board increases, this report examines which departments got more or less than the average 2.9% increase in their budgets.

Big Issues this Year

As with previous years, several large issues represent much of the budgetary changes. Solid Waste and provincial uploading played large parts in this year's budget. Initially the transit budget was going to grow substantially, however a variety of routes have been cut or had their service reduced to maintain lower spending growth.

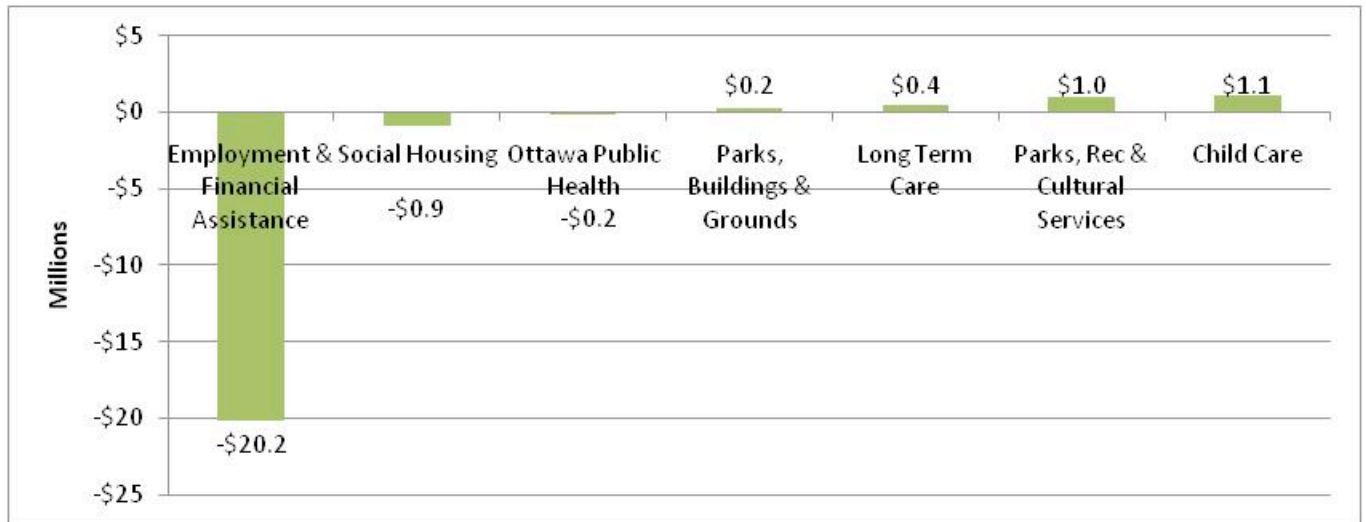
Solid waste is also playing a critical role in increasing the tax rate with the introduction of the organic composting program in 2010. Between the Committee stage and the Final Draft stage, the organics program jumped from its own dedicated line to the general tax bill.

The one final budget item of mention is the continued uploading of social services from the city to the province. Over the course of 10 years, the Province of Ontario has committed to uploading the cost of social services that the Harris government downloaded onto municipalities. The time period is long but the benefits increase over time. This year Ottawa's Ontario Disability and Support Program (ODSP) contribution dropped by \$18 million. Next year, these savings will be doubled. The City's financial obligations for a number of social programs will continue to decline over the coming years and will add up to a substantial amount of money available once again to the municipal budget.

Community and Social Services Spending

The provincial uploads over the coming years will all fall under the Community and Protective Services Committee. Figure 1 displays the 2010 Final Draft Budget totals above or below the average growth rate for community and social services. As discussed above, “Employment & Financial Assistance” spending which contains ODSP decreased by \$20.2 million because it is shrinking significantly as other departments are growing.

Figure 1: Budget Growth Beyond City Average (Social/Community Services)



Despite the additional monies available in social and community services, Social Housing is again suffering below average growth in 2010. Given the chronic underfunding of social housing, it is hard to justify not having it meet the low budget expansion average of 2.9%.

Child care, Parks & Recreation, Cultural Services and Long Term Care all saw slightly higher than average growth in their budgets. Ottawa Public Health & Parks, Buildings & Grounds are largely unchanged. The net budgetary change in social and community services is only \$1.7 million due to the below average growth in social housing.

Of the \$20.2 million gained from the provincial uploading of ODSP, only \$1.7 million was spent in community and social services. Fully 92% of all of the social and community services dollars returned to the city through provincial uploading are being spent outside social and community services programs. If this trend of transferring out uploaded gains continues, the city will have squandered an excellent funding source to supplement its social and community services programs.

Conclusion

All growth estimates here need to be taken with a grain of salt as 2.9% growth is quite small and is likely not meeting even basic inflation in many departments. There are likely decreases in service in all departments although few actual programs are being specifically cut in the 2010 Draft Budget.

The 2010 Draft Budget did not retain provincial uploaded dollars within social & community services. Without additional pressure on councillors, substantial funds gained in the social and community services areas from the province will be transferred to other departments. Instead of an ad-hoc approach to this transfer, council members need to make the basic commitment that provincial funding that is returned from social service programs should be used to fund and rebuild community and social service programs.