



# QUALITY OF LIFE in the Crosshairs

## How the 2009 Ottawa City Budget Targets Quality of Life and How Little It Would Cost to Save It

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PEOPLE FOR A BETTER OTTAWA  
David Macdonald

### Introduction

The City of Ottawa is once again engaged in its yearly budget discussions that always seem to result in higher taxes and the slashing of social services. The feeling of constant crisis at City Hall will not be avoided this year. In fact, the zero per cent tax increases Council insisted on for most of the past ten years have virtually guaranteed that the crisis will continue into the distant future.

This year, the city has targeted almost all its cuts or fee increases in three departments: Transit, Parks and Recreation and Cultural Services & Community Funding. In fact 71 per cent of the cuts are coming from 22 per cent of the departments by budget size. The cuts are not widespread but concentrated and then focused on particular areas. Not only are these departments taking the brunt of the damage to their operating budgets but their capital budgets are also being cut – redistributed to other departments. So they lose in both the operations and the capital budgets.

But all of these cuts could be avoided for only \$9.62 per month per household in the City of Ottawa. This is enough to save outdoor rinks in the winter and festival funding in the summer, along with a whole list of other new and existing programs.

## Culture of Cuts

Every year, the draft budget proposes another dire list of community centres and cultural programs that will be shut down, and every year, at the last minute, some of them are saved. The provincial and federal governments never do this at budget time. Instead they generally announce new programs. Why can't Ottawa get out of this constant culture of municipal cuts?

The basic reason is that municipal taxation is broken. With provincial or federal income taxes, you pay a portion of your income in taxes. If your income goes up, your taxes go up. On average, people make slightly more every year than they did last year as the economy grows. Income tax revenues grow every year in step with the economy

At the municipal level, this slow growth in tax revenue does not happen. If property values went up 10% on average in Ottawa next year, the city government's revenues would not go up 10%, they would stay exactly the same. It is hard to believe, but the province wrote the rules that way and Ontario cities are stuck with them. The only way for tax revenues to increase is if new houses are built or if the city explicitly "raises taxes" as it is forced to do on a yearly basis.

While the city revenue stays the same, the cost of basically everything else slowly creeps up. Gas costs more, equipment costs more, salaries cost more and so the cost of providing services quickly outstrips revenue.

You may know people whose municipal taxes have gone up 20 per cent or even 30 per cent. However, the city does not see any of that extra money. The province forces the city to rebate that money back to homeowners elsewhere in Ottawa whose house values increased less than the city average. Again, if you paid more in taxes, those extra taxes were sent out as a rebate to another homeowner. The city sees none of it.

The result is that the city must "raise taxes" every year or cut programs – or both – because of the dysfunctional way the province designed municipal tax rules.

## Targeting Quality of Life – Operations Budget

If you examine where the cuts are coming from, the picture becomes all too clear. Below is a table that examines the major city departments, the proportion of the overall budget they make up and the percentage of total cuts or fee increases that are proposed to come from those departments.

### WHEN 4.9% IS NOT 4.9% ?

The Draft 2009 Budget proposes a 4.9 per cent tax increase. Unfortunately, the "4.9" per cent increase is really a 2 per cent increase in disguise. The police take 1 per cent (increasing their budget by 5 per cent) and another 1.9 per cent is allocated to the capital budget, leaving only 2 per cent for city programs.

But then you must add inflation, which is calculated based on the price of goods that individual Canadians buy. However, cities buy different things than individuals and experience different inflation – city inflation is closer to 4 per cent, just to maintain programs we already have. In other words, every year there is only a 2 per cent increase, the City will need to cut its global budget back by 2 per cent.

**TABLE 1: CITY DEPARTMENTS PERCENTAGE OF BUDGET vs. PERCENTAGE OF CUTS**

BUDGET LINE	NET OPERATIONAL REQUIREMENTS	% OF CUTS/FEEES	% OF BUDGET
Police	217.6	0%	18%
Transit Services	178.1	32%	15%
Surface Operations	127.2	6%	10%
Ottawa Fire Services	119.2	0%	10%
Employment & Financial Assistance	95.1	0%	8%
Housing	88	8%	7%
Parks & Recreation	45.5	22%	4%
Information Technology Services	42.9	0%	4%
Cultural Services & Community Funding	39	17%	3%
Library	33.9	1%	3%
Real Property Asset Management	33.5	0%	3%
Ottawa Paramedics	26.2	0%	2%
Financial Services	23	0%	2%
Child Care	21.4	5%	2%
Traffic and Parking	21	0%	2%
Solid waste	14.3	0%	1%
Public Health	10.9	5%	1%
<b>Total (Smaller departments excluded)</b>		<b>96%</b>	<b>94%</b>

As the table shows, Transit, Parks & Recreation and Cultural Services (Arts & Culture) are being hit with 71 per cent of the cuts and fee increases even though they only represent 22 per cent of the budget. This 70/20 split is completely inappropriate and is clearly targeting particular departments – the ones that support Ottawa’s quality of life through recreation programs, arts, culture and festivals and more ecologically friendly public transit.

Parks & Recreation (22 per cent cut vs. 4 per cent of the budget) and Cultural Services (17 per cent cut vs. 3 per cent of the budget) are being cut out of all proportion to their contribution to the overall budget. Public Health and Child Care are also taking severe cuts not at all in proportion to their relative size.



In total, departments that represent 45 per cent of government spending are enduring a whopping 96 per cent of the cuts. This kind of targeted and discriminatory cutting reflects new values at the city about what should be preserved and should be put on the chopping block.

## Targeting Quality of Life – Capital Budget

While the capital budget will grow in 2009 due to the injection of \$20 million from the new 1.9 per cent capital tax levy, many of the capital spending priorities have been rearranged. The rearrangement of spending priorities mirrors what is happening on the operations side.

The following table highlights the changes in capital spending between 2008 and 2009.

**TABLE 2: CHANGES IN CAPITAL SPENDING FOR CITY DEPARTMENTS**

DEPARTMENT	2008	2009	CHANGE FROM 2008
Property Management	22.3	6.1	-73%
IT	11.6	26.8	131%
Parks and Recreation	70.5	41.2	-42%
Child Care	2.2	1.1	-50%
Fire	11	23.9	117%
Social Housing	0	11.5	---
Paramedics	6	3.5	-42%
Cultural Services	6.3	1.6	-75%
Library	4.5	14.5	222%
Solid Waste	10.4	3.7	-64%
Roadways	133.6	113.8	-15%
Integrated Roads	18	43	139%
<b>Overall</b>	<b>319.6</b>	<b>314.4</b>	<b>-2%</b>

Overall, the departments that are taking the brunt of the cuts in their operating budgets are the same ones that are losing on the capital side as well. The capital cuts are often not as obvious because they have more to do with what projects are selected for completion and which ones have to wait. On the capital side, we aren't seeing the same "cuts", only underinvestment. Libraries are one notable exception.

So-called "hard" services like IT and Integrated Roads are seeing huge increases in capital spending while Cultural Services, Child Care and Parks & Recreation are seeing dramatic decreases. These departments are being starved of funding not only for their programs but also for their buildings and equipment.

## The Cost to Save Quality of Life in Ottawa

What is most concerning about the cuts is not only how targeted they are to programs that support communities and quality of life, but also how little they actually cost the average homeowner. With the planned 4.9 per cent tax increase, the average homeowner will pay an additional \$148 a year.

If citizens of Ottawa want to maintain the programs they have, or avoid new user fees or even implement new programs, the actual cost per month is relatively low. Table 3 below details the cost per month of paying for programs on the chopping block.

Slashing arts and culture funding and stopping all funding for Ottawa's multiple summer and winter festivals only saves \$1 per month. Instead of kicking 700 low-income children out of childcare, taxpayers could keep them in care for only 48 cents per month. Keeping the outdoor neighbourhood rink program would only cost 17 cents per month.

By spreading out the cost of services across the city, individual costs are quite low. If City Councillors wanted to avoid cuts to new and existing services this year, it would only cost the average tax payer a little under \$10 per month on top of an inflationary tax increase. A mere \$9.61 per month per household is all it would cost to stop the cuts this year.



**TABLE 3: COST PER MONTH TO SAVE PROGRAMS**

<b>PROGRAM</b>	<b>Cost/Month</b>
Prevent fee increases for recreation rentals by local sports clubs	\$ 1.50
Prevent cut of 10% of subsidized child care spaces & maintain funding for spaces that already exist	\$ 0.48
Stop cut to public health programs for school-based nutrition and health	\$ 0.48
<b>Sub Total</b>	<b>\$ 2.46</b>
<b>IMPLEMENT NEW PROGRAMS</b>	
Implement new social housing spending	\$ 0.67
Implement new spending in areas of youth, parks, arts, festivals, cycling	\$ 0.70
Implement new spending on city administration	\$ 0.39
Implement new public library programs	\$ 0.07
<b>Sub Total</b>	<b>\$ 1.83</b>
<b>SUPPORT TRANSIT</b>	
Maintain 13 transit routes scheduled for removal and maintain service on another 29	\$ 1.69
Prevent transit fare increase of 7.5%	\$ 1.45
<b>Sub Total</b>	<b>\$ 3.14</b>
<b>SAVE EXISTING PROGRAMS</b>	
Prevent the slashing of existing arts, culture, heritage programs by almost half, continue festival funding	\$ 1.00
Maintain public housing funding	\$ 0.11
Continue the outdoor rink program	\$ 0.17
Maintain indoor rink availability and other recreation programs	\$ 0.16
Keep nursing levels constant at long-term care facilities	\$ 0.07
Maintain gravel road and ditch maintenance in rural areas	\$ 0.44
Do not suspend forest maintenance programs	\$ 0.20
Reduce business and entrepreneur supports	\$ 0.03
<b>Sub Total</b>	<b>\$ 2.18</b>
<b>TOTAL</b>	<b>\$ 9.61</b>

## Uploading and Downloading

The Province, over the next ten years, will slowly take back, or “upload”, the costs of some services downloaded in the past 13 years. While the process will be spread over a long timeframe, the City stands to save significant income. Unfortunately, at the same time as the province is uploading services, City bureaucrats will be doing some downloading of their own. This year the City has started to download services – without compensation – to small non-profits and community organizations.

In child care, the City is threatening to reduce the amount it pays for child care spots, presuming that child care agencies will make up the difference with fundraising of its own.

Increased rental fees in parks and recreation target groups that rent facilities. Those groups almost universally provide programs similar to parks and recreation programs like soccer leagues, hockey leagues and swim clubs. With rental fees suddenly increasing, non-profit local sports clubs and community organizations will be expected to find the extra money to support sports programs. The city is throwing up its hands and forcing local community organizations to make up the difference.

Clearly, an organization the size of the City of Ottawa should not be abusing its local partners by downloading its financial problems onto them.

## **There are Alternatives**

### **A BALANCED APPROACH**

A much more balanced approach is necessary if any cuts are to be made. Cutting arts and culture or child care but increasing the police budget by \$14 million is unfair and short-sighted. If all departments reduce spending slightly, transit and parks and recreation would not have to suffer such huge cutbacks.

### **MANAGED GROWTH**

Some departments are seeing rapid budgets increases while others face cuts or stagnation. Police services will increase their budget by over 6 per cent while subsidized child care spaces are slashed 10 per cent and outdoor rinks completely eliminated. Something is wrong with this type of unbalanced growth. If departments like Child Care Services can maintain programs after years of cuts, other departments can surely live within their means.

### **AN INFLATIONARY INCREASE (that actually meets inflation)**

Tax increases should actually balance inflation, and we should end our City's habit of low-balling "inflationary increases" which only lead to cuts the following year. Too many years have passed without the City's revenues even meeting inflation, resulting in an endless culture of cuts at the city. If growth in certain departments was not allowed to expand out of control, general City inflation would be lower.

In short, there are alternatives to the present budget crisis. Constraining growth across the board and not just focusing inflationary cuts on a few departments would build a more sustainable city. Coupled with tax increases that actually reflect inflation, the city could slowly climb out of its endless budget crisis.

## **SPENDING THE UPLOADING DIVIDEND**

This year the City will save over \$7 million because the province has started to upload Ontario Disability costs. Over the coming years, other provincial programs will also be uploaded. The savings, an "uploading dividend", will be substantial.

Instead of having these tremendous savings go to the general budget, they should be targeted to revive programs. The City's programs can benefit from provincial uploading by reviving programs that were cut due to provincial downloading. Let's put the uploading dividend to good use.

# Making a Difference

City Councillors need to hear from you. They have set up a series of public consultations across the city. It's crucial that residents attend them if they can:

## Wednesday, November 19

7 to 9 PM

West Carleton Community Complex  
5670 Carp Road  
Councillor Eli El-Chantiry



## Thursday, November 20

6:30 to 8:30 PM

Orléans Theatre  
255 Centrum Boulevard  
Councillors Michel Bellemare, Rainer Bloess, Rob Jellett, Bob Monette

## Monday, November 24

7 to 9 PM

Lansdowne Park, Assembly Hall  
1015 Bank St  
Councillors Georges Bédard, Clive Doucet, Diane Holmes, Peter Hume, Christine Leadman

## Tuesday, November 25

7 to 9 PM

Jim Durrell Recreation Centre  
Ellwood Room  
1265 Walkley Road  
Councillors Diane Deans, Steve Desroches, Peter Hume, Maria McRae

## Wednesday, November 26

7 to 9 PM

Greely Community Centre  
1448 Meadow Drive  
Councillor Doug Thompson

## Thursday, November 27

7:30 to 9:30 PM

Churchill Seniors Centre  
345 Richmond Road  
Councillor Christine Leadman  
Call your Councillor at 311. The Operator will be able to connect you.