

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

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Your File/V/Réf.	
DATE	13 January 1997
TO/DEST.	Co-ordinator Corporate Services and Economic Development Committee
FROM/EXP.	Chief Administrative Officer
SUBJECT/OBJET	1997 PURCHASE OF SERVICE AND GRANT ENVELOPES

DEPARTMENTAL RECOMMENDATION

That the Corporate Services and Economic Development Committee and Council approve savings of \$752,000 by reducing the 1997 Purchase of Service envelopes by 4% and by reducing the Grant envelopes by 21.5%.

PURPOSE

This report recommends reductions in the Purchase of Service and Grant budget envelopes as part of the overall Corporate initiative to achieve savings in the 1997 year.

BACKGROUND

The Corporate Review was initiated in September to respond to fiscal pressures resulting from reductions in transfer payments to the Region and funding cuts to many Regional programs. A report on the Corporate Review was presented to Council on 22 May 96 outlining Core Services, Levels of Service and Efficiency Improvements, the Impact on Human Resources and Internal Communications. The report identified \$11.2 M in savings from the Region Wide Fund. The cuts were made to all areas of the Corporation resulting in a reduction of 140 positions.

In that report of May 22nd, \$1.35 M in potential savings was estimated to come from Purchased Services in the social services area, from other service agencies, and from the Grant envelopes. Purchases of Service were to receive a reduction of 4% with a reduction in the Grant envelopes of approximately \$480K. Staff indicated at that time that a report would be presented on grants in the Fall of 1996.

Since 22 May, the following actions have impacted the Purchase of Service and Grants targeted reductions.

1. The \$1.35 M savings guideline has been revised to \$1 M as the Humane Society of Ottawa-Carleton Purchase of Service was included in the original estimate and has been removed. The Humane Society's Purchase of Service for \$357K will be the subject of a separate report to Corporate Services and Economic Development Committee.
2. In addition, Regional Council on 10 July 96 supported a Community Services motion that the 4% reduction to all Purchases of Service throughout the RMOC not be applied to the Social Service's Purchase of Service envelope. The effect of the motion was to reduce the target by \$248K. The exclusion of Social Service Purchase of Service results in the \$1M target becoming \$752K.
3. On December 19, 1996, the Provincial government announced the final reduction, from which the RMOC had to realize \$12.6M in cuts.

Thus, I have lowered the target of \$1M to \$752,000 to accommodate Regional Council's direction of the exemption of Social Services Purchase of Service envelopes from the reductions.

In order to develop a method of achieving the targeted savings, I reconvened the Grants Review Advisory Task Force responsible for the 1995 Corporate Grants Review in order to solicit their input. The Task Force includes Councillors Beamish, Munter, and Loney, the Chief Administrative Officer, the Regional Clerk and the Commissioner of Social Services. However, the decision regarding funding cuts to these envelopes was considered best made in the context of all the other budgetary recommendations being brought forward by the RMOC management. Thus, the recommendations in this report are the result of administrative discussions.

DISCUSSION

In 1994, Regional Council approved a report by the Chief Administrative Officer that reviewed the previously named "General Grants" funds and developed from that the Economic Development Grants Program. In 1995, Regional Council approved a report by the Chief Administrative Officer that reviewed all the Regional "granting" funds, and put forth

recommendations to enhance consistency throughout the RMOC, including many areas such as the applications process, the approvals process and the newly developed categories of “Purchase of Service” and “Project Grants” for all these funds. Those distinct categories are relevant to the percentage reductions in this report.

When RMOC realized the fiscal challenges it would be facing in 1996, it became clear that all of the Region’s services and administrative areas would require review, prior to funding decisions being made. The Purchase of Service and Grants envelopes, like all other areas of the Corporation, generated questions regarding our mandate, a recognition that we cannot meet all the needs of our taxpayers, and some discussions about the methods with which we could make the best use of our limited and diminishing funds.

The following outlines the reductions described in this report:

Target	\$ 1,000,000
Exemption of Social Services Purchase of Service Envelope	- \$ 248,000
New Target	\$ 752,000
Reduce all Purchases of Service and Arts Operating Grants by 4%	- \$ 208,696
New Target	\$ 543,304
Reduce Grants by 21.5%	- \$ 272,000

Appendix A indicates the recommended allocations for each envelope for 1997.

The following factors were considered when the reductions were established.

Recent Grants History

The Grant programs have evolved over varied timeframes and in differing ways. Some granting programs were established many years ago, while some are very recent grants programs.

The Arts Grant Program began in 1978 and is funded on a per capita basis. The Program is administered through the Regional Clerk’s Department and the Advisory Committee on the Arts. The grants enable organizations to improve their services to the arts community and audience, fund special projects, and strengthen the arts infrastructure.

The Economic Development Grants Program began in 1995 after a review and shift in the priorities of the previous General Grants funds. The Program is administered by the Regional Clerk’s Department and its purpose is to increase economic activity within Ottawa-Carleton.

The Environmental Grants Program awarded grants in 1995 of \$75,000, not in 1996, and will be functioning again in 1997 at a proposed budget of \$40,000. It supports projects providing environmental benefits in water efficiency, solid waste diversion, waste water and the water environment.

The Health Grants Program was approved in 1993 to provide project grants to support new or innovative health promotion projects.

The Social Services Grants Program was formalized in 1974. Its purpose now is to fund creative short-term projects to meet emerging needs in the field of social services.

While these granting programs have differing histories, what has been consistent has been the growth in their funding envelopes since their inception.

Repeat Recipients

The nature of the RMOC granting programs is to support project or one-time grants, with the exception being the “operating” grants in the Arts envelope. Most of the program materials describe the intent to support one-time, project, innovative and seed funds.

All other funding allocations that were determined to be most closely aligned with the core services of the department, have been designated as Purchases of Service in keeping with that distinction that was approved by Regional Council in October, 1995. Many of the Purchase of Service envelopes involve more annual repeats of funding to the same agency for specific services.

A review of the 1992 to 1996 “one-time” or “project” granting streams indicates that we have not yet achieved our goal to support primarily new, start-up or innovative projects in the community. Our granting programs continue to support many agencies year after year under this category of “one-time” or “project”. During the years 1992 to 1996, some agencies received funding every year. Of the agencies given grants by the RMOC, approximately 2/3 received a grant in at least one other year.

The Grant Programs should take these repeat recipients into consideration when deciding how to apply the reductions to their granting envelope reductions. While some of these repeat recipients are genuinely using the funding for distinct projects each year, we need to be more diligent in applying our one-time funding to “one-time” projects.

Core Services

In times of serious fiscal restraint, it is prudent to review an organization’s priorities and its spending abilities, and then to direct the limited dollars toward agreed-upon priority areas. This was the process used throughout the review of all services in 1996. The Corporation reviewed

each Department's services in the context of a continuum between our mandatory legislated services and our fully discretionary services. Management considered those services closest to our core mandate as deserving of the utmost protection should further reductions be required.

Undoubtedly, the Purchase of Service envelopes are most closely linked to our core services. Conversely, our Grant envelopes are further removed from our core services. For this reason, I am proposing a 21.5% reduction to the grants envelopes. The Grants Panels could then decide to either:

- apply the 21.5% reduction equally to all the approved grants; or
- reduce the envelope by 21.5% and provide grants to fewer agencies; or
- reduce the envelope by 21.5% and use defined service priorities to apportion the grants funds.

I believe this reduction is justified in times where funding from the Province has been reduced by over 60%, and will be reduced again next year. We must direct our limited and diminishing resources towards those areas more closely aligned with the Regional mandate. Consequently, I am recommending only a 4% reduction to the Purchase of Service envelopes. This is in keeping with the average reduction experienced throughout the Corporation, which included reduced administrative resourcing and the downsizing that resulted in the reduction of 140 employees across the RMOC.

Thus, our Purchase of Service envelopes will receive a lesser reduction than our non-contractual partners.

Fiscal Cutbacks

The Regional Corporation is experiencing a period of unprecedented imposed restraint, along with its public partners at the lower tier and the Provincial and Federal levels.

Historically, we have provided our community with quality programs and services balanced with strong fiscal management. The present environment challenges the Corporation to look for new ways to maintain services and maximize human resources while being sensitive to the needs of our community. The challenge of maintaining service to the public with unfortunately, a diminishing resource base requires that everyone contribute to a sustainable solution. All of our partners must share in the fiscal reality experienced by the RMOC.

Citizens in Ottawa-Carleton are fully cognizant of the cuts that have been made to local government funds by the Province of Ontario. It is commonly recognized that funding will continue to decrease. I believe it is our responsibility to inform the granting agencies of the fiscal consequences that they will likely face in the future, and not extend to them a sense of security that we may not be able to sustain. Instead, they will be an integral part of present and future exercises to balance competing priorities

Opportunities for Further Efficiencies

The need to achieve savings of the magnitude required in 1997, and for the foreseeable future, requires that the Corporation consistently and systematically explore every opportunity to create efficiencies. Certainly, the administration of our Purchase of Service and Grant envelopes require an administrative infrastructure to develop, advertise, review, and allocate funds for these programs. To ensure all Regional programs and services are reviewed to maximize savings, the Chief Administrative Officer will review the administration and services provided through Purchase of Service agreements and Granting programs to ensure effective and essential service delivery. This review will identify opportunities for efficiency gains in administration and services.

We will also seek efficiencies which will be of assistance to the funding agencies.

- In accordance with our Corporate principle to first seek administrative reductions before program reductions, we will encourage our funded agencies to review their administrations for opportunities to reduce overhead. For example, the agencies may be able to share administrative resources with other similar agencies.
- We will work with our funded agencies to reduce overlap and identify gaps.
- We will bring common groups together where it is desired and appropriate.
- The Departments will forward to the Corporate Resource Centre, materials related to fund-raising as well as information on other funding streams. This material will be accessible to the agencies.

FINANCIAL IMPLICATIONS

The financial impact of this report will achieve savings. There will be no added financial impact to the Corporation.

PUBLIC CONSULTATION

The proposed funding reductions will be applied to budget envelopes. Following approval, Departments and Committees will then determine how the reductions will be implemented within each envelope.

CONCLUSION

As significant savings must be achieved by the Region in response to Provincial cutbacks it is, unfortunately, essential that reductions be made to Purchase of Service and Grant Envelopes.

The major Grants programs have realized steady growth throughout their history, and despite their “one-time” nature, have had the benefit of providing repeat funding to some agencies. This may no longer be possible. We must distribute our limited funding resources in a manner that will impact broadly across the Region.

The RMOC and its partners must all share in the funding cutbacks that face local governments today. This report recognizes those funding envelopes closest to our core services. In order to do so, the grants envelopes, comprised of our non-contractual partners, must realize significant cutbacks this year.

Respectfully submitted,

Approved by
C. M. Beckstead

RMOC Grant Program Reductions 1997

**(Purchases of Service and Arts Operating Reduced by 4%
Grants Reduced by 21.5%)**

Envelopes	1996 Grants		1997 Grants	
	Operating	Project	Operating	Project
Arts	\$ 600,000	\$ 276,000	576,000	216,660
Economic Development Grants		287,000		225,295
Environmental Grants (no funding in 1996, but was reduced from \$75K in 1995)				40,000
Health		260,000		204,100
Social Services		442,000		346,970
Total	600,000	1,265,000	576,000	1,033,025