

October 17, 2019

To the Municipal Councils of the County of Simcoe, District of Muskoka, City of Orillia and City of Barrie:

Re: Levy increase in 2020 for the obligated municipalities of the Simcoe Muskoka District Health Unit

On July 17th I wrote to you on behalf of the Board of Health to communicate that in order to maintain the full complement of public health programs and services, the overall levy for the obligated municipalities may need to increase by 33% in 2020 over 2019 (see [letter](#)). This would be to address the impact of a shift in the funding formula directed by the province from a 75:25 provincial to municipal funding ratio for some of our programs and 100% funding from the province for the remaining programs, to a 70:30 ratio for all public health programs. On August 20th the Board received a letter from Christine Elliot, Minister of Health stating that the province will be providing one-time mitigation funding to assist in this transition, indicating that she expects “that all municipalities will be protected from any cost increases resulting from this cost-sharing change that exceed 10% of their existing costs”. From further verbal communication with personnel at the Ministry of Health we have learned that the mitigation funding amount will be based on actual expenditures in 2018, and thus even with the mitigation funding and a 10% levy increase, Simcoe Muskoka District Health Unit (SMDHU) would still experience a shortfall in 2020.

The Board has used Program Budgeting and Marginal Analysis (PBMA) to rationalize its budgets and prioritize its resources for maximum program delivery while managing provincial grant freezes and their resultant budgetary shortfalls in previous years. This method is being applied again as the Board develops its 2020 budget. On this basis at its meeting on October 16th the Board directed SMDHU staff to develop a 2020 budget based on a 10% increase in the overall municipal levy to be reduced if there is additional funding from the province beyond what has already been verbally communicated from provincial staff to SMDHU. Normally the Board communicates its levies to its obligated municipalities with the final approval of the budget early in the new year, however given the substantial increase the Board has directed that this be communicated now. The exact levies for each of the obligated municipalities is determined by MPAC data on population size and property assessment, and thus final levy values will be provided early in the new year when available. [Appendix A](#) highlights what a 10% levy increase would be for each obligated municipality, noting these are estimates only as they do not take into account changes to MPAC data on population size and property assessment.

The levy increase will be used to maintain essential programs that have been prioritized using PBMA. These programs have been identified to be those most critical to the protection and promotion of the health of the citizens of Simcoe County, the District of Muskoka, the Cities of Orillia and Barrie, and of those who visit our communities.

The remaining shortfall in the budget cited above will be managed applying options with the lowest negative impacts and the highest feasibility among other options identified using PBMA. Given the early point in our budget development, and ongoing discussion with the Province regarding the provincial

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grants for our 2020 budget, we are hopeful that the size of the shortfall and thus its resultant impacts on program delivery will be minimized, and we will communicate proactively to the public, to our municipalities and to partner agencies regarding the details of any program reductions as they become clear.

With our communities, we prevent disease and injury, and promote and protect health for all in Simcoe Muskoka. Public health programs and services are inherently cost effective, reducing health care costs, and are essential for the wellbeing of our citizens. The Board continues to advocate for sufficient resources to fulfill its mandate, has advocated for funding change to take place much more gradually over five years starting in 2021, and greatly appreciates all support in this regard from its communities, partner agencies, and the public.

Sincerely,

ORIGINAL Signed By:

Anita Dubeau
Chair, Board of Health

Att. (1)

Appendix A – Estimate of 2020 Levy of Obligated Municipalities for SMDHU Board of Health

	10% Levy Increase		
	Projected 2020*	2019	2018
District of Muskoka	\$1,532,516	\$1,393,154	\$1,409,504
Simcoe County	5,099,955	4,636,182	4,446,750
City of Barrie	1,914,627	1,740,518	1,757,211
City of Orillia	436,614	396,910	393,409
Total All Obligated Municipalities	\$8,983,712	\$8,166,763	\$8,006,874

* Estimation only. Does not include changes to MPAC data on population size and property assessment.