

Ministry of Finance

ONTARIO MUNICIPAL PARTNERSHIP FUND

2020 Technical Guide

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INTRODUCTION

This guide outlines the grant parameters for the 2020 Ontario Municipal Partnership Fund (OMPF). It is intended to provide a technical overview of the funding program.

2020 OVERVIEW

The OMPF is the Province's main general assistance grant to municipalities.

The program primarily supports northern and rural municipalities across the province. Its objectives are to:

- recognize the challenges of northern and rural municipalities, while targeting funding to those with more challenging fiscal circumstances;
- support areas with limited property assessment; and
- assist municipalities that are adjusting to year-over-year funding changes.

For 2020, the government is maintaining the OMPF structure as it was in 2019, while allowing for annual data updates and related grant parameter adjustments, in keeping with the program's responsiveness to changing municipal circumstances.

The Transitional Assistance component of the program is also remaining the same, and will continue to adjust as fewer municipalities require this funding.

Consistent with prior years, Transitional Assistance will ensure that the 2020 funding guarantee for municipalities in northern Ontario will be at least 90 per cent of their 2019 OMPF allocation, and for municipalities in southern Ontario will be at least 85 per cent of their 2019 OMPF allocation.

2020 Minimum Levels of Support (Per Cent of 2019 OMPF Allocation)	
Northern Ontario	90%
Southern Ontario	85%

Municipalities with the most challenging fiscal circumstances will continue to have their funding enhanced up to 100 per cent of the prior year's allocation.

2020 ONTARIO MUNICIPAL PARTNERSHIP FUND

All four core grant components of the 2020 OMPF are providing the same level of support as in 2019. As in prior years, Transitional Assistance will continue to adjust as fewer municipalities require this funding.

As a result, the 2020 OMPF will provide a total of \$500 million to 389 municipalities across the province through the following grant components and Transitional Assistance.

I. Assessment Equalization Grant Component – \$149 million

Provides funding to municipalities with limited property assessment.

II. Northern Communities Grant Component – \$89 million

Provides funding to all northern municipalities in recognition of their unique challenges.

III. Rural Communities Grant Component – \$150 million

Provides funding to rural municipalities, including targeted funding for rural farming communities, in recognition of their unique challenges.

IV. Northern and Rural Fiscal Circumstances Grant Component – \$89 million

Provides additional, targeted funding to northern and rural municipalities based on their fiscal circumstances.

V. Transitional Assistance – \$23 million

Ensures a guaranteed level of support to municipalities based on their 2019 OMPF allocation.

Note: The above numbers have been rounded.

2020 OMPF GRANT COMPONENTS

I. ASSESSMENT EQUALIZATION GRANT

The Assessment Equalization Grant provides funding to single- and lower-tier municipalities with limited property assessment due to lower property values and/or limited non-residential assessment.

To determine the grant amount, a total assessment differential (i.e., the total municipal assessment below the provincial median per-household threshold of \$298,500) is calculated for each municipality. Single- and lower-tier municipalities receive funding based on the total assessment differential. Funding provided through this grant increases the further a municipality's total weighted assessment per household is below the provincial median.

Every \$10,000 increment in a municipality's total assessment differential results in an additional \$30.10 in funding.

Example 1.1

Municipality A:

- Weighted assessment per household: \$200,000
- Assessment per household below the \$298,500 threshold: $\$298,500 - \$200,000 = \$98,500$
- Number of households: 2,000
- Total assessment differential: $\$98,500 \times 2,000 = \$197,000,000$

Grant Amount: $\$197,000,000 / \$10,000 \times \$30.10 = \$592,970$

II. NORTHERN COMMUNITIES GRANT

The Northern Communities Grant provides funding to all northern municipalities in recognition of the unique challenges they face.

The grant is based on the number of households, and the per-household amount is \$240.

Example 2.1

Municipality A (Northern):

- Number of households: 1,300

Grant Amount: $1,300 \times \$240 = \$312,000$

III. RURAL COMMUNITIES GRANT

The Rural Communities Grant recognizes the unique challenges of rural municipalities and particularly those of rural farming communities.

The Rural Communities Grant provides funding to single- and lower-tier municipalities across the province based on the proportion of their population residing in rural areas and/or small communities, as measured by the Rural and Small Community Measure (RSCM).

Funding provided through the Rural Communities Grant totals \$150 million in 2020. This includes \$15 million of targeted support to rural municipalities with the highest levels of farm land (i.e., where more than 70 per cent of land area is comprised of farm land). See the next section on the following page for details.

Municipalities with an RSCM of 75 per cent or more receive \$131 per household. Municipalities with an RSCM between 25 per cent and 75 per cent receive a portion of this funding on a sliding scale. For additional information on the RSCM, see Appendix A.

Every 5 percentage point increase in the RSCM between 25 per cent and 75 per cent results in an additional \$13.10 per household:

Rural Communities Grant*											
RSCM (%)	25	30	35	40	45	50	55	60	65	70	75+
Per-household amount (\$)	0.00	13.10	26.20	39.30	52.40	65.50	78.60	91.70	104.80	117.90	131.00

**Note: The per-household amounts above are for municipalities where 70 per cent or less of municipal land area is comprised of farm land.*

Example 3.1

Municipality A:

- RSCM: 80%
- Number of households: 3,000

Grant Amount: 3,000 x \$131 = \$393,000

Municipality B:

- RSCM: 55%
- Number of households: 3,000

Grant Amount: 3,000 x \$78.60 = \$235,800

Rural municipalities where farm land represents more than 70 per cent of their land area

Per-household funding provided through the Rural Communities Grant includes an enhancement for municipalities with the highest levels of farm land (i.e., where farm land represents more than 70 per cent of municipal land area), in recognition of their particular challenges.

The Farm Area Measure (FAM) reflects the percentage of a municipality's land area comprised of farm land (See Appendix B for further information on the FAM).

Single- and lower-tier rural municipalities with a FAM of more than 70 per cent and an RSCM of 75 per cent or greater, receive funding according to the table outlined below.

Every 2 percentage point increase in the FAM between 70 per cent and 90 per cent results in an additional \$9 per household:

Rural Communities Grant for Municipalities with a FAM of more than 70 Per Cent											
FAM (%)	70	72	74	76	78	80	82	84	86	88	90+
Per-household amount (\$)	131	140	149	158	167	176	185	194	203	212	221

Example 3.2

Municipality A (FAM < 70%):

- RSCM: 100%
- FAM: 50%
- Number of households: 3,000

Grant Amount: 3,000 x \$131 = \$393,000

Municipality B (FAM > 70%):

- RSCM: 100%
- FAM: 80%
- Number of households: 3,000

Grant Amount: 3,000 x \$176 = \$528,000

Municipality C (FAM > 90%):

- RSCM: 100%
- FAM: 93%
- Number of households: 3,000

Grant Amount: 3,000 x \$221 = \$663,000

Rural municipalities with an RSCM between 25 and 75 per cent

Single- and lower-tier rural municipalities with a FAM of more than 70 per cent and an RSCM between 25 per cent and 75 per cent receive a portion of the funding according to their RSCM.

The following table provides the per-household funding for a municipality with an RSCM of 50 per cent (see Appendix C for a summary of Rural Communities Grant parameters based on the RSCM and FAM).

Rural Communities Grant for Municipalities with an RSCM of 50 Per Cent and a FAM of more than 70 Per Cent											
FAM (%)	70	72	74	76	78	80	82	84	86	88	90+
Per-household amount (\$)	65.50	70.00	74.50	79.00	83.50	88.00	92.50	97.00	101.50	106.00	110.50

Example 3.3

Municipality A:

- RSCM: 50%
- FAM: 80%
- Number of households: 3,000

Grant Amount: 3,000 x \$88.00 = \$264,000

IV. NORTHERN AND RURAL FISCAL CIRCUMSTANCES GRANT

This grant is provided to municipalities eligible for funding through the Northern Communities Grant and/or Rural Communities Grant, both of which provide a fixed per-household funding amount to northern as well as single- and lower-tier rural municipalities. In addition to these fixed per-household amounts, the Northern and Rural Fiscal Circumstances Grant provides targeted support in recognition that not all northern and rural municipalities have the same fiscal circumstances.

The Northern and Rural Fiscal Circumstances Grant provides targeted funding to eligible municipalities based on their relative fiscal circumstances, as measured by the Northern and Rural Municipal Fiscal Circumstances Index (MFCI). For additional details on the Northern and Rural MFCI, see Appendix D.

See Appendix E for additional information on the Northern and Rural Fiscal Circumstances Grant parameters.

Northern and rural municipalities with an RSCM of 75 per cent or greater

Northern municipalities, as well as single- and lower-tier rural municipalities with an RSCM of 75 per cent or greater, receive funding according to their MFCI as outlined in the table below.

Northern and Rural Fiscal Circumstances Grant											
	Relatively positive circumstances						Relatively challenging circumstances				
											
MFCI	0	1	2	3	4	5	6	7	8	9	10
Per-household amount (\$)	0	10	20	30	40	60	90	130	170	220	285

Example 4.1

Municipality A (Northern):

- MFCI: 7
- Number of households: 1,200

Grant Amount: 1,200 x \$130 = \$156,000

Rural municipalities with an RSCM between 25 and 75 per cent

Single- and lower-tier rural municipalities with an RSCM between 25 per cent and 75 per cent receive a portion of the per-household funding according to their RSCM.

Per-Household Funding at MFCI 4					
RSCM (%)	25	35	50	65	75
Per-household amount (\$)	0	8	20	32	40

See Appendix E for more detailed information.

Example 4.2

Municipality A (Rural):

- MFCI: 4
- RSCM: 65%
- Number of households: 1,200

Grant Amount: $1,200 \times \$32 = \$38,400$

Additional municipality-specific details are provided in the customized *2020 Northern and Rural MFCI Workbooks*.

V. TRANSITIONAL ASSISTANCE

Transitional Assistance is designed to assist municipalities in adjusting to year-over-year funding changes. This funding ensures that municipalities receive a guaranteed level of support based on their previous year's OMPF allocation.

In 2020, minimum funding guarantees have been maintained at 85 per cent for southern Ontario and 90 per cent for northern Ontario. This means that municipalities in southern Ontario will receive at least 85 per cent of their 2019 OMPF allocation and northern municipalities will receive at least 90 per cent of their 2019 OMPF allocation.

These minimum levels of support will continue to be enhanced, up to 100 per cent, for eligible northern and rural municipalities across the province with more challenging fiscal circumstances, as measured by the Northern and Rural MFCI.

2020 Municipal Funding Levels Based on Northern and Rural MFCI											
MFCI	0	1	2	3	4	5	6	7	8	9	10
Northern Ontario (%)	90.0	90.0	90.0	91.5	93.0	94.5	96.0	97.5	99.0	100	100
Southern Ontario (%)	85.0	85.0	85.0	86.0	88.0	90.0	92.5	95.0	97.5	100	100

Example 5.1

Municipality A (Northern):

- 2019 OMPF allocation: \$250,000
- 2020 minimum level of support for northern municipality: 90%
- MFCI: 8
- 2020 enhanced guaranteed level of support for MFCI 8: 99%
- 2020 guaranteed funding amount: $\$250,000 \times 99\% = \$247,500$
- Sum of 2020 OMPF grants prior to Transitional Assistance: \$180,000

2020 Transitional Assistance: $\$247,500 - \$180,000 = \$67,500$

Example 5.2

Municipality B (Southern Rural):

- 2019 OMPF allocation: \$350,000
- 2020 minimum level of support for southern municipality: 85%
- MFCI: 7
- 2020 enhanced guaranteed level of support for MFCI 7: 95%
- 2020 guaranteed funding amount: $\$350,000 \times 95\% = \$332,500$
- Sum of 2020 OMPF grants prior to Transitional Assistance: \$205,000

2020 Transitional Assistance: $\$332,500 - \$205,000 = \$127,500$

Example 5.3

Municipality C (Southern Urban):

- 2019 OMPF allocation: \$250,000
- 2020 minimum level of support for southern municipality: 85%
- MFCI: n/a
- 2020 guaranteed funding amount: $\$250,000 \times 85\% = \$212,500$
- Sum of 2020 OMPF grants prior to Transitional Assistance: \$125,000

2020 Transitional Assistance: $\$212,500 - \$125,000 = \$87,500$

IMPLEMENTATION

The OMPF is the Province's main general assistance grant to municipalities.

The Ministry of Finance calculates OMPF municipal allocations based on a defined set of data elements (see Appendix F).

MUNICIPAL WORKBOOKS

In order to assist municipalities in better understanding the 2020 program, the Ministry of Finance has developed a customized set of municipal workbooks for each municipality. These include:

1. *2020 Ontario Municipal Partnership Fund Workbook*
2. *2020 Northern and Rural Municipal Fiscal Circumstances Index Workbook*

The workbooks provide municipality-specific details and are shared electronically with municipal treasurers and clerk-treasurers.

2020 REPORTING OBLIGATIONS

Municipalities are required to submit their 2019 Financial Information Return (FIR) to the Ministry of Municipal Affairs and Housing (MMAH) by **May 31, 2020**.

Municipalities are also required to submit their 2020 tax rates through the Online Property Tax Analysis (OPTA) system or to MMAH by **September 30, 2020**.

Failure to meet these deadlines will result in the withholding of OMPF payments until these documents have been submitted.

ADDITIONAL INFORMATION

This Technical Guide and other 2020 OMPF supporting materials are posted online at:

www.fin.gov.on.ca/en/budget/ompf/2020

www.fin.gov.on.ca/fr/budget/ompf/2020

For additional information regarding 2020 OMPF allocations or for other general inquiries about the program, email your inquiry and contact information to: **info.ompf@ontario.ca**

Municipal Services Offices at the Ministry of Municipal Affairs and Housing

Alternatively, municipalities may also contact their local Municipal Services Office of the Ministry of Municipal Affairs and Housing (MMAH) who can assist in directing their inquiry:

Municipal Services Offices: Ministry of Municipal Affairs and Housing	
CENTRAL: 777 Bay Street, 13th Floor Toronto ON M5G 2E5	General Inquiry: (416) 585-6226 Toll Free: 1-800-668-0230 Fax: (416) 585-6882
EASTERN: Rockwood House, 8 Estate Lane Kingston ON K7M 9A8	General Inquiry: (613) 545-2100 Toll Free: 1-800-267-9438 Fax: (613) 548-6822
NORTH (SUDBURY): 159 Cedar Street, Suite 401 Sudbury ON P3E 6A5	General Inquiry: (705) 564-0120 Toll Free: 1-800-461-1193 Fax: (705) 564-6863
NORTH (THUNDER BAY): 435 James St. S., Suite 223 Thunder Bay ON P7E 6S7	General Inquiry: (807) 475-1651 Toll Free: 1-800-465-5027 Fax: (807) 475-1196
WESTERN: 659 Exeter Road, 2nd Floor London ON N6E 1L3	General Inquiry: (519) 873-4020 Toll Free: 1-800-265-4736 Fax: (519) 873-4018

APPENDICES

APPENDIX A: RURAL AND SMALL COMMUNITY MEASURE

The Rural and Small Community Measure (RSCM) represents the proportion of a municipality's population residing in rural areas and/or small communities. This approach recognizes that some municipalities include a mix of rural and non-rural areas.

The measure is based on Statistics Canada data and is calculated as follows:

- 1) Statistics Canada divides municipalities into small geographic areas, typically less than a few hundred residents.
- 2) These areas are classified by Statistics Canada as rural areas or small communities if they meet one of the following conditions:
 - They have a population density of less than 400 per square kilometre;
 - They have a population density of greater than 400 per square kilometre but cannot be grouped with other adjacent areas (each also with a population density of greater than 400 per square kilometre), to produce a total population concentration greater than 1,000; or
 - They are not economically integrated with a population centre of greater than 10,000 (see table below).
- 3) The RSCM is determined by calculating the proportion of a municipality's population residing in areas that are classified as either rural or a small community.

OMPF calculations incorporate a minor adjustment to Statistics Canada's classification of "small community". This adjustment provides a transition between the small community and urban centre classification for areas with a population between 10,000 and 12,500 and is made on a sliding scale:

Percentage of Area Population Included as a Small Community						
Area population	10,000	10,500	11,000	11,500	12,000	12,500
Percentage (%)	100	80	60	40	20	0

APPENDIX B: FARM AREA MEASURE

The Farm Area Measure (FAM) represents the percentage of a municipality's land area comprised of farm land. The measure was introduced in the 2016 OMPF in response to feedback from some municipalities that the OMPF should recognize the variation in farm land across the province.

The FAM is calculated as follows:

$$\frac{\text{Farm Land Area}}{\text{Municipal Land Area}} = \text{Farm Area Measure}$$

A municipality's FAM is determined using the following components:

- 1) Farm Land Area**, which is equal to acres of land for properties in the farm property tax class, as of December 31st, 2018.
 - a. The Ministry of Agriculture, Food and Rural Affairs (OMAFRA) administers the application process for the farm property tax class, and is responsible for reviewing eligibility criteria before a property can be placed in the farm property tax class. These criteria include:
 - The property must be assessed and valued as farm land by the Municipal Property Assessment Corporation (MPAC).
 - The farming business generates at least \$7,000 in Gross Farm Income (GFI) per year.
 - The farming business has a valid Farm Business Registration number from Agricorp or a valid exemption.
 - The property is being used for a farming business by either the owner or tenant farmer or both.
 - b. The acreage of properties in the farm property tax class is determined using the Ontario Parcel database. This database was developed in partnership between the Ministry of Natural Resources and Forestry (MNRF), MPAC and Teranet Enterprises Inc., and provides information on the land area for each individual property or parcel of land in the province.
- 2) Municipal Land Area**, which represents the number of acres of land in a municipality and reflects municipal boundaries as of January 1st, 2016. This measure is based on the Spatial Data Infrastructure (SDI) from Statistics Canada and excludes bodies of water.

APPENDIX C: SUMMARY OF RURAL COMMUNITIES GRANT PARAMETERS

The following table supports the Rural Communities Grant calculation for single- and lower-tier rural municipalities with an RSCM between 25 and 75 per cent and a FAM of 70 per cent or more.

Rural Communities Grant Funding Levels Based on RSCM and FAM (\$ per household)											
RSCM (%) \ FAM (%)	70	72	74	76	78	80	82	84	86	88	90+
25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
35	26.20	28.00	29.80	31.60	33.40	35.20	37.00	38.80	40.60	42.40	44.20
50	65.50	70.00	74.50	79.00	83.50	88.00	92.50	97.00	101.50	106.00	110.50
65	104.80	112.00	119.20	126.40	133.60	140.80	148.00	155.20	162.40	169.60	176.80
75+	131.00	140.00	149.00	158.00	167.00	176.00	185.00	194.00	203.00	212.00	221.00

APPENDIX D: NORTHERN AND RURAL MUNICIPAL FISCAL CIRCUMSTANCES INDEX

The Northern and Rural Municipal Fiscal Circumstances Index (MFCI) measures a municipality's fiscal circumstances relative to other northern and rural municipalities in the province.

The Northern and Rural MFCI is determined based on six indicators. These indicators are classified as either primary or secondary to reflect their relative importance in determining a municipality's fiscal circumstances.

The indicators include:

Primary Indicators

- Weighted Assessment Per Household
- Median Household Income

Secondary Indicators

- Average Annual Change in Assessment (New Construction)
- Employment Rate
- Ratio of Working Age to Dependent Population
- Per Cent of Population Above Low-Income Threshold

A municipality's Northern and Rural MFCI is determined through three steps, as listed below and as described in more detail on the following pages.

- 1) **Indicator Score** — Each primary and secondary indicator is scored based on its relationship to the median for northern and rural municipalities.
- 2) **Average Indicator Score** — An average indicator score is calculated based on the average of both the primary and secondary indicators.
- 3) **Northern and Rural MFCI** — This index reflects a municipality's fiscal circumstances relative to other northern and rural municipalities in the province and is based on the relative results of each municipality's average indicator score. The Northern and Rural MFCI is measured on a scale from 0 to 10.

A lower MFCI corresponds to relatively positive fiscal circumstances, whereas a higher MFCI corresponds to more challenging fiscal circumstances. As a result, an MFCI of 5 corresponds to fiscal circumstances similar to the median for northern and rural municipalities.

Additional municipality-specific details are provided in the *2020 Northern and Rural MFCI Workbook*.

1. Indicator Score

The indicator score has a range from -100 per cent to 100 per cent and reflects how the value of a municipality's indicator compares to the median for northern and rural municipalities.

Indicator Value Above Median

An indicator value that is above the median will have a positive score, which is reflective of relatively positive fiscal circumstances.

The indicator score is calculated based on the position of the municipality's indicator value between the median and highest value for northern and rural municipalities.

Indicator Value Below Median

An indicator value that is below the median will have a negative score, which is reflective of more challenging fiscal circumstances.

The indicator score is calculated based on the position of the municipality's indicator data between the median and lowest value for northern and rural municipalities.

For example, an indicator score of 25 per cent indicates that a data value is one quarter of the distance between the median and highest value, while an indicator score of -25 per cent indicates that a data value is one quarter of the distance between the median and lowest value. An indicator score of 0 per cent reflects the median for northern and rural municipalities.

The following table outlines the median, highest and lowest values for each MFCI indicator. Illustrative examples of indicator score calculations are provided on the following page.

MFCI Indicator Parameters			
Primary Indicators	Lowest	Median	Highest
Weighted Assessment per Household	\$47,000	\$284,000	\$797,000
Median Household Income	\$40,000	\$69,000	\$119,000
Secondary Indicators	Lowest	Median	Highest
Average Annual Change in Assessment (New Construction)	-1.8%	1.0%	4.0%
Employment Rate	30.0%	56.0%	75.0%
Ratio of Working Age to Dependent Population	107.0%	170.0%	300.0%
Per cent of Population Above Low-Income Threshold	66.0%	86.0%	96.0%

Example 1.1

Indicator: Median Household Income

Lowest Value	Median Value	Highest Value
\$40,000	\$69,000	\$119,000

Example Municipality: Indicator Data Value = \$54,500

A. Difference between Indicator Value and Median: $\$54,500 - \$69,000 = -\$14,500$

Since the indicator value is below the median for northern and rural municipalities, the difference between the median and the lowest value for northern and rural municipalities is calculated.

B. Difference between Median and Lowest Value: $\$69,000 - \$40,000 = \$29,000$

C. Indicator Score = A / B: $-\$14,500 / \$29,000 = -50\%$

Example 1.2

Indicator: Ratio of Working Age to Dependent Population

Lowest Value	Median Value	Highest Value
107%	170%	300%

Example Municipality: Indicator Data Value = 235%

A. Difference between Indicator Value and Median: $235\% - 170\% = 65\%$

Since the indicator value is above the median for northern and rural municipalities, the difference between the median and the highest value for northern and rural municipalities is calculated.

B. Difference between Median and Highest Value: $300\% - 170\% = 130\%$

C. Indicator Score = A / B: $65\% / 130\% = 50\%$

2. Average Indicator Score

The average indicator score summarizes a municipality's overall results on all six indicators. A municipality's average indicator score is based on both the primary and secondary indicator average, as shown below.

Calculating Average Indicator Score

$$\text{Average Indicator Score} = (\text{Primary Indicator Average} + \text{Secondary Indicator Average}) / 2$$

$$\text{Primary Indicator Average: } (A + B) / 2$$

- A. Weighted Assessment Per Household indicator score
- B. Median Household Income indicator score

$$\text{Secondary Indicator Average: } (C + D + E + F) / 4$$

- C. Average Annual Change in Assessment (New Construction) indicator score
- D. Employment Rate indicator score
- E. Ratio of Working Age to Dependent Population indicator score
- F. Per Cent of Population Above Low-Income Threshold indicator score

Note: A positive average indicator score reflects relatively positive fiscal circumstances, while a negative average indicator score reflects more challenging fiscal circumstances.

Example 2.1

Average Indicator Score

- A. Weighted Assessment per Household indicator score: 8%
- B. Median Household Income indicator score: -50%

$$\text{Primary Indicator Average: } (8\% + (-50\%)) / 2 = -21\%$$

- C. Average Annual Change in Assessment (New Construction) indicator score: -95%
- D. Employment Rate indicator score: 1%
- E. Ratio of Working Age to Dependent Population indicator score: 50%
- F. Per cent of Population Above Low-Income Threshold indicator score: -88%

$$\text{Secondary Indicator Average: } (-95\% + 1\% + 50\% + (-88\%)) / 4 = -33\%$$

$$\text{Average Indicator Score: } (-21\% + (-33\%)) / 2 = -27\%$$

3. Determination of Northern and Rural MFCI

The Northern and Rural MFCI reflects a municipality's fiscal circumstances relative to other northern and rural municipalities in the province.

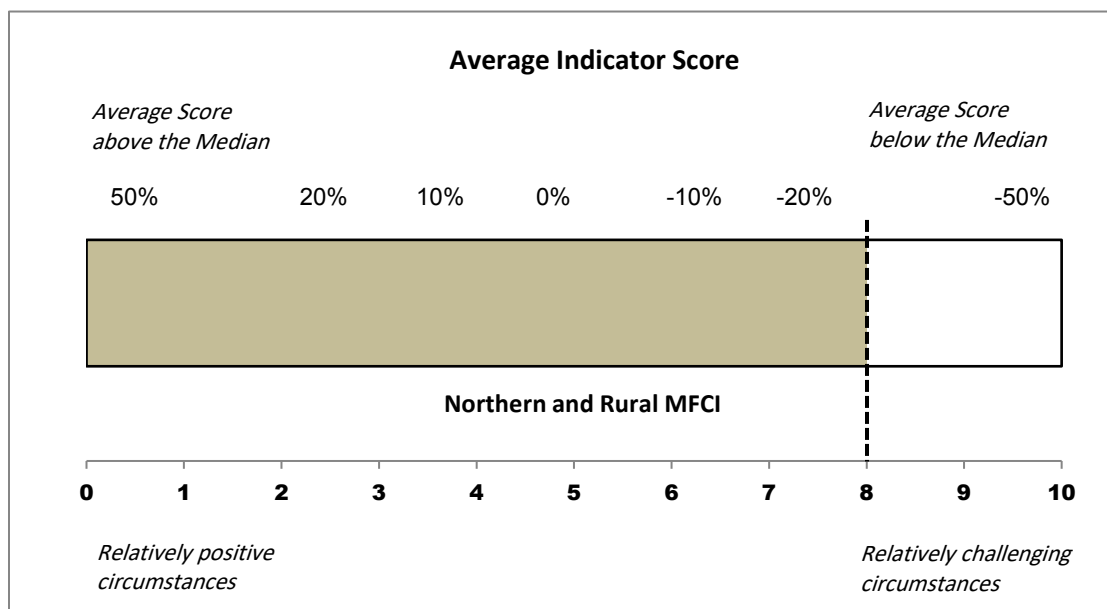
The Northern and Rural MFCI is measured on a scale of 0 to 10. A lower MFCI corresponds to relatively positive fiscal circumstances, while a higher MFCI corresponds to more challenging fiscal circumstances. A Northern and Rural MFCI of 5 corresponds to fiscal circumstances similar to the median for northern and rural municipalities.

A municipality's MFCI is determined based on the value of the average indicator score. The example below presents how average indicator scores are used to determine a municipality's MFCI.

Example 3.1

Average Indicator Score: -27%

Northern and Rural MFCI: 8.0



APPENDIX E: NORTHERN AND RURAL FISCAL CIRCUMSTANCES GRANT PARAMETERS

The Northern and Rural MFCI is measured on a scale from 0 to 10. A lower MFCI corresponds to relatively positive fiscal circumstances, while a higher MFCI corresponds to more challenging fiscal circumstances. The following table provides details regarding the 2020 per-household funding levels under the Northern and Rural Fiscal Circumstances Grant.

Northern and Rural Fiscal Circumstances Grant <i>Relatively positive circumstances</i> ←————→ <i>Relatively challenging circumstances</i>											
MFCI	0	1	2	3	4	5	6	7	8	9	10
2019 Per-household (\$)	0	10	20	30	40	60	90	130	170	220	285
2020 Per-household (\$)	0	10	20	30	40	60	90	130	170	220	285
Percentage Change (%)	-	-	-	-	-	-	-	-	-	-	-

The following table supports the Northern and Rural Fiscal Circumstances Grant calculation for single- and lower-tier rural municipalities with an RSCM between 25 and 75 per cent. The table illustrates the per-household funding amount associated with a range of RSCM and MFCI values.

Summary of MFCI Funding Levels Based on RSCM (\$ per household)											
MFCI \ RSCM (%)	0	1	2	3	4	5	6	7	8	9	10
25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
35	0.00	2.00	4.00	6.00	8.00	12.00	18.00	26.00	34.00	44.00	57.00
50	0.00	5.00	10.00	15.00	20.00	30.00	45.00	65.00	85.00	110.00	142.50
65	0.00	8.00	16.00	24.00	32.00	48.00	72.00	104.00	136.00	176.00	228.00
75+	0.00	10.00	20.00	30.00	40.00	60.00	90.00	130.00	170.00	220.00	285.00

APPENDIX F: DATA SOURCES

OMPF Data Elements and Sources		
Data	Year	Source(s)
Weighted Assessment	Final 2018 Market Change Profile (MCP) and 2020 starting tax ratios	Municipal Property Assessment Corporation (MPAC) and municipal tax rate bylaws
PIL Weighted Assessment	2017 or 2018	Municipal FIR
Number of Households	2019	MPAC Returned Roll
Median Household Income	2016	Statistics Canada
Rural and Small Community Measure	2016	Statistics Canada
Per Cent of Population Above Low-Income Threshold	2016	Statistics Canada
Ratio of Working Age to Dependent Population	2016	Statistics Canada
Employment Rate	2016	Statistics Canada
Average Annual Change in Assessment (New Construction)	2014–2019	Online Property Tax Analysis System (OPTA)
Municipal Land Area	2016	Statistics Canada
Farm Land Area	2018	MPAC and Ontario Parcel

Note: For municipality-specific details, refer to customized 2020 workbooks developed by the Ministry of Finance.

APPENDIX G: DEFINITIONS

Average Annual Change in Assessment (New Construction)	Measures the five-year (2014 – 2019) average annual change in a municipality's assessment, for example, as a result of new construction or business property closures, excluding the impact of reassessment.
Average Indicator Score	Summarizes a municipality's overall results on all six indicators, based on both the primary and secondary indicator average.
Employment Rate	Statistics Canada's measure of number of employed persons, divided by persons aged 15 and over.
Farm Area Measure (FAM)	Represents the percentage of a municipality's land area comprised of farm land.
Farm Land Area	Equal to the acres of land for properties in the farm property tax class, as of December 31st, 2018. The acreage of properties in the farm property tax class is determined using the Ontario Parcel database.
Households	Measure of households based on the 2019 returned roll from the Municipal Property Assessment Corporation (MPAC). Includes the following classes: (1) Residential Unit (RU) - Permanent households; (2) Residential Dwelling Unit (RDU) - Seasonal households such as cottages; and (3) Farm Residential Unit (FRU) - Farmlands on which a farm residence exists.
Indicator Score	Reflects the position of a municipality's indicator data value relative to other municipalities and has a range from -100 per cent to 100 per cent. A positive indicator score is reflective of relatively positive fiscal circumstances, while a negative score is reflective of more challenging fiscal circumstances.
Median Household Income	Statistics Canada's measure of median income for all private households in 2015.
Municipal Land Area	Equal to the acres of land in a municipality and reflects municipal boundaries, as of January 1st, 2016. This measure is based on the Spatial Data Infrastructure (SDI) from Statistics Canada and excludes bodies of water.

Minimum Funding Guarantee	The 2020 minimum guaranteed level of support based on 2019 OMPF allocations. In 2020, minimum funding guarantees for municipalities in southern Ontario will be at least 85 per cent of their 2019 OMPF allocation. Northern municipalities will receive at least 90 per cent of their 2019 OMPF allocation. These minimum levels of support will be enhanced, up to 100 per cent, for northern and rural municipalities in the province with more challenging fiscal circumstances.
Northern and Rural Municipal Fiscal Circumstances Index (MFCI)	The Northern and Rural MFCI measures a municipality's fiscal circumstances relative to other northern and rural municipalities in the province, and ranges from 0 to 10. A lower MFCI corresponds to relatively positive fiscal circumstances, whereas a higher MFCI corresponds to relatively more challenging fiscal circumstances. An MFCI of 5 corresponds to fiscal circumstances similar to the median for northern and rural municipalities.
Per Cent of Population Above Low-Income Threshold	Reflects the Statistics Canada measure of the population in private households above the low-income threshold for Ontario compared to the total population in private households. The measure is based on after-tax income, and the low-income threshold is based on half the median adjusted household income in 2015.
Primary Indicators	The Northern and Rural MFCI is determined based on six indicators which are classified as either primary or secondary to reflect their relative importance in determining a municipality's fiscal circumstances. The primary indicators are weighted assessment per household and median household income.
Property Tax Revenue	Represents the municipal property tax revenue as reported in municipal Financial Information Return (Schedule 10, Line 0299).
Ratio of Working Age to Dependent Population	Statistics Canada's measure of working age population (aged 15 to 64), divided by youth (aged 14 and under) and senior population (aged 65 and over).
Rural and Small Community Measure (RSCM)	RSCM represents the proportion of a municipality's population residing in rural areas and/or small communities. This approach recognizes that some municipalities include a mix of rural and non-rural areas. The measure is based on Statistics Canada data from the 2016 Census.

Secondary Indicators	The Northern and Rural MFCI is determined based on six indicators, which are classified as either primary or secondary to reflect their relative importance in determining a municipality's fiscal circumstances. The secondary indicators are average annual change in assessment (new construction), employment rate, ratio of working age to dependent population, and per cent of population above low-income threshold.
Weighted Assessment Per Household	Measures the size of the municipality's tax base. Refers to the total assessment for a municipality weighted by the tax ratio for each class of property (including payments in lieu of property taxes retained by the municipality) divided by the total number of households.

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