

2017 Document: Key Expense Decisions for Priority Investments

February 7, 2017 Updated 830am

[DRAFT]

Overview

- Provides proposed themes for the 2017 Budget and identifies alignment with potential existing funding and new scalable requests in the 17-18 PRRT.
- New funding recommendations reflect assessments completed by CO/MOF/TBS to align upcoming policy priorities and mandate letter commitments.
- Choices remain with respect to prioritization of initiatives and timing of implementation which can be considered through the Budget process

Summary of Key Scalable Opportunities

- Potential investments include the following:
 - 100,000 child care spaces
 - Health at 3% plus some small additional investments
 - Highly Skilled Workforce
 - BGI enhancements supporting transformative technologies
- Does Not Include:
 - Additional capital investments
 - New funding for Developmental Services expansion or significant additional investments in Correctional Services
 - Funding for Ministry pressures

FISCAL SUMMARY

- **Approved Investments:** Approved initiatives, implementation beginning or just underway
- **Potential Priority Investments:** New funding recommendations reflecting assessments completed by CO/MOF/TBS to align upcoming policy priorities and mandate letter commitments
- **Total Enhanced Priority Investments:** Include potential priority investments in Education (e.g., Tentative agreements reached with education sector workers, Investments in student well-being) and New Enhanced Child Care Spaces
- **Not Recommended for Approval:** High Fiscal Impact Option (as proposed by ministries) in excess of the recommended Potential Priority Investments

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Investments	4,922	6,496	7,147	8,088	26,654
Potential Priority Investments	852	1,231	1,577	1,947	5,607
Total Investment	5,774	7,727	8,724	10,035	32,261
Education Enhancements*	434	961	1,394	1,566	4,356
New Enhanced Child Care Spaces	66	241	184	(84)	407
Total Enhanced Priority Investments	500	1,202	1,578	1,482	4,762
High Fiscal Impact Option Total	1,443	2,310	2,986	3,441	10,180
Not Recommended for Approval	592	1,079	1,409	1,494	4,573

*Note that these enhancements include tentative agreements reached with the education sector workers, to the magnitude of \$406M in 2017-18, \$734M in 2018-19, \$1,072M in 2019-20 and \$1,144M in 2020-21. Set aside amounts for the these agreements are \$271M in 2017-18, \$620M in 2018-19, \$930M in 2019-20 and \$1,240M in 2020-21.

MAKING ONTARIO A MORE AFFORDABLE PLACE TO LIVE

OVERARCHING NARRATIVE

Ontario is taking a balanced approach to make life more affordable for families and businesses now and at the same time build for the kind of future we know families need.

The government is investing in priorities that help people in their everyday lives. This includes helping with people's daily costs and monthly bills, improving convenience and choice, and reassuring people that their child or aging parents will receive the best possible care.

APPROVED INITIATIVES, IMPLEMENTATION BEGINNING or JUST UNDERWAY

- **Electricity Price Mitigation** – 8% rebates for residential, small business and farm electricity bills (began Jan 2017)
- **OSAP Reform** – making the program simpler, integrated and fair for students; average tuition free for students with financial need from families with incomes of \$50,000 or lower and more affordable for middle-class families (beginning September 2017)
- **Drive Clean** – eliminating the \$30 fee for vehicle emissions tests (beginning April 1, 2017)
- **UP Express** – reduced one-way fare from \$19 to \$9 with a PRESTO card (began in March 2016)
- **Community Hubs** – make public services more convenient and accessible (Initial planning began in 2015-16)
- **Childcare spaces** - create approximately 3,400 additional childcare spaces starting in 2016-17 school year
- **Digital Government** – enhancing the delivery of public services through the use of technology (plan being developed for release in 2017)
- **Natural Gas Grant Program** – expanding access to communities that do not currently have service (beginning in Spring 2017)

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	1,152	1,199	1,176	1,150	4,677

MAKING ONTARIO A MORE AFFORDABLE PLACE TO LIVE

POTENTIAL PRIORITY INVESTMENTS

Initiative	Buys	Does Not Buy
Childcare spaces [\$160M operating and \$32M in capital grants in 2017-18]	Capital & ongoing operating funding for 38,000 new child care spaces in schools & the broader public sector, 7,000 new spaces in communities & 55,000 new spaces through fee subsidy	Wage enhancements and other affordability measures (ministry is still studying)
Enhancements to the Ontario Student Assistance Program (OSAP) [\$40M in 2017-18]	Fully exempt RESP contributions and increase support for Indigenous learners	Additional year to complete income verification
Senior Investments [\$10M in 2017-18]	- Extend senior community starting in 2018-19 40 new elderly person centres - Provide 50% of the average cost per suite to install automated sprinklers in 200-250 small, not-for-profit and rural homes	- Increased grant funding - Additional operating funding to current Elderly Persons Centres

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	1,152	1,198	1,175	1,149	4,674
Potential priority investment	210	516	693	774	2,193
Total investment	1,362	1,714	1,868	1,923	6,866

OVERARCHING NARRATIVE

As Ontario's economy grows, everyone should be able to benefit from and contribute to inclusive growth.

The province is harnessing this growth in the economy to create more opportunity and security in the life of every family.

APPROVED INITIATIVES, IMPLEMENTATION BEGINNING or JUST UNDERWAY

- **Youth Jobs Strategy** – providing employment and skills development opportunities to youth (began in Fall 2015)
- **Adult Education** – developing a seamless, learner-focused system, building on the recommendations of the Premier's Highly Skilled Workforce Expert panel report released in June 2016.
- **Second Career** – ensuring supports for all eligible clients (announced in the 2016 Budget)
- **Ontario Youth Action Plan** – addressing youth violence and resilience by supporting youth-led grassroots groups (began in 2012, enhanced in 2015) .
- **Strategic Investment Fund** – enhanced and modernized facilities at colleges and universities (began in 2016-17)
- **Major Capacity Expansion** – access to high-quality programs closer to home (Phase I announced in late 2014-15, Phase II announced in 2016-17)
- **Postsecondary Capital** – projects at Confederation College, La Cite Collegiate and U of T (announced in 2016-17)

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	780	644	577	577	2,578

INVESTING IN TODAY'S JOBS

POTENTIAL PRIORITY INVESTMENTS

Initiative	Buys	Does Not Buy
Highly-Skilled Workforce [\$176M in 2017-18]	• Expand the Specialist High Skills Major (SHSM) program to reach 20% of Grade 11 and 12 students • Initiatives in experiential learning and essential skills programming • Establish HSW demonstration and strategic productivity funds, college sustainability fund, and System Navigation network and intake process (IT solution) • Invest in apprenticeship modernization, International Postsecondary Education Strategy, and an Access Strategy for Indigenous peoples and persons with disabilities.	• Program expansion to meet the mandate letter commitment of 25% footprint • Technology Fund for improved digital literacy of Ontario's adults • Improved access to OSAP for adult learners
Youth Jobs Strategy [\$40M in 2017-18]	• New mental health supports for post-secondary students including hiring of one mental health service worker per institution and one Aboriginal mental health worker for all institutions with dedicated Aboriginal counselling centres/services; additional investments in existing youth programming (e.g. Youth Job Connection and Youth Job Link)	• Does not maintain previous enhanced levels of program funding for Youth Job Connection, Youth Job Link, and Youth Entrepreneurship Fund. • Youth Skills Connections and Youth Investment Accelerator Fund program funding (i.e. would discontinue)
Ontario Black Youth Action Plan [\$5.8M in 2017-18]	• Investment in direct service to increase access by 10,800 black children and youth in the Greater Toronto and Hamilton Area by 2019-20.	• Investment in a capital program

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	780	644	577	577	2,578
Potential priority investments	220	252	262	234	967
Total investment	1,000	896	839	811	3,545

INVESTING IN TOMORROW'S ECONOMY

OVERARCHING NARRATIVE

Ontario is preparing its workforce for the economy of tomorrow by building a highly skilled workforce for technology and knowledge-based jobs. The government is also creating an innovation-driven economy, helping firms scale up into global leadership and modernizing regulations to lower the cost of doing business.

APPROVED INITIATIVES, IMPLEMENTATION BEGINNING or JUST UNDERWAY

- **Business Growth Initiative** – initiatives announced in Fall 2016 include support for the Small Business Innovation Challenge and Scale-Up Vouchers. In addition, the Artificial Intelligence Institute will be announced soon.
- **Going Global** – expanding the province's presence in global markets (work started in 2016, to ramp-up in 2017-18)
- **Project Momentum** - approved support for Honda (beginning in 2017-18)
- **Small Cidery and Small Distillery Support Program** - new program to support small cider and spirits producers to scale up (beginning April 1, 2017)
- **Ontario Microbrewery Strategy** – supports the strength and vibrancy of the industry (began in 2005; extended to 2017-18)
- **Horseracing Partnership Funding** – continuing to provide marketing and responsible gambling support to the industry (began in April 2014; extended to 2021)
- **Green Investment Fund** – an initial investment to reduce GHG emissions by supporting energy-efficiency initiatives and building a network of electric vehicle charging (began in summer 2016)
- **Climate Change Action Plan/Greenhouse Gas Reduction Account Initiatives** – key actions to combat climate change and shift to a low-carbon economy (Action Plan released in June 2016; initiatives to begin implementation in 2017-18)

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	858	1,379	1,423	1,397	5,058

INVESTING IN TOMORROW'S ECONOMY

POTENTIAL PRIORITY INVESTMENTS

Initiative	Buys	Does Not Buy
Business Growth Initiatives (BGI) [\$62M in 2017-18] [\$69M in 2016-17]	Transformative Technologies: 5G, Connected Vehicles, Quantum Valley Ideas Lab, Cybersecurity Pilot	- Graduating Loans program - Scale Up Wrap-Around Services - Additional Transformative Technologies: Other Quantum Computing, Fintech, Smart Cities - Advanced Manufacturing Innovation Network Top-Up
Going Global/ Export Trades Strategy [\$12M in 2017-18]**	- Invest in trade services (e.g., marketing campaign, customer relationship management list, contact centre, International trade shows) to grow small / medium businesses - Extend Going Global and international trade missions - Budget initiative in 2019-20 to support long-term planning 20 Locally Engaged Staff (LES) from Global Affairs Canada	More funding to Ontario Chamber of Commerce for the Global Growth Fund
Project Momentum [\$80M in 2017-18]	Potential additional investments by Toyota and Ford	Support for Fiat, Chrysler and GM
Ontario Place Interim Activation* [\$1.2M in 2017-18]	Near-term demonstration (Summer 2017) of visible progress (e.g., entrance pavilion improvements, public event space, landscaping)	- Renovation of Cinesphere and pods - Long-term revitalization

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	858	1,379	1,423	1,397	5,058
Potential priority investments	143	143	134	104	524
Total investment	1,002	1,522	1,558	1,501	5,582

*Capital investments total \$7M over two years.

** 2017-18, 2018-19 funding being offset from MEDG/MIT: BGI / Export Strategy Set Aside

BUILDING STRONGER COMMUNITIES: HEALTH

OVERARCHING NARRATIVE

Ontario continues to make improvements to the health system to deliver high-quality health care that put patients and their families first.

APPROVED INITIATIVES, IMPLEMENTATION BEGINNING or JUST UNDERWAY

- **First Nations Health Action Plan** – access to culturally appropriate and effective health care (began in May 2016)
- **Drug Benefit Program** – reversal of income testing for seniors to maintain affordability of access (began in 2016)
- **Residential hospice and palliative care** – funding 20 more hospices (began in August 2016)
- **Funding shingles immunization** – reducing senior's emergency room visits and hospitalizations (began in December 2016)
- Additional funding for **hospitals, cancer care services, community services** and other priorities (included in ministry base, began in 2016)

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	297	351	400	450	1,499

HEALTH AT 3% GROWTH

- Investments in **hospitals** (2.8% growth annually), **physician services budget** (2.5% growth annually), **stem cell treatments, mental health** and other priorities
- **Physician fee reductions** savings; **drug program efficiencies**; and admin and other **savings in cancer care** and **e-health programs**

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Health at 3% growth	549	1,188	1,775	2,407	5,919

BUILDING STRONGER COMMUNITIES: HEALTH

POTENTIAL PRIORITY INVESTMENTS

Initiative	Buys	Does Not Buy
Increase Compensation for Allied Health Professionals* [\$35M in 2017-18]	Increases for over 7,000 team-based primary care workers: nurses, dieticians, pharmacists, receptionists	
Supporting Seniors and Dementia Strategy* [\$35M in 2017-18]	Home and community dementia supports, 780 ALC beds, long-term care home supports	LTC Bed Renewal, capital funding for years 5-10 (more than \$500M) to be prioritized with above envelope capital requests.
Community Mental Health and Addiction [\$40M in 2017-18]	If health accord reached up to \$40M more in 2017-18 for mental health services (no fiscal impact).	
Vaccinations [\$26M in 2017-18]		Expanded use of vaccines including funding more effective flu vaccines
Northern Travel Grant Enhance [\$10M in 2017-18]		Increase payments for lodging to support access and equity
Alcohol Strategy [\$10M in 2017-18]		Screening, interventions and additional human resource capacity (in addition to MCYS components)

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	297	351	400	450	1,499
Health at 3% growth	549	1,188	1,775	2,407	5,919
Potential priority investments*	52	107	166	228	553
Total investment	898	1,647	2,341	3,085	7,971

* Potential priority investment amount tracked in plan; however, requested investments for Supporting Seniors and Allied Health Professionals total \$70M to \$476M (2017-18 – 2020-21).

OVERARCHING NARRATIVE

The government is also making investments that help create barrier-free access to education for everyone.

APPROVED INITIATIVES, IMPLEMENTATION BEGINNING or JUST UNDERWAY

- **School Renewal Funding** – an additional \$1.1 billion over two school years (began June 2016)
- **Broadband Services** – access to high-speed connectivity, to support learning needs (began in 2016-17)

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	72	76	77	77	302

BUILDING STRONGER COMMUNITIES: EDUCATION

POTENTIAL PRIORITY INVESTMENTS

Initiative	Buys	Does Not Buy
Tentative agreements reached with education sector workers* [\$405M in 2017-18]	• If ratified, will allow the Province to focus on building upon the gains that have been made in Ontario's publicly funded education system*	
Revised school board forecast [\$0M in 2017-18]	• Including increased enrolment pressures	
Investments [\$29M in 2017-18]	• In student well-being, to support cognitive, emotional, social and physical development	
Class sizes [\$XM in 2017-18]	• Decreasing class size for grades 4-8	

Note that the total fiscal impact of potential priority investments for education is \$163M in 2017-18, \$341M in 2018-19, \$464M in 2019-20, and \$422M in 2020-21.

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	72	76	77	77	302
Potential priority investments	434	961	1,394	1,566	4,356
Total investment	506	1,037	1,471	1,643	4,658

OVERARCHING NARRATIVE

The Province continues to invest in transportation infrastructure to help move people and goods and support a competitive economy.

APPROVED INITIATIVES, IMPLEMENTATION BEGINNING or JUST UNDERWAY

- **GO Transit Service Improvement** – \$145M over 5 years starting in 2016-17 for increased rail and bus services across the GO Transit network (began in 2016-17)
- **Connecting Links*** – program expansion (began in 2016-17, annual funding increases from \$20M to \$30M by 2018-19)
- **GO Transit rail service expansion*** – to Kitchener, Niagara and Bowmanville (\$1.7B, [excluding CN bypass], announced June 2016)
- **Integrated GO RER/SmartTrack*** (announced November 2016 [GO RER construction cost \$19.5B])
- **New municipal transit projects*** – including Ottawa Light Rail Transit Phase 2 (\$1.1B, announced June 2016), Region of Waterloo Transit Hub (\$43M, announced June 2016), London Bus Rapid Transit (\$250M, not yet announced)
- **Transportation projects*** – Expansion projects on Highway 401 in Cambridge, Highway 417 in Ottawa, Highway 11/17 between Thunder Bay and Nipigon, Highway 6 between Freelon and Guelph (Morriston bypass); widening County Road 17 in Prescott-Russell (\$889M, announced in 2016 Budget)
- **Remote northern airports improvements*** (\$172M, began in 2016-17)
- **Increase in municipal share of gas tax funding** (beginning in 2019, doubling to approx. \$642M by 2021-22)

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved initiatives	57	310	402	581	1,350

**Capital investments total \$23.9B over ten years.*

POTENTIAL PRIORITY INVESTMENTS

Initiative	Buys	Does Not Buy
GO Transit [\$24M in 2017-18]	• Support for the operating needs of new infrastructure coming into service, customer service requirements to manage increased operations, new rail trips as part of the Regional Express Rail “Quick Wins”, and other general operating expenses	• New fare integration initiative with the TTC • Three-year fare freeze beginning in April 2017 or February 2018

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved initiatives	57	310	402	581	1,350
Potential priority investments	24	47	75	80	227
Total investment	81	358	477	661	1,576

BUILDING STRONGER COMMUNITIES: SOCIAL SERVICES

OVERARCHING NARRATIVE

To ensure every Ontarian has the opportunity to thrive and participate in their communities, the government is providing supports for families with low-incomes and special needs.

APPROVED INITIATIVES, IMPLEMENTATION BEGINNING or JUST UNDERWAY

- **Ontario Works and ODSP** – increasing rates by at least 1.5% for adults receiving Ontario Works and people with disabilities relying on the Ontario Disability Support Program (began Fall 2016)
- **Basic Income Pilot** – helping inform the path to comprehensive reform (beginning in 2017)
- **Fully exempt child support payments** in determining Social Assistance benefits (began in January 2017)
- **Autism Reform** – increase support to children and youth with Autism (includes multi-year investment announced in the 2016 Budget and the enhanced support announced in Summer 2016)
- **Child Welfare Reform** – more responsive supports (beginning in 2017) and in 2018 raise the age of protection from 16 to 18
- **Long-Term Affordable Housing Strategy (LTAHS)** – Community Homelessness Prevention Initiative, Supportive Housing (both beginning in 2017) and Federal Social Infrastructure Fund (began in 2016)
- **Truth and Reconciliation** – programs and actions focused on reconciliation, co-developed & implemented with Indigenous partners (began in 2016, majority of program delivery starting in 17/18)
- A new **Ontario Anti-Racism Directorate** (established February 2016) and support for the **Refugee Response Coordination efforts** (began in February 2016)
- **Long-Term Strategy to End Violence Against Indigenous Women** (began in 2016)

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	968	1,140	1,115	1,250	4,473

BUILDING STRONGER COMMUNITIES: SOCIAL SERVICES

POTENTIAL PRIORITY INVESTMENTS

Initiative	Buys	Does Not Buy
Investments in Developmental Services (DS), including investment in complex special needs [\$134.7M in 2017-18]	- Transition of 300 Crown Wards and 300 individuals in urgent needs in 2017-18. - Eliminate backlog of 444 adults with complex special needs over two years.	Funding for other inappropriately housed individuals needing developmental services, transformational investments in response to Ombudsman's recommendations or future demand for services.
Income Security Reform [\$71.4M in 2017-18]	2% across the board rate increase and asset limits increases.	Harmonization of health benefits between Ontario Works and Ontario Disability Support Program.
Basic Income Pilot [\$25.0M in 2017-18]	Doubles investment to \$50M, enabling a more robust evaluation of evidence.	Ability to include broad participation in Pilot (e.g., recipients and sites).
Other investments [\$6.4M in 2017-18]	Supports for 2,500 individuals with Fetal Alcohol Spectrum Disorder; funding for immigrant settlement beyond 2018-19; and grants for multicultural communities.	Support for an additional 900 individuals, FASD Advisory Group to support program development, FASD research initiatives and increased access to FASD support services developed by Indigenous partners.

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	968	1,140	1,115	1,250	4,473
Potential priority investments	238	338	356	369	1,300
Total investment	1,206	1,478	1,470	1,619	5,773

OVERARCHING NARRATIVE

[Placeholder]

APPROVED INITIATIVES, IMPLEMENTATION BEGINNING or JUST UNDERWAY

- **Ontario's Strategy to End Human Trafficking** – a survivor-centered approach that strengthens coordination among local authorities, government and community organizations (announced June 2016)
- **Anti-Terror Strategy** - Expansion of policing responsibilities through establishment of Anti-Terror teams within the OPP (announced Budget 2016)
- **First Nations Wage Parity** - Bringing the 9 self-administered First Nations police services to wage parity with First Nations Constables employed under the Ontario First Nations Policing Agreement
- **OPPA and OPSEU (Corrections) Collective Bargaining** – Resources for increased compensation awards
- **Corrections Transformation** – multi-ministry initiatives to modernize the correctional services system (announced December 2016). These include:
 - ✓ MAG - reducing time to trial by appointing 13 more judges and enhancing the bail and remand system.
 - ✓ MCSCS - hiring 239 additional corrections staff to improve conditions of confinement and support.
 - ✓ MOHLTC - strengthening mental health supports throughout the justice process: pre-charge, in-custody and post-release.

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	189	207	203	199	798

POTENTIAL PRIORITY INVESTMENTS

Initiative	Buys	Does Not Buy
Corrections Reform [\$30M in 2017-18]	Initiatives to reduce recidivism and improve reintegration of inmates in the community through renewed staffing models, modernized recruitment, capital investments and analytics modernization	- Full requested complements of health and correctional professionals to cover wrap-around integrated case management at all facilities - Both new multi-purpose facilities - Additional capital investments to address capital retrofits required for operations and staffing

\$ Millions	2017-18	2018-19	2019-20	2020-21	Total
Approved Initiatives	189	207	203	199	798
Potential priority investments*	30	70	75	75	250
Total investment	219	277	278	274	1,048

* Potential funding for corrections reform would be placed on holdback/set aside in the Contingency Fund until the Independent Advisor on Corrections releases his list of recommendations (expected release in two parts - Spring 2017 and September 2017)