



Saskatchewan Municipal Operating Grant (MOG)

Objective (as per MSSP)	Develop a policy underpinning to replace former revenue sharing by the 2008-09 budget with a long term, predictable and sustainable approach to provincial unconditional operational funding for municipalities.	
Background	Early 1990s: Provincial deficits resulted in the abandon of the Provincial/Municipal Revenue Sharing formula and the implementation of an ad hoc funding approach to local governments. Cut backs reduced funding by as much as 60% by 1997 and remained stagnant until 2003. Municipalities had significant challenges with budgeting process, having to wait until the 2 nd Q of their fiscal year to finalize their budget. Revenue sharing cuts resulted in municipalities shifting \$ designated for capital work to operating budgets.	
Principles	SUMA engaged in negotiations with the Province to implement a permanent municipal operating grant based on the following principles:	<ul style="list-style-type: none"> • long term • predictable • sustainable • unconditional
Process	Rationale	Some municipal roles and responsibilities are more logically funded from the property tax than others. The distinction between services to property vs. services to people is often used to make the case for this, although there are other considerations. Criteria will be chosen to make this association. For each service area a determination will be made: should funds for the service come <i>mainly</i> from property tax, <i>partially</i> from property tax base or <i>not at all</i> from property tax.
	Shared interests	Provincial interests form a significant part of the basis for the policy rationale for provincial financial support via an operating grant. Some municipal services are clearly of local interest only and there is not a strong policy rationale for provincial funding. Others may help to achieve provincial policy goals and objectives, i.e. support provincial interests, and for these there is a stronger rationale for provincial funding. Provincial interests that have a relationship to municipal roles and responsibilities will be identified and the degree of this link quantified in order to determine an appropriate provincial funding share. While unconditional, the municipal operating grant is intended to reflect the value of the provincial interest in delivering certain municipal services, therefore justifying the investment of provincial funds into municipal operations.
	... with cities	<ul style="list-style-type: none"> • Policing; • Urban connector highways; • Recreation, Arts and Culture; • Community Development; • Economic Development; and • Public and Para Transit.
	... with towns and villages	<ul style="list-style-type: none"> • Public Safety (policing & fire); • Transportation; • Environmental; • Culture and Recreation; and • Planning and Development .
	...with rural	<ul style="list-style-type: none"> • Road Maintenance; • Policing; • Fire/Emergency Services; • Economic Development & Planning; and • Culture and Recreation.
Economic Index	Parties acknowledged that the formula must reflect economic conditions, as such consideration was given to tie the formula to: Income Tax revenues, GDP, resource sector or PST (3 year rolling average). The Government adopted the PST, year to year.	
Outcomes	Formula	Equivalent of one point of PST tax based on PST revenues from 2 years prior (in 2009-10, Province will use 2007-08 PST) <ul style="list-style-type: none"> • PST excludes alcohol tax • Program to be phased in with 90% in 09-10, and full one point in 2010-11 Provincial Budget (cf. 2009-10 Budget documents)
	Cities	46% of the MOG pool From 54M in 2008-09 to 109.2M in 2012-13, a 102% increase
	Towns and Villages	18 % of the MOG pool From 24M in 2008-09 to 42.73M in 2012-13, a 78% increase
	Northern	7% of the MOG pool From 11M in 2008-09 to 16.62M in 2012-13, a 51% increase
	Rural	29% of the MOG pool From 46M in 2008-09 to 68.85M in 2012-13, a 50% increase
	Unanimous support from municipal sector	On April 24 th , 2009, the entire municipal sector celebrated the implementation of the new formula with the Premier in Saskatoon.

Building a Policy Foundation for Revenue Sharing

