

# Municipal Financial Capacity Grant (MFCG) Fact Sheet

## Highlight of Proposed Changes

The MFCG will be unfrozen, with elements of the formula modernized. Municipalities with a decrease in MFCG funding will receive a top-up in funding for a period of 5 years. An overview of changes follows:

### ① Standard expenditures

Currently, the calculation for standard expenditures includes protective services, transportation services (excluding public transit), and 50% of environmental health services. The calculation of standard expenditures is proposed to be expanded to include categories not previously considered under this definition. A comparison of the current and proposed revisions is shown below.

Expenditure Type	Current Funding Model	Modernized Funding Model
General Government Services	Excluded	Include 50%
Protective Services	Includes 100%	Include 100%*
Transportation Services	Excludes Public Transit	Include 100%*
Environmental Health Services	Includes 50%	Include 100%*
Recreation and Cultural Services	Excluded	Include 50%
Public Health Services	Excluded	Exclude
Environmental Development Services	Excluded	Include 100%

\* Proposed changes would include interest on debt

### ② Uniform Assessment (UA)

Uniform Assessment will be subdivided into Residential and Commercial components. As a result, for each Class, Standard Tax Rate will be separated to become:

- Standard Residential Rate
- Standard Commercial Rate

Rather than the Standard Tax Rate for the Class multiplied by the municipality's UA, the modernized formula combines the following two parts:

- Standard Residential Rate for the Class multiplied by the municipality's Residential UA
- Standard Commercial Rate for the Class multiplied by the municipality's Commercial UA