

Words for understanding Our City's Budget

Budget

The revenue and spending plans of a government or an individual. The City of Ottawa sets its budget once a year, but their Long Range Financial Plan sets guidelines for 3 years.

Spending or Expenditures

Costs and payments made by a government. Opposite of revenue.

Revenue

Sources of income. Municipal government sources of revenue include federal government, provincial government, property taxes and user fees. Revenue is the opposite of expenditures.

Surplus

The amount of money that remains when income is greater than expenditures. The opposite of a deficit.

Deficit

The amount remaining if the amount of money spent is greater than the amount of money received. This word usually refers to the government's deficit which develops when budgets are over-spent. The opposite of surplus.



Infrastructure

The network of goods that make up the physical structure that support other forms of economic and social activity such as roads, water treatment plants, airports, and canals. There is also a social infrastructure of institutions and relationships.

Cost – sharing

One level of government (federal, provincial or municipal) partners with another level of government to fund a service or facility. For example, currently the province pays 75% of public health costs and the municipalities pay 25%.

Fiscal Imbalance:

The current imbalance in funds between the federal, provincial and municipal governments. While the federal government has surpluses, the provincial and territorial governments bear the costs of most social programming. In Ontario, the province has surpluses too, while municipalities are funding many social services without adequate funds to pay for them.

Municipal Infrastructure Imbalance

Municipal governments today provide much more than the basic property services they were designed to provide. New municipal responsibilities include everything from immigrant settlement, affordable housing, preparing for pandemics, tough new environmental regulations, and, in some jurisdictions, childcare.

But municipal revenues haven't grown with these responsibilities. **Of every tax dollar collected in Canada, 50 cents go to the federal government, and 42 cents go to provincial and territorial governments. What's left—eight cents—go to municipal governments.**

For municipal governments and their taxpayers, the result is a chronic financial squeeze.

Downloading

One level of government passes on the cost and/or administration of a project or service to another level of government, usually, without enough funds to support it. Example: during the 1990's, the Ontario government downloaded partial cost and/or administration of affordable housing, child care, ODSP, social assistance and public health.



Uploading

When a level of government decides it cannot manage the responsibility or cost; and hands back the cost and/or administration of a service to the level of government that originally downloaded it. Example: Provincial government is currently “uploading” ODSP (Ontario Disability Support Program), but over several years.

Transparency

When discussion and work is done in the open with full disclosure and public access.

Management efficiencies

Looking for ways to reduce spending which could mean laying off staff, or not replacing those who leave their positions. Risk: this could lead to reduced quality of service, stressful working conditions for city staff and contracting out of services to private sector.

Taxes, income taxes

The money the government collects from individuals and corporations to fund the services it provides. Personal income tax is paid by individuals while corporate income tax is paid by corporations and businesses.

Progressive taxes and Regressive taxes

Progressive taxes seek to redistribute wealth within a country by ensuring that the wealthiest people pay a higher percentage of taxes. Income taxes are progressive taxes. In contrast, regressive taxes charge everyone the same percentage of tax, no matter what their income level. Therefore it places a greater burden on people with lower incomes. For example, GST is a regressive tax. Property taxes are regressive, because the current value of a person's home may not reflect her current income.

Subsidy

A sum of money given to off-set costs. An individual may receive subsidized housing if she can't afford to pay the full price. A corporation may receive a subsidy to grow food or to produce missiles.

Triple bottom line accounting: People, Planet, Profit (or 3BL)

Triple bottom line accounting means that a business or government should consider not only the "financial bottom-line" (profit) but also the environment (planet) and social (people) impact of their decisions. In July 2007, City Council voted to include the use of a Triple Bottom Line in the City of Ottawa Strategic Plan.

Acknowledgements

This glossary has borrowed heavily from a number of sources including: *If People Counted: A Popular Economics Course - Participant Manual*, Canadian Labour Congress, CCPA's *Show us the Money: The Politics and Process of Alternative Budgets*, Marilyn Waring's *Counting for Nothing*, and the Canadian Department of Finance.