

Introduction and Background

In the 2019 Ontario Budget, the Province’s budget plan projects total spending in 2019-20 of \$163.4 billion. This spending forecast was updated in the Province’s First Quarter Finances and the 2019 Ontario Economic Outlook and Fiscal Review (also known as the Fall Economic Statement). However, although these publications update the Province’s full-year spending forecast, no information is provided on actual spending that has occurred to date. In addition, these publications provide limited information on in-year changes made to the 2019-20 budget spending plan by program.¹

This report provides an update, as of the end of the second quarter (September 30, 2019), of actual spending by the Province in the 2019-20 fiscal year by budget sector, ministry, standard account and program. In addition, the report identifies in-year changes made to the 2019-20 spending plan by program.

It is important to note that although the 2019 budget projects spending of \$163.4 billion in 2019-20, only \$156.2 billion of the spending plan is directly controlled by the Province. The remaining \$7.2 billion largely reflects a forecast of additional spending and other decisions that will be made by the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province’s agencies, and the legislative offices. The Province actively controls and monitors the \$156.2 billion in spending under its direct control and receives updates on the remaining \$7.2 billion in spending when it prepares the annual budget and the Public Accounts. As a result, this report only provides information on the \$156.2 billion in planned spending under the direct control of the Province.

Table 1: 2019 budget spending plan for the 2019-20 fiscal year

Spending Type	Total (\$ billions)
Spending under the direct control of the Province	156.2
Spending not actively monitored by the Province	7.2
Total 2019 budget spending plan for 2019-20	163.4

Note: “Spending not actively monitored by the Province” largely reflects additional spending and other decisions that will be made by the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province’s agencies, and the legislative offices.

Source: FAO analysis of the 2019-20 Expenditure Estimates and the 2019 Ontario Budget.

¹ Ontario’s quarterly financial updates provide information on in-year budget changes to select programs rather than a complete list of changes. Complete details on in-year program spending budget changes are provided in the Public Accounts of Ontario and the Ontario Gazette but only after the end of the fiscal year.

Spending by Budget Sector

Over the first six months of the 2019-20 fiscal year, the Province spent \$69.0 billion. Overall, this is \$164 million or 0.2 per cent higher than planned by the Province at the time of the 2019 budget.² Although the “pace” of total government spending is largely in line with the 2019-20 budget plan, there are noteworthy variances within each spending sector.

Table 2: 2019-20 spending by budget sector, as of September 30, 2019, \$ millions

Sector (\$ millions)	Full-Year Budget	Planned Spending at end of Q2	Actual Spending at end of Q2	Actual vs Planned at end of Q2	Actual vs Planned (Per Cent)
Health	59,973	28,430	28,933	503	1.8
Education	31,015	10,570	10,854	284	2.7
Postsecondary Education and Training	8,143	3,839	3,748	-90	-2.4
Children’s and Social Services	16,857	8,271	8,589	318	3.8
Justice	4,814	2,339	2,308	-31	-1.3
Other Programs	22,761	9,164	8,766	-398	-4.3
Interest on Debt	12,675	6,271	5,849	-422	-6.7
Total	156,238	68,883	69,047	164	0.2

Note: Excludes spending of \$7.2 billion in the 2019 budget plan not directly controlled by the Province.

Source: FAO analysis of the 2019-20 Expenditure Estimates, the 2019 Ontario Budget and information provided by Treasury Board Secretariat.

Health sector spending, at \$28.9 billion, was \$503 million or 1.8 per cent higher than planned through the first six months of the fiscal year.³

- Ontario Health Insurance Program – Ontario Health Insurance (Vote-Item 1405-1), which administers payments to physicians, was \$683 million or 10 per cent above planned spending.
- Provincial Programs and Stewardship – Provincial Programs (Vote-Item 1412-1), which funds Cancer Care Ontario and other programs, was \$108 million or 7 per cent above planned spending.

² At the start of the fiscal year, ministries estimate planned spending for each program by month, based on the budget allocation in the Expenditure Estimates. “Planned” spending (or calendarization) for a program takes into account factors such as historical spending patterns and seasonality, and is used to monitor spending pressures and potential year-end underspending.

³ For more information on planned health sector spending, see FAO, “Expenditure Estimates 2019-20: Ministry of Health and Long-Term Care,” 2019.

- Health Capital Program (Vote-Item 1407-1), which funds hospital infrastructure projects, was \$352 million or 48 per cent below planned spending.

Education sector spending, at \$10.9 billion, was \$284 million or 2.7 per cent higher than planned through the first six months of the fiscal year.⁴

- Elementary and Secondary Education Program – Policy and Program Delivery (Vote-Item 1002-1), which mainly funds school boards, was \$341 million or 4 per cent above planned spending.

Postsecondary Education and Training sector spending, at \$3.7 billion, was \$90 million or 2.4 per cent lower than planned through the first six months of the fiscal year.

- Employment Ontario Program – Employment Ontario System (Vote-Item 3003-7), which largely funds employment and training programs, was \$85 million or 15 per cent below planned spending.

Children’s and Social Services sector spending, at \$8.6 billion, was \$318 million or 3.8 per cent higher than planned through the first six months of the fiscal year.

- Children and Adult Services Program – Financial and Employment Supports (Vote-Item 702-3), which includes the Ontario Disability Support Program, Ontario Works and the Ontario Drug Benefit Plan, was \$272 million or 6 per cent above planned spending.
- Children and Adults Services Program – Children and Youth at Risk (Vote-Item 702-20), which provides child protection services, was \$65 million or 7 per cent above planned spending.

Justice sector spending, at \$2.3 billion, was \$31 million or 1.3 per cent lower than planned through the first six months of the fiscal year.

Other Programs sector spending, at \$8.8 billion, was \$398 million or 4.3 per cent lower than planned through the first six months of the fiscal year.

- Policy and Planning – Urban and Regional Transportation (Vote-Item 2702-3), which funds provincial (through Metrolinx) and municipal transit projects, was \$452 million or 24 per cent below planned spending.⁵

Interest on Debt spending, at \$5.8 billion, was \$422 million or 6.7 per cent lower than planned through the first six months of the fiscal year.

⁴ For more information on education sector spending, see FAO, “Expenditure Estimates 2019-20: Ministry of Education,” 2019.

⁵ For more information on transportation spending, see FAO, “Expenditure Estimates 2019-20: Ministry of Transportation,” 2019.

Spending by Ministry

In Table 3, spending of \$69.0 billion over the first six months of 2019-20 is presented by ministry.

Table 3: 2019-20 spending by ministry, as of September 30, 2019, \$ millions

Ministry	Full-Year Budget	Planned Spending at end of Q2	Actual Spending at end of Q2	Actual vs Planned at end of Q2	Actual vs Planned (Per Cent)
Agriculture, Food and Rural Affairs	742	281	294	14	4.8
Attorney General	1,825	885	908	22	2.5
Cabinet Office	36	18	17	-1	-7.2
Children, Community and Social Services	16,857	8,271	8,589	318	3.8
Economic Development, Job Creation and Trade	846	326	229	-98	-29.9
Education	31,015	10,570	10,854	284	2.7
Energy, Northern Development and Mines	4,906	2,218	2,578	359	16.2
Environment, Conservation and Parks	338	142	149	7	5.0
Finance	14,100	6,842	6,385	-457	-6.7
Government and Consumer Services	773	388	374	-13	-3.4
Health and Long-Term Care	59,973	28,430	28,933	503	1.8
Indigenous Affairs	74	27	18	-9	-31.8
Infrastructure	464	209	103	-106	-50.7
Labour	306	146	149	3	2.4
Municipal Affairs and Housing	1,184	406	444	38	9.5
Natural Resources and Forestry	513	263	312	50	18.9
Office of the Lieutenant Governor	2	1	1	0	4.1
Office of the Premier	2	1	1	-1	-41.3
Seniors and Accessibility/Francophone Affairs	57	22	22	-0	-0.8
Solicitor General	2,988	1,454	1,401	-53	-3.7
Tourism, Culture and Sport	1,212	354	368	14	4.1
Training, Colleges and Universities	8,143	3,839	3,748	-90	-2.4
Transportation	7,060	2,949	2,456	-492	-16.7
Treasury Board Secretariat	2,819	841	713	-129	-15.3
Total	156,238	68,883	69,047	164	0.2

Note: Excludes spending of \$7.2 billion in the 2019 budget plan not directly controlled by the Province.

Source: FAO analysis of 2019-20 Expenditure Estimates and information provided by Treasury Board Secretariat.

Spending by Standard Account

Rather than identifying provincial spending by sector or ministry, an alternate way to review provincial spending is by "standard account."⁶

As of September 30, 2019, the Province had spent \$56.4 billion on transfer payments, which was \$811 million higher than planned. Transfer payment programs can be entitlement-based, such as the Ontario Health Insurance Plan (OHIP),⁷ which results in spending that is higher or lower than budgeted based on demand.

Spending in most of the other standard accounts was below plan, with the most significant relative underspending in transportation and communication, supplies and equipment, and other transactions. This implies that, by the end of the 2019-20 fiscal year, spending on items such as travel, professional services and supplies may be less than budgeted.

Table 4: 2019-20 spending by standard account, as of September 30, 2019, \$ millions

Standard Account	Full-Year Budget	Planned Spending at end of Q2	Actual Spending at end of Q2	Actual vs Planned at end of Q2	Actual vs Planned (Per Cent)
Salaries and Wages*	5,863	2,898	2,880	-18	-0.6
Employee Benefits	2,816	1,333	1,267	-66	-5.0
Transportation and Communication	339	150	107	-43	-28.7
Services	4,253	1,673	1,563	-110	-6.6
Supplies and Equipment	337	148	127	-21	-14.2
Other Transactions	1,720	101	76	-24	-24.2
Transfer Payments	127,451	55,599	56,410	811	1.5
Statutory Spending	16,411	8,116	7,587	-529	-6.5
Recoveries	-2,952	-1,135	-969	166	14.6
Total	156,238	68,883	69,047	164	0.2

Note: Excludes spending of \$7.2 billion in the 2019 budget plan not directly controlled by the Province.

* Salaries and wages represent only the salaries for Ontario Public Service (ministry) employees. Salaries for broader public sector workers employed by hospitals, school boards and colleges, for example, are included in transfer payments. See FAO, "Assessing Ontario Government Employment and Wage Expense," 2018, for more information.

Source: FAO analysis of 2019-20 Expenditure Estimates and information provided by Treasury Board Secretariat.

⁶ Standard accounts provide information on the type of government spending. See the 2019-20 Expenditure Estimates for more information on the standard accounts used by the Province.

⁷ The transfer payment program that funds OHIP is called "Payments made for services and for care provided by physicians and practitioners."

Spending by Program

The following table shows spending for a number of transfer payment programs and compares actual spending as of September 30, 2019 against each program's full-year budget.⁸

In addition, programs with in-year budget changes, as of September 30, 2019, are identified.⁹ Through the first six months of the 2019-20 fiscal year, the Province changed the full-year budget of 22 transfer payment programs and made 64 other changes to vote-item programs, compared to the 2019-20 Expenditure Estimates. Overall, including Contingency Fund offsets, the full-year budget for all program spending has been reduced by a net \$7 million.

In the 2019 Fall Economic Statement, the Province reported that the full-year program spending budget for 2019-20 had increased by a net \$771 million, including Contingency Fund offsets.¹⁰ The net \$771 million program spending increase represents a significant variance compared to the net \$7 million program spending decrease reported to the FAO as of September 30, 2019, and appears to exceed the government's current legal spending limit.¹¹ In general, it is not legally possible to increase the total program spending budget, on a net basis, beyond the amount requested in the Expenditure Estimates, unless the Province:

- requests additional spending authority from the legislature by tabling Supplementary Estimates;¹² or
- offsets the additional program spending with lower spending on capital assets.

Table 5: 2019-20 spending and budget changes by program, as of September 30, 2019, \$ millions

Program Name	Full-Year Budget	Change to Budget	Revised Full-Year Budget	Actual Spending at end of Q2	Per Cent of Revised Budget
Ministry of the Attorney General					
Legal Aid Ontario	323.3	-	323.3	183.5	56.8%
Other Program Changes		-2.8			
Total Change to Ministry Budget		-2.8			
Ministry of Children, Community and Social Services					
Ontario Disability Support Program	5,383.2	-	5,383.2	2,726.0	50.6%

⁸ Planned spending as of September 30, 2019 is not available.

⁹ Ministries cannot spend more on a program than the amount authorized in the Expenditure Estimates (the program's budget). However, the legislature has delegated to the Province the authority to increase a program's budget if the increase is offset by a decrease in another program's budget (including the Contingency Fund). See *Financial Administration Act* s. 1.0.8.

¹⁰ 2019 Ontario Economic Outlook and Fiscal Review, p. 158.

¹¹ As requested in the 2019-20 Expenditure Estimates.

¹² The Supplementary Estimates must also be approved by the legislature. It is also not legally possible to increase the total full-year program spending budget through lower Interest on Debt spending, as spending on Interest on Debt is authorized through the *Financial Administration Act* and most of the full-year program spending budget is authorized through the *Supply Bill*.

Program Name	Full-Year Budget	Change to Budget	Revised Full-Year Budget	Actual Spending at end of Q2	Per Cent of Revised Budget
Ontario Works	2,725.1	-	2,725.1	1,529.3	56.1%
Residential Services	1,685.3	68.6	1,753.9	777.0	44.3%
Child Protection Services	1,528.5	27.7	1,556.2	786.5	50.5%
Ontario Child Benefit	1,158.0	-	1,158.0	540.1	46.6%
Ontario Drug Benefit Plan	1,144.1	-	1,144.1	638.9	55.8%
Supportive Services	937.3	28.3	965.5	430.4	44.6%
Autism	331.4	-	331.4	184.5	55.7%
Child and Youth Community Supports	190.1	28.1	218.2	89.4	41.0%
Supports to Victims of Violence	155.0	6.1	161.1	79.5	49.3%
Children's Treatment and Rehabilitation Services	117.0	4.7	121.7	59.1	48.6%
Complex Special Needs	104.0	4.1	108.1	68.0	62.9%
Healthy Babies Healthy Children	95.5	3.8	99.3	41.8	42.1%
Citizenship and Immigration Initiatives	70.2	6.0	76.2	28.9	37.9%
Indigenous Community and Prevention Supports	61.2	2.4	63.7	41.0	64.4%
Supports to Community Living	56.8	2.1	58.9	24.3	41.3%
Youth Initiatives	34.6	14.8	49.3	12.8	26.0%
Indigenous Healing and Wellness Strategy	33.4	1.3	34.7	17.9	51.5%
Community and Prevention Supports	29.4	1.2	30.6	35.0	114.3%
Other Program Changes		-1.8			
Total Change to Ministry Budget		197.3			
Ministry of Education					
School Board Operating Grants	17,361.7	-	17,361.7	8,694.3	50.1%
Child Care and Early Years	1,782.2	-	1,782.2	962.4	54.0%
School Board Capital Grants	1,582.6	-	1,582.6	19.9	1.3%
Other Program Changes		-3.1			
Total Change to Ministry Budget		-3.1			
Ministry of Energy, Northern Development and Mines					
Electricity Rate Mitigation	2,530.6	-	2,530.6	1,630.9	64.4%
Ontario Rebate for Electricity Consumers	779.4	-	779.4	329.9	42.3%
Rural or Remote Rate Protection Program	238.4	-	238.4	101.1	42.4%

Program Name	Full-Year Budget	Change to Budget	Revised Full-Year Budget	Actual Spending at end of Q2	Per Cent of Revised Budget
Ontario Electricity Support Program	214.0	-	214.0	74.7	34.9%
Distribution Rate Protection	205.1	-	205.1	90.2	44.0%
Other Program Changes		-0.5			
Total Change to Ministry Budget		-0.5			
Ministry of Finance					
Ontario Municipal Partnership Fund	505.0	-	505.0	251.6	49.8%
Ontario Cannabis Legalization Implementation Fund	10.0	-3.3	6.7	6.7	99.9%
Special Payments to Municipalities	6.7	10.0	16.7	16.7	100.0%
Transitional Mitigation Payment	0.0	4.3	4.3	4.3	100.0%
Other Program Changes		-16.0			
Total Change to Ministry Budget		-5.0			
Ministry of Health and Long-Term Care					
Local Health Integration Networks	29,470.7	-	29,470.7	14,620.7	49.6%
Payments made for services and for care provided by physicians and practitioners	15,820.0	-	15,820.0	7,528.7	47.6%
Ontario Drug Programs	4,639.0	-	4,639.0	2,370.6	51.1%
Cancer Care Ontario	1,797.1	-	1,797.1	960.0	53.4%
Major Hospital Projects	1,472.6	-	1,472.6	369.2	25.1%
Official Local Health Agencies	783.0	40.7	823.7	365.2	44.3%
Clinical Education	735.9	-	735.9	342.5	46.5%
Payments for Ambulance and related Emergency Services: Municipal Ambulance	710.5	26.3	736.8	363.0	49.3%
Community and Priority Services	591.7	-	591.7	318.6	53.8%
Canadian Blood Services	573.0	-	573.0	285.6	49.8%
Assistive Devices and Supplies Program	523.5	-	523.5	252.7	48.3%
Other Program Changes		-5.2			
Total Change to Ministry Budget		61.8			
Ministry of Infrastructure					
Federal-Provincial Infrastructure Programs - Provincial Contributions	66.4	-16.0	50.4	0.0	0.0%
Other Program Changes		-0.5			
Total Change to Ministry Budget		-16.5			
Ministry of Natural Resources and Forestry					

Program Name	Full-Year Budget	Change to Budget	Revised Full-Year Budget	Actual Spending at end of Q2	Per Cent of Revised Budget
Public Protection	100.6	60.0	160.6	127.2	79.2%
Other Program Changes		-2.6			
Total Change to Ministry Budget		57.4			
Ministry of the Solicitor General					
Miscellaneous Grants - Policing Services	12.6	0.2	12.8	5.0	39.3%
Other Program Changes		1.3			
Total Change to Ministry Budget		1.5			
Ministry of Tourism, Culture and Sport					
Grants in Support of Culture	14.0	16.0	30.0	8.2	27.4%
Other Program Changes		-0.7			
Total Change to Ministry Budget		15.3			
Ministry of Training, Colleges and Universities					
Grants for University Operating Costs	3,707.5	-	3,707.5	1,797.8	48.5%
Grants for College Operating Costs	1,536.7	-	1,536.7	661.1	43.0%
Student Financial Assistance Programs	1,372.2	-	1,372.2	776.7	56.6%
Employment and Training	1,048.9	-	1,048.9	418.9	39.9%
Other Program Changes		-1.8			
Total Change to Ministry Budget		-1.8			
Ministry of Transportation					
Public Transit	4,740.3	-	4,740.3	1,416.9	29.9%
Other Program Changes		10.7			
Total Change to Ministry Budget		10.7			
Contingency Funds	1,100.0	-346.4	753.6	N/A	N/A
All Other Program Changes		25.4			
Total Ministry Budget Changes		-6.6			

Note: Other Program Changes includes 64 budget changes to vote-item programs. All figures in the table exclude assets and statutory spending.

Source: FAO analysis of the 2019-20 Expenditure Estimates and information provided by Treasury Board Secretariat.

About this Document

Established by the *Financial Accountability Officer Act, 2013*, the Financial Accountability Office (FAO) provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario.

This analysis was prepared by Jacob Kim, under the direction of Luan Ngo and Jeffrey Novak. Matthew Stephenson and Laura Irish also contributed to the report.

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