

Issue Number: 19-03

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Issue Short Heading: Rural Police Costing Model

Issue Category:

- Membership issue
- Government (Provincial)
- Government (Federal)
- PSAB
- Other

Issue Description

With the approval and proclamation of Bill 22, the Province has changed the funding criteria for policing in the Province of Alberta. Currently, municipalities with a population over 5,000 must either pay for their own municipal police force or enter into an agreement with the RCMP. Municipalities with a population under 5,000 and rural municipalities are not required to pay for this service.

How it works

As of April 1, 2020, all communities below 5000 and all rural municipalities will now be required to contribute toward the cost of front-line policing in those municipalities. Under the current Provincial Police Service Agreement, the Province pays 70% of this cost with the balance being covered by the Federal Government. Based on the 2018/19 provincial year, the cost of this service was \$232.5 million¹.

With the change in the funding model coming into place, the Province announced on December 4, 2019 that it will use this new funding to add an additional 300 front-line RCMP police officers and 200 support staff for policing in these areas. These new officers would complement the already 1600 members funded under the Provincial Police Service Agreement.

The timing and allocation of these additional officers is being determined and will involve input from a committee of representatives from both urban and rural municipalities.

¹ "Historic investment in rural policing", <https://www.alberta.ca/release.cfm?xID=6724033D52FC5-A45E-6C07-D8F3A8606FD5C88A>, Government of Alberta, 2019

How does this affect your municipality?

The Province has been in discussions with municipalities concerning this proposal since early fall. The Province has modified its original funding proposal based on feedback from this consultation process. The program starts April 1, 2020 and will be phased in over 4 years. Affected municipalities as a group will be responsible for the following funding contribution:

- 2020/21 – 10% of total or \$23,250,000
- 2021/22 – 15% of total or \$34,900,000
- 2022/23 – 20% of total or \$46,500,000
- 2023/24 – 30% of total or \$69,800,000
- 2024/25 – 30% of total or \$69,800,000

The Province has also modified the distribution formula from its original proposal released in the Fall. The base cost for each municipality will be based on a 50% population and 50% equalization formula. This formula will be further customized for each municipality by taking into consideration the following factors:

- Relative Crime Severity Index (CSI) (0.05% per CSI difference) relative to the Provincial Average. Municipalities with a higher CSI will receive a credit against their funding commitment.
- Presence of detachment (5% of base). Municipalities who do not have a RCMP detachment in their municipality will receive a credit against their funding commitment. This will apply to many villages, summer villages and towns that do not have RCMP detachment within their corporate boundaries.
- Shadow population (max 5% of base). Finally, those municipalities that have a proportion of their population that do not live full time in the community but still use municipal services will receive a credit toward their funding commitment. Shadow population will apply to temporary residents who are employed. Student populations will not be included in this calculation.

Since the initial announcement on December 4th, The Province has subsequently announced that the Province will assume the contracts that currently exist between the RCMP and affected municipalities with enhanced policing services. There are currently 44 officers funded under these agreements at a cost of \$7 million per year paid for entirely by municipalities. As a result of this change, municipalities will no longer contribute directly to these contracts as of April 1, 2020.

Financial impact

Both the RMA² and AUMA³ have released the Province's detailed cost impacts for all municipalities affected by this new initiative. Links to both of those reports are highlighted below. For those with enhanced policing positions, the net impact reported in these reports is the **additional cost** those municipalities will face and not the total.

Budgeting Implications

A further announcement was made on Wednesday of this week by the Province stating that municipalities would not have to pay their share of funding until January 2021.

Although this most recent announcement will assist municipalities from a cash flow basis, a municipality's commitment is based on services being provided by the RCMP in 2020. As such municipalities will still have to accrue this cost starting on April 1, 2020.

This will mean municipal budgets in 2020 will have to take into consideration this new funding commitment.

Conclusion

This issue continues to evolve. The Province is sharing this information with RMA and AUMA as it becomes available. GFOA Alberta members are encouraged to check these organizations' websites for updates on the program itself. GFOA Alberta will continue to provide updates as it relates to the impacts on budgeting and financial reporting.

This article was prepared by the Emerging Issues Task Force.

² <https://rmaalberta.com/news/government-of-alberta-releases-police-costing-model/>

³ <https://auma.ca/news/new-police-costing-model-unveiled>