

# Grant Funding Reports - Background Information

## A. Introduction

The purpose of the **Grant Funding Reports** is to provide a comprehensive and coordinated summary of all provincial and federal grant dollars available to municipalities within individual constituencies.

The reports provide information on **actual funding** received by municipalities within individual constituencies for the 2009/10 fiscal year.

It is important to note that while a number of different funding programs exist, all funding is provided based on one of two principles, allocation-based or competitive, resulting in three different types of grant programs – allocation-based, allocation project-based and competitive.

**Allocation-based funding** is assigned to individual municipalities based on a formula. Formulae may be comprised of a variety of factors including kilometres of road, population, or transit ridership. The key element behind allocation-based funding is that the funding is pre-determined. Municipalities access their respective funding according to program guidelines, but that particular funding is designated for use by only the municipality to whom it was assigned.

In some cases, such as the Municipal Sustainability Initiative, municipalities are not required to utilize all of their funding allocation in the year it is assigned. Municipalities have the option of carrying forward dollars that have yet to be used, as well as to allocate funding that is expected in future years of the program. This flexibility allows municipalities to use the funding for long-term strategic, capital planning as municipalities have the ability to fund projects above the amount allocated in a single year.

Some allocation-based funding programs require prior approval of eligible projects before the funds can be utilized by the municipality. These programs are referred to as **allocation project-based funding**.

**Competitive funding**, on the other hand, requires that municipalities submit applications to access funding for specific purposes. A number of municipalities may be eligible to receive funding, but there are no guarantees any one specific municipality will be awarded grant funds through competitive programs. Municipalities must apply for funding to support specific projects or initiatives based on the program guidelines.

Competitive funding is often open to all municipalities and Métis Settlements, as well as other eligible organizations such as non-profit community groups, but may at times be directed specifically toward, for example, urban municipalities of a specific size, the major metropolitan areas of Edmonton or Calgary, or rural municipalities. The key element of this type of support is that applications must be submitted and approved to receive funding and no municipality is automatically entitled to support.

Understanding the difference between allocation and competitive funding will assist in evaluating the information provided, as questions may arise concerning municipalities of similar status receiving differing levels of financial support. These differences are likely caused by one municipality having more success accessing competitive funding or in having different characteristics causing them to do better under some allocation-based formulae over others.

If you have any questions or require additional information please contact:

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## B. Purpose of Municipal Grant Funding

Through the government-endorsed Accountability Framework for Municipal Grant Funding, the following has been developed to explain the purpose of municipal grant funding.

Municipal conditional grant funding should:

- emphasize value-for money objectives (assessing the net benefit to Albertans, taking into account the financial, human and physical resources required to deliver a program);
- reflect the shared values Albertans hold (Leadership, Entrepreneurship, Self-Reliance, Community Spirit, and Stewardship);
- help achieve Alberta's strategic direction (Greening our Growth, Building our Quality of Life, Creating and Protecting our Opportunities);
- help achieve government priorities while balancing the needs and wants of municipalities;
- respond to shorter term funding pressures that address a specific GOA priority/strategy;

- support an equitable level of service to Albertans balanced with sustainability and predictability;
- support efficient and effective use of resources by establishing a one enterprise approach to supporting municipalities;
- minimize duplication, enhance transparency, predictability and accessibility to funding; and
- require recipients to be accountable for the monies received with grant funding programs clearly defining roles and responsibilities for grant recipients.