

Funding Model Member Resource

Introduction

The Police Funding Model (PFM) was implemented in April 2020, when the [Police Funding Regulation](#) was introduced. The PFM redistributes responsibility for a portion of frontline policing costs from the Government of Alberta (GOA) to municipalities that receive policing services through the Provincial Police Service Agreement (PPSA). Prior to 2020, the GOA contracted the RCMP to provide provincial policing and shared the cost 70% to 30% with the federal government. Between 2020 and 2024, rural municipalities have paid an increasing proportion of the GOA's share of PPSA costs, from 10% in 2020 to 30% in 2024. When the PFM was introduced, the [GOA promised it would bolster local policing input and service levels](#). However, this is not the reality of the PFM for many rural municipalities.

The PFM is set to expire on March 31, 2026 after the Government of Alberta [announced a one year extension](#) at the Fall 2024 RMA Convention. RMA expects the Government of Alberta (GOA) to conduct engagements related to the renewal of the regulation at some point in 2025, but there is currently no information on if, how, or when this will occur. RMA's concerns with the current PFM include:

- ◆ No link between individual municipal PFM contributions and policing service levels.
- ◆ No accountability to enhance service in any municipality that contributes to the PFM.
- ◆ No enhancement to local input into policing in conjunction with increased cost contributions.
- ◆ No tracking of if and to what extent PFM contributions have enhanced policing in rural communities, and (to RMA's knowledge) no use of local data or input to inform use of PFM funding.
- ◆ Use of PFM contributions to support centralized policing positions or contribute to routine operate costs as opposed to adding more frontline police presence in rural communities.

This document is intended to support RMA members in preparing to participate in future PFM engagements. It includes a detailed overview of the current formula as well as initial key themes for how the next iteration of the PFM could be improved to ensure that contributing municipalities actually see benefits in the form of enhanced policing service levels, safer communities, and input into policing that reflects their local priorities.

PFM Formula Breakdown

Information on the PFM can be found in the [Police Funding Regulation](#) and a [regulation information sheet](#). Any data used in this report are taken from these [Police funding model municipal tables \[2020-21 to 2024-25\]](#).

According to the Police Funding Regulation, municipal policing contributions under the PPSA are calculated as follows:

$$(E + P) - (SP + CSI + D)$$

- ◆ E is the weighted equalized assessment amount
- ◆ P is the weighted population amount
- ◆ SP is the shadow population subsidy
- ◆ CSI is the Crime Severity Index subsidy
- ◆ D is the police detachment subsidy

Municipalities with existing enhanced policing positions prior to the PFM are reimbursed for the cost through another PFM subsidy. Each formula component will be described further in the coming sections.

Together, equalized assessment and population are the primary determiners of the amount each municipality contributes to the PFM by being added together after they are each individually calculated. The other components - shadow population, CSI, and detachment subsidy, are considered “modifiers” intended to reduce how much a municipality pays if a large portion of the people who spend time in their community are not taxpayers, if the CSI is higher than average, or if a detachment is not located in the municipality. Shadow population, CSI and the detachment subsidy are also individually calculated and added together. The total of all the modifiers is subtracted from the total equalized assessment and population calculation.

Equalized Assessment

Equalized assessment is used in the formula as a proxy for a municipality’s “ability to pay” for policing. Equalized assessment is calculated as:

$$\frac{MEA}{TEA} \times ATS \times 50\%$$

MEA is the equalized assessment prepared annually by the Minister of Municipal Affairs, TEA, the total of all equalized assessments across the province, and ATS the total annual total municipal share of policing costs (10%-30% in dollars), multiplied by 50% weight indicating that the final PFM amount a municipality is charged is half based on equalized assessment and half on population. Municipalities with larger equalized assessments contribute a larger portion of the PFM amount collected each year than those with smaller equalized assessments.

Population

Population is used in the formula as an indicator of the demand for policing services in a given municipality. Population is calculated as:

$$\frac{MP}{TP} \times ATS \times 50\%$$

MP, the municipal population is divided by the total of all municipal populations (TP) and multiplied by the annual total share (ATS) for that year (i.e. 10% in 2020-2021). Like equalized assessment, population is weighted at 50%. Municipalities with lower populations pay less than those with larger populations.

Shadow Population

After the core components have been calculated, attention turns to the formula modifiers. A shadow population refers to a temporary, non-permanent resident population. Most often shadow populations refer to people who are employed in a municipality for at least 30 days. This subsidy is intended to reduce PFM contributions for municipalities who must provide a service for a transient population who are not local taxpayers. The shadow population subsidy is calculated by:

$$\frac{MSP}{MP} \times _ \% \times (E + P)$$

Where MSP is a municipal shadow population, MP is the total municipal population, and E and P refer to the equalized assessment and population respectively. To RMA’s knowledge, only two municipalities receive this subsidy.

Crime Severity Index

Crime Severity Index (CSI) is used to track changes in the severity of police-reported crime. It accounts for both the amount or frequency of crime and its severity or relative seriousness. Crime Severity Index (CSI) is calculated by:

$$\frac{MA - TA}{100} \times 0.05\% \times (E + P)$$

Where MA is the three-year average of the municipality's CSI, TA is the total of all municipal CSIs, and E and P refer to the weighted equalized assessment and weighted population. The composition of how CSI is calculated leads to municipalities with an above average CSI receiving a larger subsidy, while municipalities with an average or below average CSI do not receive a subsidy. The crime rate in rural Alberta has been reported at 38% higher than elsewhere in the province.

Detachment Subsidy

The PFM formula provides a subsidy for municipalities who do not have an RCMP detachment and rely on RCMP services from officers in a detachment outside of their municipality, presumably to recognize the lower level of service some residents may have access to. The detachment subsidy is calculated as a blanket 5% deduction of the core PFM cost for any municipality without a detachment via the following equation:

$$(E + P) \times 5\%$$

Where E and P are the weighted equalized assessment and population respectively. RMA understands all rural municipalities received this subsidy.

Enhanced Policing

The final subsidy, enhanced policing, is provided to municipalities who had existing enhanced policing agreements in place prior to the introduction of the PFM. An enhanced policing agreement allowed municipalities to pay for provincial RCMP officer positions beyond the service standard number allocated prior to the PFM's introduction. When the PFM was introduced, municipalities had the option to retain these additional positions and then have the annual amount they paid returned to them in the form of a subsidy. Accordingly, this amount is not built into the PFM formula, but based on municipal cost. In 2020, the cost of one position was \$160,000. In cases where the subsidy exceeded the total of the equalized assessment and population, funds were not returned to municipalities. More rural than urban municipalities pay for enhanced policing positions.

Recommendation Breakdown

The PFM is ineffective in providing members with the enhanced service levels the Government of Alberta committed to and input necessary to ensure safe communities. Although the RMA maintains that the PFM should be eliminated, RMA anticipates that the Government of Alberta will not accept this recommendation. As a result, RMA has determined a list of recommendations to make the PFM more effective in improving frontline service levels.

The PFM formula must be changed to better serve rural municipalities

All components of the PFM formula put rural municipalities at a disadvantage. The formula must be adjusted to ensure that rural municipalities are not paying more for frontline policing without seeing any increase in service levels.

Policing costs must be linked to increased service levels

When introducing the PFM, the Government of Alberta assured municipalities that it would lead to an increase in frontline policing. If municipalities are paying an increasing amount for their frontline policing costs, they need to see an increase in service levels in their communities.

Policing costs must be linked to enhanced local input

Local input into policing is an essential aspect of effective police governance. The introduction of the PFM promised enhanced local input into policing, but many municipalities are still without adequate participation into their local policing.

PFM reporting must be evidence-based

There is currently no adequate record of how policing has been enhanced in rural areas because of the PFM. It is also unclear why local data is not used to inform the use of PFM funding. Going forward, it is essential that PFM reporting be evidence-based to ensure communities are receiving proper information about services in their community.

The *Municipal Government Act* must be amended to designate the PFM levy as a requisition

Ratepayers should be made more aware that Alberta Public Safety and Emergency Services requires municipalities to pay for frontline provincial policing services. As such, municipalities should be able to denote the collection of funds that cover the PFM on taxation bylaws and tax notices by identifying the PFM payment as a requisition through the amendment of Section 326(1) of the *Municipal Government Act*.

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