

# TORONTO STAFF REPORT

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October 16, 2002

To: Board of Health

From: Dr. Sheela Basrur, Medical Officer of Health

Subject: Toronto Public Health - 2003 Operating Budget Submission

Purpose:

To provide an overview of the 2003 Toronto Public Health Operating Budget submission and propose a process by which public deputations can inform the Board of Health's budget decisions. An oral presentation of this report will be provided at the October 21, 2002 meeting of the Board of Health, following its discussions at the October 17, 2002 meeting of the Board of Health Budget Sub-Committee.

Financial Implications and Impact Statement:

The 2003 Public Health Operating Budget request totals \$171,671.9 thousand (gross) / \$70,422.4 thousand (net). This is \$15,698.4 thousand (gross) / \$6,273.8 thousand (net) above the 2002 Approved Operating Budget, for increases of 10.06% gross / 9.78% net. These estimates assume full provincial cost-sharing for eligible programs.

The net increase is comprised of \$5,084.9 thousand for base budget changes and \$1,188.9 thousand for "New and Expansion" services. The base budget changes include increases of \$2,284.1 thousand for annualization of prior year approvals, \$2,048.6 thousand for economic factors, and \$752.3 thousand for other base changes. Together these increases comprise the 2003 Requested Base Budget, which is based on existing service levels.

The net request of \$1,188.9 thousand for "New and Expansion" services includes a reduction in the TPH "gapping" target (from 4.6% to 3.0%), increased funds for local public health emergencies (ie. TB outbreak) or emerging diseases (ie. West Nile Virus), and continuation of Council-directed initiatives under the City's Environmental Plan (air quality, pesticides strategy).

TPH has prepared budget adjustment options totalling \$2,539.2 thousand (gross) / \$1,443.1 thousand (net). These adjustments will result in service reductions. If all of these service

reductions were accepted, the TPH Operating Budget submission would still be \$498.1 thousand (net) above the 2002 Adjusted Base Budget level.

The corporate guidelines also require Public Health to “flatline” the 2003 budget at the 2002 Approved Budget level. Applying this guideline would require TPH to make additional service reductions totalling \$9,661.4 thousand (gross) / \$4,830.7 thousand (net), which cannot be made without substantial base budget program cuts.

Non-Program interdepartmental recoveries relating to Public Health Information Technology have been budgeted at 2001 levels (\$2.2 million). This amount was initially assigned to the Corporate Information and Technology Division for exclusive use on TPH projects. This report recommends that these amounts be transferred permanently into Public Health’s Operating Budget during the 2003 budget process.

The Chief Financial Officer and Treasurer has reviewed this report and concurs with the financial impact statement.

Recommendations:

It is recommended that:

- 1) The Board of Health table this report to its November 18, 2002 meeting, in order to provide an opportunity for public deputations on the proposed 2003 Public Health Operating Budget;
- 2) The Board of Health endorse the following Operating Budget proposals at its November 18, 2002 meeting:
  - (a) annualization of initiatives and compensation policies previously approved by City Council (\$3,986.7 thousand gross / \$2,284.1 thousand net);
  - (b) economic factors as calculated by the City’s Finance Department (\$4,116.1 thousand gross / \$2,048.6 thousand net);
  - (c) other base budget changes pursuant to corporate policies, health and safety requirements, and service volume increases (\$5,120.3 thousand gross / \$683.3 thousand net);
  - (d) revenue reductions associated with the sale of materials and loss of a grant from Cancer Care Ontario, Central East Region (\$69.0 thousand net);
  - (e) reduction in the TPH gapping target on cost-shared programs from 4.6% to 3.0% (\$748.9 thousand gross / \$420.7 thousand net);

- (f) establishment of a West Nile Virus (WNV) Prevention and Control Program (\$777.7 thousand gross / \$388.9 thousand net);
  - (g) continuation of the 20/20 Clean Air Campaign to reduce vehicle and energy use by City residents and businesses (\$100.0 thousand gross / \$50.0 thousand net);
  - (h) continuation and expansion of the City's strategy to educate the public about safer pesticide use (\$163.5 thousand gross / \$81.8 thousand net);
  - (i) health-related environmental studies requested and fully funded by the City's Works and Emergency Services Department pursuant to the closure of the Ashbridges Bay Sewage Treatment Plant (\$190.0 thousand gross / \$0 net);
  - (j) temporary expansion of the TB Program to control an ongoing TB outbreak in the hostel sector (\$495.2 thousand gross / \$247.6 thousand net);
- 3) That Non-Program interdepartmental recoveries for Public Health Information Technology be transferred permanently at current levels into the Public Health Operating Budget (\$2.2 million gross);
  - 4) That the final budget decisions of the Board of Health be referred to the Budget Advisory Committee for consideration; and
  - 5) That the appropriate City Officials be authorized and directed to take the necessary actions to give effect thereto.

Background:

The 2002 budget contained an increase of \$3.6 million (net) over the 2001 approved budget for 50:50 cost-shared programs. Provincial approval of the Toronto Public Health 2002 budget is still pending.

In addition, the 2003 Operating Budget submission assumes a further increase of \$6.2 million (net) from the Province. The 2003 Operating Budget has been prepared on the assumption that the Ontario Ministry of Health and Long Term Care will fund its full share of the costs for mandatory health programs and services in 2002 and 2003.

Comments:

Financial details on the proposed TPH operating budget can be found in Appendix A. This template shows all changes on the base budget following its approval by City Council in March 2002.

The 2002 Approved Operating Budget has been subject to several in-year adjustments, the major component being a 3% cost-of-living adjustment (COLA) for all employees. Altogether, in-year

adjustments resulted in a 2002 Revised Approved Budget of \$155.9 million gross / \$64.1 million net and a staff complement of 1,670 full-time equivalents (FTE's).

### Payroll Pressures

Most of the financial pressures within the 2003 TPH Operating Budget arise from payroll increases that were awarded through collective bargaining or Council compensation policies. These pressures (ie. merit increases, wage standardization, salary arbitration, and 3% COLA) total \$9.0 million (gross) / \$4.1 million (net) and represent 5.8% gross / 6.3% net of the requested increase of 10.0% (gross) / 9.78% (net) over the 2002 Revised Approved Budget.

### Corporate and Interdepartmental Charges

Corporate Charges continue to be budgeted at 2001 levels (\$13.2 million) pending further review by Finance staff in consultation with TPH and Audit Services. Corporate Charges continue to be an area of concern for the Board of Health and were the subject of a 2001 review by the City Auditor. Detailed examination of these charges is still pending.

TPH also faces continued increases in interdepartmental charges (IDC's) for the use of facilities. These pressures cannot be accommodated within the base budget and services cannot be reduced further to cover these costs.

### New and Expanded Programs

The Corporation expects all divisions to flat-line service levels in 2003 except where new or expanded services are absolutely essential. Therefore "New / Expanded" programs are limited to essential items such as Council-mandated activities under the City's Environmental Plan (e.g. pesticides strategy, 20:20 clean air campaign), local health emergencies (e.g. TB outbreak in the hostel system) and emerging diseases such as West Nile Virus (WNV). TPH is also requesting a reduced gapping target of 3%, which reflects the two-year phase-in of this requested target as directed during last year's budget process.

In 2003, WNV will be subject to 50:50 provincial cost-sharing, unlike 2002 in which 100% provincial funding was available on a one-time basis. The City's financial requirements for 2003 have been approximated by pro-rating the 2002 allocation by 50%. Detailed plans and a 2003 budget for WNV prevention and control are currently being developed in consultation with the Province and surrounding health units in the GTA. The proposed plan and budget will be reported in detail to the Toronto Board of Health at its November 18, 2002 meeting.

### Service Level Reductions

Corporate budget guidelines require that options for "Service Level Reductions" be prepared to offset any internal financial pressures beyond the Revised Approved Base Budget. Options in the TPH budget submission include a combination of service level reductions and withdrawal of needed program enhancements. (Note: Since the corporate template requires that budget

reductions be shown prior to budget increases, WNV and environmental plan initiatives are shown as “withdrawals of new services” before they actually appear as “service improvements”.)

Overall, TPH has prepared budget adjustment options totalling \$2,539.2 thousand (gross) / \$1,443.1 thousand (net). A residual pressure of \$498.1 thousand (net) against the Adjusted Base Budget would still remain even if all of these options were accepted. These reductions are put forward solely on the basis that they do not require service levels to fall below the provincially mandated minimum and/or do not adversely affect local by-law enforcement. However, all of these reductions will have a significant impact in affected communities and for the population as a whole.

For example, reducing sexual health clinic budgets by 10% (for purchased services) and 15% (for directly operated clinics) will reduce hours of operation in this program to the minimum number of clinic hours mandated by the Province. This would run counter to the well documented, high unmet sexual health needs in Toronto, particularly among high risk, hard-to-reach populations such as people living in poverty, teens, those without health insurance, men who have sex with men, and sex trade workers.

The Dental Prevention and Treatment Program in Collective Living Centres (CLC’s) is currently available only in the South Region. Eliminating it will adversely affect the dental and oral health status of those institutionalized seniors, including their ability to eat properly, to socialize, to be screened for oral lesions, and to be relieved of pain.

Eliminating programming for vulnerable adults and frail seniors will curtail much public health work with homeless populations, eliminate community programming against elder abuse, and eliminate public health response (even as a measure of last resort) for elderly recluses who are resistant or ineligible for services from other providers.

Discontinuing City pick-up of stray cats will exacerbate cat over-population problems, leading to increased risk of animal illness and injury and unmet community complaints about nuisance, damage to property and stray / feral cats. It will also impede our future ability to control the spread of racoon rabies in the stray/feral cat population, which may place companion animals and residents at future increased risk. For now, racoon rabies appears to be confined to eastern Ontario and widespread parts of the northeastern U.S.

There are very high expectations by the provincial government, surrounding health units and the general public that the City of Toronto will continue its WNV prevention and control program in 2003. This year’s efforts to curtail even the “dead bird pick-up” service were met with a high volume of complaints from the public and members of Council which resulted in reinstatement of this service in August 2002. In addition to surveillance for dead birds and human illnesses, mosquito surveillance and larvicidal control is being actively pursued by health units across the GTA, which was a geographic hot spot for WNV activity in North America during 2002. All of these activities are resource intensive and interdependent.

A Pesticides Strategy is needed irrespective of any decisions that may be taken by City Council regarding adoption of a pesticides by-law. A public education strategy will be continued and expanded to reduce non-essential use of pesticides in the community.

The 20:20 Clean Air Campaign has successfully leveraged a total of \$290,200 over three years from external sources including Environment Canada (\$26,700); Ontario Ministry of Environment (\$78,500); Toronto Atmospheric Fund (\$80,000); Enbridge Consumers Gas (\$5,000) and the Climate Change Action Fund (\$100,000). The value of these contributions would be lost without the City's investment in this initiative. In addition, the City has experienced an unprecedented number of smog-alert days in the past few years.

Finally, reducing "purchase of service" for translations will limit TPH's ability to provide prints and audiovisual materials and messages in the many languages spoken by the diverse clients served in the TB Control Program and the Healthiest Babies Possible (HBP) Program. It will also run counter to the provincial standard mandating Equal Access to public health services for all residents regardless of language, literacy or other barriers.

#### Conclusions:

The 2003 Public Health Operating Budget request totals \$171,671.9 thousand (gross) / \$70,422.4 thousand (net). This is \$15,698.4 thousand (gross) / \$6,273.8 thousand (net) above the 2002 Approved Operating Budget, for increases of 10.06% (gross) / 9.78% (net). These estimates assume full provincial cost-sharing for eligible programs. This represents net increases of \$2,284.1 thousand for annualization of prior year approvals, \$2,048.6 thousand for economic factors, and \$752.3 thousand for other base changes. Together these increases comprise the 2003 Requested Base Budget, which is based on existing service levels.

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In 2003, TPH will focus on consolidating programs and services with a view to maximizing efficiencies, meeting mandatory requirements and addressing high profile public health issues with available resources. TPH also remains committed to maximizing the use of Information Technology to improve financial planning, reporting, and service efficiency.

Contact:

Dr. Sheela Basrur  
Medical Officer of Health  
Tel: 416-392-7402  
Fax: 416-392-0713

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Dr. Sheela V. Basrur  
Medical Officer of Health

List of Attachments:

1. 2003 Preliminary Operating Plan & Budget