



STAFF REPORT INFORMATION ONLY

Toronto Public Health Operating Budget Variance Report for the twelve months ended December 31, 2006

Date:	March 22, 2007
To:	Board of Health
From:	Medical Officer of Health
Wards:	All
Reference Number:	

SUMMARY

This report provides an update to the Board of Health on Toronto Public Health's (TPH) Operating Budget Variance for the twelve months of operation ending on December 31, 2006.

The favourable net expenditure variance of \$4,680.4 thousand is primarily the result of two factors: under-spending of \$2,783.7 thousand in new and enhanced services that were not implemented in 2006 to offset the shortfall in provincial funding due to the 5% growth limit over the 2005 base subsidy announced by the Province in March 2006; and, under-spending of \$1,820.0 thousand in other cost-shared programs to offset potential net pressure arising from the uncertainty of receiving the provincial share of 65% for cost of living adjustment (COLA) and harmonization costs. The final Provincial approval of the 2006 base subsidy was approved in January 2007 which confirmed the 5% growth increase over the 2005 base subsidy, and full cost sharing for COLA and harmonization costs.

Financial Impact

<i>As of Dec 31, 2006</i>	ACTUAL	BUDGET	VARIANCE OVER/(UNDER)	
	(\$000s)	(\$000s)	(\$000s)	%
<u>Gross Expenditure:</u>				
Payroll	141,435.8	150,044.4	(8,608.6)	(5.7%)
Non Payroll	56,556.7	61,854.0	(5,297.3)	(8.6%)
Total Gross Expenditure	197,992.5	211,898.4	(13,905.9)	(6.6%)
Revenue	138,845.2	148,070.6	(9,225.4)	(6.2%)
NET EXPENDITURE	59,147.3	63,827.8	(4,680.4)	(7.3%)

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

This report provides an update to the Board of Health on Toronto Public Health's (TPH) Operating Budget Variance for the twelve months of operation ending on December 31, 2006.

ISSUE BACKGROUND

In March 2006, the Ontario Ministry of Health and Long Term Care indicated that growth in cost-shared provincial funding for public health would be limited to 5 percent.

In January 2007, the Ministry of Health and Long Term Care advised the Medical Officer of Health that Toronto Public Health's 2006 provincial grants for mandatory cost shared programs increased from \$133,409.2 thousand gross / \$46,693.2 thousand net to \$136,359.4 thousand gross / \$47,725.8 thousand net to cover the cost of living and harmonization costs.

COMMENTS

Toronto Public Health's 2006 Operating Budget is \$211,898.4 thousand gross and \$63,827.8 thousand net.

Gross and net expenditures were under budget by \$13,905.9 thousand or 6.6 percent and \$4,680.4 thousand or 7.3 percent respectively as of December 31, 2006. Explanations of the variances in both gross expenditures and revenues and a summary of corrective actions are outlined below.

(1) Gross Expenditures

Toronto Public Health's gross under-spending in the amount of \$13,905.9 thousand or 6.6 percent is comprised of the following:

- a) \$12.0 million gross underspending in cost-shared programs due to the reduction in 2006 provincial grant as the Province indicated in March 2006 that it will work within a more constrained funding envelope for public health units in Ontario than was assumed in the 2006 Council approved budget. In TPH delayed hiring and spending decisions pending receipt of a final approval of the mandatory cost-shared grant from the Province. TPH received the final approval in January 2007.
- b) \$1.0 million gross underspending in 100 percent provincially funded programs because of additional funding approval received late in the year from the Province for Healthy Babies Healthy Children, Pre-school Speech and Language, and Infant Hearing programs. \$0.6 million of the unspent balance will be carried forward to the 2007 Operating Budget.
- c) \$0.6 million gross underspending due to the delays in implementing two new revenue generating programs: Dog and Cat Licensing Strategy and Mandatory Food Handler Training.
- d) \$0.3 million gross underspending primarily due to delays in completing the two capital projects of Animal Online License Renewal and PHIPA System Compliance. The unspent balance will be carried forward to the 2007 Operating Budget.

(2) Revenue

Actual revenue was below budget by \$9,225.4 thousand or 6.2 percent mainly due to the following:

- a) \$8.3 million underachievement of matching provincial revenue as a result of under-expenditures in cost-shared programs to reflect the expected approval of a lower Provincial cost-shared grant and the under-spending in 100 percent provincially funded programs as a result of the late approval from the Province.
- b) \$0.6 million underachievement from fees collection due to delays in implementing the two revenue generating programs: Dog and Cat Licensing Strategy and Mandatory Food Handler Training.
- c) \$0.3 million of revenue was not transferred from Capital Budget due to underspending in Capital projects: Animal Online License Renewal and PHIPA System Compliance.

(3) Corrective Action

TPH management has taken actions to closely monitor the actual expenditures and budget by funding source. Monthly detailed analysis and reviews of the operating budget results have been established to better manage the budget in alignment with funding sources and to ensure available resources are fully utilized to meet public health needs.

CONTACT

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SIGNATURE

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Medical Officer of Health

ATTACHMENTS

Attachment 1 – TPH Operating Variance Submission for the period ended December 31, 2006