



STAFF REPORT ACTION REQUIRED

Toronto Public Health 2008 Operating Budget Request

Date:	September 14, 2007
To:	Board of Health
From:	Medical Officer of Health
Wards:	All
Reference Number:	

SUMMARY

This report outlines the Toronto Public Health (TPH) 2008 Operating Budget request and explains the service and financial implications of meeting the City's target of a zero net increase over the 2007 Operating Budget.

The 2008 Operating Budget request totals \$218,943.2 thousand gross / \$51,150.9 thousand net. This request represents an increase of \$7,946.6 thousand or 3.8 percent in gross and \$753.5 thousand or 1.5 percent in net expenditures from the 2007 Operating Budget. These estimates assume full provincial cost sharing for eligible programs with the related cost sharing formula at 75 percent and expected growth in provincial funding of five percent for 2008, thus allowing the City of Toronto to leverage provincial funding to promote and protect public health in Toronto.

RECOMMENDATIONS

The Medical Officer of Health recommends that:

1. City Council approve a Toronto Public Health 2008 Operating Budget request of \$218,943.2 thousand gross / \$51,150.9 thousand net as summarized in Table 1, "2008 Operating Budget Request".
2. City Council approve the list of budget adjustments included in Table 3, "Summary of 2008 Base Budget Changes from 2007 Operating Budget" of this report totalling an increase of \$7,946.6 thousand gross / \$753.5 thousand net.
3. City Council continue to invest sufficient municipal funds to strengthen public health services in Toronto as recommended by the Walker expert panel and the

Campbell commission, and to leverage 75 percent provincial funding to promote and protect the health of the Toronto population.

4. the Board of Health consider service reduction options as summarized in Table 4, “Summary of 2008 Service Reduction Options” of this report totalling a budget reduction of \$753.5 thousand gross and net expenditures to achieve the City’s target of a zero net increase over the 2007 Operating Budget; and
5. the Board of Health forward this report to the Budget Committee for its consideration during the 2008 budget process.

Financial Impact

The TPH 2008 Operating Budget request totals \$218,943.2 thousand gross / \$51,150.9 thousand net. This request represents an increase of \$7,946.6 thousand or 3.8 percent in gross and \$753.5 thousand or 1.5 percent in net expenditures from the 2007 Operating Budget as shown in Table 1 below. The net increase of \$753.5 thousand over the 2007 Operating Budget is attributable to the base budget increases in compensation including a cost of living allowance, merit adjustments and annualization of 2007 new and enhanced services.

**Table 1
Toronto Public Health
2008 Operating Budget Request**

	2007 Budget	2008 Request	Change from 2007 Budget	
(\$000s)	\$	\$	\$	%
GROSS EXP.	210,996.6	218,943.2	7,946.6	3.8
REVENUE	160,599.2	167,792.3	7,193.1	4.5
NET EXP.	50,397.4	51,150.9	753.5	1.5
Positions	1,982.5	1,962.0	(20.5)	(1.0)

Note: 2008 Request includes 27.5 positions funded from Capital in the amount of \$2,442.1 thousand gross and \$0 net.

Table 2 – 2008 Operating Budget for Consideration reflects the proposed service reduction of \$753.4 thousand gross and net, thus bringing the total request for the TPH 2008 Operating Budget to \$218,189.9 thousand gross and \$50,397.4 thousand net expenditures in order to achieve the City’s target of a zero net increase over the 2007 Operating Budget.

Table 2
Toronto Public Health
2008 Operating Budget for Consideration

	2007 Budget	2008 Request	2008 Service Reduction Options	2008 Budget for Consideration	Change from 2007 Budget	
(\$000s)	\$	\$	\$	\$	\$	%
GROSS EXP.	210,996.6	218,943.2	(753.5)	218,189.7	7,193.1	3.4
REVENUE	160,599.2	167,792.3	0.0	167,792.3	7,193.1	4.5
NET EXP.	50,397.4	51,150.9	(753.5)	50,397.4	(0.0)	(0.0)
Positions	1,982.5	1,962.0	(6.0)	1,956.0	(26.5)	(1.3)

Note: 2008 Request includes 27.5 positions funded from Capital in the amount of \$2,442.1 thousand gross and \$0 net.

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

DECISION HISTORY

At its meeting on April 20 and 23, 2007, City Council approved a 2007 TPH Operating Budget of \$210,996.6 thousand gross / \$50,397.4 thousand net. This budget included provincial mandatory cost-shared programs of \$143,177.4 thousand gross / \$35,793.4 thousand net with \$1,031.0 thousand gross / \$257.7 thousand net for New and Enhanced services and 15 new positions.

At its meeting on July 24, 2007, the BOH Budget Sub-committee considered the 2008 Operating Budget Submission for Toronto Public Health. The BOH Budget Sub-committee requested the Medical Officer of Health (MOH) to submit a revised 2008 Operating Budget proposal which incorporates any savings that can be achieved through efficiencies, cost containment measures and potential cuts to 100 percent municipally funded programs to achieve a zero percent net operating budget increase together with the associated service impacts.

As its meeting on September 11, 2007, the BOH Budget Sub-committee reviewed the revised 2008 Operating Budget Submission including the identified efficiencies and service level reductions in 100 percent municipally funded programs and requested the Medical Officer of Health to incorporate them in this report for consideration by the Board of Health.

ISSUE BACKGROUND

The TPH 2008 Operating Budget request assumes full provincial cost sharing for eligible programs with the same cost sharing formula at 75 percent and expected growth in provincial funding of five percent for 2008 over the 2007 Operating Budget.

The 2008 Operating Budget Submission Guidelines indicate that all City divisions are required to achieve a zero percent net increase over the 2007 Operating Budget in their 2008 Operating Budget submission. In order to meet the City's zero percent net target, TPH needs to identify service level reductions of \$753.5 thousand gross and net expenditures in 100 percent municipally funded programs. The gross impact of achieving equivalent savings in provincial mandatory cost-shared programs would be 4 times the amount of the City's contribution or \$3,013.6 thousand gross expenditure reduction to achieve net savings of \$753.5 thousand.

COMMENTS

The TPH 2008 Operating Budget request totals \$218,943.2 thousand gross / \$51,150.9 thousand net expenditures. This request is \$7,946.6 thousand gross or 3.8 percent and \$753.5 thousand net or 1.5 percent above the 2007 Operating Budget. The net increase of \$753.5 thousand over the 2007 Operating Budget is attributable to base budget increases in compensation including a cost of living allowance, merit adjustments and annualization of 2007 new and enhanced services.

Mandatory Cost Shared Programs:

In August 2007, TPH received a letter from the Ontario Ministry of Health and Long Term Care (MOHLTC) indicating approval of a 2007 grant for the mandatory cost shared budget in the amount of \$143,177.4 thousand gross / \$35,793.4 thousand net. This represents an increase of five percent growth over the 2006 approved grant for mandatory cost shared programs and the increase in the cost sharing formula from 65 to 75 percent.

The 2008 Operating Budget request for mandatory cost shared programs is \$150,336.3 thousand gross / \$37,583.1 thousand net expenditures, which represent a maximum five percent growth from 2007 Operating Budget with an increase of \$7,105.9 thousand gross and \$1,776.5 thousand net expenditures. The increase will be used to offset base budget pressures mainly related to compensation costs including a cost of living allowance and merit adjustments.

The provincial funding formula will remain stable at 75 percent in 2008. The cost sharing formula of 75:25 means that every \$4 of public health services requires \$1 of municipal investment.

2008 Base Budget Changes:

Base budget changes totalling a net expenditure increase of \$753.5 thousand are included in the 2008 TPH Operating Budget request and are listed in Table 3 – Summary of 2008 Base Budget Changes from 2007 Operating Budget, followed by an explanation of the key components.

Table 3
Toronto Public Health
Summary of 2008 Base Budget Changes from 2007 Operating Budget (\$000s)

	Positions	Gross	Revenues	Net
2007 Council Approved Operating Budget as at April 07	1,982.5	210,996.6	160,599.2	50,397.4
In-Year Budget Adjustments (BOH June/July 07)	8.0	1,060.6	1,068.4	(7.8)
Non Recurring Expenditures	(52.0)	(3,929.9)	(3,929.9)	-
Annualization	(1.0)	1,540.6	1,440.7	99.9
Zero Based Expenditure		(370.5)	(262.9)	(107.6)
Economic Factors - Payroll		6,813.9	4,865.6	1,948.3
Economic Factors - Non Payroll		316.7	237.5	79.2
Salaries & Benefits Related to 2008 Capital Projects Request	27.5	2,442.1	2,442.1	-
Adjusted Base Operating Budget	1,965.0	218,870.2	166,460.8	52,409.4
Other Base Changes	(3.0)	73.0	1,331.5	(1,258.5)
2008 Total Operating Budget Request	1,962.0	218,943.2	167,792.3	51,150.9
Over (Under) 2007 Operating Budget	(20.5)	7,946.6	7,193.1	753.5
Over (Under) 2007 Operating Budget %	(1.0%)	3.8%	4.5%	1.5%

Adjusted Base Operating Budget:

The net Adjusted Base Operating Budget of \$52,409.4 thousand, that is \$2,011.9 thousand above the 2007 net budget, includes a reduction of \$7.8 thousand related to a 2007 insurance budget reallocation to other City divisions, an increase of \$99.9 thousand for annualization of new/enhanced services approved in 2007, a zero base expenditure decrease of \$107.6 thousand, salary and benefit increases of \$1,948.3 thousand, and non payroll economic factor increases of \$79.2 thousand.

Other Base Changes:

Reductions of \$1,258.5 thousand net in Other Base Changes is due to the shift of certain fully City-funded services to provincial cost sharing. The following eligible programs have been transferred to the mandatory cost-shared budget for 2008:

- One on One Youth Mentoring
- Community Crisis Response
- Support Youth and Priority Neighbourhoods
- Heat Alert Outreach
- Methadone

These service initiatives were fully funded by the City in 2006 and 2007 to allow implementation of these services to vulnerable communities in support of the City's initiatives for priority neighbourhoods. Cost-shared funding of these services will fully utilize the five percent growth in the provincial grant from the MOHLTC and assist in achieving the City's target of a zero net increase.

2008 Service Reduction Options:

To achieve the City's target of a zero net increase over the 2007 Operating Budget, TPH has identified service reduction options in the 100 percent City funded programs totalling \$753.5 thousand gross and net. The proposed service reductions for consideration are summarized in Table 4 – Summary of 2008 Service Reduction Options, below followed by a brief description of the service level implication for each of the proposals.

Service Area	Description	Cost Saving			
		Positions	Gross	Revenue	Net
Animal Services	Cease Field Service Response to Injured or Distressed Wildlife	(3.0)	(253.0)	0.0	(253.0)
	Cease Providing Pet Owner Surrender Services	(3.0)	(375.0)	(84.5)	(290.5)
Dental & Oral Health	Cease Denture Co-Payment Subsidy			210.0	(210.0)
	Total	(6.0)	(628.0)	125.5	(753.5)

Animal Services

Cease Field Service Response to Injured or Distressed Wildlife:

Toronto Animal Services (TAS) responds to approximately 4,500 field service requests annually regarding injured, sick or distressed wildlife, excluding West Nile Virus (WNV) bird collection. Depending upon the condition of the wild animal and the availability of a potential rehabilitator, the animal is either euthanized or sent for rehabilitation. Other service providers such as Toronto Wildlife Centre (TWC) and Toronto Humane Society (THS) provide some wildlife response services and rehabilitation. TWC helps wildlife in distress and provides education to the community on wildlife-related issues and they have highly trained staff and volunteers who perform difficult life saving rescues 365 days a year. However, we understand that TWC only provides some limited field service response and often requests the finder to bring the animal to them. THS provides wildlife rehabilitation and wildlife may be brought to their shelter at any time. Private service providers are available that will respond to wildlife field service requests for a fee payable by the resident. TAS would continue to respond to field service requests where the injured, sick or distressed wildlife was an imminent threat to public health and safety.

Cease Pet Owner Surrender Services:

Toronto Animal Services (TAS) receives approximately 4,300 owner-surrendered animals annually. This includes dogs, cats and other animals such as rabbits and rodents where the pet owners no longer want or can keep their pets, or is requesting that their pets be euthanized as it is not a candidate for re-homing (adoption). If this service is withdrawn, we expect up to two thirds (approximately 2,800) of these animals will still be brought to TAS as strays. The consequence of "owned" animals being relinquished as "stray" is that TAS will not have access to the individual animal's history, including

name, age, health and behavioural information. The cost savings resulting from this service reduction are based on a decreased animal intake and sheltering of approximately 1,500 animals annually.

Owners who can no longer keep their adoptable pets can try finding a new home for their pets through advertising, Humane Societies and other animal welfare groups. Owners may also take their pets to veterinarians for euthanasia and cremation services. Where these services are not readily accessible or affordable to the public, animals may be relinquished or abandoned at municipal pounds as strays.

Dental & Oral Health

Cease Denture Co-Payment Subsidy:

TPH Dental and Oral Health provides denture services including the repair, replacement, adjustment and/or new dentures to eligible low-income seniors. During 2006, approximately 2,700 seniors benefited from these services. Denture services require the use of a dental laboratory that charges for these services.

The TPH denture budget is used to pay for 50% of the dental laboratory fee with seniors paying the other 50% of this fee. Eliminating this co-payment means that seniors requiring this service will have to pay the full laboratory cost for denture services.

The laboratory fee for denture services in TPH clinics ranges from approximately \$20 to \$500 and is related to the service required i.e. denture repair/ adjustment, or new dentures. It will be challenging for seniors with very limited incomes e.g. those who are receiving Guaranteed Income Supplement (\$15,096/year for a single senior and \$19,920/year for a couple not including Old Age Security pension) to pay the full cost of the laboratory fees. Seniors who cannot afford this lab fee may not be able to obtain necessary denture services. The impact of not having properly fitting dentures include living with pain from denture sores, loss of bone and anatomical disfigurement of the oral structures, leading to an inability to eat, speak properly and to socialize.

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