



## REPORT FOR ACTION

### Toronto Public Health Operating Budget Variance for the Twelve Months Ended December 31, 2019

**Date:** May 29, 2020  
**To:** Board of Health  
**From:** Medical Officer of Health  
**Wards:** All

#### SUMMARY

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This report provides an update to the Board of Health on the Toronto Public Health (TPH) Operating Budget Variance for the twelve months ended on December 31, 2019.

As of December 31, 2019, TPH's 2019 Operating Budget had a favourable variance of \$552.3 thousand net (0.8 percent).

#### RECOMMENDATIONS

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The Medical Officer of Health recommends that:

1. The Board of Health receive this report for information.

#### FINANCIAL IMPACT

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As of December 31, 2019, TPH's gross expenditure was lower than budgeted by \$7,834.2 thousand gross (3.1 percent), revenue was lower than budgeted by \$7,311.9 thousand (3.8 percent), resulting in a net favourable variance of \$522.3 thousand (0.8 percent).

#### DECISION HISTORY

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At its meeting on October 2, 2019, City Council approved an increase to Toronto Public Health's 2019 Operating Budget by \$2,111.0 thousand gross/\$0 net and 52 positions for

implementation costs associated with the delivery of the Ontario Seniors Dental Care Program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.HU3.1>

On July 16, 2019, City Council approved a budget reduction of \$0.754 million gross and net to TPH's 2019 Operating Budget to address the citywide budget reduction target of \$10 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX7.18>

At its meeting on March 7, 2019, City Council approved a Toronto Public Health 2019 Operating Budget of \$255,279.2 thousand gross and \$64,498.8 thousand net.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX2.5>

## COMMENTS

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As of December 31, 2019, TPH's 2019 approved Operating Budget was \$256,729.3 thousand gross and \$63,876.7 thousand net.

As of December 31, 2019, gross expenditure was lower than budget by \$7,834.2 thousand gross (3.1 percent) and revenue was lower than budget by \$7,311.9 thousand (3.8 percent), resulting in a net favourable variance of \$522.3 thousand (0.8 percent) as summarized in the following table 1:

Table 1

AS OF DECEMBER 31, 2019 *				
	BUDGET	ACTUAL	VARIANCE	
			OVER / (UNDER)	
	(\$000s)	(\$000s)	(\$000s)	%
Gross Expenditure	256,729.3	248,895.1	(7,834.2)	(3.1)
Revenue	192,852.6	185,540.7	(7,311.9)	(3.8)
Net Expenditure	63,876.7	63,354.4	(522.3)	(0.8)

\* The financial results in this report reflect the financial information in the City's financial systems as at February 20, 2020 for the year-ending December 31, 2019. These results may change as a result of year-end adjustments made during the finalization of year-end results.

### Gross Expenditure and Revenue Operating Budget Variance

Toronto Public Health's gross expenditure had a favourable variance of \$7,834.2 thousand (3.1 percent) as follows:

- \$5,381.2 thousand for Ministry of Health provincial-municipal cost-shared programs;
- \$1,215.1 thousand for 100 percent provincially funded programs:
  - \$511.5 thousand for 100 percent Ministry of Health programs, and

- \$703.6 thousand for 100 percent the Ministry of Children, Community and Social Services (MCCSS) programs;
- \$1,237.9 thousand for programs funded from other sources.

#### *Provincial-Municipal Cost-Shared Programs*

The Province's early 2019-20 budget announcements on modernization of public health would have resulted in a \$65 million reduction to TPH's 2019 Council Approved Operating Budget. In response to this anticipated loss of funding, TPH implemented various cost-containment measures. The estimated reduction was revised to \$4 million after the Province's May 27, 2019 announcement of a reprieve in which Municipalities were expected to work with the Province to transform critical shared public services and find efficiencies. Toronto Public Health received its 2019 Accountability Agreement from the Ministry of Health on August 20, 2019, which outlined a budget \$1,050.1 thousand lower than planned for.

The cost-containment measures, implemented in April 2019, and a higher than normal attrition rate are the primary contributors to the variance. Of the variance, \$3,110.0 thousand gross (57.8 percent) relates to salary and benefits and represents an average of 31 full time equivalents positions remaining vacant over the course of 2019. The remaining \$2,271.2 thousand gross (42.2 percent) was for non-payroll expense like contracted services, technical services, advertising, travel and training.

#### *100 percent Provincially Funded Programs*

The variance for 100 percent Ministry of Health programs is predominately related to the actual revenues in excess of the budget from private insurance claims and government funded dental programs in the Healthy Smiles Ontario program.

The variance for 100 percent MCCSS programs is related to a change in the MCCSS's funding year-end date from December 31 to March 31. Toronto Public Health is taking advantage of the change in the year-end date to carry-forward revenues from TPH's 2019 Budget into its 2020 Budget which was approved by City Council on February 19, 2020. As such the variance does not represent an underspending, rather it is a reallocation of budget from 2019 to 2020.

#### *Programs Funded from Other Sources*

Of the \$1,237.9 thousand gross variance, \$598.1 thousand (48.3 percent) relates to underspending for capital projects due to challenges in securing resources as originally anticipated; and \$173.4 thousand (14.0 percent) relates to the Student Nutrition Program - Independent Schools which only received applications from approximately 8 percent of the program's target audience. The balance of the variance occurred in a number of other programs such as the food handler training program where expenses were lower than budget as a result of lower actual revenues in comparison to budget.

### **Operating Budget Variance by Expenditure Type**

Salaries and benefits were lower than budget by \$5,410.7 thousand (2.9 percent) and non-payroll expenditures were lower than budget by \$2,423.5 thousand (3.5 percent) as a result of:

- cost containment measures put in place, early in 2019, in response to the uncertainty created by the Province's 2019-20 Budget announcements on the modernization of public health; and
- higher than normal attrition rates stemming from retirements and resignations.

Approximately 95 percent of TPH's revenue is recoveries from the Province for programs they either fund at 100 percent or cost-share; therefore lower expenditures in Provincially funded programs will result in lower revenues. As such, the \$7,311.9 thousand (3.8 percent) revenue variance is predominately due to lower Provincial revenues collected as a result of lower expenditures.

## Service Levels

In 2019, City Council approved seventy service levels for TPH's six service areas. Fifty-two of these service levels are actively reported on and eighteen are not actively reported on but can be made available upon request. While service level data is still being collected for analysis and reporting purposes, the following table summarizes the forecasted status of the service levels for the year-ending December 31, 2019 (see table 2):

Table 2

Services	# of Service Levels			Status of Actively Reported Service Levels				Service Level Affected by Cost Containment
	Total	Available Upon Request	Actively reported	Over Achieved	Achieved	Under Achieved	Not available / applicable	
Chronic Diseases and Injuries	13	4	9	2	1	4	1	0
Emergency Preparedness	3	1	2	0	2	0	0	0
Environmental Health	12	4	8	0	5	3	0	2
Family Health	15	5	10	4	0	5	1	0
Infectious Diseases	24	4	20	8	5	7	1	2
Public Health Foundations	3	0	3	1	2	0	0	0
<b>TOTAL</b>	<b>70</b>	<b>18</b>	<b>52</b>	<b>15</b>	<b>15</b>	<b>19</b>	<b>3</b>	<b>4</b>

Of the fifty-two actively reported service levels, fifteen are projected to be over achieved, fifteen are projected to be achieved, nineteen are projected to be under achieved and three are either not available or no longer applicable. Of the nineteen service levels projected to be under-achieved, four are related to cost containment measures implemented in response to the Provincial announcements on public health funding and modernization. The four service levels are within the Environmental Health (two) and the Infectious Diseases (two) service areas. In particular, inspection of food premises was lower (completed 98 percent of planned inspections); the number of mosquito traps set out by contractors was reduced; fewer Tuberculosis (TB) education programs were conducted as staff were reassigned to support the TB direct observation therapy program; and inspection of personal service settings was lower (completed 95 percent of planned inspections). The other fifteen service levels are projected to be under-achieved for other reasons including: decrease in demand for a particular program or service; change in the service delivery model; delays in starting programs; inter-dependencies between programs; and the target set for the service level is a stretch target to be achieved over time.

## **CONTACT**

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Althea Hutchinson, Director, Finance and Administration, Toronto Public Health, 416-338-7840, [Althea.Hutchinson@toronto.ca](mailto:Althea.Hutchinson@toronto.ca)

## **SIGNATURE**

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Dr. Eileen de Villa  
Medical Officer of Health