



REPORT FOR ACTION

Toronto Public Health Operating Budget Variance - Nine Months Ended September 2020

Date: October 26, 2020

To: Board of Health

From: Medical Officer of Health

Wards: All

SUMMARY

This report provides an update to the Board of Health on the Toronto Public Health (TPH) Operating Budget Variance for the nine months ended on September 30, 2020.

As of September 30, 2020, in comparison to the 2020 Operating Budget approved by Council, TPH's net expenditure is over budget by \$0.1 million net (0.2 percent).

As of December 31, 2020, TPH is projecting that the Operating Budget will be over budget by \$20.4 million net (28.8 percent) which is expected to be fully recovered from the Province.

RECOMMENDATIONS

The Medical Officer of Health recommends that:

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

FINANCIAL IMPACT

As of September 30, 2020, TPH gross expenditure is lower than budgeted by \$8.3 million gross (4.5 percent), revenue was lower than budgeted by \$8.4 million (6.3 percent), resulting in a net unfavourable variance of \$0.1 million (0.2 percent). The unfavourable variance takes into consideration the extraordinary expenses incurred as resources have been redirected to support TPH's response to the COVID-19 pandemic.

As of December 31, 2020, TPH is projecting that expenditures will be more than budgeted by \$7.9 million gross (2.8 percent) and revenue will be lower than budgeted by \$12.4 million (5.9 percent), resulting in a net unfavourable variance of \$20.4 million (28.8 percent). The unfavourable variance of \$20.4 million is mainly due to additional

costs incurred to increase resources engaged in TPH's response to the COVID-19 pandemic and a decrease in revenue from user fees and other recoveries.

The Ministry of Health has indicated that extraordinary costs in response to the COVID-19 pandemic that are over and above the Provincial grant will be fully funded by the Province. Revenue projections will be adjusted to reflect any additional funding received from other levels of government as part of future period reports.

DECISION HISTORY

On July 28, 2020, City Council requested the City Manager to engage the Public Health Agency of Canada, Public Health Ontario, and the Ontario Ministry of Health to support Toronto Public Health's work on the establishment of a volunteer isolation/quarantine centre system as well as other methods to achieve effective isolation for individuals who are unable to safely and effectively isolate at home.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.HL18.1>

At its meeting on June 29-30, 2020, City Council approved an increase to Toronto Public Health's 2020 Operating Budget by \$1.4 million gross and net for 2020 Cost of Living adjustment for Local 79 Union members.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.CC22.4>

At its meeting on June 29-30, 2020, City Council also approved an increase to Toronto Public Health's 2020 Operating Budget by \$0.07 million gross and zero net in order to receive a Planning and Dissemination Grant from the Canadian Institutes of Health Research for implementing Urban Health Policy related to active transport and design of public spaces.

<https://www.toronto.ca/legdocs/mmis/2020/ex/bgrd/backgroundfile-149154.pdf>

At its meeting on February 14, 2020, City Council approved a Toronto Public Health 2020 Operating Budget of \$269.2 million gross and \$69.4 million net.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX13.2>

COMMENTS

As of September 30, 2020, TPH's 2020 approved Operating Budget is \$280.7 million gross and \$70.8 million net.

As of September 30, 2020, gross expenditures were lower than budget by \$8.3 million (4.5 percent) and revenue is lower than budget by \$8.3 million (6.3 percent), resulting in a net unfavourable variance of \$0.1 million (0.2 percent) - more information in Table 1.

Table 1

Table 1

AS OF SEP 30, 2020					AS OF DEC 31, 2020			
	BUDGET	ACTUAL	VARIANCE		BUDGET	PROJECTION	VARIANCE	
			OVER / (UNDER)				OVER / (UNDER)	
	(\$000s)	(\$000s)	(\$000s)	%	(\$000s)	(\$000s)	(\$000s)	%
Gross Expenditure	184,156.1	175,887.8	(8,268.2)	(4.5)	280,670.9	288,603.8	7,932.9	2.8
Revenue	132,180.6	123,834.0	(8,346.6)	(6.3)	209,841.8	197,405.0	(12,436.7)	(5.9)
Net Expenditure	51,975.5	52,053.9	78.4	0.2	70,829.2	91,198.8	20,369.6	28.8

As of December 31, 2020, TPH is projecting that expenditures will exceed budget by \$7.9 million gross (2.8 percent) and revenue will be lower than budget by \$12.4 million (5.9 percent), resulting in a net unfavourable variance of \$20.4 million (28.8 percent).

Explanations of the variances in gross expenditures and revenue are outlined below:

Year to Date Gross Expenditures and Revenue (September 30, 2020)

As of September 30, 2020, TPH gross expenditures were underspent by \$8.3 million (4.5 percent) and revenues were underachieved by \$8.3 million (6.3 percent), resulting in a net unfavourable variance of \$0.1 million (0.2 percent).

The favourable variance of \$8.3 million gross (4.5 percent) in Gross Expenditures is attributed to underspending in Salaries and Benefits (\$3.9 million) and non-payroll expenditures (\$4.4 million), detailed as following:

- \$15.2 million related to the suspension of TPH programs and services during the COVID-19 pandemic particularly as a number of these programs are delivered in settings that have been closed, in keeping with provincial regulations. This included settings such as schools, dental clinics, community centres and facilities, and civic centres. Approximately 70 percent of TPH employees have been redeployed to respond to the COVID-19 pandemic;
- \$6.7 million related to delayed recruitment and purchase of services contracts for the implementation of the Ontario Seniors Dental Care Program; which has been offset by;
- over-spending of \$13.6 million for overtime and additional temporary staff to support case and contact management in TPH's response to the COVID-19 pandemic.

Actual revenue is under budget by \$8.3 million (6.3 percent) mainly due to lower recoverable costs from Province and other sources.

Projected Year End Gross Expenditure and Revenue (December 31, 2020)

At year end, TPH's gross expenditure is projected to be over-spent by \$7.9 million gross (2.8 percent). The \$7.9 million variance is as follows:

- \$19.2 million over expenditures for COVID-19 extra-ordinary expenses. TPH has incurred expenses in the amount of \$37.9 million related to the COVID-19 response. The \$37.9 million is comprised of \$35.0 million for salary and benefits and \$2.9 million in non-payroll expenses. The \$35.0 million in salary and benefits extra-ordinary costs is comprised of \$21.4 million for over 580 temporary positions to support COVID-19 case and contact management and \$13.6 million for overtime. This additional expenditure has been offset by savings of \$18.7 million as a result of positions that have remained vacant for the majority of 2020 as TPH's operations were primarily focused on the COVID-19 response. The extra-ordinary COVID-19 costs are being offset by:
- \$11.3 million in savings as follows:
 - \$8.5 million in savings from the delayed implementation of the 100 percent provincially-funded Ontario Seniors Dental Care Program;
 - \$1.3 million in savings from Ministry of Children, Community and Social Services (MCCSS) funded programs which were suspended as a result of public health measures implemented to mitigate COVID-19 spread; and
 - \$1.5 million in savings due to the delay in capital funded projects as noted in the Q3 Capital Variance Report presented to the Board of Health and savings in other funded programs.

Revenues at year end are projected to be underspent by \$12.4 million gross (5.9 percent). The unfavourable revenue variance of \$12.4 million is due to:

- the lower recoverable costs in 100 percent provincially-funded programs (\$9.4 million) predominately from the Ontario Seniors Dental Care Program (\$8.5 million);
- postponement of capital projects (\$1.0 million); and
- revenue shortfall from revenue generating programs (\$1.9 million): Food Handler Certification and Training, vaccination doses and City dental clinics.

The Province has signaled that additional revenue will be provided to offset the over expenditures and the shortfall from other revenues, currently projected at \$20.4 million. The Ministry of Health has indicated that extra-ordinary costs in response to the COVID-19 pandemic that are over and above the Provincial grant will be fully funded by the Province. Funding for the over expenditures will be requested from the Ministry of Health as part of the COVID-19 cost recovery initiative.

Additional information about TPH's variance is provided in Attachment 1.

CONTACT

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SIGNATURE

Dr. Eileen de Villa
Medical Officer of Health

ATTACHMENTS

Attachment 1: Toronto Public Health Operating Variance Submission for the Nine Months Ended September 30, 2020