



## STAFF REPORT ACTION REQUIRED

### Toronto Public Health 2011 Operating Budget Request

<b>Date:</b>	December 22, 2010
<b>To:</b>	Board of Health
<b>From:</b>	Medical Officer of Health
<b>Wards:</b>	All
<b>Reference Number:</b>	

#### **SUMMARY**

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This report outlines the Toronto Public Health (TPH) 2011 Operating Budget request for consideration by the Board of Health.

The TPH 2011 Operating Budget Request totals \$231,844.0 thousand gross / \$44,328.5 thousand net. This request is \$6,515.6 thousand gross and \$160.9 thousand net (0.4 percent) above the 2010 Operating Budget. The net increase of \$160.9 thousand over the 2010 Operating Budget is comprised entirely of base budget increases for the negotiated collective agreement.

#### **RECOMMENDATIONS**

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The Medical Officer of Health recommends that:

1. City Council approve the Toronto Public Health 2011 Operating Budget request of \$231,844.0 thousand gross / \$44,328.5 thousand net as summarized in Table 1, "2011 Operating Budget Request";
2. City Council approve the list of base budget adjustments included in Table 3, "Summary of 2011 Operating Budget Request" of this report totaling an increase of \$6,415.6 thousand gross and \$160.9 thousand net;
3. City Council approve one 2011 New and Enhanced Service for Investing in Families program with an increase of \$100.0 thousand gross/ \$0.0 net that is funded by Toronto Employment and Social Services;

4. City Council continue to invest sufficient municipal funds to maintain and strengthen public health services in Toronto and to leverage all available provincial funding to promote and protect the health of the Toronto population; and
5. The Board of Health forward this report to the City's Budget Committee for its consideration during the 2011 budget process.

## Financial Impact

The TPH 2011 Operating Budget request totals \$231,844.0 thousand gross / \$44,328.5 thousand net. This request is \$6,515.6 thousand gross and \$160.9 thousand net (0.4 percent) above the 2010 Operating Budget. The requested increase is for base changes, with the exception of \$100.0 thousand gross and \$0.0 net, and one new position for the Investing in Families program.

<b>Table 1</b>				
<b>Toronto Public Health</b>				
<b>2011 Operating Budget Request</b>				
	<b>2010 Budget</b>	<b>2011 Request</b>	<b>Change from 2010 Budget</b>	
<b>(\$000s)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>GROSS EXP.</b>	225,328.4	231,844.0	6,515.6	2.8
<b>REVENUE</b>	181,160.7	187,515.5	6,354.8	3.4
<b>NET EXP.</b>	44,167.6	44,328.5	160.9	0.4
<b>Positions</b>	1,929.2	1,922.2	(7.0)	(0.4)

TPH has reviewed its services and costs and where achievable absorbed expected inflation increases and reduced costs in the 2011 budget request. TPH has reviewed the 2011 Request with the City Manager and the Chief Financial Officer. Corporate Financial Planning is recommending the TPH 2011 Operating Budget Request except for the planned reduction in corporate overhead charges of \$650 thousand gross /\$162.5 thousand net. Due to the City's current fiscal position, the City's Financial Planning Division is not recommending this reduction. The provincial funding from this charge benefits the City by offsetting costs for other City programs.

The corporate overhead charge from the City is for general municipal services provided to TPH. This is a third annual planned reduction based on a review of this cost allocation by the City's Internal Audit Division. The revised corporate charge was reviewed and validated by Corporate Accounting and the City's Internal Auditor in 2008 and a schedule was initiated in the 2009 operating budget cycle to allocate the full reduction required over five years. There is no impact on public health service to the community from this reduction although the savings could be reallocated to delivering services.

## DECISION HISTORY

At its meeting of April 15, 2010, City Council approved a TPH 2010 Operating Budget of \$219,539.0 thousand gross / \$44,161.9 thousand net. During 2010, TPH received confirmation of additional 100 percent funding from Province of Ontario ministries and external sources in the amount of \$5,783.6 thousand gross and \$0 net for various public health programs. In addition, an in-year budget adjustment of \$5.7 thousand gross and net was made to reflect a reallocation of the City's 2010 insurance budget to City divisions.

The TPH 2010 Operating Budget including in-year budget adjustments is \$225,328.4 thousand gross and \$44,167.6 thousand net.

<http://www.toronto.ca/legdocs/mmis/2010/cc/minutes/2010-04-15-cc48-mn.htm>

At its meeting on June 23, 2010, the Board of Health Budget Sub-Committee directed the Medical Officer of Health to submit a TPH 2011 Operating Budget request that maintains current public health services, maximizes use of all available provincial funding, and optimizes compliance with Ontario Public Health Standards.

## ISSUE BACKGROUND

The TPH 2011 Operating Budget request assumes full provincial cost sharing at 75 percent for eligible programs, and growth in this provincial funding of 0.4 percent for 2011 over the 2010 Operating Budget.

The City Manager issued guidelines and directions for development of the 2011 Operating Budget to all City Divisions, Agencies, Boards and Commissions (ABCs). Included in these directions is the expectation that all City Divisions and ABCs:

- achieve the 2011 operating budget reduction target of five percent of the 2009 Net Operating Budget;
- review all services for efficiencies, conformance to and/or possibly changes in services level standards, and in particular service effectiveness and relevance;
- continue to control expenditures through cost savings measures;
- do not introduce any new initiatives for 2011; and
- budget COLA for unionized employees, where known; COLA for non-union employees will be budgeted corporately.

Public health services include programs that receive provincial funding for 100 percent of the cost and those that receive provincial funding for 75 percent of the cost (cost-shared) which leverage \$3 of provincial funding for every \$1 of City investment in public health.

## **COMMENTS**

The statutory responsibilities mandate and authority of the Toronto Board of Health, and through the Board, Toronto Public Health, are set out in the Ontario Health Promotion and Protection Act (HPPA).

The program requirements and expectations of the Board of Health are set out in the Ontario Public Health Standards, authorized by regulation under the HPPA.

### **Provincial Funding Opportunities**

In 2010, the Ministry of Health and Long Term Care (MOHLTC) and the Ministry of Health Promotion and Sport (MHPS) offered increases of up to 3 percent of cost-shared funding over the 2009 approved funding level to Ontario Boards of Health to meet the Ontario Public Health Standards. For Toronto Public Health, the available increase was \$3.5 million. Due to the City's financial constraints, Toronto received only 0.5 percent or \$0.5 million of the available funding over the 2009 approved provincial funding, losing the opportunity to leverage an additional \$3.0 million for public health services with an investment of \$1 million from the City.

In 2011, the Province of Ontario has announced that Ontario Boards of Health will qualify for funding increases of up to 3 percent over the 2010 approved funding level. For Toronto, this available allocation is \$3.6 million. Again in 2011, due to the City's financial constraints, Toronto Public Health is requesting an increase of only \$0.5 million or 0.4 percent of the available provincial funding, losing the opportunity to leverage an additional \$3.1 million for public health services with an investment from the City of \$1 million.

In 2010 and as requested for 2011, total provincial funding of \$6.1 million will be lost to the City for public health services due to municipal fiscal constraints. The opportunity to invest in and build public health programs and services in areas such as bed bug control, communicable disease control, and chronic disease prevention is lost when available provincial funding is not maximized.

### **Budget Impact on Toronto Taxpayers**

The Province of Ontario provides funding for 74 percent of the TPH gross operating budget with 19 percent contributed from the City and the remaining 7 percent from user fees and other levels of government or external partners. The cost sharing formula of 75:25 means that every \$4 of public health services requires only \$1 of investment by the City.

The chart below shows the annual cost of public health services per Toronto resident since 2001. The shift in the provincial formula starting in 2005 from 50 percent to 75 percent funding for cost-shared programs has allowed the City to move significant property tax dollars from public health into other City programs. The 2011 Operating

Budget request includes \$22.3 million less in municipal tax funding than in 2004. The 2011 Operating Budget request would cost each Toronto resident \$17.05 in property taxes.

**Table 2**

<b>Public Health Cost for Each Toronto Resident (\$)</b>											
<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>
22.13	24.16	25.63	26.74	25.38	21.59	16.07	16.50	16.85	17.17	16.99	17.05

The TPH 2011 Operating Budget request totals \$231,844.0 thousand gross / \$44,328.5 thousand net. This request is \$6,516.6 thousand gross and \$160.9 thousand net or 0.4 percent higher than the 2010 Operating Budget. This net increase of \$160.9 thousand in the base budget is primarily for negotiated Collective Agreement and benefit obligations, but also includes base and corporate charge reductions to meet corporate spending guidelines.

Table 3 – TPH Summary of 2011 Operating Budget Request on page 6, lists the base budget changes and the New and Enhanced Service included in the TPH 2011 Operating Budget Request.

Further details of the TPH 2011 Operating Budget are included in the Appendix attached to this report.

<b>Table 3</b>				
<b>Toronto Public Health</b>				
<b>Summary of 2011 Operating Budget Request</b>				
	<b>Approved Positions</b>	<b>Gross Expenditures</b>	<b>Revenues</b>	<b>Net</b>
(\$000s)		\$	\$	\$
2010 Council Appr. Operating Budget as at April 15, 2010	1,889.3	219,539.0	175,377.1	44,161.9
In-year approvals and technical adjustments	39.9	5,789.4	5,783.6	5.7
<b>2010 Operating Budget</b>	<b>1,929.2</b>	<b>225,328.4</b>	<b>181,160.7</b>	<b>44,167.6</b>
Reversal of Non Recurring items & Capital Projects	(43.1)	(7,618.9)	(7,490.1)	(128.8)
Prior Year Impacts / Annualizations	(1.5)	6,055.1	5,981.8	73.3
Economic Factors - Non Payroll	0.0	301.7	218.4	83.3
Step, Merit, COLA, Benefits	0.0	3,940.0	3,102.0	838.0
<b>PART 1: Adjusted Base Budget</b>	<b>1,884.6</b>	<b>228,006.3</b>	<b>182,972.8</b>	<b>45,033.4</b>
Corporate Charge Reduction	0.0	(650.0)	(487.5)	(162.5)
Other Base Changes	1.0	1,415.6	1,462.9	(47.3)
Salaries & Benefits Related to Capital Projects	35.6	3,521.0	3,521.0	0.0
Healthy Smiles Ontario Revenue Reallocation	0.0	0.0	350.0	(350.0)
<b>PART 2: 2011 Base Budget Request</b>	<b>1,921.2</b>	<b>232,292.9</b>	<b>187,819.3</b>	<b>44,473.6</b>
<b>Requested Base Reductions</b>				
Reverse Economic Factors	0.0	(239.2)	(171.5)	(67.7)
Completion of Capital Project / Debt Repayment	0.0	(309.7)	(232.3)	(77.4)
<b>Total Requested Base Reductions</b>	<b>0.0</b>	<b>(548.9)</b>	<b>(403.8)</b>	<b>(145.1)</b>
<b>Requested 2011 Base Budget</b>	<b>1,921.2</b>	<b>231,744.0</b>	<b>187,415.5</b>	<b>44,328.5</b>
Over (Under) 2010 Operating Budget	(8.0)	6,415.6	6,254.7	160.9
<b>PART 3: New and Enhanced Services</b>				
Investing in Families	1.0	100.0	100.0	0.0
<b>Total TPH 2011 Operating Budget Request</b>	<b>1,922.2</b>	<b>231,844.0</b>	<b>187,515.5</b>	<b>44,328.5</b>
Over (Under) 2010 Operating Budget	(7.0)	6,515.6	6,354.7	160.9
% Over (Under) 2010 Operating Budget	(0.4)	2.8	3.5	0.4

## CONTACT

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## SIGNATURE

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 Medical Officer of Health

## ATTACHMENT

Appendix 1 - Toronto Public Health 2011 Operating Budget Request