



## STAFF REPORT ACTION REQUIRED

### Toronto Public Health 2013 Operating Budget Request

<b>Date:</b>	October 10, 2012
<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) 2013 Operating Budget request for consideration by the Board of Health.

The TPH 2013 Operating Budget Request totals \$240,643.5 thousand gross / \$48,763.9 thousand net. This request is \$1,661.6 thousand gross / \$1,031.1 thousand net above the 2012 Operating Budget. The net increase of \$1,031.1 thousand over the 2012 Operating Budget is comprised primarily of base budget increases for the: negotiated collective agreement and inflationary increases for AIDS & Drug Grants Prevention Programs of \$570.4 thousand net; City's contribution of base budget for the Bed Bug program approved by Council for \$250.0 thousand net; reduction options of \$164.3 thousand net; and new and enhanced services of \$375.0 thousand net to maximize provincial revenue and increase compliance with Ontario Public Health Standards.

#### **RECOMMENDATIONS**

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The Medical Officer of Health recommends that:

1. City Council approve the Toronto Public Health 2013 Operating Budget request of \$240,643.5 thousand gross / \$48,763.9 thousand net as summarized in Table 1, "2013 Operating Budget Request";
2. City Council approve the list of base budget adjustments including the recommendations from the BOH Budget Sub Committee as summarized in Table 4, "Overview of 2013 Operating Budget Request" of this report totalling an increase of \$261.1 thousand gross / \$820.4 thousand net;

3. City Council approve 2013 Reduction Options of \$104.0 thousand gross / \$164.3 thousand net as outlined in Table 2, "2013 Requested Reduction Options Budget";
4. City Council approve 2013 New and Enhanced Services Request of \$1,504.5 thousand gross / \$375.0 thousand net as outlined in Table 4, "Overview of 2013 Operating Budget Request"; and
5. The Board of Health forward this report to the City's Budget Committee for its consideration during the 2013 budget process.

### Financial Impact

The TPH 2013 Operating Budget request totals \$240,643.5 thousand gross / \$48,763.9 thousand net. This request is \$1,661.6 thousand gross / \$1,031.1 thousand net (2.2 percent) above the 2012 Operating Budget. The requested increase is comprised of: base increases of \$261.1 thousand gross / \$820.4 thousand net; decreases of \$104.0 thousand gross / \$164.3 thousand net for budget reduction options; and new and enhanced services request of \$1,504.5 thousand gross / \$375.0 thousand net. TPH has reviewed its services and expenses and where achievable absorbed expected inflation increases and reduced expenses in the 2013 budget request.

	2012 Budget	2013 Base	2013 Reductions	2013 New & Enhanced	2013 Request	BOH Budget Sub Ctee Recc'd	2013 Revised Request	Change from 2012 Budget	
(\$000s)	\$	\$	\$	\$	\$			\$	%
<b>GROSS EXP.</b>	238,981.9	238,700.6	(104.0)	1,504.5	240,101.1	542.4	240,643.5	1,661.6	0.7
<b>REVENUE</b>	191,249.1	190,097.3	60.3	1,129.5	191,287.0	592.5	191,879.5	630.5	0.3
<b>NET EXP.</b>	47,732.9	48,603.3	(164.3)	375.0	48,814.1	(50.1)	48,763.9	1,031.1	2.2
<b>Positions</b>	1,882.2	1,882.0	0.0	12.0	1,894.0	0.0	1,894.0	11.8	0.6

### DECISION HISTORY

At its meeting of January 17, 2012, City Council approved a TPH 2012 Operating Budget of \$238,787.7 thousand gross / \$47,727.6 thousand net. During 2012, TPH received confirmation of additional 75 percent cost shared and 100 percent funding from Province of Ontario ministries and external sources in the amount of \$189.0 thousand gross / \$0 net for various public health programs. In addition, an in-year budget adjustment of \$5.2 thousand gross / net was made to reflect a reallocation of the City's 2012 insurance budget to City divisions.

The TPH 2012 Operating Budget including in-year budget adjustments is \$238,981.9 thousand gross / \$47,732.9 thousand net.

City Council at its meeting of July 11-13, 2012 approved a base budget adjustment of \$1.0 million gross / \$0.250 million net to the TPH 2012 Approved Operating Budget and 8 permanent positions with revenue of \$0.750 million in new base funding from the Ontario Ministry of Health and Long Term Care (MOHLTC) and \$0.250 million to be funded from the Tax Stabilization Reserve Fund.

The funding source identified for the City's share of the 2012 budget was temporary with a permanent City funding source to be identified during the 2013 operating budget process. TPH has included the same request of \$0.250 million net in the 2013 budget to continue delivery of the Bed Bug program as intended by Council.

City Council at its meeting of July 11-13, 2012 requested the Medical Officer of Health to report to the Board of Health, as part of the 2013 budget process, on a plan to increase the City's investment in a Student Nutrition Program (SNP) funding partnership model with a view to fully phase-in the municipal share of the program within a three to five year horizon and to consider as part of the annual operating budget process, an annual increase to the City's investment in the SNP equal to the annual amount of food inflation reported by the Nutrition Food Basket survey.

A companion report to the Board of Health entitled "Student Nutrition Program Expansion in High Needs Schools 2013-17" includes a plan and proposed municipal investment to stabilize and expand the Toronto Student Nutrition Program over five years starting in the 2013/14 school year and, a recommended increase to the TPH 2013 Operating Budget.

At its meeting of September 27, 2012, the Board of Health Budget Sub-Committee requested the Medical Officer of Health (MOH) to include the following in the TPH 2013 Operating Budget request for consideration by the Board of Health (BOH):

- a. an economic factor increase to the AIDS and Drug Prevention grant programs, and;
- b. enhanced service adjustments to maximize provincial revenues in the following TPH programs: Preventing Childhood Obesity; and Sexually Transmitted Infection ( STI) Prevention.

The Board of Health Budget Sub-Committee also requested the Medical Officer of Health to defer consideration of a reduction in the Corporate Overhead charges to the 2014 Operating Budget following his review of the revised methodology and calculation of these charges recently provided by the City's Financial Planning Division.

## **ISSUE BACKGROUND**

The TPH 2013 Operating Budget request assumes full provincial cost sharing at 75 percent for eligible programs, and an increase in this provincial funding of 2.0 percent for 2013 over the 2012 Operating Budget.

The City Manager issued guidelines and directions for development of the 2013 Operating Budget to all City Divisions, Agencies, Boards and Commissions (ABCs). Included in these directions is the expectation that all City Divisions and ABCs consider the following requirements as part of the budget preparation process:

- achieve the 2013 operating budget target of a zero percent increase from the Council Approved 2012 Net Operating Budget; and
- do not budget for Cost of Living Allowance (COLA) for City management and exempt employees.

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.

### **Bed Bug Program Funding**

The \$0.250 million in the outstanding City funding for the Bed Bug program is in the TPH budget request. The Province provided base funding of \$0.750 million starting in 2012 and City Council committed to the City funding its 25% share. This represents 0.5% of the total 2.2% requested budget increase.

### **Budget Reduction**

TPH has identified reduction options totalling \$104.0 thousand gross / \$164.3 thousand net in the 2013 request.

The budget reduction options fall under the following categories:

1) Revenue Changes

A **Revenue Change** is one where user fee or other external funding increases or decreases are proposed rather than a change in the volume of the service provided.

2) Minor Service Level Changes

A **Minor Service Level Change** would be one where the service level is only moderately affected or where the service level is slightly adjusted.

Table 2 – 2013 Budget Request Reduction Options below lists the total Reduction Options by categories that are included in the TPH 2013 Operating Budget Request.

<b>Table 2 Toronto Public Health 2013 Budget Request Reduction Options</b>			
	<b>Summary of 2013 Reduction Options</b>		
	<b>Gross Expenditures</b>	<b>Revenues</b>	<b>Net</b>
(\$000s)	\$	\$	\$
<b>Request Reduction Options</b>			
Revenue Change - Harm Reduction Funding - Non Salary	0.0	60.3	(60.3)
Minor Service Change – Discontinuation of the Global AIDS Initiative	(104.0)	0.0	(104.0)
<b>Total Request Reduction Options</b>	<b>(104.0)</b>	<b>60.3</b>	<b>(164.3)</b>

#### **Revenue Changes – Harm Reduction Funding – Non Salary**

\$60.3 thousand revenue/ (\$60.3) thousand net – In 2012, TPH transferred a position from the 100% City funded methadone program into the cost shared program. In 2013, TPH is proposing to transfer the remaining non salary budget into the cost shared program from the 100% City funded program.

#### **Minor Service Changes – Discontinuation of Global AIDS Initiative**

\$104.0 thousand gross and net reduction – The Global AIDS Initiative was approved by City Council in 2007 as a legacy to the International AIDS Conference held in Toronto in 2006 and has been administered by TPH as part of the AIDS Prevention Community Investment Programme under the Community Partnership and Investment Program (CPIP). The City made a 6 year investment in efforts to reduce the spread of HIV/AIDS in several African countries. Given the City's current financial situation TPH is proposing to discontinue this funding in 2013.

#### **Provincial Funding Opportunities**

For 2011 the Ministry of Health and Long Term Care (MOHLTC) offered increases of up to 3 percent of cost-shared funding over the 2010 approved funding level to Ontario Boards of Health to meet the Ontario Public Health Standards. For Toronto Public Health, the available increase was \$3.650 million. Due to the City's financial constraints, Toronto received only 2.2 percent or \$2.631 million of the available funding over the 2010 approved provincial funding, losing the opportunity to leverage an additional \$1.359 million gross, \$1.019 million revenue from the Province for public health services with an investment of \$0.340 million from the City.

Similarly, in 2012 financial constraints reduced the potential increase from the province from \$3.759 million down to \$0.426 million foregoing \$3.333 million in provincial revenue and the opportunity to leverage that 75% provincial funding into \$4.444 million of enhanced or new public health services for the City.

For 2013 if the Province of Ontario provides funding increases of up to 2 percent over the 2012 approved funding level to 75% cost shared public health programs, the potential of \$2.374 million in provincial revenue to sustain and improve the City's public health is foregone if complies to the 0% net target increase in City funding. The City's required investment to attract this revenue is \$0.791 million.

In accordance with the direction of the BOH Budget Sub-Committee, the MOH recommendations for the TPH 2013 Operating Budget maximize the potential provincial revenue.

### **Maximize Provincial Funding**

The Board of Health Budget Sub-Committee requested the Medical Officer of Health to prepare a 2013 Operating Budget which maximizes provincial funding and improves compliance with Ontario Public Health Standards. The 2013 budget request includes two new and enhanced services: Preventing Childhood Obesity and Sexually Transmitted Infection (STI) Prevention. Below is a brief description of each request.

- **Preventing Childhood Obesity** – \$928.8 thousand gross / \$232.2 thousand net (0.5% increase) – Rising levels of childhood and adult obesity are a serious health problem that can lead to chronic diseases and diminished productivity. Improvements will be made to healthy eating and physical activity levels in school-age children and their families through the following strategies:
  1. Implementing healthy eating /physical activity education & skill development activities.
  2. Providing physical activity programs (new initiatives, and increased access to existing local sports and recreation for children and parents).
  3. Increasing access to healthy foods and food security in these specific neighbourhoods.
  4. Developing local public education "media" to reinforce messages provided by Peer Leaders and TPH staff.
  
- **Enhancements to STI Prevention** – \$571.2 thousand gross / \$142.8 thousand net (0.3% increase) –Public Health is mandated to ensure that cases of sexually transmitted infections (STIs) receive appropriate treatment, counselling contact notification and follow-up.

The caseload per public health nurse is currently 511 cases, as compared with a provincial average of approximately 200 cases. TPH is unable to meet the timelines and standards for follow-up as set out in the Ontario Public Health Standards

This enhancement will allow the staff to do more comprehensive follow-up on priority cases and more outreach and education with health care providers, particularly in two areas identified with high rates of STIs: Weston and West Hill; and, to meet the Accountability Agreement Indicator goal of 70% for gonorrhea cases.

### Other New and Enhanced Request

Included in the new enhanced services is an increase in gross expenditure and revenue of \$4.5 thousand (\$0.0 net) to cover the cost of reviewing and accrediting programs for the Food Handler Training and Certification program.

### Budget Impact on Toronto Taxpayers

The Province of Ontario provides funding for 71.3 percent of the TPH gross operating budget with 20.3 percent contributed from the City and the remaining 8.4 percent from user fees and other divisions in the City. The cost sharing formula of 75:25 means that every \$4 of public health services requires only \$1 of investment by the City.

Table 3 below shows the annual cost of public health services per Toronto resident since 2004. 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 2013 Operating Budget request includes \$20.9 million less in municipal tax funding than in 2004. The 2013 Operating Budget recommendation would cost each Toronto resident \$18.76 in property taxes for public health services.

The increase in 2012 is the result of the transfer of the Student Nutrition Program and the AIDS and Drug Prevention grants to the TPH operating budget from the Community Partnership Investment Program (CPIP) budget. The total net impact of these programs in 2012 was \$4,529 thousand, or a municipal property tax cost per resident of \$1.74.

<b>Municipal Cost per Person for Public Health Services</b>									
<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013 Rec</b>
26.74	25.38	21.59	16.07	16.50	16.85	16.99	17.22	18.36	18.76

The TPH 2013 Operating Budget request totals \$240,643.5 thousand gross / \$48,763.9 thousand net. This request is \$1,661.6 thousand gross / \$1,031.1 thousand net or 2.2 percent higher than the 2012 Operating Budget including the 0.5 percent for the City's share of the Bed Bug Program. The requested increase is comprised of base changes of \$261.1 thousand gross / \$820.4 thousand net, decreases of \$104.0 thousand gross / \$164.3 thousand net for budget reduction options, new & enhanced services request of \$1,504.5 thousand gross / \$375.0 thousand net.

Table 4 – Overview of 2013 Operating Budget Request categorizes the changes included in the TPH 2013 Operating Budget Request in accordance with the City's budget guidelines.

Further details of the TPH 2013 Operating Budget are included in Attachment 1 to this report.

Table 4

<b>Overview of the 2013 Operating Budget Request</b>				
	Summary of 2013 Operating Budget Request			
	Approved Positions	Gross Expenditures	Revenues	Net
(\$000s)		\$	\$	\$
2012 Council Appr. Operating Budget as at January 17, 2012	1,875.7	238,787.7	191,060.1	47,727.6
In-year approvals and technical adjustments	6.5	194.2	189.0	5.2
<b>2012 Operating Budget</b>	<b>1,882.2</b>	<b>238,981.9</b>	<b>191,249.1</b>	<b>47,732.9</b>
Reversal of Non Recurring items & Capital Projects	(48.0)	(6,716.0)	(6,966.0)	250.0
Prior Year Impacts / Annualizations	0.0	(110.0)	(82.5)	(27.5)
Step, Progression Pay, Benefits	0.0	1,916.3	1,346.0	570.3
<b>PART 1: Adjusted Base Budget</b>	<b>1,834.2</b>	<b>234,072.2</b>	<b>185,546.5</b>	<b>48,525.7</b>
Other Base Changes	0.0	(352.7)	(169.5)	(183.2)
Economic Factors - SNP, AIDS and Drug Prevention Grants	0.0	300.8	39.9	260.9
Salaries & Benefits Related to Capital Projects	47.8	4,680.3	4,680.3	0.0
<b>PART 2: 2013 Base Budget Request</b>	<b>1,882.0</b>	<b>238,700.6</b>	<b>190,097.3</b>	<b>48,603.3</b>
Over (Under) 2012 Operating Budget	(0.2)	(281.3)	(1,151.8)	870.5
% Over (Under) 2012 Final Budget	(0.0)	(0.1)	(0.6)	1.8
<b>Requested Reduction Options</b>	<b>0.0</b>	<b>(104.0)</b>	<b>60.3</b>	<b>(164.3)</b>
<b>PART 3: 2013 Request Including Reduction Options</b>	<b>1,882.0</b>	<b>238,596.6</b>	<b>190,157.5</b>	<b>48,439.1</b>
<b>Requested New &amp; Enhanced Services</b>	<b>12.0</b>	<b>1,504.5</b>	<b>1,129.5</b>	<b>375.0</b>
<b>PART 4: 2013 Request Including New &amp; Enhanced</b>	<b>1,894.0</b>	<b>240,101.1</b>	<b>191,287.0</b>	<b>48,814.1</b>
Over (Under) 2012 Final Operating Budget Submission	11.8	1,119.2	38.0	1,081.2
% Over (Under) 2012 Final Budget Submission	0.6	0.7	0.3	2.2
Reverse Corporate Charge Reduction	0.0	790.0	592.5	197.5
SNP Inflation Request (Moved to Companion Report)	0.0	(247.6)	0.0	(247.6)
<b>PART 5: 2013 Request Including BOH Budget Sub Committee Recommendations</b>	<b>1,894.0</b>	<b>240,643.5</b>	<b>191,879.5</b>	<b>48,763.9</b>
Over (Under) 2012 Final Operating Budget	11.8	1,661.6	630.5	1,031.1
% Over (Under) 2012 Final Budget	0.6	0.7	0.3	2.2



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**SIGNATURE**

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Medical Officer of Health

**ATTACHMENT**

Appendix 1 - Toronto Public Health 2013 Operating Budget Request