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2016 OPERATING BUDGET BRIEFING NOTE

Citizen Centred Services "A" Programs: 2013-2016 Trends for Specific Expenditure Accounts

Issue/Background:

Budget Committee at its meeting on December 15, 2015 requested the City Manager to provide briefing notes to the January 5, 2016 meeting of the Budget Committee which detail expenditures in 2013, 2014 and 2015 and proposed 2016 expenditures set out in the 2016 budget request, for all Divisions and Agencies for the cost categories listed in the table below:

This briefing note provides information for the Cluster-A Programs: Affordable Housing Office; Children's Services; Court Services; Economic Development & Culture; Long-Term Care Homes & Services; Parks, Forestry & Recreation; Shelter, Support & Housing Administration, Social Development, Finance & Administration, Toronto Employment & Social Services, and Toronto Paramedic Services.

Key Points:

Cluster-A Programs' 2013, 2014, 2015 and 2016 preliminary expenditures for the various cost categories requested by the Budget Committee are summarized in the following table:

Category	(\$'000s)					
	2013 Actual	2014 Actual	2015 Budget	2015 Year End Projection	2016 Preliminary Budget Gross	2016 Preliminary Budget Net
Advertising & Promotion	1,482.7	1,503.9	2,271.9	1,804.5	1,523.3	650.4
Catering Services	1,218.3	1,715.7	2,171.2	1,568.1	1,833.6	616.0
Conferences	197.2	213.9	325.2	258.4	308.6	193.7
Contracted Services - Renovations	388.1	500.3	2,031.7	2,067.0	2,637.8	1,311.7
Mailing	2,090.9	1,967.2	2,709.2	2,177.8	2,559.6	1,460.2
Material & Equipment - Communications	234.0	147.8	291.3	301.8	278.5	118.5
Material & Equipment - Hand Tools	201.9	192.5	268.8	248.3	273.3	269.9
Meetings	76.3	95.1	220.3	132.1	200.8	138.5
Office Supplies	2,895.8	2,764.0	4,734.8	2,917.2	3,998.9	2,817.6
Professional & Tech - Management Fees	1,373.1	1,669.2	3,247.3	3,183.2	1,920.6	1,053.2
Rental of Office Equipment	455.8	121.1	815.8	56.6	221.0	194.7
Training	1,244.7	1,427.7	1,973.3	1,425.3	2,013.6	1,368.6
Travel	1,301.2	1,377.8	1,910.2	1,319.1	1,733.7	1,315.9
Total - Cluster A	13,160.0	13,696.2	22,971.0	17,459.4	19,503.3	11,508.9

Overall Cluster-A programs have reduced their 2016 Preliminary Budget request for these expenditure categories by \$3.467.7million gross or 15.0% from the 2015 Approved Budget through budget realignment and line-by-line expenditure review. Every expenditure category is reduced in the 2016 Preliminary Budget request except for Contracted Services up by \$0.606 million mainly to meet the operational needs largely in Toronto Employment & Social Services; and a minor increase in Materials & Equipment by \$0.004 million and Training by \$0.040 million.

In the 2016 Preliminary Budget, Cluster-A programs in total have reduced their expenditure lines by \$7.9 million gross (\$2.3 million gross in 2015) and \$2.4 million net through line-by-line expenditure review. In addition to the line-by-line reduction, programs have identified service efficiencies of \$3.3 million net in the 2016 Preliminary Budget.

Reasons for the changes are explained by program below:

Affordable Housing Office

Category	(\$'000s)					
	2013 Actual	2014 Actual	2015 Budget	2015 Year End Projection	2016 Preliminary Budget Gross	2016 Preliminary Budget Net
Advertising & Promotion	0.5	4.8	9.7	7.4	5.0	2.0
Conferences	6.9	10.8	6.3	-	9.0	3.6
Contracted Services - Renovations	-	0.2	2.6	0.3	0.5	0.2
Mailing	-	-	0.6	-	0.1	-
Meetings	2.0	10.1	4.0	8.8	5.0	2.0
Office Supplies	5.1	2.6	8.8	3.9	6.1	2.4
Rental of Office Equipment	-	-	1.3	-	-	-
Training	-	-	3.0	-	3.0	1.2
Travel	11.4	9.9	27.1	11.8	21.9	8.8
Total - Affordable Housing Office	25.9	38.4	63.4	32.2	50.6	20.2

The 2016 Preliminary Budget for AHO is reduced by \$0.013 million gross or 20.0% from the 2015 Approved Budget for the above expenditure categories. AHO's operating budget is funded 40% from the City's tax-base, with 43% from Federal-Provincial administration fees and 17% from the Capital Revolving Fund for Affordable Housing. With 77% of the AHO's budget comprised of Salaries and Benefits, and considering significant cost-cutting measures implemented over the years, there is limited flexibility to achieve further savings in non-payroll expenditures (comprising 23% of the AHO's operating budget) while maintaining the program's ability to deliver services funded through Federal, Provincial and City investments in affordable housing as well as meeting new initiatives such as the Mayor's Open Door Program.

Children's Services

Category	(\$'000s)					
	2013 Actual	2014 Actual	2015 Budget	2015 Year End Projection	2016 Preliminary Budget Gross	2016 Preliminary Budget Net
Advertising & Promotion	9.3	12.5	12.0	3.7	18.0	5.4
Catering Services	1,135.4	1,628.4	1,986.3	1,421.5	1,738.8	521.6
Conferences	5.3	7.6	27.2	55.7	27.2	8.2
Contracted Services - Renovations	-	1.6	-	-	-	-
Mailing	0.7	0.7	10.1	0.5	3.3	1.0
Meetings	3.0	1.2	5.7	0.9	5.7	1.7
Office Supplies	207.3	210.0	239.6	210.2	243.1	72.9
Professional & Tech - Management Fees	-	37.2	-	-	-	-
Rental of Office Equipment	-	0.4	-	-	-	-
Training	121.7	130.4	209.7	188.3	210.7	63.2
Travel	120.1	143.5	207.1	141.7	207.9	62.4
Total - Children's Services	1,602.8	2,173.5	2,697.7	2,022.5	2,454.7	736.4

Children's Services 2016 Preliminary Budget request is \$0.243 million gross or 9.0% for the above expenditure categories. Children's Services has realized \$0.446 million gross and net through a line-by-line review of expenditures to align the budget with actual experience and projected 2016 requirements and an additional \$0.329 million service efficiency reduction, resulting in reduced costs for contracted and other professional services. 2016 budget request for some of the expenditure lines is higher than the 2015 projected year-end that justifies the significant expansion of the licensed child care system by 13.5% and increase of 184 fee subsidies from 2014 to 2015. Average cost sharing ratio is approximately 70% provincial and 30% City.

Court Services

Category	(\$'000s)					
	2013 Actual	2014 Actual	2015 Budget	2015 Year End Projection	2016 Preliminary Budget Gross	2016 Preliminary Budget Net
Advertising & Promotion	0.6	-	2.0	0.5	1.0	1.0
Conferences	3.6	6.4	11.2	4.3	11.2	11.2
Contracted Services - Renovations	10.5	-	-	-	-	-
Mailing	145.4	103.2	166.4	106.4	135.8	135.8
Material & Equipment - Communications	30.1	5.2	44.0	23.3	40.0	40.0
Meetings	1.1	1.3	3.9	0.8	1.9	1.9
Office Supplies	304.2	208.2	310.6	200.8	283.2	283.2
Rental of Office Equipment	133.4	44.1	53.0	1.3	45.0	45.0
Training	15.2	64.0	22.8	3.0	22.8	22.8
Travel	7.3	5.8	8.4	4.1	7.7	7.7
Total - Court Services	651.4	438.2	622.3	344.5	548.6	548.6

Court Services 2016 Preliminary Budget is reduced by \$0.073 million gross or 11.8% for the above expenditure categories. Court Services has realized \$0.127 million net reduction in the 2016 Preliminary Budget through line-by-line expenditure review that aligns the budget with actual spending with savings primarily in supplies and contracted services.

Economic Development & Culture

Category	(\$'000s)					
	2013 Actual	2014 Actual	2015 Budget	2015 Year End Projection	2016 Preliminary Budget Gross	2016 Preliminary Budget Net
Advertising & Promotion	1,283.5	1,092.6	1,863.4	1,350.0	1,149.3	382.7
Catering Services	62.9	67.2	115.6	116.0	31.6	31.6
Conferences	46.5	39.8	52.3	42.9	52.3	52.3
Contracted Services - Renovations	76.8	4.1	188.2	-	188.2	188.2
Mailing	9.3	7.7	41.5	33.9	41.5	41.5
Material & Equipment - Communications	-	1.0	0.3	3.6	0.3	0.3
Material & Equipment - Hand Tools	1.0	-	1.0	0.3	1.0	1.0
Meetings	2.3	2.9	89.8	7.6	72.8	72.8
Office Supplies	144.2	117.4	642.9	117.2	439.1	311.1
Professional & Tech - Management Fees	1,010.2	1,254.7	2,900.5	2,614.4	1,573.8	706.6
Rental of Office Equipment	20.3	12.6	4.0	14.0	4.0	4.0
Training	8.6	10.5	103.7	16.0	34.3	34.3
Travel	84.0	95.9	186.4	132.7	175.4	175.4
Total - Economic Development & Culture	2,749.6	2,706.4	6,189.6	4,448.6	3,763.6	2,001.8

Economic Development and Culture's 2016 Preliminary Budget for these expenditure categories is reduced \$2.426 million gross or 39.0% from the 2015 Approved Budget mainly for PanAm related expenditures. The division has undergone divisional restructuring that has resulted in misalignment of expenditures showing overage and underage of budgets in some expenditure lines in comparison to the actual spending trends. EDC's net expenditures for the past two years have been on budget (net savings of \$0.080 million out of a net budget of \$45.4 million in 2013, net savings of \$0.007 million of a net budget of \$48.7 million in 2014) and projecting that the net expenditures for 2015 will be on budget.

Long-Term Care Homes & Services

Category	(\$'000s)					
	2013 Actual	2014 Actual	2015 Budget	2015 Year End Projection	2016 Preliminary Budget Gross	2016 Preliminary Budget Net
Advertising & Promotion	1.1	5.5	24.0	1.2	4.0	0.7
Catering Services	2.8	-	3.0	1.5	0.5	0.1
Conferences	14.9	21.4	28.0	33.4	28.6	5.4
Contracted Services - Renovations	160.3	455.7	396.7	800.0	409.6	76.6
Mailing	7.8	1.6	85.0	24.1	85.0	15.9
Material & Equipment - Communications	-	-	-	-	-	-
Material & Equipment - Hand Tools	-	-	-	0.1	-	-
Meetings	-	-	-	1.7	-	-
Office Supplies	253.2	253.9	336.8	292.8	328.5	61.4
Rental of Office Equipment	-	-	-	-	-	-
Training	45.8	121.4	44.4	36.8	43.3	8.1
Travel	51.7	53.9	61.7	51.7	61.5	11.5
Total - Long-Term Care Homes & Services	537.6	913.4	979.6	1,243.3	961.0	179.7

The 2016 Preliminary Budget request for Long-Term Care Homes & Services is reduced by \$0.019 million gross or 1.9% for these expenditure categories from the 2015 Approved Budget.

The division conducts a thorough line-by-line review by program area and location to adjust and align resources to meet care and service needs and to meet compliance with Ministry of Health and Long-Term Care (MOHLTC) regulatory requirements. The 2016 preliminary budget request includes the return to service of 145 beds at Kipling Acres and the related cost increases are in the expenditure lines. The average cost-share ratio is 81.3% provincial and 18.7% City. As part of the City's Service Review Program launched in 2011, LTCHS was one of the divisions selected to undergo a Service Efficiency Study (SES) in 2012 to examine how services are delivered and to identify new and/or more efficient ways of delivery. LTCHS has implemented or partially implemented all 17 recommendations contained in the final report. From 2013 to 2015, LTCHS met or exceeded its budget reduction targets by \$0.388 million, while at the same time expanding the provision of care and services provided through initiatives such as Convalescent Care, Behavioural Supports Ontario, and Adult Day Programs.

Parks, Forestry & Recreation

Category	(\$'000s)					
	2013 Actual	2014 Actual	2015 Budget	2015 Year End Projection	2016 Preliminary Budget Gross	2016 Preliminary Budget Net
Advertising & Promotion	152.9	134.4	183.7	142.1	171.1	171.1
Catering Services	17.2	14.1	66.3	22.2	62.7	62.7
Conferences	33.0	25.2	29.9	36.2	28.4	28.4
Contracted Services - Renovations	19.0	25.9	53.3	41.8	53.3	53.3
Mailing	162.8	38.2	351.9	49.6	241.6	241.6
Material & Equipment - Communications	62.2	31.4	81.1	84.7	71.6	71.6
Material & Equipment - Hand Tools	200.3	191.2	264.4	246.9	268.9	268.9
Meetings	33.0	17.0	31.8	31.8	30.9	30.9
Office Supplies	1,008.1	1,017.0	1,537.1	1,120.9	1,468.3	1,468.3
Professional & Tech - Management Fees	362.9	377.3	343.1	376.1	343.1	343.1
Rental of Office Equipment	95.5	41.3	120.0	38.7	117.7	117.7
Training	276.2	301.7	633.5	422.2	739.1	739.1
Travel	642.5	686.0	882.9	607.8	783.6	783.6
Total - Parks, Forestry & Recreation	3,065.6	2,900.7	4,579.0	3,221.0	4,380.3	4,380.3

Parks, Forestry & Recreation's 2016 Preliminary Request for these expenditure categories is reduced by \$0.199 million gross or 4.3% from the 2015 Approved Budget. The division has realized \$0.700 million gross and net savings through line-by-line associated with the review of historical spending in hydro, mileage reimbursement and cellular phone costs in the 2016 preliminary budget. The Urban Forestry contracts out services funded by staff vacancies that result in underspending of salaries that offset the overspending in contracted services budgets. The delayed opening of two new Community centres resulted in underspending in some of the expenditure categories.

Shelter, Support & Housing Administration

Category	(\$'000s)					
	2013 Actual	2014 Actual	2015 Budget	2015 Year End Projection	2016 Preliminary Budget Gross	2016 Preliminary Budget Net
Advertising & Promotion	30.6	1.2	2.4	9.5	0.2	0.2
Catering Services	-	6.0	-	(2.3)	-	-
Conferences	22.9	33.6	73.3	18.2	69.6	47.8
Contracted Services - Renovations	-	-	-	-	-	-
Mailing	0.5	0.6	6.3	0.3	4.9	2.4
Material & Equipment - Communications	0.4	3.2	1.6	2.0	2.3	1.4
Meetings	8.9	15.1	38.1	20.0	37.6	9.7
Office Supplies	163.3	159.1	135.6	79.5	124.3	83.3
Professional & Tech - Management Fees	-	-	-	171.6	-	-
Rental of Office Equipment	4.6	(1.9)	18.1	2.6	4.3	3.0
Training	247.2	280.5	283.1	282.1	287.3	182.7
Travel	87.6	81.5	110.8	80.2	108.8	74.4
Total - Shelter, Support & Housing Administration	566.0	578.9	669.3	663.7	639.3	404.9

Shelter, Support and Housing Administration division's 2016 Preliminary Budget request for these expenditure categories is reduced by \$0.030 million gross or 4.5% from the 2015 Approved Budget. The division has realized \$0.099 million gross and \$0.079 million net through line-by-line review of all expenditure lines across all services to reflect the actual experience in the 2016 preliminary budget request.

Social Development, Finance & Administration

Category	(\$'000s)					
	2013 Actual	2014 Actual	2015 Budget	2015 Year End Projection	2016 Preliminary Budget Gross	2016 Preliminary Budget Net
Advertising & Promotion	2.5	0.4	-	48.2	-	-
Catering Services	-	-	-	9.2	-	-
Conferences	12.0	11.6	15.0	9.3	13.0	11.5
Mailing	-	0.2	2.0	3.1	2.0	1.8
Material & Equipment - Communications	-	0.7	-	-	-	-
Meetings	11.8	30.2	7.6	24.0	7.6	0.4
Office Supplies	34.5	23.0	51.4	27.9	51.4	45.0
Professional & Tech - Management Fees	-	-	3.7	21.1	3.7	3.5
Rental of Office Equipment	4.2	0.9	-	-	-	-
Training	18.1	14.6	18.6	11.6	18.6	16.1
Travel	41.2	40.6	46.4	44.3	37.7	30.4
Total - Social Development, Finance & Administration	124.3	122.2	144.7	198.7	134.0	108.7

Social Development, Finance & Administration's 2016 Preliminary Request for these expenditure categories is reduced by \$0.011 million or 7.6% from the 2015 Approved Budget. The division's non-payroll expenditures excluding CPIP grants, Tower Renewal, Healthy Kids, Federally funded Youth Job Corps programs, Contribution to Corporate Reserves and Inter-divisional Charges is \$1.173 million that is 2.3% of the total gross expenditure budget for the Division. Program reviews its non-payroll expenditures every year as part of the budget process

and for 2016 preliminary budget, it offered \$0.185 million or (15.8% of \$1.173 million) gross and net through line-by-line review to align the budget with actual experience.

Toronto Employment & Social Services

Category	(\$'000s)					
	2013 Actual	2014 Actual	2015 Budget	2015 Year End Projection	2016 Preliminary Budget Gross	2016 Preliminary Budget Net
Advertising & Promotion	-	0.3	14.0	20.7	14.0	7.0
Conferences	5.9	6.1	11.6	27.8	11.6	5.8
Contracted Services - Renovations	121.5	12.8	1,390.3	1,224.9	1,985.6	992.8
Mailing	1,751.4	1,804.9	2,014.6	1,933.0	2,014.6	1,007.3
Material & Equipment - Communications	-	0.6	-	1.0	-	-
Meetings	14.2	17.3	29.4	36.0	29.4	14.7
Office Supplies	612.0	626.2	1,203.9	707.0	847.1	423.6
Rental of Office Equipment	178.7	12.1	578.5	-	50.0	25.0
Training	482.9	402.6	602.2	430.8	602.2	301.1
Travel	223.2	221.7	327.7	210.1	296.9	148.5
Total - Toronto Employment & Social Services	3,389.8	3,104.6	6,172.2	4,591.3	5,851.4	2,925.8

Toronto Employment & Social Services Division's 2016 Preliminary Budget request for these expenditure categories is reduced by \$0.321 million gross or 5.2 %. The division has done a thorough review of the expenditures over the last three years and as a result several adjustments were made to better align the budget with actual spending mainly in materials and supplies and services and rents. The line-by-line review resulted a savings of \$6.168 million gross and \$0.674 million net which is included in the 2016 preliminary budget request.

Toronto Paramedic Services

Category	(\$'000s)					
	2013 Actual	2014 Actual	2015 Budget	2015 Year End Projection	2016 Preliminary Budget Gross	2016 Preliminary Budget Net
Advertising & Promotion	1.7	252.2	160.7	221.2	160.7	80.3
Conferences	46.2	51.4	70.4	30.6	57.7	19.5
Contracted Services - Renovations	-	-	0.6	-	0.6	0.6
Mailing	13.0	10.1	30.8	26.9	30.8	12.9
Material & Equipment - Communications	141.3	105.7	164.3	187.2	164.3	5.2
Material & Equipment - Hand Tools	0.6	1.3	3.4	1.0	3.4	-
Meetings	-	-	10.0	0.5	9.9	4.4
Office Supplies	163.9	146.6	268.1	157.0	207.8	66.4
Rental of Office Equipment	19.1	11.6	40.9	-	-	-
Training	29.0	102.0	52.3	34.5	52.3	-
Travel	32.2	39.0	51.7	34.7	32.3	13.2
Total - Toronto Paramedic Services	447.0	719.9	853.2	693.6	719.8	202.5

Toronto Paramedic Services request for the 2016 Preliminary Budget for these expenditure categories is reduced by \$0.133 million gross or 15.6 %. The division has reviewed their line-by-line expenditures and realized a savings of \$0.256 million gross and \$0.230 million net including service efficiencies in the 2016 preliminary budget. Approximately 40% of the budget in the expenditure line items is 100% provincially funded while the balance of the line items are 50% provincially funded. As a result, any reduction in the expenditure budget lines will be partially or fully offset by a reduction to the corresponding provincial subsidies.

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