



STAFF REPORT ACTION REQUIRED

Toronto Public Health 2016 Operating Budget Request

Date:	November 16, 2015
To:	Board of Health Budget Committee and Board of Health
From:	Medical Officer of Health
Wards:	All
Reference Number:	

SUMMARY

This report outlines the Toronto Public Health (TPH) 2016 Operating Budget Request for consideration by the Board of Health. The Toronto Public Health (TPH) 2016 Operating Budget Request totals \$248,104.8 thousand gross / \$57,554.1 thousand net. This request is \$5,869.9 thousand gross below and \$626.6 thousand net above the 2015 Operating Budget. The net increase of \$626.6 thousand over the 2015 Operating Budget is comprised primarily of: 1) new & enhanced services of \$598.3 thousand net; 2) reduction options of \$141.5 thousand net; and, 3) base budget increases for the salaries & benefits, and non-payroll economic factors increases of \$169.8 thousand net.

RECOMMENDATIONS

The Medical Officer of Health recommends that:

1. City Council approve the Toronto Public Health 2016 Operating Budget Request of \$248,104.8 thousand gross / \$57,554.1 thousand net as summarized in Table 1, “Toronto Public Health 2016 Operating Budget Request”;
2. City Council approve the list of base budget adjustments as summarized in Table 2, “Overview of 2016 Operating Budget Request” of this report totaling a decrease of \$7,943.2 thousand gross and an increase of \$169.8 thousand net;
3. City Council approve 2016 Reduction Options of \$283.2 thousand gross and \$141.5 thousand net as outlined in Table 2, “Overview of 2016 Operating Budget Request”;
4. City Council approve 2016 New and Enhanced Request of \$2,356.5 thousand gross and \$598.3 thousand net as outlined in Table 2, “Overview of 2016 Operating Budget Request”;

5. City Council approve a total increase of \$1,603.7 thousand gross and net for the Student Nutrition Program as outlined in the October 26, 2015 Board of Health report, "Student Nutrition Program: 2016 Operating Budget Request and Municipal Funding Plan to 2018" that was adopted by the Board of Health; and
6. The Board of Health forward this report to the City's Budget Committee for its consideration during the 2016 budget process.

Financial Impact

The Toronto Public Health (TPH) 2016 Operating Budget Request totals \$248,104.8 thousand gross / \$57,554.1 thousand net. This request is \$5,869.9 thousand gross below and \$626.6 thousand net above the 2015 Operating Budget. The net increase of \$626.6 thousand over the 2015 Operating Budget is comprised primarily of: base budget increases for the salaries & benefits, and non-payroll economic factors increases of \$169.8 thousand net; reduction options of \$141.5 thousand net; and, new & enhanced services of \$598.3 thousand net. TPH has reviewed its services and expenses and where achievable absorbed expected inflation increases and reduced expenses in the 2016 budget request.

DECISION HISTORY

At its meeting of March 10 and 11, 2015, City Council approved a TPH 2015 Operating Budget of \$252,298.0 thousand gross / \$56,969.5 thousand net: During 2015, TPH received confirmation of additional 100 percent funding from Province of Ontario ministries and external sources and technical adjustments in the amount of \$2,016.9 thousand gross and \$49.9 net for various public health programs. In addition, TPH was informed of unallocated reductions in October, 2015 to pay for corporate initiatives that reduced the TPH budget by \$340.2 thousand gross and \$91.9 thousand net.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX3.4>.

The TPH 2015 Operating Budget including in-year budget adjustments is \$253,974.7 thousand gross and \$56,927.5 thousand net.

At its meeting of May 19, 2015 the Board of Health Budget Committee requested the Medical Officer of Health to submit to the City's budget process an initial 2016 Toronto Public Health Operating Budget Request for Consideration to include:

- a. Maximizing provincial revenues; and
- b. The 2016 base budget request;
- c. The enhancements recommended by the Board of Health to the Student Nutrition Program;
- d. Two new and enhanced services: Year 2 of the Toronto Urban Health Fund; partial implementation of the Day Nursery Immunization Program;
- e. Reducing gapping rate from 5.8% to 4.8%.

<http://app.toronto.ca/tmmis/decisionBodyProfile.do?function=doPrepare&meetingId=10428#Meeting-2015.HU1> and September 22, 2015

<http://app.toronto.ca/tmmis/decisionBodyProfile.do?function=doPrepare&meetingId=10428#Meeting-2015.HU2>,

The Board of Health met on October 26, 2015 and adopted the recommendation in the report entitled "Student Nutrition Program: 2016 Operating Budget Request and Municipal Funding Plan to 2018" with requests for program stabilization and service enhancements in-line with year 4 of the 6-year plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.HL7.2>

ISSUE BACKGROUND

The TPH 2016 Operating Budget request assumes full provincial cost sharing at 75 percent for eligible programs.

The City Manager issued guidelines and directions for the development of the 2016 Operating Budget to all City Divisions, Agencies, Boards and Commissions (ABCs). Included in these directions is the expectation that all 2016 City Programs and ABC Operating Budgets be 1% below the 2015 Approved Net Operating Budget.

The City's collective agreements expire December 31, 2015. The TPH 2016 Operating Budget request, as presented in this report, does not address any financial impacts arising from negotiations. The provision for the Cost of Living Allowance (COLA) for 2016-2018 will be in the Non-Program Budget until the collective agreements have been ratified.

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.

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 under the HPPA.

Since 2010 the cumulative provincial revenue foregone due to the City's financial constraints is \$11.6 million. The opportunity to build public health services to address public health needs in the Toronto population and comply with provincial public health standards is forgone when available provincial funding is not maximized.

In 2015 the provincial government implemented a new equity funding formula for Ontario Boards of Health which addresses population health needs and service costs. Toronto Public Health was identified as one of the eight health units, among the total of 36 health units in Ontario that was determined to be under-funded. In 2015, TPH was approved to receive a 2.6 % base funding increase over the 2014 approved allocation. Going forward, any available growth funding, will likely be distributed to those eight under-funded health units. Based on 2015 data, TPH has the potential of receiving cumulative growth funding over time of 9% to reach the equitable funding level determined by the provincial formula.

COMMENTS

The TPH 2016 Operating Budget Request totals \$248,104.8 thousand gross / \$57,554.1 thousand net. This request is \$5,869.9 thousand gross below and \$626.6 thousand net (1.1 percent) above the 2015 Operating Budget and is summarized in Table 1 below.

Table 1

Toronto Public Health 2016 Operating Budget Request							
	2015 Budget	2016 Base	2016 Reductions	2016 New & Enhanced	2016 Request	Change from 2015 Budget	
(\$000s)	\$	\$	\$	\$	\$	\$	%
GROSS EXP.	253,974.7	(7,943.2)	(283.2)	2,356.5	248,104.8	(5,869.9)	(2.3)
REVENUE	197,047.2	(8,113.0)	(141.7)	1,758.2	190,550.8	(6,496.5)	(3.3)
NET EXP.	56,927.5	169.8	(141.5)	598.3	57,554.1	626.6	1.1
Positions	1,875.34	(9.96)	0.00	8.00	1,873.38	(1.96)	(0.1)

2016 Operating Efficiencies

As part of the 2016 Operating Budget TPH proposed budget reductions of \$283.2 thousand gross and \$141.5 thousand net from the following sources:

- A decrease of \$174.1 thousand gross and \$43.5 thousand net as a result of the reduction in the contribution to the IT reserve fund.
- An increase of \$66.8 thousand in revenue by transferring the Mobile Good Food Network program from 100% City Funded to 75% / 25% cost shared program with the Province.
- A decrease of \$109.1 thousand gross and \$31.2 thousand net reduction in non-payroll expenditure budget from a line by line review of all non-payroll expenditure budgets.

Maximize Provincial Funding

The Board of Health Budget Committee requested the Medical Officer of Health to submit a 2016 Operating Budget which maximizes provincial funding and improves compliance with Ontario Public Health Standards.

The 2016 Operating Budget request for the provincial mandatory cost shared programs, including both the provincial share of 75 percent and the City's share of 25 percent, is \$171,992.6 thousand gross / \$43,003.7 thousand net expenditures, which is an increase from the 2015 Operating Budget of \$2,491.0 thousand gross and \$583.0 thousand net expenditures. This increase is mainly related to salaries and benefits increases, and new and enhanced proposals.

The provincial funding formula will continue at 75 percent in 2016. The cost sharing formula of 75:25 means that every \$4 of public health services requires only \$1 of investment by the City. Conversely, a reduction of \$1 to the net City funded budget would require a \$4 cut in provincial cost-shared programs.

In accordance with the direction of the BOH Budget Committee, the MOH recommendations for the TPH 2016 Operating Budget increases the potential provincial revenue by \$2,084.8 thousand or a 1.64% increase over the 2015 approved funding level.

New and Enhanced Services

The 2016 budget request includes three new and enhanced cost shared services: Toronto Urban Health Fund Year 2, Day Nursery Immunization program and a request to reduce gapping from 5.8% to 4.8%. The following outlines each request.

- **Toronto Urban Health Fund (TUHF) Year 2** – The Board of Health has supported a five year plan with a budget enhancement of \$750.0 thousand for the TUHF through annual increments of \$150.0 thousand to address HIV prevention, harm reduction and youth resiliency. This budget enhancement will address a funding shortfall of \$600.0 thousand to address projects meriting funding in HIV prevention and harm reduction and \$150.0 thousand to address funding shortfall in the youth resiliency stream.
- **Day Nursery Immunization Program** – \$537.7 thousand gross and \$134.4 thousand net and 6.0 positions. Until 2015, TPH has not had a Day Nursery Immunization program as required by the Ontario Public Health Standards (OPHS) and Child Care and Early Years Act (which recently replaced the Day Nurseries Act). In 2015 TPH received approval for two Registered Practical Nurses (RPNs) to begin implementation; however, the cost was to be absorbed in the 2015 TPH budget. TPH was required to ensure that any annualized costs for this new program are to be included in the 2016 budget submission.

With this enhancement TPH will be in compliance with five of the six requirements regarding immunization of children in licensed day nurseries as per the Immunization Management Protocol under the OPHS.

In 2015, TPH is conducting an IT feasibility study to determine efficient methods to input day nursery records into the Provincial Immunization database, Panorama. Results of the IT study are expected early in 2016 and will inform future developments and efficiencies of this program.

- **Gapping Target Reduction from 5.8% to 4.8%** – \$1,512.5 thousand gross and \$426.3 thousand net – Historically TPH has experienced significantly higher than budgeted gapping rates. To address this the gapping target was increased in 2014 and TPH implemented hiring strategies and improvements in the hiring process which reduced the time to fill vacant positions. This has caused an improvement in services and significantly fewer vacancies. As a result in 2015 TPH struggled to achieve its gapping target. TPH is requesting to reduce the gapping target rate from 5.8% to 4.8% to maintain appropriate staffing to meet approved service levels.

100% Provincially Funded Project

TPH is proposing one new and enhanced business case with 100% funding from the Province for \$156.2 thousand gross and \$0 net increase and 2.0 positions for the Universal Influenza Immunization Program (UIIP) Pharmacy Inspections. Below is a brief description of this request:

- **VPD UIIP Pharmacy Inspections** - \$156.2 thousand gross and \$0 net and 2.0 positions

Public health is required to inspect all fridges in health care premises which apply for and receive publicly-funded vaccine to ensure the "cold chain" is maintained and the vaccines remain effective, in compliance with the Vaccine Storage and Handling Protocol under the Ontario Public Health Standards. The results of these inspections must be reported to the Ministry of Health & Long-Term Care.

In 2012, the Ontario government expanded the scope of practice for pharmacists to include the provision of influenza immunization to those five years of age and older, thus increasing public access to the influenza vaccine. The MOHLTC offered 100% provincial funding to cover the added costs for local public health units. Since then TPH has requested and received funding for one position each year.

The number of Toronto pharmacies which have provided influenza immunization has grown each year since 2012 – in 2013/2014 TPH inspected 363 Toronto pharmacies which then provided over 136,000 influenza vaccines to the public. In 2015 TPH inspected and worked with 550 pharmacies, utilizing staff from other parts of the Immunization Program. This is not sustainable, given the number of pharmacies applying each year and the ongoing increased pressures on the Immunization Program, with implementation of Panorama, a new provincial immunization system, involving the creation and inputting of over 200,000 records and the implementation of changes to Regulation 645 of the Immunization of School Pupils Act to include three additional diseases for which school children are required to be immunized (pertussis, meningococcal and varicella) and the inclusion of students in private schools.

With the additional resources, TPH will be able to continue inspecting and working with the pharmacies that apply to provide publicly-funded influenza vaccine.

Table 2 categorizes the changes included in the TPH 2016 Operating Budget Request in accordance with the City's budget guidelines.

Table 2

Overview of the 2016 Operating Budget Request						
	Summary of 2016 Operating Budget Request					
	Approved Positions	Gross Expenditures	Revenues	Net	Net	Cumulative Net
(\$000s)		\$	\$	\$	%	%
2015 Council Appr. Operating Budget as at March 10, 11, 2015	1,875.08	252,298.0	195,328.5	56,969.5		
Unallocated Reductions to pay for Corporate Initiatives	0.00	(340.2)	(248.3)	(91.9)		
In-year approvals and technical adjustments	0.26	2,016.9	1,967.0	49.9		
2015 Operating Budget	1,875.34	253,974.7	197,047.2	56,927.5		
Step, Progression Pay, COLA, Benefits Gapping	(2.00)	151.6	23.0	128.7	0.23	0.23
Salaries & Benefits Related to Capital Projects	(15.28)	(1,524.2)	(1,524.2)	0.0	0.00	0.23
Economic Factors - Non Payroll	0.00	114.0	85.5	28.5	0.05	0.28
IDC / IDR	0.00	(5,836.3)	(5,827.7)	(8.6)	(0.02)	0.26
Annualization, Reversal of 1 Time Requests & Reallocation	(0.69)	(313.8)	(292.0)	(21.8)	(0.04)	0.22
100% Funded Program Adjustments	8.01	(661.8)	(661.8)	0.0	0.00	0.22
User Fees	0.00	127.4	84.3	43.1	0.08	0.30
PART 1: 2016 Base Budget Request	1,865.38	246,031.5	188,934.2	57,097.3	0.30	0.30
Over (Under) 2015 Operating Budget	(9.96)	(7,943.2)	(8,113.0)	169.8	0.30	0.30
% Over (Under) 2015 Operating Budget	(0.53)	(3.1)	(4.1)	0.3	0.30	0.30
Reduce Contribution to IT Reserve Fund	0.00	(174.1)	(130.6)	(43.5)	(0.08)	0.22
Mobile Good Food Network Tsfir from 100% City to Cost Shared	0.00	0.0	66.8	(66.8)	(0.12)	0.10
Reductions in Non Salary Budget to Reflect Actual Experience	0.00	(109.1)	(77.9)	(31.2)	(0.05)	0.05
2016 Reduction Options	0.00	(283.2)	(141.7)	(141.5)	(0.25)	0.05
PART 2: 2016 Request Including Reduction Options	1,865.38	245,748.3	188,792.5	56,955.8	0.05	0.05
Toronto Urban Health Fund - Year 2	0.00	150.0	112.5	37.5	0.07	0.12
Day Nursery Immunization Program	6.00	537.7	403.3	134.4	0.24	0.35
VPD UIIP Pharmacy Inspections	2.00	156.2	156.2	0.0	0.00	0.35
Decrease Gapping from 5.8% to 4.8%	0.00	1,512.5	1,086.2	426.3	0.75	1.10
2016 New & Enhanced Total	8.00	2,356.5	1,758.2	598.3	1.05	1.10
PART 3: 2016 Request Including New & Enhanced	1,873.38	248,104.8	190,550.8	57,554.1	1.10	1.10
Over (Under) 2015 Operating Budget	(1.96)	(5,869.9)	(6,496.5)	626.6	1.10	1.10
% Over (Under) 2015 Operating Budget	(0.10)	(2.3)	(3.3)	1.1	1.10	1.10

*Note: Difference is not exactly equal due to rounding

Other New and Enhanced Services: Municipal Funding Plan for Student Nutrition Program

- **Student Nutrition Program-Year 4:** \$1,603.7 thousand gross and net:

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 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 SNPs equal to the annual amount of food inflation reported by the Nutrition Food Basket survey.

The October 26, 2015 Board of Health report, "Student Nutrition Program: 2016 Operating Budget Request and Municipal Funding Plan to 2018" included requests for program stabilization and service enhancements in-line with year 4 of the 6-year plan as outlined in Table 3 below. It includes:

- 1) A request for \$109.1 thousand gross and net to cover the increased cost of food for existing student nutrition programs.
- 2) In increase of \$641.5 thousand gross and net to existing student nutrition programs to increase the City's investment rate to 16% of total program costs from 14.16% in 2015, providing a stronger funding base for existing programs.
- 3) A request for \$853.1 thousand gross and net to provide core municipal funding to 49 higher need schools which only receive the provincial share of funding. This will enable programs to provide more complete breakfast meals to children and youth.

Table 3

Other New & Enhanced Services				
	Approved Positions	Gross Expenditures	Revenues	Net
(\$000s)		\$	\$	\$
Student Nutrition Program (SNP) - 2016 Cost of Food	0.00	109.1	0.00	109.1
SNP Increase Financial Stability of Currently Funded Programs	0.00	641.5	0.00	641.5
SNP Increase - Expand to 49 New Schools	0.00	853.1	0.00	853.1
Total Student Nutrition Program	0.00	1,603.7	0.0	1,603.7
Total Other New & Enhanced Services	0.00	1,603.7	0.0	1,603.7

Further details of the TPH 2016 Operating Budget are included in Attachment 1 to this report.

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SIGNATURE

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ATTACHMENT

Attachment 1 - Toronto Public Health 2016 Operating Budget Request