



**STAFF REPORT  
ACTION REQUIRED  
with Confidential Attachment**

**Toronto Public Health 2017 Operating Budget Request**

<b>Date:</b>	September 12, 2016
<b>To:</b>	Board of Health Budget Committee and Board of Health
<b>From:</b>	Acting 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) 2017 Operating Budget Submission for consideration by the Board of Health. The TPH 2017 Operating Budget Submission totals \$238,796.9 thousand gross / \$57,722.3 thousand net. This submission is \$6,044.3 thousand gross and \$1,200.5 thousand net below the 2016 Operating Budget. The net decrease of \$1,200.5 thousand from the 2016 Approved Operating Budget is comprised primarily of: 1) base budget increases for the salaries & benefits, and non-payroll economic factors of \$1,099.3 thousand net; 2) budget reduction options of \$2,633.3 thousand net; and, 3) new & enhanced services of \$333.5 thousand net.

**RECOMMENDATIONS**

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**The Acting Medical Officer of Health recommends that:**

1. The Board of Health requests City Council approve the Toronto Public Health 2017 Operating Budget Request of \$243,158.3 thousand gross / \$60,022.1 thousand net as summarized in Table 3, “Overview of 2017 Operating Budget Submission”;
2. The Board of Health requests City Council approve the list of base budget adjustments as summarized in Table 3, “Overview of 2017 Operating Budget Submission” of this report totaling a decrease of \$1,682.8 thousand gross and an increase of \$1,099.3 thousand net;
3. The Board of Health consider 2017 Reduction Options of \$5,695.3 thousand gross and \$2,633.3 thousand net as outlined in Attachment 2 – "Summary of Reduction Options" and Attachment 3 – "Summary of Confidential Reduction Options" to meet the City's 2.6 percent reduction target;

4. The Board of Health consider 2017 New and Enhanced Requests of \$1,333.8 thousand gross and \$333.5 thousand net as outlined in Table 3, "Overview of 2017 Operating Budget Submission";
5. The Board of Health consider an increase of \$2,103.7 thousand gross and net for the Student Nutrition Program as outlined in Table 4, "Other New & Enhanced Services" and in the September 30, 2016 Board of Health report, "Student Nutrition Program: 2017 Operating Budget Submission and Program Update";
6. The Board of Health requests City Council approve the 2017 recommended user fee changes for Toronto Public Health identified in Table 2, "Food Handler Certification User Fees" for inclusion in the Municipal Code Chapter 441; and
7. The Board of Health forward this report to the City's Budget Committee for its consideration during the 2017 budget process.

### **Financial Impact**

The TPH 2017 Operating Budget Submission totals \$238,796.9 thousand gross / \$57,722.3 thousand net. This submission is \$6,044.3 thousand gross and \$1,200.5 thousand net below the 2016 Operating Budget. The net decrease of \$1,200.5 thousand from the 2016 Operating Budget is comprised primarily of: 1) base budget increases for the salaries & benefits, and non-payroll economic factors of \$1,099.3 thousand net; 2) budget reduction options of \$2,633.3 thousand net; and, 3) new & enhanced services of \$333.5 thousand net.

### **DECISION HISTORY**

At its meeting of February 17, 2016, City Council approved a TPH 2016 Operating Budget of \$243,207.7 thousand gross / \$58,622.4 thousand net:

During 2016, in year adjustments were made to the 2016 Operating Budget as follows:

1. Adjustment to 100 percent provincially funded programs and technical adjustments for a reduction of \$179.0 thousand gross and \$0 net.
2. Increase in Salaries and Benefits due to the negotiated collective agreement for \$1,912.4 thousand gross and \$478.0 thousand net.
3. Decrease of \$100.0 thousand gross and \$177.6 thousand net to achieve budget reduction target assigned by the City Manager to meet City Council's direction

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX12.2>

The TPH 2016 Operating Budget including in-year budget adjustments is \$244,841.2 thousand gross and \$58,922.8 thousand net.

On July 12, 2016, City Council directed an across the board budget reduction target of 2.6 percent net below the 2016 Approved Net Operating Budgets for all City Programs, Agencies, Toronto Community Housing Corporation, and Accountability Offices.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.37>

City Council at its meeting of July 12, 2016 requested TPH to add 1.0 FTE Community Health Officer (CHO) position in the 2017 Operating Budget Submission to support the Rockcliffe-Smythe Community.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.CD13.1>

At its meeting of July 14, 2016, the Board of Health Budget Committee directed the Medical Officer of Health to submit a 2017 Operating Budget request that:

- a. Includes the efficiencies identified in the presentation (July 14, 2016) from the Medical Officer of Health, and continues to explore opportunities to reduce costs through efficiencies which do not decrease the level of health services in Toronto;
- b. Maintains and enhances the level of service, and also identifies the impacts of a 2.6 percent reduction on the quality and quantity of public health services provided in Toronto;
- c. Includes the necessary funding for the following previously approved new and enhanced services: Year 3 of the Toronto Urban Health Fund and Year 5 of the Student Nutrition Program; and
- d. Identifies opportunities to reallocate savings in provincial 75 percent cost-shared funding to provincial cost-shared services which are not meeting the provincially mandated standards.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.HU6.1>

## **ISSUE BACKGROUND**

The TPH 2017 Operating Budget submission assumes full provincial cost sharing at 75 percent for eligible programs.

On July 12, 2016 City Council directed an across the board budget reduction target of 2.6 percent net below the 2016 Approved Net Operating Budgets for all City Programs, Agencies, Toronto Community Housing Corporation, and Accountability Offices

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, TPH), are set out in the Ontario Health Protection and Promotion 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 \$15.7 million if the approved provincial allocation is maintained at 2 percent in 2016 and 2017. The opportunity to build public health services to address public health needs in the Toronto population and comply with provincial public health standards is foregone when available provincial funding is not maximized.

In 2015 the provincial government implemented a new equity funding formula for its 36 public health units which addresses population growth health needs and service costs.

Toronto Public Health was identified as one of the eight public health units in Ontario that is under-funded. In 2015, TPH received a 2.6 percent base funding increase from the Province over the 2014 approved allocation. Going forward, any available growth funding will likely be distributed to the eight under-funded health units. Based on 2015 data, TPH has the potential of receiving cumulative growth funding of 9 percent to reach an equitable funding level determined by the provincial formula.

The Ministry of Health and Long-Term Care (MOHLTC) has not provided confirmation of the 2016 funding allocation for cost shared mandatory programs. This funding approval is expected in the fall of 2016.

## COMMENTS

The TPH 2017 Operating Budget Submission totals \$238,796.9 thousand gross / \$57,722.3 thousand net. This submission is \$6,044.3 thousand gross and \$1,200.5 thousand net (2.0 percent) below the 2016 Operating Budget and is summarized in Table 1.

**Table 1**

Toronto Public Health 2017 Operating Budget Submission							
	2016 Budget	2017 Base Adj.	2017 Reduction Options	2017 New & Enhanced Services	2017 Submission	Change from 2016 Budget	
(\$000s)	\$	\$	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	244,841.2	(1,682.8)	(5,695.3)	1,333.8	238,796.9	(6,044.3)	(2.5)
<b>REVENUE</b>	185,918.4	(2,782.1)	(3,062.0)	1,000.4	181,074.5	(4,843.8)	(2.6)
<b>NET EXP.</b>	58,922.8	1,099.3	(2,633.3)	333.5	57,722.3	(1,200.5)	(2.0)
<b>Positions</b>	1,863.38	(13.42)	(60.20)	22.50	1,812.26	(51.12)	(2.7)

## Budget Reduction Target

The City Manager has issued guidelines and directions for development of the 2017 Operating Budget to all City Programs as well as Agencies, Boards and Commissions (ABCs). Included in these directions is the expectation that all City Programs and ABCs achieve the 2017 operating budget target of 2.6 percent below the Council Approved 2016 Net Operating Budget. The reduction proposals are summarized in Attachment 2 and 3 (Confidential Proposals).

As directed by the City Manager in the 2017 Operating Budget directions and guidelines, TPH used the following strategies to achieve Council's budget target of -2.6 percent during the 2017 budget process;

Continue to control expenditures through cost saving measures:

- line by line review of previous three year spending experience for further expenditure reductions

Explore all services for efficiency savings including opportunities from business process reengineering, streamlining, transformation and innovation to service delivery from:

- cross divisional collaboration
- service delivery rationalization and restructuring
- opportunities for alternative service delivery
- changes to procedures where there may be dependencies

Maximize user fee revenue by reviewing full cost recovery where applicable, review existing fines and permit fees and identify new fines and other user fees where appropriate;

### Revenue Rate Change

In 2016, a detailed review was undertaken for the user fees charged for the Food Handler Certification Training program with the objective of setting the fees to recover the full cost of the service provided.

User fees associated with the Food Handler Certification Training are listed in the Municipal Code Chapter 441. All services for which TPH charges a fee directly benefit an individual and/or organizations and thus user fee rates are recommended to recover full costs and are subject to automatic inflationary increases each year.

Six services that are being currently offered were reviewed. Based on the results of the cost recovery review applied to the user fees structure, the fee for the in class training component will not increase. User fees for the remaining five services are recommended to increase. The calculation of recommended user fees is based on all the costs associated with providing the services. The estimated overall increase in revenue from the recommended fee increase is \$57,200. This increase will recover the full cost of providing the Food Handlers Training and related services.

Table 2 below lists the user fees with recommended increases in the rates to achieve full cost recovery of providing the service.

**Table 2**  
**Food Handler Certification Training User Fees**

Service	Fee Basis	2017	2017
		Base Rate	Rec Fee
1. In Class Training	Full Cost Recovery	44.52	44.52
2. Examination, and issuing of food certificate	Full Cost Recovery	44.30	52.60
3. Administration and material to reissue certificate	Full Cost Recovery	11.38	20.00
4. Issuing TPH certificate for Accredited/Approved Food Handler Certificate	Full Cost Recovery	5.68	20.00
5. Cost of Material to produce the Food Handler Safety Manual	Full Cost Recovery	11.39	25.00
6. Cost of Material to produce the Food Handler Safety Manual plus S&H	Full Cost Recovery	28.43	35.00

### Maximize Provincial Funding

The Board of Health Budget Committee directed the Medical Officer of Health to submit a 2017 Operating Budget request that: 1) includes the efficiencies identified in the presentation (July 14, 2016) from the Medical Officer of Health, and continues to explore opportunities to reduce costs through efficiencies which do not decrease the level of health services in Toronto; 2) maintains and enhances the level of service, and also identifies the impacts of a 2.6 percent reduction on the quality and quantity of public health services provided in Toronto; 3) includes the necessary funding for the following

previously approved new and enhanced services: Year 3 of the Toronto Urban Health Fund and Year 5 of the Student Nutrition Program; and 4) identifies opportunities to reallocate savings in provincial 75 percent cost-shared funding to provincial cost-shared services which are not meeting the provincially mandated standards.

The 2017 Operating Budget submission for the provincial mandatory cost shared programs, including both the provincial share of 75 percent and the City's share of 25 percent, is \$170,306.4 thousand gross / \$42,576.6 thousand net expenditures, which is an increase from the 2016 Operating Budget of \$136.5 thousand gross and \$34.2 thousand on net expenditures, mainly related to salaries and benefits increases, reduction options and new and enhanced proposals meant to maximize Provincial funding.

The provincial funding formula will continue at 75 percent in 2017. 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.

### **New and Enhanced Services**

The 2017 budget request includes four new & enhanced cost shared services for \$1,333.8 thousand gross and \$333.5 thousand net increase:

The following two proposals for New & Enhanced services are recommended by the Acting MOH:

- **Immunization to Meet Legislated Standard** – \$773.3 thousand gross and \$193.3 thousand net and 15.0 positions in 2017 and an additional \$426.7 thousand gross and \$106.7 thousand net in 2018.

Public health units are required to annually assess and maintain records of the immunization status of every student attending school under the Immunization of School Pupils Act (ISPA). They must be immunized or have valid exemption against nine diseases (meningococcal, varicella, pertussis, measles, mumps, rubella, diphtheria, tetanus and polio). Fully implementing the ISPA (assessment through to suspension) protects the health of Toronto's children and ensures the City meets its accountability with the Ministry of Health and Long-Term Care (MOHLTC).

This change is being proposed because the MOHLTC increased requirements of the ISPA in 2013 (three new vaccines plus private schools) and implemented a new and more complex provincial data system to enter student vaccine information and assess compliance. Additionally, TPH is required under the Ontario Public Health Standards (OPHS) to fully implement the ISPA. These changes will improve the health and safety of Ontario's school children and will help protect them from vaccine preventable diseases, reducing the risk of disease outbreaks.

Currently TPH annually reviews immunization records for one age cohort (7 or 17 year olds) of school children in publicly funded schools for the required diseases, working with families to bring these students' immunizations up-to-date. Toronto Public Health will work with an additional 90,000 families of students in public schools and 12,000 families of students in private schools to fully implement the ISPA with this additional funding.

Further detail about the public health requirements for immunization are outlined in the Board of Health (BOH) report, "Protecting Toronto's School Children through Immunization".

- **Food Safety and Safe Water Inspections** – \$316.6 thousand gross and \$79.2 thousand net and 6.5 positions and an additional \$218.7 thousand gross and \$54.7 thousand net in 2018.

This enhancement will ensure that Food Safety and Safe Water Programs achieve provincially prescribed service levels.

The current inspection levels do not meet the minimum requirements of the OPHS and the protocols for Food Safety and Recreational Water. There are several factors that impact TPH's ability to meet these requirements: increasing number of higher risk category food premises, an increase in the number of special events, an increase in food safety complaints (demand calls), and increasing number of animal to human exposure reports.

Further detail about the public health requirements for Food Safety and Safe Water Inspections are outlined in the BOH report, "Reinvesting in Food Safety and Safe Water Inspections".

- **Toronto Urban Health Fund (TUHF) - Year 3** – \$150.0 thousand gross and \$37.5 thousand net – This proposal has been previously approved by Council for phased implementation. It addresses the increasing rates of HIV/STI and high risk sexual and substance misuse behaviours among vulnerable youth living in underserved regions of the City, specifically targeting Aboriginal populations and those residing in Neighbourhood Improvement Areas. This enhancement will strengthen the youth sector's response in building individual and community capacity and resiliency among youth.
- **Rockcliff-Smythe Community Health Officer (CHO)** – \$93.9 thousand gross and \$23.5 thousand net and 1.0 position – City Council at its meeting of July 12, 2016 requested TPH to add 1.0 FTE's Community Health Officer (CHO) position in the 2017 Operating Budget Submission to support the Rockcliffe-Smythe Community. A CHO would provide extensive supports to the Rockcliffe-Smythe Community to reduce health inequities and improve the overall health of the community through community engagement to identify health needs, develop appropriate services, develop sustainable partnerships, and identify and assist with development of healthy public policy.

Table 3 categorizes the changes included in the TPH 2017 Operating Budget Submission in accordance with the City's budget guidelines.

**Table 3**

<b>Overview of the 2017 Operating Budget Submission</b>						
	<b>Summary of 2017 Operating Budget Submission</b>					
	<b>Approved Positions</b>	<b>Gross Expenditures</b>	<b>Revenues</b>	<b>Net</b>	<b>Net</b>	<b>Cumulative Net</b>
(\$000s)		\$	\$	\$	%	%
2016 Council Appr. Operating Budget as at February 17, 2016	1,871.98	243,207.7	184,585.3	58,622.4		
City Budget Reduction	0.00	(100.0)	77.6	(177.6)		
In-year approvals and technical adjustments	(8.60)	1,733.4	1,255.4	478.0		
<b>2016 Operating Budget</b>	<b>1,863.38</b>	<b>244,841.2</b>	<b>185,918.4</b>	<b>58,922.8</b>		
Step, Progression Pay, COLA, Benefits Gapping	0.00	4,615.3	3,498.0	1,117.3	1.90	1.90
Salaries & Benefits Related to Capital Projects	(8.63)	(1,036.7)	(1,036.7)	0.0	0.00	1.90
Operating Impact of Capital Projects	3.00	0.0	0.0	0.0	0.00	1.90
Economic Factors - Non Payroll	0.00	362.0	45.9	316.0	0.54	2.43
IDC / IDR	(1.88)	(1,233.6)	(1,234.6)	1.1	0.00	2.43
Annualization, Reversal of 1 Time Requests & 100% Funded Budget Adjustments	(5.91)	(4,380.5)	(4,007.1)	(373.4)	(0.63)	1.80
User Fees	0.00	0.0	1.4	(1.4)	(0.00)	1.80
Revenue Adjustment	0.00	(9.3)	(49.0)	39.7	0.07	1.87
<b>PART 1: 2017 Base Budget Request</b>	<b>1,849.96</b>	<b>243,158.3</b>	<b>183,136.2</b>	<b>60,022.1</b>	<b>1.87</b>	<b>1.87</b>
Over (Under) 2016 Operating Budget	(13.42)	(1,682.8)	(2,782.1)	1,099.3	1.87	1.87
% Over (Under) 2016 Operating Budget	(0.72)	(0.7)	(1.5)	1.9	1.87	1.87
Efficiency Reductions	(38.20)	(3,306.8)	(2,358.4)	(948.4)	(1.61)	0.26
Minor Service Reductions	(3.00)	(279.6)	(209.7)	(69.9)	(0.12)	0.14
Major Service Reductions	(19.00)	(2,166.1)	(551.2)	(1,615.0)	(2.74)	(2.60)
User Fee Adjustments	0.00	57.2	57.2	0.0	0.00	(2.60)
<b>2017 Reduction Options</b>	<b>(60.20)</b>	<b>(5,695.3)</b>	<b>(3,062.0)</b>	<b>(2,633.3)</b>	<b>(4.47)</b>	<b>(2.60)</b>
<b>PART 2: 2017 Submission Including Reduction Options</b>	<b>1,789.76</b>	<b>237,463.0</b>	<b>180,074.2</b>	<b>57,388.9</b>	<b>(2.60)</b>	<b>(2.60)</b>
Toronto Urban Health Fund - Year 3	0.00	150.0	112.5	37.5	0.06	(2.54)
ISPA (Immunization of School Pupils Act)	15.00	773.3	580.0	193.3	0.33	(2.21)
Food Safety and Health Hazard Inspections	6.50	316.6	237.5	79.2	0.13	(2.09)
Rockcliffe-Smythe Community Health Officer	1.00	93.9	70.4	23.5	0.04	(2.05)
<b>2017 New &amp; Enhanced Total</b>	<b>22.50</b>	<b>1,333.8</b>	<b>1,000.4</b>	<b>333.5</b>	<b>0.57</b>	<b>(2.05)</b>
<b>PART 3: 2017 Submission Including New &amp; Enhanced</b>	<b>1,812.26</b>	<b>238,796.9</b>	<b>181,074.5</b>	<b>57,722.3</b>	<b>(2.04)</b>	<b>(2.05)</b>
Over (Under) 2016 Operating Budget	(51.12)	(6,044.3)	(4,843.8)	(1,200.5)	(2.04)	(2.05)
% Over (Under) 2016 Operating Budget	(2.74)	(2.5)	(2.6)	(2.0)	(2.04)	(2.05)



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

- **Student Nutrition Program – Year 5:** \$2,103.7 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 Student Nutrition Programs equal to the annual amount of food inflation reported by the Nutritious Food Basket survey.

A five year plan was developed and due to budgetary constraints in 2015 was reset to a six year plan in 2016.

The BOH report, "Student Nutrition Program: 2017 Operating Budget Submission and Program Update" includes a request for program stabilization and service enhancements in line with year five of the six year plan. The report requests:

- 1) The Board of Health to endorse the request for an additional net increase of \$1,145,313 to the Toronto Public Health 2017 Operating Budget to be allocated to existing student nutrition programs to increase the City's investment rate to 18 percent of total program costs, providing a stronger funding base for existing programs.
- 2) The Board of Health to endorse the request for an additional net increase of \$958,407 to the Toronto Public Health 2017 Operating Budget to extend municipal funding to 48 student nutrition programs in publically funded schools which currently do not receive municipal funding.

Table 4 lists requests for program stabilization and service enhancement for the Student Nutrition Program.

**Table 4**

<b>Other New &amp; Enhanced Services</b>				
	<b>Approved Positions</b>	<b>Gross Expenditures</b>	<b>Revenues</b>	<b>Net</b>
(\$000s)		\$	\$	\$
SNP Increase Financial Stability of Currently Funded Programs	0.00	1,145.3	0.00	1,145.3
SNP Increase - Expand to 48 New Schools	0.00	958.4	0.00	958.4
<b>Total Student Nutrition Program</b>	<b>0.00</b>	<b>2,103.7</b>	<b>0.0</b>	<b>2,103.7</b>
<b>Total Other New &amp; Enhanced Services</b>	<b>0.00</b>	<b>2,103.7</b>	<b>0.0</b>	<b>2,103.7</b>

Further details of the TPH 2017 Operating Budget request are included in Attachment 1.

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**SIGNATURE**

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Dr. Barbara Yaffe  
Acting Medical Officer of Health

**ATTACHMENT**

- Attachment 1: Toronto Public Health 2017 Operating Budget Submission
- Attachment 2: Summary of Reduction Options
- Attachment 3: Summary of Confidential Reduction Options