

Toronto Public Health 2018 Operating Budget Request

Date: September 11, 2017

To: Board of Health Budget Committee, Board of Health

From: Medical Officer of Health

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

This report deals with personal matters about identifiable individuals, including municipal or local board employees, and labour relations and employee negotiations.

SUMMARY

This report outlines the Toronto Public Health (TPH) 2018 Operating Budget Submission for consideration by the Board of Health (BOH). The TPH 2018 Operating Budget Submission totals \$248,413.1 thousand gross / \$61,081.8 thousand net. This submission is \$1,646.1 thousand gross and \$254.9 thousand net above the 2017 Operating Budget and includes an increase of 11 positions.

The net increase of \$254.9 thousand from the 2017 Operating Budget is comprised of base budget increases for the salaries and benefits, and the non-payroll economic factors of \$189.4 thousand net; reduction options of \$189.4 thousand net for consideration by BOH; and BOH Budget Committee recommended new & enhanced services of \$254.9 thousand net.

Student Nutrition Program results in additional increase of \$2,749 thousand gross and net resulting in TPH 2018 Operating Budget submission of \$251,162 thousand gross and \$63,831 thousand net.

RECOMMENDATIONS

The Medical Officer of Health recommends that:

1) The Board of Health request City Council approve the Toronto Public Health 2018 Operating Budget Request of \$248,413.1 thousand gross / \$61,081.8 thousand net and an increase of 11 positions as summarized in Table 2, "Overview of 2018 Operating Budget Submission";

- 2) The Board of Health request City Council approve the list of base budget adjustments as summarized in Table 2, "Overview of 2018 Operating Budget Submission" of this report totaling an increase of \$1,371.0 thousand gross and \$189.4 thousand net and an increase of 6.9 positions.
- 3) The Board of Health consider the 2018 Reduction Options of \$744.3 thousand gross and \$189.4 thousand net and 4.9 positions, which includes efficiency savings of \$719.3 thousand gross and \$183.1 thousand net and minor service changes of \$25.0 thousand gross and \$6.2 thousand net, as outlined in Attachment 2 – "Summary of Reduction Options" and Attachment 3 – "Summary of Confidential Reduction Options" to meet the City's zero percent reduction target;
- 4) The Board of Health request City Council approve the 2018 New and Enhanced Requests of \$1,019.4 thousand gross and \$254.9 thousand net and an increase of 9 positions, as outlined in Table 2, "Overview of 2018 Operating Budget Submission";
- 5) The Board of Health request City Council approve an increase of \$2,749.0 thousand gross and net for the Student Nutrition Program as outlined in Table 3, "Other New & Enhanced Services; and
- 6) The Board of Health direct that the Confidential Attachment 3 to the report (September 11, 2017) from the Medical Officer of Health remain confidential in its entirety, as it relates to personal matters about identifiable individuals, including municipal or local board employees, and labour relations and employee negotiations.
- 7) The Board of Health forward this report to the City's Budget Committee for its consideration during the 2018 budget process.

FINANCIAL IMPACT

The TPH 2018 Operating Budget Submission totals \$251,162 thousand gross / \$63,837 thousand net and 11 positions. This submission is \$4,395 thousand gross and \$3,004 thousand net above the 2017 Operating Budget. The submission is 4.9 percent higher than the approved TPH 2017 Approved Budget and does not achieve the budget reduction target of zero percent increase as directed by City Council.

The net increase of \$3,004 thousand from the 2017 Operating Budget is comprised of cost-shared new and enhanced services totalling \$254.9 thousand net for Toronto Urban Health Fund and Immunization of School Pupils Act (ISPA) programs; and \$2,759 thousand net for 100% City funded Student Nutrition Program. Toronto Public Health has submitted reduction options totalling \$744.3 thousand gross and \$189.4 thousand net to offset base budget increase for the salaries and benefits and the non-payroll economic factors.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of February 15, 2017, City Council approved a TPH 2017 Operating Budget of \$245,071.4 thousand gross / \$69,796.9 thousand net.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX22.2>

On May 24, 2017 City Council directed that the 2018 budget equal the 2017 Approved Net Operating Budgets for all City Programs, Agencies, Toronto Community Housing Corporation, and Accountability Offices.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.18>

At its meeting of June 12, 2017 BOH referred a recommendation from the 2017 Toronto Urban Health Fund Review Panel to increase the annual Toronto Urban Health Fund funding by 15 percent for the next funding cycle to the City's Budget Committee for consideration during the 2018 Operating Budget process.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.HL20.9>

At its meeting of July 13, 2017, the BOH Budget Committee directed the Medical Officer of Health (MOH) to submit to the City's budget process a 2018 Toronto Public Health Operating Budget request that includes the necessary funding for the two previously approved new and enhanced services: Year 4 of Toronto Urban Health Fund and Year 6 of the Student Nutrition Program; and includes necessary funding for the second phase of enhancement for implementation of Immunization of Schools Pupils Act (ISPA).

The BOH Budget Committee also requested the MOH report to the September 20, 2017 Board of Health Budget Committee meeting, a further analysis, including a health equity analysis, of staff efficiencies/cuts proposed to achieve 0% and non-payroll spending.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.HU12.1>

COMMENTS

Operating Budget Request

The TPH 2017 Operating Budget including in-year budget adjustments is \$246,767.0 thousand gross and \$60,826.9 thousand net.

This report outlines the Toronto Public Health (TPH) 2018 Operating Budget Submission for consideration by the Board of Health. The TPH 2018 Operating Budget Submission totals \$248,413.1 thousand gross / \$61,081.8 thousand net without taking into consideration Student Nutrition Program. This submission is \$1,646.1 thousand gross and \$254.9 thousand net above the 2017 Operating Budget.

Toronto Public Health 2018 Operating Budget Submission with inclusion of the Student Nutrition Program totals \$251,162 thousand gross and \$63,831 thousand net, which is \$3,004 thousand net or 4.94% above the 2017 Operating Budget.

The net increase of \$254.9 thousand from the 2017 Operating Budget is comprised of base budget increases for salaries and benefits, and non-payroll economic factors of \$189.4 thousand net and 6.9 positions; reduction options of \$189.4 thousand net and

4.9 positions for consideration by BOH; and BOH Budget Committee recommended new & enhanced services of \$254.9 thousand net and 9 positions.

Table 1							
Toronto Public Health 2018 Operating Budget Submission							
	2017 Budget	2018 Base Adj.	2018 Reduction Options for Consideration	2018 New & Enhanced Services	2018 Submission	Change from 2017 Budget	
(\$000s)	\$	\$	\$	\$	\$	\$	%
GROSS EXP.	246,767.0	1,371.0	(744.3)	1,019.4	248,413.1	1,646.1	0.7
REVENUE	185,940.1	1,181.6	(554.9)	764.6	187,331.3	1,391.2	0.7
NET EXP.	60,826.9	189.4	(189.4)	254.9	61,081.8	254.9	0.4
Positions	1,855.86	6.85	(4.86)	9.00	1,866.85	10.99	0.6

On May 24, 2017 City Council directed that the 2018 budget equal the 2017 Approved Net Operating Budgets for all City Programs, Agencies, Toronto Community Housing Corporation, and Accountability Offices. This budget reduction target of 0 percent requires TPH to absorb \$189.4 thousand net or a 0.3 percent increase (without taking into consideration SNP) in the TPH base budget primarily for negotiated salaries and benefits.

The TPH 2018 Operating Budget submission reflects the decision made by BOH Budget Committee in July 2017. Reduction options to move towards the City's zero percent target are included in the TPH Submission for the Board's consideration as well as further new and enhanced services to address Ontario Public Health Standard requirements and to satisfy a request from Council.

Public health services as outlined in the Ontario Public Health Standards include 100 percent provincially funded programs and 75 percent provincially cost-shared, mandated programs. Every \$1 of city funds invested in cost-shared programs is matched by \$3 of provincially funded. While this allows TPH to leverage \$1 of city investments in cost shared programs into \$4 of public health service, this also means any \$1 reduction in city funding results in a total \$4 financial and related service reduction due to the loss of \$3 in provincial funding. Therefore, meeting the City's net reduction targets results in significantly (4x) higher service reductions in TPH if cost-shared programs are used to achieve these net City savings.

Toronto Public Health manages two fully City funded programs on behalf of Council – the Student Nutrition Program and the City's dental program for low-income children, youth and seniors who are not eligible for dental care from any other government funded program. Neither of these 100 percent City funded programs falls within the provincial standards for service delivery through a public health unit.

The City's funding contribution to the TPH Operating Budget for cost-shared public health services and programs has declined by \$19.3 million since 2004 as the Province increased its share for cost-shared mandatory programs from 50 percent in 2004 to 75 percent in 2007.

The Province has recognized the increasing need for public health services for many years and has offered its 75 percent share of funding to enhance and add public health services if the City approves its 25 percent share of the funding. However, since 2010 the cumulative provincial revenue foregone is \$15.7 million due to the City's financial constraints. The opportunity to add the resources required to enhance public health programs and services for the growing vulnerable and high needs residents of Toronto in areas such as communicable disease control, healthy environments and family health is foregone when available and approved provincial funding is not accepted.

In 2015, the Ontario Ministry of Health and Long Term Care implemented a new equity funding formula for the 36 local public health units across the province to address increasing population growth health needs and local equity gaps for residents with higher needs. Toronto Public Health was identified by the Province as one of eight public health units in 2015 and one of ten public health units in 2016 that is under-funded.

In 2015 and 2016, the Province approved increases of 2.6 percent and 1.3 percent respectively in cost shared funding for TPH. Since the City approved an increase of only 1.3 percent in 2015 and 0.6 percent in 2016 for its 25 percent share of the funding, the TPH base budget for mandatory public health services continues to be lower than required to fund the resources required to address population growth health needs and increasing equity gaps in the city. For 2016, the surplus of approved provincial funding which was not accepted is \$1,217.1 thousand. For 2017, the expected amount that will be returned to the Province based on estimated 1% growth in provincial funding will be \$1,783.6 thousand..

The Province's equity funding formula has identified the total funding gap for TPH is currently 8.1 percent. Only if the City provides its 25 percent share of the cost shared funding, can TPH accept the full funding offered by the Province to close the gap in resources required to provide needed public health services.

The TPH 2017 Operating Budget including in-year budget adjustments is \$246,767.0 thousand gross and \$60,826.9 thousand net. Confirmation of the 2017 Provincial grant for cost shared programs is expected to be received in Q3 of 2017.

Further details of the TPH 2018 Operating Budget request are included in Attachment 1.

Budget Reduction Target

City Council directed that the 2018 budget equal the 2017 Approved Net Operating Budgets for all City Programs, Agencies, Toronto Community Housing Corporation, and Accountability Offices.

In order to achieve City Council's budget reduction target and as directed by BOH Budget Committee, TPH explored opportunities for program efficiencies, cost containment and savings which do not decrease the quality of health services provided by TPH.

A total reduction of \$189.4 thousand net or 0.31 percent from the TPH 2017 Operating Budget would be required to achieve the City's reduction target of 0 percent. This does not account for any new and enhanced services added to the TPH 2018 Operating Budget.

Reduction options of \$744.3 thousand gross and \$189.4 thousand net are to be considered by the Board of Health to achieve a zero percent target. The TPH reduction options are summarized in Attachments 2 and 3 (Confidential Proposals)

New and Enhanced Services

The 2018 budget submission includes three new & enhanced cost shared services that were recommended by the BOH Budget Committee at its meeting of July 13, 2017:

Immunization to Meet Legislated Standards – \$530.3 thousand gross and \$132.6 thousand net and 9.0 positions in 2018. The annualized impact of this enhancement in 2019 would be an additional budget request of \$261.9 thousand gross and \$65.5 thousand net.

Public health units are required to annually assess and maintain records of the immunization status of every pupil attending school under the Immunization of School Pupils Act (ISPA). They must be immunized 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 Ministry increased requirements of the ISPA in 2013 (adding 3 new diseases comprising 9 additional vaccines doses and the addition of private schools for ISPA assessment) and implemented a new, more complex provincial data system, Panorama, to enter student vaccine information and assess compliance.

In 2017 the Ministry passed legislation to make it mandatory for health care providers who administer vaccines to report this to TPH without a direct electronic means. Additionally, TPH is required under Ontario Public Health Standards 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 (VPD), reducing the risk of disease outbreaks.

With this enhancement, TPH will be assessing immunization records for all students in all schools every year. Toronto Public Health will work with an additional 70,000 school aged children who are not up to date.

Toronto Urban Health Fund (TUHF) - Year 4 – \$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. The enhancement will work to strengthen the youth sector's response in building individual and community capacity and resiliency.

Toronto Urban Health Fund has also identified significant funding gaps for organizations that are serving urban Indigenous populations. With the budget enhancements received in 2015, TUHF has slowly increased the number of Indigenous organizations that received funding from none in 2015, to three in 2016 and four in 2017. Indigenous peoples continue to experience poorer health and socio-economic conditions than the general population. National epidemiological data also suggest that Indigenous peoples are over-represented in the HIV epidemic and are being infected with HIV at a younger age than other Canadians.

The Board of Health has supported a five year plan with a budget enhancement of \$750.0 thousand gross for the program through annual increments of \$150.0 thousand gross per year to address HIV prevention, harm reduction and youth resiliency. This budget enhancement will address annual funding shortfalls while enabling TUHF to build capacity in two of the most vulnerable populations, namely youth living in Neighbourhood Improvement Areas and urban Indigenous populations.

Toronto Urban Health Fund 15% Budget Enhancement – \$339.1 thousand gross and \$84.7 thousand net – The challenge to meet community requests for funding continues and in the most recently completed funding allocation process that concluded in May 2017, TUHF could not fund 17 projects due to a funding shortfall of \$900,219.

As a result, the 2017 TUHF Review Panel recommended that the BOH increase the annual TUHF funding by 15% (\$524,028) for the next funding cycle with a particular focus on prioritizing funding for the African Caribbean Black communities. Toronto Public Health has already increased inflation and year 4 of the 5 year phased increase. This left an additional requirement of \$339.1 gross and \$84.7 net to meet the 15% increase.

Funding needs to be enhanced in order to sustain community response in the African, Caribbean Black communities in the city's west region to addressing HIV infection and substance use. HIV rates among Black youth and women continue to represent a high proportion of cases Toronto.

The enhancement will contribute to strengthening local community response to address HIV incidence rates and illicit substance use rates within the Black community. Organizations will also increase their capacity to secure and leverage TPH, City of Toronto and external project funding sources. Racialized youth and newcomers and will enhance their capacity and will be engaged through employment and capacity to address HIV prevention.

Table 2 categorizes the changes included in the TPH 2018 Operating Budget Submission in accordance with the City's budget guidelines.

Table 2

Overview of the 2018 Operating Budget Submission						
	Summary of 2018 Operating Budget Submission					
	Approved Positions	Gross Expenditures	Revenues	Net	Net	Cumulative Net
(\$000s)		\$	\$	\$	%	%
2017 Council Appr. Operating Budget as at February 15, 2017	1,837.96	245,071.4	184,274.5	60,796.9		
In-year approvals and technical adjustments	17.78	1,695.7	1,665.7	30.0		
2017 Operating Budget	1,855.74	246,767.0	185,940.1	60,826.9		
Step, Progression Pay, COLA, Benefits Gapping	(3.00)	469.9	400.0	69.8	0.11	0.11
Salaries & Benefits Related to Capital Projects	9.85	639.7	639.7	0.0	0.00	0.11
Economic Factors - Non Payroll	0.00	114.6	85.2	29.4	0.05	0.16
IDC / IDR	0.00	20.6	14.6	6.1	0.01	0.17
Annualization, Reversal of 1 Time Requests, Base Changes & 100% Funded Budget Adjustments	0.00	112.0	21.5	90.5	0.15	0.32
User Fees	0.00	14.2	20.6	(6.4)	(0.01)	0.31
PART 1: 2018 Base Budget Request	1,862.59	248,138.0	187,121.7	61,016.3	0.31	0.31
Over (Under) 2017 Operating Budget	6.85	1,371.0	1,181.6	189.4	0.31	0.31
% Over (Under) 2017 Operating Budget	0.37	0.6	0.6	0.31	0.31	0.31
Efficiency Reductions	(4.86)	(719.3)	(536.2)	(183.1)	(0.30)	0.01
Minor Service Reductions	0.00	(25.0)	(18.8)	(6.3)	(0.01)	(0.00)
2018 Reduction Options for Consideration	(4.86)	(744.3)	(554.9)	(189.4)	(0.31)	(0.00)
PART 2: 2018 Submission Including Reduction Options	1,857.73	247,393.7	186,566.8	60,826.9	(0.00)	(0.00)
ISPA (Immunization of School Pupils Act)	9.00	530.3	397.7	132.6	0.22	0.22
Toronto Urban Health Fund - Year 4	0.00	150.0	112.5	37.5	0.06	0.28
Toronto Urban Health Fund 15% Budget Enhancement	0.00	339.1	254.3	84.8	0.14	0.42
2018 New & Enhanced Total	9.00	1,019.4	764.6	254.9	0.42	0.42
PART 3: 2018 Submission Including New & Enhanced	1,866.73	248,413.1	187,331.3	61,081.8	0.42	0.42
Over (Under) 2017 Operating Budget	10.99	1,646.1	1,391.2	254.9	0.42	0.42
% Over (Under) 2017 Operating Budget	0.59	0.7	0.7	0.4	0.42	0.42
SNP Increase - Expand to 20 New Public Schools	0.00	442.8	0.0	442.8	0.73	1.15
SNP Increase - Financial Stability of Currently Funded Program	0.00	1,681.4	0.0	1,681.4	2.76	3.91
SNP Increase - Expand to Independent Schools	0.00	624.8	0.0	624.8	1.03	4.94
Total Other Corporate Initiatives	0.00	2,749.0	0.0	2,749.0	4.52	4.94
PART 4: 2018 Including Corporate Initiatives	1,866.73	251,162.0	187,331.3	63,830.7	4.94	4.94
Over (Under) 2017 Operating Budget	10.99	4,395.0	1,391.2	3,003.8	4.94	4.94
% Over (Under) 2017 Operating Budget	0.59	1.78	0.75	4.94	4.94	4.94

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

Student Nutrition Program – Year 6: \$2,749.0 thousand gross and net:

City Council at its meeting of July 11-13, 2012 requested the MOH to report to the BOH, 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

The report, "Student Nutrition Program: 2018 Operating Budget Submission and Program Update" includes requests for program stabilization and service enhancements in line with year six of the six-year plan. Recommendations in the report include:

- 1) The Board of Health adopt the request for a net increase of \$1,681,365 included in the Toronto Public Health 2018 Operating Budget Request to be allocated to existing student nutrition programs towards the cost of nutritious food to increase the City's investment rate to 20% of total program costs from 17% in 2017, providing a stronger funding base for existing programs;
- 2) The Board of Health adopt the request for an additional net increase of \$442,773 included in the Toronto Public Health 2018 Operating Budget Request to extend municipal funding towards the cost of nutritious food to up to 20 student nutrition programs which are currently operating in public schools without municipal funding; and
- 3) The Board of Health adopt the request for an additional net increase of \$624,824 included in the Toronto Public Health 2018 Operating Budget Request to gradually extend municipal funding towards the cost of nutritious food to student nutrition programs in independent schools serving higher needs communities, which meet program eligibility criteria, including \$40,000 to support community capacity building and municipal oversight of program grants.

Table 3 lists a summary of the SNP request included in the 2018 operating budget submission:

Table 3

Other New & Enhanced Services				
	Approved Positions	Gross Expenditures	Revenues	Net
(\$000s)		\$	\$	\$
SNP Increase - Expand to 20 New Public Schools	0.00	442.8	0.00	442.8
SNP Increase Financial Stability of Currently Funded Program	0.00	1,681.4	0.00	1,681.4
SNP Increase - Expand to Independent Schools	0.00	624.8	0.00	624.8
Total Other New & Enhanced Services	0.00	2,749.0	0.0	2,749.0

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SIGNATURE

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Medical Officer of Health

ATTACHMENTS

Attachment 1: Toronto Public Health 2018 Operating Budget Submission
Attachment 2: Summary of Reduction Options
Confidential Attachment 3: Summary of Confidential Reduction Options