



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Toronto Public Health 2020 Operating Budget and 2020-2029 Capital Budget and Plan

Date: August 29, 2019

To: Board of Health Budget Committee

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 or employee negotiations.

SUMMARY

This report contains background information from the Medical Officer of Health for the Committee's consideration in order to prepare TPH's 2020 Operating Budget and 2020-2029 Capital Budget and Plan.

RECOMMENDATIONS

The Medical Officer of Health recommends:

1. The Board of Health Budget Committee consider this report and provide direction with respect to the Toronto Public Health 2020 Operating Budget and 2020-2029 Capital Budget and Plan for consideration by the Board of Health at its meeting on September 23, 2019.
2. The Board of Health direct that the confidential information contained in Confidential Attachment 1 to this report remain confidential in its entirety, as it relates to personal matters about identifiable individuals, including municipal or local board employees, and labour relations or employee negotiations.

FINANCIAL IMPACT

This report outlines the components that will inform Toronto Public Health's 2020 Operating Budget and information regarding the 2020-2029 Capital Budget and Plan for consideration by the Board of Health Budget Committee.

This report contains recommendations which, if adopted, would have the following financial impacts:

- \$5,423.7 thousand gross and net for increases to the 2020 Operating Budget due to inflationary factors in existing programs and additional pressures associated with the change in the funding ratio announced by the Government of Ontario;
- \$13,432.3 thousand gross, \$0 net and 61 permanent positions for enhancements to the new Ontario Seniors Dental Care Program;
- \$270.8 thousand gross, \$0 net and a reduction of 4 permanent positions for decreases for one-time funded programs that end in 2019;
- \$1,446.0 thousand gross and net in reduction proposals to address funding pressures stemming from the announcements by the Government of Ontario; and
- \$29,835.5 thousand for the 2020-2029 Recommended Capital Budget and Plan with cash flows of \$2,676.0 thousand in 2020.

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

DECISION HISTORY

On June 27, 2019, the Board of Health Budget Committee (Committee) recommended that the Medical Officer of Health report back to the Committee revenue options and savings options that do not negatively impact the health status of Torontonians for TPH's 2020 Operating Budget.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.HU2.1>

COMMENTS

2020 OPERATING BUDGET

Student Nutrition Program

Student nutrition programs are community-based meal and snack programs that operate primarily in schools. Programs are run locally by students, parents and volunteers and are funded through multiple sources: municipal, provincial, corporate and other grants, and parent/student donations, and local fundraising/campaign events.

In 2012, City Council requested that the Medical Officer of Health report to the Board of Health on a plan 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 preliminary estimate for the year-over-year increase in the cost of food from the 2019 Nutritious Food Basket survey is approximately 7.5%. In keeping with Council's 2012 direction, TPH is recommending an increase to the 2020 base operating budget for the municipal share of the Student Nutrition Program in the amount of \$1,099.5 thousand gross and net, bringing the total program budget to \$15,759.6 thousand gross and net.

Student Nutrition Program – Independent Schools

During the 2019 Budget deliberations, City Council approved an enhancement of the student nutrition program for independent schools. The expansion resulted in a \$300.0 thousand gross and net increase to the 2019 Operating Budget and a commitment for an incremental gross and net increase of \$303.0 thousand in the 2020 TPH Operating Budget.

Ministry of Children, Community and Social Services Programs (MCCSS)

Toronto Public Health provides four programs that are 100% funded by MCCSS: Healthy Babies Healthy Children, Preschool Speech and Language, Infant Hearing, and Blind Low Vision Screening. The funding for these programs has been largely flat-lined for the last 12 years. As such, inflationary increases related to contractual obligations and cost of living adjustments related to salaries and benefits have had to be absorbed within the program through service efficiencies, attrition, and/or service level reductions. For 2020, inflationary and cost of living increases are projected to be \$480.5 thousand gross and \$0 net. Toronto Public Health expects that funding from MCCSS will remain unchanged in 2020 from the amount approved in 2019; therefore, in keeping with prior practice, TPH is recommending that these pressures be absorbed internally within the affected programs.

Ontario Seniors Dental Care Program

On August 20, 2019, the Ministry of Health confirmed that the City of Toronto would receive \$15,543.3 thousand annually in 100% provincial funding for the new Ontario Seniors Dental Care Program (OSDCP). While the Ministry of Health (the "Ministry") has not provided full implementation details for the new program, they did signal an expected program start in October 2019. The Ministry has also indicated that the OSDCP will be delivered by public health units, Community Health Centres (CHC) and Aboriginal Health Access Centres (AHAC), where public health units will be responsible for coordinating the delivery of the program, in partnership with CHCs and AHACs.

Key aspects of the OSDCP are:

- The program will be 100% per cent funded by the Ministry.
- The program is for eligible Ontario seniors, and allows these seniors to seek treatment services anywhere in Ontario where OSDCP is provided.
- Eligible seniors can access the program more than once and from any public health

unit or its partners.

- The Ministry has indicated that private dental providers will be eligible to provide services under the OSDCP if they are a contractual partner with the local public health unit and the compensation for the service provided is based on salaries rather than a fee guide.
- The program administration (application, eligibility determination and enrollment) will be centrally managed by the Ministry.
- Toronto Public Health will be responsible for local program management, client navigation and service delivery, including coordinating delivery through CHCs, AHACs and private dental providers.
- Further details on TPH's role are forthcoming from the Ministry.

Toronto Public Health will be submitting a staff report (Enhancement to Toronto Public Health's 2019 Operating Budget for Ontario Seniors Dental Care Program) at the September 23, 2019 Board of Health meeting to request an increase to the 2019 Operating Budget for this new program in the amount of \$2,111.0 thousand gross, \$0 net and 52 positions for pre-implementation and the initial roll out of the program. In 2018, approximately 10,000 low income seniors were treated under the TPH Municipal Dental program. On full implementation of OSDCP, operating capacity will allow for an additional 17,000 eligible low income seniors, thus increasing treatment capacity in Toronto to 27,000.

For the 2020 Operating Budget, TPH is recommending an increase of \$13,432.3 thousand gross, \$0 net and 61 positions to the 2020 Operating Budget to complete the implementation and full roll out of OSDCP city-wide.

2019 One-Time Funded Programs

In 2019, TPH received one-time 100% provincial funding from the Ministry for four initiatives: Healthy Menu Choices implementation, Indigenous health strategy development, Smoke Free Ontario grants and supplementary funding the Supervised Injection Service. Toronto Public Health's 2020 Operating Budget will be reduced by \$270.8 thousand gross and \$0 net to reflect the end of these one-time funded initiatives.

Financial Impact of Changes Announced by the Ministry of Health

On August 20, 2019, TPH received the 2019 Accountability Agreement which contains the Ministry's approved budget for TPH. In the accompanying letter to the Chair of the Board of Health, the Ministry noted the following regarding the 2020 budget process:

"In order to support public health unit planning for 2020, municipalities can use a planned funding change to bring the municipal share to 30% for public health programs and services effective as of January 1, 2020. However, to help provide additional stability as municipalities begin to adapt to shifting funding models, our government will also provide one-time mitigation funding to assist all public health units and municipalities to manage this increase while we work to transform the public health system across the province over the next couple of years. While final confirmation of

2020 funding will be provided through the 2020 Budget process, we expect that all municipalities will be protected from any cost increases resulting from this cost-sharing change that exceed 10% of their existing costs."

The provincial-municipal cost shared funding ratio, both prior to and after January 1 2020, is as follows:

		Prior to January 1, 2020	Effective January 1, 2020
Cost-Shared Funded Programs	Provincial	75%	70%
	City	25%	30%
100% Provincial Funded Programs	Provincial	100%	70%
	City	0%	30%

Based on the information provided in the Accountability Agreement and the accompanying letter, TPH is projecting the financial impact of the change in the funding ratio, and the maximum available one-time mitigation funding as outlined in the following three tables:

Table 1 - Financial Impact of the Change in Funding Ratio by Program

(\$ in thousands)	Prior to January 1, 2020	Effective January 1, 2020	Increase / (Decrease)
Mandatory Programs (Cost-Shared)	129,724.7	121,076.4	(8,648.3)
100 % Provincial Funded Programs:			
AIDS and Sexual Health Information Line	706.7	494.7	(212.0)
Diabetes Prevention Programming	880.3	616.2	(264.1)
Enhanced Food Safety - Haines Initiative	330.0	231.0	(99.0)
Enhanced Safe Water Initiative	100.0	70.0	(30.0)
Harm Reduction Program Enhancement	450.0	315.0	(135.0)
Healthy Smiles Ontario Program	6,825.5	4,777.8	(2,047.7)
Infectious Diseases Control Initiative	5,000.3	3,500.2	(1,500.1)
Needle Exchange Program Initiative	274.2	191.9	(82.3)
Nursing Initiatives	662.8	464.0	(198.8)
Smoke-Free Ontario Strategy	2,905.8	2,034.1	(871.7)
TOTAL	147,860.3	133,771.3	(14,089.0)

Table 2 - Financial Impact of the Change in the Funding Ratio by Funding Source

(\$ in thousands)		Prior to January 1, 2020	Effective January 1, 2020	Increase / (Decrease)
Cost-Shared Funded Programs	Provincial	129,724.7	121,076.4	(8,648.3)
	City	43,241.6	51,889.9	8,648.3
100% Provincial Funded Programs	Provincial	18,135.6	12,694.9	(5,440.7)
	City	0.0	5,440.7	5,440.7
Funding Source	Provincial	147,860.3	133,771.3	(14,089.0)
	City	43,241.6	57,330.6	14,089.0
	Total	191,101.9	191,101.9	0.0

Table 3 - Maximum Available One-Time Mitigation Funding

(\$ in thousands)	2019 Council Approved Budget	Increased Investment Required	2020 City Contribution
City Contribution per Ministry Accountability Agreement	43,241.6	4,324.2	47,565.8
% Increase in Investment			10.0%

(\$ in thousands)	Funding Contribution	One-Time Mitigation	Adjusted Funding Contribution for 2020
Provincial	133,771.3	9,764.8	143,536.1
City	57,330.6	(9,764.8)	47,565.8
Total	191,101.9	0.0	191,101.9

In order to take full advantage of the estimated one-time mitigation funding of \$9,764.8 thousand that will be made available by the Province in 2020, TPH is recommending that City Council be requested to increase its contribution to the 2020 TPH Operating Budget by \$4,324.2 thousand gross and net.

Inflationary and Cost of Living Adjustments for Ministry of Health Programs

As part of the 2019 annual service planning and budget submission to the Ministry, TPH requested an increase to the budget to address inflationary and cost of living increases in the amount of \$1,050.1 thousand. The projected inflationary and cost of living increases for 2020 is 3,463.0 thousand.

The 2019 Ministry-approved budget for TPH, per the Accountability Agreement, did not include the requested increase of \$1,050.1 thousand. The Ministry has indicated that funding for 2020 will remain at the 2019 approved funding level of \$191,101.9 as per Table 3 above. The Ministry's intention to flat-line funding at their 2018 approved budget for TPH will result in a financial pressure in 2020 of \$4,513.1 thousand gross and net (see Table 4). This pressure will need to be addressed either through increased contribution by the City to the TPH operating budget or through budget reduction

options.

2020 Budget Reduction Proposals

Toronto Public Health has identified three service efficiencies for the Board of Health Budget Committee's consideration, totalling \$1,656.0 thousand, to partially address the inflationary and cost of living increases related to the Ministry of Health-funded programs noted in Table 4.

Table 4 - Budget Reduction Proposals

2020 Budget Reduction Proposals:	2019 Adjusted Council Budget	Reduction Proposal	2020 Operating Budget Request
Municipal Dental Program	5,846.0	(1,446.0)	4,400.0
Enhanced Safe Water Initiative (100%)	100.0	(100.0)	0.0
Enhanced Food Safety - Haines Initiative (100%)	330.0	(110.0)	220.0
TOTAL	6,276.0	(1,656.0)	4,620.0

(\$ in thousands)	
Inflationary and Cost of Living Adjustment Funding Pressure:	
2019	1,050.1
2020	3,463.0
TOTAL - Inflationary and Cost of Living Adjustment Funding Pressure:	4,513.1
2020 Budget Reduction Proposals:	(1,656.0)
REMAINDER - Inflationary and Cost of Living Adjustment Funding Pressure	2,857.1

Municipal Dental Program

The province's income eligibility criteria for OSDCP (\$19,300 or less for singles and \$32,300 or less for couples based on income reported on line 236 of the Income Tax Return) overlaps with the income eligibility criteria currently used for the Municipal Dental Program (\$27,000 or less for singles and \$33,000 or less for couples based on income reported on line 150 of the Income Tax Return). While information about the basket of services in the provincial program has yet to be fully disclosed, TPH anticipates that clients currently being served through the Municipal Dental Program will become eligible for service through the Ontario Seniors Dental Care Program. This is anticipated to result in an annualized savings of \$2,200.0 thousand gross and net in the Municipal Dental Program. A portion of the savings (\$754.0 thousand) has been accounted for in the 2019 budget, leaving a balance of \$1,446.0 thousand gross and net that is proposed to be realized in the 2020 budget.

Enhanced Safe Water Initiative

This is a 100% provincially-funded program enhancement which has been used to augment supports to TPH's Safe Water program. Funding has been used for initiatives like campaigns to increase public awareness of the SwimSafe disclosure program, providing enhanced training for staff, and periodically improving the disclosure website. This proposed reduction of \$100.0 thousand gross and \$0 net stems from the change in provincial funding from 100% to 70%. This proposal will have no impact on the

inspection aspects of TPH's Safe Water program.

Enhanced Food Safety - Haines Initiative

This is a 100% provincially-funded program enhancement which has been used to augment TPH's Food Safety program. This partial reduction to the program of \$110.0 thousand gross and \$0 net is proposed, given the change in provincial funding from 100% to 70% and will result in a reduction in the development of educational materials, enhanced training for staff, and additional food-handler training courses. This proposal will have no impact on the inspection aspects of TPH's Food Safety program.

In addition to the proposals in Table 4, TPH is submitting a list of proposals in Confidential Attachment 1 for consideration to address the remainder of the Inflationary and Cost of Living Adjustment Funding Pressure.

Impact of Changes Announced by the Ministry of Health for 2021

At this time, TPH cannot provide information to the Board of Health Budget Committee in regards to the financial outlook for 2021 and beyond. This being said, TPH is anticipating an end to the provincial one-time mitigation funding which will require the City to increase its contribution in 2021 to public health by \$9,764.8 thousand in order to obtain the full provincial allocation for Ministry-funded programs. By 2021, the cumulative contribution required from the City will be \$14,089.0 thousand. This increase is dependent on the funding ratio remaining at 70% provincial/30% municipal and the total funding envelope remaining at the level approved by the Province in 2019.

In addition to an increase in the City's contribution for the change in the funding ratio, TPH will also need to address the 2019 (\$1,050.1 thousand), 2020 (\$3,413.9 thousand) and 2021 (unknown) pressures related to inflationary and cost of living adjustments.

2020 - 2029 CAPITAL BUDGET AND PLAN

Toronto Public Health is recommending a 2020-2029 Capital Budget and Plan of \$29.835 million including a 2020 Capital Budget of \$2.676 million. The 2021-2029 Capital Plan and Forecast is \$27.159 million. The 10-Year Capital Budget and Plan will provide funding for twenty-two Information Technology projects. Details on the 2020 - 2029 Capital Budget and Plan are available in the Appendix A - 2020 - 2029 Capital Budget and Plan.

CONTACT

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SIGNATURE

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Medical Officer of Health

ATTACHMENTS

Appendix A - 2020-2029 Capital Budget and Plan

Confidential Attachment 1 - Proposals to Address Funding Pressures