# HL11.4

REPORT FOR ACTION

# Toronto Public Health Operating Budget Variance for the Nine Months Ended September 30, 2019

**Date:** October 24, 2019
**To:** Board of Health
**From:** Medical Officer of Health
**Wards:** All

## SUMMARY

This report provides an update to the Board of Health on the Toronto Public Health (TPH) Operating Budget Variance for the nine months ended on September 30, 2019.

As of September 30, 2019, in comparison to the 2019 Operating Budget approved by City Council, TPH's gross expenditures are lower than budgeted by $396.9 thousand net (1 percent).

As of December 31, 2019, TPH is projecting that the Operating Budget will be under budget by $297.6 thousand net (0.5 percent).

## RECOMMENDATIONS

The Medical Officer of Health recommends that:

1. The Board of Health receive this report for information.

## FINANCIAL IMPACT

As of September 30, 2019, TPH's gross expenditures are lower than budgeted by $3,789.7 thousand gross (2.2 percent), revenues were lower than budgeted by $3,392.8 thousand (2.5 percent), resulting in a net favourable variance of $396.9 thousand (1 percent).

As of December 31, 2019, TPH is projecting that expenditures will be lower than budgeted by $5,523.1 thousand gross (2.2 percent) and revenues will be lower than budgeted by $5,225.5 thousand (2.7 percent), resulting in a net favourable variance of $297.6 thousand (0.5 percent).

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

## DECISION HISTORY

At its meeting on October 2, 2019, City Council approved an increase to Toronto Public Health's 2019 Operating Budget by $2,111.0 thousand gross/$0 net and 52 positions for implementation costs associated with the delivery of the Ontario Seniors Dental Care Program.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.HU3.1

On July 16, 2019, City Council approved a budget reduction of $0.754 million gross and net to TPH's 2019 Operating Budget to address the citywide budget reduction target of $10 million.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX7.18

At its meeting on March 7, 2019, City Council approved a Toronto Public Health 2019 Operating Budget of $255,279.2 thousand gross and $64,498.8 thousand net.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX2.5

## COMMENTS

As of September 30, 2019, TPH's 2019 approved operating budget is $256,729.3 thousand gross and $63,876.7 thousand net.

As of September 30, 2019, gross expenditures were lower than budget by $3,789.7 thousand (2.2 percent) and revenue is lower than budget by $3,392.0 thousand (2.5 percent), resulting in a net favourable variance of $396.9 thousand (1.0 percent) as depicted in Table 1.

As of December 31, 2019, TPH is projecting that expenditures will be lower than budget by $5,523.1 thousand gross (2.2 percent) and revenue will be lower than budget by $5,225.5 thousand (2.7 percent), resulting in a net favourable variance of $297.6 thousand (0.5 percent).

Table 1

| | AS OF SEPTEMBER 30, 2019 | | | | AS OF DECEMBER 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | BUDGET | ACTUAL | VARIANCE OVER / (UNDER) | | BUDGET | PROJECTION | VARIANCE OVER / (UNDER) | |
| | ($000s) | ($000s) | ($000s) | % | ($000s) | ($000s) | ($000s) | % |
| Gross Expenditure | 174,584.9 | 170,795.3 | (3,789.7) | (2.2) | 256,729.3 | 251,206.2 | (5,523.1) | (2.2) |
| Revenue | 133,130.7 | 129,737.9 | (3,392.8) | (2.5) | 192,852.6 | 187,627.1 | (5,225.5) | (2.7) |
| Net Expenditure | 41,454.2 | 41,057.4 | (396.9) | (1.0) | 63,876.7 | 63,579.1 | (297.6) | (0.5) |

Explanations of the variances in gross expenditures and revenue are outlined below:

**Year to Date Gross Expenditures and Revenue (September 30, 2019)**

Toronto Public Health's gross expenditure variance is $3,789.7 thousand (2.2 percent) due to lower expenditures of $2,688.0 thousand predominantly for cost-shared programs with the Ministry of Health (the "Ministry"), and $1,101.7 thousand for programs funded by other sources.

Salaries and Benefits are $2,266.2 thousand lower than budget and non-payroll expenditures are lower than budget by $1,523.5 thousand across a number of programs due to the cost containment measures that were implemented in response to the uncertainty created by the Province's 2019-20 Budget announcements regarding the modernization of public health, particularly the Ministry of Health's funding for their cost-shared and 100% funded programs.

On August 20, 2019, TPH received its 2019 Accountability Agreement from the Ministry which was $1,055.1 thousand lower than the amount expected and approved by Council for TPH's 2019 Operating Budget.

Actual revenue will be lower than budgeted by $3,392.8 thousand (2.5 percent) mainly due to lower revenues from the Ministry as a result of reduced expenditures, as explained above.

**Projected Year End Gross Expenditure and Revenue (December 31, 2019)**

Toronto Public Health is projecting a gross expenditure variance of $5,523.1 thousand (2.2 percent) due to unspent funding of $3,024.4 thousand predominantly mainly in Ministry cost-shared and 100% funded programs, and $2,498.7 thousand in programs funded by the other provincial ministries and sources.

Salaries and Benefits is projected to be $4,320.7 thousand (2.2 percent) below budget as a result of:

- measures put in place, early in 2019, in response to the uncertainty created by the Province's 2019-20 Budget announcements regarding the modernization of public health; and
- the Ministry had indicated that the Ontario Seniors Dental Care program was expected to begin in October 2019; however, details for the full implementation are still pending. This delay accounts for $600.0 thousand gross of salaries and benefits variance, which equates to 22 of the 52 positions approved by City Council.

Actual revenue is projected to be lower than budgeted by $5,225.5 thousand (2.7 percent) mainly due to lower revenues from the Province as a result of reduced expenditures.

For 2019, City Council approved seventy service levels of which fifty-two are actively reported on. As previously reported to the Board of Health on September 23, 2019, of the fifty-two actively reported service levels fourteen are projected to be over achieved, - twenty-one are projected to be achieved, fifteen are projected to be under achieved, and two are not available or no longer applicable. Of the fifteen service levels projected to be under-achieved, three are related to cost containment measures implemented in reaction to the Provincial announcements on public health funding and modernization. These three service levels are within the Infectious Diseases service area and are related to tuberculosis education.

Additional information about TPH's variance is provided in Attachment 1.

## CONTACT

Althea Hutchinson, Director, Finance & Administration, Toronto Public Health
Tel: 416-338-7840, Email: Althea.Hutchinson@torornto.ca

## SIGNATURE

Dr. Eileen De Villa
Medical Officer of Health

## ATTACHMENTS

Attachment 1: Toronto Public Health Variance Analysis for the Nine Months ended September 30, 2019