REPORT FOR ACTION

# TPH Operating Budget Variance for the Six Months Ended June 2020

**Date:** September 3, 2020
**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 six months ended on June 30, 2020.

As of June 30, 2020, in comparison to the 2020 Operating Budget approved by Council, TPH's net expenditure is lower than budget by $98.5 thousand net (0.3 percent).

As of December 31, 2020, TPH is projecting that the Operating Budget will be over budget by $5,075.7 thousand net (7.2 percent) which is expected to be fully recovered from the Province.

## RECOMMENDATIONS

The Medical Officer of Health recommends that:

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

## FINANCIAL IMPACT

As of June 30, 2020, TPH gross expenditure is lower than budget by $6,928.6 thousand gross (6.0 percent), revenue was lower than budgeted by $6,830.1 thousand (7.8 percent), resulting in a net favourable variance of $98.5 thousand (0.3 percent). The favourable variance takes into consideration the extraordinary expenses incurred as resources have been redirected to support TPH's response to the COVID-19 pandemic.

As of December 31, 2020, TPH is projecting that expenditures will be more than budget by $3,272.9 thousand gross (1.2 percent) and revenue will be lower than budgeted by $1,802.8 thousand (0.9 percent), resulting in a net unfavourable variance of $5,075.7 thousand (7.2 percent). The unfavourable variance of $5,075.7 thousands is mainly due to additional costs incurred to increase resources engaged in TPH's response to the COVID-19 pandemic and a decrease in revenue from user fees and other recoveries.

The Ministry of Health has indicated that extraordinary costs in response to the COVID-19 pandemic that are over and above the Provincial grant will be fully funded by the Province. Revenue projections will be adjusted to reflect any additional funding received from other levels as part of future period reports.

## DECISION HISTORY

At its meeting on June 29-30, 2020, City Council approved an increase to Toronto Public Health's 2020 Operating Budget by $1,420.3 thousand gross and net for 2020 Cost of Living adjustment for Local 79 Union members and by $65.0 thousand gross and net in order to receive a Planning and Dissemination Grant from the Canadian Institutes of Health Research for implementing Urban Health Policy related to active transport and design of public spaces.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.CC22.4

At its meeting on February 19, 2020, City Council approved a Toronto Public Health 2020 Operating Budget of $269,155.2 thousand gross and $69,408.8 thousand net.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX13.2

## COMMENTS

As of June 30, 2020, TPH's 2020 approved Operating Budget is $270,640.5 thousand gross and $70,829.2 thousand net.

As of June 30, 2020 gross expenditures were lower than budget by $6,928.6 thousand (6.0 percent) and revenue is lower than budget by $6,830.1 thousand (7.8 percent), resulting in a net favourable variance of $98.5 thousand (0.3 percent) as depicted in Table 1.

Table 1

| | AS OF JUNE 30, 2020 | | | | AS OF DECEMBER 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | BUDGET | ACTUAL | VARIANCE OVER / (UNDER) | | BUDGET | PROJECTION | VARIANCE OVER / (UNDER) | |
| | ($000s) | ($000s) | ($000s) | % | ($000s) | ($000s) | ($000s) | % |
| Gross Expenditure | 115,338.9 | 108,410.3 | (6,928.6) | (6.0) | 270,640.5 | 273,913.4 | 3,272.9 | 1.2 |
| Revenue | 87,126.0 | 80,295.9 | (6,830.1) | (7.8) | 199,811.4 | 198,008.5 | (1,802.8) | (0.9) |
| Net Expenditure | 28,212.9 | 28,114.4 | (98.5) | (0.3) | 70,829.2 | 75,904.9 | 5,075.7 | 7.2 |

As of December 31, 2020, TPH is projecting that expenditures will exceed budget by $3,272.9 thousand gross (1.2 percent) and revenue will be lower than budget by $1,802.8 thousand (0.9 percent), resulting in a net unfavourable variance of $5,075.7 thousand (7.2 percent).

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

**Year to Date Gross Expenditures and Revenue (June 30, 2020)**

As of June 30, 2020, Toronto Public Health gross expenditures were underspent by $6,928.6 thousand gross (6.0 percent) and revenues were underachieved by $6,830.1 thousand (7.8 percent), resulting in a net favourable variance of $98.5 thousand (0.3 percent).

The favourable variance of $6,928.6 thousand gross (6.0 percent) in Gross Expenditures is attributed to underspending in Salaries and Benefits ($4,552.7 thousand) and non-payroll expenditures ($2,375.9 thousand) detailed as following:

- Suspension of recruitment plans and purchase of services contracts for the implementation of the Ontario Seniors Dental Care Program which accounts for $4,488.0 thousand of the variance; and

- Suspension of TPH programs and services during the COVID-19 pandemic particularly as a number of these programs are delivered in settings that were closed, in keeping with provincial regulations; this included settings such as schools, dental clinics, community settings and facilities, and civic centres. Approximately 65 percent of TPH's employees have been redeployed to respond to the COVID-19 pandemic.

Actual revenue is under budget by $6,830.1 thousand (7.8 percent) mainly due to lower recoverable costs from Province and other sources.

**Projected Year End Gross Expenditure and Revenue (December 31, 2020)**

At year end, TPH expenditures are projected to be overspent by $3,272.9 thousand gross (1.2 percent) and by $5,075.7thousand net (7.2 percent). The explanation of year-end projected Gross and Revenue variance is as follows:

- Extraordinary expenses in response to COVID-19 pandemic of $27.1 million is comprised of $24.5 million for salary and benefits and $2.6 million in non-payroll. The $24.5 million in salary and benefits extra-ordinary costs is composed of $16.6 million for overtime, and shift bonus for staff and $7.9 million for additional staff to support COVID-19 case and contact tracing; and

- The extraordinary expenses is offset by $23.8 million in savings resulting from vacant positions due to retirements and hiring slowdown and savings from the suspension of several TPH programs as a result of public health measures implemented to mitigate COVID-19 spread.

The Province has signaled that additional revenue will be provided to offset the over expenditures and the shortfall from other revenues, currently projected at $5,075.7 thousand. The Ministry of Health has indicated that extraordinary costs in response to the COVID-19 outbreak that are over and above the Provincial grant will be fully funded by the Province. Revenue projections will be adjusted to reflect any additional funding received from the Province as part of future period variance reports.

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

## CONTACT

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

## SIGNATURE

Dr. Eileen De Villa
Medical Officer of Health

## ATTACHMENTS

Attachment 1: Toronto Public Health Operating Variance Submission for the Six Months ended June 30, 2020