

Toronto Public Health Operating Budget Variance for the Nine Months Ended on September 30, 2021

Date: November 19, 2021

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, 2021.

As of September 30, 2021, TPH gross expenditure was overspent by \$38.8 million gross and revenue was overachieved by \$35.3 million, resulting in a net unfavourable variance of \$3.5 million.

At year end, gross expenditure is expected to be overspent by \$60.3 million gross and revenue will be overachieved by \$60.3 million, resulting in net expenditure being in line with net budget.

RECOMMENDATIONS

The Medical Officer of Health recommends that:

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

FINANCIAL IMPACT

As of September 30, 2021, Toronto Public Health's (TPH) gross expenditure is higher than budgeted by \$38.8 million gross (16.2 per cent) and revenue was higher than budgeted by \$35.3 million (23.7 per cent), resulting in a net unfavourable variance of \$3.5 million (3.9 per cent). The variance reflects the impact of the COVID-19 pandemic on TPH's budget from the suspension of cost-shared and City-funded programs and

services, as approximately 80 per cent of TPH resources have been redeployed to the COVID-19 response. These additional costs, incurred to increase resources to respond to the COVID-19 pandemic, and revenue shortfalls from user fees and other recoveries are to be funded by the Ministry of Health.

On November 2, 2021, the Ministry of Health confirmed that \$140.9 million in extraordinary costs in response to the COVID-19 pandemic including eligible costs related to the operation of Mass Immunization Clinics would be funded.

At year end, gross expenditure is expected to be overspent by \$60.3 million gross (17.1 per cent) and revenue will be overachieved by \$60.3 million (26.3 per cent), resulting in net expenditure being in line with net budget.

DECISION HISTORY

At its meeting on February 18, 2021, City Council adopted Item EX21.2 "2021 Capital and Operating Budgets" and approved a 2021 Operating Budget for Toronto Public Health of \$344.2 million gross, \$219.8 million revenue and \$124.4 million net for the following services:

Service	Gross Expenditure (\$000s)	Revenue (\$000s)	Net Expenditure (\$000s)
Chronic Diseases and Injury Prevention	45,777.3	31,402.1	14,375.2
Emergency Preparedness	2,478.1	1,508.3	969.8
Environmental Health	25,079.5	19,992.9	5,086.6
Family Health	109,138.6	89,214.2	19,924.4
Infectious Diseases	142,309.6	66,253.5	76,056.1
Public Health Foundations	19,443.5	11,464.2	7,979.3
Total Program Budget	344,226.6	219,835.2	124,391.4

On February 18, 2021, City Council also approved an increase in ongoing base funding of \$0.3 million gross, \$0 net, and one-time funding of \$0.2 million gross, \$0 net, for a total of \$0.5 million gross, \$0 net, fully funded by the Ministry of Health, to support continued harm reduction-based health services and COVID-19 safety measures needed for the delivery of Supervised Consumption Services.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX21.2>

COMMENTS

As of September 30, 2021, Toronto Public Health's 2021 approved Operating Budget is \$353.3 million gross and \$124.4 million net.

At September 30, 2021, gross expenditure was more than budget by \$38.8 million (16.2 per cent) and revenue was more than budget by \$35.3 million (23.7 per cent), resulting in an unfavourable net expenditure variance of \$3.5 million (3.9 per cent) as outlined in Table 1.

	AS OF SEPT 30, 2021				AS OF DEC 31, 2021			
	BUDGET	ACTUAL	VARIANCE		BUDGET	FORECAST	VARIANCE	
	(\$000s)	(\$000s)	(\$000s)	%	(\$000s)	(\$000s)	(\$000s)	%
Gross Expenditure	239,591.8	278,382.3	38,790.5	16.2	353,263.9	413,532.9	60,269.0	17.1
Revenue	149,036.4	184,310.9	35,274.5	23.7	228,872.5	289,141.5	60,269.0	26.3
Net Expenditure	90,555.4	94,071.4	3,516.1	3.9	124,391.4	124,391.4	0.0	0.0

For December 31, 2021, TPH is forecasting gross expenditure to exceed the budget by \$60.3 million gross (17.1 per cent) and revenue to be higher than budgeted by \$60.3 million (26.3 per cent), resulting in the net expenditure forecast to be in line with net budget.

Explanations of the variances in gross expenditure and revenue are outlined below.

Year to Date Gross Expenditure and Revenue (September 30, 2021)

Gross Expenditure

There was an over-expenditure of \$38.8 million (16.2 per cent) attributed to salaries and benefits (\$32.3 million) and non-payroll expenditure (\$6.5 million) stemming from the following programs and services:

- A \$75.4 million over-expenditure from hiring of 2,800 temporary / redeployed staff, overtime and non-payroll costs to support the operations of the Mass Immunization Clinic, case management, contact tracing in response to the COVID-19 pandemic.
- The over expenditure is offset by:
 - \$28.3 million in savings related to the suspension of Toronto Public Health mandatory and City-funded programs and services during the COVID-19

pandemic, particularly as a number of these programs are delivered in settings (including dental clinics, community centres and facilities, civic centres and schools) that were closed in keeping with provincial regulations;

- \$7.4 million in savings from 100 per cent provincially-funded programs mainly from the Ontario Seniors Dental Care Program and the Healthy Babies Healthy Children Programs; and
- \$1.0 million in savings from the suspension of capital projects as resources continue to be deployed to support the COVID-19 response.

COVID-19 Extraordinary Expenses

Toronto Public Health incurred expenses in the amount of \$130.1 million related to the COVID-19 response (\$75.4 million over budget). This includes \$101.8 million for salary and benefits and \$28.3 million for non-payroll expenses. The \$101.8 million in salary and benefits COVID-19 extra-ordinary costs is \$95.9 million from hiring or redeployment of additional staff resources and \$5.9 million for overtime costs.

The \$130.1 million has been spent as follows: \$68.6 million for Mass Immunization Clinics, \$48.8 million for COVID-19 response, \$8.1 million for the Public Health School Focused Nurses Program, and \$4.5 million for the Toronto Voluntary Isolation Centre.

Revenue

Actual year-to-date revenue was overachieved by \$35.3 million (23.7 per cent). The favourable revenue variance of \$35.3 million is mainly due to cost recovery for the operation of mass immunization clinics, partially offset by lower cost recoveries in 100 per cent provincially-funded programs

Year End Forecast of Gross Expenditure and Revenue (December 31, 2021)

Gross Expenditure

At year end, Toronto Public Health (TPH) expenditure is forecasted to be overspent by \$60.3 million gross (17.1 per cent) as follows:

- A \$108.7 million over-expenditure for COVID-19 extra-ordinary expenses mainly for the operation of mass immunization clinics which accounts for \$99.1 million (91 per cent) of the over expenditure.
- This over-expenditure will be offset by:
 - \$38.2 million in savings in TPH mandatory and City funded programs and services which were suspended as a result of public health measures implemented to mitigate COVID-19 spread;
 - \$8.8 million in savings from 100 per cent provincially-funded programs mainly from the Ontario Seniors Dental Care and Healthy Babies Healthy Children programs;
 - \$1.4 million in savings from programs funded by other sources and deferral of capital funded projects.

Revenue

Revenue at year end is forecasted to be over-achieved by \$60.3 million gross (26.3 per cent). The favourable revenue variance of \$60.3 million is mainly due to cost recoveries for Mass Immunization Clinics, partially offset by under-recoveries in cost-shared programs, 100 per cent provincially-funded programs, and programs funded from other sources.

On November 2, 2021, the Ministry of Health confirmed that \$140.9 million in extraordinary costs in response to the COVID-19 pandemic including eligible costs related to the operation of Mass Immunization Clinics would be funded.

CONTACT

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SIGNATURE

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