

## **Toronto Public Health Operating Budget Variance for the Six Months Ended June 30, 2024**

**Date:** August 28, 2024

**To:** Board of Health

**From:** Medical Officer of Health

**Wards:** All

### **SUMMARY**

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This report provides an update to the Board of Health on the Toronto Public Health Operating Budget Variance for the six months ended on June 30, 2024.

As of June 30, 2024, Toronto Public Health gross expenditure was underspent by \$17.8 million and revenue was underachieved by \$12.0 million, resulting in a net favourable variance of \$5.8 million.

At year end, gross expenditure is expected to be underspent by \$22.7 million and revenue will be unachieved by \$13.6 million, resulting in net expenditure being under budget by \$9.1 million.

This report also recommends that City Council authorize the Medical Officer of Health to enter into agreements with the Angel Foundation for Learning and the Toronto Foundation for Student Success to transfer funds, in the amount of \$50,000 and \$100,000 respectively, for the purpose of replacing aging refrigeration equipment, at no net cost to the City of Toronto. This equipment is used in the delivery of student nutrition programs across the City of Toronto.

### **RECOMMENDATIONS**

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The Medical Officer of Health recommends that:

1. City Council authorize the Medical Officer of Health to enter into agreements and other suitable arrangements, on behalf of the City of Toronto, for the transfer of funds to the Angel Foundation for Learning (\$50,000) and the Toronto Foundation for Student Success (\$100,000) for the purpose of replacing refrigeration equipment for existing student nutrition programs across the City of Toronto on terms satisfactory to the

Medical Officer of Health and in a form satisfactory to the City Solicitor.

## **FINANCIAL IMPACT**

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As of June 30, 2024, Toronto Public Health's gross expenditure was lower by \$17.8 million (15.5 per cent) and revenue was lower than budgeted by \$12.0 million (13.6 per cent), resulting in a net favourable variance of \$5.8 million (22.1 per cent). The favourable gross expenditure variance of \$17.8 million was primarily driven by underspending in cost-shared programs that have been paused or reduced and in provincially-funded programs such as Ontario Seniors Dental Care Program due to challenges in recruitment.

At year end, gross expenditure is expected to be underspent by \$22.7 million (8.0 per cent) and revenue will be underachieved by \$13.6 million (6.7 per cent), resulting in a net expenditure of \$9.1 million under budget (11.4 per cent).

Funding for the replacement of aging refrigeration equipment to support the student nutrition program will be accommodated within the current year operating budget.

## **DECISION HISTORY**

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At its meeting of July 24, 2024, City Council adopted item EX16.13 "Operating Variance Report for the Four Months Ended April 30, 2024" and approved an increase to the 2024 Operating Budget of \$2.0 million gross and \$2.0 million net to allocate 2024 Non-Union COLA & Pay-for-Performance from Non-Program to Toronto Public Health.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX16.13>

At its meeting on June 26, 2024, City Council adopted item "HL13.4 - 2024 Student Nutrition Program Service Subsidies" and authorized the Medical Officer of Health to enter into agreements with the Angel Foundation for Learning and the Toronto Foundation for Student Success to administer funding for eligible student nutrition programs.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.HL13.4>

At its meeting on May 22, 2024, City Council adopted the item HL12.1 "Partnership for Healthy Cities - Seeking Authority to Receive External Funds for the 2024 Budget Year" which directed City Council to increase Toronto Public Health's 2024 Operating Budget by \$68.0 thousand gross and \$0 million net to accept and spend the one-time grant from Vital Strategies Incorporated to implement a public health surveillance initiative.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.HL12.1>

At its meeting on March 20, 2024, City Council adopted the item MM16.44 "Amendment to Toronto Public Health's 2024 Operating Budget - by Councillor Chris Moise, seconded by Councillor Ausma Malik" which directed City Council to increase Toronto Public Health's 2024 Operating Budget by \$0.9 million gross and \$0 million net to extend the Injectable Opioid Agonist Treatment program to March 2025.

At its meeting on February 14, 2024, City Council amended and deemed approved item MPB15.1 "2024 Capital and Operating Budgets", and thereby approved a 2024 Operating Budget for Toronto Public Health of \$278.9 million gross and \$77.7 million net.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.MPB15.1>

## COMMENTS

### Toronto Public Health Strategic Impact

The recommendations in this report help advance the priorities of the Toronto Public Health Strategic Plan 2024-2028, with a particular focus on strengthening health protection, disease prevention, and health and well-being across the lifespan. Programs in the Operating Budget also deliver public health interventions that promote mental health and reduce harms associated with substance use.

### 2024 Approved Operating Budget for Toronto Public Health

As of June 30, 2024, the Toronto Public Health (TPH) 2024 Approved Operating Budget was \$281.8 million gross and \$79.7 million net.

As of June 30, 2024, gross expenditure was lower than the budgeted amount by \$17.8 million (15.5 per cent) and revenue was lower than the budgeted amount by \$12.0 million (13.6 per cent), resulting in a favourable net expenditure variance of \$5.8 million (22.1 per cent) as outlined in Table 1.

Table 1. Gross Expenditure and Revenue as of June 30, 2024

	As of June 30, 2024				As of December 31, 2024			
	Budget	Actual	Variance		Budget	Forecast	Variance	
			Over/(Under)				Over/(Under)	
	(\$000s)	(\$000s)	(\$000s)	%	(\$000s)	(\$000s)	(\$000s)	%
Gross Expenditure	114,773.4	96,969.1	(17,804.3)	(15.5)	282,829.9	260,133.2	(22,696.7)	(8.0)
Revenue	88,708.6	76,661.8	(12,046.8)	(13.6)	203,124.4	189,486.5	(13,638.0)	(6.7)

	As of June 30, 2024				As of December 31, 2024			
	Budget	Actual	Variance		Budget	Forecast	Variance	
			Over/(Under)				Over/(Under)	
	(\$000s)	(\$000s)	(\$000s)	%	(\$000s)	(\$000s)	(\$000s)	%
Net Expenditure	26,064.8	20,307.3	(5,757.6)	(22.1)	79,705.5	70,646.7	(9,058.7)	(11.4)

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

## Year to Date Gross Expenditure and Revenue (June 30, 2024)

### Gross Expenditure

Overall, there was an under-expenditure of \$17.8 million (15.5 per cent) attributed to salaries and benefits (\$11.3 million) and non-payroll expenditure (\$6.5 million) stemming from the following programs and services:

- \$14.5 million in under-spending and savings related to cost-shared programs that were paused or reduced. The variance is mainly from Chronic Disease and Injury Prevention (CDIP) and the Toronto Urban Health Fund (TUHF).
  - The Ontario Public Health Standards are currently under review and staff anticipate changes to the Chronic Disease Standard. In addition, provincial reviews are underway in response to the Auditor General of Ontario's 2017 audit of Public Health – Chronic Disease Prevention. While Toronto Public Health awaits more information from the provincial government, a smaller team of CDIP staff has been focused on re-establishing relationships and identifying opportunities to advance interventions that address the social, natural, and built environments related to chronic disease and injury prevention. This includes City of Toronto divisions and agencies (e.g., Seniors Services & Long Care, Transportation Services) and external agencies (e.g., Toronto Ontario Health Teams). Examples of work to date include supporting local community food security initiatives, promoting active transportation, and supporting a research project on community mobility, nutrition, and socialization for older adults.
  - The Toronto Urban Health Fund provides grants to community-based HIV prevention and substance use initiatives. Underspensing in this program is due to a decrease in the number of grant submissions received. In addition, the number of projects meeting the program requirements for funding declined. Toronto Public Health is reviewing the Toronto Urban Health Fund, as directed by the Board of Health (Item 2023.HL5.3). This review will include stakeholder and community consultation, and involve Board of Health directors, Indigenous partners, and community agencies who have previously applied for grants.

- \$1.6 million in under-spending from the Ontario Seniors Dental Care Program (OSDCP), a program fully funded by the Ministry of Health, due to challenges in recruiting healthcare professionals, such as dentists.
- \$0.7 million in under-spending related to the Healthy Babies Healthy Children (HBHC) program, a program fully funded by the Ministry of Children, Community and Social Services, due to staffing challenges related to retirements, leaves of absence, staff leaving the workforce and internal promotions.
- \$1.0 million in savings from other funded programs that have spent less than budgeted. These include the Injectable Opioid Agonist Treatment (iOAT) program (\$0.6 million); the Harm Reduction program by Toronto Shelter Support Services (TSSS) (\$0.3 million) and Investing in Families by Toronto Employment Social Services (TESS) (\$0.1 million). The iOAT program and TSSS are currently hiring.

## **Revenue**

Actual revenues were underachieved by \$12.0 million (13.6 per cent) attributed to lower cost recoveries for cost-shared programs (\$10.5 million), and other funding sources (\$1.5 million).

## **Year End Forecast Gross Expenditure and Revenue (December 31, 2024)**

### **Gross Expenditure**

At year end, Toronto Public Health's gross expenditures are projected to be underspent by \$22.7 million (eight per cent). This underspend is attributed to underspent salaries and benefits (\$15.3 million) and non-payroll expenditures (\$7.4 million) from the following programs and services:

- \$21.8 million in under-spending and savings related to cost-shared programs, such as those identified above (i.e., CDIP, TUHF).
- \$0.2 million in savings from the Healthy Babies Healthy Children (HBHC) program.
- \$0.7 million in savings from other funded programs, such as the Student Nutrition Program (\$0.2 million), Investing in Families by TESS (\$0.4 million), and other programs (\$0.2 million).

### **Revenue**

Year end projected revenue is forecasted to be under achieved by \$13.6 million (6.7 per cent) attributed to lower cost recoveries for cost shared programs (\$12.3 million) and other funding sources programs (\$1.3 million).

### **Student Nutrition Program Funding**

Student nutrition programs are meal and snack programs offered primarily in school settings. These programs help to ensure that children and youth, especially those at risk for poor nutritional intake, have access to safe and culturally appropriate nutritious food.

Student nutrition programs face numerous operating challenges including increased cost of food, increased program participation, and aging food infrastructure, such as refrigeration.

This report includes a request to obtain authority to enter into agreements for the purpose of replacing aging refrigeration equipment that is used in the delivery of existing student nutrition programs across the City of Toronto. The proposed additional funding - \$50,000 to the Angel Foundation for Learning, and \$100,000 to the Toronto Foundation for Student Success - is separate from the municipal student nutrition program grant towards the purchase of nutritious food. The funding can be accommodated within the 2024 Operating Budget for Toronto Public Health.

This investment in replacing aging refrigeration is being recommended to:

- build community capacity to continue to foster a robust student nutrition program;
- ensure and support safe food storage and handling in student nutrition programs; and,
- enhance and safeguard programs in offering nutritious foods more often that require refrigeration (e.g., dairy, fresh fruit, and vegetables).

## **CONTACT**

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Tammy Rivest, Acting Director, Operations and Business Services, Toronto Public Health, 416-394-5839, [Tammy.Rivest@toronto.ca](mailto:Tammy.Rivest@toronto.ca)

Madeline Vo, Manager, Finance Services, Toronto Public Health, 416-338-8120, [Madeline.Vo@toronto.ca](mailto:Madeline.Vo@toronto.ca)

## **SIGNATURE**

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Dr. Eileen de Villa  
Medical Officer of Health