



2019 Cost-Shared Budget Approval

Date:	November 14, 2018	
To:	Board of Health	
From:	Cathy Praamsma, Chair Stewardship Committee	
<i>Original approved by</i>	<i>Original approved by</i>	
Rosana Salvaterra, M.D.	Larry Stinson, Director of Operations	

Proposed Recommendation

That the Board of Health for Peterborough Public Health:

- receive the staff report, 2019 Cost-Shared Budget, for information; and
- approve the 2019 cost-shared budget for public health programs and services in the amount of \$8,434,560 including Mandatory Public Health Programs, Small Drinking Water Program, and the Vector Borne Diseases Program.

Financial Implications and Impact

The budget includes all cost-shared programs funded by the Ministry of Health and Long-Term Care (MOHLTC) and by the City and County of Peterborough, Curve Lake and Hiawatha First Nations, but does not include other Peterborough Public Health (PPH) programs and services funded 100% by the MOHLTC or by other Ministries of the Province.

Many assumptions are factored into the formulation of the budget for the purposes of determining costs including increases for salary and benefits due to contractual agreements and allowance for the impact of inflation rate on ongoing operating expenditures. The most significant variable in the calculation of the cost-shared budget is the cost of wages and benefits. Budgeted wages reflect the current collective agreements and a projection of settlement for the bargaining units and non-union adjustments.

The 2019 cost-shared budget presented reports a deficit from operations of \$130,441. The 2019 budget will be balanced, only if funded through reserves. The use of reserve funds will help maintain program operations and services at existing levels. Should expenses be reduced through natural gapping, savings will be directed towards offsetting the budget shortfall rather than re-investment in program delivery, preserving reserves for future use.

The 2018 approved budget presented to the Board in November 2017 required the use of reserves in the amount of \$238,564 to balance the budget, as there was no anticipated increase in funding from the Province or local partners. Although Ministry communication indicated no anticipated increase for 2018, the budget approval received in May reflected a 2% increase on Mandatory Programs. No increase was provided for the other cost-shared programs including Small Drinking Water or Vector Borne Diseases (WNV). The increase resulted in an unexpected additional Ministry funding in the amount of \$115,900. To match the provincial funds, requests were made of the local partners for their proportionate share (25%) of the increase, resulting in an additional \$38,633. With the overall increase in funding, the 2018 projected deficit was reduced to \$84,000.

Another significant assumption considered in the budget is that there will be no anticipated increase in provincial funding. Despite the 2% increase in 2018 for Mandatory Programs, the Ministry has communicated clearly that we should anticipate no additional funding in 2019. Despite the increased funding, the overall level of local funding proposed in this budget, revenues are not adequate to maintain programs and services. The 2019 budget reflects an increase of \$174,000 in local funding. The additional funds will help reduce the amount of reserves necessary to balance the budget and will help maintain the minimum reserve balances approved by the Board. Local partners have been informed of the proposed 8.3% increase in 2019.

Decision History

The Health Protection and Promotion Act section 72(1) states that the budget for public health programs and services is the responsibility of the obligated municipalities. In 2004, the provincial government announced, “the Ministry will review Board of Health-approved budgets in relation to guidelines and approve its share according to the following” funding ratio; “75% province, 25% municipalities”.

The County of Peterborough, City of Peterborough fund Peterborough Public Health based on census population data. Curve Lake First Nation and Hiawatha First Nation contribute based on funding agreements with the Board of Health.

Background

On November 8, 2017, the Board approved the 2018 cost-shared budget in the amount of \$7,975,438, including Mandatory Public Health, Small Drinking Water, Mandatory Program

Building Occupancy and Vector Borne Diseases. The provincial share of the cost-shared budget was \$5,915,900, reflecting a 0% budget increase over the previous year approval.

In May 2018, the approved Ministry budget reflected an unexpected 2% increase for Mandatory Programs resulting in an additional \$115,900 in cost-shared funding. An increase in funding from the local partners for their proportionate share was requested to match the Provincial funds. The overall result was an increase in funding of \$154,533 for 2018 thus reducing the projected use of reserves to \$84,031 to balance operations from the initial projection of \$238,564.

A preliminary 2019 projection was shared with the Board last year and early 2018 that reported an anticipated deficit of approximately \$350,000 for cost-shared budgets, if the existing staffing levels and services were maintained and assuming no increase in funding from the Province or local partners. It was reported that without additional revenue, it would be impossible to maintain existing levels of services and staffing positions may be impacted. With the increase in funding received in 2018, the overall projected deficit for 2019 would be reduced to approximately \$305,000 assuming no increases anticipated from the Province or local partners.

Despite the increase in the prior year, the funding required to maintain programs and services at existing levels is inadequate. In March 2018, the Stewardship Committee requested a budget projection for the next three years to illustrate the projected deficit and impact on reserves if no increase in funding was provided by the Province or local funders. The report demonstrated that the overall deficit continued to increase and the reserves would be quickly depleted. As a result, in April, the Stewardship Committee recommended that the Board approve a three year phased in funding increase from local funders to address the shortfall in Provincial funds. Historically, the Board has requested that staff maintain the 75/25 Ministry/local partner funding allocation in the preparation of the cost-shared budget. As previously reported to the Board, only 8 local public health agencies (LPHAs) fall within the Ministry funding guidelines of 75/25 whereas the local funders cover more than 26% of the budget in the remaining LPHAs. With the approved funding strategy, the annual increase requested each year over the next three years will be 8.3% for all four local partners. By the year 2021 the funding allocation will be 70/30 Ministry/local partner.

The budget presented is based on a 0% increase from the Province and an 8.3% increase from local partners to align with the Board-approved direction to achieve a 70/30 Ministry/local partner funding over a three-year period.

For the 2019 budget the following assumptions have been made:

- 1) Minimal adjustments to total FTE staffing;
- 2) Salaries are based on existing union settlements and projection of settlements;
- 3) There will be no new Pay Equity adjustments;
- 4) Non-union compensation projected as per Board direction;

- 5) Anticipate general inflation of 2% however budget reflects 0% with exception of Materials and Supplies;
- 6) There will be no significant change in Influenza, HPV or Meningitis C immunization rates;
- 7) OMERS pension rates are known and all other benefit costs are estimates;
- 8) Allocation of local contributions between the City and County are based on published 2016 population census data and First Nation contributions are an estimate of per capita cost based on population data provided by the First Nations.

There are still some uncertainty with the implementation of the Ontario Public Health Standards, in effect January 2018, which may impact the budget in 2019, including, for example, the requirements for Vision Screening and enforcement of Cannabis Regulations. At this time, it is anticipated that with no additional funding for these new requirements, services in other areas will have need to be reduced.

Rationale

Under the *Ontario Public Health Standards*, the Board is required to approve an annual budget that does not forecast an unfunded deficit.

The 2019 cost-shared budget presented reports a deficit from operations of \$130,441. The 2019 budget will be balanced, if funded through reserves and will not result in a deficit. The use of reserve funds will help maintain program operations and services at existing levels for the upcoming year. If the organization recognizes savings during the year through efficiencies and gapping, part of the reserve may be maintained for future years.

Strategic Direction

The 2019 approved budget allows the Board to address all its strategic priorities.

Attachments:

[Attachment A - 2019 PPH Cost-Shared Budget](#)

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Peterborough Public Health

DRAFT 2019 PUBLIC HEALTH (Including Mandatory Programs, SDW, and VBD) BUDGETS – Operations Only (October 24, 2018)

	2019 Budget	2018 Budget	Change	% Increase	
EXPENDITURES					
1 Salaries and wages	5,595,985	5,532,242	63,743	1.15%	Increase includes estimate for contract settlements and staffing salary increments
2 Employee benefits	1,583,238	1,554,835	28,403	1.83%	Directly relates to increase in salaries and anticipated benefit rates
3 % benefits of salary and wages	28.29%	28.10%			
4 Staff Training	42,539	42,539	0	0.00%	
5 Board Expenses	48,598	55,498	-6,900	-12.43%	Reduction for reimbursement of County members
6 Travel	44,604	40,400	4,204	10.41%	Increase based on prior year actual due to higher reimbursement rate
7 Building Occupancy	701,171	712,050	-10,879	-1.53%	Reduction based on anticipated and known expenditures
8 Office Expenses, Printing, Postage	36,534	36,534	0	0.00%	
9 Materials, Supplies	292,842	277,071	15,771	5.69%	Increase for imunization program costs and inflation
10 Office Equipment	12,840	12,840	0	0.00%	
11 Professional and Purchased Services	330,109	318,920	11,189	3.51%	Increase for Payroll Service and Strategic Plan net of reduction for Sexual Health Clinic Fees
12 Communication costs	96,111	96,111	0	0.00%	
13 Information and Information Tech. Equipment	61,189	61,189	0	0.00%	
EXPENDITURES	8,845,760	8,740,229	105,531	1.21%	
FEES & OTHER REVENUES					
14 Expenditure Recoveries Flu, HPV, MenC	22,500	22,500	-	0.00%	
15 Expenditure Recoveries & Offset Revenues	388,700	503,727	-115,027	-22.84%	Decrease due to deferred funds to be expended in prior year
FEES & OTHER REVENUES	411,200	526,227	46,740	8.88%	
NET EXPENDITURES - Cost Shared Budget	8,434,560	8,214,002	142,133	1.73%	
PARTNER CONTRIBUTIONS – 2019					
16 Ministry of Health & Long-Term Care	6,031,800	6,031,800	0	0.00%	Assumes no increase - received 2% in 2018
17 County of Peterborough	928,080	856,953	71,127	8.30%	Increase to align with Board approved strategy to achieve
18 City of Peterborough	1,330,450	1,228,486	101,964	8.30%	70/30 funding allocation within 3 years. Assumes no
19 Curve Lake First Nation	10,412	9,614	798	8.30%	increase in Provincial funding in an effort to minimize use
20 Hiawatha First Nation	3,377	3,118	259	8.30%	of reserves and maintain minimum reserve levels.
FUNDING PARTNER CONTRIBUTIONS	8,304,119	8,129,971	174,148	2.14%	
Projected Deficit	-130,441	-84,031			

Salary & Benefit Assumptions

ONA & CUPE agreement increases October 1, 2017.

OPSEU agreement increases per contract in effect April 1, 2016.

OMERS rates are not known, Year's Maximum Pensionable Earnings (YMPE) is estimate.

All other benefits are based on estimated rate increases over 2018 rates.

Increase to non-union compensation effective October 1, 2018

Savings from natural gapping to be directed towards offsetting the budget shortfall

Other Assumptions

Budget includes Cost-shared: Mandatory programs, cost-shared Small Drinking Water, Vector-Borne Disease, Flu, HPV and Men C activities.

Anticipate actual inflation rate of 2%. Budget lines maintained at 0% increase with the exception of Materials and Supplies due to anticipated rising costs.

Assumes Province will continue funding 100% of enhanced MOH salary.

Allocation of local contributions between City and County based on published 2016 population census data.

First Nation allocations are estimate of per-capita cost based on band provided population number.