

Report to: Finance + Facilities Committee
Submitted by: Dr. Nicola Mercer, Medical Officer of Health and CEO
Subject: 2020 DRAFT BUDGET

RECOMMENDATION(S)

- (a) That the Finance + Facilities Committee makes recommendation to the Board of Health to approve the 2020 Draft Budget, as presented.
- (b) That the Finance + Facilities Committee receives the 2020 Draft Budget, as presented.

BACKGROUND & BUDGET STRUCTURE

Wellington-Dufferin-Guelph Public Health (WDGPH) receives ongoing funding from several sources: the Ministry of Health (MOH), the Ministry of Children, Community and Social Services (MCCSS), the City of Guelph, the County of Wellington, the County of Dufferin, and the Public Health Agency of Canada. Most of the MOH funded programs are cost-shared with the three obligated municipalities, and a small number are 100% provincially funded programs.

This document presents a consolidated budget for all MOH funded programs, including both those that are cost-shared with the three obligated municipalities and those that are funded 100% provincially. Appendices 1, 2 and 3 present these budgets, grouped as follows:

- *Appendix “1”* - Cost-shared budgets: includes Cost-Shared Mandatory Programs and Cost-Shared Related Programs;
- *Appendix “2”* - 100% MOH funded budgets: includes all pots of funding for specific programs and initiatives that receive 100% provincial funding; and
- *Appendix “3”* - Consolidated budget.

Each of the sub-budgets have been numbered, as follows, and these numbers will be used consistently throughout this report when referring to a sub-budget component:

| Sub-budget | Report Reference Number | Appendix |
|--|--------------------------------|-----------------|
| Cost-Shared Programs (Mandatory & Related) | (1) | Appendix “1” |
| 100% MOH Funded Budgets | (2) | Appendix “2” |
| Consolidated Budget | (3) | Appendix “3” |

ASSUMPTIONS

The following assumptions have informed the 2020 budget:

A. *Status Quo Forecast*

- Provincial funding increase of 0% for all cost-shared programs;
- Provincial reduction in funding of approximately \$673k for most programs and initiatives that historically have been funded at 100% (from 100% to 70/30% Provincial/Municipal split);
- Municipal funding increase of 2%;
- Salaries increase of 2.0% for all management, union and non-union staff except MOH/CEO and AMOH; and
- Benefits:
 - Statutory – approximately 3% increases based on trajectory from past 3 years; and
 - Non-statutory – approximately 9% increases based on projections by Benefit Consultants (Mosey & Mosey) earlier in the Summer.

B. *Other Key Changes in 2020 Budget*

- Employee Salaries and Wages – reduction to “one-time strategic investments” (FTE contracts) in 2020 compared to 2019;
- Employee Benefits – reduction due to a variety of FTE changes. Changes noted in the bullet above;
- Investment in new ERP system (all-in-one – HR, finance, scheduling, inventory) to replace old legacy systems;
- Efficiencies found in various operational areas:
 - Building occupancy costs – continued utilities savings from newer lighting, HVAC controls and other more efficient monitoring equipment; and
 - Office supplies and photocopying.
- Additional IT security costs to minimize impacts of future cyber-attacks;
- Rent revenues (expenditure recoveries) generated by recently renovated and rented space in Orangeville office; and
- Elimination of “one-time strategic investments” (initiatives) from 2020 budget.

(1) COST-SHARED PROGRAMS

Funding for Cost-Shared *Mandatory* Programs is received as a global budget, which means that the Agency receives a lump sum amount of funding from the province, which is intended to fund program deliverables the Agency needs to meet the Ontario Public Health Standards. The allocation of these funds is determined by the Board of Health (BOH) based on Senior Management recommendations.

In 2020, the MOH transitioned a number of programs that historically received 100% funding - to the cost-shared envelope using a 70/30 funding split. This change results in a net funding decrease of \$673k for the 2020 year. The programs added to the cost-shared envelope in 2020 are shown at the bottom of the program list that follows.

Cost-Shared Programs:

| | |
|--|--------------------------------------|
| Active Living | Menu Labelling |
| Community Based Immunization Outreach | Non-Publicly Funded Immunizations |
| Community Connections | On Call |
| Effective Public Health Practice | Oral Health |
| Emergency Management | Parenting |
| Food Safety | Population Health Assessment |
| Harm Reduction | Preconception Health |
| Health Equity | Rabies |
| Health Hazard Prevention & Management | School Health Promotion |
| Healthy Eating | Sexual Health |
| Healthy Families | Speech & Language |
| Healthy Pregnancies | Substance Use |
| Immunization Monitoring & Surveillance | Tuberculosis Prevention & Management |
| Immunizations for Children in Schools & Licensed Child Care Settings | Vaccine Administration |
| Infection Control | Vaccine Management |
| Infectious Diseases Prevention | Vision Screening |
| Injury Prevention | Vector-Borne Diseases |
| Mental Health Promotion | Safe Water |

New for 2020: Programs, Positions and Enhancements that previously received 100% MOH funding in 2019 but are now Cost-Shared (70/30)

| | |
|---|--|
| Healthy Smiles Ontario | Harm Reduction Program Enhancement |
| Smoke Free Ontario Strategy | Needle Exchange Program Initiative; |
| Social Determinants of Health Nurses Initiative | Infection Prevention and Control Nurses Initiative |
| Enhanced Food Safety | Chief Nursing Officer |
| Enhanced Safe Water | Infectious Diseases Control Initiative |

(2) 100% MOH FUNDED BUDGETS

The MOH also provides “pots” of 100% funding for specific positions, programs and enhancements to programs. The number of programs in this budget has been significantly reduced in 2020, from 13 initiatives in 2019, down to 2 initiatives in 2020.

This funding is presented, in aggregate, in Appendix “2”, and includes the following:

- MOH/AMOH Compensation Initiative; and
- Ontario Seniors Dental Care Program.

(3) CONSOLIDATED BUDGET

The Consolidated budget shows the Cost-Shared Program Budget (Mandatory & Related) and 100% MOH Funded programs combined together. This can be viewed in Appendix “3”.

WDGPH programs that are not included in this draft budget are:

- Healthy Babies Healthy Children (HBHC) – funding provided by the MCCSS;
- Preschool Speech and Language (PSL) – March 31st year-end – funding provided by MCCSS;
- County of Wellington Special Needs Resourcing – funding provided by the County of Wellington; and
- Other Community Grants – based on individual service contracts.

ANALYSIS/RATIONALE

Budget Objectives

The Senior Leadership Team's (SLT) objectives for the 2020 budget are:

- Alignment with organizational vision and strategy, updated Ontario Public Health Standards, and Accountability Framework;
- Balanced budget;
- Value for money;
- Limiting the effects of the MOH's funding decrease to our municipal partners; and
- Reducing overall Agency liability in anticipation of amalgamation.

Budget Process

The following process was undertaken for the preparation of the 2020 budget:

To date:

- Budget guidelines provided to management team;
- Salaries and benefits costs for 2020 calculated by Finance with support from the Agency's benefit provider;
- Preparation of program operating budgets and operational plans by Program Managers;
- Review of program operating budgets and operational plans by Directors;
- Finance compilation of Divisional Budgets;
- Finance meetings with each Director and their Managers to review budgets submitted;
- SLT review of draft budget and preliminary discussion of one-time grant requests;
- SLT meetings to determine how to address funding reduction of \$673k; and
- Preparation of report and presentation for Finance-Facilities Committee based on SLT approved draft.

To come:

- Finance + Facilities Committee review and recommendation to BOH for approval;
- BOH approval;
- Finalize list of one-time grants;
- Present final list of one-time grants to be submitted to BOH in February 2020;
- Preparation of Annual Service Plan and Budget Submission;
- Submit Annual Service Plan and Budget Submission (by February 28, 2020); and
- Receive provincial funding approval from MOH later in 2020.

2020 Budget Information

One-Time Grants

One-time grants requests are currently being considered. Once determined, a final list of requests will be provided to the BOH ahead of the MOH submission deadline on February 28th.

Risk Analysis

As of the writing of this report, the areas of risk and opportunity for the BOH related to the 2020 budget are:

- Further reductions in provincial funding; and
- Further impacts from the Province's Public Health Transformation/Amalgamation efforts.

APPENDICES

Appendix "1" – Cost-Shared Mandatory and Related Programs Budget (1)

Appendix "2" – 100% MOH Funded Programs Budget (2)

Appendix "3" – Consolidated Budget (3)

Appendix "4" – Budget Notes

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Approved by:
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& CEO

Appendix "1"
Cost-Shared Programs Budget (Mandatory and Related)

Wellington-Dufferin-Guelph Public Health 2020 Draft Budget

Fund Category: All Cost-shared programs

Fund: Multiple

| | 2019 BOH Approved | 2019 Revised based on Provincial Funding Approval | 2020 Draft | Increase (Decrease) \$ | Increase (Decrease) % | Notes |
|--|----------------------|--|-------------------|---------------------------|-----------------------------|---------|
| Revenues | | | | | | |
| Funding | | | | | | |
| Grant - MOH | 14,781,500 | 14,781,500 | 14,108,150 | (673,350) | -4.56% | Note 1 |
| Grant - City of Guelph | 3,946,353 | 3,946,353 | 4,025,278 | 78,925 | 2.0% | Note 2 |
| Grant - County of Wellington | 2,724,105 | 2,724,105 | 2,778,587 | 54,482 | 2.0% | Note 2 |
| Grant - County of Dufferin | 1,843,489 | 1,843,489 | 1,880,360 | 36,871 | 2.0% | Note 2 |
| Transfers from reserve | 22,333 | 22,333 | 22,333 | 0 | 0.0% | |
| <i>Total Funding</i> | <u>23,317,780</u> | <u>23,317,780</u> | <u>22,814,708</u> | <u>(503,072)</u> | <u>-2.16%</u> | |
| Interest Income | | | | | | |
| Interest revenue | 27,000 | 27,000 | 27,000 | 0 | 0.0% | |
| <i>Total Interest Income</i> | <u>27,000</u> | <u>27,000</u> | <u>27,000</u> | <u>0</u> | <u>0.0%</u> | |
| <i>Total Revenues</i> | <u>23,344,780</u> | <u>23,344,780</u> | <u>22,841,708</u> | <u>(503,072)</u> | <u>-2.15%</u> | |
| Expenses | | | | | | |
| Employee Costs | | | | | | |
| Employee salaries & wages | 13,801,135 | 13,801,138 | 13,203,521 | (597,617) | -4.33% | Note 3 |
| Employee benefits | 4,036,161 | 4,036,159 | 4,007,964 | (28,194) | -0.7% | Note 4 |
| <i>Total Employee Costs</i> | <u>17,837,296</u> | <u>17,837,297</u> | <u>17,211,486</u> | <u>(625,811)</u> | <u>-3.51%</u> | |
| Operating Costs | | | | | | |
| Travel | 265,226 | 265,226 | 265,483 | 257 | 0.1% | |
| Staff training | 179,415 | 179,415 | 179,056 | (359) | -0.2% | |
| Program supplies | 665,867 | 665,866 | 663,101 | (2,766) | -0.42% | |
| Professional & purchased services | 826,890 | 826,890 | 848,275 | 21,385 | 2.59% | Note 5 |
| Equipment and furniture | 7,793 | 7,793 | 7,868 | 75 | 0.96% | |
| Board of Health | 38,500 | 38,500 | 34,650 | (3,850) | -10.0% | |
| Building occupancy | 2,259,894 | 2,259,894 | 2,218,715 | (41,180) | -1.82% | Note 6 |
| Information & IT equipment | 728,483 | 728,483 | 749,474 | 20,991 | 2.88% | Note 7 |
| Telecommunications | 149,050 | 149,050 | 162,882 | 13,832 | 9.28% | Note 8 |
| Office expenses, printing, postage | 179,217 | 179,217 | 159,193 | (20,024) | -11.17% | Note 9 |
| Expenditure recoveries and offset revenue | (363,712) | (363,712) | (393,048) | (29,336) | 8.07% | Note 10 |
| Transfers to reserves | 384,727 | 384,727 | 388,574 | 3,847 | 1.0% | |
| One-time strategic investments - Operating | 186,134 | 186,134 | 346,000 | 159,866 | 85.89% | Note 11 |
| <i>Total Operating Costs</i> | <u>5,507,483</u> | <u>5,507,483</u> | <u>5,630,222</u> | <u>122,739</u> | <u>2.23%</u> | |
| <i>Total Expenses</i> | <u>23,344,779</u> | <u>23,344,780</u> | <u>22,841,708</u> | <u>(503,072)</u> | <u>-2.15%</u> | |
| Net Surplus (Deficit) | <u>0</u> | <u>(0)</u> | <u>(0)</u> | <u>(0)</u> | | |

Appendix "2"

100% MOH Funded Budget

Wellington-Dufferin-Guelph Public Health 2020 Draft Budget

Fund Category: 100% Related Programs

Fund: MOH/AMOH Compensation Initiative, Ontario Seniors Dental Care Program

| | 2019 BOH Approved | 2019 Revised based on Provincial Funding Approval | 2020 Draft | Increase (Decrease) \$ | Increase (Decrease) % |
|------------------------------------|----------------------|--|------------|---------------------------|-----------------------------|
| Revenues | | | | | |
| Funding | | | | | |
| Grant - MOH | 83,505 | 735,330 | 1,007,218 | 271,888 | 36.97% |
| <i>Total Funding</i> | 83,505 | 735,330 | 1,007,218 | 271,888 | 36.97% |
| <i>Total Revenues</i> | 83,505 | 735,330 | 1,007,218 | 271,888 | 36.97% |
| Expenses | | | | | |
| Employee Costs | | | | | |
| Employee salaries & wages | 72,051 | 305,588 | 435,310 | 129,723 | 42.45% |
| Employee benefits | 11,454 | 83,545 | 120,545 | 37,000 | 44.29% |
| <i>Total Employee Costs</i> | 83,505 | 389,133 | 555,855 | 166,723 | 42.84% |
| Operating Costs | | | | | |
| Travel | 0 | 3,750 | 5,000 | 1,250 | 33.33% |
| Staff training | 0 | 1,688 | 2,250 | 563 | 33.33% |
| Program supplies | 0 | 115,760 | 144,113 | 28,353 | 24.49% |
| Professional & purchased services | 0 | 198,000 | 264,000 | 66,000 | 33.33% |
| Building occupancy | 0 | 7,500 | 10,000 | 2,500 | 33.33% |
| Office expenses, printing, postage | 0 | 19,500 | 26,000 | 6,500 | 33.33% |
| <i>Total Operating Costs</i> | 0 | 346,197 | 451,363 | 105,165 | 30.38% |
| <i>Total Expenses</i> | 83,505 | 735,330 | 1,007,218 | 271,888 | 36.97% |
| Net Surplus (Deficit) | 0 | 0 | (0) | (0) | |

Appendix "3"
Consolidated Budget

Wellington-Dufferin-Guelph Public Health 2020 Draft Budget

Fund Category: 100% Related Programs, Cost-shared Related Programs, Mandatory Programs

Fund: All

| | 2019 BOH Approved | 2019 Revised based on Provincial Funding Approval | 2020 Draft | Increase (Decrease) \$ | Increase (Decrease) % |
|--|----------------------|--|-------------------|---------------------------|-----------------------------|
| Revenues | | | | | |
| Funding | | | | | |
| Grant - MOH | 14,865,005 | 15,516,830 | 15,115,368 | (401,462) | -2.59% |
| Grant - City of Guelph | 3,946,353 | 3,946,353 | 4,025,278 | 78,925 | 2.0% |
| Grant - County of Wellington | 2,724,105 | 2,724,105 | 2,778,587 | 54,482 | 2.0% |
| Grant - County of Dufferin | 1,843,489 | 1,843,489 | 1,880,360 | 36,871 | 2.0% |
| Transfers from reserve | 22,333 | 22,333 | 22,333 | 0 | 0.0% |
| Total Funding | 23,401,285 | 24,053,110 | 23,821,926 | (231,184) | -0.96% |
| Interest Income | | | | | |
| Interest revenue | 27,000 | 27,000 | 27,000 | 0 | 0.0% |
| Total Interest Income | 27,000 | 27,000 | 27,000 | 0 | 0.0% |
| Total Revenues | 23,428,285 | 24,080,110 | 23,848,926 | (231,184) | -0.96% |
| Expenses | | | | | |
| Employee Costs | | | | | |
| Employee salaries & wages | 13,873,186 | 14,106,726 | 13,638,831 | (467,894) | -3.32% |
| Employee benefits | 4,047,615 | 4,119,704 | 4,128,510 | 8,806 | 0.21% |
| Total Employee Costs | 17,920,801 | 18,226,429 | 17,767,341 | (459,088) | -2.52% |
| Operating Costs | | | | | |
| Travel | 265,226 | 268,976 | 270,483 | 1,507 | 0.56% |
| Staff training | 179,415 | 181,102 | 181,306 | 204 | 0.11% |
| Program supplies | 665,867 | 781,626 | 807,213 | 25,587 | 3.27% |
| Professional & purchased services | 826,890 | 1,024,890 | 1,112,275 | 87,385 | 8.53% |
| Equipment and furniture | 7,793 | 7,793 | 7,868 | 75 | 0.96% |
| Board of Health | 38,500 | 38,500 | 34,650 | (3,850) | -10.0% |
| Building occupancy | 2,259,894 | 2,267,394 | 2,228,715 | (38,680) | -1.71% |
| Information & IT equipment | 728,483 | 728,483 | 749,474 | 20,991 | 2.88% |
| Telecommunications | 149,050 | 149,050 | 162,882 | 13,832 | 9.28% |
| Office expenses, printing, postage | 179,217 | 198,717 | 185,193 | (13,524) | -6.81% |
| Expenditure recoveries and offset revenue | (363,712) | (363,712) | (393,048) | (29,336) | 8.07% |
| Transfers to reserves | 384,727 | 384,727 | 388,574 | 3,847 | 1.0% |
| One-time strategic investments - Operating | 186,134 | 186,134 | 346,000 | 159,866 | 85.89% |
| Total Operating Costs | 5,507,483 | 5,853,680 | 6,081,585 | 227,904 | 3.89% |
| Total Expenses | 23,428,284 | 24,080,110 | 23,848,926 | (231,184) | -0.96% |
| Net Surplus (Deficit) | 0 | (0) | (0) | (0) | |

Appendix “4”

Budget Notes

Notes for 2020 Draft Budget (Variances 2020 vs. 2019):

- Note 1:** Provincial Funding - Reduction announced in 2019 Ontario Budget - 100% funded programs changing to 70/30% split (provincial/municipal)
- Note 2:** Municipal Funding - request to each municipality for annual inflationary increases
- Note 3:** Employee Salaries and Wages - reduction to “one-time strategic investments” (FTE contracts) in 2020 compared to 2019
- Note 4:** Employee Benefits - various FTE changes and a reduction in “one-time strategic investments” that have affected staffing levels
- Note 5:** Professional and Purchased Services - 2020 CBA negotiations fees
- Note 6:** Building Occupancy - reduction in building budgets for Guelph and Orangeville offices based on utilities cost-savings efficiencies
- Note 7:** Information & IT Equipment - includes additional subscriptions required to improve IT cyber-security
- Note 8:** Telecommunications – increased costs (est. 30%) for internet/website communications
- Note 9:** Office Expenses -reductions office supplies budgets
- Note 10:** Expenditure Recoveries and Offset Revenues - Orangeville rental revenue
- Note 11:** Primarily due to implementation of new ERP system (delayed from 2019)