

MIDDLESEX-LONDON HEALTH UNIT

REPORT NO. 053-11

TO: Chair and Members of the Board of Health

FROM: Graham L. Pollett, MD, FRCPC  
Medical Officer of Health

DATE: 2011 May 19

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## 2012 CITY OF LONDON BUDGET TARGET

### **Recommendation**

*It is recommended that Report No. 053 -11 re 2012 City of London Budget Target be received for information.*

### **Background**

The City of London has initiated its 2012 budget process by establishing budget targets for City departments and external Boards and Commissions who receive City funding. The target for the Middlesex-London Health Unit (MLHU) would result in an expedited transition to a 75%/25% cost-sharing arrangement. This report explains the history behind the current funding arrangement and highlights the potential impact of the proposed 2012 budget target.

### **Public Health Funding History**

Prior to 1998, public health units were funded on a 75% provincial/25% municipal basis. In 1998, public health funding was downloaded 100% to municipalities. This was changed in 1999 when the province assumed 50% of public health funding.

In May 2004, the provincial government announced increased funding to public health units as a result of deficiencies found in the public health system through reviews undertaken of the provincial response to the 2003 SARS Crisis. In a December 9, 2004, letter to Boards of Health, the then Chief Medical Officer of Health, the late Dr. Sheila Basrur stated, "New provincial funding is intended to enhance the total funding available for public health in order to improve local public health capacity." The Province committed to strengthen the public health system by increasing its level of funding to 75% from 50% over a three-year period. The sequencing for this change was to be as follows:

- January 1, 2005 – 55% province, 45% municipalities
- January 1, 2006 – 65% province, 35% municipalities
- January 1, 2007 – 75% province, 25% municipalities.

As per Dr. Basrur's correspondence, the intention of this funding transition to 75%/25% was to increase funding to public health units, not simply to rearrange the cost-sharing of the current level of funding. By having municipalities hold to their 2004 funding contributions to public health units, the province would achieve increased funding to public health by not just increasing its percentage of the funding, but also by increasing the actual amount of dollars. Both City of London and Middlesex County Councils agreed to the proposed 2005 Board of Health budget plan to maintain their contribution at the 2004 funding level.

This was especially important for this Health Unit, in that prior to 2004, the MLHU ranked 34<sup>th</sup> out of 37 health units on a per capita funding basis. In addition, a provincial survey of health units regarding

compliance with the Mandatory Health Program and Services Guidelines demonstrated this Health Unit was in significant noncompliance with many of the key indicators.

### Cap of Provincial Grant

The Province announced during the 2006 budget process that it was capping its grant to Boards of Health to a 5% annual increase. This resulted in an altered cost-sharing formula from that originally scheduled for 2006, i.e., 62%/38% rather than 65%/35%. However, both the City of London and Middlesex County Councils agreed to continue the Board of Health budget plan which called for maintaining each municipal funder's budget contribution to remain at the 2004 level on an ongoing basis. This would enable the 75%/25% cost-sharing arrangement to be achieved over a longer period of time (10 years) rather than the originally scheduled 3 year period. In 2009, the province made an additional change to its level of funding, capping its annual grant increase to 3% where it has remained.

The success of the 2005 Board of Health budget plan can be seen in Appendix A which demonstrates the increase in funding (\$7.9 million) realized by MLHU since 2004 resulting from annual provincial funding increases, with no increase in funding from either municipality over the same period. The current cost-sharing ratio is 67%/33%.

### City of London – 2012 Budget Target

City of London staff is presently engaging City Council in a 2012 budget target process. On May 10<sup>th</sup>, City staff presented to City Council (sitting as Committee of the Whole) the proposed 2012 budget targets for Civic Departments and Boards & Commissions. The proposal would achieve an overall residential property tax increase of 1.5%. As part of attaining this target, it was recommended that the City reduce its contribution to the MLHU in an amount which would result in a 75%/25% cost-sharing arrangement in 2012. The outcome of the Committee of the Whole meeting related to MLHU funding is the new target calls for a \$500k reduction in 2012 with a phase-in to a 75%/25% cost-shared arrangement by 2014.

The potential budget impact of this revised target for 2012 would be an 8.07% City of London and Middlesex County budget reduction and an overall budget decrease of \$137,047, as depicted in Table I below.

**Table I – 2012 City of London Proposed Budget Target Impact**

	Total	Province	City	County
2011 Cost-Shared Programs	\$ 22,640,172	\$ 15,265,102	\$ 6,195,059	\$ 1,180,011
2012 Cost-Shared Target	22,503,125	15,723,055	5,695,059	1,085,011
<b>Increase/(Decrease)</b>	<b>(137,047)</b>	<b>457,953</b>	<b>(500,000)</b>	<b>(95,000)</b>

Mr. John Millson, Director, Finance and Operations, will be in attendance at the May 19<sup>th</sup> Board of Health meeting to answer any questions.

Graham L. Pollett, MD, FRCPC  
Medical Officer of Health

**This report addresses** Policy No. 4-10, (Budget Preparation and Approval) as outlined in the MLHU Administration Policy Manual.