



TO: Chair and Members of the Board of Health

FROM: Christopher Mackie, Medical Officer of Health / Chief Executive Officer

DATE: 2017 October 19

2018 BOARD OF HEALTH BUDGET – FINANCIAL PARAMETERS

Recommendation

For 2018 planning purposes, it is recommended that the Board of Health approve:

- 1) An increase of 0% in provincial funding for Mandatory Programs;*
- 2) An increase of 0% in municipal funding for Mandatory Programs; and*
- 3) A grant increase of 0% for all other programs.*

Key Points

- On September 21, the Board of Health approved the 2018 process, criteria and weighting for Program Budgeting and Marginal Analysis (PBMA) proposals.
- Financial parameters are required in developing the operating budget.
- The province remains committed to funding public health units on a formula basis.
- The City of London’s 2016–19 approved operating budgets include a 0% change in the level of funding for the MLHU. The County of Middlesex does not typically provide budget guidance.

Background

The Program Budgeting and Marginal Analysis (PBMA) process is a criteria-based budgeting process that facilitates allocation of resources based on maximizing service impact. At its September 21 meeting, the Board approved the process, criteria and weighting by which proposals will be reviewed as explained in [Report No. 029-17FFC](#), re: “Proposed 2018 PBMA Process, Criteria and Weighting.”

2018 Budget – Financial Parameters

Developing high-level planning parameters is an integral part of any budget development process. Such parameters help guide and inform planning and resource allocation decisions. Several factors are considered when recommending budget parameters, including the Health Unit’s strategic direction, provincial funding guidance and municipal funding considerations.

Provincial Funding

As part of its 2017 planning process, the Board of Health approved a budget that included a 1.5% increase in provincial funding for Mandatory Programs. As of October 3, the Ministry of Health and Long-Term Care (MOHLTC) has not provided grant approvals for 2017; however, all health units have been strongly advised to expect a 0% increase in base funding for Mandatory Programs. In the event that further funding is available, it is expected that any Mandatory Funding Grants would be based on the funding model that was rolled out in 2015 (although this has not been confirmed). The Ministry has further indicated that health units should plan for no growth funding in 2018 given various factors, including the Province’s objective to balance its annual budget by 2017–18.

For 100% provincially funded programs, such programs historically have not received annual increases. However, the Preschool Speech and Language Program received an increase of \$336,059 in base funding

(from \$1,482,315 to \$1,818,374) in 2015–16, its first increase in more than seven years. For Ministry of Children and Youth Services programs, the granting process is different: the Minister approves a preliminary grant and then requests that public health units submit program budget and service outcomes based on the preliminary grant.

Municipal Funding

In 2016, the City of London approved a multi-year budget for 2016–19. Should there be no significant changes during this four-year period, business plans will be updated and City Council will be provided an annual progress update. The city's multi-year budget was approved on March 10, 2016, with a four-year average tax-levy target of between 2.2% and 2.9%. Included in the city's budget was a 0% change in their contribution to the [Health Unit](#). This is consistent with the previous year's requests. The municipal level of contribution to the MLHU has remained more-or-less the same since 2005, aside from a \$119,000 reduction in 2012. The County of Middlesex approves its budget in March each year, and has not historically provided budget target guidance in the past.

Conclusion

Developing high-level planning parameters is an integral part of any budget development process. Such parameters help to guide and inform planning and resource allocation decisions and to prioritize options for management when bringing forward recommendations to the Finance & Facilities Committee and the Board of Health. For the 2018 operating budget development process, it is recommended that the Board of Health approve 0% provincial and municipal grant increases for Mandatory Programs and a 0% grant increase for all other programs.

This report was prepared by the Corporate Services Division.



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