

TO: Chair and Members of the Finance & Facilities Committee
FROM: Christopher Mackie, Medical Officer of Health / CEO
DATE: 2019 October 31

2020 BUDGET – PROGRAMING BUDGETING AND MARGINAL ANALYSIS (PBMA) DISINVESTMENT PROPOSALS

Recommendation

It is recommended that the Finance & Facilities Committee approve PBMA Disinvestments totaling \$493,388 as outlined in [Appendix A](#) of Report No. 033-19FFC.

Key Points

- Program Budgeting and Marginal Analysis (PBMA) is an integral part of the Health Unit's budget process and allows us to identify opportunities for reallocating resources from areas of lower impact to areas of higher impact.
- In the context of budget contraction, PBMA can help maintain adequate budget support for programs and services with the greatest impact on health.
- Through the PBMA process, disinvestments of \$493,388 have been identified to offset the funding shortfall related to inflationary pressures, including expected increases in facility costs.

Background

In report [026-19FFC, Proposed 2020/21 Budget Process, Criteria & Weighting](#), revisions to the approach to PBMA were introduced for 2020/21 including a revision to the proposed budget timeframe and introduction of a two-part budget. Subsequently, the Health Unit was advised that the Ministry of Health and Long-Term Care will continue to plan funding health units on a calendar fiscal basis, unchanged from prior years. Due to this revision to the planning timeframe, the revised funding shortfall was calculated to be \$473,972 to accommodate funding at the same level as 2019.

The budget process has been modified for 2020 whereby the focus is to identify disinvestments sufficient to support inflationary pressures. The likelihood that surplus funds can be identified to invest in new program opportunities remains unlikely.

Proposed PBMA Disinvestment Opportunities

A total of fourteen disinvestment proposals amounting to \$493,388, are recommended by the Senior Leadership Team for inclusion in the 2020 Health Unit Budget. Descriptions of the proposals are included in Appendix A.

Next Steps

If approved, the recommended proposals will be incorporated into the 2020 budget proposal.

This report was prepared by the Finance Team, Healthy Organization Division.



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