



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2020 September 10

PROPOSED 2021 PBMA PROCESS, CRITERIA & WEIGHTING

Recommendation

It is recommended that the Finance & Facilities Committee receive and make recommendation to the Board of Health to approve the 2021 PBMA criteria and weighting that is proposed in [Appendix A](#) to Report No. 022-20FFC.

Key Points

- MLHU is preparing for its eighth year of the PBMA criteria-based budgeting process.
- No changes are currently proposed to the criteria and weightings for 2021.
- The health unit does not anticipate an overall increase in funding for cost-shared programs from the Ministry and funding from the municipalities is also expected to be flat with 2020 and 2019 levels.

Background

Program Budgeting Marginal Analysis (PBMA) is a criteria-based budgeting process that facilitates reallocation of resources based on maximizing service. This is done through the transparent application of pre-defined criteria and decision-making processes to prioritize where proposed funding investments and disinvestments are made.

The forecasting process is focused on impact of provincial budget constraints and incremental costs related to salaries and benefits as well as costs associated with the relocation to Citi Plaza and costs to service bank debt going forward. Due to a significant risk of a net funding shortfall, proposed disinvestments will be considered but it is unlikely that there will be surplus funds available to be invested in new program opportunities.

2021 Budget Guidelines

The 2021 PBMA process consist of:

- a) Validation of the assessment criteria and weighting for disinvestments by the Senior Leadership Team;
- b) Approval of criteria and weighting by the Finance and Facilities Committee;
- c) Proposal development that identifies disinvestments that will have the least negative impact and investments with the highest positive impact;
- d) Review of proposals by internal advisory committees;
- e) Proposal review and recommendations by the Senior Leadership Team;
- f) Review by the Finance and Facilities Committee and approval by the Board of Health.

Baseline Assumptions

For 2021, MLHU is assuming that the change in funding mix for cost shared programs will remain unchanged from 2020 as the Ministry has indicated that it will provide one-time funding in 2021 to ensure that a 70:30 cost share split between the Ministry and the municipalities is maintained as well as ensuring that municipal contributions remain flat with 2019 and 2020 funding levels.

Next Steps

The criteria and weights approved by the Finance and Facilities Committee will be applied to each proposal for disinvestment and investment. The recommended proposals will be brought to the Finance & Facilities Committee and the Board of Health for approval as part of the 2021 budget process. Further, staff will work towards the development of the 2021 Budget based on the direction of the Board with respect to the budget horizon.

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



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On behalf of Christopher Mackie, Medical Officer of Health



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