

The Regional Municipality of York

Committee of the Whole
Community and Health Services
February 2, 2023

Report of the Commissioner of Finance

2023 to 2026 Budget – Community and Health Services

1. Recommendations

1. Committee of the Whole recommends the budget as submitted for Community and Health Services as follows:
 - a. The 2023 operating budget and 2024 to 2026 operating outlook as summarized in Attachment 1.
 - b. The 2023 capital expenditures and Capital Spending Authority, as summarized in Attachment 2.
2. The recommended budget be consolidated by the Commissioner of Finance and Regional Treasurer for consideration by Council on February 23, 2023.

2. Summary

This report provides a summary of the 2023 to 2026 Operating and Capital Budget for Community and Health Services for consideration by Committee of the Whole. Details of the budget can be found on page 117 of the [2023 to 2026 Budget Book](#).

Key Points:

- The proposed budget enables Community and Health Services to provide critical human services to York Region residents every day and at every stage of life by protecting their health and safety, supporting community housing and housing stability, improving access to health and social support services, and adapting as COVID-19 becomes endemic, delivering services for those most impacted by the virus, and continuing efforts to achieve high vaccination coverage
- The 2023 proposed gross operating expenditures are \$914.2 million, which is 31.4% of total Regional operating expenditures
- After non-tax revenues of \$645.7 million, the proposed net operating budget is \$268.5 million, or 20.0% of the Region's net expenditures, representing an increase of 3.98% from the 2022 budget

- The 2023 proposed capital budget is \$75.7 million, or 8.5% of the proposed total Regional capital expenditures, with proposed Capital Spending Authority of \$140.0 million
- In addition to the proposed operating budget and capital plan, Community and Health Services continues to advocate for senior government funding on a number of key affordable housing priority projects, presented in the table on page 325 of the Budget Book which provides a list of projects without committed senior level funding.

Further information is provided in the private attachment to this report as it relates to labour relations in accordance with section 239(2)(d) of the Municipal Act.

3. Background

Community and Health Services helps residents to be healthy, safe, engaged in community life, and contributing to the economy. As the extraordinary events of the last three years underscored, its work touches the lives of residents every day and at every stage of life.

The 2023 Budget was tabled with Council on January 26, 2023 with a proposed 2023 tax levy increase of 2.90% and an additional Rapid Transit / Infrastructure Levy of 1%

The [2023 Budget Direction](#) report established the timeline of tabling the 2023-26 Budget in January 2023, with departmental reviews by Committee of the Whole in February, and final approval by Council scheduled for February 23, 2023.

The proposed 2023 to 2026 Operating and Capital Budget was tabled with Council on January 26, 2023. It included a proposed tax levy increase of 2.90%. The tabled budget also includes an additional Rapid Transit / Infrastructure Levy of 1% to help fund the Yonge North Subway Extension and other critical infrastructure, which is consistent with funding requirements identified as part of the [2022 Regional Fiscal Strategy report](#), [2023 Budget Direction](#) report, and the [2022 Fiscal Sustainability Update](#). The budget as tabled was received and referred to the February meetings of Committee of the Whole for consideration and recommendation.

The 2023 Budget is the first year of the 2023-2026 Multi-year Budget covering the term of Council

The operating budget as presented includes the proposed 2023 budget and an outlook for 2024 to 2026. The outlook will be reviewed annually through the budget process. Each year Council will consider the proposed budget for the upcoming year and the outlook for the remaining years of Council's term.

For the 2023 to 2026 budget, Council is asked to approve the 2023 proposed operating budget and endorse the 2024 to 2026 outlook.

Multi-year commitments for capital projects are proposed as part of the budget process

Many capital projects span several years of planning, design and construction, requiring spending authority beyond the current budget year.

Capital Spending Authority is requested for 2023 capital expenditures and for projects with contractual and other clear or certain multi-year commitments. As in previous years, Council is asked to approve the proposed 2023 capital expenditures and associated funding sources, as well as the multi-year Capital Spending Authority and associated funding sources.

4. Analysis

OPERATING BUDGET

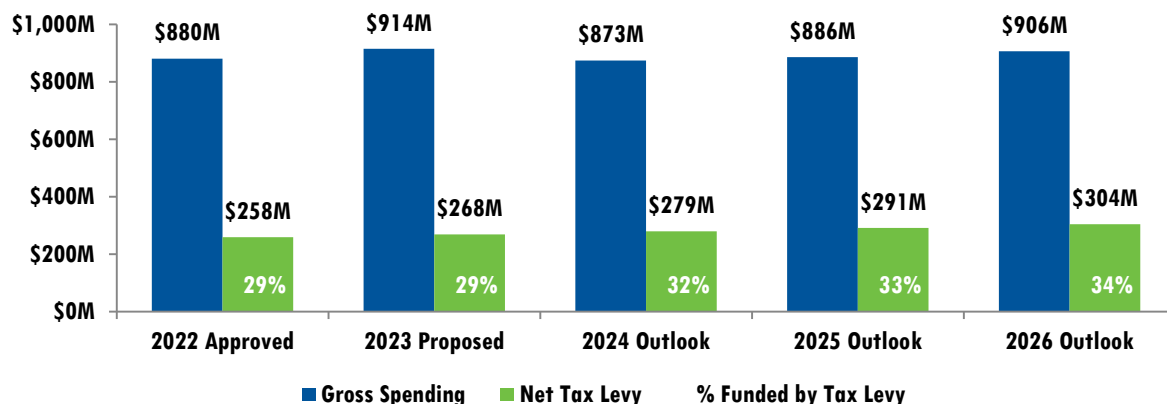
Approval of 2023 gross expenditures of \$914.2 million and net expenditures of \$268.5 million is requested

The budget includes gross operating expenditures (i.e., total budget), and net expenditures, which correspond to the portion of the budget paid by the tax levy. Non-tax revenues fund the difference. For Community and Health Services, non-tax revenues primarily reflect grants and subsidies from senior orders of government. Other non-tax revenue sources include reserves, a portion of Housing York Inc. tenant rents to fund Regional support and staffing for Housing York Inc., long term care resident fees, other fees and charges, and recoveries from third parties.

The 2023 proposed gross operating expenditures for Community and Health Services are \$914.2 million, or 31.4% of total Regional expenditures. The proposed 2023 net expenditures of \$268.5 million are 20.0% of the total, representing an increase of 3.98% from 2022 budget. The tax levy funds 29.4% of Community and Health Services' 2023 gross expenditures, as shown in Figure 1 below.

Figure 1

2023 Proposed Gross and Net Operating Expenses



Key drivers in Community and Health Services' proposed 2023 operating budget include growth-related needs in Paramedic Services and legislated changes affecting Long-Term Care

Community and Health Services' proposed 2023 net budget is \$268.5 million, an increase of 3.98% from the previous budget.

The department's proposed 2023 net budget is higher than the 2022 budget primarily due to implementation of the Council-approved 2021-2031 Paramedic Services Master Plan to achieve response time targets as the Region's population grows and ages, mandated reforms to Long-Term Care including emergency preparedness and direct hours of care, resources required to deliver on mandated programs as required by Ontario Public Health Standards, and inflationary pressures. The department is expecting a continued reduction in anticipated COVID-19 related costs as reflected in the 2024 proposed outlook.

The percentage increase in the proposed Community and Health Services budget does not reflect any offset from assessment growth revenue, as assessment growth is applied to reduce the overall Regional tax levy, rather than apportioned to individual departments.

Funding from senior governments represents 66.9% of the department's 2023 budget

Senior government funding will cover approximately 66.9% of the department's 2023 operating spending and represents initiatives mandated by the Province. Approximately two-thirds of the Senior government funding is in Social Services, followed by Public Health at 18%, Paramedic and Seniors Services 13% and Housing Services 3%.

The majority of Regional tax-levy funding for Provincial programs is in Public Health, Paramedic and Seniors Services. The proposed budget and outlook maintain funding assumptions for these areas similar to those included in the last multi-year budget. In Public Health, the ongoing base Provincial portion of its cost-share is capped at 2022 levels, which results in a higher effective share of costs borne by the Region. Similarly for Long-Term Care, Provincial base funding per bed is lower than actual costs resulting in the Regional tax levy being used to support delivery of this program.

Risks include the proposed budget assumption that Provincial funding will increase to address the needs identified in the [Paramedic Services Master Plan](#). Another risk is the possibility the Province will resume its review of Public Health delivery, which, if implemented, could have significant financial impacts (see [report/attachment](#) to Council on February 27, 2020 here), none of which have been estimated for inclusion in the proposed budget.

Temporary costs related to COVID-19 are expected to wind down by 2024, and ongoing 'new-normal' costs are expected to continue

The COVID-19 pandemic had major impacts on York Region in 2020 to 2022, and some of these are expected to continue in 2023. Significant ongoing impacts for Community and Health Services include increased staffing and ancillary costs to support Public Health's long-

term COVID-19 response balanced with the safe resumption of regular programs, increased costs for staffing, personal protective equipment and cleaning reflecting permanent changes to service delivery required in Long-Term Care homes. Temporary emergency response resources are expected to continue to be funded by the Province. Budgeted costs in 2024-2026 largely reflect expected permanent, ongoing needs related to the endemic nature of the virus.

Budget changes for Child Care and Employment Services are not reflected in the tabled budget but will be included in the final proposed consolidated budget

Two changes from the budget as tabled are required for Child Care and Employment Services. The updates in funding and associated expenditures were not reflected in the budget book tabled with Council on January 26, 2023 or in the budget figures in this report. However, they will be included as part of the consolidated Regional budget for consideration by Council on February 23, 2023 and will be reflected in the final Budget Book which will be published on the Region's website.

The Ministry of Education 2023 Child Care funding allocation was confirmed in December 2022. This funding results in an increase of \$142.1 million in gross expenditures and revenues above what was included in the tabled budget.

The funding amounts and associated expenditures confirmed are as follows:

- \$133.4 million for the Canada Wide Early Learning Child Care program (CWELCC), to reflect a reduction in Child Care fees from 25% in 2022 to 50% in 2023. This funding is flowed to licensed Child Care Operators to replace the reduced fee revenue from parents
- \$6.7 million in one-time transitional grant funding to be used support administrative and child care operating costs, and provide stability to the sector as the Ministry continues to work on the development of the new Child Care Funding Formula
- \$1.1 million in Ontario-Canada Early Learning Child Care funding to increase quality, accessibility, affordability, flexibility, and inclusivity, with prioritization for children aged 0-6 years old

There is no tax levy or FTE impact in 2023 or the outlook years associated with this funding increase.

Earlier this year, the Ministry of Children, Community and Social Services (MCCSS) notified the Region of provincial changes in how employment services Transformation are delivered to people receiving Ontario Works. Budget changes related to this matter are discussed in Private Attachment 1.

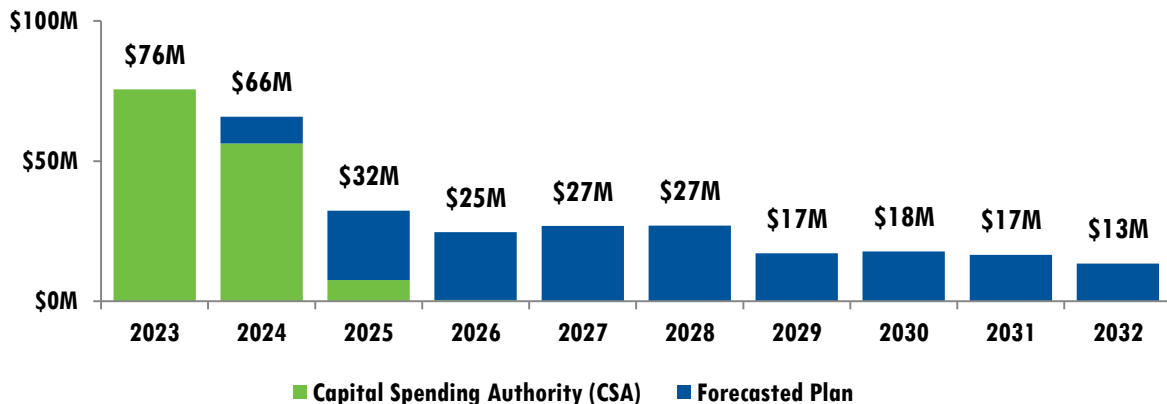
CAPITAL BUDGET

Approval of 2023 capital expenditures of \$75.7 million and Capital Spending Authority of \$140.0 million is requested

Community and Health Services' capital budget enables infrastructure projects to support growth and renewal of housing facilities, paramedic stations, vehicles and equipment, and long-term care equipment and technology. In 2023, Community and Health Services plans to add 10 new and 21 replacement vehicles to its fleet of ambulances and rapid response units. By 2032, Community and Health Services plans to open 8 paramedic stations, 6 new and 2 replacements, and build about 1,677 new Community Housing units, with 1,315 units contingent on securing senior level funding. In addition, Community and Health Services plans to replace the Porter Place men's shelter with a new facility that will increase the total number of emergency and transitional beds available by 7 and 31, respectively.

The 2023 proposed capital expenditures are \$75.7 million, or 8.5% of the total Regional capital expenditures. The proposed Capital Spending Authority is \$140.0 million as shown below in Figure 2, or 2.6% of the Region's total Capital Spending Authority.

Figure 2
Ten-Year Capital Plan and Capital Spending Authority (CSA)



Attachment 2 summarizes the proposed 2023 capital expenditures and Capital Spending Authority by program and shows the associated funding sources for Community and Health Services. Details on the individual projects are available in the 2023 to 2026 Budget Book starting on page 283.

The proposed capital plan excludes \$422.8 million for projects reliant on senior government funding commitments

Based on the projects endorsed by Council for inclusion in the Housing Masterplan, Community and Health Services have an additional \$422.8 million in planned expenditures over the next 10-years to continue reaching its goal of affordable housing. These projects are not included in the Region's 10-year capital plan at this time, as they require funding commitments from senior levels of government and are subject to the Region's Fiscal

capacity considerations. Further details on these projects can be found in the Capital Appendix on page 325 of the Budget Book.

The proposed budget supports the tabled 2023 to 2027 Strategic Plan

The [2023 to 2027 Strategic Plan](#) was tabled at Regional Council on December 15, 2022. The budget for Community and Health Services supports the *Strategic Plan* priorities to:

- **Support Community Well-Being** under the Heathy Communities Area of Focus and
- **Efficiently Deliver Trusted Services** under the Good Government Area of Focus.

More information on alignment between the Strategic Plan and the budget is provided in the 2023 to 2026 Budget Book.

5. Financial

The proposed 2023 net operating budget for Community and Health Services totals \$268.5 million, which represents 3.98% increase before assessment growth revenue, as summarized in Attachment 1.

The proposed 2023 capital budget of \$75.7 million and Capital Spending Authority of \$140.0 million are summarized in Attachment 2.

6. Local Impact

The Region's budget supports a wide range of public services that support and benefit residents and local economies. The Region works with its local municipal partners to develop many Regional programs and services. Local needs and impacts are an important consideration in delivering effective and efficient services for a growing population.

7. Conclusion

This report sets out the proposed operating and capital budgets for Community and Health Services. To facilitate completion of the budget process, it is recommended that the Committee's recommendations be forwarded to Council for consideration on February 23, 2023.

For more information on this report, please contact Kelly Strueby, Director, Office of the Budget at 1-877-464-9675 ext. 71611. Accessible formats or communication supports are available upon request.



Recommended by:

Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer

A handwritten signature in black ink, appearing to read 'K. Chislett'.

Katherine Chislett
Commissioner of Community and Health Services

A handwritten signature in black ink, appearing to read 'B. Macgregor'.

Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

January 10, 2023
14377129

Attachment 1 (below) - 2023 to 2026 Operating Budget for Community and Health Services
Attachment 2 (below) - 2023 Capital Expenditures and Capital Spending Authority (CSA) for
Community and Health Services
Private Attachment (1)

2023-2026 Operating Budget for Community & Health Services

(in \$000s)	Page No.	2022 Budget		2023 Proposed		Change Net %	2024 Outlook		2025 Outlook		2026 Outlook	
		Gross	Net	Gross	Net		Gross	Net	Gross	Net	Gross	Net
Public Health	127	137,818	27,519	136,737	28,507	3.59%	88,238	29,831	89,695	31,351	91,219	32,788
Paramedic Services	130	100,117	48,006	108,429	52,661	9.70%	113,904	55,448	120,237	58,600	126,039	60,478
Long Term Care/Seniors' Services	132	49,089	24,677	55,378	22,125	(10.34%)	58,632	23,313	59,912	24,654	61,368	25,647
Social Assistance ⁴	135	124,024	10,875	124,773	11,124	2.29%	124,452	11,403	123,901	11,752	129,423	12,103
Homelessness Community Programs	137	30,394	13,453	31,836	13,270	(1.36%)	32,384	13,868	33,867	15,278	34,561	15,972
Children's Services ⁴	139	290,706	26,055	297,977	25,268	(3.02%)	296,024	25,585	296,480	26,014	296,945	26,452
Housing Services	141	109,298	71,212	113,670	73,725	3.53%	113,064	76,427	113,832	79,028	117,503	84,958
Strategies and Partnerships	145	15,527	14,199	16,943	14,453	1.79%	17,259	14,593	17,564	14,885	17,859	15,183
Integrated Business Services	147	23,318	22,227	28,451	27,360	23.10%	29,444	28,353	30,167	29,076	31,330	30,239
Total¹		880,290	258,222	914,196	268,494	3.98%	873,401	278,821	885,655	290,637	906,247	303,821

¹ Numbers may not add due to rounding

² The percentage change in the proposed budget does not reflect any offset from assessment growth revenue

³ Summary of the consolidated Operating Budget for York Region can be found on the table on pages 46-47 in the 2023-26 Budget Book

⁴ The above table does not include the additional 2023 Child Care funding of \$141.2 million and associated expenditures, and the Ontario Works \$3.1 million funding reduction and reduction in associated expenditures. These amounts will be included as part of the final budget report to be considered by Regional Council on February 23, 2023

**2023 Capital Expenditures and Capital Spending Authority (CSA)
for Community and Health Services**

Public Health	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Public Health	127	1,100	1,950
Funding Sources:			
Program Specific Reserves	127	1,100	1,950
Total Funding Sources		1,100	1,950

Paramedic Services	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Paramedic Services	130	27,133	58,117
Funding Sources:			
Development Charge Reserve	130	3,173	21,852
Asset Replacement Reserve	130	12,832	18,049
Debt Reduction Reserve	130	1,395	6,733
Grants & Subsidies	130	423	423
Planned Debenture Proceeds	130	9,310	11,060
Total Funding Sources		27,133	58,117

Long-Term Care/Seniors' Services	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Long-Term Care/Seniors' Services	132	10,959	12,985
Funding Sources:			
Development Charge Reserve	132	-	107
Asset Replacement Reserve	132	3,017	3,845
Debt Reduction Reserve	132	5,663	6,360
General Capital Reserve	132	248	248
Grants & Subsidies	132	2,030	2,425
Total Funding Sources		10,959	12,985

Housing Services	Page No.	2023 \$000s	Total CSA \$000s
Program Expenditures:			
Housing Services	141	36,471	66,976
Funding Sources:			
Development Charge Reserve	141	448	1,816
Asset Replacement Reserve	141	1,556	20,288
Debt Reduction Reserve	141	10,345	15,355
Program Specific Reserves	141	5,754	9,149
Grants & Subsidies	141	14,916	16,916
Planned Debenture Proceeds	141	3,452	3,452
Total Funding Sources		36,471	66,976

¹ Summary of the consolidated Capital Budget for York Region can be found on the table on pages 58-59 in the 2023-26 Budget Book

² The proposed capital plan for Housing Services does not include \$422.8 million for projects reliant on senior government funding commitments