

**Report to
Rapport au:**

**Ottawa Board of Health
Conseil de santé d'Ottawa
15 September 2025 / 15 septembre 2025**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2024-OPH-BDS-0003

SUBJECT: 2026 Budget Planning and Considerations for Ottawa Public Health

OBJET: Planification et considérations budgétaires de 2026 pour Santé publique
Ottawa

REPORT RECOMMENDATIONS

That the Ottawa Board of Health receive this report for information as planning for the 2026 budget cycle begins, which outlines the evolving political and economic context, and highlights OPH's past and ongoing efforts including comprehensive service review to address budget pressures driven by increasing cost of operation and insufficient growth in base funding offered by the province.

RECOMMANDATIONS DU RAPPORT

Que le Conseil de santé d'Ottawa reçoive ce rapport à titre d'information alors que la planification du cycle budgétaire 2026 commence, qui décrit le contexte politique et économique en évolution, et met en lumière les efforts passés et en cours de la santé publique d'Ottawa, y compris un examen complet des services pour répondre aux pressions budgétaires générées par l'augmentation des coûts d'exploitation et la croissance insuffisante des fonds de base offerts par la province.

BACKGROUND

Ottawa Public Health is preparing its 2026 budget in a challenging and uncertain fiscal environment, shaped by national, provincial, and municipal financial constraints driven by a slowing Canadian economy, rising service demands, and a cooling housing market that may reduce municipal revenues from property taxes and development charges.

At the provincial level, Ontario's 2025 Budget emphasizes investments in hospitals, mental health, long-term care, and health workforce stabilization. While funding is increasing in these areas—including a \$1.1 billion allocation for hospitals and a 4% base funding increase for community mental health and addiction services—no new investments have been announced for public health. Meanwhile, broader economic pressures, including escalating U.S. tariffs, are driving resources toward economic stabilization and business support. The province was unable to follow through on its commitment to release the results of the public health funding formula review in 2025. This review of the ministry's funding methodology, intended to support long-term sustainability, was originally expected to be communicated in Spring 2025 and implemented in 2026.

Locally, the City of Ottawa is facing structural budget pressures driven by aging infrastructure and rising costs to maintain services. Recent U.S. trade disruptions pose broader economic risks that may affect local employment and municipal revenues. At the same time, a cooling housing market and planned federal public service job cuts could further constrain the City's fiscal capacity by threatening property tax and development charge income. Although the City currently funds well over 40% of OPH's cost-shared budget and has reaffirmed its commitment to maintaining current levels, it does not anticipate any new investments in public health for 2026.

Over the past 14 years, Ottawa Public Health (OPH) has seen substantial increases in service demands, driven by rising infectious disease burdens influenced by population growth, travel and immigration, and climate change. (Reference: [Report: OPH's](#)

[Approach to Infectious Disease Case and Contact Management](#)). However, OPH's workforce grew by only 6 full-time equivalent (FTE) positions, during this period (1%), despite a cumulative increase of approximately 19% population growth in Ottawa. Lack of workforce growth disrupted our ability to offer services. OPH had to consistently adapt and find innovative ways to maintain service delivery despite inadequate resources. However, ongoing resource shortfalls have accumulated, restricting OPH's capacity to fully comply with provincial public health standards. Pressures to maintaining the expected level of services in food safety inspections, health promotion, healthy growth and development and infectious disease control have intensified, while available funding has not kept pace with increasing cost of service delivery.

In 2023, OPH undertook the Integrated Transformation Project—a **comprehensive service review**—to address the widening resource gap and rising demand for service expansion. The OPH service review delivered three major outcomes without increasing net FTE:

- **Improved Cost Efficiencies** – Identified \$9M in resources, potential to relocate, by streamlining and prioritizing services to align with Ontario Public Health Standards (OPHS), Council priorities, and urgent community needs.
- **Maximized Value for Money** – Reallocated \$9M in resources to support OPH's work in health equity, infectious diseases, and environmental health, while creating services designed to meet community needs and leverage shared delivery with partners.
- **Achieved Growth of Services** – Established 10 Neighborhood Wellness Hubs, expanded immunization clinics, strengthened inspection, emergency management, and environmental health teams, and built dedicated capacity for community engagement.

While resource reallocation through the service review helped meet the urgent need for maintaining services, budget pressures have continued to mount as rising service delivery costs outpace annual funding growth. In response, OPH has optimized resources by co-locating services with City and partner organizations and integrating

programs for cost savings. Technological innovation has been central to this effort. The School Health Online platform reduced outreach costs and improved resource access. Workflow automation has enhanced operational efficiency, while Artificial Intelligence is being explored to enhance it even further and has already been used successfully in some areas.

In 2024, automation technologies managed 96,000 client communications across phone, email, and SMS, and executed 21,000 workflow automations using Microsoft Power Platform tools. This translated into 4,500–5,000 hours saved, equivalent to three full-time employees (FTEs), while improving accuracy and service delivery.

In August 2023, the Ontario Ministry of Health announced a three-pronged strategy to enhance public health capacity and sustainability, which includes updated standards, voluntary mergers of local health agencies, and phased funding increases accompanied by a planned funding formula review in 2025–2026. OPH anticipated that the funding review would address its chronic funding gap; however, the province has not provided any indication regarding the timing or expected outcomes.

Against this backdrop, OPH is preparing its 2026 budget with a focus on maintaining its current staffing level of 511.11 FTEs and delivering essential services aligned with strategic priorities. No major service expansions are planned without secured additional funding. While OPH will continue seeking efficiencies, it remains concerned about potential non-compliance with provincial standards and the risk of falling short in meeting service demands.

This report updates the evolving political and economic context and highlights OPH's past and current efforts to manage budget pressures and explore growth opportunities within existing resources, as it initiates planning for the 2026 budget cycle.

DISCUSSION

SUMMARY OF PRIOR BUDGET PRESSURE REPORTS

In September 2024, OPH submitted [2025 Budget Planning and Considerations for Ottawa Public Health](#) report to the Board outlining updated budget pressures as part of its 2025 Budget Planning and Considerations. The report identifies two key categories of budget pressures: those required to maintain current service levels, and those needed to expand and strengthen services (e.g., health inspections, infectious disease

control and management, effective digital health surveillance and reporting tools) in response to growing community needs.

1. Pressures to maintain current service levels:

Each year, OPH faces recurring budget pressures simply to sustain its existing programs and operations. These pressures stem from a structural mismatch between rising operational costs and limited growth in provincial funding. Key cost drivers include the annual Cost-of-Living Adjustment (COLA), typically ranging from 2.5–3.5%, and a roughly 6% increase in employee benefit costs. In contrast, the province’s annual increase for OPH’s cost-shared base budget has remained around 1% since 2024. The 1% increase does not apply to fully provincially funded programs—such as the Ontario Seniors Dental Care Program, Healthy Babies Healthy Children Program, and Indigenous Public Health Program—which receive no annual increase from the province, creating a persistent, compounding funding gap.

To manage this imbalance, OPH has had to rely on internal efficiencies, most notably through gapping—deliberately leaving some staff positions vacant—to offset rising costs without compromising service delivery. While this approach has helped OPH maintain operations within budget, it is not a sustainable long-term solution, especially as service demands continue to grow and the complexity of public health work increases.

2. Pressures to expand services to meet growing needs:

Ottawa’s growing population and the increasing complexity of public health challenges are placing significant pressure on OPH to expand its services. Emerging and intensifying issues—such as the rising incidence of infectious diseases, the health impacts of climate change, heightened demand for food safety inspections, and the growing need for mental health and substance use services—are all contributing to this demand. **(Reference: [Report: OPH Adapted Inspection Program Approach](#)).**

Additionally, there is a critical need to modernize digital health surveillance and reporting systems to ensure timely, data-driven public health responses.

In previous submissions to the Board of Health, the OPH team identified the need for at least 11 additional FTEs to meet rising service demands and maintain compliance with

provincial public health standards (i.e., the [OPH's Approach to Infectious Disease Case and Contact Management](#) report called for 5 additional FTEs, and the [OPH Adapted Inspection Program Approach](#) report called for 6 additional PHIs). Despite these evolving needs, OPH has not experienced a corresponding increase in full-time equivalent (FTE) staffing over the past 14 years. This lack of investment in workforce growth has constrained OPH's ability to scale up programs and meet the expectations of a rapidly changing public health landscape. While OPH had previously identified areas for medium-term service expansion, those early estimates are now being refined through a more comprehensive long-range financial planning process to ensure alignment with both community needs and fiscal realities.

Together, these pressures underscore the need for sustainable and predictable funding to protect and promote the health of Ottawa residents, both now and into the future.

2026 PRESSURES: A GROWING STRUCTURAL GAP

As Ottawa Public Health enters the 2026 budget cycle, it faces a growing structural funding gap that threatens its ability to maintain current service levels. Despite no plans for program expansion, OPH is contending with a projected **\$4 million cost pressure**, driven largely by cost-of-living adjustments, general inflation, and the rising cost of sustaining core, provincially mandated services. Meanwhile, expected funding increases from the City and Province amount to **\$1.7 million**, leaving a **\$2.3 million shortfall**. This gap is not a result of ambition to grow, but of rising costs just to hold the line.

To manage this gap, OPH is relying on temporary measures including staff gapping, reallocation of non-compensation budget, additional withdrawal from IT reserve, in-year one-time allocation from the province and contingency support from the City of Ottawa. While these actions stabilize the 2026 budget in the short term, they are not sustainable solutions. The province needs to step up and provide a sustainable solution by updating its funding formula to correct the structural deficit.

After years of internal reallocations and efficiency measures, OPH has reached a critical threshold. Until the Province's revised funding formula takes effect, this structural gap

will affect OPH's capacity to deliver essential public health services. OPH will continue to not be in compliance with some aspects of the Ontario Public Health Standards, most notably, inspection-related work, and infectious disease case management and contact tracing for lower impact diseases of public health significance. Priority populations with growing health inequities will also continue to face increased health risks.

OPH is grateful for the City's extraordinary use of reserves to address a similar shortfall in 2025, and for its willingness to provide contingency support in 2026.

In 2026, OPH will work with City's financial service unit and present a long-term financial plan to guide the organization toward sustained fiscal stability.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

The purpose of this report is administrative in nature and therefore no public consultation is required.

LEGAL IMPLICATIONS

There are no legal impediments to receiving the information in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

FINANCIAL IMPLICATIONS

Financial implications are as outlined in the report.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

SUPPORTING DOCUMENTATION

None.

DISPOSITION

The report is provided for information.