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## **2004 BUDGET BRIEFING NOTE – 2004 Gapping Analysis**

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### **Issue/Background:**

This briefing note summarizes by Program, (City Operations and Agencies, Boards and Commissions (ABCs)), gapping included in the 2004 EMT Recommended Operating Budget, and provides comparative gapping data approved in the 2003 Operating Budget.

Appendix 1 provides by Program, comparative gapping rates and budget estimates for the years 2003 and 2004.

### **Key Points:**

- Gapping is the adjustment made to salary and benefit funding to acknowledge unanticipated staff turnover in Programs during the year. As in previous years, instructions provided in the 2004 Budget Manual indicate that gapping should be included in the 2004 Base budget at 2003 budgeted levels.
- The gapping rate is based on experience and reductions to salaries and benefits are made annually on the basis of an established rate, unless changes are anticipated. Any proposed change to budgeted gapping rates is deemed to have a service impact and is treated as a New/Enhanced service change in the Operating budget.
- Gapping rates are dependent on a Program's specific workforce profile. Note that for City Operations with a high proportion of part-time staffing, the overall gapping level in the attached Appendix appears to be significantly lower, since gapping is only applied to permanent positions. (For example, Parks and Recreation adjusts its permanent salaries and benefits by 3%, but when compared to the overall Salary & Benefits budget, the gapping rate becomes 1.8 %). Also 100% Provincially funded positions are not gapped in order to maximize Provincial funding, nor are operations such as Homes for the Aged that provide 24/7 service.
- For City Operations, an adjustment totalling \$28.898 million is included in the 2004 EMT Recommended Operating budget. This represents a gapping rate of 1.9%. Gapping in 2003 was \$25.875 million or 1.8% of the 2003 salaries and benefits budget. Total 2004 EMT Recommended gapping is \$39.790 million compared to \$39.800 million in 2003 (see column (o) Appendix 1).

- For ABCs, the 2004 EMT Recommended gapping is \$10.892 million or 0.7% of the 2004 EMT recommended salaries and benefits budget. Comparatively, gapping in 2003 was \$13.926 million or 0.9% of the 2003 approved salaries and benefits.
- The reduction in gapping for 2004 was mainly due to the Toronto Police Services. Toronto Police Services does not apply a standard planned gapping rate when creating its salary budget. Instead, the salary budget is developed on the basis of individual positions and the likelihood of their being filled within the year, that is, the salary and benefit budget accounts for the anticipated or known turnover and is adjusted accordingly.

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