File No. 120319

Committee Item No. 8
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Sub-Committee **Date:** April 18, 2012

Board of Supervisors Meeting **Date** _____

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OTHER **(Use back side if additional space is needed)**

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Completed by: Victor Young **Date:** April 12, 2012
Completed by: Victor Young **Date:** _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

[Appropriating Surplus Revenues and Expenditures and General Fund Reserve to Support Shortfalls in the Department of Public Health for FY2011-2012]

Ordinance recognizing revenue losses of $31,477,332 in the Department of Public Health and appropriating $67,629,934 of Senate Bill 1128 Reimbursement Revenues, $25,620,000 of surplus General Hospital Revenues, and $6,555,007 of General Fund Reserves for State Revenue losses to support additional expenditures in the Department of Public Health including $28,160,000 at San Francisco General Hospital, $13,090,000 at Laguna Honda Hospital, and $27,077,609 for a debt service reserve in FY2011-2012.

Note: Additions are *single-underline italics Times New Roman*; deletions are ~~*strikethrough italics Times New Roman*~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The sources of funding outlined below are herein appropriated to reflect the funding available for FY2010-2011.

SOURCES Appropriation

Fund	Index Code	Subobject	Description	Amount
1G AGF AAA GF-Non-Project-Controlled	TBD	TBD	Laguna Honda Debt Service Reimbursement (SB 1128)	$67,629,934

Fund	Index Code	Subobject	Description	Amount
5H AAA AAA General Hospital	HGH1HFI00021	66004	Safety Net Care Pool	$16,009,000
5H AAA AAA General Hospital	HGH1HFI00021	65207	Other Patient Revenue	$4,502,000
Laguna Honda Hospital 5L XXX	XXX	XXX	XXX	$67,629,934
Total SOURCES Appropriation				**$99,804,941**

Section 2. The sources of funding outlined below are herein de-appropriated to reflect the funding losses for Fiscal Year 2011-2012.

Sources De-appropriation

Fund	Index Code / Project Code	Subobject	Description	Amount
1GAGFAAA	HMHM048041	45416	Short-Doyle Medi-Cal	$23,700,000
5H AAA ACP General Hospital	HLTHACCES	45418	State Health Care Initiative	$4,000,000
5LAAAAAA	HLH448704	65902	Medi-Cal Rate Reduction	$3,277,332

Fund	Index Code / Project Code	Subobject	Description	Amount
5H AAA AAA General Hospital	HGHREALHWRGH	45621	Motor Vehicle License Fee Realignment	$500,000
Total SOURCES De-appropriation				**$31,477,332**

Section 3. The uses of funding outlined below are herein appropriated in various subobjects, and reflect the projected uses of funding to support increased expenditures at San Francisco General Hospital, Laguna Honda Hospital, and non-hospital operations for the Department of Public Health for Fiscal Year 2011-12.

USES Appropriation

Fund	Index Code / Project Code	Subobject	Description	Amount
5H AAA AAA General Hospital	HGH1HUN40061	00600	Temp Salaries – Nurses	$11,640,000
5H AAA AAA General Hospital	HGH1HUN40061	01100	Overtime	$600,000
5H AAA AAA General Hospital	HGH1HUN40061	00904	Premium Pay – Nurses	$4,900,000

Fund	Index Code / Project Code	Subobject	Description	Amount
5H AAA AAA General Hospital	HGH1HUN40061	01204	Holiday Pay – Nurses	$1,900,000
5H AAA AAA General Hospital	HGH1HUN40061	01300	Fringe Benefits	$9,120,000
5L AAA AAA Laguna Honda Hospital	HLH448704	00500	Temporary Salaries-Miscellaneous	$1,880,000
5L AAA AAA Laguna Honda Hospital	HLH448704	00500	Temporary Salaries-Nurses	$3,940,000
5L AAA AAA Laguna Honda Hospital	HLH448704	01100	Overtime	$1,300,000
5L AAA AAA Laguna Honda Hospital	HLH448704	01900	Fringe Benefits	$3,240,000
5L AAA AAA Laguna Honda Hospital	HLH8803	04000	Materials and Supplies	$2,730,000
5LXXX	XXX	097XX	Reserve for Debt Service	$27,077,609
Total USES Appropriation				**$68,327,609**

Section 4. The $27,077,609 appropriated to subobject 097XX as a reserve for debt service is assigned to provide a source of appropriation authority to support the remaining debt service requirements on the Certificates of Participation used to finance the Laguna Honda Hospital construction. Investment earnings will be retained in the fund, and may not be invested at a yield in excess of 2.41%. The Controller is authorized to transfer funds from the reserve to pay for the associated debt service as needed

Section 5. The Controller is hereby authorized to adjust and apply transfers to and from San Francisco General Hospital and Laguna Honda Hospital, including General Fund transfers to reflect new expenditure authority contained in this Ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____

Deputy City Attorney

FUNDS AVAILABLE
Ben Rosenfield, Controller

By: _____

Date: March 26, 2012

ANALYSIS OF SUPPLEMENTAL APPROPRIATION REQUEST

DEPARTMENT: DPH
S.A.# 24

DATE: April 2, 2012
ANALYST: Cindy Czerwin

AMOUNT REQUESTED: $68,327,609
AMOUNT APPROVED: $

POSITIONS REQUESTED: NA
POSITIONS APROVED:

FUNDING SOURCES: Multiple:
1GAAAAAA – General Fund Reserve for State Revenue Loss
5HAAAAAA – Additional Patient Revenues
5LAAAAAA – SB 1128

SUBJECT: The Department of Public Health Supplemental Appropriation request for $68.3 million to cover state revenue shortfalls expenditure overruns and to appropriate SB1128 reimbursement monies in FY 2011-12. This request has a $6.6 million General Fund impact.

BACKGROUND:

Cost Overruns

- Similar to past years, the Department of Public Health is requesting a supplemental appropriation to cover cost overruns at both General Hospital and Laguna Honda Hospital.
- The department is requesting $28.2 million in salaries and benefits, including $0.6 million in overtime at San Francisco General Hospital and $13.1 million in salaries and pharmaceuticals, including $1.3 million in overtime at Laguna Honda Hospital.

State Revenue Losses and Other Revenue Surpluses

- Across all hospital divisions, DPH is experiencing revenue reductions related to the state of $46.5 million. This is partially offset by other patient driven revenue surpluses of $40.6 million
- General Hospital is projecting a $4 million shortfall in State Health Care Initiative Revenues and $0.5 million in State Health and Welfare Realignment offset by $25.6 million in additional patient revues for a net revenue surplus of $21.1 million.
- Laguna Honda is experiencing $15.2 million in revenue losses due to a state decision to reduce Medi-Cal per diem rates for skilled nursing facilities to 10% below FY 2008-09 levels. That reduction is currently the subject of litigation but no resolution is expected before the end of the fiscal year. Together with $11.9 million in patient revenue surpluses, Laguna Honda is projecting a net $3.3 million revenue shortfall.
- In non-hospital divisions, DPH is projecting a revenue loss of $26.8 in mental health due to a delay in the effective date for a State Plan Amendment to draw federal matching funds for the Short-Doyle program. This offset somewhat by improved revenues in other divisions for a net revenue shortfall of $23.7 million.

SB1128

- In November 2011 the City received $67.6 million in SB1128 reimbursements for debt payments made by the City for Laguna Honda Hospital since 2005. SB1128 allows for

reimbursements construction related costs of skilled nursing facilities used by patients with Medi-Cal coverage. The City was not able to receive reimbursements until it was able to produce a certificate of occupancy, hence the delay of reimbursement of the initial debt payments. The City now anticipates receiving regular, annual reimbursements.

- Of the $67.6 million received this fiscal year, $27.1 million must be deposited into a sinking fund to cover future debt service costs. The Controller calculates that future debt service payments on Laguna Honda can be fully paid for each year through a combination of future SB1128 reimbursements, interest earnings and annual withdrawals from the sinking fund with no additional General Fund. Without this sinking fund the General Fund will be required to make annual contributions toward Laguna Honda debt payments.
- The General Fund has covered debt service payments since 2005, therefore the remaining $40.6 million is available for any eligible General Fund expenses. As DPH is experiencing significant State revenue losses this year that would otherwise require the General Fund support, it is appropriate to use the remaining $40.6 million to support these losses.

General Fund Reserve for State Revenue Loss

- The net remaining shortfall is $6.6 million. DPH is experiencing significant state revenue reductions as described above, therefore we feel it is appropriate to use the General Fund Reserve for State Revenue Loss to cover the remaining shortfall.

Cost Overruns	
General Hospital - Salaries and Benefits	(28.2)
Laguna Honda - Salaries, Benefits, and Pharmaceuticals	(13.1)
	(41.3)
State Revenue Losses	
General Hospital State Losses	(4.5)
Laguna Honda Medi-Cal Rate Reduction	(15.2)
Mental Health State Plan Amendment Delay	(26.8)
	(46.5)
Other Revenue Surpluses	
General Hospital Patient Surpluses	25.6
Laguna Honda Patient Surpluses	11.9
Non-Hospital Revenue Surpluses	3.1
	40.6
SB 1128	
Reimbursements since 2005	67.6
Required Sinking fund for Future Payments	(27.1)
	40.6
Remaining Shortfall funded by General Fund Reserve for State Revenue Losses	**(6.6)**

RECOMMENDATION: Approve

FISCAL IMPACT: This request has a $6.6 million impact to the General Fund.

OFFICE OF THE MAYOR
SAN FRANCISCO

EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Mayor Edwin M. Lee

RE: Appropriating Surplus Revenues and Expenditures and General Fund Reserve to Support Shortfalls in the Department of Public Health for Fiscal Year 2011-2012

DATE: April 3, 2012

Attached for introduction to the Board of Supervisors is the ordinance recognizing revenue losses of $31,477,332 at the Department of Public Health and appropriating $67,629,934 of SB 1128 Reimbursement revenues, $25,620,000 of surplus General Hospital revenues, and $6,555,007 of General Fund Reserves for State revenue losses to support additional expenditures in the Department of Public Health including $28,160,000 at San Francisco General Hospital, $13,090,000 at Laguna Honda Hospital and $27,077,609 for a debt service reserve in Fiscal Year 2011-2012.

I request that this item be calendared in Budget and Finance Committee on April 18th, 2012.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

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1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

120319

Item 8 File 12-0319	Departments: Public Health

EXECUTIVE SUMMARY

Legislative Objective

- Ordinance (a) appropriating net revenues of $68,327,609, including an appropriation of $99,804,941 in General Fund State Revenue Loss Reserve, State,a nd patient revenues, and de-appropriation of $31,477,332 in State revenues; and (b) appropriating expenditures of $68,327,609, including $41,250,000 in San Francisco General Hospital (SFGH) and Laguna Honda Hospital (LHH) salaries and benefits, and LHH materials and supplies; and $27,077,609 for a debt service reserve.

Key Points

- The proposed ordinance de-appropriates $31,477,332 in State revenues due to reductions in Medi-Cal reimbursements for mental health services and skilled nursing services, Motor Vehicle License fees, and State Health Care Coverage Initiative revenues. The de-appropriation of $31,477,332 will be offset by the appropriation of $99,804,941 in patient and other revenues, resulting in net revenues of $68,327,609.

- $67,629,934 of the $99,804,941 in revenues being appropriated are State Senate Bill (SB) 1128 funds to reimburse the City for debt service costs for the Laguna Honda Hospital Replacement project. According to Ms. Nadia Sesay, Director of Public Finance, the City issued bonds and Certificates of Participation (COPs) from 2005 through 2009, totaling $434,000,000 for construction costs, for the Laguna Honda Hospital Replacement project. The City has received the first installment of SB 1128 reimbursement funds from the State in the amount of $67,629,934 for debt service payments made by the City from 2005 through 2011. Under the proposed ordinance, $27,077,609 of the $67,629,934 in SB 1128 funds from the State would be appropriated for a debt service reserve for the COPs. According to Ms. Sesay, the proposed $27,077,609 debt service reserve is adequate, when combined with expected future SB 1128 reimbursements, to repay outstanding COPs through final maturity without having to use General Fund monies to repay the COPs.

Fiscal Impact

- The proposed ordinance would appropriate expenditures of (a) $27,077,609 for the debt service reserve for repayment of the Laguna Honda Hospital Replacement Project COPs, and (b) $41,250,000 for a projected FY 2011-12 budgetary shortfall in SFGH and LHH salaries and fringe benefits, and LHH materials and supplies, for a total expenditure appropriation of $68,327,609.

- Based on our analysis of actual expenditures through March 2012 and anticipated expenditures from April 2012 through June 2012 for SFGH and LHH salaries and fringe benefits and LHH materials and supplies, we concur with DPH's request for the appropriation of $41,250,000 for the projected FY 2011-12 budgetary shortfall.

Policy Consideration

- From FY 2009-10 through FY 2011-12, the DPH budget for SFGH and LHH salaries and for LHH materials and supplies has resulted in budgetary shortfalls. As a result, DPH has requested supplemental appropriations in FY 2009-10 through FY 2011-12. While the FY 2009-10 supplemental appropriation used patient revenues in excess of the DPH FY 2009-10 revenue budget to pay for the budgetary shortfalls, the FY 2010-11 supplemental appropriation and the subject requested FY 2011-12 supplemental appropriation are being funded in part from General Fund reserves as well as additional patient revenues to pay for the budgetary shortfalls.

- DPH should more closely evaluate the amount needed for SFGH and LHH salary expenditures and for LHH materials and supplies expenditures in order for the FY 2012-13 budget to more accurately reflect the actual amount of needed expenditures.

Recommendation

- Approve the proposed ordinance.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

Charter Section 9.105 requires that amendments to the Annual Appropriation Ordinance be approved by ordinance of the Board of Supervisors, and may not be adopted unless the Controller certifies the availability of funds.

Background

As shown in Table 1 below, the Department of Public Health's (DPH) FY 2011-12 budget is 8.0% more than the FY 2010-11 budget, with the General Fund portion of the FY 2011-12 budget increasing by 10%.

Table 1
Department of Public Health Budget
FY 2010-11 and FY 2011-12

	FY 2010-11	FY 2011-12	Increase/ (Decrease)	Percent
General Fund	$546,279,847	$600,644,203	$54,364,356	10.0%
San Francisco General Hospital	625,720,394	682,003,489	56,283,095	9.0%
Laguna Honda Hospital	180,063,980	188,379,236	8,315,256	4.6%
Community Health Services Special Revenue Fund	108,793,858	106,250,939	(2,542,919)	(2.3%)
Total	**$1,460,858,079**	**$1,577,277,867**	**$116,419,788**	**8.0%**

Source: Annual Appropriation Ordinance

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would (a) appropriate revenues of $68,327,609, including an appropriation of $99,804,941 in General Fund State Revenue Loss Reserve, State, and patient revenues, and de-appropriation of $31,477,332 in State revenues; and (b) appropriate expenditures of $68,327,609, including $41,250,000 in San Francisco General Hospital (SFGH) and Laguna Honda Hospital (LHH) salaries and benefits, and LHH materials and supplies in order to fund a projected FY 2011-12 DPH budgetary shortfall; and $27,077,609 for a debt service reserve for previously issued Certificates of Participation (COPs).

Table 2 below shows the sources and uses of the requested supplemental appropriation, totaling $68,327,609.

Table 2
Department of Public Health Supplemental Appropriation

	General Fund	San Francisco General Hospital (SFGH)	Laguna Honda Hospital (LHH)	Total
Sources				
Appropriation				
SB1128 Reimbursement Revenue	$67,629,934			$67,629,934
State Revenue Loss Reserve	6,555,007			6,555,007
Medi-Cal Revenue		5,109,000		5,109,000
Safety Net Care Pool Revenue		16,009,000		16,009,000
Patient and State Revenue		4,502,000		4,502,000
Subtotal, Appropriation	**74,184,941**	**25,620,000**	**0**	**99,804,941**
De-appropriation				
Short-Doyle Medi-Cal	(23,700,000)			(23,700,000)
State Health Care Coverage Initiative		(4,000,000)		(4,000,000)
Medi-Cal Rate Reduction			(3,277,332)	(3,277,332)
Motor Vehicle License Fee		(500,000)		(500,000)
Subtotal, De-appropriation	**(23,700,000)**	**(4,500,000)**	**(3,277,332)**	**(31,477,332)**
Total Sources of Fund	**$50,484,941**	**$21,120,000**	**($3,277,332)**	**$68,327,609**
Uses				
Salaries		$19,040,000	$7,120,000	$26,160,000
Fringe Benefits		9,120,000	3,240,000	12,360,000
Subtotal, Salaries and Fringe Benefits	0	28,160,000	10,360,000	38,520,000
Materials and Supplies			2,730,000	2,730,000
Subtotal, Salaries, Fringe Benefits, and Materials and Supplies	**0**	**28,160,000**	**13,090,000**	**41,250,000**
Reserve for Debt Service			27,077,609	27,077,609
Total Uses of Funds		**$28,160,000**	**$40,167,609**	**$68,327,609**

Description of Sources of Funds Shown in Table 2 Above

SB 1128 Revenue ($67,629,934)

The proposed ordinance would appropriate $67,629,934 in State Senate Bill (SB) 1128 Debt Service Reimbursement funds. According to Ms. Nadia Sesay, Director of Public Finance in the Controller's Office, SB 1128 funds reimburse skilled nursing facilities for a portion of the debt service incurred through issuance of both General Obligation bonds and Certificates of Obligation (COPs) to fund capital improvement projects.

According to Ms. Sesay, to fund the LHH Replacement project, the City issued a series of General Obligation bonds and COPs from 2005 through 2009, totaling approximately $434,000,000 for construction costs. The City became eligible for reimbursement for debt service on the General Obligation bonds and COPs by SB 1128 funds when the LHH Replacement project was completed and the new LHH opened in December of 2011.

According to Ms. Sesay, the City has received the first installment of SB 1128 reimbursement funds from the State in the amount of $67,629,934 for debt service payments made by the City from 2005 through 2011. Of the $67,629,934, the proposed ordinance appropriates $40,552,325 for operating costs[1] and $27,077,609 for a debt service reserve for the previously issued COPs. According to Ms. Sesay, because the SB 1128 funds are a reimbursement for the City's prior debt service payments, the SB 1128 funds may also be appropriated for operating costs. Additionally, according to Ms. Sesay, the proposed $27,077,609 debt service reserve is adequate, when combined with expected future SB 1128 reimbursements, to repay outstanding COPs through final maturity without having to use General Fund monies to repay the COPs.[2]

State Revenue Loss Reserve ($6,555,007)

As shown in Table 2 above, the proposed ordinance would appropriate $6,555,007 in State Revenue Loss Reserve monies, which are General Fund revenues, to partially offset reductions in four sources of State revenues. According to Ms. Risa Sandler, Senior Budget and Revenue Analyst in the Budget and Analysis Division of the Controller's Office, the City's State Revenue Loss Reserve currently has a balance of $11,629,999. If the proposed supplemental appropriation is approved, including the requested $6,555,007 of State Revenue Loss Reserve monies, the City's State Revenue Loss Reserve would be reduced to $5,074,992.

SFGH and LHH Patient Revenues

According to Mr. Greg Wagner, DPH Chief Financial Officer, DPH proposes appropriating additional patient revenues, in excess of such revenues included in the original FY 2011-12 DPH budget, as follows:

- Medi-Cal Revenues at SFGH ($5,109,000). The increase in Med-Cal revenues is due to the number and acuity of Medi-Cal patients at the hospital, increased or improved billing and collection, and settlement of accounts

- Safety Net Care Pool ($16,009,000). Safety Net Care Pool funds are available to California hospitals for providing care to low income and uninsured individuals through a system administered by State and local government and the California Association of Public Hospitals (CAPH). Hospitals claim expenses against the pool for their low income, uninsured or underinsured patients. Funds from the pool are allocated based on the number of hospitals making claims and the amount of claims they present to the fund. CAPH issued a revised estimate of the Statewide allocation of funds which projected an additional $16,009,000 in funding for SFGH.

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[1] As shown in Table 2 above, the requested supplemental appropriation has total operating costs of $41,250,000 ($38,520,000 in salaries and fringe benefits and $2,730,000 in materials and supplies), partially funded by the $40,552,325 in SB 1128 funds.

[2] The General Obligation bond debt service is paid by Tobacco Settlement Revenues and SB 1128 funds, and the COPs debt service is paid by SB 1128 funds. A reduction in Tobacco Settlement Revenues due to reduced tobacco sales would result in a larger portion of General Obligation bond debt service being paid by SB 1128 funds. As a result, according to Ms. Sesay, a substantial reduction in Tobacco Settlement Revenues could result in insufficient SB 1128 funds to fully repay the COPs.

- Other Patient Revenues ($4,502,000) Other patient revenues represents a 2.8% increase in patient revenues in excess of the 2011-2012 budgeted amount. Mr. Wagner states that this increase is due largely to high productivity in billing and collections.

De-appropriation of FY 2011-12 Funds

According to Mr. Wagner, the de-appropriation of funds in the proposed ordinance totaling $31,477,332 is due to a reduction in previously anticipated revenue from State sources including:

- $23,700,000 in Short-Doyle Medi-Cal revenues caused by a delay in the implementation of an amendment to allow supplemental reimbursements for mental health services.
- $4,000,000 shortfall in State Health Care Coverage Initiative revenues
- $500,000 shortfall in expected Motor Vehicle License Fee Realignment revenues
- $3,277,332 shortfall in Medi-Cal revenues at LHH, due to a State budget reduction in payment rates for skilled nursing facilities.

Description of Uses of Funds Shown in Table 2 Above

SFGH Salaries and Fringe Benefits ($28,160,000)

According to Mr. Wagner, SFGH has a projected salary and fringe benefit budgetary shortfall of $28,160,000 in FY 2011-12. According to Mr. Wagner, the budgeted permanent and temporary nursing positions, including budgeted attrition savings, was inadequate to meet patient care requirements given the patient census, mandated staffing ratios and requirements of 24 hours a day staffing.

LHH Salaries and Fringe Benefits ($10,360,000)

According to Mr. Wagner, LHH has a projected salary and fringe benefit budgetary shortfall of $10,360,000 in FY 2011-12. According to Mr. Wagner, the budgeted permanent and temporary nursing FTE,includi ng budgeted attrition savings,wa s inadequate to meet patient care requirements given the patient census, mandated staffing ratios and requirements of 24 hour a day staffing.

LHH Materials and Supplies - $2,730,000

LHH's FY 2011-12 budget for materials and supplies is $10,665,264. According to Mr. Wagner, the materials and supplies over-expenditures were due largely to increased expenditures for food and pharmaceuticals

FISCAL IMPACT

The proposed supplemental appropriation would appropriate $41,250,000 to pay for DPH's FY 2011-12 budgetary shortfall for SFGH and LHH salaries and fringe benefits and LHH materials and supplies. Based on our analysis of actual DPH expenditures through March 2012 and anticipated

expenditures from April 2012 through June 2012, we concur with DPH's request for the supplemental appropriation of $41,250,000.

The proposed supplemental appropriation would also appropriate $27,077,609 for a debt service reserve to pay for debt service on the previously issued COPs for the LHH Replacement project. The total requested appropriation is $68,327,609.

POLICY CONSIDERATION

The Department of Public Health Budget Does Not Accurately Reflect Actual Expenditures

From FY 2009-10 through FY 2011-12, the DPH budget for SFGH and LHH salaries and for LHH materials and supplies has resulted in budgetary shortfalls. As a result, the Department of Public Health has requested supplemental appropriations in FY 2009-10 through FY 2011-12. While the FY 2009-10 supplemental appropriation used patient revenues in excess of such revenue budget to pay for the budgetary shortfalls, the FY 2010-11 supplemental appropriation and the subject requested FY 2011-12 supplemental appropriation are being funded in part from General Fund reserves as well as additional patient revenues to pay for the budgetary shortfalls. Under the proposed supplemental appropriation, $6,555,007 is being requested by DPH from the City's General Fund State Revenue Loss Reserve.

Table 4 below shows the SFGH and LHH budgeted and actual salary expenditures in FY 2009-10 through FY 2011-12.

Table 4
SFGH and LHH
Budgeted and Actual Salary Expenditures
FY 2009-10 through FY 2011-12

	FY 2009-10	FY 2010-11	FY 2011-12 (Estimated)
SFGH			
Original Budget	$257,035,141	$243,026,800	$252,994,923
Actual Expenditures	269,681,074	258,623,221	273,637,892
Budgetary Shortfall	($12,645,933)	($15,596,421)	($20,642,969)
Percent of Budgetary Shortfall to the Original Budget	(4.9%)	(6.4%)	(8.2%)
LHH			
Original Budget	$95,766,182	$95,807,448	$99,402,282
Actual Expenditures	101,075,861	102,476,619	106,461,073
Budgetary Shortfall	($5,309,679)	($6,669,171)	($7,058,791)
Percent of Budgetary Shortfall to the Original Budget	(5.5%)	(7.0%)	(7.1%)

Source: Annual Appropriation Ordinance and Controller's Monthly Financial Reports

Table 5 below shows the LHH budget and actual expenditures for materials and supplies from FY 2009-10 through FY 2011-12.

Table 5
LHH Budgeted and Actual Materials and Supplies Expenditures
FY 2009-10 through FY 2011-12

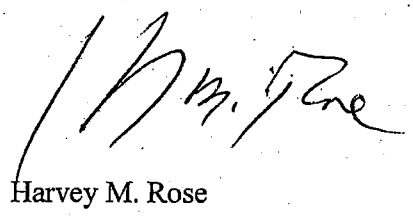
	FY 2009-10	FY 2010-11	FY 2011-12 (Estimated)
LHH			
Original Budget	$9,530,509	$9,897,626	$10,492,417
Actual Expenditures	12,113,935	12,948,047	13,401,229
Budgetary Shortfall	($2,583,426)	($3,050,421)	($2,908,812)
Percent of Budgetary Shortfall to the Original Budget	(27.1%)	(30.8%)	(27.7%)

Source: Annual Appropriation Ordinance and Controller's Monthly Financial Reports

The Department of Public Health should more closely evaluate the amount needed for SFGH and LHH salary expenditures and for LHH materials and supplies expenditures in order for the FY 2012-13 budget to more accurately reflect the actual amount of needed expenditures.

RECOMMENDATION

Approve the proposed ordinance.



Harvey M. Rose

cc: Supervisor Chu
Supervisor Avalos
Supervisor Kim
President Chiu
Supervisor Campos
Supervisor Cohen
Supervisor Elsbernd
Supervisor Farrell
Supervisor Mar
Supervisor Olague
Supervisor Wiener
Clerk of the Board
Cheryl Adams
Controller
Kate Howard