File No. 120320

Committee Item No. 1
Board Item No. 3

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Sub-Committee **Date:** April 25, 2012

Board of Supervisors Meeting **Date** 5/8/12

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Completed by: Victor Young **Date:** April 20, 2012
Completed by: Victor Young **Date:** 4-26-12

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

[Appropriating $2,694,000 for Nurses Salaries in FY2011-2012]

Ordinance appropriating $2,694,000 for Nurses Salaries to the Department of Public Health 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 in FY2011-2012.

SOURCES Appropriation

Fund	Index/Project Code	Subobject	Description	Amount
General Reserve 1GAGFAAA	*CON1GAGFAAA,	098GR	General Reserve for Nurses Salaries	$2,694,000
Total Sources Appropriation				**$2,694,000**

Section 2. The uses of funding outlined below are herein appropriated FY2011-2012 in subobject 098GR (Designated for General Reserve) for nurses salaries.

USES Appropriation

Fund	Index/Project Code	Subobject	Description	Amount
5HAAAAAA	HGH1HUN40061	00401	Nurses Salaries	$1,773,686
5LAAAAAA	HLH448704	00401	Nurses Salaries	$369,529
1GAGFAAA	HCHAPHOMEHGF	00401	Nurses Salaries	$34,214
1GAGFAAA	HJAILHLTH-GF	00401	Nurses Salaries	$115,394
1GAGFAAA	HMHMCC730515	00401	Nurses Salaries	$53,831
1GAGFAAA	HCHAPADMINGF	00401	Nurses Salaries	$194,433
1GAGFAAA	HCHPMCHPHNGF	00401	Nurses Salaries	$145,979
1GAGFAAA	HMHSHOMELSGF	00401	Nurses Salaries	$6,935
Total USES Appropriation				**$2,694,000**

Section 3. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this ordinance as necessary to conform with Generally Accepted Accounting Principles.

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

By: _____

Deputy City Attorney

FUNDS AVAILABLE
Ben Rosenfield, Controller

By: _____

March 26, 2012

Item 1 File 12-0320	Departments: Public Health

EXECUTIVE SUMMARY

Legislative Objective

- The proposed ordinance would appropriate $2,694,000 from the General Fund Reserve to the Department of Public Health (DPH) to pay for a 4% salary increase for staff nurses, represented by Service Employees International Union (SEIU) Local 1021, and a 5% salary increase for supervising nurses, represented by Teamsters Local 856, from March 31, 2012 through June 30, 2012.

Key Points

- The FY 2011-12 DPH budget, as finally approved by the Board of Supervisors, did not include scheduled salary increases for nurses in the expectation that the labor unions representing nurses would waive or defer the scheduled salary increases because of the City's previously projected budgetary shortfall. However, the unions representing staff nurses, SEIU Local 1021, and supervising nurses, Teamsters Local 856, did not agree to waive or defer salary increases that went into effect on March 31, 2012. Therefore, the Department of Public Health's FY 2011-12 budget has insufficient funds to pay for the MOU-mandated salary increases for staff nurses and supervising nurses.

Fiscal Impacts

- The proposed ordinance would appropriate $2,694,000 in General Fund monies to the DPH FY 2011-12 budget, including (a) $2,407,000 to pay for a 4% salary increase for staff nurses, and (b) $287,000 to pay for a 5% salary increase for supervising nurses for the three-month period from March 31, 2012 through June 30, 2012.

- The current General Fund Reserve balance is $25,000,000. Approval of the proposed ordinance would reduce the General Fund Reserve by $2,694,000, resulting in a remaining balance of $22,306,000.

Recommendation

- Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

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

Background

The FY 2011-12 Department of Public Health (DPH) budget, as finally approved by the Board of Supervisors, did not include scheduled salary increases for nurses in the expectation that the labor unions representing nurses would waive or defer scheduled salary increases because of the City's previously projected budgetary shortfall. However, the unions representing staff nurses, Service Employees International Union (SEIU) Local 1021, and supervising nurses, Teamsters Local 856, did not agree to waive or defer salary increases that went into effect on March 31, 2012. The Memoranda of Understanding (MOUs) between the City and SEIU Local 1021 and Teamsters Local 856 do not expire until June 30, 2012.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate $2,694,000 from the General Fund Reserve to pay for a 4% salary increase for staff nurses, represented by by SEIU Local 790, and 5% salary increase for supervising nurses, represented by Teamsters Local 856, from March 31, 2012 through June 30, 2012.

FISCAL IMPACTS

The requested $2,694,000 would pay for the MOU-mandated salary increases and the associated increases to variable fringe benefits for staff nurses and supervising nurses from March 31, 2012 through June 30, 2012. According to Ms. Risa Sandler, Controller's Office Senior Budget and Revenue Analyst, the Controller's Office calculated the $2,694,000, based on staff nurses' and supervising nurses' (a) projected salaries for FY 2011-12, and (b) actual holiday pay, premium pay, and overtime pay for FY 2010-11.[1] Table 1 below shows the details requested supplemental appropriation.

Table 1
Proposed Supplemental Appropriation

Bargaining Unit	Scheduled Salary Increase on March 31, 2012	Estimated Annual Salaries and Variable Fringe Benefits	Estimated Salaries and Variable Fringe Benefits March 31, 2012 through June 30, 2012	Estimated Amount Needed to Pay MOU-Mandated Salary and Associated Variable Fringe Benefit Increase
SEIU Local 1021 (Staff Nurses)	4%	$240,700,000	$60,175,000	$2,407,000
Teamsters Local 856 (Supervising Nurses)	5%	22,960,000	5,740,000	287,000
Total		**$263,660,000**	**$65,915,000**	**$2,694,000**

Source: Controller's Office

[1]Ac cording to Ms. Sandler, salary amounts are budgeted according to job classification, while overtime, holiday, and premium pay are budgeted by department as a whole, not by job classification. Therefore, the best estimate of the overtime, holiday and premium pay component of the total estimated salary expenditures for nurses and supervising nurses is the actual expenditure for these pay categories in the most recently completed fiscal year

The City's current General Fund Reserve balance is $25,000,000. Approval of the proposed ordinance would reduce the General Fund Reserve by $2,694,000, resulting in a remaining General Fund Reserve balance of $22,306,000.

RECOMMENDATIONS

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

ANALYSIS OF SUPPLEMENTAL APPROPRIATION REQUEST

DEPARTMENT: DPH
S.A.# 28

DATE: March 27, 2012
ANALYST: Cindy Czerwin

AMOUNT REQUESTED: $ $2,694,000
AMOUNT APPROVED: $

POSITIONS REQUESTED: NA
POSITIONS APROVED:

FUNDING SOURCES: 1GAGFAAA – General Fund Reserve

SUBJECT: The Department of Public Health Supplemental Appropriation request for the scheduled raise for nurses that was not budgeted in FY 2011-12.

BACKGROUND:

- On March 31, 2012 SEIU 1021 per diem nurses are scheduled to receive a 4% wage increase and Teamsters Local 856 Supervising Nurses are scheduled to receive a 5% wage increase.
- A decision was made when balancing the FY 2011-12 budget not to include scheduled raises for Police, Fire, and Nurses assuming the unions would forgo the raises or agree to concessions of similar value. This is consistent with assumptions on scheduled raises for Police and Fire unions who did eventually agree to concessions.
- Negotiators at the Department of Human Resources are currently in negotiations with these two nurses unions, as their contracts are scheduled to end on June 30, 2012. However, the negotiators do not believe that an agreement will be reached before the scheduled raises become effective.
- Collectively, these raises are worth $2.7 million in the Department of Public Health, which is unable to absorb the unbudgeted increases
- The Department is requesting $2.7 million in General Fund Reserve for the scheduled wage increases.
- The request is based on the Controller's estimated value of the raises allocated to DPH divisions based on budgeted salaries and benefits for the two unions.

RECOMMENDATION: Approve

FISCAL IMPACT: This request has a $2.7 million impact to the General Fund.