

File No. 100470

Committee Item No. 3

Board Item No. 01

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Sub - Committee: Budget and Finance

Date: May 12, 2010

Board of Supervisors Meeting

Date: 05/25/10

Cmte Board

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OTHER

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Completed by: Andrea S. Ausberry

Date Friday, May 7, 2010

Completed by: *AS*

Date 5/13/10

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

27

2/18/10

FILE NO. 100470

ORDINANCE NO. _____

RO#10033

SA#33

1 [Appropriating Surplus Revenues and Expenditures to Support Cost Overruns in the
2 Department of Public Health for FY2009-2010 - ~~\$23,711,912~~ \$20,807,609]

3
4 Ordinance appropriating ~~\$23,711,912~~ \$20,807,609, including appropriating ~~\$22,828,000~~
5 \$19,923,697 of surplus San Francisco General Hospital revenues and \$7,500 of Laguna
6 Honda Hospital revenues, de-appropriating \$876,412 of Laguna Honda Hospital and
7 non-hospital operations expenditures, to fund cost overruns in the Department of
8 Public Health, including ~~\$16,280,391~~ \$13,258,088 at San Francisco General Hospital,
9 ~~\$6,058,521~~ \$6,176,521 at Laguna Honda Hospital, and \$1,373,000 in non-hospital
10 operations, for FY2009-2010.

11 Note: Additions are single-underline italics Arial;
12 deletions are ~~strikethrough italics Arial~~.
13 Board amendment additions are double underlined.
14 Board amendment deletions are ~~strikethrough normal~~.

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

16
17 Section 1. The sources of funding outlined below are herein appropriated to reflect the
18 funding available for Fiscal Year 2009-2010.

19
20 **SOURCES Appropriation**

21 Fund	Index / Project	Subobject	Description	Amount
22 San Francisco General Hospital				
23 5H AAA AAA – SFGF-	HGH1HFI00101	65207	Other Patient Revenue	<u>\$9,274,000</u>
24 Operating- Non-Project-				<u>\$6,369,697</u>
25 Controlled Fund				

Mayor Newsom
Office of the Mayor

Page 1 of 8

	Fund	Index / Project	Subobject	Description	Amount
1					
2	5H AAA AAA – SFGF-	HGH1HFI00021	65995	Prior Year Settlements	2,054,000
3	Operating- Non-Project-				
4	Controlled Fund				
5					
6	5H AAA AAA – SFGF-	HGH1HFI00121	78960	Bad Debts Recovery	4,000,000
7	Operating- Non-Project-				
8	Controlled Fund				
9					
10	5H AAA AAA – SFGF-	HGH1HFI00021	66004	Safety Net Care Pool	7,500,000
11	Operating- Non-Project-				
12	Controlled Fund				
13					
14	5L AAA ACP - LHH-	HLHGENLSTORE	75301	Laguna Honda Hospital	7,500
15	Continuing Project-	PHLSTR		General Store Revenues	
16	Operating Fund				
17	Total SOURCES Appropriation				\$22,835,500
18					\$19,931,197

20 Section 2. The uses of funding outlined below are herein de-appropriated to reflect the
21 funding available for Fiscal Year 2009-2010.

22
23
24
25

1 **USES De-Appropriation**

2	Fund	Index/Project	Subobject	Description	Amount
3	Laguna Honda Hospital				
4	5L AAA ACP- LHH-	*HLH5LAAAACP	06C00	Capital Projects Budget -	\$108,322
5	Continuing Project-	CHLBLD HF0399		Carryforward	
6	Operating Fund				
7					
8	5L AAA ACP- LHH-	*HLH5LAAAACP	06C00	Capital Projects Budget -	1,939
9	Continuing Project-	CHLBLD HF54AL		Carryforward	
10	Operating Fund				
11					
12	5L AAA ACP- LHH-	*HLH5LAAAACP	06C00	Capital Projects Budget -	12,668
13	Continuing Project-	CHLBLD HF8100		Carryforward	
14	Operating Fund				
15					
16	5L AAA ACP- LHH-	HLH448100	06C00	Capital Projects Budget -	16,999
17	Continuing Project-	CHLBLD HF47AL		Carryforward	
18	Operating Fund				
19					
20	5L AAA ACP- LHH-	HLH448100	06C00	Capital Projects Budget -	6,614
21	Continuing Project-	CHLBLD HF7400		Carryforward	
22	Operating Fund				
23					
24					
25					

	Fund	Index/Project	Subobject	Description	Amount
1					
2	5L AAA ACP- LHH-	HLH448100	06C00	Capital Projects Budget -	26,948
3	Continuing Project-	CHL808 01		Carryforward	
4	Operating Fund				
5					
6	5L AAA ACP- LHH-	PWA595LAAACP	06C00	Capital Projects Budget -	13,663
7	Continuing Project-	CHLBLD HF5450		Carryforward	
8	Operating Fund				
9					
10	5L AAA ACP- LHH-	DPWMDAAA0008	06C00	Capital Projects Budget -	76,611
11	Continuing Project-	CHLBLD HF5450		Carryforward	
12	Operating Fund				
13					
14	5L AAA ACP- LHH-	DPWADAAA4000	06C00	Capital Projects Budget -	345
15	Continuing Project-	CHLBLD HF5450		Carryforward	
16	Operating Fund				
17	Laguna Honda Hospital Subtotal				\$264,109
18					
19	Non-Hospital Operations				
20	1G AGF AAA - General	HMHMCC730515	00600	Temporary Salaries -	\$424,810
21	Fund- Non-Project-			Nurses	
22	Controlled Fund				
23					
24					
25					

Fund	Index/Project	Subobject	Description	Amount
1G AGF AAA – General	HMHMCC730515	01900	Fringe Benefits	.187,493
Fund- Non-Project-				
Controlled Fund				
Non-Hospital Operations Subtotal				<u>\$612,303</u>
Total USES De-Appropriation				<u>\$876,412</u>

Section 3. The uses of funding outlined below are herein appropriated in the various subobjects, and reflects 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 2009-2010.

USES Appropriation

Fund	Index / Project	Subobject	Description	Amount
San Francisco General Hospital				
5H AAA AAA – SFGF-	HGH1HUN40061	00600	Temporary Salaries -	\$9,436,116
Operating- Non-Project-			Nurses	<u>\$11,088,088</u>
Controlled Fund				
5H AAA AAA – SFGF-	HGH1HUN40061	01900	Fringe Benefits	2,292,275
Operating- Non-Project-				<u>157,000</u>
Controlled Fund				
5H AAA AAA – SFGF-	HGH1HUN40061	02700	Non-Personal Services	3,755,000
Operating- Non-Project-				<u>1,251,000</u>
Controlled Fund				

	Fund	Index / Project	Subobject	Description	Amount
1					
2	5H AAA AAA – SFGF-	HGH1HUN40061	081CT	Services of Other	744,000
3	Operating- Non-Project-			Departments-City	
4	Controlled Fund			Attorney	
5					
6	5H AAA AAA – SFGF-	HGH1HUN40061	02401	Membership Fees (Union	53,000
7	Operating- Non-Project-			Dues)	18,000
8	Controlled Fund				
9	San Francisco General Hospital Subtotal				\$16,280,391 \$13,258,088
10					
11	Laguna Honda Hospital				
12	5L AAA AAA – LHH-	HLH449629	00500	Temporary	\$1,980,694
13	Operating- Non-Project-			Salaries – Miscellaneous	\$2,326,694
14	Controlled Fund				
15					
16	5L AAA AAA – LHH-	HLH449629	00600	Temporary Salaries -	1,380,000
17	Operating- Non-Project-			Nurses	
18	Controlled Fund				
19					
20	5L AAA AAA – LHH-	HLH449629	01900	Fringe Benefits	526,218
21	Operating- Non-Project-				298,218
22	Controlled Fund				
23					
24					
25					

	Fund	Index / Project	Subobject	Description	Amount
2	5L AAA AAA – LHH-	HLH449629	04000	Materials and Supplies	1,900,000
3	Operating- Non-Project-				
4	Controlled Fund				
6	5L AAA ACP– LHH-	PWA595LAAACP	06700	Buildings, Structures, and	264,109
7	Continuing Project-	CHLSNF SNAE99		Improvements	
8	Operating Fund				
10	5L AAA ACP– LHH-	HLHGENLSTORE	04000	LHH General Store Cost	7,500
11	Continuing Project-	PHLSTR		of Sale	
12	Operating Fund				
13	Laguna Honda Hospital Subtotal				<u>\$-6,058,521</u> <u>\$6,176,521</u>
15	Non-Hospital Operations				
16	1G AGF AAA – General	HCHACEXECTGF	03599	Other Current Expenses	\$1,373,000
17	Fund- Non-Project-				
18	Controlled Fund				
19	Total USES Appropriation				<u>\$23,711,912</u>
20					<u>\$20,807,609</u>

Section 4. 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.

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FUNDS AVAILABLE

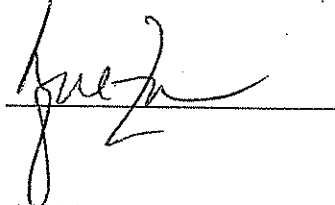
APPROVED AS TO FORM:

BEN ROSENFELD

DENNIS J. HERRERA, City Attorney

Controller

By: 

By: 

Deputy City Attorney

Date: 4/13/2010

AMENDED Date: 5/14/10

Item 3
File 10-0470

Department:
Department of Public Health

EXECUTIVE SUMMARY

Legislative Objective

- The proposed ordinance would appropriate a total of \$23,711,912, including (a) a reappropriation of \$876,412, which includes (i) \$264,109 in surplus Laguna Honda Hospital (LHH) capital project funds and (ii) \$612,303 in non-hospital operations funds, and (b) an appropriation of \$22,835,500, which includes (i) \$22,828,000 in surplus San Francisco General Hospital (SFGH) revenue funds and (ii) \$7,500 in LHH revenue funds, to fund projected budgetary shortfalls in the Department of Public Health (DPH) FY 2009-2010 budget including \$16,280,391 for SFGH, \$6,058,521 at LHH and \$1,373,000 for non-hospital operations.

Key Points

- Although the proposed appropriation is \$23,711,912, DPH recalculated their FY 2009-2010 expenditure projections and now only requires an appropriation of \$20,807,609, a decrease of \$2,904,303 or 12.2 percent. The \$20,807,609 would fund projected budgetary shortfalls in DPH's FY 2009-2010 budget including (a) \$13,258,088 at SFGH, (b) \$6,176,521 at LHH and (c) \$1,373,000 in non-hospital operations.
- Budgetary shortfalls of \$13,258,088 at SFGH include (a) \$11,088,088 in Temporary Salaries – Nurses, (b) \$157,000 in Mandatory Fringe Benefits, (c) \$1,251,000 in Non-Personnel Services, (d) \$18,000 in Membership Dues, and (e) \$744,000 in a City Attorney workorder. Budgetary shortfalls of \$6,176,521 at LHH include (a) \$2,326,694 in Temporary Salaries – Miscellaneous Staff, (b) \$1,380,000 in Temporary Salaries – Nurses, (c) \$298,218 in Mandatory Fringe Benefits, (d) \$1,900,000 in Material and Supplies, (e) \$264,109 in Building, Structures, and Improvements, and (f) \$7,500 in LHH General Store Supplies. Budgetary shortfalls of \$1,373,000 in non-hospital operations will be used to provide a required local match for Federal Disproportionate Share Hospital (DSH) funding.

Fiscal Impact

- This proposed appropriation request is funded entirely from DPH surplus revenues and surplus expenditures and does not require any additional General Fund monies.
- Based on the Controller's Office Monthly Expenditure/Encumbrance Report, the total straight-line projected salary deficit of \$13,047,721 at SFGH exceeds the new requested amount of \$11,088,088 by \$1,959,633, and total straight-line projected salary deficit of \$4,822,740 at LHH exceeds the new requested amount of \$3,706,694 (\$2,326,694 plus \$1,380,000) by \$1,116,046. However, DPH's salary projections include (a) anticipated changes to the UCSF interns and residents and other personnel, and (b) cost differences in projected one-time salary payouts. Therefore, the new requested appropriation amounts represent the actual funding needed.
- Based on the Controller's Office Monthly Expenditure/Encumbrance Report, the total straight-line projections of mandatory fringe benefits show a surplus of \$191,680 at SFGH and a surplus of \$145,026 at LHH even though DPH is requesting \$157,000 for SFGH and \$298,218 for LHH. However, DPH's mandatory fringe benefit projections include retirement health benefits calculations, which are not included in the Controller's Office report. Therefore, the new requested appropriation amounts represent the actual funding needed.

Recommendations

- Amend the proposed ordinance to reduce the requested appropriation of \$23,711,912 by \$2,904,303 to \$20,807,609, as detailed in the report. Approve the proposed ordinance, as amended.

MANDATE STATEMENT

Mandate Statement

In accordance with Section 9.105 of the City's Charter, (a) amendments to the appropriation ordinance, as finally adopted, are to be adopted in the same manner as other ordinances¹ and (b) no amendment to the appropriations ordinance may be adopted unless the Controller certifies the availability of funds.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate a total of \$23,711,912 including (a) a reappropriation of \$876,412, which includes (i) \$264,109 in surplus Laguna Honda Hospital (LHH) capital project funds and (ii) \$612,303 in non-hospital operations funds, and (b) an appropriation of \$22,835,500, which includes (i) \$22,828,000 in surplus San Francisco General Hospital (SFGH) revenue funds and (ii) \$7,500 in LHH revenue funds. The proposed appropriation of \$23,711,912 would fund projected budgetary shortfalls in the Department of Public Health (DPH) FY 2009-2010 budget including \$16,280,391 at SFGH, \$6,058,521 at LHH and \$1,373,000 in non-hospital operations.

On April 13, 2010, the Controller's Office certified the availability of such funds.

FISCAL ANALYSIS

Breakdown of the Proposed Appropriation

As stated in the proposed ordinance, DPH is requesting to appropriate \$23,711,912 of available DPH funds for other purposes. However, according to Mr. Gregg Sass, Chief Financial Officer of DPH, DPH recently recalculated their FY 2009-2010 expenditure projections and now only requires an appropriation of \$20,807,609, a reduction of \$2,904,303 or 12.2 percent, to fund projected budgetary shortfalls of \$13,258,088 at SFGH, \$6,176,521 at LLH and \$1,373,000 in non-hospital operations.

Table 1 below identifies the sources and uses for both the original appropriation request of \$23,711,912 and the new requested appropriation of \$20,807,609.

¹ In accordance with Section 2.105 of the San Francisco Charter, the approval of an ordinance requires two readings at separate Board of Supervisors meetings, held at least five days apart.

Table 1: Sources and Uses of DPH's Proposed Appropriation of \$23,711,912 and New Requested Appropriation of \$20,807,609

Sources	Proposed Ordinance Amount	Revised Amount	Difference
SFGH revenue funds	\$22,828,000*	\$19,923,697	(\$2,904,303)
LHH General Store revenue funds	7,500*	7,500	0
Deappropriated LHH Capital Project funds	264,109**	264,109	0
Deappropriated Non-Hospital Operations funds	612,303**	612,303	0
Sources Total	\$23,711,912	\$20,807,609	(\$2,904,303)
Uses	Proposed Ordinance Amount	Revised Amount	Difference
SFGH			
Temporary Salaries – Nurses	\$9,436,116	\$11,088,088	\$1,651,972
Mandatory Fringe Benefits	2,292,275	157,000	(2,135,275)
Non-Personnel Services	3,755,000	1,251,000	(2,504,000)
Membership Dues	53,000	18,000	(35,000)
City Attorney Workorder	744,000	744,000	0
<i>SFGH Subtotal</i>	<i>\$16,280,391</i>	<i>\$13,258,088</i>	<i>(\$3,022,303)</i>
LHH			
Temporary Salaries – Miscellaneous Staff	\$1,980,694	\$2,326,694	\$346,000
Temporary Salaries – Nurses	1,380,000	1,380,000	0
Mandatory Fringe Benefits	526,218	298,218	(228,000)
Material and Supplies	1,900,000	1,900,000	0
Building, Structures, and Improvements	264,109	264,109	0
LHH General Store Supplies (Material and Supplies)	7,500	7,500	0
<i>LHH Subtotal</i>	<i>\$6,058,521</i>	<i>\$6,176,521</i>	<i>\$118,000</i>
Non-Hospital Operations – Other Current Expenses	\$1,373,000	\$1,373,000	\$0
Uses Total	\$23,711,912	\$20,807,609	(\$2,904,303)

Source: DPH

* Total of \$22,835,500

** Total of \$876,412

Source of Funds

As shown in Table 1 above, the source of funding for the revised \$20,807,609 appropriation includes \$19,923,697 in SFGH revenue funds, \$7,500 in LHH General Store revenue funds, \$264,109 in deappropriated LHH Capital Project funds², and \$612,303 in deappropriated Non-Hospital Operations funds. No additional General Fund revenues are needed for this request. As noted above, DPH requires \$20,807,609 to cover budgetary shortfalls, which is \$2,904,303, or 12.2 percent less than the original proposed amount of \$23,711,912. The \$2,904,303 not needed in this appropriation request will accrue to the City's FY 2009-2010 General Fund balance.

² LHH Capital Projects include two separate Laguna Honda Long Term Care projects and the Psychiatric Cohort Unit project.

SFGH Uses (\$13,258,088)

As summarized in Table 1 above, the revised requested appropriation of \$13,258,088 would fund (a) temporary salaries for existing nurses, (b) mandatory fringe benefits, (c) non-personnel services, (d) membership dues, and (e) an increase to a workorder with the City Attorney's Office due to an increase in attorney's time on four high-profile and complex cases.

Temporary Salaries and Mandatory Fringe Benefits: According to Ms. Jenny Louie, Budget Director of DPH, the new appropriation includes \$11,088,088 for temporary salaries and \$157,000 for mandatory fringe benefits to fund existing temporary-staffed nurses at SFGH. Ms. Louie advises that DPH currently has a budgetary shortfall in temporary salaries and mandatory fringe benefits because DPH was underfunded for temporary salaries and mandatory fringe benefits in SFGH's original FY 2009-2010 budget. According to Ms. Louie and as shown in Table 1 above, DPH recalculated the SFGH temporary salaries and mandatory fringe benefit projections for FY 2009-2010 and determined that DPH requires (a) an increased appropriation of \$1,651,972 in SFGH temporary salaries and (b) a decreased appropriation of \$2,135,275 in SFGH mandatory fringe benefits.

Non-Personnel Services: As part of the negotiations with the Committee on Interns and Residents (Service Employees International Union), Ms. Louie advises that the new appropriation of \$1,251,000 for Non-Personnel Services would fund an agreement to transfer payroll from the City to UCSF for the interns and residents' rotation at SFGH. Ms. Louie advises that DPH currently directly pays the salaries of UCSF interns and residents working at SFGH from DPH's budgeted salaries. However, effective June 1 2010, instead of DPH directly paying their salaries, UCSF will commence paying the salaries of the UCSF interns and residents for their entire rotation, including their rotation at SFGH, and DPH will then reimburse UCSF through an agreement.

Membership Fees: According to Ms. Louie, the revised appropriation of \$18,000 for Membership Dues would fund union dues for the UCSF interns and residents beginning on June 1 2010, in accordance with the proposed agreement between DPH and UCSF. Ms. Louie advises that currently UCSF interns and residents contribute their union dues through employee payroll deductions, such that the City collects and pays employee dues directly to the unions. According to Ms. Louie, because UCSF is unable to pay for union memberships directly, DPH will pay for each employee's union dues and then charge back the amount of the union dues on the UCSF monthly invoice.

City Attorney Workorder: The total projected annual cost for the workorder between DPH and the City Attorney's Office is \$1,747,851, which is \$744,000 more than the \$1,003,851 included in DPH's FY 2009-2010 budget. Ms. Louie advises that the requested appropriation of \$744,000 to increase the City Attorney's workorder is due to an increase in attorney's time on four high-profile and complex cases, including (a) a construction case related to one of the hospital's capital improvement projects, (b) an employment case, (c) a class action case regarding the billing practices of insured patients being treated in the Emergency Department, and (d) an case regarding DPH's charity care programs.

LHH Uses (\$6,176,521)

As summarized in Table 1 above, the revised requested total appropriation of \$6,176,521 would fund (a) temporary salaries for existing staff and nurses, (b) mandatory fringe benefits, (c) materials and supplies, (d) building, structures, and improvements, and (e) supplies for the LHH General Store.

Temporary Salaries and Mandatory Fringe Benefits: Ms. Louie advises that DPH currently has a budgetary shortfall in temporary salaries because DPH was underfunded in both salaries and mandatory fringe benefits in LHH's original FY 2009-2010 budget. According to Ms. Louie and as shown in Table 1 above, DPH recalculated the LHH temporary salaries and mandatory fringe benefit projections for FY 2009-2010 and determined that DPH requires (a) an additional appropriation of \$346,000 in LHH temporary salaries and (b) a decreased appropriation of \$228,000 in LHH mandatory fringe benefits.

Materials and Supplies: Ms. Louie advises that the proposed appropriation of \$1,900,000 for Materials and Supplies would fund budgetary shortfalls of \$1,400,000 for pharmaceutical costs and \$500,000 for food costs. According to Ms. Louie, when DPH reduced the number of beds at LHH from 1,050 beds to 780 beds, all related materials and supplies expenditures in the budget were reduced proportionately. However, the remaining patients at LHH tend to be more acute and currently require more medications than anticipated, and an inflationary cost adjustment was not calculated for food, resulting in the projected FY 2009-2010 budgetary shortfall.

Building, Structures, and Improvements: According to Ms. Louie, DPH proposes to reappropriate \$264,109 in unused LHH capital project funds (see Footnote No. 2) into Building, Structures, and Improvements to pay an existing contractor, Anshen and Allen, to design a new Dialysis Unit at LHH, which will replace the existing Dialysis Unit at SFGH. The existing SFGH Dialysis Unit (a) requires repairs, (b) has been cited by the State Fire Marshall for failing to meet State of California Fire Life Safety Code Requirements, and (c) effective December of 2010, will not meet new Federal Life Safety Code Requirements³. Ms. Louie advises that the cost to repair the existing SFGH Dialysis Unit would be greater than the cost to construct a new Dialysis Unit at LHH. According to Ms. Louie, DPH will either competitively bid the construction portion of the new LHH Dialysis Unit or through the Department of Public Works (DPW), use an existing onsite construction company⁴.

LHH General Store Supplies (Material and Supplies): Ms. Louie advises that \$7,500 in unappropriated LHH General Store revenue funds would be used to purchase additional supplies for the LHH General Store.

Non-Hospital Operations Uses (\$1,373,000)

Other Current Expenses: According to Ms. Louie, the proposed appropriation of \$1,373,000 will be used as an InterGovernmental Transfer to provide a required local match for Disproportionate Share Hospital (DSH) funding and MediCal Managed Care supplemental payments. DSH is a

³ New Federal Life Safety Code Requirements include the incorporation of the National Fire Protection Association's 2000 Edition of the Life Safety Code building and fire code regulations.

⁴ If the existing onsite construction company is 10 percent above or below the proposed construction budget, DPH, through DPW, has the option to use the existing onsite construction company instead of competitively bidding the construction contract.

Federal funding pool that reimburses hospitals that serve a significantly disproportionate number of low-income patients. MediCal Managed Care is Federal program that provides supplemental payments to hospitals that provide medical care to patients currently enrolled in the MediCal Managed Care program. Mr. Sass advises that DPH would receive between \$2,700,000 and \$3,600,000 in DSH funding and MediCal Managed Care supplemental payments with the \$1,373,000 match.

Recommended Amendment

Given that DPH has recalculated their projected expenditures for FY 2009-2010, the Budget and Legislative Analyst recommends amending the proposed ordinance to reduce the requested appropriation of \$23,711,912 by \$2,904,303 to \$20,807,609, as detailed in Table 1 above.

Required Salary and Mandatory Fringe Benefits Funds for SFGH and LHH

Based on the information provided in the Controller's Office Monthly Expenditure/Encumbrance Report for April of 2010 and detailed in Table 2 below, the Budget and Legislative Analyst calculated that DPH will (a) overexpend salaries by (i) \$13,047,721 at SFGH and (ii) \$4,822,740 at LHH, and (b) underexpend mandatory fringe benefits by (i) \$191,680 at SFGH and (ii) \$145,026 at LHH.

Table 2: Projected Salaries and Mandatory Fringe Benefits based on the Controller's Office Monthly Expenditure/Encumbrance Report

	FY 2009-2010 Budgeted Amount	Expenditures as of April 2010*	FY 2009-2010 Projected Annual Expenditures**	Difference
SFGH				
Salaries	\$255,902,362	\$214,335,698	\$268,950,083	(\$13,047,721)
Fringe Benefits	\$96,418,096	\$76,686,186	\$96,226,416	\$191,680
LHH				
Salaries	\$96,341,757	\$80,621,515	\$101,164,497	(\$4,822,740)
Fringe Benefits	\$40,159,117	\$31,888,624	\$40,014,091	\$145,026

Source: Controller's Office

* There are 26.1 pay periods on an annual basis. June 2009 through April 2010 consist of 20.8 pay periods.

** Based on straight-line projections of expenditures through April 2010

As shown in Table 1 above, DPH is now requesting \$11,088,088 in SFGH temporary salaries and \$3,706,694 (\$2,326,694 plus \$1,380,000) in LHH temporary salaries. A total straight-line projected salary deficit of \$13,047,721 at SFGH exceeds the revised requested \$11,088,088 for SFGH by \$1,959,633. In addition, a total straight-line projected salary deficit of \$4,822,740 at LHH exceeds the revised requested \$3,706,694 by \$1,116,046. However, according to Mr. Sass, DPH's salary projections include (a) anticipated reduced funding needs due to changes related to the UCSF interns and residents and other personnel, and (b) cost differences in projected one-time salary payouts (i.e. due to Wellness Program⁵). Therefore, Mr. Sass advises that the revised

⁵ As an incentive to minimize the use of sick days, the Wellness Program was created to allow employees to receive monetary payout of half of their cumulated sick days upon retirement.

requested salary appropriation of \$14,794,782 (\$11,088,088 for SFGH plus \$3,706,694 for LHH) represents the actual funding needed.

As shown in Table 1 above, DPH is requesting \$157,000 in SFGH mandatory fringe benefits and \$298,218 in LHH mandatory fringe benefits. However, as shown in Table 2 above, total straight-line projections of mandatory fringe benefits indicate a surplus of \$191,680 at SFGH and \$145,026 at LHH. However, according to Mr. Sass, DPH's mandatory fringe benefit projections include retirement health benefits calculations, which were not included in the Controller's Office projections. Therefore, Mr. Sass advises that the revised requested mandatory fringe benefits appropriation of \$455,218 (\$157,000 for SFGH plus \$298,218 for LHH) represents the actual funding needed.

As noted above, the proposed appropriation request is funded entirely from DPH surplus revenues and surplus expenditures and does not require any additional General Fund monies.

RECOMMENDATIONS

1. Amend the proposed ordinance to reduce the requested appropriation of \$23,711,912 by \$2,904,303 to \$20,807,609, as detailed in Table 1 above.
2. Approve the proposed ordinance, as amended.



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mayor Gavin Newsom *GN*
RE: Appropriating \$23,711,912 of surplus revenues and expenditures to support cost overruns in the Department of Public Health for Fiscal Year Fiscal Year 2009-2010
DATE: April 13, 2010

Dear Madame Clerk:

Attached for introduction to the Board of Supervisors is the Ordinance appropriating \$23,711,912, including appropriating \$22,828,000 of surplus San Francisco General Hospital revenues and \$7,500 of Laguna Honda Hospital revenues, de-appropriating \$876,412 of Laguna Honda Hospital and non-hospital operations expenditures, to fund cost overruns in the Department of Public Health, including \$16,280,391 at San Francisco General Hospital, \$6,058,521 at Laguna Honda Hospital, and \$1,373,000 in non-hospital operations, for Fiscal Year 2009-2010.

I request that this item be scheduled in the Budget and Finance Committee.

Should you have any questions, please contact Starr Terrell (415) 554-5262.

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