



Gavin Newsom,
Mayor

Gregg Sass,
Chief Financial Officer

MEMORANDUM

November 18, 2008

TO: President Jim Illig
and Honorable Members of the Health Commission

THROUGH: Mitchell Katz, M.D.
Director, Department of Public Health

FROM: Gregg Sass
Chief Financial Officer

RE: Revenue and Expenditure Report – 1st Quarter FY 2008-09

This report presents the first quarter financial projections of revenues and expenditures for the Department of Public Health for fiscal year 2008-09. These projections are based on revenue collected and billed, and expenses incurred for the first three months of the fiscal year ending September 30, 2008. Projections include a revenue deficit of \$3.359 million and expenditure deficit of \$0.519 million for an overall deficit of \$3.878 million. Financial projections include additional revenues and cost savings as detailed in a balancing plan accompanying this report. The balancing plan addresses an overall \$25 million current year shortfall that relies in part on accessing a \$4.6 million surplus for the previous fiscal year that was only recently identified. If approved, that prior year surplus would balance the current year projected deficit. If not approved, we will continue to work to fully fund our operating expenses and eliminate the net deficit.

The following table summarizes projected financial results for the year based on first quarter results:

Projected FY 2008-09 Year-End Surplus/Deficit

Division	REVENUES			EXPENDITURES			TOTAL
	Revised Budget	Current Projection	Surplus/ (Deficit)	Revised Budget	Current Projection	Surplus/ (Deficit)	Surplus/ (Deficit)
Department of Public Health							
SFGH	\$ 751,178,000	\$ 760,350,000	\$ 9,172,000	\$ 751,178,000	\$ 758,765,000	\$ (7,587,000)	\$ 1,585,000
Laguna Honda	171,851,000	164,170,000	(7,681,000)	171,851,000	173,198,000	(1,347,000)	(9,028,000)
Primary Care	63,265,000	62,465,000	(800,000)	63,265,000	61,284,000	1,981,000	1,181,000
Health at Home	8,861,000	8,861,000	-	8,861,000	8,340,000	521,000	521,000
Jail Health	29,107,000	29,107,000	-	29,107,000	28,618,000	489,000	489,000
Public Health	134,912,000	133,862,000	(1,050,000)	134,912,000	131,035,000	3,877,000	2,827,000
Mental Health	265,443,000	262,443,000	(3,000,000)	265,443,000	264,505,000	938,000	(2,062,000)
Substance Abuse	77,399,000	77,399,000	-	77,399,000	76,790,000	609,000	609,000
TOTAL DPH	\$ 1,502,016,000	\$ 1,498,657,000	\$ (3,359,000)	\$ 1,502,016,000	\$ 1,502,535,000	\$ (519,000)	\$ (3,878,000)

The Revised Budget in the table above includes: Annual Appropriation Ordinance for DPH, carry forwards from prior year, Inter Governmental Transfer (IGT), Transfer In and Project Related expenses.

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San Francisco General Hospital: Year-end projections show a surplus of \$1.585 million.

Revenues are projected to be \$9.172 over budget. This is comprised of a \$10.293 million favorable variance in net patient service revenue (\$17.050 surplus in patient service revenue reduced by \$6.757 shortfall in the Safety Net Care Pool). This includes additional projected revenue consistent with our final close out for 2007-08. We are also projecting a 100% loss of State Tobacco Tax revenues that were budgeted at \$1.121 million but cut from the State Budget.

The average daily census in the acute medical / surgical units at SFGH through October of this year exceeds the budgeted census by 6.75%. This has also been considered in the revenue projections.

Expenditures are projected to be over budget by \$7.587 million. This is due to unfavorable variances in Personal Services and Fringe Benefits. This projection is based on our most recent analysis of personnel expenditures reduced by \$3.471 million for the effect of holding unfilled requisitions consistent with the Department's balancing plan.

The unfavorable variance in our salary projections are partly a result of under-funding of structural costs. The final approved budget did not include \$3.8 million in requested funding for structural needs that occurred in 2007- 08.

Laguna Honda Hospital: Year-end projections show a deficit of \$9.027 million.

Revenues are projected to be \$7.681 million less than budget. This is associated with State budget reductions to Medi-Cal skilled nursing per diem rates. The Medi-Cal cut is the subject of a lawsuit that the City Attorney advised will not be settled until very late in the fiscal year. The outcome of the lawsuit is not assured.

Expenditures are projected to be \$1.346 million more than budget due to unfavorable variances in Personal Services. This projection is based on our most recent analysis of personnel expenditures reduced by \$2.314 million for the effect of holding unfilled requisitions consistent with the Department's balancing plan.

The unfavorable variance in our salary projections are partly a result of under-funding of structural costs. The final approved budget did not include \$2.336 million in requested funding for structural needs that occurred in 2007- 08.

Primary Care: Year-end projections project a surplus of \$1.181 million.

Revenue is projected to \$0.8 million under budget. The budget included projected \$0.8 million in FQHC funding for primary care services provided for clients in respite beds, but we have not as yet been able to secure that funding.

Expenditures for Salaries and Fringe Benefits are projected to be 1.981 less than budget , based on a projection of our most recent year-to-date payroll.

Health at Home: Year-end projections show a surplus of \$0.521 million comprised of favorable variances in Salaries and Benefits. In a first round of mid year cuts taken in August, the Mayor reserved \$0.300 million personnel expenditures which accounts for most of this variance. In addition, projections are reduced by \$0.178 million for the effect of holding unfilled requisitions consistent with the Department's balancing plan.

Jail Health Services: Year-end projections show a surplus of \$0.489 million comprised of favorable variances in Salaries and Fringe Benefits reduced by \$89,000 for the effect of holding unfilled requisitions consistent with the Department's balancing plan

Public Health: We are projecting a \$2.827 million surplus in this division.

Revenues are less than budget by \$1.050 million to adjust for State budget cuts to CCS revenues that are offset by equivalent expenditure savings.

Expenditures are projected to be \$3.877 million less than budgeted. Salary and fringe benefits are \$2.277 million under budget reflecting savings of \$1.227 million from holding unfilled requisitions consistent with the Department's balancing plan and reductions in staff in Maternal Child Health equal to the \$1.050 million reduction in State CCS funding. Savings in Non-Personal Services of \$1.6 million reflects deferral of \$1.5 million in HUH scattered site housing costs to 2009/10 and \$100,000 savings for a reduction to the Bayview Health Initiative taken in a first round of mid year cuts. This cut reversed a portion of the addback restored by the Board of Supervisors.

Mental Health:

We are projecting a \$2.062 million deficit in Mental Health.

Revenues are projected to be \$3.0 million under budget for Short-Doyle Medi-Cal, consistent with prior year results.

Expenditures are projected to be \$938,000 under budget. Salary and fringe is \$341,000 under budget due to a \$1.0 million salary deficit offset by savings of \$1.341 million from holding unfilled requisitions consistent with the Department's balancing plan.

The unfavorable variance in salary projections is primarily due to under-funding of structural costs. The final approved budget did not include \$2.8 million in requested funding for salary and fringe.

Non-Personal Services is \$597,000 under budget reflecting \$240,000 savings for late start up of an ADU included in the Department's balancing plan and \$357,000 savings for outreach services taken in a first round of mid year cuts. This cut reversed a portion of the addback restored by the Board of Supervisors.

Substance Abuse:

Expenditures are projected to be \$609,000 under budget related to savings in salaries and fringe of \$87,000 from holding unfilled requisitions consistent with the Department's balancing plan. In addition there is savings of \$522,000 in non-personal services for outreach services taken in a first round of mid year cuts. This cut reversed a portion of the addback restored by the Board of Supervisors.

Jim Illig and members of the Health Commission

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Conclusion: With only three months of the fiscal year on which to base projections, and nine months remaining, it is difficult to project our year-end position with precision, however we can project a favorable revenue variance at SFGH to provide a funding source for a supplemental appropriation to fund a portion of the deficit at Laguna Honda. As described in our balancing plan, while the plan relies on access to \$4.6 million in 2007/08 surplus revenues to help balance overspending in 2008/09, we also have additional time to find other solutions. The plan is under review by the Mayor's Budget Office and Controller.

Department of Public Health
STATEMENT OF REVENUE AND EXPENSES
 Month Ending: September 30, 2008
 (In Thousands of Dollars)

YEAR TO DATE				ANNUAL			
Projection	Budget	Fav/(Unfav) Variance	% Var	Projection	Budget	Fav/(Unfav) Variance	% Var
NET PATIENT SERVICE REVENUE:				NET PATIENT SERVICE REVENUE:			
51,671	54,080	(2,409)	-4%	207,244	214,756	(7,512)	-3%
19,922	21,346	(1,423)	-7%	84,279	84,761	(482)	-1%
40,316	33,141	7,176	22%	149,846	131,531	18,315	14%
(16,024)	(15,510)	(514)	-3%	(63,787)	(62,035)	(1,752)	-3%
<u>95,886</u>	<u>93,056</u>	<u>2,829</u>	<u>3%</u>	<u>377,581</u>	<u>369,012</u>	<u>8,569</u>	<u>2%</u>
TOTAL NET PATIENT SERVICE REVENUE				TOTAL NET PATIENT SERVICE REVENUE			
OTHER OPERATING REVENUE:				OTHER OPERATING REVENUE:			
487	9,702	(9,215)	-95%	38,808	38,808	0	n/a
1,280	15,286	(14,006)	-92%	58,144	61,144	(3,000)	-5%
1,180	1,847	(667)	-36%	7,389	7,389	0	n/a
24,654	26,343	(1,689)	-6%	98,616	105,373	(6,757)	-6%
0	0	0	n/a	0	0	0	n/a
7,355	7,355	0	n/a	29,419	29,419	0	n/a
13,140	13,140	0	n/a	52,561	52,561	0	n/a
0	4,040	(4,040)	-100%	16,158	16,158	0	n/a
95	732	(638)	-87%	2,929	2,929	0	n/a
32,126	41,606	(9,480)	-23%	166,425	166,425	0	n/a
228	628	(400)	-64%	1,392	2,513	(1,121)	-45%
88	1,581	(1,493)	-94%	5,275	6,325	(1,050)	-17%
5,578	6,691	(1,113)	-17%	26,761	26,761	0	n/a
4,802	9,364	(4,562)	-49%	37,450	37,450	0	n/a
21,331	20,855	476	2%	83,422	83,422	0	n/a
44,931	44,931	0	n/a	79,982	79,982	0	n/a
<u>157,275</u>	<u>204,101</u>	<u>(46,826)</u>	<u>-23%</u>	<u>704,732</u>	<u>716,660</u>	<u>(11,928)</u>	<u>-2%</u>
TOTAL OTHER OPERATING REVENUE				TOTAL OTHER OPERATING REVENUE			
<u>253,160</u>	<u>297,157</u>	<u>(43,997)</u>	<u>-15%</u>	<u>1,082,313</u>	<u>1,085,672</u>	<u>(3,359)</u>	<u>0%</u>
TOTAL OPERATING REVENUE				TOTAL OPERATING REVENUE			
OPERATING EXPENSES:				OPERATING EXPENSES:			
119,296	116,066	(3,230)	-3%	524,663	520,597	(4,067)	-1%
36,676	37,163	487	1%	165,673	166,501	828	0%
199,075	121,698	(77,377)	-64%	484,067	486,787	2,719	1%
24,078	22,368	(1,710)	-8%	89,479	89,479	0	n/a
2,189	2,654	465	18%	10,616	10,616	0	n/a
27,769	18,121	(9,648)	-53%	72,480	72,480	0	n/a
9,834	9,832	(1)	0%	39,330	39,330	0	n/a
14,545	12,338	(2,206)	-18%	49,352	49,352	0	n/a
16,865	16,717	(148)	-1%	66,874	66,874	0	n/a
<u>450,326</u>	<u>356,957</u>	<u>(93,369)</u>	<u>-26%</u>	<u>1,502,535</u>	<u>1,502,016</u>	<u>(519)</u>	<u>0%</u>
TOTAL OPERATING EXPENSES				TOTAL OPERATING EXPENSES			
<u>(197,166)</u>	<u>(59,800)</u>	<u>(137,365)</u>	<u>-230%</u>	<u>(420,222)</u>	<u>(416,344)</u>	<u>(3,878)</u>	<u>-1%</u>
OPERATING INCOME/(LOSS)				OPERATING INCOME/(LOSS)			
NON-OPERATING REVENUE:				NON-OPERATING REVENUE:			
104,085	104,085	0	n/a	416,343	416,343	0	n/a
<u>104,085</u>	<u>104,085</u>	<u>0</u>	<u>n/a</u>	<u>416,343</u>	<u>416,343</u>	<u>0</u>	<u>n/a</u>
TOTAL NON-OPERATING REVENUE				TOTAL NON-OPERATING REVENUE			
<u>(93,082)</u>	<u>44,284</u>	<u>(137,365)</u>	<u>n/a</u>	<u>(3,879)</u>	<u>0</u>	<u>(3,879)</u>	<u>n/a</u>
NET INCOME/(LOSS)				NET INCOME/(LOSS)			

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San Francisco General Hospital
STATEMENT OF REVENUE AND EXPENSES
 Month Ending: September 30, 2008
 (In Thousands of Dollars)

YEAR-TO-DATE					ANNUAL					
Projection	Budget	Fav/(Unfav)		% Var.	Description	Projection	Budget	Fav/(Unfav)		% Var.
		Variance						Variance		
NET PATIENT SERVICE REVENUE:										
22,862	21,894	968		4.4%	Medi-Cal Revenue	87,865	86,896	969		1.1%
17,082	17,565	(483)		-2.7%	Medicare Revenue	69,234	69,716	(482)		-0.7%
37,861	32,064	5,797		18.1%	Other Patient Revenue	145,541	127,226	18,315		14.4%
(15,438)	(15,000)	(438)		-2.9%	Provision for Bad Debt	(61,752)	(60,000)	(1,752)		-2.9%
62,367	56,523	5,844		10.3%	TOTAL NET PATIENT SERVICE REVENUE	240,888	223,838	17,050		8%
OTHER OPERATING REVENUE:										
0	0	0		n/a	Short Doyle (Community Health Service)	0	0	0		n/a
1,315	1,315	0		n/a	Short Doyle Medi-Cal	5,261	5,261	0		n/a
1,000	1,000	0		n/a	MAA/TCM	4,000	4,000	0		n/a
24,654	26,343	(1,689)		-6.4%	Safety Net Care Pool	98,616	105,373	(6,757)		-6.4%
0	0	0		n/a	SB1255 & SB855	0	0	0		n/a
7,355	7,355	0		n/a	State Health Care Initiative	29,419	29,419	0		n/a
12,706	12,706	0		n/a	Capitation/Managed Care Settlement	50,823	50,823	0		n/a
0	0	0		n/a	State Alcohol	0	0	0		n/a
0	0	0		n/a	Proposition 36	0	0	0		n/a
15,270	15,270	0		n/a	State Realignment	61,081	61,081	0		n/a
0	280	(280)		-100.0%	Prop 99 AB75	0	1,121	(1,121)		-100.0%
0	0	0		n/a	Other State (CCS and State Mandated Cost)	0	0	0		n/a
814	814	0		n/a	Fees/Cafeteria/Misc. (includes lease income)	3,258	3,258	0		n/a
1,074	1,074	0		n/a	Workorder Recovery	4,295	4,295	0		n/a
17,688	17,688	0		n/a	Transfer In and Project-Related	70,754	70,754	0		n/a
11,516	11,516	0		n/a	Carryforward	46,062	46,062	0		n/a
93,392	95,361	(1,969)		-2.1%	TOTAL OTHER OPERATING REVENUE	373,569	381,447	(7,878)		-2.1%
155,759	151,884	3,875		2.6%	TOTAL OPERATING REVENUE	614,457	605,285	9,172		1.5%
OPERATING EXPENSES:										
58,252	55,750	(2,502)		-4.5%	Personnel Services	260,986	254,242	(6,744)		-2.7%
18,495	17,985	(510)		-2.8%	Mandatory Fringe Benefits	82,862	82,019	(843)		-1.0%
37,629	37,629	0		n/a	Non-personal Services	150,514	150,514	0		n/a
16,246	16,246	0		n/a	Materials and Supplies	64,985	64,985	0		n/a
1,413	1,413	0		n/a	Facilities Maint. & Capital Outlay	5,651	5,651	0		n/a
11,508	11,508	0		n/a	Services of Other Departments (workorders)	46,032	46,032	0		n/a
9,832	9,832	0		n/a	Operating Transfer Out	39,328	39,328	0		n/a
11,603	11,603	0		n/a	Intrafund Transfer	46,410	46,410	0		n/a
15,499	15,499	0		n/a	Projects	61,997	61,997	0		n/a
180,477	177,465	(3,012)		-1.7%	TOTAL OPERATING EXPENSES	758,765	751,178	(7,587)		-1.0%
(24,718)	(25,581)	863		3.4%	OPERATING INCOME/(LOSS)	(144,308)	(145,893)	1,585		1.1%
NON-OPERATING REVENUE:										
36,473	36,473	0		n/a	General Fund	145,893	145,893	0		n/a
36,473	36,473	0		n/a	TOTAL NON-OPERATING REVENUE	145,893	145,893	0		n/a
11,755	10,892	863		7.9%	NET INCOME/(LOSS)	1,585	0	1,585		n/a

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Laguna Honda Hospital
STATEMENT OF REVENUE AND EXPENSES
 Month Ending: September 30, 2008
 (In Thousands of Dollars)

YEAR TO DATE					ANNUAL				
	Projection	Budget	Fav/(Unfav)		Projection	Budget	Fav/(Unfav)		
			Variance	% Var			Variance	% Var	
	NET PATIENT SERVICE REVENUE:					NET PATIENT SERVICE REVENUE:			
1	26,094	27,513	(1,419)	-5.2%	Medi-Cal Revenue	101,481	109,162	(7,681)	-7.0%
2	1,243	2,282	(1,039)	-45.5%	Medicare Revenue	9,055	9,055	0	n/a
3	172	25	147	588.0%	Other Patient Revenue	99	99	0	n/a
4	0	0	0	0.0%	Provision for Bad debt	0	0	0	0.0%
5	<u>27,509</u>	<u>29,819</u>	<u>(2,310)</u>	<u>-7.7%</u>	TOTAL NET PATIENT SERVICE REVENUE	<u>110,635</u>	<u>118,316</u>	<u>(7,681)</u>	<u>-6.5%</u>
6									
7					OTHER OPERATING REVENUE:				
8	0	0	0	n/a	Short Doyle (Community Mental Health Service)	0	0	0	n/a
9	0	0	0	n/a	Short Doyle M/Cal	0	0	0	n/a
10	0	0	0	n/a	MAA/TCM	0	0	0	n/a
11	0	0	0	n/a	Safety Net Care Pool	0	0	0	n/a
12	0	0	0	n/a	SB1255 & SB855	0	0	0	n/a
13	0	0	0	n/a	GME	0	0	0	n/a
14	0	0	0	n/a	Capitation/Managed Care Settlement	0	0	0	n/a
15	0	0	0	n/a	State Alcohol	0	0	0	n/a
16	0	0	0	n/a	Proposition 36	0	0	0	n/a
17	0	0	0	n/a	State Realignment	0	0	0	n/a
18	0	0	0	n/a	Prop 99 AB75	0	0	0	n/a
19	0	0	0	n/a	Other State (CCS and State Mandated Cost)	0	0	0	n/a
20	133	211	(78)	-37.0%	Fees/Cafeteria/Misc (includes lease income)	844	844	0	n/a
21	19	119	(100)	-84.0%	Workorder Recovery	475	475	0	n/a
22	530	530	0	n/a	Transfer In and Project Related	2,119	2,119	0	n/a
23	168	168	0	n/a	Carryforward	673	673	0	n/a
24	<u>850</u>	<u>1,028</u>	<u>(178)</u>	<u>-17.3%</u>	TOTAL OTHER OPERATING REVENUE	<u>4,111</u>	<u>4,111</u>	<u>0</u>	<u>n/a</u>
25									
26	<u>28,359</u>	<u>30,847</u>	<u>(2,488)</u>	<u>-8.1%</u>	TOTAL OPERATING REVENUE	<u>114,746</u>	<u>122,427</u>	<u>(7,681)</u>	<u>-6.3%</u>
27									
28					OPERATING EXPENSES:				
29	25,820	23,811	(2,010)	-8.4%	Personnel Services	104,601	103,051	(1,549)	-1.5%
30	8,570	8,959	389	4.3%	Mandatory Fringe Benefits	38,569	38,772	204	0.5%
31	1,103	1,270	167	13.1%	Non-personal Services	5,079	5,079	0	n/a
32	3,028	2,753	(275)	-10.0%	Materials and Supplies	11,014	11,014	0	n/a
33	399	413	13	3.1%	Facilities Maint. & Capital Outlay	1,652	1,652	0	n/a
34	2,678	2,678	0	n/a	Services of Other Departments (workorders)	10,710	10,710	0	n/a
35	0	0	0	n/a	Operating Transfer Out	0	0	0	n/a
36	0	0	0	n/a	Intrafund Transfer	0	0	0	n/a
37	540	393	(146)	-37.2%	Projects	1,574	1,574	0	n/a
38	<u>42,138</u>	<u>40,276</u>	<u>(1,861)</u>	<u>-4.6%</u>	TOTAL OPERATING EXPENSES	<u>173,198</u>	<u>171,852</u>	<u>(1,346)</u>	<u>-0.8%</u>
39									
40	<u>(13,778)</u>	<u>(9,429)</u>	<u>(4,349)</u>	<u>-46.1%</u>	OPERATING INCOME/(LOSS)	<u>(58,451)</u>	<u>(49,424)</u>	<u>(9,027)</u>	<u>-18.3%</u>
41									
42					NON-OPERATING REVENUE:				
43	12,356	12,356	0	n/a	General Fund	49,424	49,424	0	n/a
44	<u>12,356</u>	<u>12,356</u>	<u>0</u>	<u>n/a</u>	TOTAL NON-OPERATING REVENUE	<u>49,424</u>	<u>49,424</u>	<u>0</u>	<u>n/a</u>
45									
46	<u>(1,422)</u>	<u>2,927</u>	<u>(4,349)</u>		NET INCOME/(LOSS)	<u>(9,027)</u>	<u>0</u>	<u>(9,027)</u>	

PRIMARY CARE CLINICS
STATEMENT OF REVENUE AND EXPENSES
 Month Ending: September 30, 2008
 (In Thousand of Dollars)

YEAR-TO-DATE					ANNUAL					
Projection	Budget	Fav/(Unfav)		% Var	Description	Projection	Budget	Fav/(Unfav)		% Var
		Variance						Variance		
NET PATIENT SERVICE REVENUE:										
1	1,829	2,055	(226)	-11.0%	Medi-Cal Revenue	7,425	8,225	(800)	-9.7%	1
2	1,197	966	231	23.9%	Medicare Revenue	3,860	3,860	-	n/a	2
3	2,205	870	1,335	153.4%	Other Patient Revenue	3,478	3,478	-	n/a	3
4	(586)	(510)	(76)	-14.9%	Provision for Bad Debt	(2,035)	(2,035)	-	n/a	4
5	<u>4,645</u>	<u>3,381</u>	<u>1,264</u>	<u>37.4%</u>	TOTAL NET PATIENT SERVICE REVENUE	<u>12,728</u>	<u>13,528</u>	<u>(800)</u>	<u>-5.9%</u>	5
OTHER OPERATING REVENUE:										
8	0	0	-	n/a	Short Doyle (Community Health Service)	0	0	-	n/a	8
9	0	0	-	n/a	Short Doyle Medi-Cal	0	0	-	n/a	9
10	-	-	-	n/a	MAA/TCM	-	-	-	n/a	10
11	0	0	-	n/a	Safety Net Care Pool	0	0	-	n/a	11
12	0	0	-	n/a	SB1255 & SB855	0	0	-	n/a	12
13	0	0	-	n/a	State Health Care Initiative	0	0	-	n/a	13
14	434	434	-	n/a	Capitation/Managed Care Settlement	1,738	1,738	-	n/a	14
15	0	0	-	n/a	State Alcohol	0	0	-	n/a	15
16	0	0	-	n/a	Proposition 36	0	0	-	n/a	16
17	0	0	-	n/a	State Realignment	0	0	-	n/a	17
18	0	0	-	n/a	Prop 99 AB75	0	0	-	n/a	18
19	0	0	-	n/a	Other State (CCS and State Mandated Cost)	0	0	-	n/a	19
20	176	176	-	n/a	Fees/Cafeteria/Misc. (includes lease income)	702	702	-	n/a	20
21	1,190	1,190	-	n/a	Workorder Recovery	4,760	4,760	-	n/a	21
22	-	-	-	n/a	Transfer In and Project-Related	0	-	-	n/a	22
23	-	-	-	n/a	Carryforward	-	-	-	n/a	23
24	<u>1,800</u>	<u>1,800</u>	-	n/a	TOTAL OTHER OPERATING REVENUE	<u>7,200</u>	<u>7,200</u>	-	n/a	24
26	<u>6,445</u>	<u>5,181</u>	<u>1,264</u>	<u>24.4%</u>	TOTAL OPERATING REVENUE	<u>19,928</u>	<u>20,728</u>	<u>(800)</u>	<u>-3.9%</u>	26
OPERATING EXPENSES:										
29	8,571	8,806	235	2.7%	Personnel Services	38,506	40,056	1,550	3.9%	29
30	2,373	2,438	65	2.7%	Mandatory Fringe Benefits	10,661	11,092	431	3.9%	30
31	1,137	1,137	-	n/a	Non-personal Services	4,547	4,547	-	n/a	31
32	411	411	-	n/a	Materials and Supplies	1,648	1,648	-	n/a	32
33	147	147	-	n/a	Facilities Maint. & Capital Outlay	591	591	-	n/a	33
34	507	507	-	n/a	Services of Other Departments (workorders)	2,028	2,028	-	n/a	34
35	-	-	-	n/a	Operating Transfer Out	-	-	-	n/a	35
36	-	-	-	n/a	Intrafund Transfer	-	-	-	n/a	36
37	826	825	(1)	-0.1%	Projects	3,303	3,303	-	n/a	37
38	<u>13,972</u>	<u>14,271</u>	<u>299</u>	<u>2.1%</u>	TOTAL OPERATING EXPENSES	<u>61,284</u>	<u>63,265</u>	<u>1,981</u>	<u>3.1%</u>	38
40	<u>(7,527)</u>	<u>(9,090)</u>	<u>1,563</u>	<u>17.2%</u>	OPERATING INCOME/(LOSS)	<u>(41,356)</u>	<u>(42,537)</u>	<u>1,181</u>	<u>2.8%</u>	40
NON-OPERATING REVENUE:										
43	10,634	10,634	-	n/a	General Fund	42,537	42,537	-	n/a	43
44	<u>10,634</u>	<u>10,634</u>	-	n/a	TOTAL NON-OPERATING REVENUE	<u>42,537</u>	<u>42,537</u>	-	n/a	44
46	<u>3,107</u>	<u>1,544</u>	<u>1,563</u>	<u>101.2%</u>	NET INCOME/(LOSS)	<u>1,181</u>	<u>-</u>	<u>1,181</u>	<u>n/a</u>	46

6.8

HEALTH AT HOME
STATEMENT OF REVENUE AND EXPENSES
Month Ending: September 30, 2008
(In Thousands of Dollars)

YEAR-TO-DATE					ANNUAL				
	Projection	Budget	Fav/(Unfav)			Projection	Budget	Fav/(Unfav)	
			Variance	% Var				Variance	% Var
					NET PATIENT SERVICE REVENUE:				
1	117	114	3	2.6%	Medi-Cal Revenue	457	457	0	n/a
2	379	370	9	2.4%	Medicare Revenue	1,479	1,479	0	n/a
3	12	11	1	9.1%	Other Patient Revenue	45	45	0	n/a
4	0	0	0	n/a	Provision for Bad Debt	0	0	0	n/a
5	<u>508</u>	<u>495</u>	<u>13</u>	<u>2.6%</u>	TOTAL NET PATIENT SERVICE REVENUE	<u>1,981</u>	<u>1,981</u>	<u>0</u>	<u>n/a</u>
6									
7					OTHER OPERATING REVENUE:				
8	0	0	0	n/a	Short Doyle (Community Health Service)	0	0	0	n/a
9	0	0	0	n/a	Short Doyle Medi-Cal	0	0	0	n/a
10	180	180	0	n/a	MAA/TCM	721	721	0	n/a
11	0	0	0	n/a	Safety Net Care Pool	0	0	0	n/a
12	0	0	0	n/a	SB1255 & SB855	0	0	0	n/a
13	0	0	0	n/a	State Health Care Initiative	0	0	0	n/a
14	0	0	0	n/a	Capitation/Managed Care Settlement	0	0	0	n/a
15	0	0	0	n/a	State Alcohol	0	0	0	n/a
16	0	0	0	n/a	Proposition 36	0	0	0	n/a
17	0	0	0	n/a	State Realignment	0	0	0	n/a
18	0	0	0	n/a	Prop 99 AB75	0	0	0	n/a
19	0	0	0	n/a	Other State (CCS and State Mandated Cost)	0	0	0	n/a
20	0	0	0	n/a	Fees/Cafeteria/Misc. (includes lease income)	0	0	0	n/a
21	231	231	0	n/a	Workorder Recovery	922	922	0	n/a
22	0	0	0	n/a	Transfer In and Project-Related	0	0	0	n/a
23	0	0	0	n/a	Carryforward	0	0	0	n/a
24	<u>411</u>	<u>411</u>	<u>0</u>	<u>n/a</u>	TOTAL OTHER OPERATING REVENUE	<u>1,643</u>	<u>1,643</u>	<u>0</u>	<u>n/a</u>
25									
26	<u>919</u>	<u>906</u>	<u>13</u>	<u>1.4%</u>	TOTAL OPERATING REVENUE	<u>3,624</u>	<u>3,624</u>	<u>0</u>	<u>n/a</u>
27									
28					OPERATING EXPENSES:				
29	1,271	1,396	125	8.9%	Personnel Services	5,960	6,358	398	6.3%
30	392	431	39	9.0%	Mandatory Fringe Benefits	1,839	1,962	123	6.3%
31	80	80	0	n/a	Non-personal Services	319	319	0	n/a
32	39	39	0	n/a	Materials and Supplies	157	157	0	n/a
33	7	7	0	n/a	Facilities Maint. & Capital Outlay	28	28	0	n/a
34	9	9	0	n/a	Services of Other Departments (workorders)	37	37	0	n/a
35	0	0	0	n/a	Operating Transfer Out	0	0	0	n/a
36	0	0	0	n/a	Intrafund Transfer	0	0	0	n/a
37	0	0	0	n/a	Projects	0	0	0	n/a
38	<u>1,798</u>	<u>1,962</u>	<u>164</u>	<u>8.3%</u>	TOTAL OPERATING EXPENSES	<u>8,340</u>	<u>8,861</u>	<u>521</u>	<u>5.9%</u>
39									
40	<u>(879)</u>	<u>(1,056)</u>	<u>177</u>	<u>16.7%</u>	OPERATING INCOME/(LOSS)	<u>(4,716)</u>	<u>(5,237)</u>	<u>521</u>	<u>9.9%</u>
41									
42					NON-OPERATING REVENUE:				
43	1,309	1,309	0	n/a	General Fund	5,237	5,237	0	n/a
44	<u>1,309</u>	<u>1,309</u>	<u>0</u>	<u>n/a</u>	TOTAL NON-OPERATING REVENUE	<u>5,237</u>	<u>5,237</u>	<u>0</u>	<u>n/a</u>
45									
46	<u>430</u>	<u>253</u>	<u>177</u>	<u>69.6%</u>	NET INCOME/(LOSS)	<u>521</u>	<u>0</u>	<u>521</u>	<u>n/a</u>

6.9

JAIL HEALTH SERVICES
STATEMENT OF REVENUE AND EXPENSES
 Month Ending: September 30, 2008
 (In Thousands of Dollars)

YEAR-TO-DATE					ANNUAL				
	Projection	Budget	Fav/(Unfav)		Projection	Budget	Fav/(Unfav)		
			Variance	% Var			Variance	% Var	
	NET PATIENT SERVICE REVENUE:								
1		-	-	n/a		-	-	n/a	1
2		-	-	n/a		-	-	n/a	2
3		-	-	n/a		-	-	n/a	3
4		-	-	n/a		-	-	n/a	4
5		-	-	n/a		-	-	n/a	5
6									6
7	OTHER OPERATING REVENUE:								
8		-	-	n/a		-	-	n/a	8
9		-	-	n/a		-	-	n/a	9
10		-	-	n/a		-	-	n/a	10
11		-	-	n/a		-	-	n/a	11
12		-	-	n/a		-	-	n/a	12
13		-	-	n/a		-	-	n/a	13
14		-	-	n/a		-	-	n/a	14
15		-	-	n/a		-	-	n/a	15
16		-	-	n/a		-	-	n/a	16
17		-	-	n/a		-	-	n/a	17
18		-	-	n/a		-	-	n/a	18
19		-	-	n/a		-	-	n/a	19
20	293	293	-	n/a	1,170	1,170	-	n/a	20
21	123	123	-	n/a	492	492	-	n/a	21
22		-	-	n/a		-	-	n/a	22
23		-	-	n/a		-	-	n/a	23
24	<u>416</u>	<u>416</u>	-	n/a	<u>1,662</u>	<u>1,662</u>	-	n/a	24
25									25
26	<u>416</u>	<u>416</u>	-	n/a	<u>1,662</u>	<u>1,662</u>	<u>0</u>		26
27									27
28	OPERATING EXPENSES:								
29	3,734	3,713	(21)	-0.6%	16,569	16,955	386	2.3%	29
30	999	993	(6)	-0.6%	4,432	4,535	103	2.3%	30
31	1,039	1,039	-	n/a	4,155	4,155	-	n/a	31
32	708	708	-	n/a	2,831	2,831	-	n/a	32
33	59	59	-	n/a	236	236	-	n/a	33
34	99	99	-	n/a	395	395	-	n/a	34
35		-	-	n/a		-	-	n/a	35
36		-	-	n/a		-	-	n/a	36
37		-	-	n/a		-	-	n/a	37
38	<u>6,638</u>	<u>6,611</u>	<u>(27)</u>	<u>-0.4%</u>	<u>28,618</u>	<u>29,107</u>	<u>489</u>	<u>1.7%</u>	38
39									39
40	<u>(6,222)</u>	<u>(6,195)</u>	<u>(27)</u>	<u>-0.4%</u>	<u>(26,956)</u>	<u>(27,445)</u>	<u>489</u>	<u>1.8%</u>	40
41									41
42	NON-OPERATING REVENUE:								
43	6,861	6,861	0	n/a	27,445	27,445	0	n/a	43
44	<u>6,861</u>	<u>6,861</u>	-	n/a	<u>27,445</u>	<u>27,445</u>	<u>0</u>	n/a	44
45									45
46	<u>639</u>	<u>666</u>	<u>(27)</u>	<u>-4.1%</u>	<u>489</u>	<u>0</u>	<u>489</u>	n/a	46

6.10

Department of Public Health - Public Health Division

STATEMENT OF REVENUE AND EXPENSES

Month Ending: September 30, 2008

(In Thousands of Dollars)

YEAR TO DATE					ANNUAL				
Projection	Fav/(Unfav)				Projection	Fav/(Unfav)			
	Budget	Variance	% Var	Budget		Variance	% Var		
NET PATIENT SERVICE REVENUE:					NET PATIENT SERVICE REVENUE:				
1	83	285	(201)	-70.72%	1,139	1,139	0	n/a	1
2	21	0	21	8482.40%	1	1	0	n/a	2
3	11	16	(6)	-34.34%	65	65	0	n/a	3
4	0	0	0	n/a	0	0	0	n/a	4
5	115	301	(186)	-61.65%	1,205	1,205	0	n/a	5
TOTAL NET PATIENT SERVICE REVENUE					TOTAL NET PATIENT SERVICE REVENUE				
OTHER OPERATING REVENUE:					OTHER OPERATING REVENUE:				
8	0	0	0	n/a	0	0	0	n/a	8
9	0	0	0	n/a	0	0	0	n/a	9
10	0	667	(667)	-100.00%	2,668	2,668	0	n/a	10
11	0	0	0	n/a	0	0	0	n/a	11
12	0	0	0	n/a	0	0	0	n/a	12
13	0	0	0	n/a	0	0	0	n/a	13
14	0	0	0	n/a	0	0	0	n/a	14
15	0	0	0	n/a	0	0	0	n/a	15
16	0	0	0	n/a	0	0	0	n/a	16
17	6,808	10,380	(3,572)	-34.41%	41,519	41,519	0	n/a	17
18	228	348	(120)	-34.42%	1,392	1,392	0	n/a	18
19	88	1,581	(1,493)	-94.42%	5,275	6,325	(1,050)	-16.60%	19
20	3,015	4,611	(1,597)	-34.63%	18,446	18,446	0	n/a	20
21	254	1,369	(1,115)	-81.41%	5,476	5,476	0	n/a	21
22	2,939	2,046	893	43.66%	8,183	8,183	0	n/a	22
23	5,486	5,486	0	n/a	5,486	5,486	0	n/a	23
24	18,818	26,488	(7,670)	-28.96%	88,444	89,494	(1,050)	-1.17%	24
TOTAL OTHER OPERATING REVENUE					TOTAL OTHER OPERATING REVENUE				
26	18,934	26,789	(7,855)	-29.32%	89,648	90,698	(1,050)	-1.16%	26
TOTAL OPERATING REVENUE					TOTAL OPERATING REVENUE				
OPERATING EXPENSES:					OPERATING EXPENSES:				
29	10,589	10,926	337	3.08%	46,739	48,333	1,594	3.30%	29
30	2,810	3,017	206	6.84%	12,662	13,345	683	5.12%	30
31	37,030	13,681	(23,349)	-170.67%	53,123	54,723	1,600	2.92%	31
32	1,854	997	(856)	-85.85%	3,990	3,990	0	n/a	32
33	43	571	527	92.40%	2,283	2,283	0	n/a	33
34	9,251	2,323	(6,927)	-298.14%	9,294	9,294	0	n/a	34
35	2	0	(1)	-300.00%	2	2	0	n/a	35
36	2,942	735	(2,206)	-300.00%	2,942	2,942	0	n/a	36
37	0	0	0	n/a	0	0	0	n/a	37
38	64,521	32,251	(32,270)	-100.06%	131,035	134,912	3,877	2.87%	38
TOTAL OPERATING EXPENSES					TOTAL OPERATING EXPENSES				
40	(45,588)	(5,462)	(40,126)	734.63%	(41,386)	(44,213)	2,827	-6.39%	40
OPERATING INCOME/(LOSS)					OPERATING INCOME/(LOSS)				
NON-OPERATING REVENUE:					NON-OPERATING REVENUE:				
43	11,053	11,053	0	n/a	44,213	44,213	0	n/a	43
44	11,053	11,053	0	n/a	44,213	44,213	0	n/a	44
TOTAL NON-OPERATING REVENUE					TOTAL NON-OPERATING REVENUE				
46	(34,534)	5,591	(40,126)	n/a	2,827	0	2,827	n/a	46
NET INCOME/(LOSS)					NET INCOME/(LOSS)				

6.11

Department of Public Health - Mental Health Division

STATEMENT OF REVENUE AND EXPENSES

Month Ending: September 30, 2008

(In Thousands of Dollars)

YEAR TO DATE					ANNUAL					
Projection	Budget	Fav/(Unfav)		% Var	Description	Projection	Budget	Fav/(Unfav)		% Var
		Variance						Variance		
NET PATIENT SERVICE REVENUE:					NET PATIENT SERVICE REVENUE:					
1	685	2,219	(1,534)	-69.12%	Medi-Cal Revenue	8,877	8,877	0	n/a	1
2	0	163	(163)	-100.00%	Medicare Revenue	650	650	0	n/a	2
3	56	154	(99)	-63.87%	Other Patient Revenue	618	618	0	n/a	3
4	0	0	0	n/a	Provision for Bad debt	0	0	0	n/a	4
5	<u>741</u>	<u>2,536</u>	<u>(1,795)</u>	<u>-70.78%</u>	TOTAL NET PATIENT SERVICE REVENUE	<u>10,145</u>	<u>10,145</u>	<u>0</u>	<u>n/a</u>	5
OTHER OPERATING REVENUE:					OTHER OPERATING REVENUE:					
8	487	9,702	(9,215)	-94.98%	Short Doyle (Community Mental Health Service)	38,808	38,808	0	n/a	8
9	(35)	12,937	(12,971)	-100.27%	Short Doyle M/Cal	48,746	51,746	(3,000)	-5.80%	9
10	0	0	0	n/a	MAA/TCM	0	0	0	n/a	10
11	0	0	0	n/a	S N C P	0	0	0	n/a	11
12	0	0	0	n/a	SB1255 & SB855	0	0	0	n/a	12
13	0	0	0	n/a	GME	0	0	0	n/a	13
14	0	0	0	n/a	Capitation/Managed Care Settlement	0	0	0	n/a	14
15	0	0	0	n/a	State Alcohol	0	0	0	n/a	15
16	0	0	0	n/a	Proposition 36	0	0	0	n/a	16
17	10,048	15,956	(5,908)	-37.03%	State Realignment	63,825	63,825	0	n/a	17
18	0	0	0	n/a	Prop 99 AB75	0	0	0	n/a	18
19	0	0	0	n/a	Other State (CCS and State Mandated Cost)	0	0	0	n/a	19
20	1,147	497	649	130.48%	Fees/Cafeteria/Misc (includes lease income)	1,990	1,990	0	n/a	20
21	1,233	4,420	(3,188)	-72.11%	Workorder Recovery	17,682	17,682	0	n/a	21
22	0	548	(548)	-100.00%	Transfer In and Project Related	2,192	2,192	0	n/a	22
23	19,038	19,038	0	n/a	Carryforward	19,038	19,038	0	n/a	23
24	<u>31,917</u>	<u>63,098</u>	<u>(31,181)</u>	<u>-49.42%</u>	TOTAL OTHER OPERATING REVENUE	<u>192,281</u>	<u>195,281</u>	<u>(3,000)</u>	<u>-1.54%</u>	24
26	<u>32,658</u>	<u>65,635</u>	<u>(32,977)</u>	<u>-50.24%</u>	TOTAL OPERATING REVENUE	<u>202,425</u>	<u>205,425</u>	<u>(3,000)</u>	<u>-1.46%</u>	26
OPERATING EXPENSES:					OPERATING EXPENSES:					
29	10,373	10,952	579	5.29%	Personnel Services	48,210	48,449	239	0.49%	29
30	2,860	3,143	283	9.01%	Mandatory Fringe Benefits	13,803	13,906	102	0.74%	30
31	79,167	48,812	(30,355)	-62.19%	Non-personal Services	194,649	195,246	597	0.31%	31
32	1,785	1,196	(589)	-49.24%	Materials and Supplies	4,783	4,783	0	n/a	32
33	120	44	(76)	-174.30%	Facilities Maint. & Capital Outlay	175	175	0	n/a	33
34	2,712	721	(1,991)	-276.33%	Services of Other Departments (workorders)	2,883	2,883	0	n/a	34
35	0	0	0	n/a	Operating Transfer Out	0	0	0	n/a	35
36	0	0	0	n/a	Intrafund Transfer	0	0	0	n/a	36
37	0	0	0	n/a	Projects	0	0	0	n/a	37
38	<u>97,017</u>	<u>64,867</u>	<u>(32,150)</u>	<u>-49.56%</u>	TOTAL OPERATING EXPENSES	<u>264,504</u>	<u>265,443</u>	<u>938</u>	<u>0.35%</u>	38
40	<u>(64,359)</u>	<u>767</u>	<u>(65,127)</u>	<u>-8489.35%</u>	OPERATING INCOME/(LOSS)	<u>(62,079)</u>	<u>(60,017)</u>	<u>(2,062)</u>	<u>3.44%</u>	40
NON-OPERATING REVENUE:					NON-OPERATING REVENUE:					
43	15,004	15,004	0	n/a	General Fund	60,017	60,017	0	n/a	43
44	<u>15,004</u>	<u>15,004</u>	<u>0</u>	<u>n/a</u>	TOTAL NON-OPERATING REVENUE	<u>60,017</u>	<u>60,017</u>	<u>0</u>	<u>n/a</u>	44
46	<u>(49,355)</u>	<u>15,771</u>	<u>(65,127)</u>	<u>n/a</u>	NET INCOME/(LOSS)	<u>(2,062)</u>	<u>0</u>	<u>(2,062)</u>	<u>n/a</u>	46

6.12

Department of Public Health - Substance Abuse Division

STATEMENT OF REVENUE AND EXPENSES

Month Ending: September 30, 2008

(In Thousands of Dollars)

YEAR TO DATE					ANNUAL				
Projection	Budget	Fav/(Unfav)		% Var	Projection	Budget	Fav/(Unfav)		% Var
		Variance					Variance		
NET PATIENT SERVICE REVENUE:					NET PATIENT SERVICE REVENUE:				
1	0	0	0	n/a	0	0	0	0	n/a
2	0	0	0	n/a	0	0	0	0	n/a
3	0	0	0	n/a	0	0	0	0	n/a
4	0	0	0	n/a	0	0	0	0	n/a
5	0	0	0	n/a	0	0	0	0	n/a
6									
7									
8	0	0	0	n/a	0	0	0	0	n/a
9	0	1,034	(1,034)	-100.00%	4,136	4,136	0	0	n/a
10	0	0	0	n/a	0	0	0	0	n/a
11	0	0	0	n/a	0	0	0	0	n/a
12	0	0	0	n/a	0	0	0	0	n/a
13	0	0	0	n/a	0	0	0	0	n/a
14	0	0	0	n/a	0	0	0	0	n/a
15	0	4,040	(4,040)	-100.00%	16,158	16,158	0	0	n/a
16	95	732	(638)	-87.09%	2,929	2,929	0	0	n/a
17	0	0	0	n/a	0	0	0	0	n/a
18	0	0	0	n/a	0	0	0	0	n/a
19	0	0	0	n/a	0	0	0	0	n/a
20	0	88	(88)	-99.66%	352	352	0	0	n/a
21	678	837	(159)	-19.04%	3,349	3,349	0	0	n/a
22	174	44	131	300.00%	174	174	0	0	n/a
23	8,724	8,724	0	n/a	8,724	8,724	0	0	n/a
24	<u>9,671</u>	<u>15,498</u>	<u>(5,828)</u>	<u>-37.60%</u>	<u>35,822</u>	<u>35,822</u>	<u>0</u>	<u>0</u>	<u>n/a</u>
25									
26	<u>9,671</u>	<u>15,498</u>	<u>(5,828)</u>	<u>-37.60%</u>	<u>35,822</u>	<u>35,822</u>	<u>0</u>	<u>0</u>	<u>n/a</u>
27									
28									
29	686	713	27	3.78%	3,092	3,153	61	1.92%	
30	176	197	21	10.52%	844	870	26	2.98%	
31	41,890	18,051	(23,839)	-132.07%	71,681	72,203	522	0.72%	
32	8	18	10	55.64%	71	71	0	n/a	
33	0	0	0	n/a	0	0	0	n/a	
34	1,005	275	(730)	-264.94%	1,102	1,102	0	n/a	
35	0	0	0	n/a	0	0	0	n/a	
36	0	0	0	n/a	0	0	0	n/a	
37	0	0	0	n/a	0	0	0	n/a	
38	<u>43,764</u>	<u>19,253</u>	<u>(24,511)</u>	<u>-127.31%</u>	<u>76,790</u>	<u>77,399</u>	<u>609</u>	<u>0.79%</u>	
39									
40	<u>(34,094)</u>	<u>(3,755)</u>	<u>(30,339)</u>	<u>807.99%</u>	<u>(40,968)</u>	<u>(41,577)</u>	<u>609</u>	<u>-1.46%</u>	
41									
42									
43	10,394	10,394	0	n/a	41,577	41,577	0	n/a	
44	<u>10,394</u>	<u>10,394</u>	<u>0</u>	<u>n/a</u>	<u>41,577</u>	<u>41,577</u>	<u>0</u>	<u>n/a</u>	
45									
46	<u>(23,699)</u>	<u>6,639</u>	<u>(30,339)</u>	<u>n/a</u>	<u>609</u>	<u>0</u>	<u>609</u>	<u>n/a</u>	

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Gavin Newsom,
Mayor

Gregg Sass,
Chief Financial Officer

MEMORANDUM

November 3, 2008

To: Nani Coloretti

From: Gregg Sass

Subject: Current year balancing plan

As requested we are submitting our plan to balance current year spending to budget.

Background

State budget cuts reduce projected revenues \$9.7M. As instructed, we did not forecast the majority of these cuts, and are projecting that State cuts will reduce Budgeted \$7.9M (\$2M was of losses were anticipated in our budget. We are also projecting an additional \$2.7M shortfall in revenue related to the accelerated pace of bed closures and reversal of growth assumptions in our projected Medi-Cal rates. The total revenue loss is projected to be \$10.6M.

Our most recent payroll projections indicate that salary expenses will exceed budget at SFGH and LHH. The variances at our hospitals are related to structural budget items that existed in the 2007/08 year, and required supplemental appropriations. Funding for these costs were requested in 2008/09 but were not included in the approved budget. We are therefore projected to be overspent \$14.1M.

The combined effect of revenue shortfalls and personnel cost overspending is \$24.7 M.

Balancing Plan

There are five components to our balancing plan.

2007/08 General Fund Surplus \$4.6M

The first is to access General Fund surplus from the prior year to the extent that it exceeded our projections for 2007/08 and is therefore providing a \$4.6M in additional General Fund that was not factored into the City-wide deficit projections. The Health Department projected that we would return \$4.9M. Final entries by the Controller returns \$9.5M for a net difference of \$4.6M. We request that this additional contribution be applied to offset revenue shortfalls this year.

Additional revenue forecast at SFGH \$9.0M

The second component is an additional \$9.0M in revenues at SFGH above what is budgeted for this year. We have reviewed our year end revenue close out last year and determined that actual revenues at SFGH for the 2007/08 year exceed our budgeted revenues for 2008/09 such that we can project a revenue increase for this year.

One-time savings from delayed spending on budget initiatives \$1.74M

The third component is comprised of several budget initiatives where spending will be deferred and budget savings will result. Our budget includes \$2M in a continuing project account for rent subsidies for

scattered site housing. We project that no more than \$0.5M will be expended in this fiscal year and \$1.5M will carryforward in the continuing project to next year which will reduce the need for additional funding related to the Chambers settlement. Our budget also includes \$1.6M for a community based adult diversion unit that will not open before January, and will result in contract savings of \$240K this year.

CCS Staff Reduction

In response to the loss of \$1.2M in State funding for California Children's Service (CCS), we are eliminating 20 positions in that program for a six month savings of \$1.2M. The revenue has been reflected in reduced revenues in this analysis and this reduction offsets that loss. This will also produce over \$2M in savings for 2009-10.

Salary Spending Plan

As of the current date, there are 158 requisitions that remain unapproved from lists submitted in August and October. These are generally M-F positions that have been recently vacated. Each has been reviewed and approved by DPH finance and budget staff.

While holding these positions is useful in offsetting overspending at our hospitals, there are some that are critical to continuing operations and must be filled.

In order to reduce spending and bring our personnel costs into balance, we propose to defer 75% of existing vacant requisitions. To the extent that the positions were recently filled, deferring hiring will have a direct positive effect in reducing personnel cost in the current year. In addition, we estimate that approximately 15 terminations in M-F positions occur each month and we also are willing to hold 75% of new vacancies to further reduce our expenses. This will generate estimated personnel cost savings of \$8.9M computed as follows:

Total submitted and pending approval	158
Grant funded that should be approved immediately	<u>3</u>
Remaining vacant M-F positions	155
25% to be prioritied for release	<u>39</u>
Positions to be held through June 30	<u>116</u>
Estimated Savings at \$80K per position for 8 months	\$ 6,186,667
Additional Savings of 12 positions per month for 7 months	<u>\$ 2,700,000</u>
Total Reduced Personnel Cost	<u>\$ 8,886,667</u>

Conclusion

If approved, this plan will eliminate the projected deficit of \$24.7M for 2008/09 as follows:

6.15

(amounts in millions)

	Revenue	Expense	Deficit
Projected deficit	\$ (10.60)	\$ (14.10)	\$ (24.70)
2007/08 surplus	4.60		4.60
Additional SFGH Revenue	9.00		9.00
Deferral of initiatives		1.74	1.74
CCS staff reduction		1.20	1.20
Salary Spending Plan		8.90	8.90
Projected Deficit	<u>\$ 3.00</u>	<u>\$ (2.26)</u>	<u>\$ 0.74</u>

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