DEPARTMENT OF PUBLIC HEALTH

FY15-17 BUDGET UPDATE

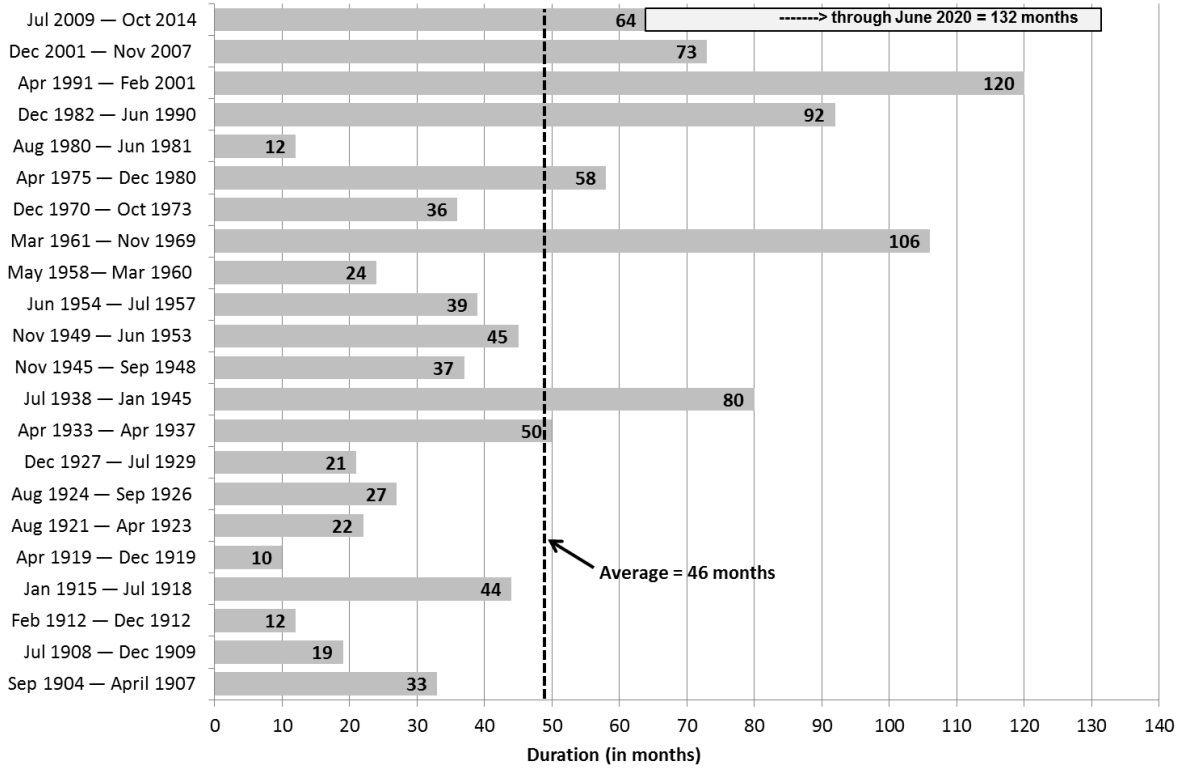
December 16, 2014

5 Year Base Case Outlook is Improved but Still Requires Corrective Actions

Summary of General Fund Supported Projected Budgetary Surplus / (Shortfall) ($ Millions)

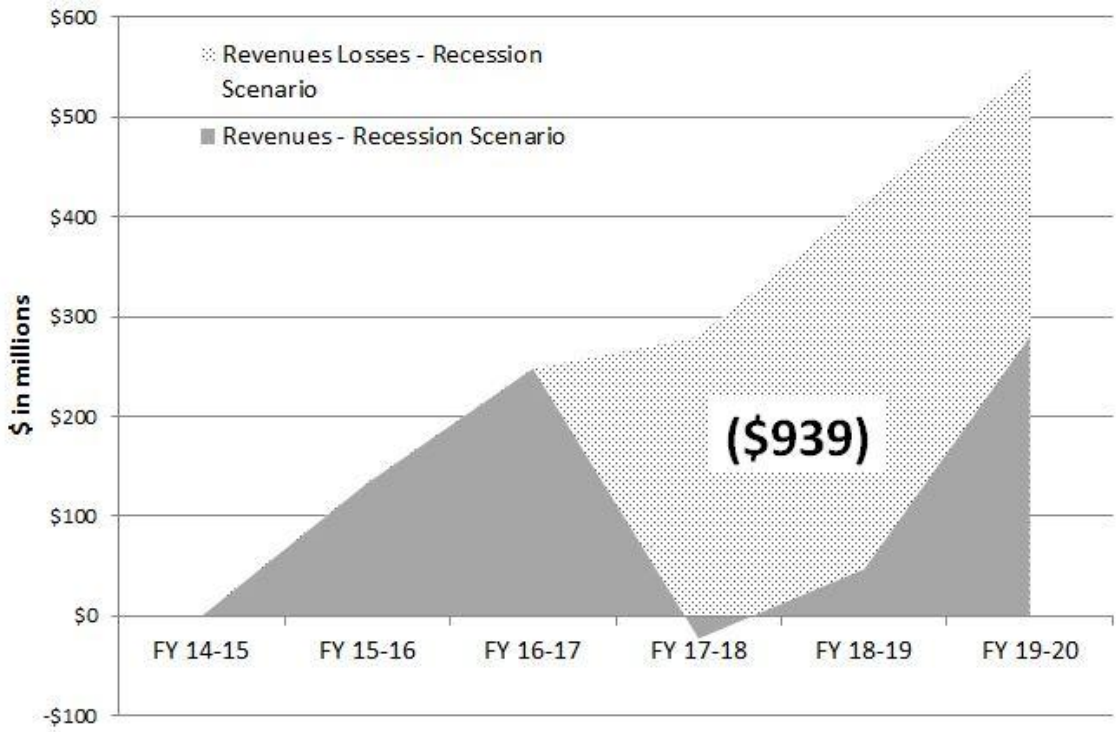
	Savings/ (Cost) Change from Prior Year, $ Million				
Sources	**FY15-16**	**FY16-17**	**FY17-18**	**FY18-19**	**FY19-20**
Use of One-Time Sources, Prior Year Fund Balance & Reserves	(60.8)	6.9	(123.2)	-	-
Regular Revenues, Transfers, & Other	200.7	106.0	164.3	136.8	136.1
Subtotal - Sources	**139.9**	**112.9**	**41.2**	**136.8**	**136.1**
Uses					
Salaries & Benefits	(33.9)	(58.5)	(76.1)	(72.1)	(100.0)
Other Expenditures, Reserves & Transfers	(122.0)	(126.8)	(151.6)	(155.9)	(87.9)
Subtotal - Uses	**(155.9)**	**(185.2)**	**(227.7)**	**(228.0)**	**(187.9)**
Total Net General Fund Impact (from Prior Year)	(15.9)	(72.3)	(186.6)	(91.2)	(51.8)
Projected Cumulative Surplus / (Shortfall)	**(15.9)**	**(88.3)**	**(274.8)**	**(366.1)**	**(417.9)**

Recession Scenario



- Since 1900, average length of time between recessions has been 46 months. The current economic expansion has lasted over 64 months.
- If no recession through FY20, it will mark the longest economic expansion since 1900.

Recession Scenario



Recession Scenario - Five Year Forecast	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Base Case Deficit Projection	**(16)**	**(88)**	**(275)**	**(366)**	**(418)**
Updated Deficit Projection	**(16)**	**(88)**	**(556)**	**(773)**	**(821)**
Change in Projected Deficit	***-***	***-***	***(281)***	***(407)***	***(403)***

FY 16 & FY 17
Budget Instructions

- Contingency Cuts proposed in August will not be needed.
- FY 2015-16: No target reductions requested. Absorb revenue losses.
- FY 2016-17: Propose ongoing reductions and revenues equal to *1.0%* of adjusted GF support. (DPH Target is $6.2 million)

Challenges Ahead for DPH

- Revenue Uncertainty
  - Disproportionate Share Hospital Revenue Loss
  - Realignment "Claw Back"
  - Dual Eligibles Managed Care Conversion Pilot
  - 1115 Medi-Cal Waiver
- Strengthening information systems
  - Fully supporting current operations
  - Implementing ICD-10
  - Developing integrated electronic medical record
- Investing in Population Health
- Opening the new San Francisco General Hospital
- Continuing focus on access and patient retention

Timeline

February 3rd & 17th	Health Commission Hearing on Budgets
February 23	Budget Submissions Due
June 1	Mayor Proposes Balanced Budget
June	Budget Committee Hearings
July	Budget Considered at Board of Supervisors