



**Gavin Newsom,
Mayor**

**Gregg Sass,
Chief Financial Officer**

MEMORANDUM

May 15, 2008

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

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

FROM: Gregg Sass
Chief Financial Officer

RE: 2008-09 Budget Update

Additional Reduction Target

On May 7, the Mayor's Budget Office notified City Departments that the budget remained unbalanced and set additional General Fund reduction targets. Discussions with Labor for concessions have not been productive, and required an additional \$60 million in reductions from Departments. The Health Department was asked to reduce use of General Fund by an additional \$16 million, representing our share of the \$60 million. A reduction plan was needed by close of business Friday May 9.

The Health Department submitted additional cuts totaling \$10,934,165 on Friday. Given the short time to respond, our approach to this request produced the following:

- 1) Eliminated 22.5 positions for a value of \$2,578,000 from SFGH, LHH and several divisions of Public Health
- 2) Accelerated the timetable for reduction of beds at LHH by two months, eliminating 9 positions, for a value of \$282,000
- 3) Expand the scope of plan to outsource security services to include LHH, clinics and administrative offices, in addition to SFGH, for a value of \$1,456,000. This will mean that Institutional Police will not be utilized by DPH to serve LHH and our Clinics.
- 4) Reduce or eliminate general fund support for selected programs, primarily in Community Programs, eliminating 4 Civil Service positions plus contracts for a value of \$6,618,000. This includes \$2 million in general fund support to programs cut by AB2034 for which MHSA (Prop 63 funding) may be available. This also includes an additional \$3 million reduction to AIDS health services that eliminates general fund support for certain services no longer supported by Ryan White.

Department staff and our community partners have been working on the pre-existing \$14 million reduction to Community Programs. It was important to allow that process to continue uninterrupted and therefore it was not feasible to increase the across-the-board reductions which would have disrupted that process. Therefore, reductions proposed in this last round of cuts focused on elimination of funding to selected programs, including city and contract services. This allowed work on the initial cut to continue.

President Jim Illig

March 15, 2008

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Attached to this memo is a full list of reductions submitted to the Mayor's Budget office. We will also be sending you two supporting schedules that summarize Community Program contract reductions by modality and by contractor. These schedules, which are still in process, will detail the distribution of the initial \$14 million cut and the additional cuts to community programs.

Other Updates

Jail Health - The Sheriff workorder to fund Jail Health Services is being eliminated and the General Fund supporting that workorder is being returned to the Health Department. General fund equal to the full projected cost of Jail Health in our jails and at SFGH will be restored.

Structural needs -The Mayor's budget office has agreed to fund \$12 million of the \$19 million structural need requested in our base budget. Additional funding may be available dependent on the final balancing plan for the City Budget.