

DEPARTMENT OF PUBLIC HEALTH FY 2020-22 BUDGET

June 16, 2020

Forecast Through FY 2023-24

	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24
Sources					
General fund sources		(487)	(306)	(110)	89
Public health revenues		(132)	(32)	(12)	8
Other		(31)	150	(67)	(93)
		(650)	(188)	(190)	4
Uses					
Baselines & reserves		93	21	(29)	(86)
Salaries & benefits		(125)	(307)	(415)	(495)
Citywide operating costs		(66)	(162)	(234)	(315)
Department costs		(6)	(100)	(148)	(197)
		(104)	(547)	(827)	(1,093)
Projected shortfall	(246)	(754)	(735)	(1,016)	(1,089)
			<i>(1,735)</i>		

Department Instructions

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Mandatory budget reductions to help close the deficit

- Required reduction of General Fund support
 - ▣ Equivalent to 10% of adjusted GFS in FY 20-21
 - ▣ Growing to 15% in in FY 21-22 (an additional 5%)
 - ▣ Additional 5% in second year – contingency in FY 20-21 if fiscal conditions worsen
- For DPH:
 - ▣ FY 20-21: \$75.5 million
 - ▣ FY 21-22: \$113.2 million
 - ▣ FY 21-22 Additional 5% Contingency: \$37.7 million
 - ▣ Additional funding needs anticipated for ongoing COVID 19 response

DPH Approach to Meeting Target

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- Prioritized core services and avoided service reductions especial to vulnerable populations
- Identified costs savings that had minimal impact to patients and workforce
- Held a virtual town hall with the CBO community on June 5th to receive input and answer questions
- Our proposal does not reduce services or result in layoffs

Detailed Budget Initiatives – Revenue and Savings

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PRIOR REVENUES AND SAVINGS	FY 20-21	FY 21-22
	Net GF Impact Favorable/ (Unfavorable)	Net GF Impact Favorable/ (Unfavorable)
A1 ZSFG and Medi-Cal Waiver Revenues	\$ 10,171,011	\$ 28,238,525
A2 ZSFG One-Time Settlements	\$ 61,883,706	\$ -
A3 LHH Baseline Revenues	\$ 6,534,554	\$ 12,115,872
A4 Decommissioning of Legacy IT systems	\$ 14,319,105	\$ 8,640,723
A5 Backfill of Federal Funding for Population Health Programs	\$ (494,159)	\$ (504,811)
A6 Specialty Pharmacy Expansion	\$ -	\$ -
A7 Additional BHS, PC and PHD revenue adjustments due to COVID	\$ (13,124,424)	\$ -
TOTAL REVENUES	\$ 79,289,793	\$ 48,490,309

Detailed Budget Initiatives – Additional Savings

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ADDITIONAL SAVINGS	FY 20-21	FY 21-22
	Net GF Impact Favorable/ (Unfavorable)	Net GF Impact Favorable/ (Unfavorable)
A8 Reduction in Jail Health Services Due to Closure of the Hall of Justice	\$ 578,718	\$ 1,022,629
A9 Operating Cost Savings at LHH	\$ 2,126,544	\$ -
A10 Operating Cost Reductions at ZSFG	\$ 6,086,076	\$ 3,017,009
A11 Information Technology Operating Savings	\$ 1,737,000	\$ 1,088,000
A12 DPH Facilities Cost Savings	\$ 2,705,250	\$ 1,422,676
A13 Healthy Kids Transitioning to Medi-Cal	\$ 4,068,381	\$ 4,068,381
A14 Changes in Prior Year Settlement Methodology	\$ 7,112,047	\$ 7,112,047
A15 Financing of Capital Projects	\$ 14,000,000	\$ (4,000,000)
TOTAL ADDITIONAL SAVINGS	\$ 38,414,016	\$ 13,730,742

Detailed Budget Initiatives – Emerging Needs

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EXPENDITURES	FY 20-21	FY 21-22
	Net GF Impact Favorable/ (Unfavorable)	Net GF Impact Favorable/ (Unfavorable)
B1 Quality Management Redesign of Compliance and Privacy Affairs	\$ (2,028,321)	\$ (2,662,895)
B2 New Maternal Child Health Equity Initiatives	\$ (550,619)	\$ (587,473)
B3 ZSFG Operations and Census (updated)	\$ -	\$ -
B4 Strengthening HR	\$ (2,721,482)	\$ (3,819,833)
TOTAL EMERGING NEEDS	\$ (5,300,422)	\$ (7,070,201)

Contingency Reductions

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- While we do not have specific plan to meet our \$37.7 million contingency at this time
- Should we need one, we will likely need to propose reductions that will include program reductions and positions eliminations.

Current Balancing

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Budget Instructions	FY 20-21	FY 21-22	Two-Year Total
10%/15% General Fund Reduction Target	\$ 75,469,552	\$ 113,204,329	\$ 188,673,881
Revenue Growth Assumed in Deficit	<u>(59,392,517)</u>	<u>41,089,856</u>	<u>\$ (18,302,661)</u>
	16,077,035	154,294,185	170,371,220
5% Additional Contingency	\$ -	\$ 37,734,776	\$ 37,734,776
Health Commission Proposal to Meet Target			
Revenues	\$ 79,289,793	\$ 48,490,309	\$ 127,780,102
Savings	\$ 38,414,016	\$ 13,730,742	\$ 52,144,758
Emerging Needs	\$ (5,300,422)	\$ (7,070,201)	\$ (12,370,623)
Total Proposed	\$ 112,403,387	\$ 55,150,850	\$ 167,554,237
Net Balancing - Above/(Below) Target	\$ 96,326,352	\$ (99,143,335)	\$ (2,816,983)
System of Care Services Contingency Reductions - Position eliminations and CBO Reductions TBD			\$ 37,734,776

Next Steps

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- Submission of plan to the Mayor's Office and work with them to finalize:
 - Proposed Initiatives
 - Any additional contingency reductions
 - Development of budget for COVID spending in partnership with EOC leadership
 - Any additional Mayoral priorities
- We will keep the Commission informed as we move forward

Budget Timeline

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- ▣ June 16 – Health Commission Hearing
- ▣ June 19 – DPH submits proposed budget to Mayor’s Office and Controller
- ▣ July 7, July 21 – Health Commission Meetings prior to Mayor’s Budget Submission
- ▣ August 1 – Mayor Submits Balanced Budget to Board of Supervisors
- ▣ August – Board of Supervisors Budget and Appropriations Committee Hearings
- ▣ Mid-September – Full Board of Supervisors Budget Hearings and Approval
- ▣ Late September/Early October – Mayor signs final budget