



Health Service Board

November 12, 2009



Overview

- Where We Are Today
- Economic Outlook
- Projected Shortfall



Where We Are Today

- Closed a \$575.6 Million Shortfall for FY 2009-10
- Additional Revenue Weakness-Slow Recovery
- Another Large Deficit Projected for FY 2010-11



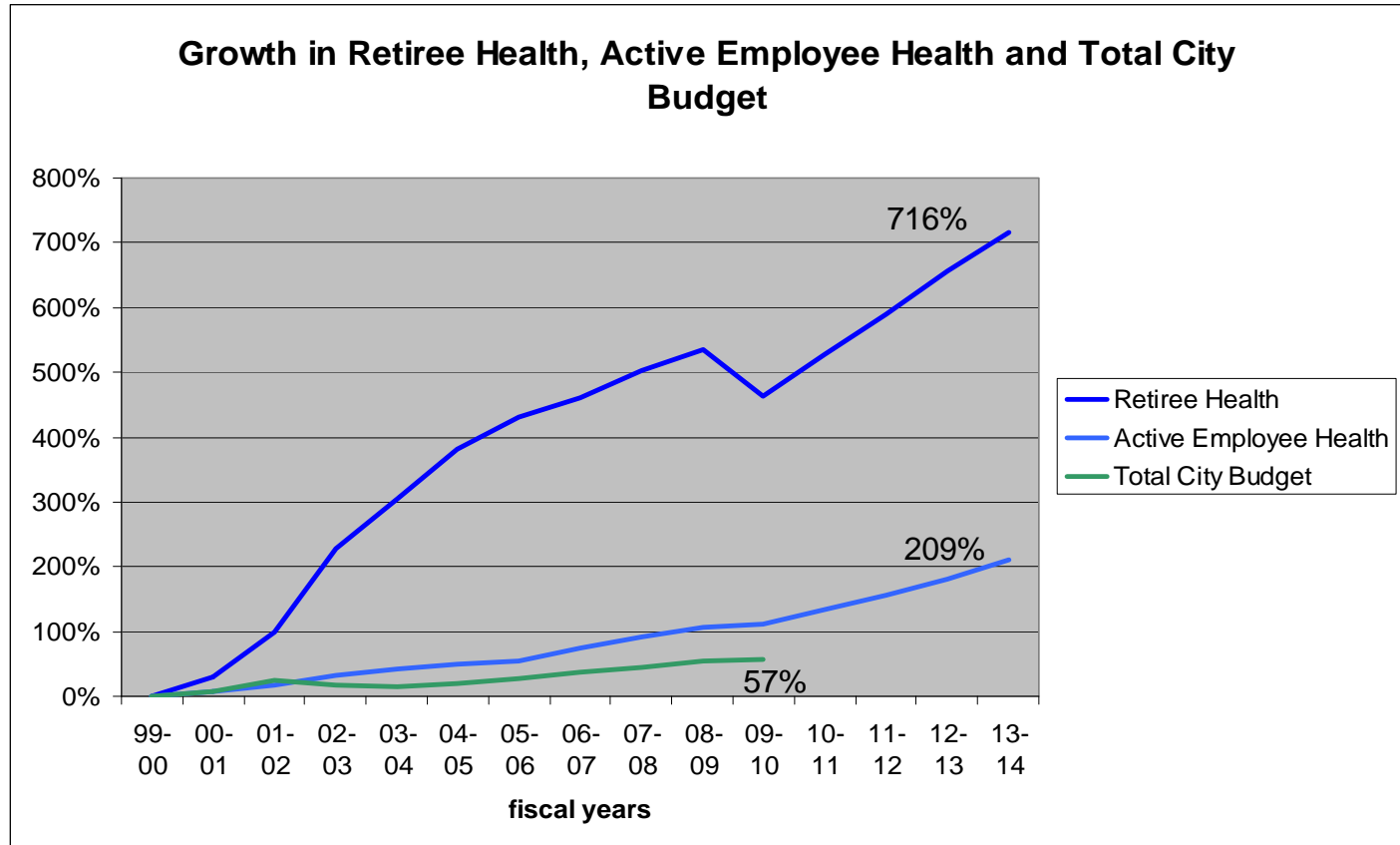
Economic Outlook

- Economic downturn continues through 2009 followed by slow recovery
- Signs of weakness in property tax, business taxes, and other local revenues
- Property Tax significant sources of uncertainty
- Updated revenue news on Monday

Other Budget Issues

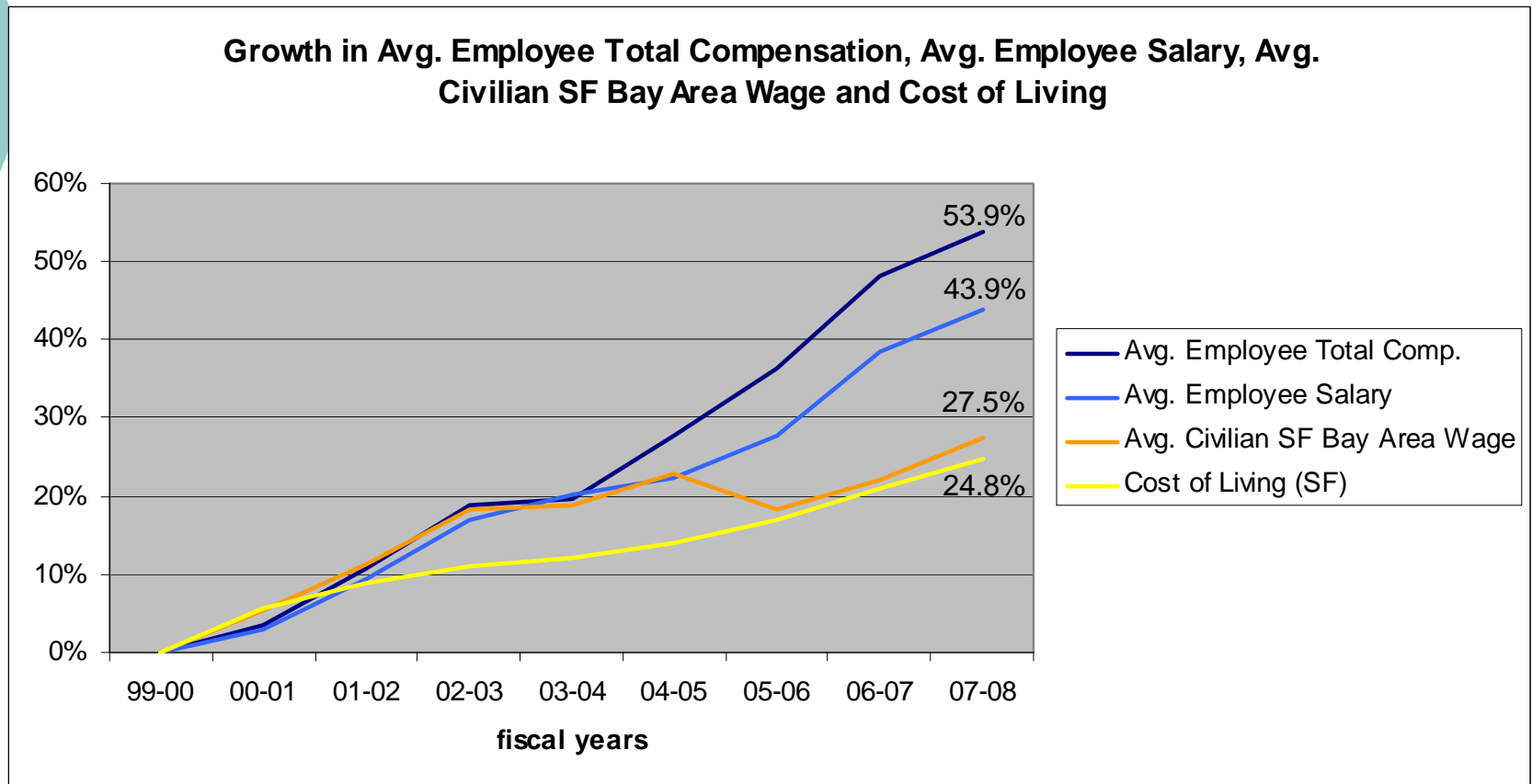
- Loss of federal stimulus revenues – though FMAP may continue until end of FY11 (\$62M loss in FY11)
- Rainy Day Reserve depleted (\$49M loss in FY11)
- One-time solutions – e.g. capital spending reductions, land sales
- Labor Agreements – furlough savings and wage deferrals mostly one-time savings
- State Budget
- Continued Cost Growth Outpacing Revenues - wages, benefits, pension, post-retirement healthcare

Benefits: Active Employee and Retiree Health Insurance



Source: SF Department of Human Resources

Growth in Avg. Employee Total Comp., Avg. Employee Salary, Avg. Civilian Wage for SF Bay Area and Cost of Living



Source: SF Department of Human Resources