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| Item 3 File 15-0505 | Department: Department of Public Health (DPH) |
| EXECUTIVE SUMMARY | |
| Legislative Objectives | |
| <ul style="list-style-type: none"> • The proposed motion authorizes the release of \$6,038,374 from Budget and Finance Committee Reserve to the Department of Public Health to fund anticipated expenses in Ambulatory Care through the remainder of FY 2014-15. | |
| Key Points | |
| <ul style="list-style-type: none"> • The Annual Appropriation Ordinance for Fiscal Year 2014-15, as approved by the Board of Supervisors on July 22, 2014, included a Budget and Finance Committee Reserve in the amount of \$8,477,119 on salaries and fringe benefits in the Department of Public Health (DPH) Ambulatory Care Program. • As recommended by the Budget and Legislative Analyst, the reserve was placed because of uncertainty regarding the pace of hiring in Ambulatory Care and effects of the continued implementation of the Affordable Care Act. • On April 28, 2014, DPH sent a letter to the Budget and Finance Committee requesting the release of \$6,038,374 in funds placed on reserve to cover projected expenses in Health at Home, Jail Health, Mental Health, and Substance Abuse units. • Based on revised projections through the end of Fiscal Year 2014-15, the Budget and Legislative Analyst's Office recommends the release of \$5,176,808 from Budget and Finance Committee Reserve to fund anticipated expenses for the remainder of the fiscal year. | |
| Fiscal Impact | |
| <ul style="list-style-type: none"> • The proposed motion, if amended, would authorize the release of \$5,176,808 or 61.1 percent of a total of \$8,477,119 in Budget and Finance Committee Reserve for Ambulatory Care. Funds not released from reserve will revert to the General Fund at the end of Fiscal Year 2014-15. If approved as amended, \$3,300,311 or 38.9 percent of the total Budget and Finance Committee Reserve for Ambulatory Care will revert to the General Fund. | |
| Recommendations | |
| <ul style="list-style-type: none"> • Approve the release of \$5,176,808 on Budget and Finance Committee Reserve for DPH's Ambulatory Care. • Return \$3,300,311 to the General Fund Reserve. | |

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

Administrative Code Section 3.3(e) provides that the committee of the Board of Supervisors that has jurisdiction over the budget (i.e. Budget and Finance Committee) may place requested expenditures on reserve until release by the Committee.

Background

The San Francisco Health Network combines patient care delivery under one system, including an Office of Managed Care to manage risk and increase the number of clients seen in Network clinics. The Department of Public Health's (DPH) FY 2014-15 budget included increased salaries and benefits for additional staff in preparation for implementation of the Federal Affordable Care Act and an estimated increase of 15,000 new clients enrolled in the San Francisco Health Network. Because the actual number of new enrollees and the need for increased staff was not known, the Board of Supervisors placed \$8,477,119 on Budget and Finance Committee Reserve.

DETAILS OF PROPOSED LEGISLATION

On April 28, 2015, DPH sent a letter to the Budget and Finance Committee requesting the release of \$6,038,374 or 71.2 percent of the \$8,477,119 on Budget and Finance Committee Reserve. According to DPH's letter, additional funds are needed to cover projected salary expenses through the end of FY 2014-15 in San Francisco Health Network units of Health at Home, Jail Health, Mental Health, and Substance Abuse.

FISCAL IMPACT

According to the Budget and Legislative Analyst's Office projections, DPH requires \$5,176,808, as shown in Table 1 below, or 61.1 percent of the total amount of \$8,477,119 on Budget and Finance Committee Reserve.

Table 1: Required Salary and Fringe Benefit Funds through June 30, 2015

| Ambulatory Care Unit | Budget and Legislative Analyst's Estimate of Required Salary and Fringe Benefit Funds |
|----------------------|---|
| Health at Home | \$505,535 |
| Jail Health | 379,369 |
| Mental Health | 4,291,904 |
| Substance Abuse* | 0 |
| Total | \$5,176,808 |

*Based on revised projections, Substance Abuse will no longer require a release of reserves.

According to Ms. Jenny Louie, DPH Budget Director, additional salary funding is no longer needed in the Substance Abuse Unit. The Budget and Legislative Analyst projects salary

shortfalls in Health at Home, Jail Health, and Mental Health, which are based on the spending rates in each unit and four new employees in Health at Home.

The Budget and Legislative Analyst recommends releasing \$5,176,808 of the \$8,477,119 on Budget and Finance Committee Reserve; the remaining balance of \$3,300,311 will be returned to the General Fund Reserve, as shown in Table 2 below.

Table 2: Recommended Release of Budget and Finance Committee Reserve and Return to General Fund Reserve

| Fund | Amount |
|---------------------------------------|--------------------|
| Original FY 2014-15 Reserve | \$8,477,119 |
| Release from Reserve | 5,176,808 |
| Return to General Fund Reserve | \$3,300,311 |

The recommended release of \$5,176,808 is projected to fully fund salaries and fringe benefits in Health at Home, Jail Health, and Mental Health Units for the remainder of FY 2014-15.

RECOMMENDATIONS

1. Approve the release of \$5,176,808 on Budget and Finance Committee Reserve for DPH’s Ambulatory Care.
2. Return \$3,300,311 to the General Fund Reserve.



City and County of San Francisco
Edwin M. Lee, Mayor

San Francisco Department of Public Health
Greg Wagner
Chief Financial Officer

ORIG: LES clerk COB, B+F Chain Clerk
CPAGL

April 28, 2015

Supervisor Mark Farrell
Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, California 94102

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BOARD OF SUPERVISORS
SAN FRANCISCO
MAY 11, PM 3:50
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Subject: Release of Ambulatory Care Salary and Fringe Funds from Reserve

Dear Supervisor Farrell,

The Department of Public Health respectfully requests that the Budget and Finance Committee release \$6,038,374 in reserves placed on the department's budget for fiscal year 2014-15. The Budget and Finance Committee placed \$8,477,120 of salaries and fringe in DPH's Ambulatory Care Program on reserve as part of the fiscal years 14-16 Annual Appropriation Ordinance. The Budget Analyst recommended the reserve based on uncertainty around enrollment patterns under the Affordable Care Act and the pace of hiring. DPH's third quarter financial statements, reflected in the Controller's 9-Month Budget Status Report, indicate that \$6,038,374 of reserved funds are anticipated to be expended by year end. The release of reserves will allow for us to continue critical health services provided through the San Francisco Health Network in the areas of Jail Health, Mental Health, Health at Home and Substance Abuse.

Sincerely,

Greg Wagner
CFO, SF Department of Public Health

cc: Angela Calvillo
Kate Howard
Harvey Rose
Ben Rosenfield

