

File No. 130017

Committee Item No. 6

Board Item No. 14

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date 02/13/2013

Board of Supervisors Meeting

Date FEBRUARY 26, 2013

#### Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input type="checkbox"/>	<input type="checkbox"/>	Resolution
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form (for hearings)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input type="checkbox"/>	<input type="checkbox"/>	Contract/Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
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#### OTHER

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Completed by: Victor Young Date February 8, 2013

Completed by: Victor Young Date 2-15-13

FILE NO. 130017

ORDINANCE NO. \_\_\_\_\_

RO# 13004

SA# 04

[Appropriating ~~\$8,969,695~~ \$6,589,395 for the Department of Juvenile Probation, the Department of Public Health, the Human Services Agency, and the Art Commission ~~and the Children and Families Commission~~ in FY2012-2013]

**Ordinance appropriating ~~\$7,169,695~~ \$6,589,395 of State Revenue Loss Reserve ~~and \$1,800,000 of prior year designated reserves of the Children and Families Commission~~ to fund the de-appropriation of State revenue of \$534,406 at the Department of Public Health ~~and \$580,300 at the Human Services Agency,~~ and appropriating uses of \$50,000 to the Department of Juvenile Probation, \$2,424,528 to the Department of Public Health, \$3,180,461 to the Human Services Agency, and \$400,000 to the Art Commission, ~~and \$1,800,000 to the Children and Families Commission~~ in FY2012-2013.**

Note: Additions are single-underline italics Times New Roman;  
deletions are ~~strikethrough italics Times New Roman~~.  
Board amendment additions are double underlined.  
Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The sources of funding outlined below are herein appropriated to reflect the funding available in Fiscal Year 2012-13.

**SOURCES Appropriation**

Fund	Index/Project Code	Subobject	Description	Amount
1G AGF AAA	995031	48990	State Revenue Loss	<u>\$7,169,695</u>
(GF-NON-PROJECT CONTROLLED)			Reserve	<u>\$6,589,395</u>
<del>2S-CFC-ACP</del>	<del>640016</del>	<del>99999R/097CH</del>	<del>Prior Year</del>	<del>\$1,800,000</del>
<del>CFC-CONTINUING PROJECT</del>	<del>(CFC)</del>		<del>Designated Reserve</del>	
<b>Total SOURCES Appropriation</b>				<u><u>\$8,969,695</u></u>
				<u><u>\$6,589,395</u></u>

Section 2. The sources of funding outlined below are herein de-appropriated to reflect the funding losses in Fiscal Year 2012-13.

**SOURCES De-appropriation**

Fund	Index/Project Code	Subobject	Description	Amount
1G AGF AAA (GF-NON-PROJECT- CONTROLLED)	HMHM048041 (DPH)	65102	Medi-Cal	\$170,000
1G AGF AAA (GF-NON-PROJECT- CONTROLLED)	HMHM048041 (DPH)	63599	Misc. Public Health Revenues	\$200,806
5H AAA AAA	HGH1HAD40091 (DPH)	65950	Cap/ Fees Health Plan Settlements	\$33,600
5H AAA AAA	HGH1HFI00101 (DPH)	65302	Medi-Cal O/P Gross Charges	\$30,000
5H AAA AAA	HGH1HFI00101 (DPH)	65202	Medi-Cal I/P Gross Charges	\$100,000
<del>1G AGF AAA</del> <del>(GF-NON-PROJECT- CONTROLLED)</del>	<del>45ADREVS</del> <del>(DSS)</del>	<del>45145</del>	<del>IHSS Admin (State/ Fed)</del>	<del>\$580,300</del>
<b>Total SOURCES De-appropriation</b>				<b><u>\$534,406</u></b>

Section 3. The uses of funding outlined below are herein appropriated and reflect the projected uses of funding to support the Departments one-time funding in Fiscal Year 2012-13. Funding to JUV for sub-object 03599 due to increased juvenile admission; Funding to DPH for sub-object 02700 for increase in cost in State costs for mental health beds. Funding to DSS for sub-objects 03621 and 45ASCL for State revenue loss to County child care funding; ~~Funding to CFC for sub-object 03801 for revenue loss for day care services;~~ Funding to ART for sub-object 28CAE403 for capital renovations to the Bayview Opera House.

#### USES Appropriation

Fund	Index/Project Code	Subobject	Description	Amount
1G AGF AAA (GF-NON-PROJECT CONTROLLED)	125006 (JUV)	03599	Other Current Expenses	\$50,000
1G AGF AAA (GF-NON-PROJECT CONTROLLED)	HMHMLT730416 (DPH)	02700	Professional Services	\$627,252
1G AGF AAA (GF-NON-PROJECT CONTROLLED)	HMHMLT730416 (DPH)	02700	Professional Services	\$1,797,276
1G AGF AAA (GF-NON-PROJECT CONTROLLED)	45CCSCCR (DSS)	03621	Day Care Assistance	\$2,781,461

1	<del>2S CFC ACP</del>	<del>640016</del>	<del>03801</del>	Organization	\$1,800,000
2	<del>CFC CONTINUEING</del>	<del>(CFC)</del>		Services	
3	<del>PROJECTS</del>				
4					
5	2S HWF DSS	45ASCL	03801	Organization	\$399,000
6	DSS SPECIAL REVENUE	(DSS)		Services	
7	FUND				
8					
9	1G AGF ACP	28CAE403	06700	Structures &	\$400,000
10	(GF-CONTINUEING-	(ART)		Improvement	
11	PROJECTS)			Project	
12					
13					<u>\$7,854,989</u>
14	Total USES Appropriation				<u>\$6,054,989</u>

Section 4. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this ordinance as necessary to conform with Generally Accepted Accounting Principles.

APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE  
BEN ROSENFELD, Controller

By: BSH  
Deputy City Attorney

By: [Signature]  
January 7, 2013  
February 13, 2013

<b>Item 6</b> <b>File 13-0017</b>	<b>Department:</b> Department of Public Health (DPH) Human Services Agency (HSA) Arts Commission Department of Juvenile Probation Children and Families Commission (CFC)
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## EXECUTIVE SUMMARY

### Legislative Objective

- The proposed supplemental appropriation ordinance would (a) de-appropriate \$1,114,706 in reduced State revenues to the Department of Public Health (DPH) and the Human Services Agency (HSA), (b) appropriate \$1,114,706 from the City's State Revenue Loss Reserve to backfill the \$1,114,706 in de-appropriated State revenues to DPH and HSA, (c) appropriate \$6,054,989 from the City's State Revenue Loss Reserve to DPH, HSA, the Arts Commission and the Department of Juvenile Probation to cover increased costs and reductions to non-profit agencies resulting from State budgetary actions, and (d) appropriate \$1,800,000 from the Children and Families Commission's (CFC's) designated reserve to fund a contract modification with the Children's Council of San Francisco.

### Key Points

- The sources of funding for the proposed supplemental appropriation ordinance totaling \$8,969,695 include (a) \$7,169,695 from the City's State Revenue Loss Reserve, which has a current balance of \$15,000,000, and (b) \$1,800,000 from the CFC's designated reserve, otherwise referred to as the "Prop H Sustainability Fund," which has a current balance of \$16,598,283.
- The proposed ordinance would de-appropriate \$1,114,706 in reduced State revenues to DPH (\$534,406) and HSA (\$580,300), and would appropriate \$1,114,706 from the City's State Revenue Loss Reserve to backfill the \$1,114,706 in de-appropriated State revenues. However, HSA is no longer requesting the supplemental appropriation of \$580,300. The proposed ordinance should therefore be amended to delete the de-appropriation and supplemental appropriation of \$580,300 for HSA.
- In addition, the proposed ordinance would appropriate \$6,054,989 from the City's State Revenue Loss Reserve to DPH, HSA, the Arts Commission and the Department of Juvenile Probation to cover increased costs and reductions to non-profit agencies resulting from State budgetary actions.
- The CFC is no longer requesting the supplemental appropriation of \$1,800,000 from the CFC's Prop H Sustainability Fund, as originally proposed. The proposed ordinance should therefore be amended to delete the supplemental appropriation of \$1,800,000 to the CFC.

### Fiscal Impacts

- The proposed ordinance, as amended, would appropriate a total of \$6,589,395 from the City's State Revenue Loss Reserve, thereby decreasing the State Revenue Loss Reserve balance from \$15,000,000 to \$8,410,605.

### Recommendations

- Amend the proposed ordinance on page 3 to delete HSA's de-appropriation for In-Home Supportive Services (IHSS) Administration and reduce the \$1,114,706 total requested de-appropriation of State revenues by \$580,300 to reflect a revised total of \$534,406 for DPH; and amend the proposed ordinance on page 2 to reduce the \$7,169,695 offsetting appropriation from the City's State Revenue Loss Reserve by \$580,300 to \$6,589,395.
- Amend the proposed ordinance on page 2 to delete the \$1,800,000 source of funding for CFC and on page 5 to delete the \$1,800,000 appropriation no longer needed by the CFC.
- Approve \$3,008,934 from the revised requested total amount of \$6,589,395, as shown in Table 5 below, to cover unavoidable or already incurred costs.
- Approval of the remaining requested amounts totaling \$3,580,461 from the revised requested total amount of \$6,589,395, to cover costs that the City is not obligated to pay, but that would likely cause reductions in service levels and project delays, is a policy matter for the Board of Supervisors.

### MANDATE STATEMENT

Charter Section 9.105 requires that amendments to the annual appropriation ordinance be approved by ordinance of the Board of Supervisors, subject to the Controller certifying the availability of funds.

### DETAILS OF PROPOSED LEGISLATION

#### Supplemental Appropriation Sources

As shown in Table 1 below, the sources of funding for the proposed supplemental appropriation ordinance totaling \$8,969,695 include (a) \$7,169,695 from the City's State Revenue Loss Reserve and (b) \$1,800,000 from the Children and Families Commission's (CFC's) designated reserve, otherwise referred to as the "Prop H Sustainability Fund."

**Table 1: Proposed Supplemental Appropriation Sources**

City's State Revenue Loss Reserve	\$7,169,695
Prop H Sustainability Fund	<u>\$1,800,000</u>
<b>Total Sources</b>	<b>\$8,969,695</b>

The City's FY 2012-13 budget, as previously approved by the Board of Supervisors, appropriated \$15,000,000 in General Fund monies to the State Revenue Loss Reserve to potentially backfill unforeseen reductions in State revenues to the City. According to Ms. Michelle Allersma, Acting Director of the Budget & Analysis Division of the Controller's Office, no funds have been appropriated from the City's State Revenue Loss Reserve thus far in FY 2012-13. Therefore, the current State Revenue Loss Reserve balance is \$15,000,000.



The CFC's Prop H Sustainability Fund<sup>1</sup> had a balance of \$16,598,283 at the beginning of FY 2012-13. However, as discussed below, the CFC is no longer requesting the proposed supplemental appropriation of \$1,800,000, according to Ms. Tracy Fong, Fiscal Administrator for the Children and Families Commission.

### **De-appropriation and Backfill of Reduced State Revenues to DPH and HSA**

The proposed supplemental appropriation ordinance would de-appropriate \$1,114,706 in reduced State revenues to DPH (\$534,406) and HSA (\$580,300), previously appropriated by the Board of Supervisors in the City's FY 2012-13 budget, and would instead appropriate \$1,114,706 from the City's State Revenue Loss Reserve to backfill the \$1,114,706 in de-appropriated State revenues.

However, HSA is no longer requesting the proposed supplemental appropriation of \$580,300, according to Ms. Martha Peterson, Budget Analyst at HSA, because the State is now going to backfill its reduced allocation for In-Home Supportive Services (IHSS) Administration. The proposed ordinance should therefore be amended to reduce the \$1,114,706 de-appropriation of State revenues by \$580,300 to \$534,406, the amount for DPH, and reduce the \$7,169,695 offsetting appropriation from the City's State Revenue Loss Reserve by \$580,300 to \$6,589,395.

Table 2 below identifies the remaining \$534,406 of previously appropriated State revenues that would be de-appropriated and backfilled for DPH under the proposed ordinance, as amended.

**Table 2: Reduced State Revenues to be De-appropriated and Backfilled**

<u>Department of Public Health (DPH)</u>	
Medi-Cal SFGH Drug Copayments	\$30,000
Medi-Cal Mental Health Drug Copayments	170,000
Medi-Cal SFGH Lab Payment Reduction	100,000
Healthy Families SFGH Payment Reduction	33,600
Healthy Families Mental Health Payment Reduction	<u>200,806</u>
<b>Total De-appropriated and Backfilled Revenues</b>	<b>\$534,406</b>

The proposed de-appropriation and backfilling of \$30,000 and \$170,000 for Medi-Cal drug copayments for San Francisco General Hospital (SFGH) and Mental Health, totaling \$200,000, would cover the cost of copayments required from Medi-Cal recipients in FY 2012-13 in order to reduce Medi-Cal expenditures. According to Ms. Anne Okubo, Deputy Financial Administrator at the Department of Public Health, the \$200,000 amount assumes an historical average of 87,000 prescriptions per year at an average copayment of \$2.30 per prescription, which totals \$200,100, or \$100 more than the proposed amount. The proposed amount of \$200,000 also assumes that no copayments are collected from Medi-Cal recipients, such that the full cost of reduced Medi-Cal drug coverage would be covered by the City. Ms. Okubo advises that, as of the writing of this report, DPH does not have information on the amount of drug copayments

<sup>1</sup> The CFC established the Prop H Sustainability Fund in FY 2008-09 to set aside funds to offset future reductions in Proposition H revenues.

actually being paid by Medi-Cal recipients to SFGH and the City's mental health providers. Ms. Allersma advises that any copayment revenues that are received by DPH would be reconciled at the end of the year, and any backfill funds that are offset by the copayments would be returned to the City's General Fund.

The proposed de-appropriation and backfilling of \$100,000 for SFGH would cover a 10 percent reduction in Medi-Cal's lab fee reimbursement rate. According to Ms. Okubo, Medi-Cal's reimbursement for lab fees to the City was \$1,000,000 prior to FY 2012-13; thus, the 10 percent State reduction results in an estimated loss of \$100,000 to SFGH.

According to Ms. Okubo, the State's Healthy Families Program, which served children whose families did not qualify for Medi-Cal, started phasing out on January 1, 2013. Healthy Families participants, who will now be covered by Medi-Cal under the Federal Affordable Care Act's expansion of Medicaid, are in the process of being transferred to Medi-Cal.

The proposed de-appropriation and backfilling of \$33,600 for Healthy Families would retroactively cover a 20 percent reduction in Healthy Families payments to SFGH for the first six months of FY 2012-13, or from July 1, 2012 through December 31, 2012. In addition, the proposed de-appropriation and backfilling of \$200,806 for Healthy Families mental health care payments would cover the loss of \$200,806 State payments for the second half of FY 2012-13, or from January 1, 2013 through June 30, 2013, that will not be received due to the discontinuation of the Healthy Families Program. Although former Healthy Families participants are now covered under Medi-Cal, which should at least partially offset the lost revenue from the Healthy Families program, as of the writing of this report, DPH is not able to project the amount of fee-for-service revenues that will be received from Medi-Cal, nor when such revenues will be received. Therefore, DPH is requesting that the total \$200,806 in lost revenues be backfilled with the City's State Revenue Loss Reserve funds. Ms. Allersma advises that any offsetting Medi-Cal revenues that are received by the City would be reconciled at the end of the year, and any backfill funds that are offset by the Medi-Cal revenues would be returned to the City's General Fund.

#### **Appropriation of \$6,054,989 to Cover Increased Costs and Reduction to Non-profit Agencies Resulting from State Budgetary Actions**

The proposed supplemental appropriation ordinance would also appropriate \$6,054,989 from the City's State Revenue Loss Reserve to DPH, HSA, the Arts Commission and the Department of Juvenile Probation to cover increased costs and reductions to non-profit agencies resulting from State budgetary actions. Table 3 below shows the proposed supplemental appropriations by department and program.

**Table 3: Proposed Supplemental Appropriations to Cover Increased Costs and Reductions to Non-Profit Agencies**

<u>Department of Public Health (DPH)</u>	
Cost of Beds at Institutes for Mental Diseases (IMDs)	\$627,252
Cost of Beds at Napa State Hospital	<u>1,797,276</u>
DPH Subtotal	\$2,424,528
<u>Human Services Agency (HSA)</u>	
State Revenue Loss to Childcare Providers	\$2,781,461
Medi-Cal Payment Reduction to Adult Day Health Centers	<u>399,000</u>
HSA Subtotal	\$3,180,461
<u>Arts Commission</u>	
Bay View Opera House Renovation	\$400,000
<u>Juvenile Probation</u>	
Admission to State Juvenile Detention Facilities	<u>\$50,000</u>
<b>Total</b>	<b>\$6,054,989</b>

Department of Public Health Appropriation

According to Ms. Okubo, the proposed appropriation of \$627,252 would fund a 4.7 percent increase in fees DPH pays for admitting patients to Institutions for Mental Diseases (IMDs).<sup>2</sup> Ms. Okubo advises that AB 2645 had imposed a two-year moratorium on increasing IMD fees, which expired at the beginning of FY 2012-13. According to Ms. Okubo, the FY 2012-13 budget, as previously approved by the Board of Supervisors, allocated \$13,345,797 for IMD fees. The proposed amount of \$627,252 would increase the allocation for IMD fees by 4.7 percent to \$13,973,049.

According to Ms. Okubo, the proposed appropriation of \$1,797,276 would fund a 23.8 percent increase in fees DPH pays for admitting patients to Napa State Hospital. According to Ms. Okubo, the FY 2012-13 budget, as previously approved by the Board of Supervisors, appropriated \$7,551,469 for Napa State Hospital fees. The proposed amount of \$1,797,276 would increase the allocation for Napa State Hospital fees by 23.8 percent to \$9,348,745.

Human Services Agency Appropriation

According to Ms. Emily Gerth, Budget Analyst at HSA, the proposed appropriation of \$2,781,461 would offset \$2,781,461 in reduced State funding to subsidized childcare programs

<sup>2</sup> "Institution for Mental Diseases" (IMDs) means a hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment or care of persons with mental disorders, including medical attention, nursing care, and related services, according to Title 9, California Code of Regulations, Section 1810.222.1. San Francisco refers patients to two IMDs: (1) Crestwood Behavioral Health Center and (2) Canyon Manner Rehabilitation Center.

in San Francisco, including (a) \$2,172,949 in Title 5 funds,<sup>3</sup> (b) \$473,151 in voucher programs, and (c) \$135,361 for nutrition programs, which together serve approximately 4,500 children. If the proposed funding is not appropriated, assuming the same level of childcare services currently provided, San Francisco childcare providers may exhaust all funds from their State contracts approximately one to two months before the end of the fiscal year. According to Ms. Gerth, the Children's Council of San Francisco<sup>4</sup> would serve as the fiscal intermediary for the disbursement of City funds to childcare providers and families receiving vouchers. Ms. Gerth advises that the administration of the funds disbursement would come at no additional cost to the City as it would be included in an existing contract between HSA and the Children's Council.

The proposed appropriation of \$399,000 would offset one-half of a 10 percent reduction in Medi-Cal payments to Adult Day Health Centers, which Adult Day Health Centers are being required to pay back retroactively for the first six months of FY 2011-12. According to Ms. Peterson, Adult Day Health Centers continue to face an ongoing 10 percent reduction in Medi-Cal payments for the current fiscal year; however, absorbing this ongoing 10 percent payment reduction while retroactively paying back the full 10 percent reduction from the first six months of FY 2011-12 would prevent Adult Day Health Centers from maintaining their current level of services. According to Ms. Peterson, San Francisco's four Adult Day Health Center agencies—(1) Self Help for the Elderly, (2) L'Chaim, (3) Bayview Hunters Point, and (4) Stepping Stone—provide clinical oversight and social services to approximately 9,000 seniors in lieu of more costly institutionalized care.

#### Arts Commission Appropriation

The proposed appropriation of \$400,000 to the Arts Commission would offset \$400,000 lost from former San Francisco Redevelopment Agency (SFRA) grant funds that the State has declined to honor, which were to be used to fund renovations to the Bay View Opera House. The total construction budget for the Bay View Opera House renovation project, which includes the \$400,000 in anticipated SFRA funds, is \$2,589,539. Although the \$400,000 amount covers only 15 percent of the total construction budget, Ms. Judy Nemzoff, Community Arts & Education Program Director for the Arts Commission, advises that the Arts Commission cannot issue a Request-for-Proposals (RFP) for construction services until all of the funds to cover the construction costs are in place. According to Ms. Nemzoff, revising the project scope and construction documents to reduce construction costs by \$400,000 would cost the project at least \$240,000 in additional architectural services and continued overhead, and would delay the project for at least several months. If the proposed supplemental appropriation of \$400,000 is approved, the Bay View Opera House renovation project will continue on its current schedule, with construction to commence this summer, according to Ms. Nemzoff.

<sup>3</sup> Title 5 of the California Code of Regulations governs education in California. Under Title 5, the California Department of Education provides means-tested subsidies to early childhood programs.

<sup>4</sup> The Children's Council of San Francisco is a non-profit agency that refers income eligible families to childcare providers and acts as a fiscal intermediary for government supported childcare programs. The Children's Council provided \$46,526,941 in childcare payments and provider income support in FY 2011-12.

Juvenile Probation Appropriation

The proposed appropriation of \$50,000 to the Department of Juvenile Probation would cover the cost of FY 2012-13 fee increases for admitting juvenile offenders to State Juvenile Detention facilities. Prior to FY 2012-13, the California Department of Juvenile Justice had a three-tier fee schedule of \$1,800, \$200, or \$0 per offender per month depending on the individual. According to Ms. Catherine McGuire, Director of Finance in the Department of Juvenile Probation, most of San Francisco's admissions fell into the \$200 or \$0 per month categories; therefore, the Department, which typically did not admit more than five offenders per year, never budgeted for this purpose prior to FY 2012-13. In FY 2012-13, the California Department of Juvenile Justice increased monthly fees to \$2,000 per offender per month for all admissions after July 1, 2012.

The proposed appropriation of \$50,000 was based on a projection that one juvenile offender would be admitted on September 1, 2012, two on January 1, 2013, and one on April 1, 2013, thus totaling 25 months at a cost of \$2,000 per month, or \$50,000 in total. Although admissions in FY 2012-13 appear to have already exceeded the Department's projections, Ms. McGuire advises that the Department's existing budget will be able to absorb any difference between the requested amount of \$50,000 and the actual fees charged by the State.

Because the length of stay for juvenile offenders currently being admitted is expected to be up to three years, Ms. McGuire advises that the City's costs for admitting juveniles to State Juvenile Detention facilities is likely to increase over the next three fiscal years and then level off. According to Ms. McGuire, the change in fees is unlikely to influence court decisions about where to commit juvenile offenders, as San Francisco already commits a very small number of juvenile offenders to State Juvenile Detention facilities relative to other counties.

**The CFC No Longer Requests \$1,800,000 Supplemental Appropriation**

According to Ms. Judy Fong of the Children and Families Commission, the CFC is no longer requesting the supplemental appropriation of \$1,800,000 from the CFC's Prop H Sustainability Fund, as originally proposed. Ms. Fong advises that the CFC's previous FY 2012-13 appropriation will be sufficient to fund the \$1,800,000 contract modification between the CFC and the Children's Council of San Francisco. The proposed ordinance should therefore be amended to delete the supplemental appropriation of \$1,800,000 to the CFC from the CFC's Prop H Sustainability Fund.

**FISCAL IMPACTS**

The proposed supplemental appropriation ordinance, if amended to remove the previously requested supplemental appropriation of \$580,300 for HSA, would appropriate \$6,589,395 from the City's State Revenue Loss Reserve to (a) backfill for DPH \$534,406 in de-appropriated State revenues and (b) cover for DPH, HSA, the Arts Commission and Juvenile Probation \$6,054,989 in increased costs and reductions to non-profit agencies resulting from State budgetary actions. According to Ms. Allersma of the Controller's Office, no funds have been appropriated from the City's State Revenue Loss Reserve thus far in FY 2012-13. Therefore, the current State Revenue Loss Reserve balance is \$15,000,000. If the Board of Supervisors approves the proposed ordinance as amended to remove the supplemental appropriation of \$580,300 to HSA, the

remaining State Revenue Loss Reserve balance would be \$8,410,605 (\$15,000,000 minus \$6,589,395).

As discussed above, the CFC is no longer requesting the supplemental appropriation of \$1,800,000 from the CFC's Prop H Sustainability Fund.

Table 4 below summarizes the total amount of the revised supplemental appropriation by agency, excluding the originally proposed, but no longer needed, appropriation of \$580,300 to HSA and the appropriation of \$1,800,000 no longer needed by the CFC.

**Table 4: Supplemental Appropriations by Agency**

Department of Public Health	\$2,958,934
Human Services Agency	3,180,461
Arts Commission	400,000
Juvenile Probation	<u>50,000</u>
<b>Total</b>	<b>\$6,589,395</b>

If the Board of Supervisors approves the proposed supplemental appropriation ordinance for FY 2012-13, with the exception of the \$400,000 Arts Commission appropriation for the Bayview Opera House Renovation and the \$399,000 HSA appropriation for Adult Day Health Centers to reimburse the State for FY 2011-12 payment reductions, the remaining approximately \$5,790,395 is likely to be included as future ongoing General Fund expenses.

## POLICY CONSIDERATIONS

The Budget and Legislative Analyst recommends approval of \$3,008,934, as shown in Table 5 below, from the proposed supplemental appropriations for DPH and Juvenile Probation because the requested \$3,008,934 would cover unavoidable or already incurred costs.

**Table 5: Proposed Supplemental Appropriations for Unavoidable/Already Incurred Costs**

Medi-Cal SFGH Drug Copayments	DPH	\$30,000
Medi-Cal Mental Health Drug Copayments	DPH	170,000
Increase in Cost of Beds at Institutes for Mental Diseases	DPH	627,252
Increase in Cost of Beds at Napa State Hospital	DPH	1,797,276
Medi-Cal SFGH Lab Payment Reduction	DPH	100,000
Healthy Families SFGH Payment Reduction	DPH	33,600
Healthy Families Mental Health Payment Reduction	DPH	200,806
Admission to State Juvenile Detention Facilities	Juvenile Probation	<u>50,000</u>
<b>Total</b>		<b>\$3,008,934</b>

The remaining requested amounts totaling \$3,580,461 (\$6,589,395 in Table 4 above minus \$3,008,934 in Table 5 above), as shown in Table 6 below, would cover costs that the City is not

obligated to pay, but that would likely to cause reductions in service levels and project delays, if the requested funds are not appropriated. Approval of the remaining requested amounts totaling \$3,580,461 is therefore a policy matter for the Board of Supervisors.

**Table 6: Proposed Supplemental Appropriations for Avoidable Costs**

State Revenue Loss to Childcare Providers	HSA	\$2,781,461
Medi-Cal Payment Reduction to Adult Day Health Centers	HSA	399,000
Bay View Opera House Renovation	Arts Commission	<u>400,000</u>
<b>Total</b>		<b>\$3,580,461</b>

## RECOMMENDATIONS

1. Amend the proposed ordinance on page 3 to delete HSA's de-appropriation for In-Home Supportive Services (IHSS) Administration and reduce the \$1,114,706 total requested de-appropriation of State revenues by \$580,300 to reflect a revised total of \$534,406 for DPH; and amend the proposed ordinance on page 2 to reduce the \$7,169,695 offsetting appropriation from the City's State Revenue Loss Reserve by \$580,300 to \$6,589,395.
2. Amend the proposed ordinance on page 2 to delete the \$1,800,000 source of funding for CFC and on page 5 to delete the \$1,800,000 appropriation no longer needed by the CFC.
3. Approve \$3,008,934 from the revised requested total amount of \$6,589,395, as shown in Table 5 above, to cover unavoidable or already incurred costs.
4. Approval of the remaining requested amounts totaling \$3,580,461 from the revised requested total amount of \$6,589,395, as shown in Table 6 above, to cover costs that the City is not obligated to pay, but that would likely cause reductions in service levels and projects delays, is a policy matter for the Board of Supervisors.

OFFICE OF THE MAYOR  
SAN FRANCISCO



RECEIVED EDWIN M. LEE  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2013 JAN -8 PM 2:17

TO: Angela Calvillo, Clerk of the Board of Supervisors *ACB*  
FROM: *for* Mayor Edwin M. Lee *DE*  
RE: Ordinance appropriating \$8,969,695 for the Department of Juvenile Probation, the Department of Public Health, the Human Services Agency, the Art Commission and the Children and Families Commission in Fiscal Year 2012-13  
DATE: January 8, 2013

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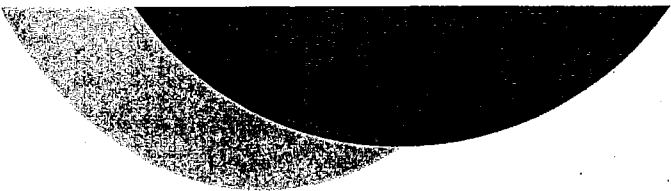
Attached for introduction to the Board of Supervisors is the ordinance appropriating \$7,169,695 of State Revenue Loss Reserve and \$1,800,000 of prior year designated reserves of the Children and Families Commission to fund the de-appropriation of State revenue of \$534,406 at the Department of Public Health and \$580,300 at the Human Services Agency, and appropriating uses of \$50,000 to the Department of Juvenile Probation, \$2,424,528 to the Department of Public Health, \$3,180,461 to the Human Services Agency, \$400,000 to the Art Commission, and \$1,800,000 to the Children and Families Commission in Fiscal Year 2012-13.

I request that this item be calendared in Budget and Finance Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

1300/7 ✓





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# FY 2013 State Budget Reserve Supplemental Appropriation Request

Presentation to the Budget and  
Finance Committee

February 13, 2013



# Overview

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- FY 2013 State Budget included reductions in local revenue and cuts to services
- Anticipating State cuts, the City set aside \$15 million in a State Budget Reserve
- To avoid loss of services, we are recommending the appropriation of \$6.6 million from the State Reserve
- Four departments affected:
  - DPH (\$3.0 million)
  - H.S.A. (\$3.2 million)
  - JUV (\$0.05 million)
  - ART (\$0.4 million)



# Department of Public Health

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- \$3 million in revenue reductions and fee increases:

Medi-Cal Drug Co-Payment and Lab Payment Reductions	\$0.3M
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Healthy Families Payment Reductions	\$0.2M
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State Fee Increases for Patients at Institutes for Mental Disease & Napa State Hospital	\$2.4M
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# Human Services Agency

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- \$3.2 million in cuts to services:

Title V Childcare Cuts	\$2.8M
Retroactive Cut to Adult Day Health Centers	\$0.4M

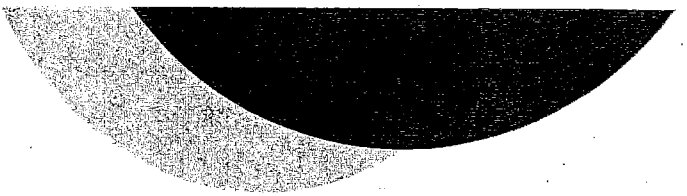
- Full 10% childcare cut = \$5.9 million



## Other Departments

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- State increased fee for youth at the State Department of Juvenile Justice (\$50,000)
- Loss of funding due to the dissolution of the Redevelopment Agency, leaving a funding gap for the Bayview Opera House renovation (\$400,000)
- First Five Commission will backfill up to \$1.8 million for Childcare within existing budget
- Agree with Budget Analyst Recommendations



# Questions

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- Questions?