

January 31, 2012

The Honorable Edwin M. Lee
Mayor of San Francisco
City Hall
1 Dr. Carlton B. Goodlett Place, Rm. 200
San Francisco, CA 94102

Re: Applying Community First Choice Option revenue to the HSA budget

Dear Mayor Lee:

In your budget instructions, you asked departments to submit ongoing general fund reductions of 5% in each of the next two years. The Human Services Agency target is approximately \$5 million per year (including the Department of Aging and Adult Services). The department proposes to fulfill this instruction with several new revenue sources, including \$5 million from Community First Choice Option (CFCO).

This new federal program allows San Francisco to receive an increase in matching funds for In-Home Supportive Services. The CFCO will increase federal revenues to the City by \$5 million in FY11 and \$8.6 million in FY12. HSA did not budget the funds in the current year, and the City's latest deficit projections did not include them. HSA proposes to apply \$5 million of these revenues to its FY12 budget.

The San Francisco Human Services Network urges you to accept this proposal and allow HSA to apply \$5 million in CFCO funding to its budget proposal, rather than using these funds to reduce the City's General Fund deficit. The City has long followed a budgeting principle under which the Mayor's Office credits Health and Human Services departments with new revenue streams. This sensible policy minimizes safety net reductions in time of great need, assures that the new revenues are used for their intended purposes, and provides departments with the incentive to aggressively and creatively seek new funding sources.

Sincerely,

Debbi Lerman, Administrator
San Francisco Human Services Network

Cc: Kate Howard, Mayor's Budget Director