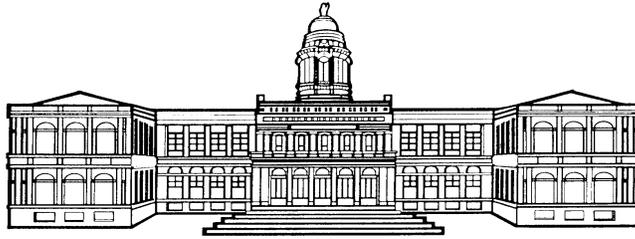


New York City Council



BUDGET NOTE

Finance Division

November 2008

Hon. Christine C. Quinn
Speaker

Hon. David I. Weprin
Chair, Committee on Finance

Hon. G. Oliver Koppell
Chair, Committee on Mental health,
Mental Retardation, Alcoholism,
Drug Abuse and Disability Services

Hon. Joel Rivera
Chair, Committee on Health

Preston Niblack, Director
Jeffrey Rodus, First Deputy
Director

Hon. Annabel Palma
Chair, Subcommittee on Drug
Abuse

DEPARTMENT OF HEALTH AND MENTAL HEALTH (816)

The Department of Health and Mental Hygiene (DOHMH) protects and promotes the health and mental well being of all New Yorkers. The Department provides mental health, mental retardation and developmental disability, chemical dependency prevention and treatment, and disaster-related crisis counseling services through over 1,000 contracted programs. The Department's Early Intervention Program provides services to developmentally delayed infants and toddlers. The Department operates five immunization walk-in clinics, nine chest centers and 10 sexually transmitted disease clinics in addition to HIV testing and counseling centers, and provides health services at public elementary and intermediate schools. The Department provides birth and death certificates. The Department conducts health and safety inspections to enforce the City Health Code, and protects public safety through an immediate response to emergent public health threats. The Department also includes the Office of Chief Medical Examiner, which is responsible for investigating sudden or violent deaths and performs DNA analysis.

AGENCY FUNDING OVERVIEW (in \$000s)

Agency Funding Sources	Fiscal 2009 Adopted Budget	Fiscal 2009 November Plan	Fiscal 2010 Plan at Fiscal 2009 Adoption	Fiscal 2010 November Plan
City	\$660,851	\$654,382	\$629,684	\$616,035
Other Categorical	\$245,091	\$248,679	\$250,502	\$249,724
Capital IFA	\$0	\$0	\$0	\$0
State	\$458,750	\$483,823	\$454,766	\$469,008
Community Development	\$553	\$553	\$553	\$553
Federal-Other	\$255,552	\$302,687	\$258,971	\$258,971
Intra-City	\$6,215	\$8,678	\$4,215	\$2,865
Total	\$1,627,012	\$1,698,802	\$1,598,691	\$1,597,156

HEADCOUNT OVERVIEW

Headcount	Fiscal 2009 Adopted Budget	Fiscal 2009 November Plan	Fiscal 2010 Plan at Fiscal 2009 Adoption	Fiscal 2010 November Plan
City	4,015	4,017	3,990	3,913
Non-City	1,377	1,618	1,368	1,396
Total	5,392	5,635	5,358	5,309

Fiscal 2009 November Plan Action Analysis

In September, the Mayor's Budget Director ordered each agency head to submit proposed Programs to Eliminate the Gap (PEGs) equal to 2.5% in Fiscal 2009 and 5% in Fiscal 2010 and each of the outyears of the agency's City tax-levy budget. The Fiscal 2009 November Plan presents the results of this budget exercise.

Programs to Eliminate the Gap are Financial Plan actions that reduce the City's budget gap by either reducing an agency's City tax-levy Expense Budget or increasing City revenues. It should be noted that some PEGs involve increases in Expense Budget costs that lead to increased revenues. For example: An agency may increase expenses by hiring 20 inspectors, with the expectation that those inspectors will generate additional revenue, ultimately saving City tax-levy dollars.

The chart below indicates the PEG amount the agency is proposing to implement in Fiscal 2009 based upon the Fiscal 2009 Adopted Budget and the amount in Fiscal 2010 based on the 2010 forecast at the time of adoption.

NOVEMBER PLAN PEGS (in \$000s)

	Fiscal 2009 Adopted Budget and Forecast	Fiscal 2009 November Plan PEGs	PEG as percentage of Adopted Budget and Forecast
Fiscal 2009	660,851	(6,639)	-1 %
Fiscal 2010	629,684	(14,315)	-2.3%

NOVEMBER PLAN ACTIONS (\$000)

Description \$(000)	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the Adopted Plan	660,851	966,161	1,627,012	629,684	969,007	1,598,691
PEGS						
Additional Administrative Tribunal Fine Collections	189	(189)	0	189	(189)	0
Administrative Efficiencies	0	0	0	(1,837)	(687)	(2,524)
Close East Harlem STD Clinic	0	0	0	(273)	(153)	(426)
Eliminate Oral Health Program	0	0	0	(2,511)	(1,926)	(4,437)
Mental Hygiene Contracts	0	0	0	(2,729)	0	(2,729)
Mental Hygiene Funding for HHC Clinics	0	0	0	(1,676)	0	(1,676)
Retroactive Medicaid Funding for Early Intervention Services	(1,800)	1,800	0	0	0	0
Revise State Funding	(3,747)	3,747	0	(2,729)	2,729	0
State Aid Realignment	(1,281)	6,168	4,887	(2,750)	5,521	2,771
Total PEGS	(6,639)	11,526	4,887	(14,316)	5,295	(9,021)
Other Adjustments						
2 million S&F	0	2,000	2,000	0	0	0
Baslined MOD # AL08MA1490	0	0	0	0	0	0
Brooklyn Women Shelter	0	119	119	0	0	0
Baseline State and Fed Adj.	0	(1,350)	(1,350)	0	(1,350)	(1,350)
Categorical	0	59,188	59,188	0	8,081	8,081
CC Member Item State Match	0	1,504	1,504	0	0	0
CC State Aid Adjustment	0	(249)	(249)	0	0	0
Collective Bargaining	170	78	248	199	91	290
Croton Water Filtration Plant	0	120	120	0	0	0
Fuse Project	0	143	143	0	0	0
FY09 Rollover	0	2,814	2,814	0	0	0
Various Adjustments	0	4,463	4,463	469	0	469
Total Other Adjustments	170	66,734	66,904	668	6,822	7,490
Total Executive Plan Budget Changes	(6,469)	78,260	71,791	(13,648)	12,117	(1,531)
Agency Budget as per the November Plan	654,382	1,044,420	1,698,803	616,036	981,121	1,597,157

PEGs

- **Retroactive Medicaid funding for Early Intervention Services.** The Department will recognize Medicaid revenue received for services provided prior to Fiscal 2009 for a savings in City funding in the amount of \$1.8 million in Fiscal 2009.
- **Revise State Funding.** The Department will realize a savings in the amount of \$3.7 million in Fiscal 2009, \$2.7 million in Fiscal 2010 and \$2.5 million in Fiscal 2011 and in the outyears due to a revision in DOHMH's budget to more accurately reflect all available state funding.
- **Mental Hygiene Funding for HHC Clinics.** The Department proposes the reduction in funding to HHC clinics in the amount of \$1.7 million in Fiscal 2010 and in the outyears by reducing mental health, alcohol/chemical dependency and mental retardation services provided at HHC Clinics.
- **Mental Hygiene Contracts.** The Department proposes decreasing its mental hygiene contracts in the amount of \$2.7 million Fiscal 2010 and in the outyears by reducing underperforming contracted mental hygiene services which will be realized through program closures and targeted service reductions. The Department will redirect clients to remaining programs.
- **Eliminate Oral Health Program.** The Department proposes to eliminate the Oral Health Program created in 1903 and funded in the amount of \$2.5 million in Fiscal 2010, \$3.4 million in Fiscal 2011 and \$3.5 million in 2012. The Oral Health program provides dental services at 44 sites and employs 57 full-time and 35 part-time staff that will be laid-off as a result of this elimination. The Department will retain staff to promote citywide access to dental care and maximize Medicaid and other publicly provided dental benefits.
- **Close East Harlem STD Clinic.** The Department proposes to close the East Harlem STD Clinic funded \$273,000 in Fiscal 2010 and in the outyears. Patients will be re-directed to nearby clinics in Central Harlem, Riverside, Chelsea or Morrisania.
- **State Aid Realignment.** The Medical Examiner's operating budget will properly reflect actual reimbursements from the State for services by reducing its City Tax Levy budget in the amount of \$1.3 million in Fiscal 2009 and \$2.8 million in Fiscal 2010 and in the outyears.
- **Administrative Efficiencies.** The Department will reduce its Administrative Personnel Services and Other Than Personnel Services by \$2 million in Fiscal 2010 and in the outyears.

Revenue PEGs

- **Additional Administrative Tribunal Fine Collections.** The Department will achieve a savings in the amount of \$3 million in Fiscal 2009 and in the outyears from fine enforcement efforts and inspection activity on public health code violations.

- **Recoupment of Funds Owed by Contracted Services Providers.** Through improvements to its recoupment procedures, the Department will increase collections of outstanding payments owed by contractors in the amount of \$450,000 in Fiscal 2009 and \$650,000 in Fiscal 2010.

Capital Budget

DOHMH's capital program goals include facility compliance with applicable codes, rules and regulations; renovation of facilities requiring immediate repair and maintenance to ensure quality conditions within these facilities; enhancement of DOHMH's automation systems; renovation of laboratories requiring immediate repair; identification of new technology that can assist DOHMH in performing critical public health and safety functions; and improvement of the process of inventory assessment at DOHMH facilities and replacement of all critical equipment on a regular basis.

FY09 Executive Capital Plan vs. FY09 Adopted Capital Budget (in \$000s)

	FY09	FY10	FY11	FY12	FY13	Total
May	88,514	35,821	200,552	5,835	13,602	344,324
Sept	129,761	28,657	128,442	44,668	80,757	412,285
Variance	41,247	-7,164	-72,110	38,833	67,155	67,961

As part of the formulization of the FY09 Adopted Capital Budget agencies were required to reduce their capital plans by twenty percent in each year from FY09-12. The funds pushed-out from these four years could roll into the fifth year of the plan, FY13. As such, even with the inevitable roll of projects from FY08 which had yet to be committed, the FY09-13 plan is significantly less than the plan presented in May 2008.

The Department of Health and Mental Health's FY09-13 adopted capital plan is \$67.0 million greater than the Executive Capital Plan released in May. When taking into account the \$135.7 million of uncommitted projects rolled from FY08 the increase of \$67.0 million is actually a decrease of \$67.8 million over the five years of the plan.

Capital Plan Highlights

- DOHMH unveiled plans to create a new Public Health lab. In October of this year DOHMH identified a site located in Long Island City to replace their current laboratory at 455 First Avenue in Manhattan. \$111.4 million in funding for this \$200 million project planned for Fiscal years 2009-11 are now pushed to Fiscal years 2012-13. \$40 million for this project is planned for Fiscal 2012 and \$71.4 million for Fiscal 2013.
- \$16.1 million in additional funding to the Bronx County New Medical Examiner Facility project in Fiscal 2009. Additionally, \$3.5 million is added in Fiscal 2011 and \$1.6 million in Fiscal 2012.

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