



Edwin M. Lee, Mayor

Department of Human Services  
Trent Rhorer, Executive Director

**MEMORANDUM**

TO: Human Services Commission  
 THROUGH: Trent Rhorer, Executive Director  
 FROM: Daniel Kaplan, Deputy Director of Administration, Human Services Agency (HSA)  
 DATE: January 21, 2016  
 SUBJECT: Department of Human Services Budget for FY 2016-17 & FY 2017-18

While Mayor Lee’s budget projections show continued strength in the City’s revenues, expenditures are increasing faster, resulting in a citywide deficit of \$99.8 million for FY 16-17 and \$240.2 million (cumulative) for FY 17-18. Mayor Lee has asked for all City departments to reduce their General Fund need of 1.5% in each budget year. For the Human Services Agency, this results in an ongoing budget reduction target in each fiscal year:

	FY 2016-17 (1.5% GF)	FY2017-18 (1.5% GF)	Cumulative Total
Ongoing Reduction	2,135,227	2,135,227	4,270,454
Contingency	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>2,135,227</b>	<b>2,135,227</b>	<b>4,270,454</b>

In his instructions to departments, Mayor Lee indicated an interest in funding proposals that support the development of a modern, responsive and engaged government and that reflect opportunities to collaborate across departments.

**HSA Budget Strategies**

HSA is using the following principles in building its proposed budget:

- Maximize revenue opportunities in existing programs
- Grow existing programs to meet expanded client needs
- Strengthen administrative infrastructure to give employees tools to do their best work and enhance accountability for results
- Propose targeted programmatic additions that meet the Mayor’s investment criteria

HSA held a community budget meeting on January 7<sup>th</sup>. It will continue to reach out to and work with its community partners to ensure that input from the community is received and incorporated into the development of the budget.

We anticipate that HSA will be able to meet the budget reduction targets for FY 2016-17 and FY 2017-18 with a combination of increased revenues from state and federal sources and savings found within the agency. In particular, we expect revenue increases in CalFresh, Medi-Cal, 1991 Realignment Revenue, and 2011 Realignment revenue. The Title IV-E Waiver, entered into in October 2014, will also offer opportunities to shift revenue and better support preventive activities within the Family and Children's Services system.

HSA's Budget Proposal will contain initiatives consistent with the HSA budget strategies in a number of program and support areas. While these are still being finalized, a preliminary list appears below:

### **Program Highlights and Initiatives**

#### **SF BenefitsNet — Medi-Cal & CalFresh**

SF BenefitsNet, the integrated Medi-Cal and CalFresh programs, has continued its efforts to better serve clients by cross-training staff, using shared technology and aligning business practices. The ongoing implementation of the Affordable Care Act's Medi-Cal Expansion continues to lead to major caseload increases. The Medi-Cal caseload has now grown to over 123,000 cases, which represents a more than 115% increase since implementation began. With the latest wave of open enrollment and the further expansion of Medi-Cal to undocumented children in May of 2016, HSA anticipates continued growth in the Medi-Cal caseload. Similarly, while the CalFresh caseload has doubled since FY 2007-08, research shows that significant room for growth remains. SF BenefitsNet continues to develop a varied set of in-reach strategies for CalFresh that target clients enrolled in Medi-Cal as well as outreach to likely eligible but unenrolled individuals.

HSA is considering how to support these further caseload increases in SF BenefitsNet through its staffing and infrastructure requests in the FY 2016-17 budget proposal.

#### **CalWORKs and Workforce Development**

On the State level, there have been significant changes to the CalWORKs program over the past few years: early engagement, family stabilization, robust appraisal of families at entry, housing support, and the expansion of subsidized employment. CalWORKs has also added SSI advocacy for clients and begun providing integrated case management. These changes focus more attention on whole family outcomes and acknowledge that reaching employment and self-sufficiency requires holistically addressing the challenges facing the family. In the FY 2016-17 budget, the CalWORKs program will attempt to organize its staffing to best address the whole family while meeting these new program mandates and requirements.

HSA has begun implementing Project 500. Project 500 will focus intensive resources, wrap-around services, and case management across City departments and nonprofit providers for 500 of the City's most at-risk families, to give them meaningful pathways up and out of poverty. The program will begin enrolling its first cohort of families from the CalWORKs program in early 2016.

The Workforce Development Division continues to invest in subsidized employment opportunities and to pilot new strategies for connecting clients to higher-wage jobs. This year, by redirecting existing funds, it launched an on-the-job training component that provides funds to employers who offer training to workers that leads to concrete skill gains and higher-wages. These efforts continue to improve the CalWORKs Work Participation Rate (currently 55.4%). The Mayor's budget projections for FY 2016-17 reflect that there will be additional funding to raise the minimum wage to \$13.00 effective in July 2016.

## **CAAP**

The CAAP program is exploring policy and practice changes to make it easier for clients to access and maintain benefits and to move more quickly to employment or, if appropriate, federal disability benefits.

## **Housing and Homeless Services**

The Housing and Homeless Division will work to maintain and improve its services while supporting the transition to the new department announced by the Mayor.

During the current year, the Housing and Homeless Division has focused on implementing the new and expanded programs funded in the FY 2015-16 budget, including opening 500 units of new supportive housing with community partners this fall and winter. The new sites have, in turn, helped facilitate successful exits from the Navigation Center, an innovative model begun last spring that serves homeless clients in a low-threshold setting. HSA is now partnering with the Mayor's Office and the Department of Public Health (DPH) to explore a second Navigation Center with richer resources for serving clients that have mental health issues. To address the needs of homeless families, the Mayor's Office announced an expansion of the City's rapid re-housing subsidy program by 120 slots this holiday season. The FY 2016-17 and 2017-18 budget proposal will reflect the funds needed to maintain these expansions.

Efforts are underway to further improve the use of data in service delivery to homeless clients. Beginning with the FY 2016-17 homeless count, the Division plans to move to an annual homeless count and survey for San Francisco. In addition, HSA is also exploring ways of implementing a Family Coordinated Entry System, as required by federal funding. Such a system will help ensure that homeless families quickly receive access to the services best matched to their needs. As part of this change, HSA is exploring ways of improving its Homeless Management Information System (HMIS), which tracks client data for federally-funded programs across the City.

The Housing and Homeless Division also anticipates further expansions of the City's supportive housing capacity this coming year through the Continuum of Care application for federal funds submitted this past fall. To support the increased investments in housing for chronically homeless clients, the proposed budget will include new staffing, supported by the federal funds, and may include a request for matching local funding for supportive services. The City may also address changes to federal funding priorities, which have shifted towards permanent housing, and in turn could leave some local employment and transitional housing programs in need of support to replace federal investments.

## **Family & Children's Services (FCS)**

In year two of the five-year Title IV-E Waiver Project, FCS will propose to continue to invest in services to families and children that highlight the goals of the Waiver: improving permanency outcomes, increasing child safety, promoting family engagement, and decreasing re-entry. These include supportive/preventative services to families of children at-risk of entering or re-entering foster care and services that have demonstrated effectiveness for reunification. FCS also hopes to continue to build the staff needed for the ramp-up, implementation, and monitoring of Waiver-based initiatives. These services coincide with statewide efforts to improve foster parent recruitment and retention under Continuum of Care reform (AB 403 Group Home Reform), which seeks to transition from the use of group homes for children in foster care to home-based and residential care and supports. FCS has also been developing policies to safely serve commercially sexually exploited children (CSEC) whose parents or guardians have been unable to protect

them. Proposals are being developed to support interventions that support children and families under the goals of the Waiver and the statewide initiatives of CCR and CSEC.

### **Program Support**

HSA's Program Support functions are comprised of the following divisions, Planning, Administration (Budget, Contracts, Finance, Human Resources, Information Technology, Facilities/Operations, and Investigations), and Central Management. HSA is evaluating the need for additional resources to maintain the level and quality of services provided to the agency's growing programs. HSA is proposing innovative measures to make work more efficient for staff and make programs more accessible for clients, all in support of the goal to reach a higher percentage of eligible clients, free staff time for better casework, and reduce the need for staff growth in out-years. Areas being explored involve efforts to better support client facing programs through:

- Process redesign and automation,
- Fuller use of available program data, and
- Continued/improved supports for the growing contracting function

### **Next Steps**

At the next meeting of the Human Services Commission, we will present you with a full proposal of the HSA budget for FY 2016-17 and FY 2017-18, for your review and final approval.