



SAN FRANCISCO
HUMAN SERVICES AGENCY

HSA/DBFS FY25-26 & FY26-27 Budgets

Human Services Agency

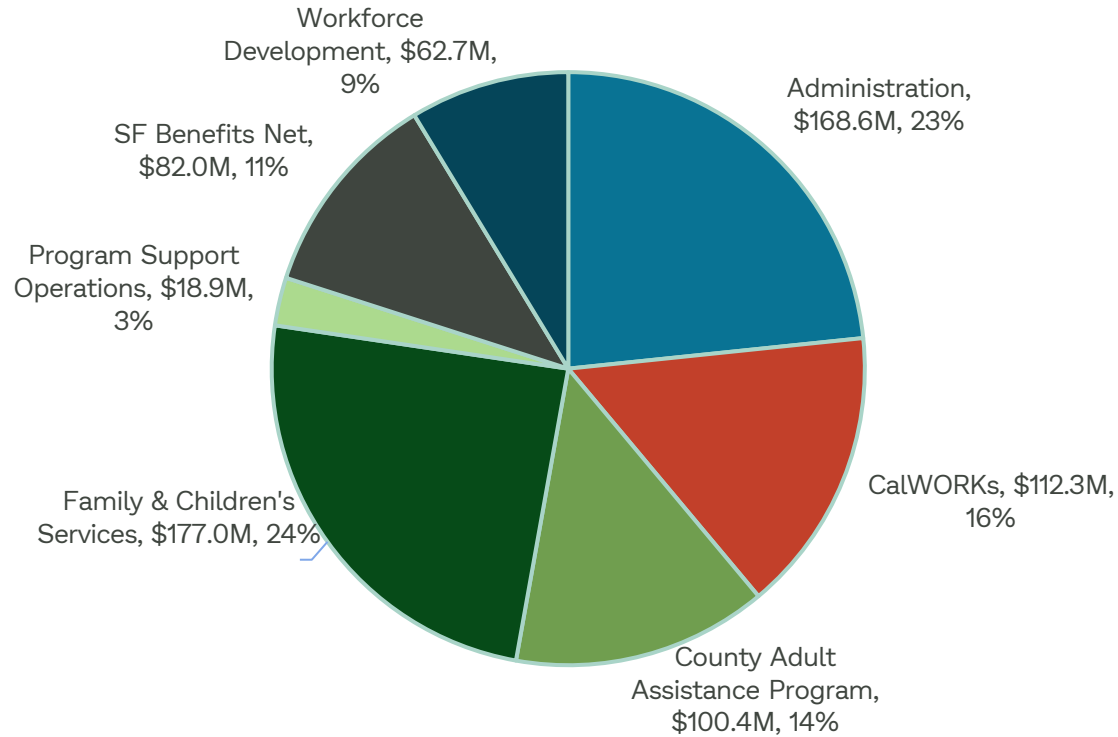
Department of Benefits and Family Support

Presentation to Human Services Commission

January 23, 2025

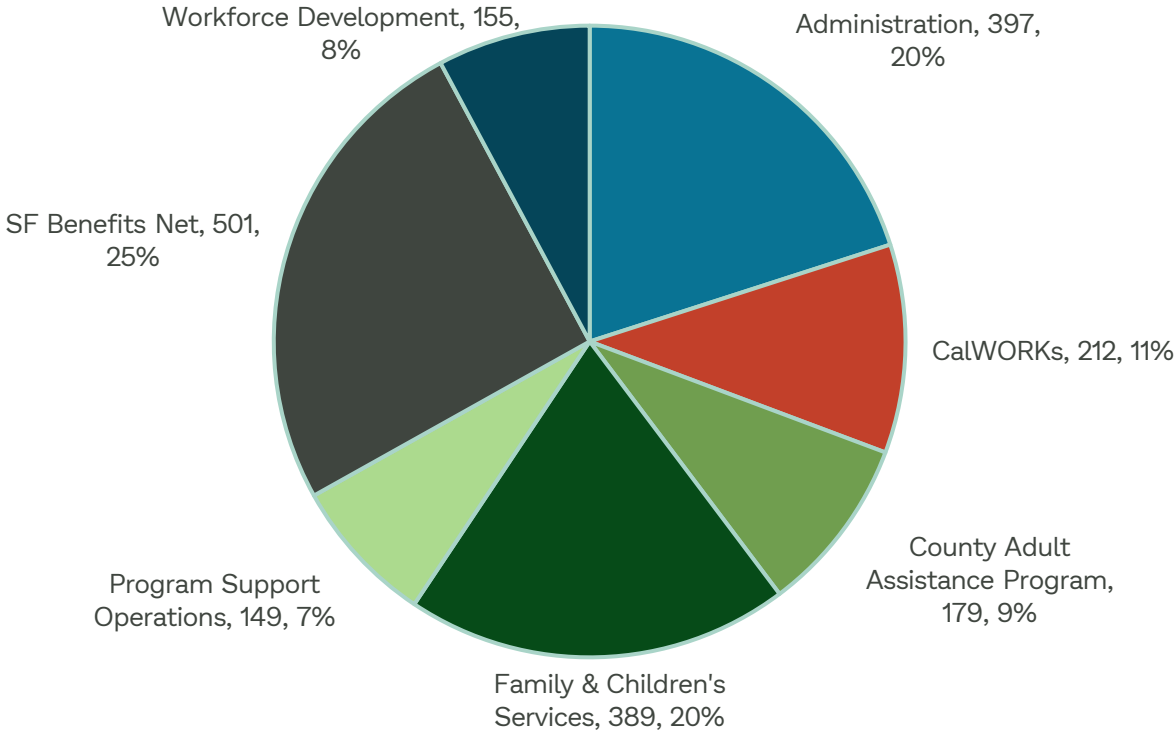


HSA/DBFS FY24-25 Original Budget by Program \$721.9M

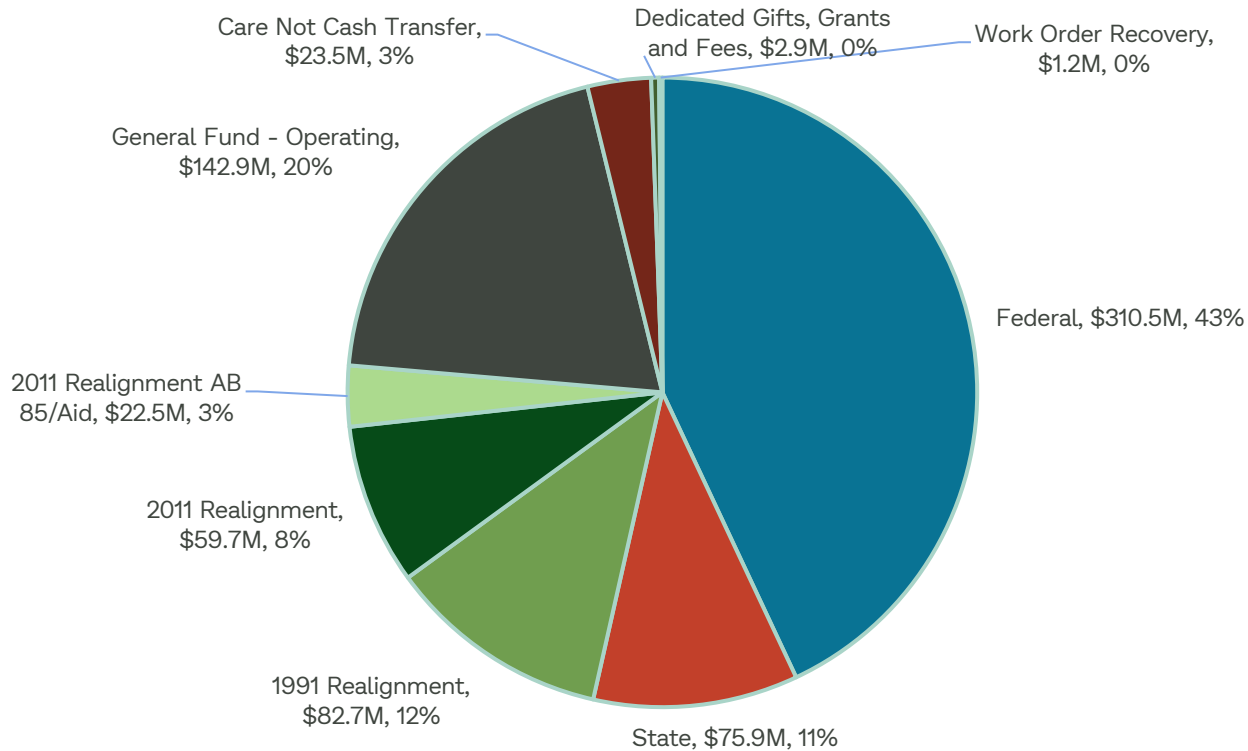


HSA/DBFS FY24-25 FTEs by Program

1,981 FTEs

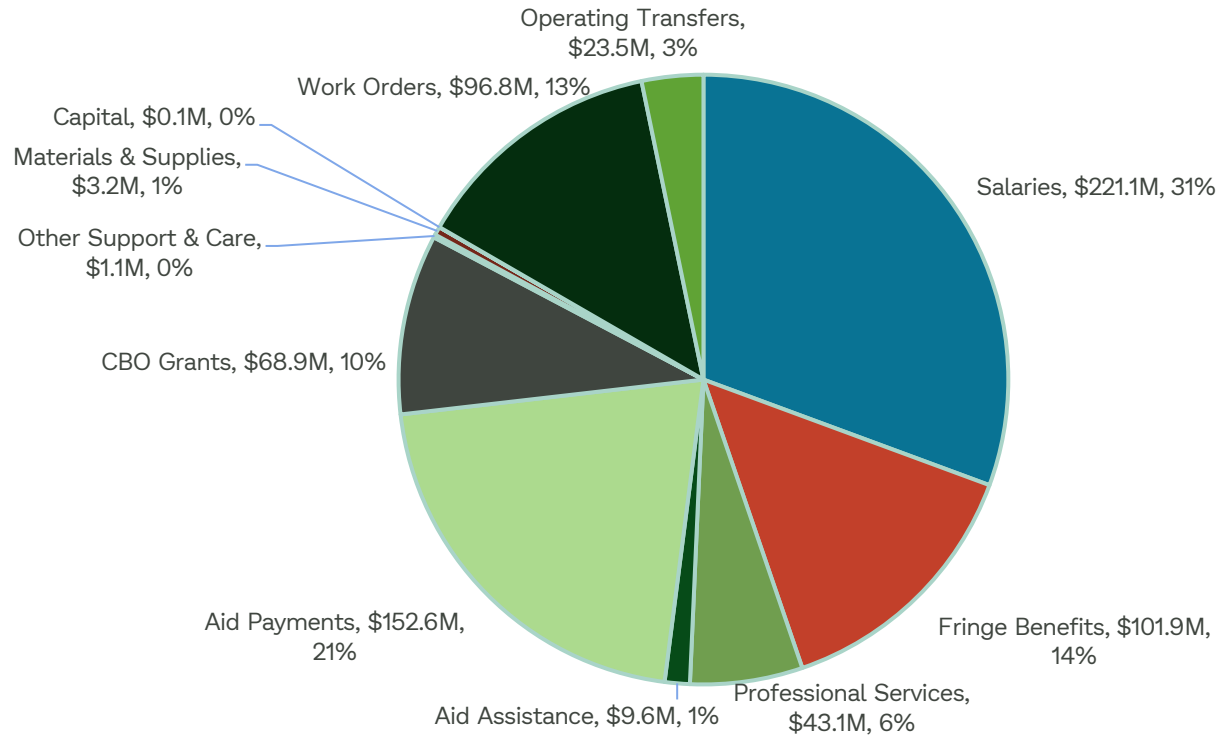


HSA/DBFS FY24-25 Original Budget by Source \$721.9M



HSA/DBFS FY24-25 Original Budget by Category

\$721.9M



Mayor's FY25-26 & FY26-27 Budget Projections

Citywide Projected Shortfall (Millions) from City's 5-Year Financial Plan	FY25-26	FY26-27
Total Revenue - Increase / (Decrease)	(203.2)	132.9
Baselines & Reserves:	(1.5)	(147.1)
Salary & Benefits:	0.4	(350.4)
Citywide Operating Budget Costs*:	(7.0)	(125.0)
Departmental Costs:	<u>(41.8)</u>	<u>(133.1)</u>
Total Expenditures – Decrease / (Increase)	(50.0)	(755.7)
Total Deficit	(253.2)	(622.7)
Two-Year Deficit	(875.9)	
*Citywide Uses include: general operating increases (e.g. minimum wage, utility rates, and debt service)		



Mayor's Budget Drivers

- City projects \$876 M budget deficit over the next two fiscal years, growing thereafter
- Slowed revenue growth & significant expenditure increases anticipated
 - Revenue drops in City's critical tax bases – property, business & hotel tax
 - Persistent high office vacancy levels
 - Slower hospitality sector rebound = reduced hotel tax collection
 - Voter-approved Prop M shifts business tax recognition to later years
 - Salaries & benefits forecast to grow by nearly \$350 M in the biennium
 - Existing & new mandated baseline contributions
 - Citywide operating costs – real estate, capital, debt service, materials and supplies, CBO contracts, etc. – all organically grow via inflation



Mayor's Budget Instructions

- New administration maintains initial budget instructions released in November, and issued additional directives
- Departments asked to **reduce discretionary General Fund budgets by 15% in both FYs 2025-26 and 2026-27**
- **HSA & DAS reduction target = \$8.2 million** in FY 2025-26 and FY 2026-27
 - Departments also directed to:
 - Freeze hiring immediately to bring the City's budget deficit under control
 - Suspend City-funded overnight and/or air travel unless required by outside funder
 - Assess CBO & professional services contracts for efficiency & cost-effectiveness, and eliminate those that are least effective
 - Suspend new services, both contracted and internal



Mayor's Budget Instructions (continued)

- Budgets should continue to reflect the Mayoral priorities, which include:
 - Maintaining core government services
 - Improving public safety & street conditions
 - Reducing homelessness & transforming mental health service delivery
 - Improving efficiency and transparency in all City operations & spending

HSA Budget Priorities

HSA's budget priorities continue to be:

- Maintaining critical client services
- Repurposing existing position vacancies and underutilized funds to meet new and existing needs



State and Federal Budget

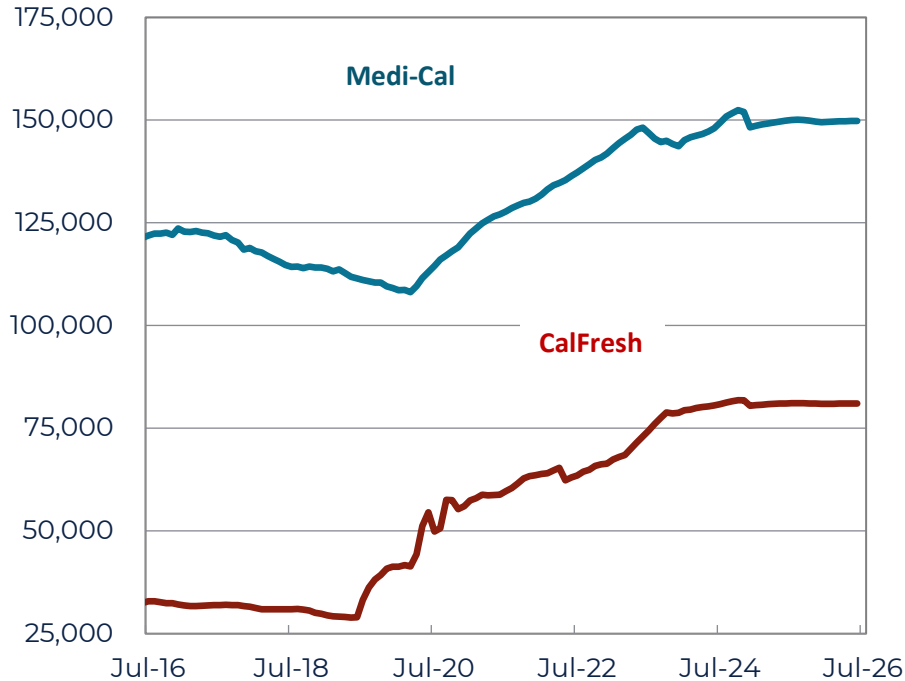
- Federal concerns due to new administration
 - Potential drop in social services funding to offset cost of tax cuts
 - Possible discouragement of benefit seekers, especially immigrants
- State budget picture has improved in the near term, but still faces out-year deficits
 - Stronger-than-anticipated performance of the economy, stock market, and cash receipts have contributed to an upgraded revenue forecast
 - Governor's proposed budget is balanced and provides significant reserves in FY25-26, yet anticipates future year shortfalls driven by expenditures exceeding revenues
 - Risk factors could negatively affect the state's economy and revenues (e.g. stock market, geopolitical instability, and federal policy changes); May Revise will provide updates.
 - Preliminary detail suggests modest budget year increases and decreases across various social services programs, largely in-line with anticipated changes in caseload



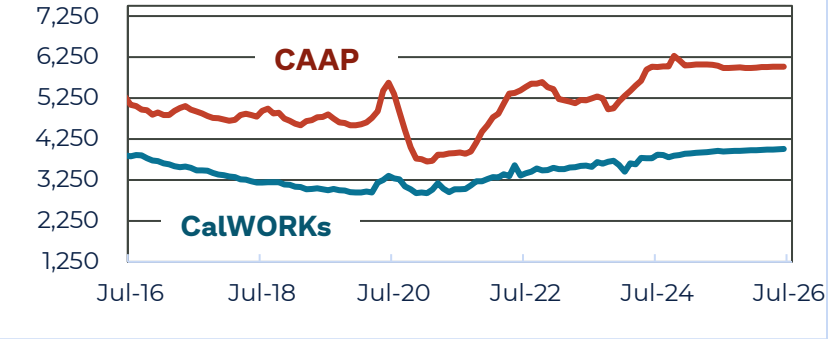
DBFS Caseloads

Actuals through Nov 2024; projections after

Medi-Cal and CalFresh Caseloads



CAAP and CalWORKs Caseloads



Foster Care



DBFS Highlights

San Francisco Benefits Net

- Continued caseload rise in Medi-Cal (151,000 cases; +4.1% over past year) and CalFresh (81,000 cases; +2.5% over past year)
- Hiring efforts focused on Eligibility Worker staffing in response to higher caseloads
- Outreach Initiatives focused on increasing benefits uptake

County Adult Assistance Program (CAAP)

- Proposition F Implementation
 - Approved by voters in March 2024 local ballot
 - Requires CAAP clients and applicants to undergo screening for substance abuse disorder, as condition of receiving CAAP benefits
 - Facilitates connection of clients with treatment options
 - Became effective January 2025

DBFS Highlights

CalWORKs

- One-time \$5.9M increase in State funding for Housing Support Program (HSP):
 - 176 families placed in 2024
 - FY24-25 one-time funding to support families in shelter and HSA staffing costs
 - Annual allocation will revert to \$5.6M in FY25-26
 - Identifying strategies to minimize reduction of services
- Federal TANF Pilot
 - Elimination of Work Participation Rate requirement
 - Building off Cal-OAR initiative
 - Statewide launch in October 2025



DBFS Highlights

Family and Children's Services (FCS)

- Implementation of Families First Prevention Services Act (FFPSA)
 - One-time Families First Transition revenue will help FCS maintain current level of programming through FY25-26
 - FFPSA funding for prevention services
 - Shifting from 'Mandated Reporting' to 'Community Supporting'
- Addressing needs of Non-Minor Dependents (NMDs)
 - Participating in Guaranteed Income Pilot
 - 150 youths receiving \$1,200/month for 18 months
 - Funding also supports longer term study of Pilot's outcomes
 - State funding for housing support

DBFS Highlights

Family and Children's Services (FCS)

- FCS is addressing the need to support the small percentage of foster youth that have extremely complex needs.
 - Utilizing State Complex Care funding to help strengthen the continuum of care in the child welfare system for this population
 - Utilizing \$8.5M Children's Crisis Continuum Pilot Grant from State to augment availability of high-needs placements
 - Pilot creates ten more intensive care beds/homes
 - Can transition youth to higher or lower needed levels of care without disruption



HSA Highlights

Program Support

- Planning, Communications, Budget, Contracts, Finance, Human Resources (HR), Information Technology (IT), Facilities/Operations, Investigations, Disaster Preparedness
- Staffing Relocation Plan
 - Continue to work with the Dept of Real Estate to secure building(s) to move staff out of 170 Otis Street and 1235 Mission Street offices
- Human Resources:
 - Increased resources dedicated to recruitment and hiring
 - HSA's vacancy rate has decreased from 15% to under 9% over the past two years
 - Current year hiring freeze threatens to erode this progress



HSA/DBFS FY25-26 & FY26-27 Budget Timeline

- Dec 3 Mayor's Budget Instructions Released
- Jan 23 HSA/DBFS Commission – First Meeting
- Feb 11 HSA/DBFS Commission – Second Meeting
- Feb 21 Agency Proposed Budget due to Mayor
- June 1 Mayor submits budget to Board of Supervisors
- June Board of Supervisors Budget Committee Hearings
- July Budget Considered at Board of Supervisors

