



SAN FRANCISCO HUMAN SERVICES AGENCY

Department of Benefits and Family Support

Department of Disability and Aging Services

Office of Early Care and Education

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MEMORANDUM

TO: Human Services Commission
THROUGH: Trent Rhorer, Executive Director
FROM: Daniel Kaplan, Deputy Director for Administration, Human Services Agency (HSA)
DATE: February 14, 2022
SUBJECT: Human Services Agency and Department of Benefits and Family Support Proposed Budget for FY 2022-23 & FY 2023-24

Through this memo, HSA presents to you the FY 2022-23 and FY 2023-24 budget for the Department of Benefits and Family Support (DBFS) and Human Services Agency (HSA) Administration for review and approval.

As noted at the January 27, 2022 commission meeting, the City's budget projections forecast significant improvements in revenues, including the benefit of excellent returns in the pension fund. This good news - combined with financial restraint over the last several years - means the City has a projected \$108.1 million surplus across FY 2022-23 and FY 2023-24. In addition, the City's long-term, structural deficit is much improved. New revenue sources - including voter-approved new taxes and federal relief funding - have further helped to strengthen the budget and put the City on steadier footing than it has been in many years.

As a result, City departments are not being asked to propose cuts, but instead to make proposals which do not require new General Funds. HSA, working with the Mayor's Office, will reprioritize existing funding and leverage new revenues to improve core services and meet City priorities, including mitigating homelessness and poverty.



London Breed Mayor

Trent Rhorer Executive Director

1 Projections include a host of measures approved in November 2020 including an increase to transfer tax rates (Prop I), overhaul of business taxes (Prop F), and establishment of a new tax on executive compensation (Prop L).



### **DBFS and HSA Administration Budget for FY 2022-23 and FY 2023-24**

HSA's proposed FY 2022-23 budget for DBFS and HSA Administration of \$624.5 million is \$1.2 million, or 0.2% less than the FY 2021-22 budget of \$625.7 million. HSA's revenues of \$499.7 million in FY 2022-23, are \$20.8 million, or 4% more than FY 2021-22 revenues of \$478.9 million. General Fund support for DBFS and HSA Administration of \$124.8 million in FY 2022-23 is \$19.6 million, or 4% less than the \$146.8 million in FY 2021-22. These changes reflect the higher revenues HSA anticipates in the upcoming fiscal year, particularly as the result of healthy growth in 1991 and 2011 Realignment. On the expenditures side, there are increased costs in salaries and CBO grants due to inflation, as well as proposed expansions of staff in SF Benefits Net, detailed below. These are offset by the end of COVID response programs that will sunset in FY 2021-22 and lower retirement costs. In addition, a group of 36 positions from SF Benefits Net was shifted to the Department of Disability and Aging Services (DAS) to better reflect HSA's management structure, as these eligibility staff are stationed at the DAS Benefits Hub.

HSA's proposed FY 2023-24 budget is largely the same as its proposed FY 2022-23 plan. It reflects continued increases in 1991 and 2011 Realignment and cost-of-living adjustments in salaries and aid payments, as well as decreases in estimated salary and fringe attrition after HSA fills its new proposed positions and existing vacancies in FY 2022-23. It also includes \$7 M in funds for relocation of HSA's 170 Otis headquarters, which were originally budgeted in FY 2022-23, based on current timelines for the move and for re-evaluation of HSA's long-term space plans.

### **Major Budget Proposals and Changes**

#### **SF Benefits Net**

SFBN's CalFresh and Medi-Cal caseloads have increased significantly since the beginning of the pandemic. Overall, the CalFresh caseload has increased from 48,000 cases at the beginning of 2020 to more than 66,000 households in December 2021. Medi-Cal has seen an increase from 111,000 cases to 124,000 over the same time frame. A number of factors have contributed to this growth:



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- First and foremost, the increased need for food support and health insurance due to the pandemic and the economic downturn.
- Continued success in outreach and enrollment of SSI recipients, who first became eligible for CalFresh in May 2019. CalFresh now has more than 20,000 SSI recipients on its caseload, far surpassing initial State projections of 12,500 recipients.
- Pandemic waivers of requirements, including a suspension of annual renewals in Medi-Cal and limited interviews for CalFresh, which have eased program access and reduced discontinuances.

These caseload levels are expected to remain high even as the economy reopens and temporary state and federal policies sunset. CalFresh has historically enrolled fewer San Franciscans and Californians than are believed eligible; as a result, after the prior recession, there was limited caseload decline as the economy improved. Many households that became eligible during the downturn stayed enrolled as the economy improved. Medi-Cal caseloads are also expected to remain high, as eligibility continues to expand to cover undocumented immigrants over age 50 in May 2022, the State eliminates asset tests, and the City continues outreach efforts.

Current staffing is no longer sufficient to provide quality services to clients as caseloads have increased. Too few calls to service centers are meeting standards for timely response. Clients are facing long wait times and many calls are abandoned. Workload pressures affect staff morale, which compounds service delivery challenges.

The end of pandemic waivers will further increase SFBN workloads. Most CalFresh clients will again have to interview with the County during initial applications and annual renewals. A high percentage of Medi-Cal cases have also had case actions postponed and will need to be retroactively re-evaluated over the course of the year. All Medi-Cal cases will also face recertification and redetermination for the first time since March 2020 once the public health emergency ends later this calendar year.

To meet this increased workload HSA is proposing an additional 42-2905 senior eligibility workers and 3-2907 eligibility work supervisors.



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HSA is also proposing to add 3-2913 Program Specialists to address new State mandates around outreach to the community and to encourage both CalFresh and Medi-Cal enrollment among eligible clients.

### **Workforce Development**

HSA anticipated high demand for employment services in FY 2020-21 and FY 2021-22 due to the economic downturn. With the agreement of the Mayor's office, HSA substantially increased in the JobsNOW! budget. After a slow start due to the prolonged pandemic, JobsNow! activity and spending have begun to increase, but significantly less so than originally expected.

HSA now anticipates significant savings in its employment services budget. HSA proposes to repurpose this savings to support economic recovery and expanded self-sufficiency efforts while maintaining a budget for expanded jobs programs. HSA's proposal has three objectives:

- 1) Promote clients' self-sufficiency efforts by baselining the expanded Working Families Credit and investing in more training opportunities
- 2) Promote economic and racial equity by expanding Career Pathways placements for welfare-to-work clients
- 3) Expand services to mixed-status CalWORKs households

Some of the specific initiatives, which will continue to develop in response to the State and Federal relief efforts, include:

- Expansion of Individual Referral Training - HSA currently has an Individual Referral training program which pays tuition or fees for a limited number of training providers and occupational fields that require certification. Under HSA's current model, HSA pays training providers on a per participant basis when individuals receiving CalWORKs, County Adult Assistance, CalFresh, or Refugee Cash Assistance enroll in the program and achieve specific milestones. HSA proposes expanding the Individual Referral training program to more providers and training programs. Specifically, in FY 22-23 HSA will have two new levels of training programs, with different levels of per participant reimbursement. The first tier will consist of programs that have



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been accredited by the Bureau of Private and Post-Secondary Education (BPPE), Department of Education, or other state or federal agencies that include industry-related certificates or licenses for specific occupations. These providers would be reimbursed up to \$8,000 per participant. The 2nd tier will consist of non-accredited programs that deliver vocational or occupational job readiness training, and these providers would be reimbursed up to \$3,500 per participant. HSA proposes to redirect \$550,000 to serve around 40 clients in the accredited tier and around 100 in the non-accredited tier.

- Working Families Credit (WFC) – WFC is a locally-funded tax credit program that provides \$250 payments to low-income families. In FY19-20, WFC received a one-time funding augmentation from the City to reach additional families. The funding enabled HSA to issue the credit to nearly 4,000 families in FY19-20 and FY20-21, up from fewer than 1,000 in previous years, when clients were limited to claiming once in their life. For FY21-22, the Working Families Credit program received a one-time allocation to continue to lift the once-in-a-lifetime limitation for an additional year. HSA seeks to make ongoing the additional \$750,000 in funding beginning in FY22-23 so that HSA can continue to offer the credit without the once-in-a-lifetime limit.
- Career Pathways – Career Pathways participants work for up to three years with City departments, earning automatic minimum qualification for future positions in that classification track. This program has culminated in permanent City employment for a high percentage of its participants, an outcome that has valuable equity impacts on the City’s workforce given the socioeconomic and racially diverse profile of program participants. In 2019, an additional 20 positions were approved for placements in other City Departments, and in 2020, 30 more positions were approved to include both HSA and other City Departments using one-time savings. All 80 slots have been or will soon be filled. HSA is proposing to add 20 more slots to the Career Pathways program using \$1.75 M in ongoing savings in the JobsNow! program.
- Workforce Development for CalWORKs Mixed Immigration Status Households - Among the families HSA serves in CalWORKs are 500 parents who are immigrants without



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documentation. The CalWORKs program has historically provided only cash assistance to these families. This year HSA is proposing to redirect \$525,000 of JobsNow! savings to develop a set of services to help address the unique needs of mixed-status households, including CBO-provided case management, information and referral, and job readiness or entrepreneurship programs.

### **CalWORKs Housing Support Program**

The CalWORKs Housing Support Program (HSP) is a State-funded program that aims to provide housing stability for CalWORKs families experiencing homelessness. HSP offers financial assistance and housing-related wrap-around supportive services, including rental assistance, housing navigation, case management, various one-time housing and move-in costs. The State doubled its funding of the CalWORKs HSP from \$95 million to \$190 million and the Governor's proposed budget puts forth that the same amount in FY 2022-23. As a result, San Francisco's allocation increased in FY 2021-22 from \$5.6 M to \$11.1 M and a similar allocation is anticipated in FY 2022-23. All of these funds will be available to spend through FY 23-24. Counties will be allowed to expand their target population to include CalWORKs families at risk of homelessness.

HSA plans to use this funding augmentation to expand services to HSP families in three ways. One will be to place more homeless CalWORKs families into housing, and provide them with rental subsidies and case management support. A second strategy will be to keep housing-vulnerable CalWORKs families in their residences by paying back rent assistance. Thirdly, HSA will pay for additional hotel rooms through the Department of Homelessness and Supportive Housing (HSH) that temporarily house HSP families who are awaiting their housing placement.

### **Housing and Disability Advocacy Program**

The Housing and Disability Advocacy Program (HDAP) is a State-funded program that assists people who are likely eligible for disability benefits by providing advocacy for disability benefits as well as housing supports.



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HDAP involves four core program components: outreach, case management, disability advocacy, and housing assistance.

San Francisco's allocation from the State is \$5.2 million in the current fiscal year, up from \$1.2 million. The Governor's proposed budget includes a similarly increased amount in FY 22-23. Both years of increased funds will be available to spend through FY 23-24, and the State has waived all local match requirements. The State has also authorized counties to spend their unused funds from previous fiscal years.

HSA is expanding the program in several ways, beginning in FY 21-22. HDAP funds are being used to support an expanded contract for SSI advocacy services through Bay Area Legal Aid. It is also utilizing the augmented HDAP funding for a "housing first" approach by paying for units in a small number of Permanent Supportive Housing (PSH) buildings. Homeless HDAP clients can be housed in these units, and provided with case management and SSI advocacy services through a community-based provider. After a client is awarded disability benefits or receives a final denial, they become regular PSH clients replacing HDAP as the source of subsidy; for those who have been approved for SSI, their SSI grant would be taken into account in calculating their monthly rent. Because San Francisco's PSH sites fall under HSH's purview, HSA is sending funds to HSH for the cost of the HDAP-specific housing and services. HSA and HSH expect to serve ~90 clients a year in FY22-23 and FY23-24, when the program is fully ramped up. HDAP funds will also support an HSH staff person to coordinate HSH services to HDAP clients.

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

In the last several years, FCS has been focused on working towards a sustainable budget through cost-saving strategies and working closely with the Mayor's Budget Office on a multi-year transition plan to sustain the program. Those efforts will now be realized as strong state revenues along with one-time agency contributions will allow FCS to sustain its current level of programming through FY 23-24. This will allow FCS to continue to explore programming options through the Families First Preventative Services Act (FFPSA) and modify its programming to accommodate changing revenue streams and client needs.





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For FY 22-23, FCS has reserved \$500,000 of its current operating budget as match for future FFPSA programming. One of the programs that FCS would like to fund with this placeholder includes a Peer Parent program which engages and supports parents as they navigate the child welfare system. FCS previously funded a Peer Parent program under the IV-E waiver and hopes to bring the program back in a version that is approved under FFPSA.

Over the past several years, FCS has piloted a replacement system for the Child Protection Center. It has spent \$1.2M annually on a contract to provide emergency foster care placements and \$3.4M annually on a contract to provide a high-needs residential program and an intensive services mobile response system. Through the current fiscal year, these services have been paid for using one-time savings from prior years. With the success of these pilot efforts and growth from 2011 Realignment, this is an opportune time to bring these additional costs on budget and reduce projected out-year deficits.

FCS has also joined in efforts alongside CWDA to address the need to support the small percentage of foster youth that have extremely complex needs, including those stemming from significant maltreatment and untreated trauma and need exceptional support in their placements. In response, the State has budgeted Complex Care funds to help counties strengthen the continuum of care in the child welfare system for high needs children. The funds are focused on three areas:

- Child specific funding for specific services to address and support their needs
- Capacity building to address gaps in counties' placement continuum
- Opportunity to pilot innovative programming to support these youth

At this time, HSA expects that these complex care funds can help offset some agency costs for emergency services contracts mentioned above.

FCS still has many programmatic changes to address. One area that will require continued attention is with exiting non-minor dependents (NMDs). In particularly high cost counties like San Francisco, exiting NMDs face economic hardships and struggle to meet basic needs like housing and food despite working or going to school. To address this need, the State of California included \$35 million in the state budget to





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fund a guaranteed income program prioritizing this group. HSA will apply for this funding to serve an estimated 220 youth at a total cost of \$4.9M, with a 50% match (in philanthropic or local governmental funds to draw down state grant dollars). Under this initiative, all NMDs as well as clients from the juvenile probation systems who exit care between July 1, 2022 and June 30, 2025 would receive \$1,000 per month from the time they turn 21 until they either turn 23 or July 1, 2026. HSA proposes to set \$2.4 M in one-time funds in FY 22-23 to support the pilot effort across the next two years and also budgets an equivalent match backed by State revenue.

Lastly, the State budget includes an expansion of funding for Bringing Families Home (BFH). HSA has estimated that \$4.5M in FY 21-22 and FY 22-23 will be available for the County to expand its BFH program, with the funds available to be spent through FY23-24. While San Francisco's existing BFH program is heavily reliant on the use of Housing Authority vouchers as long-term housing solutions, FCS' current allocation of vouchers is projected to run out before the start of FY22-23. To continue providing services, the program has to switch over to a time-limited deep subsidy program in lieu of the housing vouchers, with the aim of covering the full cost of a housing subsidy until a long-term voucher or subsidized unit could be identified. FCS is currently exploring different models to implement a deep subsidy program at current service levels. The budget includes the additional State funds.

### **Program Support**

The FY22-23 proposed budget grows the Human Resources division by repurposing three vacant positions from Family & Children's Services to ensure this department has the support to efficiently and effectively deliver for the Human Services Agency. With additional staffing proposed in both DAS and DBFS, as well as conscious efforts to address racial equity in its hiring, the workload for HSA's Human Resources division continues to expand. The Mayor's Budget Office has encouraged the bolstering of these administrative functions throughout City departments to ensure they continue to address their staffing needs to optimally deliver city services.



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**Position Actions**

In addition to the above proposals, there are a number of substitutions of existing positions within the Department of Benefits and Family Support and Human Services Agency Administration. Some of these substitutions aim to bring positions in line with their current usage by the agency, while others correspond to organizational changes in service delivery and management. Details of these substitutions, along with internal reassignments of positions, are in the attached packet.

**Required Action and Recommendation**

With this memo, HSA requests approval of the proposed FY 2022-23 and FY 2023-24 budgets for the Department of Benefits and Family Support and the Human Services Agency.