



SAN FRANCISCO HUMAN SERVICES AGENCY

Department of Benefits and Family Support

Department of Disability and Aging Services

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MEMORANDUM

TO:	Human Services Commission
THROUGH:	Trent Rhorer, Executive Director
FROM:	Daniel Kaplan, Deputy Director for Administration and Finance, Human Services Agency (HSA)
DATE:	January 26, 2023
SUBJECT:	Human Services Agency and Department of Benefits and Family Support Budget for FY 2023-24 & FY 2024-25

Budget projections for the next two fiscal years forecast significant declines in local revenue, coupled with increasing expenditures, as the City’s recovery from the Covid-19 pandemic continues to prove challenging. A combined shortfall of approximately \$728 million is expected, with a \$201 million deficit in FY 2023-24 and a \$527 million deficit in FY 2024-25. Slowed or declining revenues in some of the City’s largest tax sources, such as property, business and transfer taxes, are accompanied by the loss of temporary Federal pandemic-relief funding. Lower revenues are exacerbated by higher expenses in pension and health care costs, planned salary increases, and capital expenditures, among others.

As a result, the Mayor’s Office has asked for all City departments to reduce their discretionary General Fund budgets by 5% in FY 2023-24 and by 8% in FY 2024-25, as well as to be prepared for the possibility of revised instructions should economic conditions worsen. For the Human Services Agency, including both departments and its administrative division, this results in an ongoing budget reduction target in each fiscal year as follows:



London Breed
Mayor

Trent Rhorer
Executive Director

	FY 2023-24	FY 2024-25
Ongoing Reduction (5% and 8%)	\$2,004,435	\$3,207,096

The Mayor's Office recognizes that the City is experiencing significant and widespread vacancy levels, but asks that departments focus on filling positions in core services and explore opportunities to reclassify/redirect/hold-vacant existing positions to achieve savings wherever possible. The Mayor's overall budget priorities continue to be centered on revitalizing San Francisco through emphasis on the following:

- Improving public safety and street conditions;
- Continuing investments in homelessness and mental health programs;
- Supporting the City's economic recovery, particularly in the downtown financial district; and
- Delivering on accountability and equity in City spending.

HSA Budget Strategies

As in prior years, HSA will continue using the following principles in building its proposed budget:

- Maintain client services;
- Maximize revenue opportunities with our State and Federal partners;
- Look for opportunities to repurpose existing position vacancies and funds to meet new needs.

At the State level, the economic and revenue picture has changed substantially over the past year, which is expected to result in lower than anticipated revenues and an estimated budget deficit of \$22.5 billion in FY 2023-24. At this stage, we anticipate that the less robust State budget and withdrawal of federal relief funding will present a more challenging budget climate compared to prior years; however, the Governor's initial proposal suggests a commitment to maintaining, and in some instances increasing modestly, core funding in the human services area.

Uncertainty exists with regard to a possible worsening economy and the State's commitment to restore critical one-time housing allocations after they expire. Fortunately, the State has accumulated a healthy reserve, which could serve as a buffer to maintain core services should the economy fall into a recession. Over the next several months, we will continue to monitor the State budget process for impacts and will keep you updated as we learn more details.

Program Highlights and Initiatives

SF Benefits Net — Medi-Cal & CalFresh

The COVID-19 pandemic has led to overall caseload growth in HSA's Medi-Cal and CalFresh programs. The CalFresh caseload has increased from just over 48,000 cases at the start of the pandemic to more than 65,000 in December 2022. Medi-Cal has seen an increase from 111,000 cases to 137,000 over the same timeframe. Some of this growth is attributable to Federal and State policy changes that have expanded eligibility, or made it easier for clients to retain their benefits during the pandemic. For example, the Medi-Cal asset limit test was recently eliminated, and Medi-Cal coverage has been expanded to include older undocumented immigrants. Medi-Cal has also been operating under the suspended re-

certification requirement, and consequently taken no negative action on cases since prior to the pandemic. Clients will be required to resume that process, however, in 2023, when the public health emergency is scheduled to end. SFBN also continues to see increased requests for Expedited Services CalFresh, which are emergency applications that must be determined within 3 days. To help manage the workload resulting from these policy changes, SFBN is currently working together with Human Resources to fill 37 new eligibility worker positions that were added to HSA's budget starting in FY 2022-23.

To further support clients during the public health emergency, the federal government implemented an additional policy change that enhanced benefits in CalFresh. Since the start of the pandemic, CalFresh households have been issued supplementary emergency allotments that raise the monthly food benefit to the maximum amount based on the household's size. This temporary policy change has helped to ensure food security for CalFresh households and combat the effects of inflation on food prices. Households will receive the last supplemental benefit in March 2023 and will feel the impact of the loss in April 2023.

Homeless Benefits Linkages (HBL) Initiative

The Homeless Benefits Linkages Initiative assists people experiencing homelessness to apply for the County Adult Assistance Program (CAAP), Medi-Cal, CalFresh, and SSI benefits – meeting clients where they are instead of requiring them to come to a government office. Since the pandemic started, HSA has directed staff to conduct benefits outreach at the City's Shelter-in-Place (SIP) hotels, congregate shelters, and Safe Sleep sites. During this time, outreach workers have submitted 1,901 CalFresh applications (93% approved), 1,155 CAAP applications (30% approved), and 1,343 Medi-Cal applications (88% approved). On average, these approval rates exceed those experienced by clients who applied using more traditional methods.

Through the Homeless Benefits Linkages Initiative, HSA has continued to administer the Housing and Disability Advocacy Program (HDAP), a state program which funds outreach, case management, SSI advocacy services and housing for people with a disability who are experiencing homelessness. This funding builds on CAAP's existing SSI Advocacy Program by enhancing the housing resources available to homeless clients. Since ramping up HDAP services in May 2018, HSA has accomplished the following:

- 372 clients have been provided with outreach, case management, and SSI advocacy services
- 189 have been permanently housed
- 102 were temporarily housed (some long term) and enrolled in HDAP during their stay at a SIP hotel
- 117 have been awarded SSI

HSA received a significant increase in state HDAP funding through FY 2023-24, and has made commensurate expansions to its program capacity and services. After a three-month planning process, the Shelter & Navigation Center Multidisciplinary Team (MDT) was

launched in April 2022. The MDT was created in collaboration with the City's Department of Homelessness and Supportive Housing (HSH) to bring multiple services directly to people experiencing homelessness staying at these sites. The outreach staff that previously worked at SIP hotels and Safe Sleep sites now operate under the MDT. The team has visited six Navigation Centers and one large congregate shelter, including two sites located in the historically underserved Bayview neighborhood. Some of the services provided by this team include:

- Access to HSH Coordinated Entry, including housing assessments and problem solving by Access Point staff from Episcopal Community Services
- Assistance applying for CAAP, CalFresh, and Medi-Cal benefits, provided by an HSA Eligibility Worker (EW)
- Assessment and enrollment of eligible clients in HDAP, providing SSI application, advocacy, and legal services by Bay Area Legal Aid
- Assessment and enrollment of eligible clients in the HomeSafe Program, providing housing navigation and intensive case management by HSA Adult Protective Services and the Institute on Aging

So far the MDT has achieved positive outcomes for many clients, including:

- 358 clients seen by Coordinated Entry, including 184 previously unknown to the Coordinated Entry system
- 176 clients seen by the HSA EW, of which 63 had at least one application submitted for benefits
- 39 clients enrolled in Housing and Disability Advocacy Program (HDAP)
- 16 clients enrolled in Home Safe

County Adult Assistance Programs (CAAP)

CAAP has implemented multiple technological advancements that have enabled clients to enroll in and maintain their benefits from home to the greatest extent possible. These advancements include CAAP's telephonic application process, online application portal, and texting capabilities to remind clients about upcoming appointments. CAAP staff are trained to perform interviews by phone, which are allowed for all interviews except medical assessments which require in-person examinations.

CAAP has also built a Quality Assurance (QA) program to better understand client discontinuances, and facilitate improved task workflows between different CAAP divisions. The QA program provides insight into staff training needs and necessary interventions that reduce client churn.

Since August 2021, the CAAP caseload has grown by 45%. This growth initially resulted from the September 2021 expiration of Federal Pandemic Unemployment Assistance (PUA), and in recent months has continued due to increasing homeless CAAP enrollment. Aid spending in the homeless CAAP caseload has also grown over the past year, as a result of the City's reduced shelter capacity which CAAP would offer in lieu of full cash aid payments. As of

August 2022, however, CAAP has been able to resume offering shelter to homeless CAAP clients, which will reduce spending on CAAP aid.

CalWORKs and Workforce Development

In FY 2022-23, CalWORKs has implemented two significant scheduled policy changes, continued service expansions, and served an increased number of refugee clients. The first policy change is an increase to the maximum lifetime duration that an adult may receive CalWORKs benefits, from 48 to 60 months. The second is a 21% increase to the monthly CalWORKs aid grant, which will help combat the effects of inflation, and prevent children from falling below the 50% Federal Poverty Level threshold.

CalWORKs has rolled out an expanded Housing Support Program (HSP), backed entirely by increased State funding that began in FY 2021-22 and is available through FY 2023-24. This expansion has enabled CalWORKs to house additional homeless CalWORKs families, and deliver back rent assistance to those who are at risk of losing their housing. HSP has long seen heavy demand, and this funding has moved families more quickly off of the program's waiting list.

San Francisco has seen an influx of Ukrainian refugees during FY 2022-23, many of whom are now enrolled in the Refugee Cash Assistance Program. CalWORKs (and WDD) has also connected them with English as a Second Language programs, and other self-sufficiency services.

HSA's Workforce Development Division (WDD) has been maintaining expanded eligibility for its JobsNow! employment programs. HSA anticipates that demand for employment services will grow in future months, as the City's business activity returns to normal, and various pandemic relief programs end, thereby adding pressure on individuals to increase their employment earnings. In the meantime, WDD is also administering one-time economic recovery initiatives aimed at bridging the digital divide for HSA clients, removing other hardship barriers, and serving undocumented individuals who are ineligible for most public assistance.

Workforce Development also added 30 Career Pathways opportunities in the current fiscal year. Clients placed in these positions can work at HSA and other City department worksites up to three years, with the goal of transitioning to permanent City employment, thanks to the training and work experience it affords.

Family & Children's Services (FCS)

The Title IV-E Waiver provided a higher level of revenue that allowed FCS to make multiple program and staffing investments to strengthen its child welfare programs. The Title IV-E Waiver ended in September of 2019 and created an immediate and significant revenue shortfall in the FCS budget. Since then, FCS has been navigating through this transition by gradually implementing low-impact cost reductions and utilizing one-time funds to sustain its current level of programming. These strategies have given FCS time to identify and

prioritize core staffing and services as the program implements the Families First Prevention Services Act (FFPSA).

This past year, FCS has begun the process of implementing FFPSA with the focus on developing and implementing an integrated citywide prevention plan that increases economic stability, reduces child maltreatment and improves child welfare permanency outcomes through coordinated prevention programs for children, youth and families. In order to accomplish this, FCS has partnered with other City and County Departments as well as community organizations. Additional funding for FFPSA programming will be further provided by utilizing the one-time federal FFPSA Transition Grant.

FCS has also been focused on addressing the needs of youth aging out of the foster care system. This group of exiting Non-Minor Dependents (NMDs) continues to feel the lasting impacts from the pandemic emergency and have required extraordinary supports. On top of that, 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. FCS has addressed these needs by providing housing supports through the State's Transitional Housing and Housing Navigation program as well as through additional HSA contributions. FCS also partners closely with Juvenile Probation, which has a similarly eligible population, and with HSH and the San Francisco Housing Authority to identify appropriate housing resources to support the NMD group. FCS applied for and was successfully granted funds from the State to participate in a Guaranteed Income Pilot this year. Under current plans, FCS plans to utilize \$3.3 million of grant funding, \$0.6 million of private donation, and \$1.6 million of GF match from HSA to provide a guaranteed income of \$1200/month to roughly 150 youths over a period of 18 months.

Another area of program development in FCS has been the availability of emergency placements. When the Child Protection Center (CPC) was closed in November of 2019 due to Continuum of Care Reform (CCR) regulations, FCS immediately developed a system of emergency foster homes and placements for children. This included a contract with Alternative Family Services to maintain a network of emergency foster homes, as well as Seneca to address the placement of high-needs youth (e.g., those with mental health issues including violence, a chronic tendency to run away, or involvement with sex trafficking). These systems were funded primarily with County General Fund when they were piloted. In the years since, the State has begun awarding Complex Care funds and establishing processes to assist counties with these placements, which FCS is pursuing to offset local costs.

Program Support

HSA's Program Support functions include Planning, Communications, Budget, Contracts, Finance, Human Resources, Information Technology, Facilities/Operations, Investigations, and Disaster Preparedness. These groups provide back-office and strategic planning support to the Department of Benefits and Family Support, and Department of Disability and Aging Services to further the Agency's efforts in reaching program goals.

HSA, along with most City Departments since the start of the pandemic, has struggled to fill vacancies and maintain manageable staffing levels. In response, Human Resources has worked to speed up the pace of hiring and staff onboarding. Earlier this fiscal year, Human Resources hosted a weekend job fair which drew over 400 candidates.

Since its creation in FY 2019-20, the Office of Diversity, Equity, Inclusion, and Belonging (DEIB) within the Agency's Human Resources Division, has made significant progress in implementing phase 1 of the Agency's Racial Equity Action Plan. This plan focuses on advancing workforce equity by providing equitable access to professional staff development opportunities, recruiting diverse staff, and creating a more inclusive workplace culture. In January 2022, the Office of DEIB launched the Agency's first Mentorship Program, which connected nearly 30 staff with mentors in the Agency. Additionally, the Office of DEIB partnered with the Department of Human Resources to offer half-day Growing Your Career Workshops to over 100 staff to support their professional development. Virtual and in-person community outreach efforts were expanded to reach diversity recruitment goals. The Office further attended community job fairs, increased the number of paid job postings through a diverse network of professional associations, and recorded promotional videos with current staff. These efforts have grown the talent community of potential job applicants to over 300 job seekers who actively contact the Agency regarding job openings. Lastly, budgeted racial equity training funds were used to provide racial equity training to over 100 staff, including managers and Human Services and Disability and Aging Services Commissioners.

In FY 2023-24, racial equity training efforts will be expanded to provide training to all staff by March 2023. The Office of DEIB will host additional career fairs focused on specific job classifications to increase recruitment efforts for positions experiencing high vacancy rates. The Office will continue to provide updates to staff about our racial equity efforts at annual Racial Equity Town Halls and through the publication of an annual progress report which tracks the Agency's progression of the 92 actions from phase 1 of the Racial Equity Action Plan.

In the area of technology, the Information Technology Division (IT) has shifted from supporting staff who were mostly working remotely to a hybrid model, where most staff are regularly alternating workdays between their homes and HSA offices. IT has been working with many programs on the October 2023 transition from use of the CalWIN eligibility system to a new California Statewide Automated Welfare System (CalSAWS), now in use in 42 California counties. Major activities in this effort include data clean-up and conversion, business processes redesign, user acceptance testing, ancillary application retrofitting, training, and implementation readiness.

Having just been relaunched in 2021, HSA continued this year to promote its unifying agency brand – highlighting that HSA is here to support San Francisco residents through all stages of life. In 2022, the Agency updated its five-year Strategic Plan for fiscal years 2022 through 2026, which weaves together all of HSA's 60+ programs and supports into five overarching strategic goals, spanning departments, services, and populations. Also in 2022, HSA

launched a new pilot program with immigrant-led community organizations to increase participation in public benefits; enhanced storytelling through employee spotlights; promoted expansion of its Diaper Bank program; launched HSA's annual free tax prep campaign, hosted a benefits 101 webinar to CBO partners, and more. Going into 2023, HSA will continue implementing its communications goals to promote the Agency's "no wrong door approach" to the public and community partners through multiple outreach initiatives.

Food Access Program

In response to the pandemic and financial crisis that ensued for many individuals, HSA established the City's Covid-19 food support program, now referred to as the Food Access Program. Covid-19 both exacerbated existing food insecurity and created new food needs among many San Francisco residents. Individuals with heightened risk of infection—due to factors such as age, health status, living conditions, and/or systemic inequities—faced particular challenges in safely obtaining the food they need. Despite our City's transition from the pandemic from a public health perspective, a high cost of living and increased food costs persist and have further undermined San Franciscans ability to afford enough to feed their families. Program waitlists surpassed 10,000 over the last two years. Last Fiscal Year alone, the Food Access Program reached roughly 100,000 San Franciscans with 1.3 million grocery bags, 220,000 meals, and 145,000 grocery vouchers.

Next Steps

HSA will finalize its proposed budget and program initiatives for FY 2023-24 and FY2024-25 over the coming two weeks. This proposal will be presented for your review and approval at a special meeting of the Human Services Commission on February 15th.