



**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 & Finance, Human Services Agency (HSA)
DATE:	February 15, 2023
SUBJECT:	Human Services Agency and Department of Benefits and Family Support Proposed Budget for FY 2023-24 & FY 2024-25

Through this memo, HSA presents to you the Fiscal Year (FY) 2023-24 and FY 2024-25 budget for the Department of Benefits and Family Support (BFS) and Human Services Agency (HSA) Administration for review and approval.

As noted at the January 26, 2023 commission meeting, the City’s budget projections forecast significant declines in revenues, as the City’s recovery from the Covid-19 pandemic continues to prove challenging. This means the City has a projected \$728 million deficit across FY 2023-24 and 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, City departments are asked 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. HSA, working with the Mayor’s Office, will reprioritize existing funding and leverage new revenues to improve core services and meet City priorities.



London Breed
Mayor

Trent Rhorer
Executive Director



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BFS and HSA Administration Budget for FY 2023-24 and FY 2024-25

HSA's proposed FY 2023-24 expenditure budget for BFS and HSA Administration of \$670.5 million is \$29.1 million, or 5% more than the FY 2022-23 budget of \$641.4 million. HSA's revenues of \$538 million in FY 2023-24, are \$21.9 million, or 4% more than FY 2022-23 revenues of \$516.1 million. General Fund support for BFS and HSA Administration of \$132.5 million in FY 2023-24 is \$7.2 million, or 6% more than the \$125.3 million in FY 2022-23.

These changes reflect the higher revenues HSA anticipates in the upcoming fiscal year, particularly as the result of growth in 1991 and 2011 Realignment, an augmentation in Medi-Cal funding to address an upcoming surge in workload once pandemic related waivers expire, and increases in state and federal funding that correspond with growth in aid assistance and child care subsidy payments. On the expenditures side, there are increased costs in salaries, CBO grants, and aid assistance payments due to inflation, as well as the annualized impact of expansions approved last year for staff in SF Benefits Net (SFBN). We also propose an increase in overtime and temporary salaries as a means to quickly augment staff resources and prepare for upcoming policy changes in Medi-Cal and the Agency's migration to the new automated welfare benefits process system, CalSAWS.

HSA's proposed FY 2024-25 budget is largely the same as its proposed FY 2023-24 plan. It reflects continued increases in 1991 Realignment and cost-of-living adjustments in salaries and aid payments as well as decreases in overtime as workload is expected to stabilize in SFBN. It also includes \$7 million in funds for the relocation of HSA's 170 Otis headquarters, which were originally budgeted in FY 2023-24, based on current timelines for the move and for re-evaluation of HSA's long-term space plans.

Major Budget Proposals and Changes

Medi-Cal

SFBN's Medi-Cal caseload has increased significantly since the beginning of the pandemic. Over this timeframe, Medi-Cal has grown from 111,000 to over 137,000 cases. A number of factors have contributed to this growth:



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- Pandemic suspension of annual renewals in Medi-Cal, which has eased program access and reduced discontinuances.
- Elimination of the Medi-Cal asset limit test, which reduced discontinuances.
- Expansion of Medi-Cal to undocumented immigrants

This caseload level is expected to remain high even as the economy reopens and temporary state and federal policies sunset. 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 had case actions postponed and will need to be retroactively re-evaluated over the course of the year. All Medi-Cal cases will face recertification and redetermination for the first time since March 2020 once the public health emergency ends in April 2023. To meet this increased workload, along with HSA's simultaneous efforts to fill vacant eligibility worker vacancies, HSA is proposing to budget additional one-time overtime pay for SFBN staff in FY 2023-2024.

HSA's Diaper Bank program provides a vital support to low-income families, guaranteeing free diapers to families with children under the age of 3. The program originally served families on CalWORKs and CalFresh, but since the Spring of 2022 has expanded access to Medi-Cal families. This expansion enabled the Diaper Bank to double its previous service levels, assisting an additional 500 children and distributing an additional 130,000 diapers each month. The expansion to Medi-Cal families was initially funded as a pilot effort using one-time funds, but HSA proposes to make this expansion permanent starting in FY 2023-2024.

CalFresh

San Francisco faces a persistent gap between the number of potentially benefits-eligible residents, and the number actually enrolled in public assistance benefits like CalFresh and Medi-Cal. This gap is more pronounced among immigrant populations. Over the past several years, HSA has employed a strategy of bringing its services outside of HSA's offices, by locating eligibility staff at places where potentially eligible clients reside or frequent.

HSA plans to expand its roving benefits outreach and enrollment capacity by purchasing a mobile office van that will bring SFBN staff to food support sites across the city. This vehicle will visit 1-2 different



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locations each weekday, and be equipped to enable eligibility staff to perform benefits enrollment, as well as issue EBT benefits from the van itself. Food support sites are where low-income residents pick up their weekly groceries, so these sites often draw individuals who might be eligible for CalFresh and other benefits.

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 2024-25. This will allow FCS to continue to explore, and modify where needed, programming options through the Families First Preventative Services Act (FFPSA) to accommodate changing revenue streams and client needs.

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. The FY 2023-24 proposed budget reserves \$2 million from FCS' operating budget to support FFPSA programming. This funding would support planning and implementation efforts by internal staff and CBOs, and set aside funding for a planned expansion of Family Resource Centers (FRCs). Located in neighborhoods throughout the city, the centers provide various support services including case management, counseling, parent education, and mentoring that strengthen families and improve a child's well-being. They are regarded by youth and families, as well as the FFPSA Planning Committee as a key access point to prevention services. Through this initial investment, the FRCs will evaluate the capacity to build up different evidence based practices and strategies identified in the prevention plan and will also help test out the billing and claiming process for all the FFPSA related funding.

Last July, the California Department of Social Services released a Request for Proposals for its Children's Crisis Continuum Pilot Program. FCS submitted a proposal in December to create a regional Children's Continuum of Care that would enable foster youth in crisis to receive the critical stabilization and long-term wellness services they deserve, close to their homes and families. Through this pilot, FCS would



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collaborate closely with Child Welfare and Behavioral Health departments from Contra Costa, Marin, Solano, and Sonoma Counties to provide an expanded range of services and placements for foster youth in crisis from around the Bay Area.

The funding requested through this opportunity will be used to start up a range of additional high-end programs that will support dependent youth with complex needs to remain in their communities. These programs will include a two-bed Psychiatric Health Facility and two Children’s Crisis Residential Programs representing a total of six beds—two program types that do not currently exist in the county. Through this pilot, FCS would also dedicate funding toward the development of additional emergency placement options in home settings, increasing options for youth experiencing destabilization to receive targeted care in the least restrictive settings possible. The FY 2023-24 budget proposal sets aside \$1.6 million for year 1 planning and implementation costs in anticipation of the State’s acceptance of FCS’ proposal.

HSA Facility Planning

As part of a multi-year planning effort, HSA is pursuing various steps to relocate its operations at 170 Otis due to seismic deficiencies identified during an evaluation of the building in 2018. For over 40 years, HSA has operated core programs and functions from this location including Family and Children’s Services (FCS), CalWORKs, HSA’s Facilities/Operations and its Executive Offices.

The FY 2024-25 proposed budget continues \$7 million, originally budgeted in FY 2023-24, for relocation costs. In addition to the funding in HSA’s proposed budget, this relocation project may be funded in part with revenues from the sale of 170 Otis, as well as \$70 million in Certificates of Participation to be issued by the City and managed through the citywide Capital Planning process.

Mayoral Initiatives

In addition to its proposed budget, HSA is seeking Mayoral support in the following program areas.

CalWORKs

The CalWORKs Housing Support Program (HSP) is a State-funded program that aims to provide housing stability for CalWORKs families



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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 during FYs 2021-2022 and 2022-2023, but will return funding levels to pre-expansion amounts in FY 2023-2024. As a result, San Francisco's allocation will decrease in FY 2023-24 from \$11.1 million to \$5.4 million.

HSA is gradually scaling back the HSP program in order to match spending with the future funding allocation, but will also rely on unspent HSP funding from previous fiscal years to supplement the allocation in FY 2023-24. As an additional effort to minimize immediate service impacts to HSP, HSA is in discussion with the Mayor's Office about one-time local support for the program.

Food Support

HSA's Food Access Program is a critical food resource centered on cost effectiveness, cultural relevance, dignity, and choice. Through this program in FY 2022-23, the City has invested one-time funding to support community food pantries, grocery vouchers, meals, and markets to combat hunger and bridge the gap left by state and federal food programs.

A high cost of living and increased food costs persist in San Francisco and have further undermined low-income residents' ability to afford enough to feed their families. 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. Food insecurity in San Francisco is expected to worsen in the coming months as a result of recent federal policy changes that will end supplemental CalFresh benefits this spring. Citywide, individuals and families on CalFresh will lose between \$95 and \$517 per month in benefits, with older adults and people with disabilities on SSI particularly hard-hit.

The Agency is in discussions with the Mayor's Office about continuation of the City's investment in community food programs.

City Attorney Work Order

The Agency is also seeking an increase in its work order budget with the City Attorney's Office. Attorneys in that office advise on various Agency-



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related legal matters ranging from contracts, city legislation, and legal settlements. Primarily, the attorneys work with protective services workers to represent the interests of abused and neglected children as they advise Agency staff during all phases of child welfare dependency litigation.

The City Attorney work order is routinely overspent each year. In prior years, HSA has relied on underspending in other work order agreements or parts of the HSA budget to cover the overages; however that option is less feasible given the current pattern of spending.

Emergency Shelter Space

HSA is the lead agency for city-wide emergency mass care and shelter services as it relates to supporting individuals/families that are displaced from their homes due to 1) large-scale disasters such as an earthquake or severe flooding, 2) residential fire incidents and 3) hazardous/crowded housing violations.

In order to execute the agency's mandate to provide shelter in a no-notice environment, there is a need to have ready access to an appropriate space with sheltering equipment that can be activated as quickly as 2 to 4 hours. Because HSA does not own or lease space that can be used as large congregate shelter space, the current shelter activation practice requires that space be requested for use from Recreation and Parks and/or partner CBOs and Faith-based organizations. Often, the requested space is limited due to pre-scheduled events and programming or limitations in accessibility and amenities (lack of showers, safe food handling space, etc.). The current process of requesting space, waiting for approval, and then coordinating supplies and equipment, delays the opening of a shelter and forces the households in need to wait a prolonged amount of time before receiving shelter services.

The Agency is in discussions with the Mayor's Office regarding the need for a permanent emergency congregate shelter and is in the process of identifying a possible location.

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



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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.

The FY 2023-24 proposed budget also includes a new senior administrative analyst position meant to partially restore the enhanced level of staff support previously provided by the Office of Contracts Administration (OCA) to our Purchasing and Contracts teams. The cost of this position would be offset by the work order budget that is no longer utilized for this purpose.

Required Action and Recommendation

With this memo, HSA requests approval of the proposed FY 2023-24 and FY 2024-25 budgets for the Department of Benefits and Family Support and the Human Services Agency.