



**SAN FRANCISCO
HUMAN SERVICES AGENCY**

Department of Benefits
and Family Support

Department of Disability
and Aging Services

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MEMORANDUM

| | |
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| TO: | Human Services Commission |
| THROUGH: | Trent Rhorer, Executive Director |
| FROM: | Daniel Kaplan, Deputy Director for Administration and Finance, Human Services Agency (HSA) |
| DATE: | January 25, 2024 |
| SUBJECT: | Human Services Agency and Department of Benefits and Family Support Budget for FY 2024-25 & FY 2025-26 |

The City’s financial projections for the next two fiscal years suggest expenditure growth well in excess of local revenues, leading to significant budgetary shortfalls in both the near and long terms. A combined deficit of approximately \$799 million is anticipated in the upcoming biennium, with a \$244.7 million deficit in FY 2024-25, a \$554.5 million deficit in FY 2025-26, and worsening deficits thereafter.



London Breed
Mayor

Trent Rhorer
Executive Director

The primary drivers for the declines in revenue are: high office vacancies negatively impacting property values, business and transfer taxes, as well as a slower-than-expected recovery in the hospitality sector. These are coupled with increased costs in salary and benefits for City staff, inflationary pressures on Citywide operating costs such as real estate, capital, debt services, etc., and a continued commitment to fully funding the City’s 10-year capital plan, among other rising cost pressures.

As a result, the Mayor’s Office has asked all City departments to reduce their discretionary General Fund budgets by 10% in both FYs 2024-25 and 2025-26, as well as propose a further 5% in ongoing contingency reductions for possible implementation. 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:



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| | FY 2024-25 | FY 2025-26 |
|----------------------------------|-------------------|-------------------|
| Ongoing reduction 10% | \$6,480,000 | \$6,480,000 |
| Ongoing contingency reduction 5% | \$3,240,000 | \$3,240,000 |

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;
- Reducing homelessness and transforming mental health service delivery;
- Supporting the City’s economic recovery and vitality; and
- Delivering on accountability and equity in City spending.

HSA Budget Strategies

HSA is using the following principles in building its proposed budget. To the greatest extent possible:

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

Current estimates also suggest a challenging budget picture for the state over the next two years, with a deficit of approximately \$37.9 billion anticipated in FY 2024-25, according to the Governor’s Budget. The shortfall is largely driven by lower capital gains revenues, and the delay of income tax collections during 2023. The State plans to address this deficit by spending from its reserves and implementing spending reductions. Social services programs will be impacted by the latter strategy, in both the current and upcoming fiscal year. Most notably, the Governor’s Budget proposes a significant \$217.8 million statewide reduction (13%) for the CalWORKs Single Allocation (covering Employment Services, Eligibility and Cal-Learn functions) and the complete reversion of funding for Family Stabilization and Expanded Subsidized Employment in the current and budget year. The



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Governor’s Budget further proposes “delays” of one-time funding that counties are actively utilizing to expand housing supports for core clients served through Bringing Families Home, Housing & Disability Advocacy, and Home Safe. These proposals, depending on how they are operationalized by the State, have the potential to severely disrupt services for clients and program operations. Over the next several months, we will continue to monitor the magnitude of these State budget reductions, develop contingency plans, and keep the Commission updated on the details.

Program Highlights and Initiatives

SF Benefits Net — Medi-Cal & CalFresh

The overall caseload growth initiated with the COVID-19 pandemic has sustained in the Medi-Cal and CalFresh programs. The CalFresh caseload has increased from just over 41,000 cases at the start of the pandemic to more than 69,000 cases in November 2023. Medi-Cal has seen an increase from 108,000 cases to 136,000 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, in 2022, California granted full scope Medi-Cal coverage to adults ages 50 years of age or older, regardless of immigration status. These expansion efforts continued in 2024. On January 1, the Medi-Cal asset limit test was eliminated, and an adult full-scope Medi-Cal expansion for adults ages 26-49, also regardless of immigration status, was implemented. Other pandemic related policy changes over the last year include re-instating Medi-Cal re-certification requirements, the elimination of Cal-Fresh emergency allotments, and the CalFresh interview requirement waiver, which will end on March 1st 2024.

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.

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



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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:

- 417 clients have been provided with outreach, case management, and SSI advocacy services
- 298 have been permanently housed
- 168 have been awarded SSI

HSA received a significant one-time increase in state HDAP funding through FY 2022-23, and made commensurate expansions to its program capacity and services including launching the Shelter & Navigation Center Multidisciplinary Team (MDT) 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 team has visited 18 locations including Navigation Centers, non-congregate and congregate shelters, an RV site, and a tiny homes site. Two sites are located in the historically underserved Bayview neighborhood, and one serves the transgender and non-binary community. 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 Home Safe Program, providing housing navigation and intensive case management by HSA Adult Protective Services and the Institute on Aging
- Assessment and enrollment of clients in the In Home Support Services program

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



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- 864 clients seen by Coordinated Entry, including 411 previously unknown to the Coordinated Entry system
- 330 clients seen by the HSA EW, of which 138 had at least one application submitted for benefits
- 114 clients enrolled in Housing and Disability Advocacy Program (HDAP)
- 45 clients enrolled in Home Safe
- 20 enrolled in IHSS (this service component was added in January 2023)

Unfortunately, the State funding for HDAP, which pays for that program and parts of the MDT, was significantly reduced this fiscal year (by approximately \$400K). Additionally, the Governor's FY2024-25 budget "delays" the one-time funding described above. The exact amount of this delay is yet to be determined, but could reduce the amount of funding available to support FY2024-25 costs by as much as \$2.6 million. (HSA is researching plans for leveraging alternative funding sources such as the Community Services Block Grant—CSBG—HR—whose allowable activities could cover the cost of some health-related HDAP services.)

In partnership with the City Controller's Office City Performance Team, HSA is also undertaking an evaluation of HDAP and the Disability Evaluation Consultation Unit (DECU), the internal SSI Advocacy program connected to General Assistance in CAAP. This project will assess the efficacy and cost effectiveness of the two models, individually and in comparison to each other. The evaluation will examine the direct outcomes of these programs, such as approval rates, as well as indirect outcomes indicating improved stability and quality of life, and will include analyses of these outcomes by demographic characteristics.

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.



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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 34%. This growth initially resulted from the September 2021 expiration of Federal Pandemic Unemployment Assistance (PUA), and aid spending for homeless CAAP clients due to shelter space restrictions. However, between December 2022 to December 2023, shelter space has resumed normal operations, which has contributed to a projected 5% decline in total CAAP cases as clients have more access to shelter.

On the March 5th 2024 local ballot, there will be an ordinance pertaining to CAAP and substance use disorders. Under the proposed legislation, those who apply for or receive benefits from CAAP would undergo screening for substance use disorder and participate in an HSA funded substance abuse treatment program when the screening reveals that they may have a substance abuse dependency. HSA has launched an internal steering committee comprised of Planning, CAAP, Budget and Communications staff to initiate preliminary planning. If the initiative passes, it will become effective in January 2025.

CalWORKs and Workforce Development

CalWORKs has seen a steady increase in caseloads, from 2,857 in November 2019 to 3,556 in November 2023, constituting a 24% increase due to more applications. Based on 2022 data from the California Outcomes and Accountability Review system also known as Cal-OAR about 55% of families on CalWORKs who exit, successfully do so with earnings. Among families who exited, 55% still had earnings 6 months later. These figures are above the state average.

The Refugee Cash Assistance (RCA) program has also seen a significant increase in cases. As refugees and asylum seekers from Ukraine, Afghanistan, Cuba, and other countries have arrived, the RCA caseload grew from 20 cases in May 2022 to a peak of 223 in April 2023. It had declined to 102 as of November 2023 due to a significant decrease of Ukrainian refugee arrivals. HSA has leveraged funding from the California Refugee Programs Bureau to offer Housing Assistance



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for Ukrainians. Our contracted providers are providing intensive case management and housing assistance administration services, respectively.

The CalWORKs Housing Support Program (HSP) supports CalWORKs families who are homeless or at risk of homelessness with housing search, rental assistance, and case management services. CalWORKs was able to expand its HSP capacity during a temporary statewide funding expansion during fiscal years 2021-22 and 2022-2023. It must now once again, however, operate at pre-expansion funding levels while limiting impact to services. This means the program will reduce the number of families served and have less flexibility to assist families with certain costs such as furniture. The program placed 93 homeless CalWORKs families in housing during 2023.

The Workforce Development Department (WDD) has stationed WDD staff at various public assistance buildings, the Employment Development Department (EDD) office, and other providers to increase client access and engagement to JobsNOW. Job placements have been on the rise as the City emerges from the pandemic period.

WDD also conducts services outreach to individuals with limited English proficiency. At its most recent resource and employment fair, over 140 SF residents attended along with twelve employers and providers. Sixteen job seekers were hired on the spot, while others were able to secure job interviews. Resources were made available to assist the undocumented population in obtaining right to work documents.

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, such as rightsizing underspending programs and holding some positions vacant, 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).



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FCS has been implementing FFPSA by developing and implementing an integrated citywide prevention plan meant to increase economic stability, reduce child maltreatment, and improve 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. In the interim, additional funding for FFPSA programming will be provided through the one-time federal FFPSA Transition and Certainty Grant, as well as Certainty Grants.

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 (JPD), 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. The Governor's Budget maintains the Transitional Housing Program but proposes to eliminate funding for Housing Navigation in FY2024-25, which would result in a loss of approximately \$300k in funding to support youth's efforts to secure and maintain housing.

On October 16, HSA announced the launch of a new guaranteed income pilot program for former foster youth in San Francisco. Supported by California Department of Social Services (CDSS), the City and County of San Francisco, JPD, and the non-profit Tipping Point Community, HSA's Foundations for the Future Guaranteed Income Pilot will provide monthly payments of \$1,200 for 18 months to 150 low-income youth who have recently aged out of San Francisco's extended foster care and juvenile probation systems. HSA is one of just seven organizations across the state to be competitively awarded a grant to launch the program.

Another area of program development in FCS has been the availability of emergency placements. FCS developed a system of emergency foster homes and placements for children, prior to the closure of the



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Child Protection Center (CPC) in November of 2019 due to Continuum of Care Reform (CCR) regulations. 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. Another funding source recently issued by the State is a one-time Children's Crisis Continuum grant that HSA will use to further expand its offerings of supportive placement options for high-needs youth. These revenues will help HSA to offset the local costs of these services.

Program Support

CalSAWS implementation

The Agency's transition in October from the legacy CalWIN (California Work Opportunity and Responsibility to Kids Information Network) platform to the new CalSAWS (California Statewide Automated Welfare System) portal constituted a major undertaking for roughly 1,400 program staff across both HSA departments. Now serving all 58 counties in California, CalSAWS is a unified program management system for CalWORKs, CalFresh, Medi-Cal, Foster Care, Kin-Gap, Adoptions Assistance, Refugee Assistance, County Medical Services Program, and General Assistance/General Relief (CAAP in San Francisco). It encompasses the following functions: eligibility determination, benefit computation, benefit delivery, case management, and information management. In addition to the dedication and hard work this conversion demanded of DAS and BFS staff, a number of HSA administrative/support divisions played key roles in the new system's successful implementation.

Information Technology (IT) staff were instrumental to the changeover to CalSAWS. They liaised with the state and other counties facilitating decision-making, defining system requirements and design, and actively engaging in system testing, data validation, and process simulation. IT personnel tackled integral tasks fundamental to the endeavor including: establishing a new network for CalSAWS access, installing new lobby kiosks in HSA service centers, configuring new



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software on HSA desktops/laptops, as well as removing all of the CalWIN-related components throughout the Agency's IT architecture. HSA's IT developers, project managers and business analysts modified extant, local systems, reports and workflows to accommodate the new requirements of the CalSAWS platform.

Support staff in the Finance, Budget and Contracts groups also provided necessary assistance to the effort by identifying necessary resources required for the transition, then establishing and executing agreements with outside vendors. Meanwhile, HSA's Human Resources (HR) division oversaw and delivered CalSAWS training to more than 1,400 staff members to whose work the new system is essential.

Planning for 170 Otis

Built in 1978, the Agency's headquarters located at 170 Otis Street houses HSA's Program Administration and Executive Offices. In July 2018, an evaluation of the building identified seismic deficiencies, and the current seismic mitigation plan involves a permanent relocation of staff and operations from the site – including major programs such as Family and Children's Services, CalWORKs, and HSA's Facilities/Operations. The purchase of a building to replace 170 Otis is assumed in the City's Capital Plan.

In cooperation with the City Administrator's Real Estate Division (RED), HSA has been developing plans to shift a portion of staff from 170 Otis to a new location in the City's Southeast region and relocate remaining staff, and its fleet, to the Civic Center area. Although significant uncertainty remains around the precise geographic configuration of the Agency post-170 Otis, HSA's exodus is a top priority for the rest of the current and next fiscal years.

Human Resources/Hiring

The City as a whole has faced challenges filling vacant positions in recent years, and HSA has not been exempt from this trend. Recruitment has grown more difficult due to limited pools of eligible candidates, an increasingly competitive labor market, and lengthy City hiring timelines. This has made it more difficult for BFS programs to provide quality services to clients in a timely manner and retain an adequate workforce to meet existing service demands. In ESSS Programs, it currently takes over a month to process an application in



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Medi-Cal and CAAP, three weeks in CalFresh, and about two weeks in CalWORKs. In Family & Children's Services, vacancies have negatively impacted Program's ability to transport and supervise children during sibling and parent visits, which are not only essential events to maintaining familial bonds but also required steps toward family reunification.

The Agency has increased resources dedicated to recruitment and outreach efforts, participating in a number of hiring fairs both virtual and in-person, as well as bolstering the number of employment platforms, publications and professional/nonprofit/social networks where HSA job opportunities appear. The Human Resources (HR) division has also sought to leverage Citywide procedural modifications to streamline the hiring process wherever possible, plus amplified the frequency of communication and information-exchange between HR staff and programmatic/administration divisional leadership in order to stay ahead of critical, personnel-related developments. These efforts have helped bring HSA's vacancy rate down to 11.6% today compared with 15% from one year ago.

Safety concerns

Employee and client safety continue to be a top priority for the Agency. In conjunction with City leaders and colleagues in multiple partner departments, plus support through community-based organizations (CBOs), HSA continues to take steps aimed at ensuring that HSA facilities and their surrounding areas remain safe and welcoming. A few of the actions and improvements in this sphere include the following:

- Engaged the CBO, Urban Alchemy, to deliver street monitoring, safety, and de-escalation services around 1235 Mission pursuant to the City's Good Neighbor Policy;
- Collaborated with the Mayor's Office, Department of Public Works (DPW) and City Attorney to prohibit vending on the sidewalks directly in front of 1235 Mission, the proliferation of which has contributed to issues at that location; and
- Increased the frequency of outreach/communication/updates to HSA staff, with tips and strategies for staying safe in and around the workplace.



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Next Steps

HSA will finalize its proposed budget and program initiatives for FY 2024-25 and FY2025-26 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.