MEMORANDUM

TO: Human Services Commission
THROUGH: Trent Rhorer, Executive Director
FROM: Daniel Kaplan, Deputy Director of Administration, Human Services Agency (HSA)
DATE: January 24, 2019
SUBJECT: Department of Human Services Budget for FY 2019-20 & FY 2020-21

While the City's budget projections show a strong economy, slowing revenue growth and increasing expenditures are resulting in a citywide deficit of $107.4 million for FY 2019-20 and $163.4 million (cumulative) for FY 2020-21. The Mayor's Office has asked for all City departments to reduce their General Fund budgets by 2% in FY 2019-20, and 4% in FY 2020-21. For the Human Services Agency, this results in an ongoing budget reduction target in each fiscal year:

	FY 2019-20 (2% GF)	FY 2020-21 (4% GF)
Ongoing Reduction	$765,376	$1,530,752

Due to uncertainty surrounding labor negotiations and City revenues of the projected deficit, the City has also instructed departments to propose contingency savings equal to 1% of base General Fund support in FY 2019-20, growing to 2% in FY 2020-21. Furthermore, because salary and benefit costs continue to drive the City's growing deficit, the Mayor's Office has asked departments to not grow their overall staffing levels.

HSA Budget Strategies

HSA is using the following principles in building its proposed budget:

- Maintain client services
- Maximize revenue opportunities in existing programs
- Look for opportunities to repurpose existing position vacancies and funds to meet new needs

To the extent possible, HSA will attempt to leverage State and Federal revenues to meet budget reduction targets. It will continue to work through state organizations, including the County Welfare Directors' Association, to support improvement of administrative funding in major program areas.

Program Highlights and Initiatives

SF Benefits Net — Medi-Cal & CalFresh

CalFresh clients who are working-age (18 to 49), able-bodied adults without dependents (known as ABAWDs) are required to work or participate in other work-like activities in order maintain benefits. Due to high unemployment levels, California had been under a waiver from this requirement for many years. SF Benefits Net has spent the past year refining its infrastructure to better accommodate ABAWDs in its services as the waiver ends. The division created a specialized eligibility unit to specifically track the ABAWD caseload, and has been training its staff and community partners on serving ABAWD clients. Outreach efforts to ABAWDs have occurred through the HSA website as well as tailored mailing campaigns to educate them on the new requirements. SF Benefits Net has also implemented a three-pronged plan for serving ABAWDs facing diverse circumstances: 1) searching and screening for exemptions, 2) referring ABAWDs to Workforce Development for workfare and other employment or training activities, and 3) applying a 15% discretionary exemption in order to minimize the number of ABAWDs having their CalFresh benefits terminated. While the waiver ended in September 2018 for San Francisco, temporary extensions granted by the State have allowed the estimated 4,200 ABAWDs who do not have another exemption from the requirements to retain their benefits without work for one more year.

SF Benefits Net has also begun planning to enroll SSI recipients, who will become newly eligible for CalFresh in June 2019. Under state law, Supplemental Security Income (SSI) recipients in California have been ineligible for CalFresh and instead received an additional $10 in their SSI grant since 1974. Last year, the State Legislature reversed this policy**.** There are 43,000 elderly and disabled SSI recipients in San Francisco. Based on statewide analyses, HSA estimates that 29% of SSI recipients (12,600) will become newly eligible for CalFresh, and that an additional 4,200 existing CalFresh households with an SSI recipient in them will experience a change in their benefit amount. The 12,600 newly eligible San Franciscans will now be eligible to receive $75- $97 per month in CalFresh nutrition assistance. The existing 4,200 households who are impacted will see their combined SSI/CalFresh benefit remain the same or go up. In November 2018, the Board of Supervisors passed a supplemental budget amendment which allows HSA to hire an additional 33 staff in SF Benefits Net and SF Benefits Net Operations to work with additional clients. SF Benefits Net will also do outreach and train existing staff on the eligibility changes this spring.

CalWORKs, Workforce Development and Project 500

The adopted FY 2018-19 State budget includes a 10 percent increase in the CalWORKs grant beginning April 1, 2019 and the Governor’s Proposed FY 2019-20 budget includes an additional 13 percent increase on October 1, 2019. Combined, these increases would raise the CalWORKs grant levels to fifty percent of the projected 2019 federal poverty level.

In 2018, the CalWORKs program implemented “CalWORKs 2.0,” a statewide strategic initiative to improve outcomes for low-income families by shifting from a compliance-oriented to a goal-achievement oriented service delivery model. HSA also continues to grow and refine Project 500, a two-generation initiative that seeks to break the cycle of intergenerational poverty by weaving together several evidenced-based and promising practices, including nurse home visiting, quality early care and education, subsidized employment and coaching to achieve personal goals. During FY 2018-19, HSA received supplemental funding from the State to expand the Home Visiting Initiative (HVI), allowing up to an additional 40 first-time parents on CalWORKs to receive visiting nurses and behavioral health practitioners following their child’s birth.

The CalWORKs Housing Support Program (HSP) remains in high-demand among clients and is aligning with the new citywide coordinated entry system for family homeless services. The program has faced challenges finding affordable housing for families, even with subsidies, in San Francisco and even elsewhere in the Bay Area. As a result, HSA is partnering with the State and other Bay Area counties to explore regional approaches to HSP service delivery that will help participants access and maintain housing and services more easily as they move across counties. HSA has received supplemental funding of $968,320 in FY 2018-19 to house and support an additional 50 CalWORKs families through HSP.

The CalWORKs Outcomes and Accountability Review (CalOAR) emerged from State Bill 89 in 2017-18, setting a new framework for performance and accountability measurement for CalWORKs programs. CalOAR aims to foster continuous quality improvement in county CalWORKs programming, and to have County departments collect and disseminate best practices in service delivery. This new practice will take effect in July 2019, offering HSA the opportunity to further improve on the effectiveness of its current operations.

HSA’s JobsNow program has improved program access to its over 300 CalWORKs participants involved in GED and college studies, implementing a new Work Study model that allows these participants to simultaneously study and earn wages without exceeding the income eligibility threshold of their CalWORKs benefits.

County Adult Assistance Programs (CAAP)

San Francisco’s CAAP ordinance states that maximum grant amounts for the CAAP program will increase with any cost-of-living adjustments implemented by the State in the CalWORKs program. Both the CalWORKs grant increases note above were proposed in recognition of the fact that the purchasing power of the grant had been significantly eroded over time. HSA has estimated the combined costs of increasing the CAAP grant by the same percentages -- 10 percent beginning in April 2019, and an additional 13 percent beginning in October 2019 – as $4.0 million in FY 2019-20 and $4.6 million in FY2020-21. These represent a significant general fund cost to address in the budget.

CAAP has continued to implement innovations to its intake process over the past year. CAAP, along with CalFresh/Medi-Cal intake outreach workers, has had a steady presence providing intake services in homeless shelters and Navigation Centers. Through a partnership with the Homeless Outreach Team (HOT), CAAP has been able to eliminate an extra intake appointment for these clients by having HOT workers initiate intake online and assist them in gathering required documents. Starting in February 2019, online intake will be available to the general public, eliminating the need for multiple visits to the CAAP office. CAAP workers will triage intakes by phone and set up one office visit to determine an employability rating and finalize eligibility.

In the last year, CAAP has also started working with Tipping Point, as part of its Chronic Homeless Initiative, which is funding SSI Advocacy through an attorney-based model. CAAP has set up processes with these attorneys to expand access to SSI advocacy for specific populations, including clients who are at an SSI appeal level, staying in shelters, or doing light-duty workfare activities.

HSA has also been implementing the Housing and Disability Advocacy Program (HDAP) for which it received a $2.4 million allocation from July 1, 2017 through June 30, 2020. HSA is partnering with the Department of Homelessness & Supportive Housing (HSH) to use the funds primarily to provide housing for program participants. The allocation also builds on CAAP’s existing SSI Advocacy Program by enhancing the housing resources available to homeless clients. In the first eight months of the program, 13 clients were permanently housed through the program and many others who are HDAP-eligible received SSI advocacy services. Three HDAP clients have been awarded SSI to date.

Since November 2018, CAAP has also changed work requirements for clients and broadened the offerings for educational opportunities as an alternative to work, a change in practice that can affect over 300 CAAP clients pursuing educational goals. CAAP clients now have a direct link to educational opportunities through our department's partnership with City College. CAAP advertises and allows clients to pursue up-to a 24 month vocational training as an alternative to workfare. In addition, to align with new CalFresh workfare rules for ABAWD clients, clients on average are required to work fewer hours and are permitted greater flexibility. This reduces the chance that clients will be discontinued for failure to comply with the requirements.

CAAP has also continued the Drug Medi-Cal pilot that will leverage state and federal funds to offer on-site substance abuse treatment to CAAP clients. The pilot began providing direct service to CAAP clients in FY 17-18, and has secured required state and local certification to begin billing Medi-Cal in FY 18-19. If successful in drawing down state and federal revenues, the current general fund match will allow the program to serve 350 CAAP clients annually.

Family & Children's Services (FCS)

FCS continues to implement the Continuum of Care Reform (CCR). Efforts have focused on additional recruitment for foster families/homes, transitioning group homes to Short Term Residential Treatment Programs (STRTPs), and full implementation of Child and Family Teams (CFTs).

Working with community partners and the Department of Public Health's Foster Care Mental Health team, FCS is developing plans for an emergency placement and support system, including mobile crisis response and intensive treatment/care management for youth with severe behavioral needs. This will replace the current Child Protection Center (CPC), an unlicensed facility, and ensure placement of children removed for abuse/neglect in a licensed facility within 24 hours, as is required by state law. The first component of the plan addresses the placement of children in licensed foster homes. A foster family agency (FFA) will maintain a system of emergency foster homes which will handle most emergency placements for the vast majority of the children who come to the CPC today. This involves the FFA recruiting, training and supporting ten San Francisco emergency providers and having FFA staff on call to handle emergency placements at all times. The ongoing cost for this component is estimated at $1.1 M of general fund a year. A second component addresses the placement of high-needs youth (e.g., those with mental health issues including violence, chronic runaway youth, or involvement with sex trafficking). Under the proposal, a short-term residential treatment program (STRTP) provider will serve up to four of these high-needs youth at a time. Youth will receive immediate assessments and treatment at a licensed facility along with intensive family-based services to stabilize them for long-term placement. The proposal also includes staff through the STRTP provider to offer mobile response services and improve care coordination among CBO providers. These components will be able to give all San Francisco caregivers more support to manage a crisis, connect to services, and preserve existing placements. The ongoing cost for this component is estimated at $3.2 M of general fund a year. After accounting for savings from closing the current CPC, HSA estimates a new need of $2.7 M a year in general fund, beginning in FY 2020-21.

Title IV-E of the Social Security Act provides uncapped funding for child protective services and out of home placement for federally eligible children, but very limited funding for preventive services. Since

2014-15, the Title IV-E Waiver has allowed FCS and its partners in the Juvenile Probation Department to accept a (relatively generous) capped allocation, and also use these dollars to strengthen its child welfare system and implement new preventive services for both for federally and non-federally eligible children. Authorization for Federal IV-E waivers ends in September 2019. Because foster care caseloads have fallen, the capped allocation San Francisco has received is higher than the amount of Federal revenue we would earn today, by an estimated $3.5 million in FY 2019-20, and $4.7 million in FY 2020-21. In addition, like all jurisdictions participating in the waiver, San Francisco has made "waiver investments" to strengthen its child welfare system and prevent unnecessary use of foster care. To keep these investments in place will cost $7.1 million in FY 2019-20 and $7.3 million in FY 2020-21.

Going forward, the Families First Preventive Services Act (FFPSA) will allow states and counties to draw down Federal match on certain preventive services expenses for the first time. California, however, is not expected to implement FFPSA until FY 2021-22, which will leave a gap in federal funding for these types of services when the waiver ends. Earlier this month, Senators Feinstein and Rubio introduced legislation to extend waiver authority to September 2021. This legislation will have a significant Federal cost and it is not clear at this point that it has a real chance of passing.

In light of these changes, HSA is working to develop plans for addressing the end of the waiver as part of this year's budget planning process and continuing to follow the developments at the federal level closely.

Program Support

HSA's Program Support functions include Planning, Communications, Innovation Office, Budget, Contracts, Finance, Human Resources, Information Technology, Facilities/Operations, Investigations, Disaster Preparedness, and Program Support Operations. These groups provide support to the Department of Human Services, Department of Aging and Adult Services, and Office of Early Care and Education.

In FY 2018-19, the Planning and Human Resources divisions have coordinated HSA's work with the Government Alliance on Race and Equity (GARE), a national network of local and regional governments. HSA is one of 16 City agencies who have partnered with GARE this year to ensure San Francisco is a diverse, equitable, and inclusive city. HSA took its first major step toward advancing and institutionalizing racial equity at the Agency by convening a Racial Equity Work Group made up of HSA staff representing a diverse cross-section of personal and professional backgrounds, as well as varied roles. This work group has been conducting research and developing recommendations for a strategic Racial Equity Action Plan to address internal operations at the Agency related to topics such as hiring, professional advancement and leadership development, organizational culture, and data collection and evaluation. HSA is considering plans for implementing these strategies as part of its budget planning process for its Human Resources division for FY 2019-20.

Along with key program offices, HSA's Information Technology Division has begun preparing for the implementation of a new statewide automated welfare system in 2022. Since 2005, HSA has used the CalWORKs Information Network (CalWIN) as its central eligibility system. Over the next three to four years, CalWIN will be consolidated with two other California benefits systems into a single Statewide Automated Welfare System (CalSAWS). This consolidation will facilitate client data integration and streamline service delivery, while also costing the State less for system maintenance. HSA staff has begun participating in Statewide conversations about the migration to the new system. This multi-year effort will represent a major change to HSA's practice, since CalWIN is at the core of eligibility determination and benefits issuance.

Next Steps

At the next meeting of the Human Services Commission, we will present you with a full proposal of the HSA budget for FY 2019-20 and FY 2020-21, for your review and final approval.