



MEMORANDUM

TO:	Human Services Commission
THROUGH:	Trent Rhorer, Executive Director
FROM:	Phil Arnold, Deputy Director of Administration
DATE:	April 20, 2010
SUBJECT:	Human Services Agency (HSA) Budgets for FY 09-10 and FY 10-11

INTRODUCTION

On February 5, 2010, we presented before you HSA’s budget reduction plan and proposed budget for FY 10-11. In order to meet a total General Fund reduction target of \$28.4M, that plan combined savings in the current year with one-time savings, on-going savings, and anticipated revenue increases in FY 10-11.

Our original reduction plan included an assumption that Department of Children, Youth, and their Families (DCYF) could backfill HSA’s \$400,000 reduction to the Family Resource Centers. However, DCYF can no longer commit to this backfill due to their declining revenues and their own budget reduction targets. HSA must now reduce \$400,000 from its budget in order to meet the original 20% reduction target.

In February we reported the Mayor’s Office might issue additional budget reduction targets to close the City’s General Fund deficit. On April 1st the Mayor's Office instructed HSA to develop a reduction plan that would offset the \$12.6 million in projected citywide revenues that were used to balance the HSA budget. The Mayor’s Office also mandated up to 10% reductions in management and administrative budgets.

BACKGROUND

The Human Services Commission and the Aging and Adult Services Commission approved the following budget reductions as requested by the Mayor’s Office.

FY 09-10 Mid-Year Cuts: \$3.7M

HSA was able to largely meet the mid-year target with contract savings, revenue increases, and reduced estimates of need for budgeted services.

FY 10-11 Reduction Target of 20% GF: \$18.9M

To meet the 20% target, HSA proposed a variety of reductions to program services. HSA also contributed \$6.7M in savings from proposed wage changes in the IHSS program. Additional revenue included \$9.5M in FMAP revenues as well as increased revenue for adoption services, foster care eligibility, and support for translation and IT services.

FY 10-11 Contingency Reduction Target 10% GF: \$9.47M

In meeting the 10% contingency target, HSA enacted staffing and contract reductions across the agency, including reductions to supportive housing for families and savings resulting from the suspension of new enrollments into a family rental subsidy program, increasing monthly employee share of health insurance for IHSS providers from \$3 to \$25, and contract savings from DAAS. A change in CAAP practices yielded savings as well, as did the elimination of the shelter located at 150 Otis. The Working Families Credit was scaled back to limit credits to first-time applicants.

ADJUSTMENT TO FAMILY SUPPORT SERVICES IN 20% REDUCTION TARGET

DCYF originally offered to backfill HSA's \$400,000 reduction to the Family Resource Centers that was initially included in the 20% reduction package. Unfortunately, DCYF has since been forced to rescind their budget offer due to changes in their funding streams. As HSA, DCYF, and First 5 are all committed to preserving Family Resource Centers to the extent possible, HSA is now proposing to replace the \$400,000 reduction to Family Resource Centers with reductions to other family support contracts in order to meet the original 20% reduction target. The following reductions, totaling \$511,149, are offset by a reallocation of \$111,149 to support school based caregiver recruitment, family support collaborations, and family resource center services.

- **Prevention and intervention services for families: \$216,605**
Reduces in-home and mental health intervention services by 20% and directs remaining funds to serve families linked to HSA.
- **Kinship Services: \$200,000**
Reduces services by 27%; only 60% of current clients served are HSA-connected, formerly connected, and or referred to program.
- **Differential Response Coordination: \$94,544**
Eliminates duplicative services, including emergency funds and liaison, that will be provided through existing contracts.

PROPOSED REDUCTIONS TO MEET \$12.6 MILLION TARGET

The Mayor's Office has asked HSA—the Department of Human Services and the Department of Aging and Adult Services (DAAS)—to develop a reduction plan that offsets the citywide revenues that had been used to balance the HSA budget. The citywide revenue offset is calculated at \$12.6 million in reductions. As a partial response, HSA has proposed the following Department of Human Services (DHS) reductions totaling \$5.6 million in current year savings and budget year reductions.

Of this \$5.6 million, \$4.6 million or 82% of the reductions are in revenue enhancements, surplus savings, and other reductions that do not impact current CBOs or existing client services. The remaining \$1.0 million or 18% of the reductions do impact our community partners providing services in housing and workforce development.

HSA is working with DAAS and the Aging and Adult Services Commission to prepare their reduction plan.

Department of Human Services Reductions

- **Administrative Services: \$850,000**
Imposes employee parking fee and budgets a projected amount of DHS contract savings.
- **Workforce Development Services: \$620,264**
Reduces services aimed at non-aided clients, including job training for homeless adults and services aimed at helping transgender residents obtain training and employment.
- **Individual Development Accounts (IDA's): \$150,000**
Reduces IDAs (Individual Development Accounts) for new CalWORKs and non-CalWORKs clients. Existing client accounts will be maintained.
- **Child Care: \$767,906**
Reduction includes decrease in unallocated afterschool care funds (\$105,966), current year contract savings, and a revenue increase in CalWORKs Stage 1 Child Care for overhead costs.
- **Family & Children's Services: \$1,089,072**
Reflects changes in state and other revenue, and thus will have no effect on client services.
- **Homeless Transitional Housing: \$201,939**
Reduces funding by 20% for transitional housing provided to young adults and families.
- **Homeless Program Support Services: \$1,957,348**
\$1.7 million or 89% of this reduction is a result of a programmatic budgeting error that double-budgeted funds. As a result, this correction will not affect any program services. The remaining reduction reduces eviction defense funding and eliminates five childcare slots for homeless families.

TARGETED REDUCTIONS

In addition to the cuts detailed above, HSA will be making reductions to targeted areas requested by the Mayor's Office:

- **Manager/Supervisor Salaries:** Propose eliminations of five managerial positions. Two of the five positions have already been approved by the Human Services Commission for elimination. HSA staff is working to determine if vacancies can be used to fill the remaining three positions.

The following reductions are being made by the Mayor's Office and the Controller on a citywide basis.

- **Memberships & Subscriptions:** Savings achieved by canceling memberships in American Public Human Services Association, National Association of County Human Services Administrators, and Child Welfare League of America (approximately \$6,000 annually).
- **Energy Consumption:** Reductions achieved through lighting retrofit at 1440 Harrison Street facility and HVAC retrofit at 1001 Polk Street facility.

- **Cellular Phone Usage:** Savings achieved by scaling back service plans to more closely align with usage and terminating unused or underused cell phones and increasing use of pooled devices that are assigned on as-needed-basis.
- **Materials & Supplies:** Savings achieved by reducing office supply budget by 10%.

RECOMMENDATIONS

HSA staff recommends that the Human Services Commission take the following actions:

- Approve the General Fund budget modifications to the Family Support Services budget that reduces a total of \$511,149 and reallocates \$111,149; and
- Approve the General Fund budget reductions to the FY 09-10 budget and the FY 10-11 proposed budget in the amount of \$5,636,529.

Reduction Target	Program Category	CBO	Item	Notes	FY09-10 GF Share of Reduction	FY10-11 Budget	FY10-11 GF Share of Reduction	FY10-11 Remaining Budget
ADJUSTMENT TO FAMILY SUPPORT SERVICES	FCS Program Services	Asian Perinatal Advocates	In Home Targeted Early Interventions	Reduce HSA funds by approximately 20%, and request that remaining funds serve families linked to FCS.		\$154,431	\$20,000	\$134,431
		Edgewood	Kinship Services	60% of clients are FCS-connected children or formerly connected children (e.g. adopted, legal guardianship).		\$743,701	\$200,000	\$543,701
		Family Support Services of the Bay Area	In Home Targeted Early Interventions	Reduce HSA funds by approximately 20%, and request that remaining funds serve families linked to FCS.		\$633,964	\$126,793	\$507,171
		Instituto Familiar de la Raza	Differential Response Coordination	Eliminate emergency funds in DR Coordination contract, as each DR Liaison at an FRC has access to own emergency funds.		\$146,309	\$26,052	\$120,257
		Mt. St. Joseph's St. Elizabeth's	Differential Response Liaison	Eliminate DR Liaison outside of FRC system. Existing FRC staff will increase their DR Liaison activities.		\$68,492	\$68,492	\$0
			In Home Targeted Early Interventions	Reduce HSA funds by approximately 20%, and request that remaining funds serve families linked to FCS.		\$199,642	\$39,928	\$159,714
		SF Child Abuse Prevention Center	Mental Health Intervention Services	Reduce HSA funds by approximately 20%, and request that remaining funds serve families linked to FCS.		\$195,671	\$29,884	\$165,787
		SFUSD	School-based caregiver recruitment campaign	After State Older Youth Adoptions pilot funding ends June 2010, use \$63,350 of GF from other reductions to continue School-Based Recruitment and support at a lower funding level.		\$0	(\$63,349)	\$100,000
		TBD	Family Support collaboration activities	Use \$27,800 of GF from other reductions to support collaborations in serving children 0 to 5 years old.		\$0	(\$27,800)	\$27,800
		Various - First 5	Family Resource Centers	Use \$20,000 of GF from other reductions to increase FRC funding by \$20,000 to support bringing Population FRCs up to standard funding level.		\$3,658,147	(\$20,000)	\$3,678,147
Total						\$400,000		

Reduction Target	Program Category	CBO	Item	Notes	FY09-10 GF	FY10-11	FY10-11 GF	FY10-11	
					Share of Reduction	Budget	Share of Reduction	Remaining Budget	
\$12.6M Reduction Target	Admin Program Service	N/A	Parking Fee	Impose parking fee on all employees using parking permits at agency facilities.		\$0	\$300,000	\$0	
	Contract Savings	Various	DHS Contract Savings	Contract savings due to projected underspending.		\$550,000	\$550,000	\$0	
	CalWORKs Program Services	EARN	Reduce IDAs - GF	Reduce non-core service, remaining budget including GF and leveraged Federal funds in \$141,000	\$100,000	\$100,000	\$50,000	\$50,000	
	Child Care	Children's Council		Homeless Child Care	One-time contract savings due to underspending. Similar savings in FY10-11 not expected.	\$50,000	\$1,400,000	\$0	\$1,400,000
		DCYF		Afterschool & Toddler Child Care	Reduces funding for afterschool services that will be RFP'd by DCYF this year.		\$622,882	\$105,966	\$516,916
		N/A		Stage 1 Technical Adjustment	Shift of allocable overhead costs to CalWORKs Stage 1 Child Care.			\$611,940	
	FCS Program Services	N/A		CWS Revenues compared to State Supplemental Assumptions	Additional CWS revenues anticipated per FY09-10 allocations, and assuming no major changes in state funding.			\$858,390	
				Match to Family Connections grant not received	Match for grant no longer needed.	\$10,000	\$10,000	\$10,000	\$0
				State CWS FY 09-10 allocation increased per caseload changes	Increase in FY09-10 allocation per caseload changes per CFL 09/10-49 on March 10, 2010	\$105,341			\$105,341

Reduction Target	Program Category	CBO	Item	Notes	FY09-10 GF Share of Reduction	FY10-11 Budget	FY10-11 GF Share of Reduction	FY10-11 Remaining Budget
	HL Transitional Housing	Hamilton Family Center	Hamilton Transitional Housing Program	Reduce by 20%. 20 SHP units of transitional housing and supportive services. SHP funding is \$382,000. Reduced funding still provides \$184,000 more than required GF match.		\$349,306	\$69,861	\$279,445
		Larkin Street Youth Services	Geary Street Transitional Housing	Reduce by 20%. 17 SHP units of transitional housing and supportive services to 20 youth ages 18-24. SHP funding is \$110,064. Reduced funding still provides \$239,000 more than required GF match.		\$333,476	\$66,695	\$266,781
			Transitional Housing Placement Program for Emancipated Youth (THP Plus) - 538 Holloway	Reduce by 20%. 8 transitional housing and supportive services units.		\$78,981	\$15,796	\$63,185
		Compass	Clara House	Reduce by 20%. 13 SHP units of transitional housing and supportive services. Reduced funding still provides \$125,000 more than required GF match.		\$247,933	\$49,587	\$198,346
	Homeless Program Services	Community Technology Alliance (CTA)	Homeless Management Information System	Reduce HSA share of data project.		\$8,000	\$8,000	\$0
		Compass Community Services	Compass Childcare	Eliminate effective 7/1/2010. Provides 5 childcare slots to homeless children. Can utilize other existing programs such as Homeless ACCESS Child Care program for this service at a lower cost.		\$94,521	\$94,521	\$0
		Tenderloin Housing Clinic	Ellis Act Services	Eliminate legal service for 55 clients on 7/1/2010. Other eviction prevention resources available to provide these non-core services.		\$125,000	\$125,000	\$0
		Various	Homeless Program surplus (includes Pipeline & CNC need)	Programmatic and budget double-count of program need. No impact on existing programs.		\$1,729,827	\$1,729,827	\$0

Reduction Target	Program Category	CBO	Item	Notes	FY09-10 GF Share of Reduction	FY10-11 Budget	FY10-11 GF Share of Reduction	FY10-11 Remaining Budget
	WWS Program Services	Arriba Juntos	Job Training for Homeless Adults (Homeworc)	Eliminate non-core services, reduction will result in loss of leveraged Federal funds.		\$100,863	\$88,113	\$0
		Multiple	Individual Referral Training Vouchers- GF only	Eliminate non-core Welfare to Work Services Individual Referrals.	\$42,589	\$102,213	\$102,213	\$0
		Transgender Law Center	Comprehensive Transgender Employment Initiative	Eliminate non-core services		\$239,498	\$239,498	\$0
		Under RFP process	FSET Supp - Comprehensive Transgender Employment Initiative	Eliminate non-core services, reduction will result in loss of leveraged Federal funds.		\$62,000	\$31,000	\$0
		CHP	Homeless Supportive Housing - Employment Services (SHEC)	Reduce GF to minimum required match to leverage Federal HUD funding. Total funding HUD+GF remaining is \$153,610.		\$147,573	\$116,851	\$30,722
\$12.6M Reduction Target Total					\$307,930		\$5,328,599	