



MEMORANDUM

To: Department of Disability and Aging Services (DAS) Commission

Through: Kelly Dearman, DAS Executive Director

From: Daniel Kaplan, Deputy Director for Administration and Finance, Human Services Agency (HSA)

Date: January 8, 2025

Subject: Disability and Aging Services Budget for FY 2025-26 & FY 2026-27

In accordance with the City's Administrative Code, each year the Department of Disability and Aging Services (DAS) presents to the DAS Commission two updates on the budget process for the upcoming biennium: one in January and another in February. In the present January memo, DAS provides context regarding the economic climate at the local and state levels, a summary of the Mayor's budget instructions and priorities, and highlights of program accomplishments and upcoming challenges. Within this landscape, DAS seeks feedback from the Commission and public on priorities which will guide the development of the budget plan for FYs 2025-26 and 2026-27.

Local Fiscal Climate and Budget Instructions

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 just under \$876 million is anticipated in the upcoming biennium, composed of a roughly \$253 million shortfall in FY 2025-26 and a further \$623 million gap in FY 2026-27; conditions only worsen thereafter with an estimated deficit of just under \$1.5 billion by FY 2029-30.

The primary drivers for the decline in revenue are: a shift in timing for business tax collection as part of voter-approved Prop M, slower property tax recovery, and the continued sluggishness in the City's hospitality sector. These are coupled with increased costs in salary and benefits for City staff, inflationary pressures on many Citywide operating costs related to contracts, leases, materials and supplies, and provision of services through the City's network of community-based organizations, plus required contributions to City baselines for transportation and education, among others.

As a result, the Mayor's Office has asked for all City departments to permanently reduce their discretionary General Fund budgets by 15 percent in FY 2025-26. 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:



	FY 2025-26	FY 2026-27
Ongoing reduction of 15%	\$8,200,000	\$8,200,000

The Mayor's Office further asks that all City departments assess budgetary allocations to their community-based organization partner networks for efficiency and cost effectiveness, re-examine all professional services contracts and non-personnel expenses in general, as well as to forego adding any new positions, determine if existing vacancies can be eliminated, and consider hiring freezes. Although the City is in the midst of a transition to a new Mayor, the existing Mayor's Office indicated that 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; and
- Delivering on accountability, efficiency and transparency in City spending.

DAS will keep the Commission apprised of any changes in these directives and priorities as more information becomes available from the new Mayor.

State Budget

Preliminary estimates suggest that despite a slowdown in the State's economy, with a soft labor market and decrease in consumer spending, earnings of high-income Californians have grown in recent months leading to revenues coming in better than expected, by about \$5 billion as of October. Actions taken by the Governor and Legislature in last year's budget cycle addressed California's shortfall in both the current year, as well as the projected deficit in FY 2025-26. Only a small \$2 billion gap remains to be solved at this point so long as the State's economy remains stable in the near term.

The State is also still expected to face budget shortfalls of \$20 billion in FY 2026-27 and \$30 billion in FY 2027-28, which will severely limit the capacity for new commitments without significant budgetary solutions (i.e., spending reductions, increased taxes, tapping into reserves, etc.). Over the next several months, we will continue to monitor the State budget process for impacts and keep the Commission updated as we learn more details.

HSA Budget Priorities

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

- Maintain client services; and
- Look for opportunities to repurpose existing position vacancies and funds to meet new needs.

DAS Program Highlights

As DAS prepares its budget submission, it is looking at community needs and key organizational issues across the department. Below are highlights of those current-year developments and accomplishments that will shape the budget-planning process.

Direct Services Division

IN-HOME SUPPORTIVE SERVICES

San Francisco's In-Home Supportive Services (IHSS) program continues to provide critical support to more than 30,000, individuals locally. Within this group, however, there has been an increase in the number of enrolled recipients not actively connected to an IHSS Independent Provider (IP), from 2,600 last year to 3,275 currently. As a result, these individuals are not taking advantage of the long-term caregiver support they are authorized and entitled to receive.

San Francisco's caregiving workforce has expanded from 25,000 to 26,929 active IPs over the past year. Notwithstanding this welcome growth, caregiver shortages remain at an all-time high. This trend is not unique to San Francisco but is being experienced throughout the state and nationally. California's Master Plan for Aging has identified caregiver recruitment and retention as a key priority for the state. In San Francisco, the IHSS program is supporting the IHSS Public Authority's caregiver-recruitment efforts, along with providing tangible resources and assistance to recipients and active providers.

State Compliance: Community First Care Option (CFCO) Recipients

The state requires IHSS to have a ninety-percent compliance rate for conducting timely reassessments of Community First Choice Option (CFCO) recipients. These are recipients that present with complex medical/health conditions that would otherwise be addressed at a skilled nursing/institutional placement if not for the provision of IHSS services. When counties fail to meet the compliance requirements, they are placed on a workplan which is monitored by the California Department of Social Services (CDSS). For several years, IHSS successfully met the state's compliance metrics. Starting in FY 2020-21, the program faced increasing workload challenges, which led to non-compliance on the CFCO reassessment rate in FY 2021-22 and the implementation of a Quality Improvement Action Plan (QIAP) in FY 2022-23. With close data monitoring, change management initiatives, and leadership guidance, IHSS has been making significant strides with getting back into compliance. To date, the program's CFCO reassessment average is 89.74 percent. Given the monthly improvements, the program is on track to be released from the QIAP by the end of the current fiscal year.

Social Worker Self-Authorization for Reassessment Cases

To streamline processes where appropriate, the IHSS program is now leveraging a State administrative allowance which gives Social Workers (SWs) the autonomy to self-approve non-complex reassessment cases – annual reassessments are required for all IHSS recipients – meeting certain eligibility criteria. This saves one step in the traditional protocol, bypassing the need for supervisorial approval of reassessments for certain low-needs recipients engaged with experienced SWs. This efficiency measure should help the program in managing its ever-expanding caseload. The new initiative has successfully moved out of the pilot phase and now been fully operationalized in San Francisco. Currently, 70 percent of eligible social workers can promptly approve reassessment cases, which results in the timelier determination of authorized hours for a great many IHSS consumers.

Expansion of the Collaborative Caregiver Support Team (CCST) at Permanent Supportive Housing Sites

CCST is a specialized unit within the IHSS program that brings together various stakeholders to identify Permanent Supportive Housing (PSH) residents in need of homecare support, and collaboratively assists them in applying for, and retaining, IHSS services. CCST aims to increase PSH residents' housing stability and quality of life by assigning social workers to specific PSH sites where partnerships can be formed with staff from the Department of Homelessness and Supportive Housing (HSH) to identify residents in need of IHSS and fostering inclusive problem-solving to address complex needs. The CCST model has been successful in keeping formerly unhoused IHSS recipients at the least-restrictive level of care and has expanded from 63 to 72 PSH sites.

Local Maintenance of Effort Costs and IP Wage Increases

During the spring of FY 2022-23, a new labor agreement between the City – through the IHSS Public Authority – and IHSS independent providers (IPs) – through Service Employees International Union (SEIU) Local 2015 – was negotiated, and a new Memorandum of Understanding (MOU) between the parties was established. This new contract commenced on July 1, 2023, and codifies a series of wage increases for IPs through FY 2026-27. During that four-year period, the hourly IP wage grows from \$19.25 to \$25.50.

The State's Maintenance of Effort (MOE) framework – the mechanism by which counties pay for the local share of IHSS program costs – is primarily driven by three factors: a) locally-negotiated increases to IP wages and benefits, b) increases to the hourly rate paid for contract mode IHSS services, and c) a mandated four-percent inflation factor applied to the MOE base each year. While inflation accounts for the largest share of expansion in the City's MOE obligation each year, increases to IP wages and benefits also have a significant impact. Therefore, the new MOU between the PA and SEIU Local 2015 will affect the City's share of cost in the IHSS program over the coming years due to the scheduled wage increases, as well as the increasing cost of health benefits.

On July 1, 2024, the IP wage increased from \$20.75 to \$21.50 as per the new labor agreement, with an additional \$0.50 increase implemented on January 1, 2025, concurrent with the increase in the state minimum wage. Per the terms of the MOE legislation, this \$0.50 increase in the IP wage on January 1 entailed no additional MOE cost to California counties. The City's MOE obligation is projected to be \$191.1 million in FY 2024-25, increasing to \$205.8 million in FY 2025-26 and to \$226.4 million in FY 2026-27.

ADULT PROTECTIVE SERVICES

Adult Protective Services (APS) continues to field a growing number of referrals. APS receives and responds to reports of suspected abuse, neglect, self-neglect and financial exploitation of older adults and adults with disabilities residing in the community; that is, outside licensed facilities. The division had been investigating approximately 7,000 reports per fiscal year since FY 2016-17, but during FY 2021-22, that number jumped to 7,952 reports, with a further increase in FY 2022-23 to 8,327, and in FY 2023-24 to 8,922 investigated reports (i.e., growth of 27 percent over the past three years). This was a result – on top of the natural growth in San Francisco's older adult population – of California Assembly Bill 135, which expanded the APS program to provide services to at-risk adults earlier in their lives, and before reaching a crisis point. The new law expanded the definition of "older adult" for APS program eligibility from 65 to 60, effective January 1, 2022. The law also requires APS programs across the state to provide longer-term case management for those with complex needs and encourages the development of multidisciplinary teams to increase systems-level collaboration.

High-Risk Self-Neglect Multi-Disciplinary Team

Now in its third year of operation, this partnership with the Department of Homelessness and Supportive Housing (HSH), the San Francisco Fire Department (SFFD), the Department of Public Health (DPH), the University of California San Francisco (UCSF), and community-based partner, Institute on Aging (IOA), continues its focus on coordinating care and bringing a holistic approach to assisting individuals with complex needs. The combination of proficiencies brought by the participating agencies has helped to diminish silo effects and fostered advantageous information exchange such that team stakeholders engaged in the same, or related, work are more thoroughly aware of the array of options available throughout the City. IOA's Elder Abuse Prevention program team is coordinating and facilitating this multi-disciplinary effort and monitoring intervention outcomes.

Home Safe

In July 2021, the California Department of Social Services expanded the APS Home Safe program as part of the State's larger investment to address homelessness. The current program expansion has allowed San Francisco's APS program to leverage a total of \$6.8 million in State funding through 2025, with no county match requirement. San Francisco was one of 25 counties that originally launched a Home Safe program in 2019. APS carried out the initial program in collaboration and co-design with Institute on Aging (IOA), by providing eviction prevention and intensive case management services. The 2021 program expansion augmented those effective strategies, adding housing transition services to the model.

Eviction prevention services are targeted to assist low-income older adults, and adults with disabilities, who are at imminent risk of homelessness due to self-neglect. By adding housing transition services, San Francisco's model now relies on the provision of intensive case management activities that target eviction prevention, assessment in congregate homeless shelters and permanent supportive housing (PSH) units, and tailored housing-transition plans that meet the client's functional and safety needs. These activities are coupled with purchase of service dollars that can be utilized to pay for critical services such as a monthly financial patch to support a vulnerable adult's stay in a Residential Care Facility for the Elderly (RCFE) when deemed appropriate.

From inception through September 30, 2024, the Home Safe program has enrolled 456 clients, and enabled 179 older adults and/or adults with disabilities to remain housed and safe by enhancing their ability for self-care and self-protection. Thirty-three Home Safe clients have received financial support enabling them to reside in RCFEs, and APS, IOA and partner departments – most notably HSH – continue to cultivate Home Safe as a critical component in the City's multifaceted approach to homelessness.

PUBLIC ADMINISTRATOR, PUBLIC CONSERVATOR, PUBLIC GUARDIAN, AND REPRESENTATIVE PAYEE

The authority conferred on the Public Administrator (PA), Public Conservator (PC), and Public Guardian (PG) divisions is codified in State law. These DAS units operate either fully, or in part, under the supervision of the San Francisco Probate Superior Court, with the DAS legal division serving as in-house counsel for the Public Administrator and Public Guardian offices. The Representative Payee (RP) program serves as a substitute payee, as designated by the Social Security Administration, for individuals who have difficulty managing money or their financial affairs, many of whom are also conserved by the Public Conservator. Collectively, these divisions serve around 2,000 vulnerable individuals who have health, mental health, and/or financial difficulties, as well as administer the estates of over 900 deceased San Franciscans.

Implementation Status for SB43 and Executive Directive 23-02

It has been almost one year since the implementation of Senate Bill 43 (SB43), which expanded the legal definition of grave disability to include those living with severe substance use disorders and those unable to provide for their own personal safety and/or medical care. In that time, there has been an increase in the Lanterman-Petris-Short (LPS) conservatorship caseload of roughly five percent, as well as a dramatic 27% increase in the total number of petitions filed for LPS conservatorships.

In order to manage new outpatient referrals, DAS has adopted an LPS Review List and accompanying set of protocols; these have become fully operational this year and are successfully moving appropriate referrals forward in the conservatorship process. Multiple City departments meet regularly to review and track referrals and make decisions on next steps. A variety of issues, barriers, and resources are being managed on a case-by-case basis

through this collaboration with the goal of ensuring that case criteria are met, care plans are managed, and civil rights are protected.

Simultaneously, the PC division is still facing significant challenges around staff recruitment and retention and continues to work with HSA's Human Resources division to fill vacancies and ensure the unit has sufficient capacity to handle the increased and difficult workload.

Community Services Division

BENEFITS AND RESOURCE HUB

The DAS Benefits and Resource Hub (BRH) – comprised of the Integrated Intake and Eligibility units, plus the County Veterans Service Office (CVSO) – continues to provide in-person, telephone, and online assistance to all consumers seeking services for older adults, adults with disabilities, veterans, and caregivers.

Integrated Intake works with community partners and uses a no-wrong-door, person-centered approach to provide consumers with a seamless transition to services through a centralized intake helpline. This helpline is operated by social workers who conduct whole person assessments with potential consumers, as well as advise caregivers and professionals seeking services for DAS clientele.

Online Resource Directory (ORD)

A dynamic, searchable online resource directory will be developed to help the public, Integrated Intake staff, and community partners find information and services for older adults and people with disabilities in San Francisco. The tool will be accessible, user-friendly, and available in threshold languages. It will feature programs and services tailored to the needs of the DAS population and can connect clients to resources available to them. The ORD will be integrated in the DAS public-facing website and in DAS's system of record.

BRH Strategic Outreach

All units at the BRH continue to conduct outreach to consumers and professionals in the community as part of their strategic outreach plans. BRH outreach is focused on expanding efforts to increase awareness of DAS services and programs among the disability and Black, Indigenous, and people of color communities in historically underserved neighborhoods, particularly Supervisorial Districts 1, 2, 4, and 11. This fiscal year, the BRH will be advertised in neighborhood newspapers (e.g. Chinese-Language newspaper *The Wind*), Muni bus lines, and social media outlets.

CVSO Peer Navigator

The County Veterans Service Office will develop a Peer Navigator program to provide peer support to veterans and veteran dependents over the phone, virtually, and in-person at the BRH. The CVSO Peer Navigator shall guide clients through the service system for veterans via

provision of accurate information, referrals to partner organizations, proactive check-in, and follow-up with the goal of helping clients receive the benefits and services that they need.

OFFICE OF COMMUNITY PARTNERSHIPS

The Office of Community Partnerships continues to provide programmatic support and analysis for DAS-funded services operated by community-based organizations. This network of community-based services consists of approximately 250 grant agreements with over 65 community-based organizations. These services provide support to over 40,000 unduplicated San Franciscans each year.

Grand Opening of the Disability Cultural Center Site

July of 2025 marks 35 years since the enactment of the Americans with Disabilities Act (of 1990). The Americans with Disabilities Act (ADA) prohibits discrimination based on disability and creates a legal framework for improved recognition and inclusion of people with disabilities. In recognition of the enactment of the ADA, each July also serves as Disability Pride Month. Disability Pride Month is a time to recognize and celebrate the history and experiences of the disability community.

Many years in the making, a San Francisco Disability Cultural Center (DCC) has been a priority for DAS. A grant agreement for a non-profit community-based organization to lead the operation of the DCC began in October 2023. A 'virtual' Disability Cultural Center offering programming launched in summer 2024. Summer 2025 will mark the completion of new construction which will host the brick-and-mortar home of the Disability Cultural Center. The site is a ground floor location in a larger housing complex which includes housing reserved for people with disabilities. The brick-and-mortar DCC will offer in-person programming and serve as a hub for services to the disability community.

Nutrition Services a Focus for FY 2025-26

Following the Dignity Fund Contract Schedule timeline, FY 2025-26 will focus on the Nutrition & Wellness and Self-Care & Safety program groups. Typically, this annual process is supported through \$3 million in new funding for efforts in the identified focus areas. However, DAS does not actually expect to receive the \$3 million growth allocation in FY 2025-26. This is based on current budget projections showing a large citywide deficit for FY 2025-26 and is aligned with the terms of the Dignity Fund legislation allowing for the withholding of the annual growth allocation when the City's budget deficit reaches a defined threshold.¹

Despite the forecast of no growth, DAS plans to repurpose budgetary savings from FY 2023-24 to reinforce nutrition services. First, funding will be utilized to continue to meet demand

¹ Per San Francisco Charter Section 16.128-3(c), the City may freeze its annual contribution to the Dignity Fund when the City's projected budget deficit exceeds \$200 million, adjusted by the percentage increase or decrease in aggregate City discretionary revenues.

and cost increases for current service levels. Funding will also be utilized to address a wait list for the home-delivered meal program. DAS maintains a centralized waitlist for its home-delivered meal program. The waitlist for services has existed for multiple years and is currently over 300 clients. Current funding levels for this service have been insufficient to provide any relief in program wait time. An analysis of home-delivered waitlist clients demonstrates need for increased capacity particularly for Chinese and Japanese cuisine options. Office of Community Partnerships staff will work through the request for proposals process to increase capacity in our home-delivered meals programs and reduce the waitlist.

Dignity Fund Community Needs Assessment Process

The Dignity Fund operates on a four-year planning and funding cycle. This process starts in year one with the development of a robust community needs assessment (CNA) to identify service gaps and unmet needs. The CNA process culminates with the publication of a report and recommendations. The report serves as a guiding document for the department's priorities and allocation plans during the following four years. FY 2025-26 represents a "year one" and thus will be a year in which a new CNA process must be completed. Development of the CNA is led by staff from the Human Services Agency Planning Unit and DAS' Office of Community Partnerships. DAS and HSA staff will also begin recruiting a consultant for assistance in Spring 2025, with the principal assessment efforts beginning in Summer 2025. Collection of community input is highly valuable and multiple avenues for collection of feedback will be established. In the past this has included a widely disseminated survey, in-person and virtual public forums, focus groups, and individual interviews. The completed CNA report is projected for release in Spring 2026. (Previous Dignity Fund Community Needs Assessment reports were issued in April 2022 and March 2018.)

OFFICE ON DISABILITY

In the spring of 2025, the Mayor's Office on Disability (MOD) will be transitioning from the division of the City Administrator to the Community Services division within DAS. DAS will work with MOD to identify an appropriate name for the office upon its transition.

MOD and DAS currently work collaboratively to enhance accessibility, inclusion, and independence, ensuring that all residents have equal access to services and opportunities. While MOD focuses on policy development and advocacy at the City level, DAS provides direct services and programs that improve the quality of life for older people and adults with disabilities, making both efforts complementary in fostering a more inclusive and equitable City. This new alignment within DAS will strengthen our shared mission to advocate for, and support, the rights and needs of individuals with disabilities and older adults.

Administrative and Organizational Transitions

DAS is working closely with MOD and the Office of the City Administrator in hiring a new Director who will start in January of 2025. In addition, both are working collaboratively to realign MOD's new organizational role and responsibilities within DAS.

Next Steps

At the regularly scheduled meeting of the Department of Disability and Aging Services Commission on February 5, DAS and HSA staff will present a full proposal of the DAS budget for FY 2025-26 and FY 2026-27, for the Commission's review and final approval.