

HSA/DBFS FY26-27 & FY27-28 Budgets

Human Services Agency

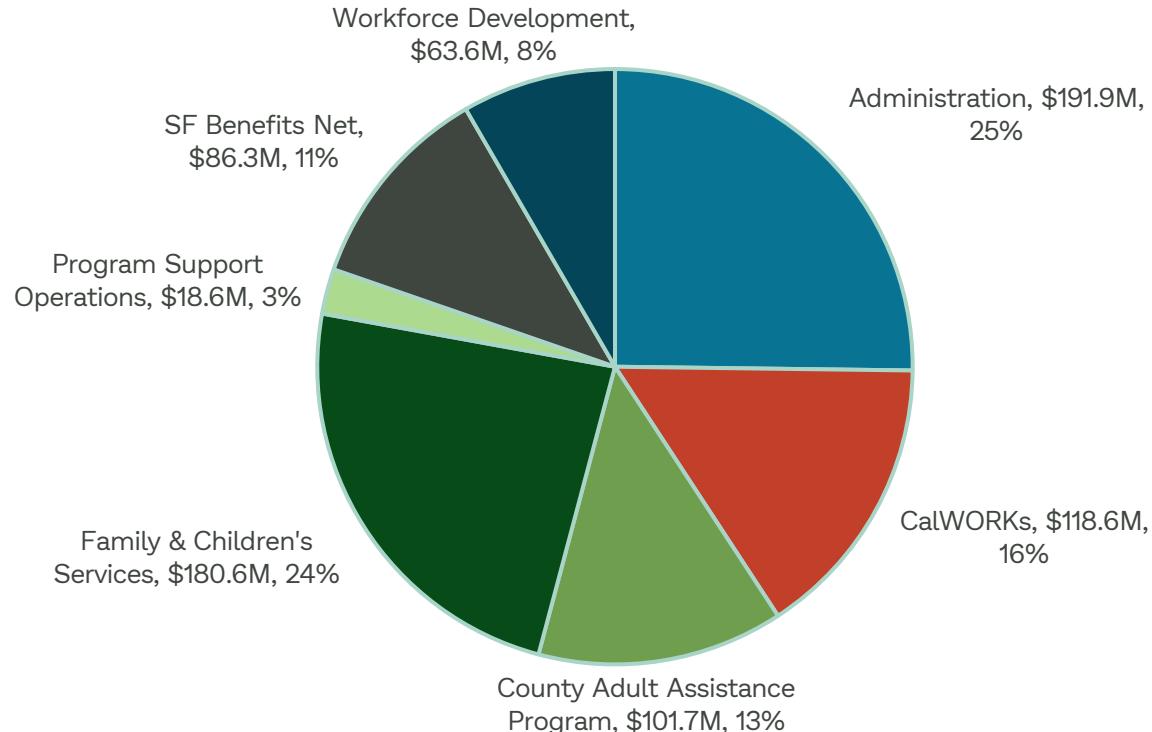
Department of Benefits and Family Support

Presentation to the Human Services Commission

January 22, 2026

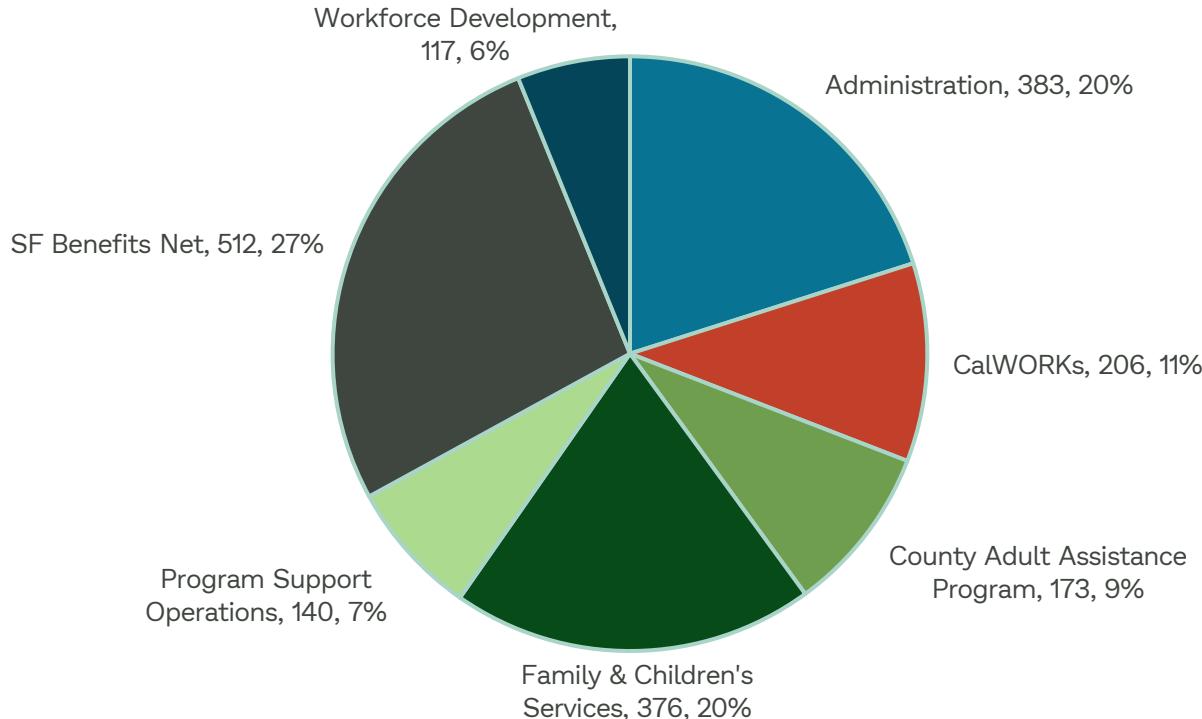


HSA/DBFS FY25-26 Original Budget by Program \$761.4M

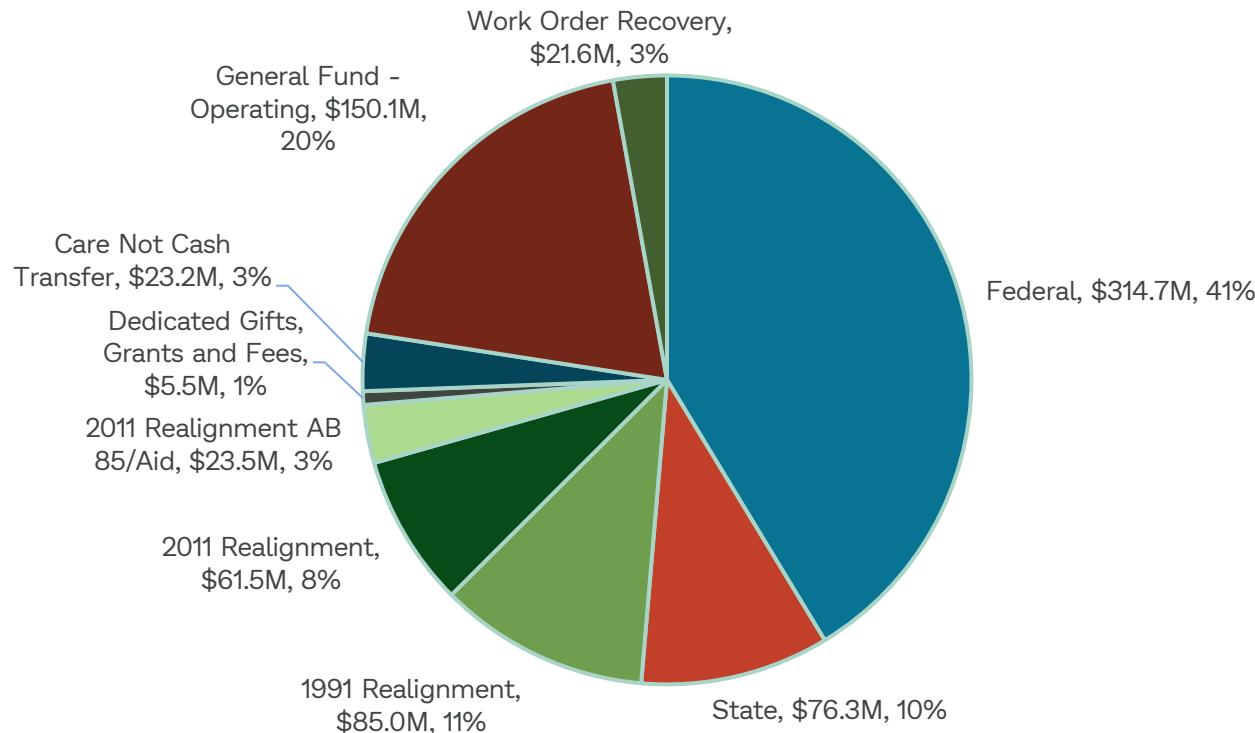


HSA/DBFS FY25-26 FTEs by Program

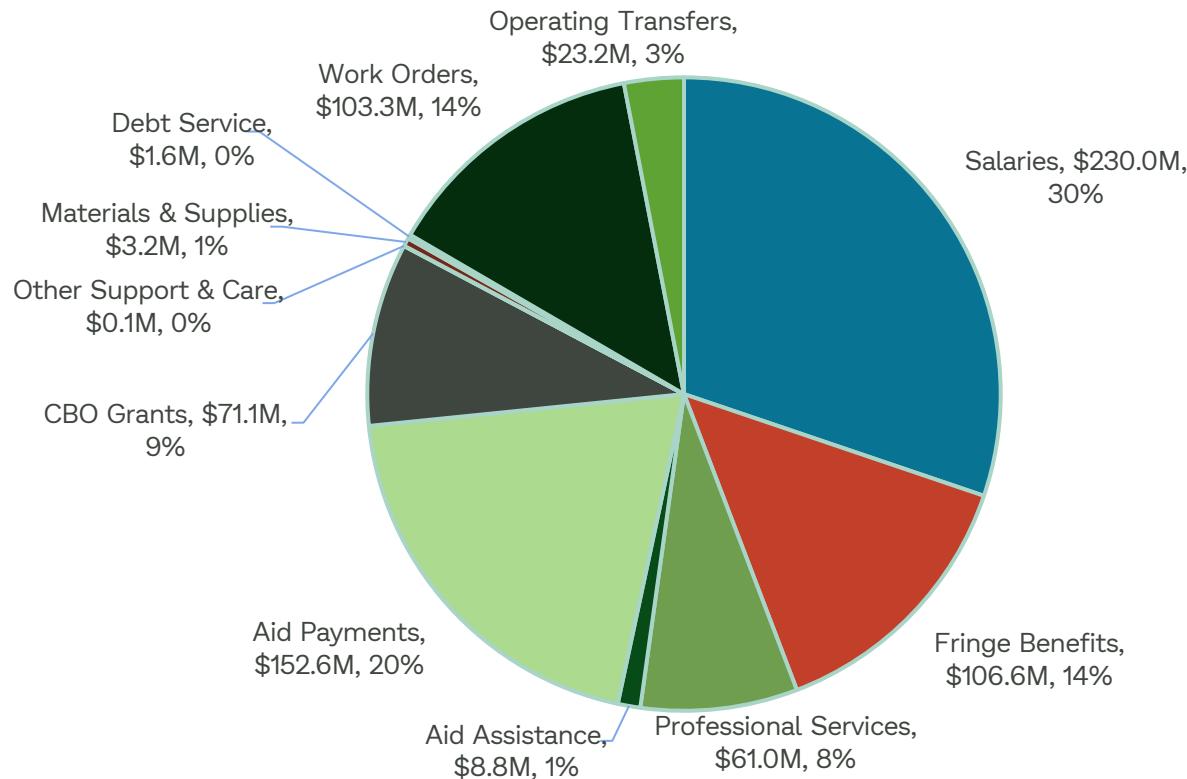
1,907 FTEs



HSA/DBFS FY25-26 Original Budget by Source \$761.4M



HSA/DBFS FY25-26 Original Budget by Category \$761.4M



Mayor's FY26-27 & FY27-28 Budget Projections

Citywide Projected Shortfall (Millions) from City's 5-Year Financial Plan	FY26-27	FY27-28
Total Revenue - Increase / (Decrease)	252.4	697.7
Baselines & Reserves:	(118.8)	(220.2)
Salary & Benefits:	(216.5)	(551.5)
Citywide Operating Budget Costs*:	(50.4)	(179.5)
Departmental Costs:	(78.5)	(165.1)
Total Expenditures – Decrease / (Increase)	(464.2)	(1,116.2)
<i>State & Federal Policy Impacts (estimated lost revenue from H.R. 1)</i>	(84.5)	(221.8)
Total Deficit	(296.3)	(640.3)
Two-Year Deficit	(936.6)	
*Citywide Uses include: general operating increases (e.g. minimum wage, utility rates, and debt service)		



Mayor's Budget Drivers

- City projects \$936 M budget deficit over the next two fiscal years, growing thereafter
- Strong business tax growth + modest growth in other local tax revenues
 - Mayor's projections do not assume a recession
- Estimated revenue loss from Federal H.R. 1 bill = \$300 M over 2 years
- Increased costs related to salaries & benefits for City staff represent the most significant cost increases during the biennium
- Projections include fully funding of the City's 10-year Capital and Information & Communication Technology (ICT) plans
- Adds 3% CODB to the budget in the second year (FY 27-28)



Mayor's Budget Instructions

- Departments are directed to find **\$400 million in ongoing Citywide savings** starting in FY 26-27; no official percentage cut target
- Savings are to be achieved through:
 - Eliminating discretionary programs
 - Restructuring around current staffing levels
 - Shifting duplicative or common services toward a centralized model
 - Identifying technology and procurement savings
 - Reviewing grants and contracts for measurable outcomes and financial efficiency
 - Making near-term investments for long-term cost savings



Mayor's Budget Instructions (continued)

Budgets should continue to reflect the Mayoral priorities:

- Keep streets safe and clean
- Improve health and wellbeing outcomes for San Franciscans
- Revitalize the local economy, including the downtown corridor
- Make the city more affordable and livable for families
- Strengthen city arts and cultural activity
- Improve government effectiveness through investments in systems modernization, data analytics, technology and workforce talent



HSA Budget Priorities

- Maintain core services
- Pursue cost-saving strategies that minimize negative impacts on clients, staff, and operational efficiency
- Look for opportunities to repurpose existing position vacancies and funds to meet new needs
- Maximize revenue opportunities with state and federal partners

State Budget

State budget picture improved in the near term, but still faces out-year deficits

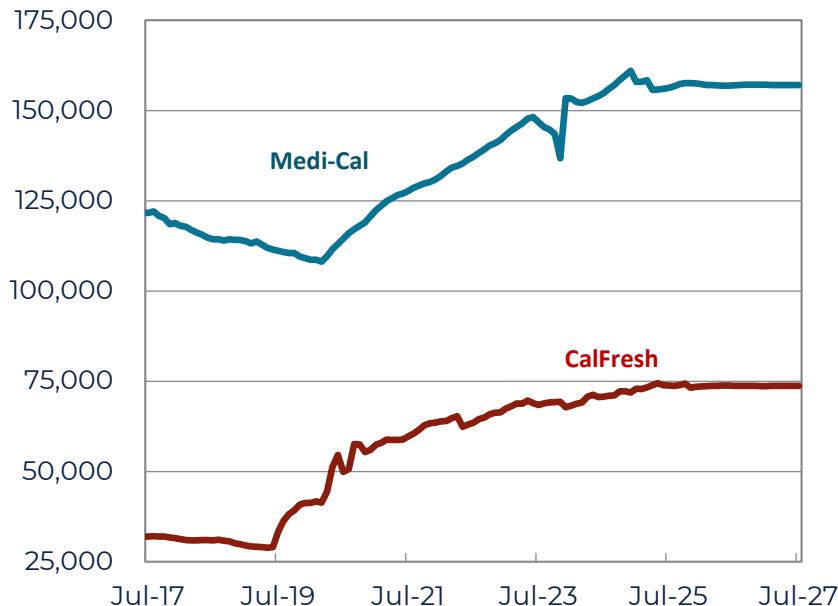
- Stronger-than-anticipated performance of the economy, stock market, and cash receipts have contributed to an upgraded revenue forecast
- Governor's proposed budget is balanced and provides significant reserves in FY26-27, yet anticipates future year shortfalls driven by expenditures exceeding revenues
- Risk factors could negatively affect the state's economy and revenues (e.g. stock market, federal policy changes, and inflation); May Revise will provide updates
- H.R.1 related cost increase of \$1.4 billion GF due to new work requirements, restrictions on Medi-Cal immigrant eligibility, and federal claiming and cost-sharing changes



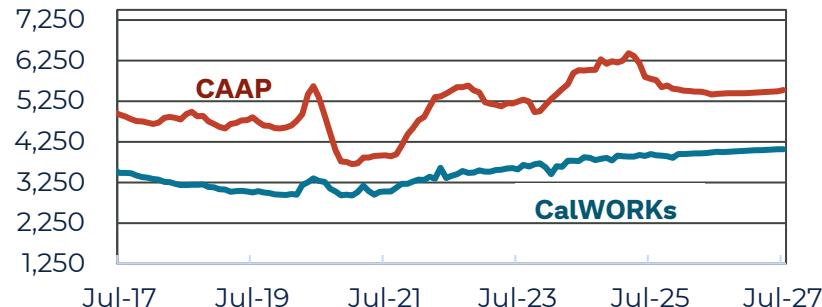
DBFS Caseloads

Actuals through Nov 2025; projections after

Medi-Cal and CalFresh Caseloads



CAAP and CalWORKs Caseloads



Foster care



DBFS Highlights

San Francisco Benefits Net

H.R.1 Implementation and Impacts:

- Federal SNAP Administrative Cost Share reduced from 50% to 25%
- Work requirements and re-determinations:
 - 53,000 clients subject to ABAWD rules
 - 30,000 clients subject to Medi-Cal work requirements
 - 83,000 clients subject to semi-annual re-determinations
- Payment Error Rate (PER) cost sharing
 - State/Counties to cover % of benefits cost if PER exceeds 6%
 - Becomes effective FY27-28



DBFS Highlights

County Adult Assistance Program (CAAP)

Proposition F (Treatment Pathways Program):

- CAAP clients and applicants undergo screening for substance abuse disorder, as condition of receiving CAAP benefits
- Contract with Westside Community Services:
 - Connected 352 clients to treatment since inception; 200 active clients

Eligibility reform:

- Changes made to strengthen program integrity and better prepare clients for employment:
 - Increasing work activity hours for CAAP recipients
 - Requiring triage prior to approval
 - Integration of WDD staff into CAAP



DBFS Highlights

CalWORKs

- SB 119 reforms to shift from compliance to family-centered program
 - Elimination of Work Participation Rate (WPR) penalties to counties – estimated WPR target of 0% for All Families and 15.3% for Two-Parent Families
 - Focus on Cal-OAR performance measures related to client engagement, service delivery, ancillary support, and employment outcomes
- Agency's Cal-OAR System Improvement Plan final progress report goals met
 - Improved Welfare-to-Work engagement rate to 35.7% from 21%
 - Reduced re-entry rate to 13.6% from 22%

Workforce Development

- Expecting significant new demand for employment services, due to HR1 work requirements



DBFS Highlights

Family and Children's Services (FCS)

- Implementation of Families First Prevention Services Act (FFPSA)
 - One-time Families First Transition revenue helping FCS maintain current level of programming through FY25-26
 - FFPSA funding for prevention services
 - Shifting from 'Mandated Reporting' to 'Community Supporting'
- Addressing needs of Non-Minor Dependents (NMDs)
 - Participated in Guaranteed Income Pilot
 - 150 youth received \$1,200/month for 18 months
 - Currently engaged in long term study of Pilot's outcomes



DBFS Highlights

Family and Children's Services (FCS) (continued)

Addressing need to support the small percentage of foster youth that have extremely complex needs

- Utilizing State Complex Care funding to help strengthen the continuum of care in the child welfare system for this population
- Utilizing \$8.5M Children's Crisis Continuum Pilot Grant from State to augment availability of high-needs placements
 - Pilot operating ten more intensive care beds/homes
 - Can transition youth to higher or lower needed levels of care without disruption



HSA Highlights

Program Support

- Planning, Communications, Budget, Contracts, Finance, Human Resources (HR), Information Technology (IT), Facilities/Operations, Investigations, Disaster Preparedness
- Staffing Relocation Plan
 - Continue to work with the Dept of Real Estate to secure building(s) to move staff out of 170 Otis Street and 1235 Mission Street offices
 - Relocation of staff to 1455 Market Street to begin in Spring 2026

Other Direct Services

- Housing and Disability Advocacy Program (HDAP), Citywide Food Access Team (CFAT)



HAS/DBFS FY26-27 & FY 27-28 Budget Timeline

- Dec 12 Mayor's Budget Instructions Released
- Jan 7 DAS Commission – First Meeting
- Feb 4 DAS Commission – Second Meeting
- Feb 23 Agency Proposed Budget due to Mayor
- June 1 Mayor submits budget to Board of Supervisors
- June Board of Supervisors Budget Committee Hearings
- July Budget Considered at Board of Supervisors





SAN FRANCISCO
HUMAN SERVICES AGENCY

Thank you

www.sfhsa.org

