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MEMORANDUM

TO:	Department of Disability and Aging Services (DAS) Commission
THROUGH:	Kelly Dearman, DAS Executive Director
FROM:	Daniel Kaplan, Deputy Director of Finance and Administration, Human Services Agency (HSA)
DATE:	February 2, 2022
SUBJECT:	Disability and Aging Services Budget for FY 2022-23 & FY 2023-24

Through this memo, we present to you for review and approval the FY 2022-23 and FY 2023-24 budgets for the Department of Disability and Aging Services. In developing this budget, the Human Services Agency used as guidance the budgeting principles described to both the Human Services Commission and the DAS Commission, as well as overarching budget goals set by the Mayor to prioritize programs with demonstrated outcomes centered around restoring vibrancy to San Francisco and contributing to the City’s economic recovery, as well as focusing on accountability and equity in programs, services, and spending.



London Breed
Mayor

Kelly Dearman
Executive Director

As discussed at the DAS Commission meeting on January 5, the City’s budget projections forecast significant improvements in revenues, including the benefit of excellent returns in the pension fund. This good news – combined with financial restraint over the last several years – means the City has a projected \$108.1 million *surplus* across FY 2022-23 and FY 2023-24. In addition, the City’s long-term, structural deficit is much improved. New revenue sources – including voter-approved new taxes¹ and federal relief funding – have further helped to strengthen the budget and put the City on steadier footing than it has been in many years.

As a result, City departments are not being asked to make any proposed cuts, but instead to deliver proposals which do not add

¹ Projections include a host of measures approved in November 2020 including an increase to transfer tax rates (Prop I), overhaul of business taxes (Prop F), and establishment of a new tax on executive compensation (Prop L).



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any new General Fund costs. HSA, working with the Mayor's Office, will aim to reprioritize existing funding and leverage new revenues toward programming and services that deliver results and meet the top priorities of the City, including historic investments in homelessness, mental health and anti-poverty initiatives.

Furthermore, the budget proposal aims to maintain critical client aid and services, prioritizes core functions, and seeks to minimize service impacts, as the City continues to emerge from the Covid-19 pandemic.

DAS Budget for FY 2022-23 and FY 2023-24

The Department's proposed \$452 million budget for FY 2022-23 is \$3.2 million, or 0.7%, less than the original FY 2021-22 budget of \$455.2 million. The department's revenues of \$296 million in FY 2022-23 are \$25.5 million, or 9%, higher than FY 2021-22 revenues of \$270.5 million. The budget reflects increased costs related to: a) the In-Home Supportive Services (IHSS) Maintenance of Effort, b) growth in the Dignity Fund as stipulated in the legislation, c) mandated increases to salaries and fringe benefits in line with existing MOUs or, where MOUs are open, projected inflation, and d) several large initiatives related to APS and IHSS, described in further detail below. These increases are offset by reductions in other areas, including one-time Board of Supervisors' addback funding, and the Covid-19 feeding budget, which was included in the DAS budget in FY 2021-22. The City's feeding response budget for FY 2022-23 has not been finalized as of yet.

The budget for FY 2023-24 is similar to FY 2022-23 except for increases in the same three DAS budget items as previously described: the IHSS MOE, possible Dignity Fund growth, and salaries and fringe.

The documents that follow this memo provide additional information about proposed position substitutions, program budget specifics, and other details in the DAS budget.

Major Budget Proposals and Enhancements

IHSS Maintenance of Effort

HSA projects an increase in costs to its In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) of: \$14.2 million in FY 2022-23,



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and an additional \$10.8 million in FY 2023-24, for a cumulative increase of \$25 million, relative to the projected FY 2021-22 MOE.

The cost growth is attributable to: a) required 4% inflation on the MOE; b) wage increases for IHSS providers; and c) increases in the hourly rate paid for contract-mode services in line with projected inflation. Legislative changes around the MOE enacted in the current year, while favorable to the City in the long run, result in cost increases until FY 2024-25 compared to prior projections. Those changes eliminated some previously-scheduled modifications, which would have made counties responsible for a relatively larger share of all locally-initiated provider wage increases going forward. Instead, the State will continue to share in more of these costs, up to a 10% increase across three years. San Francisco will exceed its current 10% wage increase in FY 2022-23, but have the opportunity for the State to share in a new round of increases beginning in FY 2024-25.

Dignity Fund

In keeping with Proposition I (2016), the FY 2022-23 budget will include an additional \$3 million in new Dignity Fund appropriation, with the FY 2023-24 budget including a further \$3 million in new funding, or \$6 million cumulative, above FY 2021-22, for program enhancements. DAS, in accordance with the schedule described in the Dignity Fund legislation, is currently engaged on its second Community Needs Assessment (CNA). This detailed, interactive evaluation of the ever-changing landscape for DAS community programs will then inform the second Services and Allocation Plan (SAP), which will be developed in FY 2022-23 and guide the deployment of growth funding over the following four-year period.

Pursuant to the Dignity Fund's existing SAP, new funding in FY 2022-23 is not designated for specific program/service areas. Distribution of these funds will be focused on areas with high demand, early insights from the CNA work currently underway, and efforts to support DAS' network of community-based organizations in their reopening and post-pandemic operations. The new funding allocation for FY 2023-24 will be guided by the new SAP, which, as mentioned, will be developed next fiscal year. The current SAP structure describes a four-year cycle, with each year focused on specific program/service areas. Assuming the new SAP adheres to the same funding structure as the current, funds in FY 2023-24 would focus on the Case Management & Care Navigation and Community Connection & Engagement service areas.



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These program groups include community centers located Citywide, which provide opportunities for socialization, education, and meaningful participation in the community. Case Management & Care Navigation programs facilitate service connections and support individuals with complex needs to navigate available resources and promote stability.

New Initiatives

HSA is currently in the process of requesting supplemental appropriation and position authority for FY 2021-22 pursuant to historic investments by the State in housing-related programs to assist both homeless and housing-vulnerable populations. The new State funding was formalized too late to be included in HSA's budget proposal for the current year, and so the department is returning to the Mayor's Office and Board of Supervisors seeking additional, partial-year spending authority in order to proceed with implementing these revenue-backed expansions immediately. Several of the programs in HSA's supplemental request are part of the DAS budget and as such, the department will annualize these partial-year infusions in its FY 2022-23 and FY 2023-24 budget proposal.

Adult Protective Services (APS)

Statewide APS Expansion

On January 1, 2022 the State enacted new legislation expanding APS eligibility to older adults aged 60-64 and individuals experiencing homelessness, as well as requesting that APS programs provide longer-term case management for complex cases. The APS division currently receives approximately 7,000 reports of abuse and neglect annually, and anticipates receiving 1,200 additional reports per year due to the new mandates.

The agency's supplemental request included 16 new positions to support the projected case growth, which will enable the division to maintain current staff-to-case ratios. The new personnel include 13 client-facing protective services workers and technicians, as well as two administrative/clerical positions, and one manager. The annualized cost of these positions in FY 2022-23 is \$2.8 million, and is entirely backed by continued Federal and new ongoing State revenue. The division is also requesting an additional \$41,000 per year – a 17% increase – to augment its budget for purchases of goods and services



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to support clients with emergency needs such as food and shelter, payment of rental arrears, provision of heavy cleaning, pest abatement and other crisis interventions. Like the positions, this increase is also completely financed through the new State funding, of which San Francisco received \$2.4 million in the current year, out of a total \$70 million in ongoing funds allocated to counties to comply with statewide expansion of the APS program; the same amount is already included in the governor's budget for FY 2022-23.

Continue/Expand Home Safe Pilot Program

Additional appropriation was also sought through the supplemental request to support the continuation and augmentation of the APS Home Safe program, a two-year pilot launched in FY 2019-20 to provide specialized and highly-intensive case management and other stabilizing services to APS clients at imminent risk of homelessness. Over its duration, Home Safe enabled 70 individuals at risk of losing their housing in San Francisco to remain safely and stably housed.

Home Safe has been extended through FY 2023-24, with San Francisco having already received one allocation of \$3.4 million in FY 2021-22, and a similar allocation anticipated in FY 2022-23 based on the recently-released State budget for next fiscal year; all funds are available for expenditure through the end of FY 2023-24. In addition to augmented State financing, the program has been expanded to:

- include APS clients actively experiencing homelessness;
- allows dollars to be used for longer-term care strategies including assisted living placement;
- eliminate the requirement of county matching funds.

APS will utilize the new funding to build out its Home Safe program by: a) augmenting an existing contract with Institute on Aging, including increasing the amount of funds in the contract dedicated to assisted-living placements, b) establishing new community-based partnerships for provision of intensive case management, c) increasing capacity for emergency bed placements through a community-based provider, and d) retaining a small portion of the funding for emergency interventions provided directly through APS staff.



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As with the previous APS item, added expenditures related to extending and expanding the Home Safe program in San Francisco are entirely covered by new State revenues of \$3.4 million in the current year, then another \$3.4 million in FY 2022-23, with both amounts being available to the City through the end of FY 2023-24.

In-Home Supportive Services (IHSS)

IHSS in Permanent Supportive Housing

Funded in the current year with agencywide savings, and with temporary position authority already granted by the Mayor's Office, the IHSS division is establishing a pilot team of six social workers and one social work supervisor to engage directly with individuals in the City's permanent supportive housing (PSH) and shelter systems. As demonstrated over the past two years at the City's shelter-in-place (SIP) hotels in close collaboration with the department of Homelessness and Supportive Housing (HSH), IHSS services have often proven critical in promoting the housing stability and overall well-being of homeless and formerly-homeless individuals.

In order to connect more of these individuals to IHSS, this specialized social worker team will have members assigned to specific PSH and shelter sites, and will carry roughly 168 cases instead of the targeted standard 240 cases. Many in the target population have highly-complex psychiatric and medical conditions, struggle with unit habitability and personal care needs, and hence require a greater amount of support from IHSS staff. Connecting eligible individuals to IHSS services has considerable benefits to both clients and the City, as 100% of the marginal IHSS service costs are covered by the State through Medi-Cal once a client is enrolled. Through continued coordination with HSH, it is estimated that approximately 1,000 people might be connected to IHSS services over the next two years, which could result in more than \$24 million in IHSS services for vulnerable residents in PSH or shelter at no additional cost to the City.²

This year's DAS proposal, therefore, seeks to make these temporary positions permanent in the budget; the cost of the seven new positions

² Under the IHSS Maintenance of Effort, increases in services costs due to increases in IHSS cases or hours do not come with an additional county share. They also do not impact the calculation of costs for future MOE increases, since those are based on hours from F Y19-20.



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in FY 2022-23 is \$872,000, of which \$295,230 is the local share, while in FY 2023-24 the cost is \$1.1 million, of which \$378,985 is the local share.

FTE	Class	Title	22-23 cost	22-23 local cost	Annual cost	Annual local cost
6	2916	Social Work Specialist	\$ 742,766	\$ 234,899	\$ 953,487	\$ 301,539
1	2914	Social Work Supervisor	\$ 129,244	\$ 60,331	\$ 165,910	\$ 77,447
7			\$872,010	\$ 295,230	\$1,119,396	\$ 378,985

New Staffing to Address Caseload Growth

After years with a relatively flat caseload, the IHSS program has seen growth of just under 8% over the past two years, with the total number of cases increasing from roughly 22,500 recipients in FY 2019-20 to over 24,500 in the current year. Approximately 65% of this increase is a result of audit findings and updated State direction to counties. The State has directed DAS that IHSS programs must keep eligible clients enrolled in the program with up-to-date assessments whether or not clients are actively working with a provider and receiving services – as opposed to disenrolling clients who are not actively utilizing the IHSS services for which they are eligible.

Going forward, the State projects slow, but steady growth in IHSS, anticipating a 2.7% rise in caseload across California in FY22-23. The State’s 2.7% projected growth would increase the San Francisco IHSS caseload by 570 recipients by the end of FY 2022-23. In addition to this future growth in general cases, in May 2022, undocumented individuals 50 years of age and older will become eligible for full scope Medi-Cal; this policy change is projected to result in an additional 122 new IHSS cases, based on State estimates. Lastly, the State is phasing out asset tests on Medi-Cal, and San Francisco anticipates approximately 150 new IHSS cases as a result of this policy change. This brings the combined estimate for future IHSS case growth – based on State estimates – to 842 new cases in FY 2022-23.

In order to successfully address the current caseload, as well as better position the division to be able to handle future growth, the DAS budget proposal includes a request for 21 new social worker positions in FY 2022-23 at a total cost of \$2.4 million, \$1.1 million of which is the local share; the cost in FY 2023-24 is estimated to be \$3.2 million, of which \$1.4 million will be the local share. Of the 21, this includes five new positions in the 2916 classification to expand on the pilot efforts in



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PSH, as well as adequately serve the current PSH and shelter caseload with its more intensive needs. DAS also proposes to add three supervisors, one manager, and one principal clerk to support the new staff and maintain appropriate span of control.

FTE	Class	Title	22-23 cost	22-23 local cost	Annual cost	Annual local cost
16	2918	HSA Social Worker	\$ 1.8	\$ 0.9	\$ 2.4	\$ 1.1
5	2916	Social Work Specialist	\$ 0.6	\$ 0.2	\$ 0.8	\$ 0.3
3	2914	Social Work Supervisor	\$ 0.4	\$ 0.1	\$ 0.5	\$ 0.3
1	923	Manager II	\$ 0.2	\$ 0.1	\$ 0.2	\$ 0.1
1	1408	Principal Clerk	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
26		(cost in \$ millions)	\$ 3.1	\$ 1.4	\$ 4.0	\$ 1.9

Staffing levels in IHSS – as with many social services programs – are predicated on maintaining effective staff-to-case ratios, metrics often developed over years of organizational experience. In the realm of IHSS services, the desired caseload is 240 cases per social worker (SW) in the 2918 classification – these SWs handle mostly the City’s general caseload – and 168 cases per SW in the 2916 classification, which is distinguished by its focus on clients with complex mental, behavioral and/or medical issues. The new positions requested here will allow the IHSS division to maintain these ratios while providing timely service to recipients.

Increased staffing in IHSS is urgently needed in order to effectively operate the program; recent caseload growth necessitates analogous growth in the division’s headcount. Failure to adequately staff the IHSS division at this juncture impedes its ability not only to service the general caseload in a timely manner as mandated by the State, but also risks contributing to unnecessary hospitalizations – those which might’ve been avoided through the stabilizing effects of IHSS – as well as failing to assist its City partners, HSH and DPH, in supporting greater housing stability for clients both in, and transitioning through, shelter and PSH settings.

Office of Community Partnerships

DAS Nutrition

The Great Plates Delivered (GPD) program was a State-Federal pandemic relief effort launched toward the end of the FY 2019-20, which concluded in July 2021. This program provided eligible older and disabled adults with three restaurant meals per day delivered to the



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recipient's place of residence. In addition to food support, GPD also bolstered the City's restaurant sector, which struggled with disruptions brought about by the pandemic. This popular program served almost three million meals to over 4,000 total clients during its existence. A little more than 700 Great Plates clients have subsequently transitioned to DAS nutrition services, mainly home-delivered meals programming. The budget proposal for FY 2022-23 and FY 2023-24, therefore, includes an additional \$2 million in appropriation, which is the estimated ongoing cost of the 700 new clients now connected to the DAS nutrition network of service providers; this cost is entirely supported through local funds.

Other Position Changes

DAS proposes the following positions changes in the FY 2022-23 and FY 2023-24 budgets:

- 6 position substitutions to align positions with current department uses, as well as to increase operational efficiency and effectiveness of client services.
- Reassign 42 positions in order to accurately reflect in which division work is performed. While these shifts typically represent DAS staff moving internally (five follow this pattern this year), from one unit to another, this year's reassignments include moving 36 eligibility staff previously budgeted in the department of Benefits and Family Support (BFS) to DAS's Benefits and Resources Hub, with one position is also being reassigned from the Family and Children's Services division (in BFS) to the Office of the Public Conservator. These actions are cost neutral within HSA.
- One new program support analyst position will be added in the Office of Community Partnerships; it will be funded through increased, ongoing grant funding from the State to support administrative infrastructure for Area Agencies on Aging, of which DAS is one of 33 in the State.



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Required Action and Recommendation

With this memo, we request approval to submit the proposed FY 2022-23 and FY 2023-24 budgets for the Department of Disability and Aging Services to the Mayor's Office.