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MEMORANDUM

TO:	Department of Disability and Aging Services (DAS) Commission
THROUGH:	Shireen McSpadden, DAS Executive Director
FROM:	Daniel Kaplan, Deputy Director of Finance and Administration, Human Services Agency (HSA)
DATE:	February 3, 2021
SUBJECT:	Disability and Aging Services Budget for FY 2021-22 & FY 2022-23

Through this memo, we present to you for review and approval the FY 2021-22 and FY 2022-23 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 Disability and Aging Services Commission, as well as overarching budget goals set by the Mayor to prioritize programs with demonstrated outcomes centered around equity, and which continue to address the response to Covid-19 and the economic recovery.



London Breed
Mayor

Shireen McSpadden
Executive Director

As discussed at the DAS Finance Committee meeting on January 20, the budget outlook for next year is heavily influenced by the continued effects of the Covid-19 pandemic and its attendant economic recession. Weakness in local revenues coupled with increasing expenditures have led to a projected Citywide General Fund deficit of \$411.1 million in FY 2021-22 and a deficit of \$242.1 million in FY 2022-23.

HSA works diligently to maintain critical client aid and services. Overall, the budget proposal prioritizes core functions, minimizes service impacts, and seeks to leverage new revenue options.

Reduction Plan

The Mayor’s Office has requested budget reductions of 7.5% in discretionary General Fund in each upcoming budget for FY 2021-22 and FY 2022-23. Therefore, HSA’s two-year budget submission must include reductions in discretionary General Fund support of \$7.3 million in FY 2021-22, and \$7.3 million in FY 2022-23. Based on the Governor’s proposed budget in early January, HSA anticipates increases to its State



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allocations for CalFresh (+\$5.5 million), Medi-Cal (+\$1.6 million), and IHSS Administration (+\$0.6 million) in line with projected growth in caseloads and costs. These changes, coupled with better-than-expected revenues in a number of programs in the current fiscal year, offer HSA sufficient means to both meet its reduction target and to cover non-personnel cost growth and targeted substitutions in the upcoming budget years.

DAS Budget for FY 2021-22 and FY 2022-23

The Department's proposed \$407 million budget for FY 2021-22 is \$28 million, or 6.4%, less than the original FY 2020-21 budget of \$435 million. The department's revenues of \$257.1 million in FY 2021-22 are \$1.4 million, or 0.5%, higher than FY 2020-21 revenues of \$255.7 million. The budget reflects increased costs related to: a) the In-Home Supportive Services (IHSS) Maintenance of Effort, b) possible growth in the Dignity Fund pending the City's overall balancing plan, and c) mandated increases to salaries and fringe benefits in line with existing MOUs. 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 2020-21. The City's feeding response budget for FY 2021-22 has not been finalized or added to the DAS budget as of yet. The budget for FY 2022-23 is similar to FY 2021-22 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 details, 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: \$9.4 million in FY 2021-22, and an additional \$12.9 million in FY 2022-23, for a cumulative increase of \$22.3 million, relative to the projected FY 2020-21 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. While



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still substantial, these increases are reflective of budgetary changes to the IHSS MOE at the State level—including reducing the annual inflation factor from 7% to 4%—which improves the outlook for the City’s MOE obligation relative to prior years.

Dignity Fund

In light of the City’s projected General Fund deficit of \$411 million, the City may forego the annual \$3 million in Dignity Fund growth otherwise mandated by Proposition I (2016). As such, the FY 2021-22 budget is unlikely to include an additional \$3 million in new Dignity Fund appropriation, although a decision on this has not been finalized at this time and the funds are included in DAS’ initial submission. Were the growth funding to be added, a portion of it may be needed to support cost-of-doing business (CODB) increases for DAS contracts supported by the Dignity Fund. Because the \$3 million in annual growth was not appropriated in FY 2020-21, decisions regarding the distribution by service category, as outlined in the Fund’s Services and Allocation Plan, of future allocations—were they to be included in either year of the next DAS budget—will be made by the department, in conjunction with the Dignity Fund Oversight and Advisory Committee.

DAS will, in accordance with the schedule described in the Dignity Fund legislation, embark in FY 2021-22 on its second Community Needs Assessment. This detailed, interactive evaluation of the ever-changing landscape for DAS community programs will then inform the second Services and Allocation Plan, which will be developed in the second year of the proposed budget, FY 2022-23.

New Initiatives

COVID-19 Feeding

This year, HSA has taken a lead role in the City’s emergency response to the Covid-19 public health emergency. In addition to the Agency’s critical work on sheltering San Franciscans during the crisis, HSA and especially DAS has coordinated closely with other response efforts to address the City’s dramatic spike in food insecurity. HSA expects the pandemic-driven increase in demand for food will continue into FY 2021-22, even as the vaccine hopefully reduces the incidence of disease and allows for lifting of the shelter-in-place restrictions.



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Because of the projected need, DAS is working with staff at the Covid-19 Command Center and the Mayor's Office on a proposal to continue core feeding initiatives into FY 2021-22. The plan would provide new funding to continue response efforts and, hopefully, wind them down as needs diminish across the year. The proposed programs are:

- Community-based food supports for those impacted by the health and economic impacts of the COVID-19 pandemic. This includes continued investment in a close partnership with the San Francisco-Marin Food Bank, which is currently delivering over 80,000 food bags each month across 20 pop-up locations. It also includes a variety of smaller, targeted community programs such as partnerships with the Latinx community in the Mission and in Chinatown to address those disproportionately impacted by the pandemic.
- The City's Isolation and Quarantine Helpline will continue to deliver meals and/or groceries to food insecure households with a positive or suspected Covid-19 case.
- The DAS nutrition network anticipates that it will continue to serve a heightened number of older and disabled San Franciscans in need of food throughout the next fiscal year. It is expected that the Great Plates Delivered and Meals in Place programs will not continue in FY 2021-22, as shelter-in-place orders will be lifted.

HSA is also seeking support for a small number of temporary positions to support the community-based initiatives through the next fiscal year. These positions will allow staff currently deployed as disaster workers to return to their home departments. This team will also coordinate with philanthropy and other private resources to develop and sustain a collaborative recovery effort. Engaging with philanthropy, provider groups, and other key stakeholders is a critical aspect of this work to ensure services are equitable and accessible to communities disproportionately impacted by Covid-19.

Disability Cultural Center

With funding in place through the Dignity Fund, work continues on the development of San Francisco's Disability Community Cultural Center. A workgroup focused on this effort has convened and will



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collaboratively identify gaps, needs, and desires for a successful launch of the Center. The workgroup membership consists of collaboration between representatives from City departments and community-based organizations. The launch of a “virtual” Center in advance of a brick-and-mortar location is under study and discussion.

Online Resource Directory

The DAS Benefits and Resources Hub (BRH) was awarded funding from the California Department on Aging as a designated Aging and Disability Resource Connection (ADRC). The BRH is utilizing this funding to support the creation of an online resource directory. DAS is uniquely suited to develop and launch a dynamic online directory that will serve as a “front door” to services and information for consumers and partners alike. The directory is meant to be the first place an individual can go to get accurate information on all aspects of life related to aging or living with a disability. Making this available on the DAS website will allow the department to keep resources current and accessible to clients 24 hours a day, seven days a week.

Reframing Aging Phase 2

DAS is preparing to launch Phase 2 of its Reframing Aging work. While the initial iteration included a Citywide anti-ageism campaign, the next phase will tackle internalized ageism and ableism. This will further efforts to frame DAS services as empowering, and as a means of engaging with one’s community and remaining connected. In collaboration with its many community-based partners, DAS hopes that Reframing Aging Phase 2 will achieve its goals in FY 2021-22 and build upon the important work which was done previously.

Position Changes

DAS proposes the following positions changes in the FY 2021-22 and FY 2022-23 budgets:

- 5 position substitutions to align positions with current department uses, as well as to increase operational efficiency and effectiveness of client services. These savings are cost neutral.
- Reassign 24 positions in order to accurately reflect how positions are funded and/or in which division work is performed. These shifts mostly represent DAS staff moving, internally, from one



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unit to another. This year, these mostly represent the establishment of a new divisional budgetary structure for the Legal unit supporting guardianship and public administrator programs to clarify management and reporting.

Required Action and Recommendation

With this memo, we request approval to submit the proposed FY 2021-22 and FY 2022-23 budgets for the Department of Disability and Aging Services to the Mayor's Office.