

# City and County of San Francisco



## Department of Aging and Adult Services

### MEMORANDUM

<b>TO:</b>	AGING AND ADULT SERVICES COMMISSION FINANCE COMMITTEE
<b>THROUGH:</b>	ANNE HINTON, DIRECTOR
<b>FROM:</b>	PHIL ARNOLD, DEPUTY DIRECTOR FOR FINANCE AND ADMINISTRATION
<b>DATE:</b>	FEBRUARY 3, 2009
<b>SUBJECT:</b>	DAAS FY09/10 BUDGET PROPOSAL

### INTRODUCTION

This memo and attached documents lay out a proposed reduction plan for DAAS for Fiscal Year 2009/10 for approval by the Aging and Adult Services Finance Committee.

In developing the budget reduction plan for FY 2009/10, DAAS staff members have tried to adhere to a set of principles developed with and approved by the Aging and Adult Services Commission. These principles are as follows:

- Serve the most vulnerable consumers, including those who are isolated, in need of protective services, and those who are living in poverty
- Maintain access to information and services
- Utilize a targeted rather than across-the-board approach to budget reduction
- Maintain and improve communication between DAAS and community-based organizations
- Continue to seek out other financial/revenue streams
- Encourage and reward collaborative ventures between CBOs and City & County Departments

### CURRENT YEAR REDUCTIONS

In the current year, Fiscal Year 2008-2009, the City is facing a deficit of almost \$125 million. In order to close the current year gap, the Mayor has directed all City departments to decrease their City General Fund expenditures. The Mayor's Office directed HSA to reduce its budget by \$5.8 million in General Fund dollars. In total, DAAS prepared a budget reduction of approximately \$709,083 which included cutting five positions within DAAS that resulted in a general fund savings of \$137,151 and contract / work order reductions of \$246,932 and revenue increases of \$325,000. In an effort to

minimize the impact of budget reductions on clients and client outcomes, DAAS has focused in the current year on preserving essential ongoing services.

### **REDUCTION PLAN FOR FY 2009/10**

The Controller and Mayor's Budget Office project a citywide deficit of \$575 million for the next fiscal year. The Mayor has asked City departments to prepare plans for a total budget reduction of 25% of General Fund support for FY 09/10. The target budget reduction established by the Mayor's Budget Office for the Human Services Agency (DHS and DAAS) totals \$21.8 million; of this target, DAAS is responsible for approximately \$7 million in reductions. DAAS has prepared a budget reduction plan that meets this target. The budget reduction plan includes reductions in the following program areas and the accompanying impact statement will provide more detail:

- **Outreach Program Reduction (minimum \$50,000 savings in FY 09/10)**

As a part of the Adult Services Expansion funding, the Department identified \$150,000 to be used for outreach activities. The majority of these funds have historically supported the campaign to promote local community services for older adults and adults with disabilities. This reduction will decrease the amount of public information activities in FY 09/10.

- **Health Promotion Program Reduction (\$20,000 savings in FY 09/10)**

DAAS has been funding the Active Aging program through its community partners and this \$20,000 reduction will result in fewer trainings offered to DAAS clients.

- **Case Management Reduction (\$104,000 savings in FY 09/10)**

One contractor has offered to raise funds for its case management program. Therefore, the organization will no longer require DAAS case management funding and will not have to adhere to DAAS case management requirements. The flexibility will allow the organization to provide case management services better suited to their clientele.

- **Hoarders and Clutterers Reduction (\$75,000 savings in FY 09/10)**

In FY 07/08, through the addback process and community advocacy, the Department received and allocated \$200,000 for the Hoarders and Clutterers outreach and education campaign. This contractor and service also has received \$41,380 in FY 08/09 for programs designed for Younger Adults with Disabilities. This cut will result in fewer support groups offered and consequently fewer clients receiving services.

- **Community Services Reduction (\$176,959 savings in FY 09/10)**

This reduction will impact several different Community Services providers. Please see impact statement for more detail on these cuts.

- **Revenue Enhancing Proposal (additional revenue of \$167,757 in FY 08/09, \$402,617 in FY 09/10)**

In the current year and FY 09/10, Community Living Funded case management staff and Department of Public Health Registered Nurses will time-study to Federal Title XIX Health-Related Community

Services Block Grant and Skilled Professional Medical Personnel codes. This process will leverage non-General Fund revenues generating local savings.

- **Health Insurance Counseling and Advocacy Program (HICAP) General Fund Reduction (estimated \$44,523 savings in FY 09/10)**

In FY 06/07, the HICAP program received an additional \$23,000 of local addback funds, as well as yearly COLA increases since then. This shift would reduce the contract to the FY 09/10 State and Federal allocation.

- **Naturalization Program Reduction (\$65,000 savings in FY 09/10)**

This will reduce the contracts of five DAAS Naturalization providers and will result in fewer seniors being served.

- **Legal Services Reduction (\$40,000 savings in FY 09/10)**

This cut will not result in a fewer direct client service hours. Instead, it will mean a reduction across all legal providers for the creation and distribution of the Senior Rights Bulletin. This Bulletin will only be produced twice a year (currently four times a year) in multiple languages.

- **Money Management (\$48,000 savings in FY 09/10)**

DAAS is proposing to reduce the funding for this service from \$148,278 to \$100,278 in FY0910. The net impact of this action will result in approximately 55 clients no longer receiving services.

- **Adult Day Health Care (\$134,000 savings in FY 09/10)**

This funding provides financial patches for private pay clients for ADHC services. This reduction eliminates the subsidy. However, clients can continue to receive ADHC services if they can provide their own funds to support the program. This reduction will also decrease the number of hours for ADHC staff to provide enhanced services.

- **Resource Center Program Restructuring (\$740,554 savings in FY 09/10)**

A new Request for Proposal is being issued to re-program the Resource Center service. The new allocation for the Resource Center service will be reduced by \$740,554.

- **Laguna Honda ADCRC Closure (\$26,630 savings in FY 08/09 and \$51,217 savings in FY 09/10)**

This reflects the savings to DAAS as a result of the closure of the site by DPH earlier this year.

DAAS Staff have also identified other program areas that are in the final stages of budget reduction negotiation. The final plans will be presented at the Feb 11, 2009 DAAS Commission meeting.

- **DAAS Staffing Reductions and Restructuring (Estimated General Fund savings of \$170,000 in FY 08/09 and \$1,000,000 in FY 09/10)**

Proposed cuts to DAAS staff include both filled and vacant positions. Further detail on the specific positions will be forthcoming.

- **Nutrition Programs (\$1.2M savings in FY 09/10)**

DAAS staff and partner agencies have been meeting over the past several weeks to develop a plan that will reduce the need for local general fund while maintaining the overall meal count in order to ensure that DAAS clients will be impacted as little as possible. Staff and partner agencies were asked to propose new, innovative ways of providing meals to DAAS clients while reducing the costs. The final plan is still being negotiated with providers and will be submitted by the next DAAS Commission Meeting.

- **IHSS Program Reduction (\$2M savings in FY 09/10)**

IHSS program reductions include reduced contract hours in the Consortium contract, elimination of the Share of Cost subsidy program, and reducing administrative costs of the Public Authority in order to realize general fund savings. Staff is in the process of evaluating the impact on each individual client affected by the Share of Cost subsidy program elimination, to see whether there are alternatives for providing additional support so that clients could pay their own share of cost.

- **Revenue Increases for the Representative Payee Program (increase revenue by \$300,000 in FY 09/10)**

DAAS staff is currently exploring the possibility of charging fees for Representative Payee services. Per the Social Security Administration, the authorized monthly fee is the lesser of 10% of the monthly benefit or \$35. More details will be provided shortly.

## **SERVICE IMPACTS**

DAAS is committed to providing the highest quality of service to San Francisco's seniors and adults with disabilities. The Department has focused on preserving core services and sought to make reductions that will have the least impact possible on clients and client outcomes. However, it is simply not possible to make the kinds of reductions the agency is being asked to make without suffering a reduction in services for clients. Throughout these reductions, our aim is to minimize the negative impact on our clients.

## **NEXT STEPS**

Please review the attached budget reduction plan. A final plan must be approved at the February 11th Commission meeting in order to meet the deadline to submit the budget to the Mayor's Office by February 20<sup>th</sup>.

**Department of Aging & Adult Services**  
**FY08-09 and FY09-10 Budget Reduction Plan**

**Mavor's Budget Reduction Targets**

Total HSA Reductions		21,715,582				
<b><u>SUMMARY</u></b>						
Total DAAS Reductions & Savings		(7,000,000)				

**CURRENT YEAR, ANNUAL, ON-GOING REDUCTIONS & SAVINGS**

Item	FY 0809 Budget Reduction	FY0910 Budget	FY 0910 Budget Reduction	Remaining Budget	Total GF Share Savings	Notes
IHSS Program Savings			2,000,000	-	2,000,000	Savings based on restructuring and reducing certain components of the IHSS program, while continuing to fund increasing caseloads. Details are being negotiated.
DAAS Staff salary savings	170,000		1,000,000	-	1,170,000	Placeholder for DAAS Staff salary savings due to reduction in workforce – details are being negotiated.
Nutrition Program Savings			1,200,000		1,200,000	Placeholder for overall nutrition program restructuring – specific details are being negotiated.
Revenue Increases in CLF program	167,757		402,618	-	570,375	Savings based on leveraging non-GF revenues in the CLF program.
Revenue Increases in the Rep Payee Program			300,000		300,000	Placeholder for proposed new revenue generated by increasing the fee charged to Rep Payee clients.
Emergency IHSS Program		214,228	214,228	-	214,228	This reduction would eliminate the Emergency IHSS services as well as long term IHSS services to those whose income level are above the IHSS eligibility requirement.
Outreach Program		150,000	50,000	100,000	50,000	Reduce spending in outreach services.
Health Promotion		200,000	20,000	180,000	20,000	Reduce the funding for the Health Promotion services.
Case Management Program		2,080,639	104,000	1,976,639	104,000	The service provider will absorb the program costs while decreasing the regulatory requirements needed with DAAS funding.
HICAP General Fund		339,315	44,523	294,792	44,523	Reduce the general fund supplement to this program – only use State and Federal funds for this program
Hoarders and Clutterers Funding		241,380	75,000	166,380	75,000	Reduce funding for providing eviction prevention support to Hoarders and Clutterers.
Community Services		3,113,209	176,959	2,936,250	176,959	See attached impact paper for more details.
Naturalization Services		594,791	65,000	529,791	65,000	Reduce spending in Naturalization services.
Legal Services		868,828	40,000	828,828	40,000	Reduce the costs of providing Senior Rights Bulletin.
Money Management		148,278	48,000	100,278	48,000	Reduce spending in money management services.
Adult Day Health Care / ADC		312,792	134,000	178,792	134,000	Reduce the San Francisco Adult Day Services Network contracts
Resource Centers		1,234,732	740,554	494,178	740,554	Re-RFP the overall Resource Centers service.

Laguna Honda ADCRC closure	26,630	51,217	51,217	0	77,847	Savings captured as a result of the DPH site closure
<b>Total</b>	<b>\$364,387</b>	<b>\$9,549,409</b>	<b>\$6,666,099</b>	<b>\$7,785,928</b>	<b>7.030,486</b>	<b>+ \$30,486 of total needed</b>