



TO:	HUMAN SERVICES COMMISSION
THROUGH:	TRENT RHORER, EXECUTIVE DIRECTOR
FROM:	PHIL ARNOLD, DEPUTY DIRECTOR FOR ADMINISTRATION
DATE:	JANUARY 29, 2009
SUBJECT:	FY 2009-2010 BUDGET REDUCTION PLAN

INTRODUCTION

This memo and attached documents lay out a proposed reduction plan for DHS for Fiscal Year 2009-2010 for approval by the Human Services Commission. As in past years, this budget reduction plan includes items for the programs found in the Department of Human Services and the administrative units of the Human Services Agency; a parallel proposal for the programs within the Department of Aging and Adult Services (DAAS) will be presented to the Commission on Aging and Adult Services.

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

- Preserve programs and services that meet basic human needs, including: housing/shelter, food and nutrition, access to health care, income support and protection/safety;
- Minimize reductions to services and programs that leverage outside revenue;
- Maintain client services that are necessary to achieve mandated outcome objectives;
- Develop business process improvements and program efficiencies in order to reduce costs; and
- Consider program effectiveness when making budget reductions in specific programs or initiatives, without regard to whether service is provided by the Department or by a community-based organization.

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, DHS prepared a budget reduction of approximately \$5.9 million, including eliminating 68 positions within DHS and the joint administrative functions of HSA, as well as three positions within DAAS. In an effort to minimize the impact of budget reductions on clients and client outcomes, HSA has focused in the current year on preserving essential ongoing services. As a result,

some new programs that had not yet begun implementation have been suspended, scaled-back, or postponed.

REDUCTION PLAN FOR FY 2009-2010

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, DHS is responsible for approximately \$14.8 million in reductions. DHS has prepared a budget reduction plan that meets this target. The budget reduction plan includes reductions in the following areas:

- **Administrative Reductions and Restructuring**
(\$4,834,149 Total Funds, \$2,698,845 General Fund)

Cuts to administrative functions will allow HSA to preserve essential services and minimize reductions to direct client services. Specific reductions for FY 09-10 include cuts to professional services contracts for staff training and security services, as well as the elimination of 23 administrative and managerial positions. HSA will also discontinue our quarterly newsletter and our annual event recognizing staff achievements. In addition, the budget includes downsizing the Department's welfare fraud and investigations operations.

- **Housing and Homelessness: A Continued Focus on Permanent Housing**
(\$3,526,072 Total Funds, \$3,526,072 General Fund)

In keeping with past years, the proposed budget focuses on preserving permanent housing. Reductions will be made in several areas related to shelter services, including the elimination of the Tenderloin Health Resource Center and elimination of 24 hour operations at selected shelters. DHS will also reduce its annual funding for supportive housing for single adults by \$800,000, 5% of HSA's current \$16.5 million investment, by asking providers to reduce operating costs and cut back some of the site-based supportive services. This reduction will not reduce the number of units available and will not jeopardize individuals' housing. In addition, three administrative positions will be eliminated from DHS' Housing and Homelessness division.

- **County Adult Assistance Programs (CAAP) Restructuring**
(\$3,195,933 Total Funds, \$2,886,992 General Fund)

The CAAP Program will restructure its PAES employment services, resulting in savings of \$1,964,853 total funds, \$1,670,125 in General Funds. CAAP will also make changes in the calculation of aid payments to clients. Currently retroactive payments are provided to any client approved for assistance based on the date they applied. The proposed procedure will only allow these retroactive payments if the application has not been processed within seven days. This change will yield estimated savings totaling around \$1.1 million in General Funds. With these reductions, HSA has focused on maintaining services that meet basic human needs, while taking advantages of efficiencies and business process improvements that will reduce costs.

- **Program Changes in Family and Children's Services**
(\$6,695,656 Total Funds, \$4,878,147 General Fund)

The Family and Children's Services division has seen declining caseloads over the past several years. For example, the number of children in out of home foster care placements decreased by one-third

from January 2004 to January 2009, from 2,332 to 1,567. The number of children receiving Family Maintenance case management services also decreased by 40% in that same time period, from 554 to 333. Reducing staff, consolidating units, reducing non-core services, and scaling back programs will allow for savings and more targeted services for children and families. At all times, HSA has sought to maintain the services that are necessary to achieve mandated outcome objectives for children and families. Staff reductions total \$4,064,413 total funds, \$2,267,475 General Fund, while reducing non-core services will total \$871,243 in savings (\$850,672 General Fund). Finally, changes in aid payments will provide savings of approximately \$1,760,000, all General Fund dollars. Even with the proposed staffing reductions, DHS will retain staffing at a level well above that prescribed by the standards in state Senate Bill 2030, a key benchmark in the field.

SERVICE IMPACTS

DHS is committed to providing the highest quality of service to San Francisco's families and individuals. 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 12th Commission meeting in order to meet the deadline to submit the budget to the Mayor's Office by February 20th.

SF/HSA Human Services Agency
FY2009-2010 Budget Reduction Plan

Reduction Category	CBO/Vendor Name	Budget Item	Notes	FY09-10 Reduction	FY09-10 GF Share
Administration Program Restructuring	n/a	Flex Class Restructuring of 1424/1426s, 2903/2905s, 2910/2912s, and 9702/9703s	Permanently substitute Tx'd and vacant 1426s, 2905s, 2912s, and 9703s to lower classes.	\$578,112	\$317,962
		Management and administration program support position reductions	Delete 26 management and administration program support positions. Six positions make over \$100,000.	\$2,840,678	\$1,645,703
Administration Program Restructuring Total				\$3,418,790	\$1,963,665
Administration Program Services	EGC	Admin Contract - EG Communications - Outreach	Eliminate outreach contract	\$50,000	\$27,500
	Guardsmark	Admin Contract - Guardsmark Security Services	Savings due to consolidation of services	\$300,000	\$165,000
	Jerry Lew	Admin Contract - Jerry Lew - Training	Eliminate training contract, use in-house staff	\$50,000	\$27,500
	n/a	Admin Special Events Services	Eliminate Employee Recognition/Diversity program	\$50,000	\$27,500
Administration Program Services Total				\$450,000	\$247,500
Administration Work Order Services	District Attorney	Admin Work Order - District Attorney SIU Service	Fund DA for prosecution services-only. HSA staff will assume responsibility for welfare fraud investigations.	\$865,359	\$432,680
	DTIS	Admin Work Order - Department of Technology - Moves/Changes	Savings based on projected need	\$100,000	\$55,000
Administration Work Order Services Total				\$965,359	\$487,680
CAAP Aid Payments Changes	n/a	CAAP Aid Payments - Revise timing of check distribution	Distribute and date GA grant checks on date client becomes eligible for GA. May affect approximately 1,008 clients.	\$913,743	\$913,743
		Credit for CAAP Aid Payments - Revise timing of check distribution	Credit for current year, March 1, 2009, implementation of GA check distribution change.	\$204,581	\$204,581
CAAP Aid Payments Changes Total				\$1,118,324	\$1,118,324
CAAP Program Restructuring	n/a	CAAP PAES Transition to Workforce Development	Shift PAES services to Workforce Development, resulting in approximately 17 position reductions.	\$1,684,160	\$1,431,536
		Credit for CAAP PAES Transition to WDD	Reduction credit for eliminating 17 positions in current fiscal year as part of PAES transition to Workforce Development.	\$280,693	\$238,589
CAAP Program Restructuring Total				\$1,964,853	\$1,670,125
CAAP Program Services	Glide	CAAP Services at Glide	Move function to new Boyd Employment Center, eliminate 1-2905 Eligibility Worker	\$112,756	\$98,543
CAAP Program Services Total				\$112,756	\$98,543
CalWORKs Program Restructuring	n/a	CW CalWORKs Child Care Eligibility Time Study to Stage 1 - Fringe	Staff coordinating child care to leverage CalWORKs Stage 1 revenue	\$19,557	\$19,557
		CW CalWORKs Child Care Eligibility Time Study to Stage 1 - Salaries	Staff coordinating child care to leverage CalWORKs Stage 1 revenue	\$50,146	\$50,146
CalWORKs Program Restructuring Total				\$69,703	\$69,703
Credit for PY Reductions	n/a	Credit from Excess FY08-09 Mid-Year Reduction	Credit for excess savings in FY08-09.	\$759,863	\$759,863
Credit for PY Reductions Total				\$759,863	\$759,863

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Reduction Category	CBO/Vendor Name	Budget Item	Notes	FY09-10 Reduction	FY09-10 GF Share
FCS Aid Payment Changes	Aid	FCS Foster Care Rate Enhancement	Reduce budget to projected program need. No client impact.	\$660,000	\$660,000
		FCS Foster Care Rate Enhancement Savings from FY08-09	Reduction credit for FY08-09 Aid savings. No client impact.	\$900,000	\$900,000
	n/a	FCS All County Funds Foster Care (9X) Caseload	Reduce County-only funded 9X caseload by 5% through active intervention.	\$200,000	\$200,000
FCS Aid Payment Changes Total				\$1,760,000	\$1,760,000
FCS Program Restructuring	Alternative Family Services	FCS Support Services Restructuring - Tutoring	Eliminate contracted tutoring services for approximately 15 foster youth living in the Bay Area but not in San Francisco.	\$55,780	\$55,780
	Corrinne Communications	Parenting Education Coordination	Eliminates quality assurance and technical assistance to CBOs providing parenting education curriculum programs.	\$29,882	\$29,882
	Girls 2000 / Bayview Hunter's Family	Parent Advisory Council	Fold Parent Advisory Council coordination into another existing contract. Minimal client impact.	\$67,243	\$67,243
	Instituto Familiar de la Raza	Parent Advisory Council Language Support	Reduction to Spanish language support for Parent Advisory Council.	\$37,000	\$37,000
	Leaders in Community Alternatives	FCS Support Services Restructuring - Drug Testing	Savings based on reduced requirement for drug testing. Minimal client impact.	\$48,000	\$48,000
	n/a	Credit for FCS Program Caseload Restructuring in current fiscal year	Reduction credit for savings by eliminating FCS positions on May 1, 2009 for two months of current savings.	\$518,849	\$262,429
		FCS Program Caseload Restructuring	Eliminate 1-1426 Sr Clerk Typist based on declining caseloads.	\$77,679	\$31,072
			Eliminate 16-2940 Protective Service Workers based on caseload standards and declining caseloads.	\$1,923,804	\$980,745
			Eliminate 2-2912s performing Relative Approvals and 1-2912 ICPC based on declining caseloads.	\$299,762	\$146,883
			Eliminate 6-2944 Supervisors based on caseload standards and declining caseloads.	\$811,849	\$413,876
		FCS Support Services Restructuring	Policy changes have reduced costs related to fastpasses, supervised visitation, therapy, and psychological evaluations. No client impact.	\$140,345	\$140,345
		FCS Support Services Restructuring - Tutoring	Eliminate services for approximately 15 foster youth living outside of the San Francisco Bay Area.	\$54,220	\$54,220
FCS Program Restructuring Total				\$4,064,413	\$2,267,475
FCS Program Services	Edgewood	FCS KinGAP Advocacy	Eliminate inactive program. No known clients currently being served.	\$50,000	\$50,000
	Family Support Services of the Bay Area	FCS Respite Services Restructuring	Eliminate services to non-DHS families with children at-risk of abuse and neglect. Redirect to FCS foster parents of children with special medical needs.	\$235,225	\$235,225

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Reduction Category	CBO/Vendor Name	Budget Item	Notes	FY09-10 Reduction	FY09-10 GF Share
FCS Program Services	Various	FCS Contract Reductions	General across the board 10% General Fund reduction in many FCS contract services not already facing a budget cut	\$586,018	\$565,447
FCS Program Services Total				\$871,243	\$850,672
HL Adult Shelters	Bernal Heights Neighborhood	Monterey Apts.	Reduce by 10%. No major impact.	\$2,379	\$2,379
	Catholic Charities	Family Shelter + Care Scattered Sites	Reduce by 10%. No major impact.	\$13,433	\$13,433
	ECS and St. Vincent De Paul	24-Hour Shelter Services Restructuring	Reduce Sanctuary service to 15-hours from 24-hours, provide daytime space at MSC South and Next Door, and utilize other sites and daytime services to provide space for clients. No major impact.	\$455,000	\$455,000
HL Adult Shelters Total				\$470,812	\$470,812
HL Child Care	Compass Community Services	Compass Community Services	Eliminate non-core services (childcare).	\$94,521	\$94,521
	Holy Family Day	Holy Family Day	Eliminate non-core services (case management to families using childcare). No major impact.	\$69,822	\$69,822
HL Child Care Total				\$164,343	\$164,343
HL Drop-In Centers	Mission Neighborhood Health Center	HL Drop-In Centers - Ladies' Night at Mission Resource Center	Eliminate the non-core Ladies' Night component of resource center.	\$157,000	\$157,000
	Tenderloin Health	HL Drop-In Centers - Tenderloin Health Resource Center	Eliminate program that does not meet the department's core basic services. Shelter reservation access will be added to other sites.	\$529,817	\$529,817
HL Drop-In Centers Total				\$686,817	\$686,817
HL Permanent Support Housing	Catholic Charities	Rita da Cascia - Positive Match	Reduce by 10%. No major impact.	\$15,641	\$15,641
	Episcopal Community Services	Canon Barcus Permanent Housing	Reduce by \$98,000 for childcare services and a 10% cut. No major impact. Clients primarily not in DHS housing.	\$136,355	\$136,355
	Glide Community Housing, Inc.	Cecil Williams Community House	Reduce by 10%. No major impact.	\$47,694	\$47,694
	Larkin Street Youth Services	Larkin Street Youth Services - 864 Ellis	Eliminate non-core services - 15 of 24 units occupied by tenants over age 25. No major impact.	\$69,000	\$69,000
	Rubicon Programs, Inc.	Rubicon Permanent Supportive Housing	Reduce funding on service rich program. All 51 units are Section 8. No major impact.	\$42,917	\$42,917
	TODCO	TODCO	Reduce by 10%. No major impact.	\$25,320	\$25,320
	Various	HL Supportive Housing Services	Reduce funding to providers based on approved service standards. No major impact.	\$800,000	\$800,000

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Reduction Category	CBO/Vendor Name	Budget Item	Notes	FY09-10 Reduction	FY09-10 GF Share
HL Permanent Support Housing Total				\$1,136,927	\$1,136,927
HL Permanent Support Housing No Placements	Bridge Corporation	Bridge Corporation	Eliminate non-core services. No major impact. Tenants have higher income than other clients served.	\$10,411	\$10,411
	CHP	Support Services Mixed Housing	Savings due to contract underspending. Reduce by 10% reduction. No major impact.	\$108,137	\$108,137
		Support Services Single Housing	Savings due to contract underspending. No major impact.	\$44,089	\$44,089
	Housing Services Affl. Of BHNC	Bernal Gateway	Reduce by 20%. No major impact. Tenants have higher income than other clients served.	\$42,660	\$42,660
	Larkin Street Youth Services	Castro Street Youth Initiative	Reduce by 10%. No major impact.	\$42,598	\$42,598
	Mary Elizabeth Inn	Mary Elizabeth Inn	Reduce to HUD match of \$109,000. No Major impact.	\$29,647	\$29,647
	San Francisco Housing Dev Corp	San Francisco Housing Dev Corp - Bayview Commons	Reduce non-core services by 10%. Tenants not referred through DHS. Ancillary support services, not homeless prevention services. Other resources available -- Family Housing on 3rd Street. No major impact.	\$17,233	\$17,233
	Tenderloin Neighborhood Development Corporation	Permanent Supportive Housing	Savings due to contract underspending. Tenants not referred through DHS, unlikely tenants would lose housing as result of funding reduction. No major impact.	\$42,907	\$42,907
HL Permanent Support Housing No Placements Total				\$337,682	\$337,682
HL Permanent Support Housing Support Services	UCSF	HL Roving Team - Medi-Cal Revenue Leveraging	Leverage Medi-Cal revenues. No impact on services.	\$150,000	\$150,000
HL Permanent Support Housing Support Services Total				\$150,000	\$150,000
HL Support Services Only, Non HSA	CHP	SHEC	Reduce to HUD match of \$33,573.	\$114,000	\$114,000
	Providence Foundation of SF	Case Management	Eliminate service as other resources are available.	\$204,421	\$204,421
	Tenderloin Housing Clinic	Ellis Act Services	Eliminate legal service addback. Other resources available to provide these non-core services.	\$125,000	\$125,000
HL Support Services Only, Non HSA Total				\$443,421	\$443,421
HL Transitional Housing	Compass Community Services	Clara House Trans housing	Reduce by 10%. No major impact.	\$26,098	\$26,098
	Hamilton Family Center	Hamilton Family Center Transitional Housing	Reduce by 10%. No major impact.	\$36,769	\$36,769
	Larkin Street Youth Services	Geary Street Transitional Housing	Reduce contract budget by 10%. No major impact.	\$33,654	\$33,654
	SF Network Ministries	Safe House Transitional Housing	Eliminate program enhancement addback. Reduce by 29%. No major impact.	\$39,549	\$39,549
HL Transitional Housing Total				\$136,070	\$136,070
Grand Total				\$19,081,376	\$14,819,622