

**BOARD OF SUPERVISORS  
BUDGET ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292

April 28, 2014

**TO:** Members of the Board of Supervisors

**FROM:** Budget and Legislative Analyst's Office



**SUBJECT:** April 29, 2014 Board of Supervisors Meeting  
Item 21, File 14-0390: Hearing – Homeless Outreach Services Release of Reserves  
Item 22, File 14-0392: Hearing – Nonprofit Rent Stabilization Program Release of Reserves

Attached is the Budget and Legislative Analyst's Office's reports on the requested release of (1) \$1,387,500 in General Fund Reserves in the Department of Public Health's FY 2013-14 budget for Homeless Outreach Services; and (2) \$4,515,000 in General Fund Reserves for Nonprofit Rent Stabilization in FY 2013-14.

<p><b>Item 21</b> <b>File 14-0390</b></p>	<p><b>Department:</b> Department of Public Health (DPH)</p>
---	---

**EXECUTIVE SUMMARY**

**Legislative Objective**

- Hearing to consider the release of General Fund Reserve monies placed on reserve by Ordinance No. 42-14 (File 14-0121) in the amount of \$1,387,500 for Homeless Outreach Services for DPH in FY 2013-14.

**Key Points**

- On March 25, 2014, the Board of Supervisors approved a supplemental appropriation of \$1,387,500 of General Fund Reserve in the Department of Public Health’s (DPH) FY 2013-14 budget to fund Homeless Outreach Services, and placed these funds on reserve, pending submission to the Board of Supervisors on the final project scope, budget, and implementation plans.
- According to the Budget and Legislative Analyst’s report to the March 19, 2014 Budget and Finance Committee, this supplemental appropriation is to fund additional San Francisco Homeless Outreach Teams (SFHOT), which are DPH’s main outreach and case management program for San Francisco’s homeless population.
- According to Ms. Maria Martinez, Acting Director of SFHOT, SFHOT’s services to clients have been impacted by (1) new requirements imposed by the Affordable Care Act, and (2) operational limitations with current resources, organization, and infrastructure. Ms. Martinez says that DPH wants to increase the clinical skill level and capacity of the case management and outreach teams - currently comprised primarily of para-professionals - by bringing in more licensed medical staff, social workers, and master’s and bachelor’s level staff.

**Fiscal Impact**

- DPH does not yet have a specific plan to spend the requested \$1,387,500 in FY 2013-14. According to Ms. Jennie Louie, DPH Budget Manager, DPH and the stakeholders will further discuss the scope of services in a meeting on Monday, April 28, 2014.
- As of the writing of this report, because DPH does not yet have a specific plan for the expenditure of the requested \$1,387,500, the Budget and Legislative Analyst continues to recommend that the \$1,387,500 remain on reserve, until DPH is able to provide the scope of services, implementation plans, and budget details.

**Recommendation**

- Continue to reserve the \$1,387,500, until DPH is able to provide the scope of services, implementation plans, and budget details.

## MANDATE STATEMENT

### Mandate Statement

In accordance with Section 3.3 of the City's Administrative Code, the Board of Supervisors or the Budget and Finance Committee may place requested expenditures on reserve which are then subject to release by the Board of Supervisors or the Budget and Finance Committee.

## DETAILS OF PROPOSED LEGISLATION

Hearing to consider the release of General Fund monies placed on reserve by Ordinance No. 42-14 (File 14-0121) in the amount of \$1,387,500 for Homeless Outreach Services to be provided by the Department of Public Health in FY 2013-14.

On March 25, 2014, the Board of Supervisors approved a supplemental appropriation of \$1,387,500 from the General Fund Reserve in the Department of Public Health's (DPH) FY 2013-14 budget to fund Homeless Outreach Services, and placed these funds on reserve, pending submission to the Board of Supervisors on the final project scope, budget, and implementation plans.

According to the Budget and Legislative Analyst's report to the March 19, 2014 Budget and Finance Committee, this appropriation is to fund additional San Francisco Homeless Outreach Teams (SFHOT), which are DPH's main outreach and case management program for San Francisco's homeless population. SFHOT provides two main lines of service, the Engagement Specialist Team (EST) and Stabilization Care Management (STCM).

- **The Engagement Specialist Team** performs targeted outreach to homeless individuals and also responds to requests to bring high-risk homeless persons with health, mental health, and substance abuse issues into DPH's Emergency Stabilization Rooms and other institutional care settings.
- **Stabilization Care Management** provides short-term case management for 480 high-risk homeless individuals, assisting with placement into transitional and permanent housing, and securing appropriate medical treatment. STCM currently offers 292 units of emergency stabilization housing (classified as Transitional Housing<sup>1</sup>), provided at an annual cost of \$2,628,000).

At present, SFHOT consists of 7 City employees, including 5 social workers, one physician, and one nurse practitioner, and approximately 50 contracted positions, including administrative support, engagement specialists, dispatchers, and three teams of paraprofessional case managers. The contract is managed by Community Awareness & Treatment Services Inc. (CATS), a San Francisco non-profit that provides homeless care services. SFHOT had a FY 2013-2014 budget of \$7,478,571, of which \$2,992,754, or 40%, was devoted to the CATS contract.

---

<sup>1</sup> Transitional housing is classified as temporary housing provided for up to two years designed to help homeless persons stabilize prior to moving into permanent housing. It includes shorter-term arrangements including medical respite and emergency stabilization rooms.

According to Ms. Maria Martinez, Acting Director of SFHOT, SFHOT's services to clients have been impacted by (1) new requirements imposed by the Affordable Care Act, and (2) operational limitations with current resources, organization, and infrastructure. The implementation of the Affordable Care Act has increased requirements for the "care coordination"<sup>2</sup> of complex clients, in order to improve services and increase cost savings, which has created a need for increased expertise, clinical assessment, communication, documentation, supervision, resources, and quality assurance. According to Ms. Martinez, the current para-professional outreach and case management teams cannot provide this increased level of care coordination. Additionally, Ms. Martinez says the current organization of SFHOT does not have sufficient staff resources to allow for comprehensive 24-hour coverage of homeless outreach and referral.

Ms. Martinez says that DPH wants to increase the clinical skill level and capacity of the case management and outreach teams - currently comprised primarily of para-professionals - by bringing in more licensed medical staff, social workers, and master's and bachelor's level staff. DPH also wants to change their current outreach model by reorganizing internal staff. This will include more targeted outreach searching for high-risk, high-cost homeless clients, as well as added infrastructure such as transport vans.

## **FISCAL IMPACT**

DPH does not yet have a specific plan to spend the requested \$1,387,500 in FY 2013-14. According to Ms. Jennie Louie, DPH Budget Manager, DPH and the stakeholders will further discuss the scope of services in a meeting on Monday, April 28, 2014.

As of the writing of this report, because DPH does not yet have a specific plan for the expenditure of the requested \$1,387,500, the Budget and Legislative Analyst continues to recommend that the \$1,387,500 remain on reserve, until DPH is able to provide the scope of services, implementation plans, and budget details.

## **RECOMMENDATION**

Continue to reserve the \$1,387,500, until DPH is able to provide the scope of services, implementation plans, and budget details.

---

<sup>2</sup> The U.S. Department of Health and Human Services defines care coordination as: "the deliberate organization of patient care activities between two or more participants (including the patient) involved in a patient's care to facilitate the appropriate delivery of health care services. Organizing care involves the marshalling of personnel and other resources needed to carry out all required patient care activities and is often managed by the exchange of information among participants responsible for different aspects of care."