

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

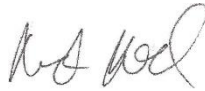
BUDGET AND LEGISLATIVE ANALYST

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April 24, 2026

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: April 29, 2026 Budget and Finance Committee Meeting

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Item 2
File 26-0341

Department:
Human Services Agency (HSA)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the first amendment to the grant between the Human Services Agency's (HSA) Department of Disability and Aging Services and Homebridge, Inc. to provide contract mode in-home supportive services, increasing the not to exceed amount by \$118,800,000 for a total not to exceed \$158,400,000 with no changes to the four-year term from July 1, 2025, through June 30, 2029.

Key Points

- The In-Home Supportive Services (IHSS) program provides in-home care services to low-income seniors and disabled persons, allowing them to remain in their homes and avoid institutional care. Just under four percent of IHSS recipients in San Francisco receive services through the Contract Mode, which serves clients with higher needs who are unable to hire or supervise their own providers. In May 2025, the Board of Supervisors approved a grant between HSA and Homebridge to provide Contract Mode IHSS services for a four-year term from July 1, 2025 through June 30, 2029, with an initial not-to-exceed amount of \$39.6 million for FY 2025–26 and funding for subsequent years to be requested in Spring 2026.
- The proposed amendment continues the existing scope of services, including personal care, care coordination, and provider training. Homebridge will also continue to provide approximately 565,949 service hours annually to an estimated 1,100 clients.
- In FY 2024-25, Homebridge did not meet most performance targets, although performance improved across several measures, including service timeliness, staff training, and client satisfaction and were close to target in several cases. Challenges in meeting service hour targets are primarily driven by the complexity of client needs, including mental and behavioral health conditions that contribute to high rates of service refusal and unavailability.

Fiscal Impact

- The proposed amendment increases the total grant amount to \$158.4 million over four years, including a 10 percent contingency. The annual budget remains \$36.0 million. Based on the current rate of \$63.61 per hour, the annual budget provides for 565,949 hours for an estimated 1,100 clients.
- The grant is funded by Federal (51 percent), State (19 percent), and City General Fund (30 percent) sources.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND**In-Home Supportive Services (IHSS)**

Administered by each county in California, the In-Home Supportive Services (IHSS) program provides federal, state and local funding for eligible low-income seniors over the age of 65 and disabled persons to receive non-medical personal care, domestic services and paramedical services and other household assistance in their home. IHSS care allows seniors and disabled persons to remain in their own homes (which include SRO hotels, shelters, and public or senior housing) and, as a result, avoid costly and unnecessary hospitalization or institutionalization.

To be eligible for IHSS, recipients must live in their own homes located in the City and must 1) receive full-scope Medi-Cal, and 2) receive approval from a licensed health care professional to receive IHSS. Each eligible IHSS client is allocated a specified number of monthly IHSS service hours based on an annual needs assessment conducted by the Human Services Agency's (HSA) Department of Disability and Aging Services. IHSS service hours are provided to clients through two modes of service delivery: (1) the Independent Provider (e.g., home care provider) mode, or (2) the Contract Mode for clients who typically have higher needs and are therefore unable to find and/or supervise their own Independent Providers, primarily because of cognitive impairment and/or serious mental illness.

According to HSA, there are currently 30,143 IHSS active recipients, with almost 96 percent utilizing the Independent Provider mode of service. Just under four percent of recipients receive services through Homebridge, which is currently San Francisco's Contract Mode provider. Less than one percent use both Independent Provider and Contract Mode. In addition, as of April 3, 2026, 192 recipients are on leave and 1,288 applications are pending.

Existing Grant

In May 2025, the Board of Supervisors approved a grant between HSA and Homebridge, Inc. (Homebridge) to provide Contract Mode in-home supportive services for a four-year term from July 1, 2025, through June 30, 2029, for a total not to exceed amount of \$39,600,000 for the period of July 1, 2025 through June 30, 2026, with not to exceed amounts for subsequent years to be requested in Spring 2026 (File 25-0224). Under the terms of the RFP, the total grant duration was for four years.

Consequently, HSA is proposing an amendment to increase the not to exceed amount to fund the remaining three years of the grant term, which is now under consideration for approval by the Board of Supervisors.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the grant between HSA's Department of Disability and Aging Services and Homebridge to provide contract mode in-home supportive services, increasing the not to exceed amount by \$118,800,000 for a total not to exceed \$158,400,000 with no changes to the four-year term from July 1, 2025, through June 30, 2029. The resolution also authorizes HSA to make further immaterial amendments to the grant.

Services

As previously mentioned, IHSS Contract Mode serves clients with higher needs who are unable to identify and/or supervise their own Independent Provider, typically because of cognitive impairment and/or serious mental illness. Under the proposed amendment, Homebridge will continue to provide the following services:

- **Contract Mode Services:** IHSS services include domestic services, meal planning, heavy cleaning, grocery shopping, non-medical personal services, accompaniment services, yard hazard abatement, protective supervision, and paramedical services.
- **Care Management and Administrative Support:** Create regular care schedules with clients and process new recipient referrals from HSA staff. This includes providing regular supervisory visits to clients to ensure safety and satisfaction with services.
- **Provider Training and Skill Development:** Provide intensive supervision and basic and advanced training to Contract Mode home care providers. Basic training courses include topics such as food safety and sanitation, emergency preparedness, infection and exposure control, food and medication interaction, home safety, OSHA requirements, CPR and First Aid, and personal care and home care standards. Advanced training courses focus on specific areas such as nutrition, fall prevention, using durable medical equipment, mental illness and substance abuse, and de-escalation.

The grant also requires Homebridge to address barriers that clients encounter regarding engagement of approved services because of mental and behavioral health challenges. This includes providing service coordination, troubleshooting barriers and other challenges that could result in service termination, and communication and coordination of wraparound case management services and/or referrals for clients.

Under the proposed amendment, Homebridge will continue providing 565,949 hours¹ annually to an estimated 1,100 clients at any given time. Under the prior agreement, which expired in June 2025, Homebridge provided 554,036 hours in FY 2024-25 to 1,634 clients according to the FY 2025 IHSS Annual Report prepared by the organization.

¹ According to HSA, the 625,000 annual hours detailed in the existing grant's scope of services reflects full use of the contingency. The proposed budget excluding the contingency provides funding for 565,949 annual hours.

Performance and Fiscal Monitoring

FY 2024-25 Performance

As reflected in Exhibit 1 below, the FY 2024-25 Annual Report showed that Homebridge underperformed in a little over half (five out of nine) service and outcome objectives, though in some cases the actual performance was close to the contract target. This is similar to performance results in FY 2023-24, though Homebridge demonstrated improvement across multiple service and outcome measures in FY 2024–25, particularly in service timeliness, staff training, survey response rates, and client satisfaction. However, performance remained below target in key areas, including service hours delivered and survey participation.

HSA states that meeting the service objective to serve an annual average of at least 65 percent of total authorized hours was a challenge due to the complexity of contract mode recipients' needs, including mental and behavioral health challenges that contribute to high rates of service refusal and unavailability; the metric is under review to establish a more feasible target. Homebridge has enhanced its reporting to better capture barriers to service delivery, including data on authorized, inactive, requested, scheduled, and delivered hours to provide a clearer picture of challenges in serving contract mode recipients. In addition, achieving the service objective to serve an annual average of at least 95 percent of authorized hours when recipients are available and accept services was challenging for staff due to the complexity of serving high-need clients, including factors such as unsafe service environments and client behaviors that pose safety risks. According to HSA, Homebridge reports that this measure has improved to 94.1 percent in the current year. HSA is working with Homebridge to refine reporting by identifying recipients who are classified as available and accepting services but decline providers based on preferences, to better capture service delivery challenges. Homebridge plans to expand recruitment efforts to better align workforce capacity with recipients' cultural, linguistic and service needs. Although Homebridge underperformed on the survey response rate objective, in FY 2025–26, the grantee implemented new strategies to improve client's ability to complete the satisfaction survey independently and exceeded the 30 percent target, achieving a 33 percent response rate according to HSA staff.²

Increase in Number of Hours Served

In FY 2024-25, Homebridge provided 554,036 hours to 1,634 clients, which exceeded the contracted levels under the prior agreement. Due to the expansion of Medi-Cal eligibility, which increased the number of people eligible for IHSS, Homebridge increased its average number of hours served per month from 33,577 in FY 2022-23 to 45,230 in FY 2024-25, an increase of 35 percent over two years. In May 2022, Medi-Cal eligibility was expanded to include undocumented immigrants ages 50 and older, and as of January 2024, the Medi-Cal program no longer considers applicants assets and instead relies on income when determining eligibility, which also increased the number of people eligible for Medi-Cal. According to HSA, recent Medi-Cal policy changes, including more frequent eligibility redeterminations and restrictions on immigrant coverage, may

² The survey was administered in February 2026.

result in some IHSS recipients losing eligibility. HSA anticipates continued growth (albeit at a slower rate) due to California Advancing and Innovating Medi-Cal (CalAIM) initiatives focused on providing care in community-based settings, as well as changes in age demographics.

Exhibit 1: FY 2024-25 Service and Outcome Objectives³

Service or Outcome Objective	Target	Actual (FY 2024-25)	Actual (FY 2023-24)
Grantee will provide an annual average of at least 65% of Total Authorized Hours of IHSS.	65%+ ⁴	54%	54%
Grantee will provide an annual average of at least 95% of Authorized Hours of IHSS when recipients are available for and accept service.	95%+	88.7%	82.2%
Grantee will provide services to new recipients within the DAS-required 5-business day period or 24-hour emergency period, as specified by DAS Social Worker.	100% emergency and 100% non-emergency referrals	94% emergency and 95% non-emergency ⁵	88% emergency and 85% non-emergency ⁶
Grantee will provide basic Skill Development Training to 100% of its staff providers.	100%	100%	100%
Grantee will provide advanced Skill Development Training to 75% of its staff providers.	75%+	87.3%	80.5%
Grantee will administer an annual, comprehensive, anonymous written satisfaction survey to 100% of recipients (provided in the language spoken by the recipients) and achieve a response rate of 30% by Year 3	30%+	20%	12.2%
On the annual comprehensive, anonymous written satisfaction survey of recipients (provided in the language spoken by the recipients), 90% of recipients will indicate the following: •Services helped them remain safely at home; •Provider regularly arrived on time; •Provider provided the necessary authorized services; •Provider took instructions well; •Client could communicate to provider staff in language of choice; •Cultural and ethnic needs were met and respected; •Care Supervisor returned calls within 24 hours and treated clients with respect; •Client was satisfied with the schedule created by their Care Supervisor •Care Supervisor resolved problems in a timely and satisfactory manner	90%+ for every measure	Average of 86.2% across all measures ⁷	Average of 82.3% across all measures
Using periodic client assessments conducted in the field, Homebridge will maintain an average score of 4 on a scale of 1 (Poor) to 5 (Excellent) where clients rate their providers in the areas of quality of work, ability to perform all authorized tasks, relationship to recipient, communication skills with recipient, sensitivity to recipient's needs and timeliness.	Average score of 4	Average score of 4.24	Average score of 4.17
Quarterly compilation of 20% of recipient timesheets (Recipient Time Tracking) will show that at least 95% of recipients will have indicated on their timesheets "the Provider came within the time frame needed."	95%+	97%	99.1%

Source: HSA

Note: Gray shading indicates result did not meet performance target.

Fiscal and Compliance Monitoring

HSA staff reviewed Homebridge’s financial documents as part of the FY 2024-25 Citywide Fiscal and Compliance Monitoring program and identified no findings.

FISCAL IMPACT

The proposed first amendment would increase the not-to-exceed amount of the grant by \$118,800,000, for a total not to exceed \$158,400,000, including a 10 percent contingency. The proposed annual budget of \$36.0 million remains flat for the four-year grant period. Sources and uses of the proposed grant spending from FY 2025-26 through FY 2028-29 are summarized in Exhibit 2 below. According to HSA, actual expenditures from July 2025 to February 2026 are approximately \$23.5 million, or 65 percent of the total annual budget. HSA states that Homebridge is projected to fully expend its FY 2025–26 budget.

³ The agreement also included four additional service objectives – two related to timely dispatch of replacement workers, one related to following DAAS protocols to notify IHSS of problems, and one related to California Mandated Reporter training. Actual performance data for three of these measures are currently unavailable. According to HSA, the objective on following DAAS protocols has not been measurable and will be eliminated. The other two objectives on timely dispatch of replacement workers have not been tracked yet because the grantee has not established a process to measure them in their system. However, HSA states the grantee is currently working to determine how their system can measure these objectives and will include data on these objectives in the FY 2025-26 annual report. The agreement also included a service objective on providing California Mandated Reporter training, on an annual basis, to 100 percent of its staff providers. HSA states this objective was achieved in FY 2024-25 and data will be included in future annual reports.

⁴ According to HSA, the target was set at 65%+ because some clients may refuse service at the time a provider arrives despite having been assessed for a specific number of hours. Clients may refuse services because of serious mental illness, cognitive impairment, substance use disorder, history of trauma, or for other reasons. HSA states this impacts the ability for the grantee to serve a higher percentage of the total authorized hours.

⁵ As noted in the Annual Report, this was indicated as “achieved” in FY 2024-25, but the overall yearly total is 94% for emergency referrals and 95% for non-emergency referrals

⁶ As noted in the Annual Report, this was indicated as “achieved” in Q4 of FY 2023-24 with 100% for emergency referrals and 99% of non-emergency referrals but the overall yearly average is 88% for emergency referrals and 85% for non-emergency referrals

⁷ The reported satisfaction rate does not include respondents with no opinion. Including respondents with no opinion, the average satisfaction rate across all measures is 96 percent.

Exhibit 2: Sources and Uses of Funds for Proposed Homebridge Grant

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total
Sources					
City General Fund	\$10,800,000	\$10,800,000	\$10,800,000	\$10,800,000	\$43,200,000
State	6,840,000	6,840,000	6,840,000	6,840,000	27,360,000
Federal	18,360,000	18,360,000	18,360,000	18,360,000	73,440,000
Total Sources	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000	\$144,000,000
Uses					
Salaries/Fringe Benefits	\$28,955,230	\$28,955,230	\$28,955,230	\$28,955,230	\$115,820,920
Operating Expenses	1,712,160	1,712,160	1,712,160	1,712,160	6,848,640
Subtotal	\$30,667,390	\$30,667,390	\$30,667,390	\$30,667,390	\$122,669,560
Indirect Costs (15%)	4,600,109	4,600,109	4,600,109	4,600,109	18,400,436
Heavy Cleaning (Consultant/Subcontractor) ⁸	732,501	732,501	732,501	732,501	2,930,004
Total Uses	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000	\$144,000,000
Contingency (10%)					\$14,400,000
Total Not to Exceed					\$158,400,000

Source: Appendix B of Proposed Amendment

The proposed amendment will continue to fund salaries and fringe benefits for 389 FTE in-home service providers and 23.65 FTE program staff. Based on the current rate of \$63.61 per hour, the annual budget of \$36 million provides for 565,949 hours to an estimated 1,100 clients.

Expenditures over the four-year grant term would be funded approximately 51 percent by Federal funds, 19 percent by State funds and 30 percent by the City's General Fund.

Maintenance of Effort

As shown in Exhibit 2 above, the City's General Fund makes up \$43.2 million or 30 percent of Homebridge's proposed new grant funding of \$144 million. The City's General Fund share of IHSS program costs (costs not funded by the federal Medicaid program), including Homebridge grant costs, is determined by the State. Counties pay a base amount (Maintenance of Effort), which was initially set by the State in FY 2012-13 and increased annually. In FY 2019-20, the State reduced the counties' Maintenance of Effort, including setting a lower base and reducing annual increases.

The Maintenance of Effort is fully funded locally and covers both Independent Provider mode IHSS, as well as Contract Mode IHSS services. According to HSA, the City's annual Maintenance of Effort obligation is primarily driven by three factors: 1) mandated four-percent inflation adjustment applied annually to the Maintenance of Effort base; 2) local share of locally

⁸ HSA states that DJ Cleaning Service LLC will be providing specialized heavy cleaning services and was selected by Homebridge, who conducted outreach to vendors and evaluated rates, availability and responsiveness/communication to determine the best candidate.

negotiated increases to Independent Provider wages and benefits and 3) increases to the hourly rate paid for Contract Mode IHSS services. Counties are unable to reduce the Maintenance of Effort obligation by lowering service rates paid to providers, as rates are reviewed and approved by the State. According to HSA, the City's Maintenance of Effort obligation is projected to be \$202.3 million in FY 2025-26 and \$222.7 million in FY 2026-27.

RECOMMENDATION

Approve the proposed resolution.

Item 3
File 26-0354

Department:
Human Services Agency

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a new agreement between HSA and the San Francisco IHSS Public Authority to replace the current agreement, which is scheduled to end in June 2026. The proposed agreement is for a five-year term from July 1, 2026 through June 30, 2031, in an amount not to exceed \$991,313,916.

Key Points

- In-Home Supportive Services (IHSS) is a federally-, state-, and locally-funded program administered by each county. IHSS provides funding for eligible low-income seniors (over the age of 65) and disabled persons to receive non-medical personal care and other household assistance in their home. IHSS service hours are provided to clients via two modes of service delivery: (a) the Independent Provider mode or (b) the contract mode for clients who are unable to find and/or supervise their own Independent Providers. Almost 96 percent of IHSS clients receive services through the Independent Provider mode.
- The IHSS Public Authority serves as the employer of record for Independent Providers and administers health and dental benefits, maintains a provider registry, conducts background checks, and provides training and support services. As of April 2026, there are 29,534 active providers, with at least half of eligible providers enrolled in health and dental benefits.
- The IHSS Public Authority met or exceeded most performance targets in FY 2024-25; however, several measures could not be assessed due to data limitations, and certain metrics may be revised or eliminated.

Fiscal Impact

- The proposed agreement totals \$991.3 million over five years, with approximately 96 percent of costs attributable to pass-through health and dental benefits for Independent Providers. Remaining costs support program administration, including 32.0 FTE IHSS Public Authority staff. Costs are projected to increase annually by approximately 11 to 12 percent, primarily due to growth in provider enrollment and healthcare premiums.
- The contract is funded by federal (50 percent), state (30 percent), and the City General Fund (20 percent).

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND**In-Home Supportive Services (IHSS)**

In-Home Supportive Services (IHSS) is a federally-, state-, and locally-funded program administered by each county. IHSS provides funding for eligible low-income seniors (over the age of 65) and disabled persons to receive non-medical personal care and other household assistance in their home. IHSS care allows seniors and disabled persons to remain in their own homes and thereby avoid unnecessary and expensive hospitalization or institutionalization.

Each eligible IHSS client is allocated a specified number of monthly IHSS service hours based on an annual needs assessment conducted by the Human Services Agency's (HSA) Department of Disability and Aging Services (DAS). In San Francisco, IHSS service hours are provided to clients via two modes of service delivery: (a) the Independent Provider mode or (b) the contract mode for clients who are unable to find and/or supervise their own Independent Providers. According to HSA, there are currently approximately 30,143 IHSS clients, almost 96 percent of whom utilize the Independent Provider mode of service.¹

San Francisco IHSS Public Authority

In May 1995, the Board of Supervisors established the San Francisco IHSS Public Authority as an independent public agency under Administrative Code Chapter 70, pursuant to California Welfare and Institutions Code Section 12301.63, to serve as the designated public authority for San Francisco. The IHSS Public Authority provides administrative and operational support for IHSS Independent Providers and administers their health and dental benefits. This includes maintenance of an Independent Provider registry for clients who need help finding care providers, background investigations of new providers including fingerprinting, a mentorship program for providers, and other services.

¹ The just under four percent of clients who do not utilize the Independent Provider mode receive services through Homebridge, which is currently San Francisco's contract mode provider. According to HSA, the Homebridge grant serves a higher need client while also providing both wages and benefits to IHSS providers. The Homebridge grant serves IHSS recipients who are unable to hire and supervise their own home care providers, as well as IHSS recipients who have behavioral health issues and/or cognitive impairment that create barriers to service delivery. The home care providers employed by Homebridge do not receive benefits from the IHSS Public Authority. Homebridge is responsible for providing health benefits to their employees in compliance with the Affordable Care Act and all other relevant laws.

In May 2022, the Board of Supervisors approved a grant agreement between HSA and the San Francisco IHSS Public Authority for the provision of administration, health, and dental benefits to IHSS Independent Providers from July 1, 2022 through June 30, 2026 in the amount of \$434,709,670 (File 22-0316).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new agreement between HSA and the San Francisco IHSS Public Authority to replace the current agreement, which is scheduled to end in June 2026. The proposed agreement is for a five-year term from July 1, 2026 through June 30, 2031, in an amount not to exceed \$991,313,916. The proposed resolution would also authorize HSA to make further immaterial amendments to the agreement.

The agreement is a sole source agreement to the San Francisco IHSS Public Authority but does not require a waiver because agreements with government entities are exempt from Chapter 21 solicitation requirements under Administrative Code Section 21.25. Further, IHSS Public Authority is the only governmental entity that can practically perform the programs or services of the IHSS program. Per Administrative Code Chapter 70, the San Francisco IHSS Public Authority has designated authority over the IHSS program.

Services

The IHSS Public Authority serves as the employer of record for Independent Providers in San Francisco for purposes of union negotiations and administers health and dental benefits for all eligible providers. In 2023, the IHSS Public Authority concluded the collective bargaining process with SEIU Local 2015. According to HSA, there are approximately 29,534 active Independent Providers in the City (as of April 10, 2026). Currently, 12,498 or approximately 60 percent of eligible Independent Providers are enrolled in health benefits, and 9,598 or approximately 54 percent of eligible Independent Providers are enrolled in dental benefits.²

An Independent Provider may be a family member, friend, neighbor, or other individual selected by the recipient, and must complete the IHSS provider enrollment process to receive payment. Requirements include submitting an application, completing required training and orientation, providing valid identification and work authorization documentation, and undergoing a background check. Individuals with certain criminal offenses are ineligible.

Services provided by the IHSS Public Authority include the following:

² According to HSA, an Independent Provider must have worked two consecutive months with at least 25 hours per month in one of those months to be qualified to enroll for health insurance. For dental insurance, an Independent Provider must have worked six consecutive months with at least 25 hours per month to be qualified to enroll. To maintain health and dental coverage, an Independent Provider must work a minimum of 25 hours per month. As of April 2026, there were 20,796 Independent Providers who are eligible for health insurance, and 17,875 Independent Providers who are eligible for dental insurance. According to HSA, the difference in enrollment percentages between health and dental benefits is largely due to the different eligibility criteria.

- Providing and administering health and dental benefits for Independent Providers;
- Maintaining a home care worker registry;
- Participating in Independent Provider group orientation, fingerprinting, conducting LiveScans and processing of criminal background checks of potential Independent Providers;
- Providing a Mentorship Program³ for IHSS recipients;
- Providing a One Stop Resource Center for IHSS recipients and Independent Providers, which includes trainings for IHSS recipients and distribution of limited safety and protective supplies to Independent Providers;
- Providing stipends to Union Stewards for performance of Union related activities in accordance with the current Collective Bargaining Agreement with SEIU Local 2015; and
- Staffing the IHSS Public Authority Governing Body.

The proposed agreement's scope of work for the provision of benefits to Independent Providers has not changed from the existing agreement with the IHSS Public Authority. The insurance carrier for health benefits is the San Francisco Health Plan and Liberty Dental is the insurance carrier for dental benefits. According to HSA, the current health and dental providers will remain the same for the proposed agreement.

Wages

According to HSA, Independent Provider wages are set by the City (subject to approval by the State) but are paid directly to Independent Providers by the State. In San Francisco, the Minimum Compensation Ordinance (MCO) approved in July 2023 sets wages for IHSS workers above the City's minimum wage (File 23-0646) and resulted in a staggered wage increase for Independent Providers.⁴ The wage increases were codified in the Collective Bargaining Agreement between SEIU Local 2015 and the IHSS Public Authority. While the IHSS Public Authority acts as the employer of record for purposes of bargaining, which includes setting wages in partnership with the City, the wages do not get paid through the Public Authority agreement.

Staffing and Growth in IHSS Recipients

Under the proposed agreement, the IHSS Public Authority is adding 1.0 Full-Time Equivalent (FTE) Human Resources Manager and 1.0 FTE Provider Specialist/Trainer to (1) support growth in full-time staff and increased onboarding and offboarding of part-time employees, and (2) expand outreach, recruitment, engagement, and training to ensure the supply of providers keeps pace

³ The Mentorship Program supports IHSS recipients by providing education and assistance in hiring and managing Independent Providers, enabling successful transition to and maintenance of independent community living.

⁴ IHSS worker wages will increase from \$23.00 to \$25.00 on September 1, 2026 and to \$25.50 on January 2027 (the final year of the staggered wage increase schedule).

with the growing number of IHSS recipients. IHSS active cases⁵ have grown consistently over the past seven years, increasing by approximately 33 percent from FY 2018–19 to FY 2025–26 (year-to-date), with annual growth generally between four and six percent, due to expansions in Medi-Cal eligibility as well as changes in age demographics. Growth has slowed in the current fiscal year, with a year-to-date increase of approximately one percent. According to HSA, active cases are expected to continue growing, but at a slower rate due to recent changes in legislation limiting prior Medi-Cal expansions.

Performance Monitoring

As reflected in Exhibit 1 below, the FY 2024–25 Annual Report for the existing agreement showed that the IHSS Public Authority met or exceeded most service and outcome objectives; however, data was unavailable to assess several objectives due to challenges related to the pandemic and loss of Laguna Honda Hospital’s accreditation which restricted staff from working on-site, as well as limitations in data availability and collection processes. According to HSA, objectives related to Mentorship Services and consumers using Registry services will be eliminated due to data availability and collection limitations, contingent on whether tracking becomes feasible.

HSA states that the Homebridge agreement (File 26-0341), which providers contracted IHSS workers, includes more measures to assess service delivery and quality because recipients in the Independent Provider (IP) mode self-direct their care and generally have fewer vulnerabilities. They often hire providers aligned with their preferred level of care, which may be less than their authorized hours. The IP mode reflects a more direct employer–employee relationship than the Homebridge contract mode

⁵ This includes all active recipients in San Francisco who receive either Independent Provider or Contract Mode (Homebridge) services.

Exhibit 1: FY 2024-25 Service and Outcome Objectives⁶

Service or Outcome Objective	Target	Actual
Grantee will provide Registry lists to at least 1,000 unduplicated Consumers annually.	1,000	1,402
Grantee will maintain a 1:5 ratio of diverse Independent Providers on the Registry at any given point in time. (of Registry Consumers to Independent Providers on list)	1:5 ratio	Each individual consumer was given at least 7 provider referrals (1:7 ratio)
100% of eligible Independent Providers will receive health, dental, and/or COBRA enrollment packets within 30 days of when the Grantee receives Case Management Information and Payroll System (CMIPS) data	100%	100%
100% of all Criminal Offender Record Information will be processed by the Grantee within 5 working days of receipt.	100%	100%
Grantee will complete at least 500 LiveScans annually.	500	4,081
Grantee will serve at least 100 unduplicated Mentees annually. Served means engagement with Mentorship Services and completion of Mentorship Intake.	100	299
Grantee will assist at least 20 unduplicated Mentees in discharging from long-term care institutions to independent living annually.	20	No Data
On the annual written survey of recipients, at least 85% of consumers will indicate the following: • General satisfaction with the Registry services provided (4 or 5 on a five point scale.); • Consumers state they feel safe in the care of the Providers (4 or 5 on a five point scale.)	85%+ for every measure	88.5% of consumers report feeling safe; 88.5% percent of consumers reported general satisfaction with registry services ⁷
100% of qualified Independent Providers submitting enrollment packets will be subsequently enrolled into appropriate plans.	100%	100%
100% of criminal background checks will be appropriately and stringently processed to ensure consumer safety.	100%	100%
Mentees will successfully hire a Provider within 90 days of engagement in Mentorship Services	100%	No Data ⁸
75% of Mentees will have stable IHSS home care 3 months after closure of Mentorship Services.	75%	No Data

Source: HSA

Note: Gray shading indicates result did not meet performance target or there was no data.

⁶ The agreement also includes three additional service objectives related to IHSS consumer mentoring services which were not included in the annual report because of challenges related to the pandemic and loss of Laguna Honda Hospital's accreditation which restricted staff from working on-site and limitations and challenges in data availability, contingent on whether tracking becomes feasible. In addition, an objective related to tracking the number of people who have an active provider was difficult track and will be removed going forward.

Fiscal and Compliance Monitoring

HSA staff reviewed IHSS Public Authority's financial documents in September 2025 as part of the FY 2024-25 Citywide Fiscal and Compliance Monitoring program; the final status letter found they were in conformance with one finding after corrective action was taken but not yet in conformance with the finding on announcing two meetings to the general public at least 30 days in advance. To address this, HSA states that the IHSS Public Authority acknowledged the oversight and committed to corrective action and future compliance.

FISCAL IMPACT

The proposed contract amount, including a 10 percent contingency, totals \$991,313,916 over a five-year term from July 1, 2026 through June 30, 2031, as shown in Exhibit 2 below. According to HSA, estimated actual expenditures through June 30, 2026 of the existing agreement will be approximately \$432.4 million.

⁷ The survey was distributed to all Registry recipients; 63 respondents answered the general satisfaction question, and 50 responded to the question regarding perceived safety. The Public Authority is evaluating strategies to improve recipient survey response rates.

⁸ According to HSA, the objectives related to Mentorship Services will be eliminated due to limitations and challenges in data availability, contingent on whether tracking becomes feasible.

Exhibit 2: Proposed IHSS Public Authority Contract Budget

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Sources						
Federal	\$70,785,246	\$79,653,397	\$89,358,596	\$99,807,767	\$110,992,230	\$450,597,234
State	42,471,148	47,792,038	53,615,158	59,884,660	66,595,338	270,358,341
General Fund	28,314,098	31,861,359	35,743,438	39,923,107	44,396,892	180,238,894
Total Sources	\$141,570,492	\$159,306,793	\$178,717,192	\$199,615,533	\$221,984,459	\$901,194,469
Uses						
Salaries/Fringe Benefits	\$3,802,623	\$3,916,464	\$4,033,919	\$4,155,266	\$4,279,671	\$20,187,943
Operating Expenses	1,396,073	1,346,973	1,363,322	1,380,129	1,397,411	6,883,908
<i>Subtotal</i>	<i>5,198,696</i>	<i>5,263,437</i>	<i>5,397,241</i>	<i>5,535,395</i>	<i>5,677,082</i>	<i>27,071,851</i>
Indirect Costs (15%)	779,804	789,516	809,586	830,309	851,562	4,060,777
Consultant/Subcontractor ⁹	122,500	115,100	117,500	120,125	125,829	601,054
Direct Client Pass-Through	135,404,492	153,127,740	172,381,865	193,118,704	215,318,986	869,351,787
Capital Expenses ¹⁰	65,000	11,000	11,000	11,000	11,000	109,000
Total Uses	\$141,570,492	\$159,306,793	\$178,717,192	\$199,615,533	\$221,984,459	\$901,194,469
Contingency (10%)						\$90,119,447
Total Not to Exceed						\$991,313,916

Source: Appendix B of Proposed Agreement

According to HSA, the proposed contract's budget is based on anticipated operating costs (e.g., salaries and benefits, operating expenses) to administer the IHSS Public Authority and the projected number of health and dental benefits enrollments (based on averages of past actuals) multiplied by average estimated monthly premiums. Health and dental benefits (under direct client pass-through) constitute approximately \$865.2 million or 96 percent of the proposed total contract amount (not including the 10 percent contingency). As previously mentioned, the IHSS Public Authority buys health and dental insurance from the San Francisco Health Plan and Liberty Dental.

The proposed contract budget increases by approximately 11 – 12 percent annually, primarily driven by estimated growth in cost for healthcare premiums. According to HSA, enrollment is projected to grow approximately seven percent annually over the contract term, based on 6.7 percent growth in the first nine months of FY 2025-26. Growth is expected to increase in the near term and then gradually taper to a range of 7.7 to 5.9 percent annually. Health premium inflation assumptions are based on Centers for Medicare & Medicaid Services projections for National Health Expenditure, averaging 5.6 percent in 2026 and 2027 and 5.3 percent in 2028 to 2033.

⁹ This funds vendors and consultants that the Public Authority utilizes to keep operations running, such as bookkeeping and payroll services (Paychex), Salesforce software and consultants, program data management, etc.

¹⁰ This funds equipment such as copiers, laptops and monitors, and remodeling efforts such as additional office cubicles.

Salary and benefits for 32.0 FTE IHSS Public Authority staff total \$20.2 million over the five-year term.

The contract is funded by a combination of federal funding (50 percent), state funding (30 percent), and the City's General Fund (20 percent), as shown above.

Maintenance of Effort

As shown in Exhibit 2 above, the City's General Fund makes up \$180.2 million or 20 percent of the proposed new contract funding of \$901.2 million. The City's General Fund share of IHSS program costs (costs not funded by the federal Medicaid program), including IHSS Public Authority contract costs, is determined by the State. Counties pay a base amount (Maintenance of Effort), which was initially set by the State in FY 2012-13 and increased annually. In FY 2019-20, the State reduced the counties' Maintenance of Effort, including setting a lower base and reducing annual increases.

The Maintenance of Effort is fully funded locally and covers both Independent Provider mode IHSS, as well as Contract Mode IHSS services. According to HSA, the City's annual Maintenance of Effort obligation is primarily driven by three factors: 1) mandated four-percent inflation adjustment applied annually to the Maintenance of Effort base; 2) local share of locally negotiated increases to Independent Provider wages and benefits and 3) increases to the hourly rate paid for Contract Mode IHSS services. Counties are unable to reduce the Maintenance of Effort obligation by lowering service rates paid to providers, as rates are reviewed and approved by the State. According to HSA, the City's Maintenance of Effort obligation is projected to be \$202.3 million in FY 2025-26 and \$222.7 million in FY 2026-27.

RECOMMENDATION

Approve the proposed resolution.

Item 6 File 26-0298	Department: Public Defender (PDR)
EXECUTIVE SUMMARY	
Legislative Objectives - The proposed ordinance would appropriate \$1,500,000 from the General Reserve to the Public Defender to fund projected increases in salaries and fringe benefit costs in FY 2025-26. Approval of the proposed appropriation requires a two-thirds vote of all members of the Board of Supervisors pursuant to Charter Section 9.113(c). Key Points - The Public Defender’s Office represents approximately 84 percent of indigent defendants and 80 percent of all criminal defendants in San Francisco. In May 2025, the San Francisco Public Defender’s Office (PDR) declared unavailability for a limited number of cases, indicating that existing staffing and resource levels were insufficient to meet caseload demands and fulfill constitutional obligations under the Sixth Amendment. - Since 2019, the Public Defender’s Office’s active cases have increased due to an increase in the number of misdemeanor filings and an increase in the length of time that cases are open. The department’s staffing has also increased, but at a lower rate, resulting in an increase in active cases per attorney. - The Public Defender’s Office is projecting a \$2.0 million shortfall in salaries and fringe benefits because the department’s budget was not sufficient to support their staffing levels. The department is working with the Controller’s Office and Mayor’s Budget Office to address the remaining \$0.5 million shortfall. Fiscal Impact - The proposed ordinance would increase PDR’s total FY 2025-26 General Fund salaries and benefits budgets by \$1.5 million. The proposed appropriation would fund existing filled positions for the remainder of the year and does not provide funding to fill additional vacant positions. The appropriation draws from the General Reserve, which must be replenished in the next year’s budget. Policy Consideration - The FY 2025-26 budget did not provide sufficient funding to maintain the Public Defender’s existing staffing levels, and the Public Defender did not reduce hiring within the year to remain in budget. PDR states that, unlike other departments, it cannot hold positions vacant to achieve savings, as maintaining full staffing levels is necessary to meet its constitutional obligation to provide legal representation to criminal defendants. Without the proposed additional funding, the Public Defenders Office will be forced to layoff existing staff. Recommendation - Approve the proposed ordinance.	

MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

Charter Section 9.113(c) states that in the event the Mayor or a member of the Board of Supervisors recommends a supplemental appropriation ordinance after the adoption of the budget and prior to the end to the budget year that contains any item rejected by the Mayor or the Board of Supervisors in the original budget appropriation, the supplemental appropriation can only be approved by a two-thirds vote of the Board of Supervisors.

BACKGROUND

The Public Defender's Office represents approximately 84 percent of indigent defendants and 80 percent of all criminal defendants in San Francisco. In May 2025, the San Francisco Public Defender's Office (PDR) declared unavailability for a limited number of cases, indicating that existing staffing and resource levels were insufficient to meet caseload demands and fulfill constitutional obligations under the Sixth Amendment.¹ The share of cases taken by the Public Defender declined from 81 percent in April 2025 to 66 percent in April 2026.

According to Superior Court data, active pending felony cases increased by 56 percent and active pending misdemeanor cases increased by 78 percent between 2019 and 2026. This increase was driven by an increase in misdemeanor filings and an increase in the length of time that cases are open. Over the same time period, PDR's felony and misdemeanor attorneys have increased but at a lower rate (17 percent and 20 percent respectively) according to PDR staff, resulting in an increase in the caseload per attorney. As of January 2026, caseload averaged 55 felonies per attorney and 142 misdemeanors per attorney. To contextualize these numbers, the Public Defender's Office considers an open caseload standard of between 20 to 40 felonies per attorney and between 40 and 80 misdemeanors per attorney as recommended by a 2025 report from the Southern Methodist University Deason Criminal Justice Reform Center.²

As of April 2026, the Public Defender's Office is projecting a \$2.0 million shortfall in salaries and fringe benefits because the department's budget was not sufficient to support their staffing current levels. Consequently, PDR is requesting a \$1.5 million supplemental appropriation from the General Reserve and is working with the Controller's Office and Mayor's Budget Office to address the remaining \$0.5 million shortfall.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$1,500,000 from the General Reserve to the Public Defender to fund projected increases in salaries and fringe benefit costs in FY 2025-26. Approval

¹ The Sixth Amendment to the United States Constitution guarantees individuals accused of a crime the right to a fair trial, including the right to legal counsel.

² *California Public Defense Workloads and Staffing*. Deason Criminal Justice Reform Center, Southern Methodist University. September 29, 2025

of the proposed appropriation requires a two-thirds vote of all members of the Board of Supervisors pursuant to Charter Section 9.113(c).

Exhibit 1 below summarizes the proposed appropriation of \$1,500,000.

Exhibit 1: Proposed Supplemental Appropriation

Sources	Amount
General Reserve	\$1,500,000
Total Sources	\$1,500,000

Uses	Amount
Permanent Salaries	\$1,045,474
Fringe Benefits	454,526
Total Uses	\$1,500,000

Source: Proposed ordinance

FISCAL IMPACT

Proposed Increase in Salaries and Benefits

The proposed ordinance would increase PDR's total FY 2025-26 General Fund salaries and benefits budgets by three and four percent respectively. The proposed new budgets are six percent greater than actual spending in the prior year. The proposed appropriation would fund existing filled positions for the remainder of the year and does not provide funding to fill additional vacant positions. Not approving the proposed ordinance would result in layoffs at the Public Defender's Office.

Exhibit 2: FY 2025-26 Salaries and Benefits Increase, General Fund

	Salaries	Fringe Benefits	Total
FY 2025-26 Budget	\$39,935,475	\$12,972,823	\$52,908,298
Proposed Increase	\$1,045,474	\$454,526	\$1,500,000
New Budget	\$40,980,949	\$13,427,349	\$54,408,298
Percent Increase	3%	4%	3%
FY 2024-25 Actual Expenditures	38,482,636	12,640,332	51,122,968
New Budget, Percent of FY 2024-25 Actual Expenditures	106%	106%	106%

Source: Proposed ordinance, City budget system

As shown in Exhibit 3 below, PDR projects that FY 2025-26 General Fund permanent salaries and fringe benefit costs will total approximately \$54.9 million compared to the budgeted amount of \$52.9 million, resulting in a projected deficit of approximately \$2.0 million. Based on labor projections as of April 7, 2026, PDR anticipates exceeding its personnel budget in the pay period ending June 19, 2026.

Exhibit 3: Projected PDR FY 2025-26 General Fund Salaries and Benefits Costs, As of April 2026

	FY 2025-26 Budget	Projected FY 2025-26 Expenditures	Projected Variance
Salaries	\$39,935,475	\$41,297,496	(\$1,362,021)
Fringe Benefits	12,972,823	13,568,237	(\$595,414)
Total	\$52,908,298	\$54,865,733	(\$1,957,435)

Source: PDR Six-Month Budget Status Report

According to PDR, the projected increases in salary and fringe benefit costs in FY 2025–26 are primarily driven by the need to fund existing positions, including 11 positions filled during the fiscal year, given increases in the department’s caseload. Out of 102 authorized attorney positions, one is vacant as of April 2026. According to PDR staff, public defense is individualized and cannot be scaled to attain efficiency gains, which limits the ability to absorb increases in caseloads without additional funding.

General Reserve

The General Reserve balance for the current fiscal year is approximately \$156.4 million. The proposed \$1,500,000 appropriation from the General Reserve would reduce that balance accordingly, and any amounts used from the General Reserve in the current fiscal year must be replenished in the following fiscal year pursuant to the City’s reserve policies

POLICY CONSIDERATION

As noted above, the Public Defender’s Office declared unavailability for a limited number of cases in May 2025, indicating that existing staffing and resource levels were insufficient to meet caseload demands. Although PDR cited insufficient staffing and resource levels in May 2025, the FY 2025-26 approved budget reduced the department’s number of funded full-time equivalent positions by six percent from 228.37 FTE in FY 2024-25 to 214.85 FY 2025-26. This means the department’s salary and benefits budget supported fewer positions in FY 2025-26 relative to the prior year.

The FY 2025-26 budget did not provide sufficient funding to maintain the Public Defender’s existing staffing levels, and the Public Defender did not reduce hiring within the year to remain in budget. PDR states that, unlike other departments, it cannot hold positions vacant to achieve savings, as maintaining full staffing levels is necessary to meet its constitutional obligation to provide legal representation to criminal defendants. If the Mayor and the Board of Supervisors do not increase the department’s budget during the FY 2026-27 budget process and the department does limit hiring to remain within budget, the department may similarly require a supplemental appropriation next year.

Because the proposed ordinance will fund salaries and benefits for filled positions, we recommend approval. Failure to approve the ordinance would require that the department layoff existing staff.

RECOMMENDATION

Approve the proposed ordinance.