

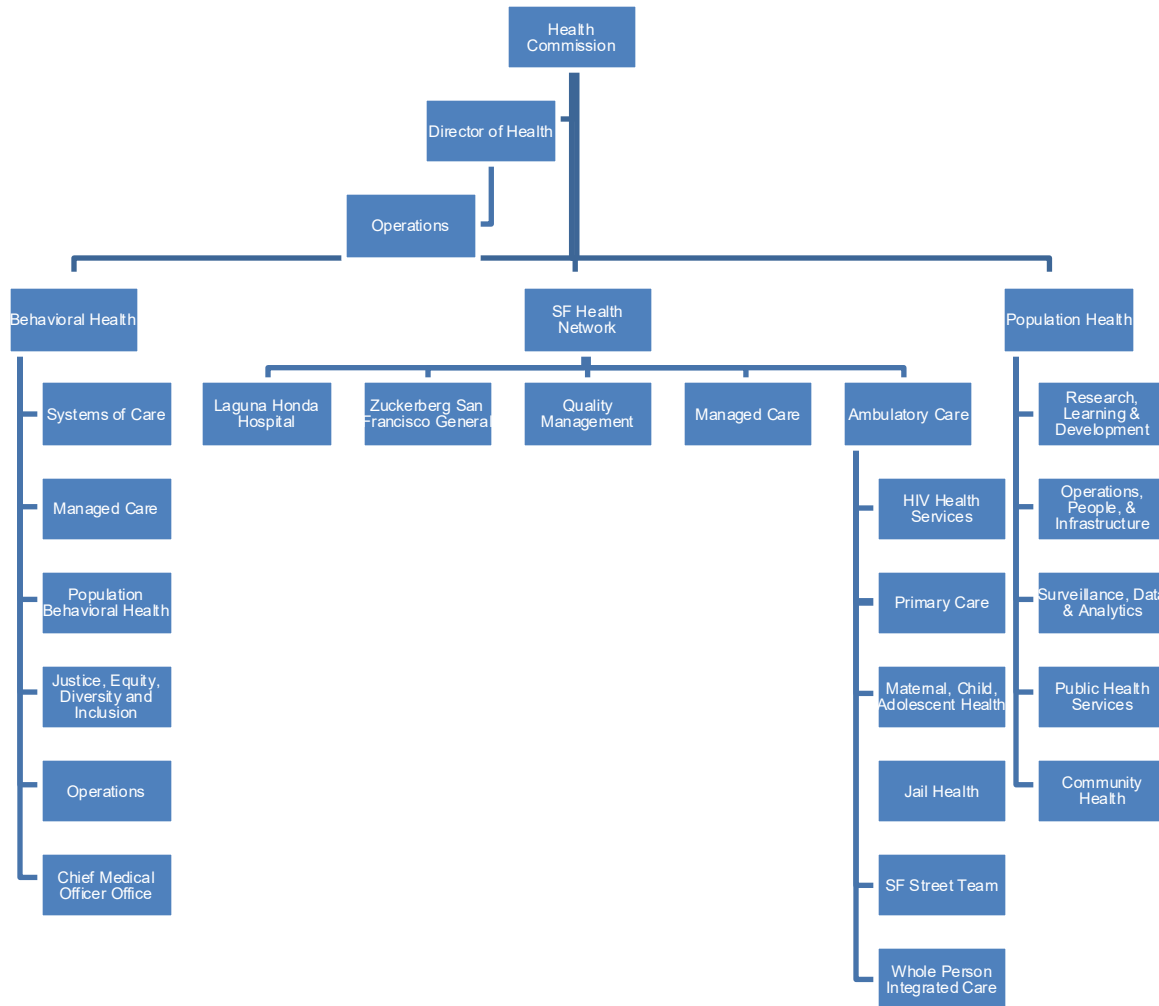


San Francisco
Department of Public Health

DEPARTMENT OF PUBLIC HEALTH FY 2026-28 BUDGET

June 11, 2026
Budget & Appropriations Committee

DPH: An Integrated Health Department



Two primary roles and two major divisions to fulfill its mission:



Population Health:
Protecting the health of the population



San Francisco
Health Network

SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH

San Francisco Health Network: Promoting the health of our more than 100,000+ patients



San Francisco
Department of Public Health

DPH Priorities

Mission and vision

Mission: Protect and promote the health of all San Franciscans

Vision: Making San Francisco the healthiest place on earth **[for all people!]**

Overall priorities

- 1. Getting to Zero on health disparities over the long term** by deploying world class, systematic public health interventions (upstream, tackling social drivers of health, community engagement)
- 2. Be the best health care delivery system in the world** (access, quality of care and outcomes, care experience, integrated and population-health based care)
- 3. Tackling the behavioral health and homelessness crisis**

How we will do this

- Drive decision making, policy and health care based on:
 - **An integrated, systems approach, working as one DPH**
 - **World-class data and analytics** to drive **evidence-based practices**
- **Execute with operational effectiveness, rigor and financial sustainability**
- **Meaningfully engage the community** in what we do
- **Develop & invest in our people** to effectively achieve our mission and support our team, and **ensure a safe and secure work environment**



Preserving the Safety Net in the Face of Unprecedented Federal (HR 1) and State Medicaid Cuts

- **The City's \$600 M+ structural deficit included ~\$227 M in Medi-Cal cuts for DPH driven by tremendously damaging federal and state cuts to Medicaid**
 - FY26-27 Medicaid reimbursement cut: \$62 M for DPH
 - FY27-28 Medicaid reimbursement cut: \$165 M for DPH
- **The Medicaid cuts represents 25% of DPH's entire General Fund allocation for FY25-26. If DPH were asked to solve this on our own, we would need to make massive cuts to clinical services, public health, and the city's only Level 1 Trauma center — impacting countless clinical and non-clinical staff and programs and cratering the city's health safety net.**
- **Instead, given the extraordinary impact of HR 1 on DPH's budget and potential impact on the city's safety net, the Mayor has directed all departments (not just DPH) to reduce General Fund spending, so that we can continue to maintain delivery of core services, including health services.**
- **In other words, DPH has had to make difficult budget decisions, and the entire City will be helping to support the health care safety net in the face of unprecedented Medicaid funding cuts.**



Unprecedented Federal (HR 1) and State Medicaid Cuts

- **New, onerous restrictions on eligibility will reduce Medi-Cal enrollment**
 - Work requirements and 6-month Medi-Cal renewal requirement for single adults will create significant barriers
 - Cost sharing for Medi-Cal (premiums and copays)
 - Enrollment freeze and new cost sharing for State-only Medi-Cal for undocumented adults
- **Explicit federal cuts to Medi-Cal funding**
 - Massive reductions to funding to support safety net health care systems
 - Cuts to funding for providing uncompensated health care
 - Reduction in federal funding for emergency Medi-Cal for undocumented adults
 - Anticipated scrutiny on California’s Medi-caid waiver renewal for 2027 that will likely reduce CalAIM benefits
 - Additional cuts to CalFresh food assistance funding, as well as new eligibility and access barriers

As many as 40,000 San Franciscans losing Medi-Cal coverage

Up to \$400M in annual revenue losses for DPH when fully implemented

Increased costs to City of welcoming people to HealthySF who lose Medi-Cal



DPH's General Fund contribution grows faster than the overall budget primarily as a result of the state and federal revenue cuts, including HR 1, along with personnel cost growth driven by MOUs

	FY 25-26	Proposed FY26-27 Budget	Proposed FY27-28 Budget	Change from FY25-26
General Fund	\$779 M	\$869 M	\$1,030 M	+\$251M (+32%)
All Other Sources	\$2,587 M	\$2,750 M	\$2,679 M	+\$92M (+4%)
Total DPH Budget	\$3,366 M	\$3,619 M	\$3,709 M	+\$343 M (+10%)



Major Changes in DPH's Budget

- **Federal and State Medi-Cal cuts**

- DPH's General Fund contribution grows by \$251 M (+32%) from \$779 M to \$1,030 M over 2 years, due to HR1 and other impacts

- **General Fund Reduction Initiatives slow this growth**

- \$340 M over 2 years of reduced General Fund compared to base
- \$187 M of revenue initiatives to maximize State & Federal reimbursement
- \$154 M of expenditure reductions
 - ~60% came from FTE reductions and attrition savings
 - ~40% from Contracted Services / Consulting / IT / CBO reductions

- **Inflationary Increases and Critical Investments**

- DPH's budget grows by \$343 M from \$3.34 B in FY25-26 to \$3.70 B in FY 27-28
- ~\$300 M of growth is driven by inflationary increases, including mandatory increases set in MOUs
- ~\$50 M in critical investments including Safety and Security enhancements, Breaking the Cycle Initiatives including new behavioral beds largely under Prop C, and the consolidation of SF Street Teams to DPH



DPH's Budget Overview

in \$Ms	FY25-26	FY 26-27 Proposed	FY 27-28 Proposed	Change FY27-28 from FY 25-26	% Annual Growth
Total Expenditures	\$ 3,366	\$ 3,619	\$ 3,709	\$ 343	5.0%
Personnel	\$ 1,738	\$ 1,845	\$ 1,938	\$ 199	5.6%
Contracts (including UC Affiliation)	\$ 998	\$ 1,057	\$ 1,078	\$ 80	3.9%
Intergovernmental Transfer	\$ 158	\$ 203	\$ 171	\$ 12	3.8%
M&S, Capital, Work Orders	\$ 471	\$ 515	\$ 523	\$ 52	5.4%

- Personnel costs account for over 50% of DPH's budget and account for ~ 58% (\$199 M) of growth from FY 25-26 to FY27-28
 - This growth comes after reflecting 130.8 FTE position deletions and an additional ~\$22 M in attrition (another ~75-100 FTE) in FY27-28
 - Overall budgeted FTE count is around 7,700; currently we have about ~1% funded vacancy rate, which is offset by higher than budgeted actuals for nursing costs (temp, premiums, etc.). DPH will end the year with no salary savings.



DPH's \$3.7 B budget maintains core public health services and critical supports for the safety net, vulnerable communities

Examples of what is in the DPH budget:

- ~\$2 B for the city's **safety net health system** which serves 100,000+ patients a year, including ZSFG as the only Level 1 Trauma Center and clinical staffing for hospitals, clinics, and other essential public health functions.
 - This includes ~\$700 M in **behavioral health treatment and services**, including continued expansion of services for people with substance use disorder and mental health needs.
- \$150 M a year for state-mandated, **core public health functions** that protect health for all in our city.
- \$80 M in **HIV treatment and prevention services**, the majority of which is now General Fund supported given 20 years of reduction in Ryan White Programs and CDC HIV Prevention Funding to SF.
- \$20+ M to support **Black maternal and infant health programs** to advance health equity and improve birth outcomes.
- Over \$20 M in investments to provide **stabilizing medical and behavioral health care**, and care coordination to the city's highest acuity people on the streets as well as enhanced on-site low barrier mental health and substance use treatment services in shelters.



DPH's \$3.7 B budget maintains core public health services and critical supports for the safety net, vulnerable communities (cont.)

Examples of what is in the DPH budget (continued):

- Significant investments in **culturally congruent care** and providers, including: Black/African Americans focused in four mental health clinics; connection to substance use care in Black/African American communities; and mental health care centering API and Latine communities through City- and CBO-run prevention and treatment sites.
- Continued investments in access to sexual and reproductive care, as well as medical and other **care for transgender and LGBTQIA+ populations**.
- Significant continued investment in rapidly-accessible services and **culturally-congruent services for people with mental health, substance use disorder** and other psychosocial needs who are housing unstable or on the street.
- \$15 M in new investments in **safety and security** of staff and patients,
- Welcoming individuals who lose Medi-Cal coverage, including those with unsatisfactory immigration status, back to **Healthy San Francisco** to provide continued care.

... and many other critical services



DPH Principles for Identifying Position Reductions

PROTECTING JOBS: Wherever possible, reduce impact to staff by identifying alternative roles within DPH to minimize layoffs and support staff through this transition.

Prioritize direct care and patient-facing public health functions

- At least 80% of identified positions should be administrative/operational vs. clinical or direct public health functions.

Evaluate administrative / operational changes in the following areas:

- **Reduce manager positions with low span of control** where possible; reduce management layers.
- **Redeploy clinical staff performing administrative work** to support direct client care.
- **Redeploy functions and programs that DPH is no longer performing** or that have been superseded by systems changes, including post-Epic implementation.
- **Review teams with overlapping roles** in administrative, IT, finance, and HR functions.
- **Realign and maximize capacity of HPC and program analyst positions** given recent expansions in those classes.

Strive to ensure the impact of these reductions is distributed equitably across the workforce and the organization.


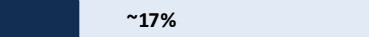
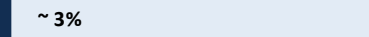
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DPH FTE Reductions: Impact on Staff

We prioritized protecting jobs – focused on restructuring DPH operations to reduce the # of employed FTEs. **Of DPH’s ~7,700 FTE budget, 130.8 positions were eliminated, and only 4 staff will be laid off.**

Assigned most impacted staff to other mission critical roles in lieu of external hiring which reduces total filled DPH positions while mitigating layoffs.

TYPE OF ACTION	DESCRIPTION	PROPORTION
103.8 FTE - Elimination of Vacancies through Restructuring & Rebalancing Workloads	Recent vacancies (e.g., retirement in last few months) eliminated through team reorganization and backfill removal - a real reduction in employed FTEs with no layoff required.	 ~ 80%
23 FTE - Organizational Restructuring through Filled Position Elimination & Alternative Assignments	Roles eliminated with impacted staff reassigned to other mission-critical positions in lieu of external hiring — reduces employed FTEs without layoff.	 ~17%
4 FTE - Layoffs	Permanent civil service staff with no other vacant or available classification exists within DPH. Staff issued 60-day notice with bumping rights per Civil Service Rules as applicable.	 ~ 3%
Total FTE Reductions		~130.8 positions total
15 Exempt and Other Separations	Exempt and provisional appointments reaching their scheduled end date in addition. (Savings in actuals but not in budget).	



Eliminated 8% of Manager Roles, 1% of All Other Positions

Positions by Classification	Deletions	Proposed Staffing FY 2027-28	Deletions As % of Total
Managers (09XX)	(19)	233	-8%
All other Positions	(112)	8,035	-1%
Temp / P103		253	
Attrition		(838)	
Total	(131)	7,683	-1.6%

- <3% of DPH positions are in 09XX classes
- DPH deleted more than 40% of its 45 vacant managers

DPH is at full staffing and is on pace to fully spend its salary and fringe budget - due to a budgeted attrition of ~10%, historically low turnover, and high use of temporary nursing staffing to meet mandated ratios

- Currently, DPH has 859 vacant FTE, however, it does not have budget to increase headcount above current levels; hiring is now focused on maintaining current headcount



Consolidating Low Volume Clinic Sites

There are no layoffs from clinic closures. Over the next four months, DPH will consolidate four sites by assigning specialized clinical staff to other locations. **Every patient will be offered a seamless transition** to another outpatient clinic with no gap in services.

- **Savings of ~\$2.5 million a year** will be achieved through the operational efficiencies of consolidation and elimination of vacancies.

Managed Alcohol Program (MAP)

- The 10 MAP beds will be converted back to Medical Respite beds
- Staffing: 2.5 FTE
- Volume: Est. clients per year: 35-40; 4 currently enrolled

Cole Street & Michael Baxter Larkin Street Youth Clinics

- Staffing: 5.8 FTE
- Volume: Est. unique clients per year: ~250 @ Cole; ~350 @ Larkin
- Total patients seen per day: ~8 @ Cole; ~9 @ Larkin
- Propose slow ramp-down of staffing over 6-month period (May-October 2026) with close monitoring of data to assess utilization, impact, and scope/quality of services provided.

Southeast Mission Geriatrics (SEMG) Services

- Staffing: 9.23 FTE
- Volume: Est. unique clients per year: ~200
- Estimated patients per day: ~14 (includes phone, telehealth, clinic visit and home visits)
- Unduplicated clients served in May 2026: 139
- Where clients can transition to: Mission Mental Health, OMI Family Center, Sunset Mental Health (Chinese language providers)

Contracts Budgets – Reductions Slow Growth

CBO / Contracted Provider Budget*

	FY 25-26	FY 27-28	Change	
Budget Before Reductions	\$998 M	\$1,098 M	+\$100 M	+10%
<i>Reductions</i>	-	(\$19.9) M		
Proposed Budget	\$998 M	\$1,078 M	+\$80 M	+8%

Spending towards **CBO / Contracted Providers** grows by **\$80 M**, after accounting for **savings – a total 1.9% reduction as a result of \$19.9M**

- Even after \$19.9M in reductions, 98.1% of CBO spending untouched
 - \$5.9 M of reductions in FY 27-28 are expected to impact direct health or medical services, (0.5% reduction)

* Includes UCSF



Contract Reductions – Principles

- **Prioritize contracts with demonstrated outcomes; deprioritize those with low volume or high cost**
 - Impact on OD deaths; Treatment initiation and retention; Reduction in emergency system usage; Progress on reducing health disparities
 - Deprioritize contracts with low volume of patients served, or exceedingly high costs per individual served, or where services could be better and more cost effectively provided through another source
- **Invest in behavioral health treatment access and stickiness; deprioritize investment in services without demonstrated success overtime**
 - Expanding medication-assisted treatment (MAT) access and initiation
 - First-72-hours crisis stabilization and treatment engagement
 - Solutions promoting sustained client engagement from crisis stabilization through treatment, recovery, and independence
 - Direction from the Mayor’s Office: Harm Reduction services that have negative collateral impacts on our communities should be reevaluated
- **Maximize revenue-generating potential** (e.g., Medi-Cal Billing)
- **Apply an equity lens to all proposed reductions**
 - Maintain commitment to backfill declines in federal funding Ryan White funding of HIV services
 - No cuts to Maternal, Child, Adolescent Health investments in perinatal equity



Contract reductions 1 of 2: Administrative and Funding Source Changes

	Savings/(Increase) (\$s in 1000s)	
	<u>FY2026-27</u>	<u>FY2027-28</u>
Total	<u>\$16,146</u>	<u>\$19,946</u>
1. Administrative Contract Reductions / No Service Impacts	\$5,831	\$7,148
• Reduction of Avatar Licensing following move to EPIC* (in addition to \$5M in IT reductions)	\$150	\$300
• Consulting contracts for Laguna Honda Certification / health system (HSAG, HMA)	\$1,580	\$2,380
• UCSF Affiliation Agreement - Additional efficiencies and service delivery	\$2,000	\$2,000
• UCSF Efficiencies and Reductions in Training and Administrative Services	\$795	\$795
• San Francisco Public Health Foundation - Family Mosaic administrative supports	\$257	\$343
• CYF Gender Center - adjust budget to reflect program already closed by UCSF	\$825	\$825
• Environmental Health fee setting consulting services	\$50	\$50
• Cost of Doing Business (CODB) on reductions	\$174	\$455
2. Changes to Funding Sources	\$8,349	\$9,000
• Contracted services under MHSA no longer prioritized under BHSA, as detailed in Integrated Plan	\$1,634	\$4,840
• Services planned under MHSA not yet contracted / One-time spend down of MHSA balance in FY 26-27	\$5,715	\$3,160
• Move new Residential Treatment Program to Prop. C	\$1,000	\$1,000



Contract Reductions 2 of 2:

CBO Reductions

3. Harm Reduction Supply Policy	\$1,080	\$1,080
• Discontinue AHP safer use supply clearinghouse	\$586	\$586
• Reduce SFAF syringe cleanup contract	\$414	\$414
• Transition outdoor supply distribution at 3 mobile sites in public spaces (SFAF Hemlock, SFAF Duboce, and HRTC Victoria Manalo Draves Park); reallocate resources in partnership with providers to treatment options and clinical care in indoor spaces, while maintaining core overdose prevention services	\$80	\$80
4. Reductions in Low-Volume and Under-Utilized Services	\$904	\$1,398
• BAART - Transition low-utilization (7 clients) perinatal OTP at the same site	\$264	\$264
• San Francisco Public Health Foundation - align with the planned wind down / transition of the jail health program following expiration of state funding	\$145	\$145
• Outpatient SUD Coordinators - underutilized service at 8 different outpatient treatment providers	\$495	\$989
5. Additional adjustments to contract budgets	\$982	\$2,319
• 6.6% across-the-board reduction at 7 Health Access Points and additional savings from Medi-Cal billing	\$0	\$750
• Hospitality House drop-in program. Reduction represents 6.6% of SFDPH funding for Hospitality House	\$125	\$250
• Felton - restructure of program supporting contingency management program at Maria X. Martinez and Street Health - no change in services. Reduction represents 3.4% of \$26.9M annual funding for Felton	\$463	\$925
• RAMS – partner with RAMS to identify additional savings on their \$34.7M in contracts (1.1%)	\$394	\$394
Rebasing contracts - limit carryforward requests of prior year unspent funds	\$1,000	\$1,000
Board & Care - rate increases to preserve beds	(\$2,000)	(\$2,000)



BHSA: New, Mandated Prop. 1 Spending Requirements

- CA Proposition 1 introduced new State spending requirements for Behavioral Health Services Act (BHSA) funds across Housing, Full-Service Partnership, and Behavioral Health Services and Support.
- DPH must shift and increase investments in Housing and Full-Service Partnership from the General Fund to BHSA to meet new requirements.
- **The programs listed as reductions need to be cut as a result of the new state-required BHSA spending formulas allocations, either in FY26-27 or FY27-28.**
 - DPH communicated these impacts to affected CBOs week of March 23rd, prior to submitting and posting IP for public comment.



HIV Budget – Maintains Ryan White Backfills

	FY 25-26	FY 26-27	FY 27-28
HIV Health Services – Ryan White & Fed Grants	\$20.9 M	\$21.2 M	\$20.4 M
HIV Health Services – GF Backfill	\$27.2 M	\$29.0 M	\$30.0 M
HIV Prevention	\$36.0 M	\$33.9 M	\$34.0 M
Total HIV Spending	\$84.1 M	\$84.1 M	\$84.4 M

DPH budget funds **more than \$80 M in HIV treatment and prevention services**, the majority of which is now General Fund supported given 20 years of reductions federal support

- HIV Health Services oversees about \$50 M of funding: \$20 M of Ryan White / federal funds and \$27 M (growing to \$30 M) of General Fund backfill of federal declines. **No reductions were made to these funds. We are maintaining the City’s longstanding commitment to continue to backfill Federal Ryan White reductions (\$30M annually)**
 - Programs continue support for state-of-the-art, client-centered services for people with HIV through both clinical care investments (Ward 86, City Clinic, community clinics) and wraparound supports (housing subsidies, food, employment services, counseling)
- Population Health Division has \$34 M for HIV monitoring, testing and prevention, including through community-based Health Access Points (HAPs), with around \$20 M in General Fund
 - Of the total, more than \$21 M is for contracted programs; the FY 27-28 budget includes \$1.3M in reduction for HAPs, or about 6% decline – but still maintaining ~\$10M in total HAP funding
 - Other reductions are due to grant funding and vacant FTE changes



\$15M Annual Security Investments

- \$3.8 M to support annual training of all DPH and ZSFG front-line staff in evidence-based, trauma-informed, de-escalation practices
 - \$425K for 2 new trainers; \$3.4 M to backfill staff time to support staff attending annual, in-person training
- \$1.9 M to expand the BERT response team at ZSFG to Buildings 80/90 by 6.0 FTE with 5.1 new RNs and 0.9 Psych Tech
- \$0.8 M for 5.0 FTE to support ongoing threat investigation and coordinate safety work groups at clinics
- \$3.4 M for additional contracted security posts, including \$800K for ZSFG and \$2.5 M for security posts at community clinics
- \$2.4 M for additional Sheriff's security posts at Laguna Honda to support implementation of the weapons detection system and other cost adjustments
- \$3.3 M for facilities team staffing, maintenance, and technology investments to ensure timely, coordinated response to building issues (\$2.5 M for smaller capital / maintenance priority items)



\$8.8M Capital & Grant-Funded Security Investments

- **Zuckerberg SF General:**

- \$2.0M for magnetic door revisions: Replaces automatic doors so they properly close in emergency situations
- \$2.5M for badge reader upgrades: Replaces non-compliant door and wall badge readers for security purposes
- \$1.0M for campus wide call tower installation: Identified in a security assessment done by DPH, adds call towers to improve security response

- **Laguna Honda**

- \$600K for Laguna Honda Security system Conversion: Planning money to transition Laguna Honda security system to department standard. Full project scope will allow for central monitoring of LHH by security division at ZSFGH, as well as increase the number of badge readers and cameras on site at LHH

- **In addition, we are committed to securing funds to support:**

- \$240K for certifications and licenses from CPI for training
- \$120K for personal duress devices for field staff — the covers about 500 staff for two years
- \$2.4 M for BHS clinic upgrades

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Breaking the Cycle & Prop C Investments

Budget includes funding for the expansion of Psych Emergency Services later this year and annualizes many of the Breaking the Cycle investments made in FY 2025-26

- **Nearly 50 new positions to support opening and operations of a Residential Care Facility for the Elderly (RCFE) at 624 Laguna Street in the Hayes Valley neighborhood**
 - Current residents and staff of the RCFE on the second floor of the Behavioral Health Center (BHC) – located at ZSFG – will have the option to, preserving a community of care in a new, neighborhood-based setting.
 - Using State grant funding, the second floor of the BHC will be converted to create over 50 new locked subacute mental health treatment beds.
- **New investments in additional recovery pathways under Prop C**
 - A ~140 bed expansion of recovery step-down beds (\$8.5M)
 - A ~70-bed expansion of the RESTORE program (\$6.3M)
 - Expanded long-acting injectable (LAI) buprenorphine in PSH to promote recovery from drug use (\$2.5M) across 8–10 PSH sites, with on-site dosing to eliminate the pharmacy-wait window where patients drop out.
- **Additional infrastructure investments to support critical behavioral health expansions**
 - Investment to expand the City’s Medi-Cal billing infrastructure (\$1.5M)
 - Adding medical and shelter transport capacity (\$2.8M) — a 7-day, 16-hour-a-day contracted transport service to enable warm handoffs across treatment and shelter sites
 - Advancing crisis response training (\$740K) for DPH street response staff and Fire EMS paramedics (5150 training and field-based assessment)

Acquisition

- Puts \$25 million of the fund balance in Prop C towards closing the remaining gaps on the major capital projects for the 1660 Mission Mental Health Service Center and Treasure Island projects





San Francisco
Department of Public Health

Thank you!

Questions?
