

# FY 24–25 & FY 25–26 Proposed Budget

## Our City, Our Home Fund

San Francisco Department of Public Health

March 28, 2024



San Francisco Health Network  
Behavioral Health Services

# DPH Behavioral Health – Budget Overview

- **Continues all programming** included in the 2021 OCOH Investment Plan and previous DPH budgets.
- Addresses revenue shortfall by **using one-time funding sources**, including drawdown of the facility acquisition fund, to maintain service levels through FY 25–26.
- Behavioral health programs facing **up to 40% structural shortfall** after one-time sources are exhausted.
  - The two-year budget will provide time to evaluate programs and explore alternative funding sources to develop a spending plan that is sustainable at future Prop C revenue levels.
- **Assumes 3% annual cost-of-doing-business increases** for community-based organizations.



# DPH Behavioral Health – Goals for FY 24–25

DPH plans to continue implementation of key OCOH-funded initiatives in FY 24–25:

- Increasing **Office of Coordinated Care** capacity, including extending 5150 psychiatric hold review to more hospitals and engaging with additional clients prioritized by the citywide coordinated street response.
- Expanding the **Permanent Housing Advanced Clinical Services (PHACS)** program to cover all 140+ PSH sites.
- Opening the **Stabilization Unit** in 2025, which will provide 16 short-term, mental health urgent care beds as an alternative to hospitalization.
- In partnership with the Adult Probation Department, completing a 33-bed expansion of the **HER House therapeutic residence for justice-involved women**.
- Beginning expanded peer navigation, linkage, and behavioral health services for **TAY and transgender clients** experiencing homelessness.
- Leveraging new data analytics staff to **expand the evaluation of OCOH-funded DPH programs**.



# DPH Behavioral Health – Budget Plan

Mental Health Uses	Current Year	Budget Cycle			Out Years
	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Treatment Beds	29.9	39.2	39.3	40.4	41.7
Case Management	12.4	22.6	23.2	23.9	24.6
Assertive Outreach	18.4	21.4	21.6	22.3	23.0
Drop-In Services	4.0	7.1	7.2	7.5	7.7
Overdose Prevention & Substance Use Treatment	7.1	7.1	7.1	7.3	7.5
Operating & Implementation	6.5	7.0	7.1	7.3	7.5
<b>Ongoing Spending</b>	<b>78.3</b>	<b>104.3</b>	<b>105.6</b>	<b>108.7</b>	<b>112.0</b>
<b>Sources</b>					
Projected Prop C Revenue	59.9	59.6	59.6	68.3	69.8
HSH Prevention Funding for PSH	2.9	2.4	1.9	1.4	0.9
<b>Ongoing Revenue</b>	<b>62.8</b>	<b>62.0</b>	<b>61.5</b>	<b>69.7</b>	<b>70.7</b>
<b>Structural Surplus / (Shortfall)</b>	<b>(15.5)</b>	<b>(42.3)</b>	<b>(44.1)</b>	<b>(39.0)</b>	<b>(41.3)</b>

- Proposed budget **maintains existing spending plan** of approximately \$100 million per year through FY 25–26.
- Based on projections of \$60 million in Prop C revenue per year for Mental Health programs, there is an **ongoing 40% structural shortfall** once programs are fully implemented.
- We needed to solve for an **estimated \$100 million structural shortfall** across the current year and two-year budget.



# DPH Behavioral Health – One-Time Funds

Mental Health Uses	Current Year	Budget Cycle			Out Years
	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Ongoing Spending	78.3	104.3	105.6	108.7	112.0
Facility Acquisition (One-Time)	-	44.0	10.3	-	-
<b>Total Uses</b>	<b>78.3</b>	<b>148.3</b>	<b>115.9</b>	<b>108.7</b>	<b>112.0</b>
<b>Sources</b>					
Ongoing Revenue	62.8	62.0	61.5	69.7	70.7
Acquisition Fund (One-Time)	109.8	109.8	58.4	4.0	4.0
Fund Balance (One-Time)	50.4	34.9	-	-	-
<b>Total Sources</b>	<b>223.0</b>	<b>206.7</b>	<b>119.9</b>	<b>73.7</b>	<b>74.7</b>
<b>Year-End Surplus / (Shortfall)</b>	<b>144.7</b>	<b>58.4</b>	<b>4.0</b>	<b>(39.0)</b>	<b>(41.3)</b>

- Planning to balance the estimated \$100 million structural shortfall across the two-year budget by using one-time sources.
- Acquisition fund: \$110 million remaining, spent down by FY 25–26
  - \$52 million to balance the shortfall
  - \$54 million planned for projects underway (see next slide)
  - \$4 million retained as maintenance fund for newly acquired facilities
- Fund balance: \$50 million remaining, spent down by FY 24–25

# DPH Behavioral Health – New Facilities

Two key behavioral health residential care and treatment projects are currently under construction or in design thanks to OCOH funding. DPH is leveraging state infrastructure grants for both facilities.

1. **Stabilization Unit** (under construction, opening 2025): \$16 million in OCOH funding
2. **New residential step-down building** on Treasure Island (in design, beginning construction in 2026): \$10 million in OCOH funding

Additionally, DPH and the City’s Real Estate Division are **actively negotiating** the acquisition and renovation of two to three buildings to:

- Meet remaining bed goals and/or relocate beds in county, including board & care, locked subacute treatment, and dual diagnosis facilities.
- Locate a potential site for a new Mental Health Service Center.



PERSPECTIVE FROM CORNER OF MACKAY LANE & TRADE WINDS AVE

*Design rendering of the new Treasure Island residential step-down facility*



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# DPH Behavioral Health – Key Takeaways

## Key takeaways about DPH’s proposed FY 24–25 and FY 25–26 OCOH budget:

- OCOH-funded behavioral health programs are about **80% implemented** this fiscal year. We expect to begin the remaining programs in FY 24–25.
- The proposed two-year budget **maintains all behavioral health programming through FY 25–26**, both implemented and in progress.
- As programming ramps up, **DPH faces a 40% structural shortfall** in Prop C revenue to fund the current \$100 million per year expenditure plan.
- Estimated \$160 million remaining in one-time funds in the Mental Health category. We plan to fully spend that balance over the two-year budget:
  - \$102 million to address the structural shortfall through FY 25–26.
  - \$58 million for facility acquisition and construction projects (including \$4 million retained for future maintenance needs on new properties).
- **Prop C revenue has been highly volatile** – planned use of one-time funds may change depending on future revenue projections and/or building acquisition costs.



# Thank you!



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