



City and County of San Francisco
Daniel L. Lurie
Mayor

San Francisco Department of Public Health

Daniel Tsai
Director of Health

MEMO

DATE: March 2, 2026

TO: SFDPH Contracted Community Based Organizations (CBOs)

RE: Updates to SFDPH Planned FY 2026–27 CBO Budget Reductions

The City's FY 2026-27 budget, as approved by the Board of Supervisors and signed by the Mayor in July 2025, included a \$17 million reduction for Community-Based Organizations (CBOs) contracted with the San Francisco Department of Public Health (SFDPH). Over the past several months, SFDPH has held public stakeholder meetings with CBOs to collaboratively discuss how best to achieve \$17 million in reductions for the FY 2026-27.

SFDPH shared the proposed \$17 million in contract reductions with CBOs and other community partners on January 16, 2026, and presented the proposed reductions to the Health Commission on February 2, 2026. SFDPH also accepted written comments through February 4, 2026. We appreciate the time that CBOs, community partners, and other interested parties took to attend one or more of our community engagement forums, submit written feedback, or attend the Health Commission meeting on February 2, 2026.

Public comment reflected concern regarding the impact of planned reductions on vulnerable populations, SFDPH's workforce, and diminished access to care. These are concerns that we share: we concur that the programs planned for reductions provide important functions. There are no easy reductions to make. However, \$17M has already been removed from our budget, and our priority remains preserving direct health and clinical services.

Through public comment we gained new perspective that some of the impacted programs were providing direct care to patients. These included the Clinical Assistance Program (CAP) and the NAMI Peer to Peer program through Felton. In addition, public comment highlighted the complexity of clinical services provided in the Healthy Steps program and as a result the need to plan for a transition period, details of these adjustments are provided below and supported through other department funding. **Outside of these adjustments to preserve and protect direct health and clinical services no other adjustments were made.**

- **Healthy Steps:** Funding through external sources including the Department of Early Childhood (DEC) will provide six to twelve months to transition services from UCSF to SFDPH staff. Public comment demonstrated how the Healthy Steps program embeds behavioral health and developmental specialists directly within a pediatric primary care clinic to provide screening, early intervention, caregiver support, and care coordination as part of the clinical care team. Our proposal remains to transition and ***not*** cut the services; public comment emphasized the need to carefully plan the transition and to allow for sufficient time for SFDPH staff to be trained to provide these clinical services. Lastly, this proposed transition makes no changes to physician services which would continue to be provided through UCSF staff contracted through the Affiliation Agreement.
- **Clinical Assistance Program (CAP)**, subcontracted through the San Francisco AIDS Foundation (SFAF): We have removed the proposed reduction of \$0.4 million. This includes HIV testing, specimen collection, counseling, and client facing clinical services not workforce development in DPH’s contracted Health Access Points (HAPs) . While funding for CAP is restored, we have discussed with the agency ways in which services can be delivered more efficiently and expect that cost reductions will be included in a subsequent savings proposal.
- **NAMI Peer to Peer**, subcontracted through Felton Institute: We have removed the proposed reduction of \$0.5 million. NAMI’s peer-to-peer program delivers direct client stabilization, crisis prevention, and recovery support that reduce psychiatric hospitalizations and connect individuals to formal clinical care with a special focus on serving the Black/African American population. This program had been anticipated to be ending, as the contract through Felton was ending.

New Savings Proposals: To offset the increase in funding required for the restorations of the CAP and NAMI clinical programs, we have identified the following additional expenditure reductions.

- **Central City Hospitality House:** \$0.7 million of General Fund support will be shifted to Behavioral Health Services Act (BHSA) funding, with no impact on services.
- **HealthRight 360:** Increased the proposed reduction by \$0.1 million to reflect an administrative fee associated with the original reduction.

Overview of Planned Reductions:

Criteria/principles for \$17M in CBO reductions

In identifying reductions, we sought to avoid cuts and mitigate impacts to direct health and clinical services. This instead means cuts to CBO and SFDPH staff capacity building/training funding, as well as vocational programs, and other reductions to realign to funding changes. We acknowledge that the programs planned for reduction enable CBO and SFDPH staff to better perform our work and serve patients and clients. There are no easy reductions to meet the budget requirements.

\$17M in planned reductions

UCSF: \$5.8M – reductions to the Affiliation Agreement with UCSF by maximizing revenues and generating administrative efficiencies and transitioning the Healthy Steps pediatrics program in-house to be done with SFDPH staff over 6-12 months. Physician services will continue to be provided by UCSF Physicians during the transition period.

CBO and SFDPH Staff Capacity Building, Training, Workforce Development, and Consulting Services: \$5.8M – eliminate funding for CBO and SFDPH training/workforce development, capacity building and consulting services that are not required by regulation.

Vocational Programs: \$1.3M – reduce vocational employment programs for clients who are recovering from mental health and substance use issues and often work at SFDPH sites. SFDPH will partner with Richmond Area Multi-Services (RAMS) and UCSF to find the best approach to savings across these portfolios.

Other Reductions: \$4.1M – reductions across a variety of services reflecting funding updates and updated service requirements.

Updated List of Program Reductions

<u>Vendor</u>	<u>Program</u>	<u>Amount</u>	<u>Total contracts with DPH(\$M)</u>	<u>% of total</u>
UCSF		5,841,343	375.0	2%
UCSF	Affiliation Agreement - Maximize revenue, other administrative efficiencies	5,000,000		
UCSF	Transition Pilot Project from UCSF in Primary Care to Existing DPH Staff	750,000		
UCSF	UCSF Clinician Services (0.2 FTE, no direct service)	91,343		
Internal / CBO Training, Capacity & Consulting		5,767,001		
<i>Training and DPH Internal Staff Augmentation / Workforce Development / Capacity Building</i>				
HealthRIGHT 360	Fiscal Intermediary for Capacity Building & Workforce Development	1,247,719	22.8*	5%
Crossing Edge Consulting, Inc.	staff	374,379	N/A	
San Francisco Study Center	Workforce Development (peer training, BHS equity trainings/initiative)	1,326,757	4.9	27%
HealthRIGHT 360	Internal support for DPH billing and quality work	760,263	22.8	3%
Hatchuel Tabernik and Associates (HTA)	Consulting and staff augmentation for DPH staff	595,000	N/A	
Robert Whirry	Grant writing support	100,000	N/A	
CaMHSA	Program Planning, Evaluation & Implementation	50,500	N/A	
<i>Training and Workforce Support for CBOs</i>				
San Francisco AIDS Foundation	Capacity Building & Workforce Development	433,770	16.0	3%
San Francisco Community Health Center	Capacity Building & Workforce Development	219,140	6.3	3%
NICOS Chinese Health Coalition	Capacity Building & Workforce Development	200,542	0.5	37%
Edgewood Center for Children and Families	Capacity Building & Workforce Development	158,814	9.8	2%
San Francisco Public Health Foundation	Harm Reduction Training Institute	172,000	1.2	14%
Lyon Martin	Workforce Development	128,117	1.9	7%
Vocational supports		1,334,405		
Richmond Area Multi-Services, Inc.	Vocational and Peer Programs (from across ~\$20 M)	1,000,000	40.1	2%
UCSF	Vocational Programs (from across \$1.5 M)	334,405	375.0	0%
Other		4,084,740		
Central City Hospitality House	Realign to non-General Fund source (BHSA)	2,722,680		
Mental Health Association SF	Program Already Ending	780,417	1.9	41%
Felton Institute	Subcontract ending, not program	-	20.5	0%
Curry Senior Center	Reduce General Fund to align with New Medi-Cal Revenue	365,885	3.4	11%
Livable City	Sunday Streets	215,758	0.2	100%
Grand Total		17,027,488		

* \$22.8M is the total for HealthRIGHT 360 Fiscal Intermediary services

Program Reduction Details

1) UCSF Programs

Savings in UCSF programs are primarily from increasing Medi-Cal and Medicare reimbursement for clinician services. Administrative efficiencies may also be required. SFDPH will partner with UCSF to achieve these savings. Additional reductions include the Healthy Steps program, which will be transitioned to be performed by existing SFPDH civil service staff, and eliminating 0.2 FTE in non-direct-patient-care funding that SFPDH provides for a UCSF faculty member.¹

Summary of Public Comments (UCSF Programs):

SFDPH received multiple comments expressing concern over the proposed transition of the UCSF-contracted Healthy Steps program to SFDPH by July 1, 2026. Commentors emphasized that without a clear transition plan to provide SFDPH clinicians with specialized training, these vital clinical services would be disrupted.

SFDPH Response (UCSF Programs):

SFDPH has identified external funding partners to provide funding for a 6 -12 month transition period for Healthy Steps program services to be transitioned to SFPDH staff. During the transition period these services will continue to be provided by UCSF staff. The transition funding provides an important mitigation to allow SFDPH staff to sustain service volume and quality. UCSF Healthy Steps clinical staff will train SFDPH staff and assist with programmatic monitoring during the transition. Additionally, UCSF and SFDPH will convene a steering committee to inform strategy and implementation of the program transition.

2) Internal/CBO Training, Capacity Building & Consulting

Training and SFDPH Internal Staff Augmentation / Workforce Development / Capacity Building

- HealthRIGHT 360 Fiscal Intermediary: \$1.2M in savings from reducing various internal training, staff support, and staff capacity building activities supported through a \$22.8M

¹ Services transitioned would only include non-physician services, physician services at ZSFG would continue to be provided through UCSF staff contracted through the Affiliation Agreement

contract with HealthRIGHT 360 performing as a fiscal intermediary. (This is separate from contracts with HealthRIGHT 360 for clinical services and treatment.)

- Crossing Edge Consulting: \$374K reduction from ending two training programs. Ends the Support and Skills Training program to provide training and support to two cohorts a year of ten SFDPH clinicians. Also ends the Community Mental Health Academy program for educating and training SFDPH community-based workers (e.g. paraprofessionals, outreach workers) on behavioral health management skills and increasing professional competencies in the field of mental health.
- San Francisco Study Center: \$1.3M reduction from two services: Behavioral Health Services health equity workforce development (\$1.1M) and a peer outreach program supporting patient and clients in clinics through mental health education presentations primarily at faith centers. The value of all contracts held by SFDPH with the San Francisco Study Center is approximately \$4.7M annually.
- There is an additional \$1.4M in reductions to programs with HealthRIGHT 360, Hatchuel Tabernik and Associates (HTA), Robert Whirry, and CalMHSA that support assorted internal program development, staffing support, and consulting engagements at SFDPH.

Training and Workforce Support for CBOs

- San Francisco AIDS Foundation (SFAF): Funding reductions include \$419K in cuts to funding providing fiscal and operational support for the Rafiki Coalition for Health and Wellness. This does not impact the \$2.6M in ongoing funding to Rafiki Coalition or the \$2.4M in ongoing funding to SFAF for the Health Access Points that they each lead. Rafiki Coalition utilized this fiscal and operational support while its finance team was in transition and is now fully staffed. Additionally, \$376K in reductions were originally proposed to the Clinical Assistance Program. This program supports a workforce development pipeline for Health Access Points with ongoing professional development, paid internship opportunities, and a trained applicant pool.
- San Francisco Community Health Center: Programs identified for reductions include \$139K, or 50%, for supporting the San Francisco Transgender Alliance for Health Resources Capacity Building Assistance (STAHR-CBA) to oversee and manage a coalition of transgender/gender-diverse providers and advocates and sharing best

practices and community knowledge. The remainder is a reduction to a program supporting 0.4 FTE of a trainer for developing cultural humility trainings for City staff.

- NICOS Chinese Health Coalition: \$200K reduction to funding to train other community-based organizations in utilizing the framework of the OMH National Standards for Culturally and Linguistically Appropriate Services (CLAS). Additional funding to prevent or reduce the negative effects of problem gambling in the Chinese community is preserved.
- Edgewood Center for Children and Families: \$159K reduction to technical assistance and training support to the Innovator and Early Adopter CBOs and early adopter public sector agencies implementing the Trauma-Informed Systems (TIS) organizational change model.
- San Francisco Public Health Foundation: \$172K reduction to the Harm Reduction Training Institute to support staff, providers, and community programs in integrating harm reduction principles into their services.
- Lyon Martin: \$128K reduction to administer a fellowship program for two paid and four volunteer part-time trainees in a workforce development pipeline for culturally congruent healthcare services for QTI (queer/trans/intersex) and BIPOC (black, indigenous, and people of color) clients. This reduction represents 7% of the overall Lyon Martin contract with SFDPH.

Summary of Public Comments (Internal/CBO Training, Capacity Building & Consulting):

Public comment reflected concern that training, capacity building, and consulting functions are integral components of care delivery infrastructure. Specifically, that reductions to programs providing these services risks eroding service quality, equity, prevention capacity, and organizational stability. Likely, these effects would not be immediately visible but would manifest over time in reduced patient outcomes and increased utilization of crisis services.

Additional feedback identified the Clinical Assistance Program (CAP) of the San Francisco AIDS Foundation as delivering direct client services and contributing directly to clinical care delivery, rather than solely functioning as a workforce development or training

program. CAP participants provide frontline services, including testing, counseling, specimen collection, and community-based clinical outreach.

SFDPH Response (Internal/CBO Training, Capacity Building & Consulting):

After review of public comment, we share many of the concerns raised around the risks posed by these reductions. All of these programs were originally procured as important health interventions supporting the care that we deliver. Nevertheless, difficult choices were required to implement the approved budget reduction of \$17M. Our focus remains avoiding cuts and mitigating impacts to direct health and clinical services.

Pursuant to our priority of preserving direct clinical services, we will preserve funding for CAP, decreasing the planned reduction for the San Francisco AIDS Foundation from \$0.8M to \$0.4M.

Additionally, SFDPH corrected the value of the reduction to HealthRIGHT 360's (HR360) DPH Billing and Quality Work program to include the administrative fee associated with the program. This change increased the HR360 reduction from \$0.7M to \$0.8M, bringing the total reduction to \$1.5M for programs supporting assorted internal program development, staffing support, and consulting engagements at SFDPH.

3) Vocational Programs

Reductions of \$1M and \$0.3M to vocational programs with Richmond Area Multi-Services (RAMS) and UCSF, respectively. SFDPH has over \$20M of contracts with RAMS for peer and vocational programs and \$1.5M of contracts with UCSF for vocational programs. These services provide supported, subsidized employment programs for clients recovering from mental health and substance use issues and often work at SFDPH sites. SFDPH will partner with RAMS and UCSF to find the best approach to savings across these portfolios.

Summary of Public Comments (Vocational Programs):

Public comment indicated that by providing preventative, recovery-oriented, and equity-enhancing services, vocational programs are connected to behavioral health stability and clinical outcomes. Commentors raised concerns that reductions risk destabilizing individuals who are currently maintaining recovery through structured employment pathways, with downstream implications for clinical demand and community well-being.

SFDPH Response (Vocational Programs):

SFDPH remains committed to funding a variety of peer and vocational programs to help sustain recovery for persons recovering from mental health and substance use conditions. We concur with the sentiments raised in public comments on the importance of vocational and peer programs in providing pathways to recovery to the people we serve. When implementing these reductions, we will work actively with RAMS and UCSF to preserve services as best possible.

4) Other Programs

- Central City Hospitality House: SFDPH provides \$3.8M to Central City Hospitality House, supporting drop-in behavioral health services in the Tenderloin and on Sixth Street. The \$2M in savings does not reduce services but shifts funding from General Fund to Behavioral Health Services Act (BHSA) funding, in alignment with Housing Services requirements within BHSA.
- Programs Already Ending: \$1.3M in savings from programs with the Mental Health Association of San Francisco and NAMI San Francisco (subcontracted via Felton Institute) that have expiring contracts.
- Curry Senior Center (CSC): \$366K in savings from the CSC contract, or approximately 10% of total SFDPH funding for CSC. This reduction is intended to be offset by new revenue opportunities for CSC, as they are now a contracted Medi-Cal provider with the San Francisco Health Plan.
- Livable Cities: \$216K savings from funding for the Sunday Streets program.

Summary of Public Comments (Other Programs):

Public comment received for programs in our “Other” category was primarily around Sunday Streets and the NAMI San Francisco peer-to-peer program funded through Felton Institute. Feedback received regarding Sunday Streets emphasized the important benefits it provides towards community health and prevention.

Public comment noted that the NAMI SF peer-to-peer program delivers direct client services that stabilize individuals, prevent crises, and supplement formal clinical care. Commenters emphasized that these peer-led programs provide direct intervention,

recovery support, crisis prevention, and ongoing client engagement that they viewed as functionally inseparable from clinical care delivery. Specifically, feedback indicated that eliminating funding would remove critical supports for families navigating serious mental illness, and increase the risk of hospitalizations, homelessness, and emergency system involvement.

SFDPH Response (Other Programs):

Pursuant to our priority of preserving direct clinical services, we will preserve funding for the NAMI SF Peer-to-Peer program and eliminate this proposed reduction. Sunday Streets and other programs cut provide important public health services and supports, however, the \$17M reduction forces difficult decisions and we have sought to apply a consistent approach in identifying these cuts of preserving direct clinical and health services.

Additionally, SFDPH has determined that an additional \$0.7M from Central City Hospitality House's drop-in behavioral health programs are eligible to be shifted from the General Fund to Behavioral Health Services Act (BHSA) funding. We will increase BHSA's support for Central City Hospitality House to \$2.7M, resulting in an additional \$0.7M in General Fund savings while maintaining service levels.

Looking Ahead

The City's fiscal outlook, combined with state and federal funding changes, means another challenging budget year is expected. Additional reductions beyond this \$17 million will be required in this year's budget balancing.

These decisions are not a reflection of the value of our CBO partners. You are essential to San Francisco's public health system, and we remain dedicated to working with you through this process with transparency and care.

Thank you for your partnership and for the work you do for San Franciscans every day.