

San Francisco Department of Public Health

Behavioral Health Services Director's Update

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Agenda

- FY26-28 Budget Update
- Behavioral Health Services Act (BHSA) Update



FY26-28 Budget Update



Recap of DPH Budget Submission

	FY 25-26	Proposed FY27-28 Budget	Change from FY25-26
Total DPH Budget	\$3,366 M	\$3,775 M	+\$409 M (+12%)
General Fund	\$779 M	\$1,085 M	+\$307M (+40%)

- DPH's General Fund contribution grows faster than the overall budget as a result of the state and federal revenue cuts, including HR1.
- \$687M of DPH's \$3.6B Budget in FY26-28 is for Behavioral Health Services

City Budget Outlook and Mayor's Budget Instructions

- DPH's budget submission reflects **\$218M over 2 years of reduced** funding (presented at February Health Commission)
 - \$176M of revenue initiatives
 - \$50M of expenditure savings
 - \$28M critical investment initiatives, including staff safety investments
 - \$20M in FY27 growing to \$40M in FY28 of expenditure savings as directed by the Mayor's Office; combination of reduction in CBO contracts and budgeted FTEs)
- These will be difficult cuts, but even with these reductions, DPH's budget will grow by \$409M from \$3.37B (FY25-26) to \$3.78B (FY27-28)
 - Personnel: \$257M (or 65%) growth (primarily increased from 2024 personnel agreement)
 - CBO: \$55M (or 13%) growth

Preserving the Safety Net in the Face of Unprecedented Federal and State Medicaid Cuts

- The **City's \$936M structural deficit** includes **~\$250M in Medi-Cal cuts** for DPH driven by tremendously damaging federal and state cuts to Medicaid
 - FY26-27 cut: \$65M
 - FY27-28 cut: \$196M
- Medicaid cuts represent 25% of DPH's entire General Fund allocation for FY25-26. DPH would need to make massive cuts to clinical services, public health, and the city's only Level 1 Trauma center.
- Given the impact of HR1 on DPH's budget and potential impact on the City's safety net, the Mayor directed all departments **to reduce General Fund spending by \$400M** on an ongoing basis.
- DPH will need to make difficult budget decisions, and the entire City will be helping to support the health care safety net.

DPH's \$3.8B Budget Maintains Core Public Health Services and Critical Supports for the Safety Net

Examples of what is included in the DPH budget:

- ~\$2B 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 ~\$700M in behavioral health treatment and services, including continued expansion of services for people with substance use disorder and mental health needs.
- \$20M+ 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.

Continued: DPH's \$3.8B Budget Maintains Core Public Health Services and Critical Supports for the Safety Net

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.
- Projected \$15M in new investments in safety and security of staff and patients, including \$7.5M in the current DPH proposal and an expected \$7.5M in new, ongoing support from the Mayor.
- Welcoming individuals who lose Medi-Cal coverage, including those with unsatisfactory immigration status, back to Healthy San Francisco to provide continued care.

Mayor's Policy Guidance to DPH on Additional Savings

The Mayor's Office provided DPH with further policy instructions on how to achieve the **\$40M in ongoing savings**. These savings will need to come from:

- **\$20M from internal organizations reductions** (90-100 FTE out of 7,766 budgeted FTE, or ~1% of FTEs)
- **\$20M from community-based organization (CBO) contract reductions**
- **Additional \$5M in contingency reductions** for CBO contracts

Next Steps

- The Mayor's Policy Guidance will require us to weigh difficult trade-offs and to put forward hard proposals.
- We deeply value our team and are confident we can lessen the impact of the required staff reductions by transitioning staff to open roles, identifying vacant positions, and prioritizing DPH staff for new positions.
- We value our partnerships with CBOs and are committed to transparency and engagement about how to meet these directives while redoubling our shared commitment to strong outcomes, health equity, and efficient operations.
- We have offered multiple opportunities for staff and partners to engage with us in these deliberations.

Budget Milestones & Timeline

- **March 2:** Health Commission voted on DPH budget submission
- **March 4:** DPH held all staff budget meeting
- **March 5:** DPH held community-based organization budget meeting
- **March-April:** DPH held additional staff and community-based organization listening sessions
- **April 20:** Present proposal for \$40M in ongoing savings in response to Mayor's Office Policy Guidance and gather Health Commission and public feedback
- **June 1:** Mayor's Proposed Budget
- **June:** Board Hearings and Review of the Budget

Behavioral Health Services Act (BHSA) Update



Behavioral Health Services Act Reform

- Mental Health Services Act (MHSA), approved by voters in 2004, established 1% tax on personal income above \$1 million for **prevention, early intervention, and mental health treatment services**.
- Behavioral Health Services Act (BHSA), under Prop 1, approved by voters in 2024, goes into effect July 1, 2026.
 - First major reform of MHSA. Intended to improve **transparency, accountability, and outcomes**.
- BHSA expands target population to **include individuals with substance use disorder; continues prioritizing services for children and youth; people who are chronically homeless, veterans**.
- BHSA introduces **new state-directed and required funding allocations and new county planning and reporting requirements**.



BHSA Integrated Plan and Key Milestones

Plan Requirements

- BHSA Three-Year Integrated Plan must describe how the County will deliver high quality, culturally responsive, and timely access to services along the continuum of care.
- The plan must include all local, state, and federal behavioral health funding and services.
- It must be developed in collaboration with local health jurisdictions, Medi-Cal Managed Care Plans, and informed by community stakeholders with extensive engagement requirements.
- The draft plan must be posted for a 30-day Public Comment Period and reviewed by the Behavioral Health Commission.

Integrated Plan Timeline

- **March 31:** Draft submitted to DHCS
- **April 1-30:** [Public Comment Period](#)
- **April 6:** Health Commission review
- **May 7:** Behavioral Health Commission review
- **June 2:** Board of Supervisors hearing
- **June 30:** Final plan submitted to DHCS
- **July 1:** Plan goes into effect



Thank you