

# **FY 26–27 and FY 27–28 Proposed Budget**

## **Our City, Our Home Fund**

**San Francisco Department of Public Health**

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# Mental Health Service Area – Budget Overview

- **Continues all programs** included in the OCOH Investment Plan and previous budgets
- Uses **one-time carryforward & reserves** to maintain service levels through FY 28–29
- Despite recent improvement in Prop C revenue projections, the Mental Health spending area faces a **25–30% structural shortfall** after one-time sources are exhausted
  - ~\$140 million per year of ongoing Mental Health spending
  - ~\$100 million in projected annual Prop C and revenue (including **Medi-Cal reimbursement** and DPH’s share of fund-wide interest income)
- Aligns budget to operational needs for PHACS and Street Health teams
- Departmental budget plan for implementing mayoral priorities on behavioral health and homelessness will be further developed with Mayor’s Office over next two months



# Mental Health – Operating Budget

Mental Health Operations Uses	Current Year	Budget Cycle		Out Year
	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Treatment Beds	45.5	57.0	58.9	60.6
Case Management	17.3	30.3	32.7	33.7
Assertive Outreach	21.3	25.6	26.2	27.0
Drop-In Services	4.5	7.2	7.6	7.8
Overdose Prevention & Substance Use Treatment	6.2	7.1	7.4	7.6
Operating & Implementation	6.7	7.7	7.9	8.1
<b>Ongoing spending</b>	<b>101.6</b>	<b>134.9</b>	<b>140.7</b>	<b>144.9</b>
<b>Sources</b>				
Projected Prop C revenue	99.3	91.8	95.8	95.0
Projected interest income	5.6	5.6	5.6	5.6
HSH Prevention funding for PSH	1.9	1.4	0.9	0.4
Medi-Cal	2.0	2.0	2.0	2.0
<b>Ongoing revenue</b>	<b>108.7</b>	<b>100.8</b>	<b>104.3</b>	<b>103.0</b>
<b>Structural surplus/(shortfall)</b>	<b>7.1</b>	<b>(34.1)</b>	<b>(36.4)</b>	<b>(41.9)</b>

- Mental Health service area **programming is largely implemented:**
  - Projecting to spend 78% of original operating budget (\$129.8M) in FY 25–26
- Assumes full spending in operating budget for FY 26–27 onwards
- Prop C revenue outlook has improved, but **continuing 25–30% structural shortfall** in operating budget



# Mental Health – Balancing Plan

<b>Mental Health</b>	Current Year	Budget Cycle		Out Year
	FY 25-26	FY 26-27	FY 27-28	FY 28-29
<b>Mental Health Operations</b>				
Ongoing spending	(101.6)	(134.9)	(140.7)	(144.9)
Ongoing revenue	108.7	100.8	104.3	103.0
Fund balance (one-time)	100.3	107.4	73.3	36.9
<b>Operations: Year-end surplus/(shortfall)</b>	<b>107.4</b>	<b>73.3</b>	<b>36.9</b>	<b>(5.0)</b>
<b>Mental Health Acquisition</b>				
Facility acquisition	(35.6)	(10.0)	(16.5)	-
Acquisition fund & state grants (one-time)	65.8	30.2	20.2	3.7
<b>Acquisition: Year-end surplus/(shortfall)</b>	<b>30.2</b>	<b>20.2</b>	<b>3.7</b>	<b>3.7</b>
<b>Total: Year-end surplus/(shortfall)</b>	<b>137.6</b>	<b>93.5</b>	<b>40.6</b>	<b>(1.3)</b>

- **Operating budget balanced through FY 28–29** by spending down one-time carryforward
  - However: ongoing spending plan continues to exceed ongoing revenue projections
- **\$26.5M in remaining acquisition funds to be spent down through FY 27–28**
  - \$3.7M retained for facilities maintenance fund



# Mental Health Acquisition Projects

## Future Acquisition Fund spending:

- 1. Treasure Island Behavioral Health Building** (residential step-down housing)
  - Design complete
  - Expected to break ground in late 2026 and open in late 2028
- 2. 1660 Mission Street** (behavioral health access services):
  - Site acquired in late 2025, design underway
  - Renovations expected to begin in early 2027 and be complete by late 2028

SFDPH has acquired a total of **four behavioral health buildings** using one-time Prop C funding, leveraging Prop C to draw down state capital grants.



*1660 Mission Street*



**Thank you!**