Adopted Budget – FY27 & FY28
Our City, Our Home Fund

San Francisco Department of Public Health

August 27, 2026

Mental Health Service Area – Budget Overview

- **Reflects realignments and rebalancing resulting from implementing the Behavioral Health Services Act changes, reviewing Safe Supplies policies, and reviewing SUD navigator pilot**
- **New investments in recovery pathways**
  - ~140-bed expansion of recovery housing programs ($8.5M/year)
  - ~70-bed expansion of the RESTORE (Rapid Engagement Shelter and Treatment for Opioid Recovery) program that focuses on the most vulnerable populations who require this level of care, including pregnant people ($6.3M/year)
  - Expanded long-acting injectable (LAI) buprenorphine in permanent supportive housing (PSH) to promote recovery from drug use across 8–10 PSH sites, with on-site dosing to eliminate pharmacy waits ($2.5M/year)
- **Infrastructure investments to support Breaking the Cycle plan**
  - Investment to build the City's Medi-Cal billing infrastructure ($1.5M/year)
  - Adding medical and shelter transport capacity – a 7-day, 16-hour-a-day contracted transport service to enable warm handoffs across treatment and shelter sites ($2.8M/year)
  - Advancing crisis response training for DPH street response staff and Fire EMS paramedics: 5150 training and field-based assessment ($0.7M/year)
- **Behavioral health capital projects**
  - Puts $25M of the one-time fund balance towards major behavioral health capital projects

Mental Health – Operating Budget

Mental Health	FY 25-26	Current Year		Out Years	
Uses	**FY 25-26**	**FY 26-27**	**FY 27-28**	**FY 28-29**	**FY 29-30**
Treatment Beds	45.5	61.4	70.6	72.8	74.9
Case Management	17.3	32.3	33.7	34.7	35.7
Assertive Outreach	21.3	29.1	30.3	31.2	32.1
Drop-In Services	4.5	10.1	10.6	10.9	11.3
Overdose Prevention & Substance Use Treatment	6.2	5.9	6.2	6.4	6.5
Operating & Implementation	6.7	8.1	8.8	9.1	9.4
Capital Improvement*	-	25.0	-	-	-
Ongoing spending	**101.6**	**172.1**	**160.2**	**165.0**	**169.9**
Sources					
Projected Prop C revenue	107.0	115.0	110.0	116.0	122.0
Projected interest income	5.6	6.3	5.9	5.9	5.9
HSH Prevention funding for PSH	1.9	1.4	0.9	0.4	0.0
Medi-Cal	2.0	5.4	5.4	5.4	5.4
Ongoing revenue	**116.5**	**128.1**	**122.2**	**127.7**	**133.3**
Structural surplus/(shortfall)	**14.9**	**(44.0)**	**(38.0)**	**(37.3)**	**(36.7)**

*$25M one time transfer to Prop C Acquisition Fund in FY26-27

- New investments beginning in FY 26–27 and FY 27–28:
  - Addition of ~200 recovery and RESTORE beds ($15M/year in Treatment Beds)
  - $2.5M/year to expand LAI medication treatment across 8–10 PSH sites
- Mental Health ongoing spending level now proposed at **$155–165M per year**

Mental Health – Balancing Plan

Mental Health	Current Year			Out Years	
Mental Health Operations	**FY 25-26**	**FY 26-27**	**FY 27-28**	**FY 28-29**	**FY 29-30**
Ongoing spending	(101.6)	(172.1)	(160.2)	(165.0)	(169.9)
Ongoing revenue	116.5	128.1	122.2	127.7	133.3
Fund balance (one-time)	100.3	115.1	71.1	33.1	(4.2)
Operations: Year-end surplus/(shortfall)	**115.1**	**71.1**	**33.1**	**(4.2)**	**(40.9)**
Mental Health Acquisition					
Capital Improvement	(35.6)	(11.6)	(16.6)	(21.3)	-
Acquisition fund (one-time)	65.8	55.2	43.6	27.0	5.7
Acquisition: Year-end surplus/(shortfall)	**30.2**	**43.6**	**27.0**	**5.7**	**5.7**
Total: Year-end surplus/(shortfall)	**145.4**	**114.8**	**60.2**	**1.5**	**(35.1)**

- Mental Health service area is **balanced through the two-year budget cycle** by spending down one-time fund balance
- One-time funds run out in FY 28–29: **~$42M/year funding cliff in FY29-30**
- Approx. $55M in acquisition funding committed to remaining behavioral health capital projects

Updates Since Board-Approved Budget

- DPH is partnering closely with HSH to maximize revenue for the City from **HUD's Continuum of Care Program**, which may involve shifting programs between funding sources, including Prop C.
  - Outcome is unclear, pending regional Continuum of Care applications and ongoing litigation

- DPH continues to work to **maximize Medi-Cal revenue across the department**, including programs funded by Prop C:
  - Final FY 25–26 actuals will reflect additional Medi-Cal revenue from the Crisis Stabilization Unit (CSU) at 822 Geary Street and several CalAIM Community Supports programs
  - The CSU is expected to continue to draw Medi-Cal revenue going forward, which is assumed in future Prop C budgets
  - Community Supports are authorized under the state's CalAIM waiver, which may not continue at the same levels

Mental Health – Capital Projects

The approved budget invests up to $25M of Prop C fund balance into major behavioral health capital projects.

1. **1660 Mission Street** (Health, Recovery and Connection Center)
   A. Will include the Behavioral Health Access Center (BHAC), Bringing Expanded Access to Medications (BEAM), BHS Pharmacy, and a Sobering Center
   B. Construction timeline: early 2027 to late 2028
   C. Est. capital cost: $80 million (across all funding sources)
2. **Treasure Island Behavioral Health Building**
   A. New construction with up to 300 beds of residential substance use disorder treatment and transitional housing
   B. Construction timeline: November 2026 to July 2028
   C. Est. capital cost: $72 million (across all funding sources)
   D. <u>Update:</u> The Treasure Island project is now fully funded for construction with 2020 Health & Recovery Bond, Treasure Island developer fees, and CCE & BHCIP state grants

Conceptual rendering of 1660 Mission Street

Thank you!