



San Francisco
Department of Public Health

FY 25-26 Mid-year Budget & Program Updates

San Francisco Department of Public Health

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FY 25–26 Mid-Year Budget Update

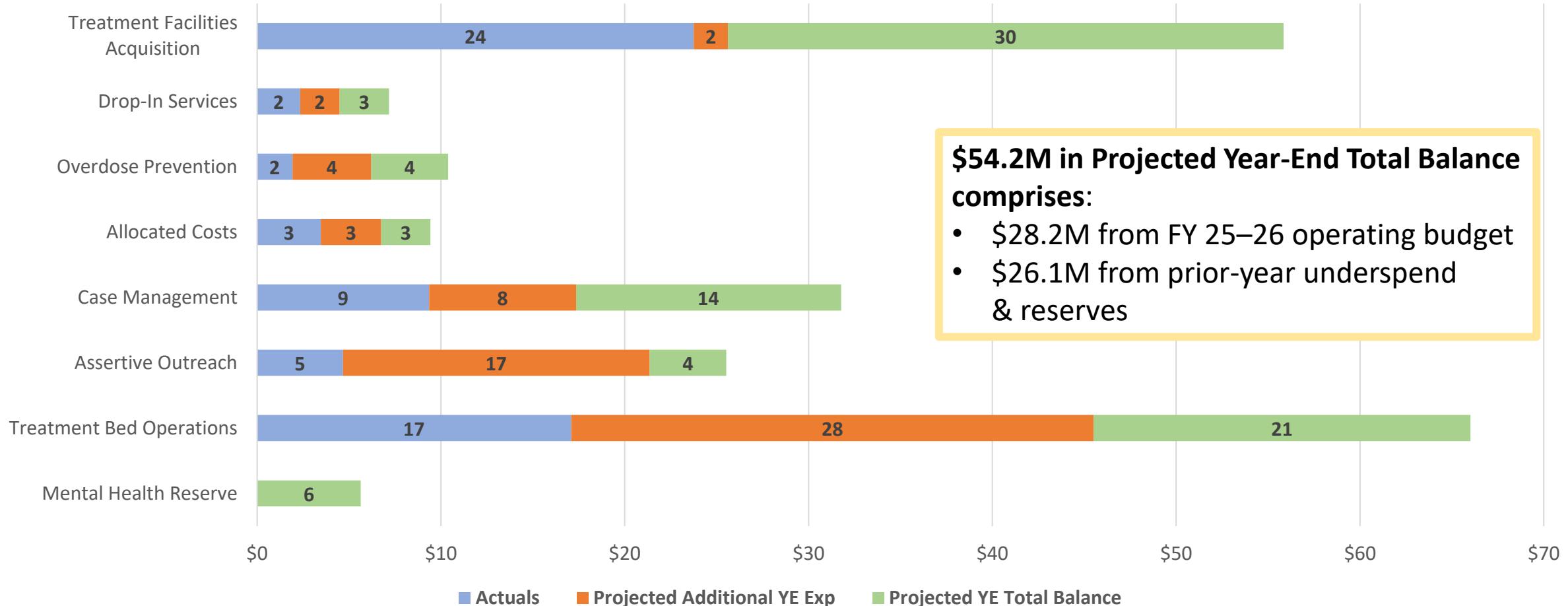
DPH anticipates spending \$101.6 million to operate OCOH Mental Health programs in FY 25–26, a 26% increase from FY 24–25 spending.

Almost half of this spending will go towards Treatment Bed Operations, with the next highest spending in the Assertive Outreach and Case Management program areas.

- OCOH Mental Health operating budget for FY 25–26: **\$129.8M**
 - DPH spent **\$38.8M** in operating expenditures during the first half of FY 25–26
 - DPH projects an additional **\$62.8M** in operating expenditures during the second half of FY 25–26
 - Projected remaining balance of **\$28.2M** in OCOH Mental Health operating budget for FY 25–26, representing one-time program savings
- Additional carryforward due to prior-year underspending and reserves account for \$26.1M of remaining balance
- **\$40M/year ongoing shortfall for OCOH Mental Health budget** – one-time savings will be used to help short-term balancing in upcoming budget cycles



FY 25–26 DPH Expenditures & Projections



FY 25–26 Mid-Year Budget Update

- **Expenditure Drivers:**
 - Continued expansion of mental health and substance use residential care and treatment beds
 - Ongoing operations for behavioral health street response and outreach teams
 - New programs added in the FY 25–26 budget, including:
 - New residential care & treatment programs: Eleanora Fagan Center & Wells Place
- **Balance Drivers:**
 - Ramping up of contracts for new services, refining scope of new initiatives to align with state requirements, including new Intensive Case Management expansion, and adjustments to existing contracts.
 - Prior-year carryforward (~half of current balance)
 - Mental Health acquisition projects in pre-construction phase (Treasure Island and 1660 Mission Street)



Mental Health – Acquisition Projects

SFDPH expended **\$38.5M*** in one-time OCOH capital funding to acquire two facilities in FY 25–26

- **601 Laguna Street** (residential care facility): opening in 2026/27 – \$20M from OCOH Fund
- **1660 Mission Street** (behavioral health access services): opening in 2028 – \$18.5M from OCOH Fund; \$10M to be reimbursed by state BHCIP 5 grant

With these two new properties, SFDPH has acquired a total of four behavioral health buildings, leveraging Prop C funds to draw down state capital grants.

Remaining OCOH capital funds are set aside for:

- Construction on 1660 Mission Street
- A fifth behavioral health building on Treasure Island, slated to break ground in late 2026 and open in 2028



1660 Mission Street



FY 25–26 Mid-Year Budget Update

Updates on new, ongoing operating programs added in FY 25–26

- New residential care & treatment beds – open and ramping up services
 - Eleanora Fagan Center (Kean Hotel): 72 health respite beds for adults experiencing homelessness as the first step out of homelessness (opened August 2025)
 - Wells Place (Marina Inn): 62 beds of post-treatment recovery housing to foster connection, accountability, and independence (opened September 2025)
- Planning and development in progress, with full-service expansion planned for FY 26–27
 - Intensive Case Management (ICM) expansion: Program staff are working to align program expansion with new state Medi-Cal requirements and serve more clients at the right level of care. Budget is being refined to begin expansion later this fiscal year.
 - New Adult Residential Care Facility at 601 Laguna (44 beds): DPH acquired 601 Laguna in August 2025; it needs renovations before planned reopening in 2027. It will serve low-income adults who are clients of the public health system, require long-term support with daily tasks, and cannot live alone.



Key Provisions of H.R.1 and State FY 2025-26 Budget



Eligibility/Access Requirements

- » Work requirements for CalFresh and Medi-Cal
- » 6-month Medi-Cal renewal requirement
- » Cost sharing for Medi-Cal (premiums and copays)
- » Enrollment freeze for State-only Medi-Cal for undocumented adults

Financing Restrictions and Penalties

- » Managed care and provider tax limitations
- » Cuts to federal funding for providing uncompensated health care
- » CalFresh admin. cut from 50% to 25% of costs
- » Substantial new penalties for CalFresh payment errors

Abortion Providers Ban

- » One-year ban on federal Medicaid funding for "prohibited entities" that provide abortion services

Immigrant Coverage Limitations

- » Reduction in federal funding for emergency Medi-Cal for undocumented adults
- » Restrictions on lawful immigrants' eligibility for federal reimbursement for CalFresh
- » Reduction in benefits to State-only Medi-Cal for undocumented adults

Potential Impacts: Preliminary projections up to **\$400M in annual revenue losses** when fully implemented and up to **50,000 San Franciscans losing Medi-Cal coverage**

Thank you!