



San Francisco
Department of Public Health

Planned CBO Reductions in FY26- 27 Budget

March 2, 2026
Second Health Commission Meeting

Recap of DPH FY26 and FY27 budget

- The budget signed for FY26 and FY27 summer 2025 included:
 - \$572M of new revenue initiatives
 - \$102M of new expenditure reductions
 - 219 FTE reduction (no layoffs; repurposing roles + eliminating vacancies)
- \$102M of savings included \$27M reductions in CBO contracts
 - \$10M reduction in outpatient behavioral health rates to move on to the state's Medi-Cal fee schedule
 - **\$17M commitment in CBO contract reductions to be in effect by 7/1/26**
- Where we are:
 - **Shared proposal \$17M of additional CBO cuts** – this is just to deliver on the FY27 budget already signed (focus of this update)
 - Separately working on additional budget savings to respond to the MBO budget instructions
 - Accepted public comment on the reductions at the last Commission meeting and through email
 - Asking today for your vote on the proposal



Summary: \$17M Proposed Cuts to DPH Contracted Services

Criteria/principles for \$17M in CBO reductions:

- **Avoid cuts to direct health and clinical services** – this means cuts to CBO and staff capacity building/training funding, as well as vocational and other

\$17M in proposed cuts:

- **UCSF: \$5.8M** in reductions to the Affiliation Agreement by maximizing revenues and generating efficiencies; bringing a pediatrics program in-house to be done with DPH staff
- **CBO and Staff Capacity Building, Training and Consulting Services: \$6.0M** Eliminate funding for CBO and DPH training/workforce development, capacity building and consulting services that are not required by regulation
- **Vocational Programs: \$1.3M** Reduce vocational training programs supporting employment programs for clients recovering from mental health and substance use
- **Other Reductions: \$3.9M** Reductions across a variety of services reflecting funding updates and updated services requirements



Responses to Public Comments on Proposal

- Many comments 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, including for CBOs and SFDPH staff.
- **There are no easy reductions to make. However, \$17M has already been removed from our budget, and our priority remains avoiding cuts to direct health and clinical services.**
- **Public comment provided new perspective on three impacted programs as providing significant direct clinical or health services to clients and patients.**



3 Changes to the Proposed Reductions to Preserve Direct Clinical Services

Three of the original proposals are modified to reflect the commitment to preserving direct clinical or health services:

- **Healthy Steps:** Department of Early Childhood (DEC) and other sources offered to provide temporary funding for 6-12 months to thoughtfully transition services from UCSF to SFDPH staff.
- **Clinical Assistance Program (CAP)** at the San Francisco AIDS Foundation (SFAF): While it is a training program, CAP participants provide HIV testing, specimen collection, counseling, and harm reduction services. We have removed this cut and agreed to work with SFAF on an efficient delivery model.
- **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. We have removed this cut and agreed to work on a new procurement.

5



Additional Savings to Achieve \$17 M in Savings

New Savings Proposals: To offset the increase in funding required for the restorations, we have identified the following additional reductions:

- **Central City Hospitality House:** Additional \$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.

