San Francisco
Department of Public Health

DEPARTMENT OF PUBLIC HEALTH
FY 2026-28 BUDGET

March 2, 2026
Health Commission Meeting

Overall Priorities for DPH

San Francisco
Department of Public Health

Mission and vision

Mission: Protect and promote the health of all San Franciscans
Vision: Making San Francisco the healthiest place on earth **[for all people!]**

Overall priorities

1. **Getting to Zero on health disparities over the long term** by deploying world class, systematic public health interventions (upstream, tackling social drivers of health, community engagement)
2. **Be the best health care delivery system in the world** (access, quality of care and outcomes, care experience, integrated and population-health based care)
3. **Tackling the behavioral health and homelessness crisis**

How we will do this

- Drive decision making, policy and health care based on:
  - **An integrated, systems approach, working as one DPH**
  - **World-class data and analytics** to drive **evidence-based practices**
- **Execute with operational effectiveness, rigor and financial sustainability**
- **Meaningfully engage the community** in what we do
- **Develop & invest in our people** to effectively achieve our mission and support our team, and **ensure a safe and secure work environment**

Summary of Budget Solves for FY26-28

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- **As discussed in the February Health Commission meeting, DPH's budget submission reflects $218 million (M) over 2 years of reduced General Fund relative to Base Budget**
  - $176 M of revenue initiatives
  - $50 M of expenditure savings (e.g., administrative efficiencies, FTE vacancies, IT contracts)
  - ($28 M) critical investment initiatives (including staff safety investments)
  - $60 M ($20 M in FY27 growing to $40 M in FY28) of expenditure savings to be identified 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 still grow by $409 M over 2 years from $3.37 billion (B) in FY25-26 to $3.78 B in FY 27-28**
  - Personnel: $257 M (or 65%) of total growth, primarily due to inflators in the 2024 MOU
  - CBO: $55 M(or 13%) of total growth

- **In addition, due to federal and state Medi-Cal cuts, DPH's General Fund contribution grows by $307 M (+39%) from $779 M to $1,086 M over 2 years**

Preserving the Safety Net in the Face of Unprecedented Federal (HR 1) and State Medicaid Cuts

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- **The City's $936 M structural deficit includes ~$250 M in Medi-Cal cuts for DPH driven by tremendously damaging federal and state cuts to Medicaid**
  - FY26-27 Medicaid reimbursement cut: $65 M for DPH
  - FY27-28 Medicaid reimbursement cut: $196 M for DPH

- The Medicaid cuts represents 25% of DPH's entire General Fund allocation for FY25-26. **If DPH were asked to solve this on our own, we would need to make massive cuts to clinical services, public health, and the city's only Level 1 Trauma center —** impacting countless clinical and non-clinical staff and programs and cratering the city's health safety net.

- Instead, given the extraordinary impact of HR 1 on DPH's budget and potential impact on the city's safety net, **the Mayor has directed all departments (not just DPH) to reduce General Fund spending** by $400 M on an ongoing basis, so that we can **continue to maintain delivery of core services, including health services.**

- **In other words, DPH will need to make difficult budget decisions, and the entire City will be helping to support the health care safety net in the face of unprecedented Medicaid funding cuts.**

Recap of DPH's budget Submission – Key Numbers

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	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 primarily as a result of the state and federal revenue cuts, including HR 1**

Recap of DPH's Budget Submission – Drivers of DPH's Budget

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in $Ms	FY25-26	FY 26-27 Proposed	FY 27-28 Proposed	Change FY27-28 from FY 25-26	% Annual Growth
Total Expenditures	**$ 3,366**	**$ 3,567**	**$ 3,775**	**$ 409**	**5.9%**
Personnel	$ 1,738	$ 1,848	$ 2,005	$ 267	7.4%
Contracts (including UC Affiliation)	$ 964	$ 977	$ 1,019	$ 55	2.8%
Intergovernmental Transfer	$ 158	$ 228	$ 234	$ 75	21.5%
M&S, Capital, Work Orders	$ 506	$ 514	$ 517	$ 11	1.1%

- Personnel costs account for over 50% of DPH's budget and account for ~ 62% ($267 M) of growth from FY 25-26 to FY27-28

- Contracts (primarily for CBOs and UCSF) account for 27% of DPH's budget and account for ~13% ($55 M) of budget growth

DPH's $3.8B budget maintains core public health services and critical supports for the safety net, vulnerable communities

Examples of what is in the DPH budget:

- ~$2 B 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 ~$700 M in **behavioral health treatment and services**, including continued expansion of services for people with substance use disorder and mental health needs.
- $150 M a year for state-mandated, **core public health functions** that protect health for all in our city.
- Close to $75 M in **HIV treatment and prevention services**, the majority of which is now General Fund supported given 20 years of reduction in Ryan White Programs and CDC HIV Prevention Funding to SF.
- $20+ M to support **Black maternal and infant health programs** to advance health equity and improve birth outcomes.
- Over $20 M 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.

DPH's $3.8 B budget maintains core public health services and critical supports for the safety net, vulnerable communities (continued)

Examples of what is in the DPH budget (continued):

- 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 $15 M in new investments in **safety and security** of staff and patients, including $7.5 M in the current DPH proposal and an expected $7.5 M 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.

… and many other critical services

Overview of DPH's FY 2026-28 Budget Submission

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	FY 26-27 General Fund Savings/(Cost)	FY 27-28 General Fund Savings/(Cost)	Two-Year Total
Negative exposures vs. baseline budget	**(20.3)**	**(20.9)**	**(41.1)**
Higher than budgeted per diem nurse spending	(20.3)	(20.9)	(41.1)
Required budget solves	**81.3**	**117.5**	**198.8**
Revenue initiatives (above baseline) (A1-A10)	**67.7**	**108.6**	**176.3**
Expenditure Savings - already identified (internal efficiencies)	**25.2**	**25.1**	**50.3**
Eliminate additional FTE vacancies (B1)	*2.8*	*3.0*	*5.8*
Contracting efficiencies at ZSFG / across DPH (B2)	*4.1*	*4.1*	*8.2*
Other administrative spending reprioritization / efficiencies (B3)	*7.5*	*7.5*	*15.0*
Better manage per diem staffing (P103 nursing) (B4)	*10.9*	*10.5*	*21.4*
Critical Investment Initiatives	**(11.7)**	**(16.2)**	**(27.8)**
Security operating investments (C1)	*(7.5)*	*(7.5)*	*(15.0)*
Staffing Assisted Living Facility at 624 Laguna(C2)	*(1.7)*	*(5.8)*	*(7.5)*
Leases for consolidating staff to modern/seismically safe buildings (C3)	*(2.4)*	*(2.9)*	*(5.3)*
Total proposal (budget solves + negative exposures)	**61.0**	**96.6**	**157.6**
Additional budget solves required, to be identified by April Expect additional policy guidance from MYO Focus will be on $240M in CBO + DPH staffed programs	**20.0**	**40.0**	**60.0**
Total proposal including all solves	**81**	**137**	**218**

Mayor's Policy Guidance to DPH on Additional Savings

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- **The Mayor's Office provided DPH with further policy instructions on how to achieve the $40 M in ongoing savings**

- **These savings will need to come from:**
  - $20 M from internal organizations reductions (90-100 FTE out of 7,766 budgeted FTE, or ~1% of FTEs)
  - $20 M from CBO contract reductions

- Additional $5 M in contingency reductions for CBO contracts

Mayor's Policy Guidance to DPH on Additional Savings

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Principles for organizational reductions:

- **Role and function elimination**
  Identify functions and programs that DPH is no longer performing or that have been superseded by systems changes (e.g., post-Epic implementation or program consolidations). Positions tied to legacy workflows, sunset programs, or activities that have been absorbed into other structures should be eliminated.

- **Administrative consolidation**
  DPH operates across multiple divisions with overlapping administrative, IT, finance, and HR functions. The department should undertake a staffing review to eliminate duplicative management layers and back-office roles that can be combined to reflect optimized team structures.

- **Workforce realignment**
  Align staffing levels with actual service demand and revenue-generating capacity. The February submission's initiative to replace P103 per diem roles with PCAs and float pool RNs demonstrates a fiscally responsible approach—identifying where staffing models are mismatched and restructuring to reduce cost while maintaining care quality. Similar analysis should be applied across all divisions.

Mayor's Policy Guidance to DPH on Additional Savings

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Principles for CBO contract reductions:

- **Prioritize outcomes**

  Budget decisions should be guided by performance against defined, data-driven outcomes—not simply service volume, historical allocations, or provider relationships. Contracts should be evaluated based on:
  - Measurable impact on reducing fatal and non-fatal overdoses
  - Treatment initiation and retention rates
  - Reduction in emergency system utilization
  - Progress on reducing health disparities, including in chronic diseases, overdose death rates, and maternal/infant health outcomes

  Programs that do not demonstrate performance against these criteria should be reviewed for potential reduction or elimination. Programs that are focused on interventions that are less evidence based or are focused on lower quality interactions (e.g., general activity fair participation, handing out pamphlets/literature) should be deprioritized.

Mayor's Policy Guidance to DPH on Additional Savings

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Principles for CBO contract reductions:

- **Invest in behavioral health treatment access and stickiness; reduce investment in services without assertive pathways to treatment**

  Consistent with the Mayor's Breaking the Cycle strategic priorities, CBO funding should be directed toward:
  - Expanding medication-assisted treatment (MAT) access and initiation
  - First-72-hours crisis stabilization and treatment engagement
  - Solutions promoting sustained client engagement from crisis stabilization through treatment, recovery, and independence

  Contracts for harm reduction services that may provide diseases and overdose prevention services without also promoting assertive pathways to medical and/or behavioral health treatment or that have negative collateral impacts on communities (e.g. increasing exposure of children to public drug use, including via proximity to schools or playgrounds) should be eliminated or restructured.

Mayor's Policy Guidance to DPH on Additional Savings

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Principles for CBO contract reductions:

- **Maximize revenue-generating potential**
  CBO contracts should be evaluated for whether they maximize reimbursement potential. Where DPH-staffed services can generate Medi-Cal or other revenue that CBOs cannot, in-sourcing should be considered.

- **Develop a re-procurement process for CBO contracts**
  DPH contracts for and staffs multiple programs with complementary, overlapping services and populations of focus; DPH should develop a re-procurement plan that reduces administrative duplication.

- **Protect frontline safety**
  Safety for frontline providers is a non-negotiable priority. CBO reductions should not compromise provider safety staffing, training, or infrastructure.

- **Focus on direct client services**
  Reductions should target administrative overhead, capacity building, and training line items before direct client-facing services where possible.

Next Steps

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- 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 will offer multiple opportunities for staff and partners to engage with us in these deliberations over the next two months as we develop proposals.

Next Steps

San Francisco
Department of Public Health

- **March 2nd:** Health Commission vote on Department Budget submission
- **March 4th:** DPH all-staff meeting
- **March 5th:** CBO budget meeting
- **March – April**: Additional DPH staff Town Halls and CBO listening sessions
- **April 20th:** Present proposal for $40 M in ongoing savings in response to Mayor's Office Policy Guidance and gather Health Commission / public feedback
- **June 1st:** Mayor's proposed budget
- **June:** Board hearings and review of budget