

**COUNTY BUDGET PLANNING:  
SAN FRANCISCO DEPARTMENT OF HUMAN SERVICES**  
*Patrick Garcia\**

## **INTRODUCTION**

John Lennon once said that "Life is what happens to you while you're busy making other plans.." I believe this is an apt description for any county budget planning process. Especially in San Francisco, change is a constant. given the shifting constituencies and interest groups and the unique dynamics of its political climate. These changes also occur during a time of limited economic resources and the impact of welfare reform.

Given these circumstances, I was highly impressed with the professionalism and planning consistency of Sally Kipper and her staff in Planning and Fiscal Operations. Like Sisyphus in Greek mythology who was condemned to push a giant rock to the top of a hill only to see it roll back to the bottom so that he could start all over again, the staff at Planning and Fiscal have made incredible efforts to deal with the frequent adjustments that are necessary in the budgeting process and yet maintain effective communication and cooperation with all levels of management in the Department as well as with political entities such as the Human Resources Commission, the Board of Supervisors, and the Mayor's office. It gets very complicated and there never really is an end to this constant give and take of the budgeting cycle. However, staff at San Francisco exemplify, through their patience and perseverance, the three rules of work as described by Albert Einstein:

- 1) Out of clutter, find simplicity.
- 2) From discord, find harmony.
- 3) In the middle of difficulty lies opportunity."

## **BACKGROUND**

Coming from a background of no county budgeting experience at all. I was very grateful for Sally Kipper. Julie Murray Brenman and others at SF DHS to provide me with their time and experience in sharing the intricacies and complexities of the budgeting process. They were very busy people and yet were often available to provide guidance and patiently answer whatever ponderous question I had in mind. I came back with a renewed respect for them as well as for the budgeting people in my own county (Santa Clara County). In most cases, whenever we think of budgets, we think of tedium and boredom. But the fact of the matter is that we can't live without one, and it should be very manager's responsibility to be acquainted with the process.

Given the limits of this case study. I will focus my discussion on just a few elements of the budget that I became involved in and which I believe has significance for other counties to learn from. I shall first begin by giving a brief overview of the SF DHS budget.

## **BUDGET OVERVIEW**

\*Patrick Garcia is the Civil Rights Coordinator/Personnel Liaison in the Santa Clara County Social Services Agency.

The projected budget for the San Francisco Department of Human Services in Fiscal Year 1997-98 is \$301.8 million. This amount is a \$13.3 million decrease in expenditures from last year (Fiscal Year 1996-97 budget=\$315.1 million). The decrease is primarily attributable to the declining AFDC caseload, with changes in other aid payments also impacting the figures.

However, the projected budget, at this point, does not reflect the impact of the state's anticipated welfare reforms nor does it include new initiatives. as per instructions from the Mayor's office. The Mayor had given all departments instructions to prepare their budgets showing the cost of only continuing current services, i.e., a baseline budget. This does not include the cost of increased salary and benefits. Moreover, the potential growth in General Assistance as a result of the implementation of -1ANF and other state or federal reforms is not included. Consequently, it is expected that the SF DHS budget will need revision later in the year as state welfare reforms are approved and operating costs are clarified.

Be that as it may. the current proposed budget includes the following share of costs: 32.7% federal (\$98.7 million), 27.6% state (83.3 million), and 39.7% local (119.7 million). The large local share reflects the fact that San Frank isco has traditionally been more generous than other counties in addressing unmet needs of its various constituencies that have not been covered by federal or state resources.

The total number of positions available in this proposed budget is 1,324. The organizational structure of SF DHS includes an Executive Director who oversees three Deputy Directors: the Deputy Director of Family and Children's Services, the Deputy Director of Administration, and the Deputy Director of Adult Programs. The Executive Director reports to the Human Services Commission and answers directly to the Mayor.

According to the County Charter, the Human Services Commission, which is made up of members of the public appointed by the Board of Supervisors. has authority to approve or disapprove of items in the proposed budget before such provisions go on to the Board for final approval. This responsibility is unique and very different from other similarly appointed commissions in other counties, which primarily serve in an advisory capacity. Consequently, all kinds of interesting things can happen- as is illustrated in the following example.

## **HUMAN SERVICES COMMISSION V. GA RECIPIENTS**

In the proposed 1997-98 budget, it was noted that the GA caseload was slowly declining due to the improving economy. However, this decrease was likely to be offset by a larger increase in aid payments as immigrants become ineligible for SSI and apply for GA. An important ingredient in the proposed budget was the suspension of the GA COLA (cost of living adjustment), which amounted to \$2.87 million. In fact, this was an item that had been specifically requested by the Mayor's office. Although this COLA for GA recipients had been suspended in each of the four previous years, it nonetheless required an ordinance which would cancel the automatic cost of living increase for the coming fiscal year.

In staff's presentation to the Human Services Commission, which I attended. Commission members were informed that, pursuant to direction of the Mayor's office, GA payments were

budgeted with the assumption that the maximum individual monthly grant would remain at \$345 per month, as it had been for the past four years. This amount, even without the COLA, is significantly higher than other counties, and staff stated it was absolutely essential to maintain this payment in order to help stabilize DHS clients and avoid a sharp increase in homelessness. Nonetheless, it was noted that, because GA consumed the largest portion of general **fund expenditures and because other** counties and other income maintenance programs are, in fact, reducing grants, DHS could not justify increasing the grant in GA.

After the presentation of staff, the Commission opened the floor for comment from members of the public. A large number of GA recipients were present carrying signs. They appeared to be very well organized and prepared. Occasional hisses would erupt during staff's presentation, but, as soon as these persons received the opportunity to speak, general jubilation and clapping occurred at the end of every speaker's address to the Commission. The testimony was emotional, occasionally angry, and always intense. They, in fact, made a good case in regard to the plight of the average GA recipient who had to struggle in impoverished circumstances and had not received a COLA in four years. However, little was said about the GA payment being much higher compared to other counties. This fact along with indications that residents from surrounding counties were moving to San Francisco in order, presumably, to take advantage of the larger GA benefit (adding a COLA would only serve to promote this trend) were not addressed by either the speakers or the Commission members. Individual speakers were quite fervent, a few asking Commission members to join them in the Tenderloin to see what it was like.

The reaction of the Commission was typical of a political body faced with an onslaught of public opposition. They postponed a decision in the matter until they could get more information. I learned later that the Mayor's office was not pleased, and I was told by one manager that "Willie" would be calling individual members to let them know how he felt. If he did this, it did not seem to help. The Commission met again and similar public comment was received. The end result was that the Commission was deadlocked: two voted for and two voted against suspending the COLA (one member was absent). There, the matter should have died, and the COLA would have automatically been implemented for GA recipients. However, the Mayor's office was able to somehow resurrect this issue and will be presenting the recommended suspension of the GA COLA to the Board of Supervisors when they meet on final budget deliberations in August. I hear that the GA clients are organizing and will be present at this meeting.

I bring this story up as one example of what can't be controlled in a budget planning process. The political situation brings with it uncertainties that no one can anticipate and that disrupt the best laid plans. Budget planning must be flexible and responsive in dealing with these unintended changes: otherwise, it will be useless as a service tool.

## **BUDGET PLANNING AS A TOOL TO ENHANCE SERVICES**

Key elements in budget planning are to find how services are tied to the reality of the budget and to look at ways to plan and manage the budget in order to promote needed services for the community. In considering the reality of the budget, one must understand how little discretion that a county has in determining its spending priorities. In San Francisco, for example, the

majority of the DHS revenues support specific program mandates. Only 4.1% (\$12.3 million) of the total budget is at complete local discretion. Nonetheless, the budget does allow opportunities for managers to control costs. or invest in new programs.

San Francisco has used many creative ways to deal with the reality of their budget. "Leveraging" is one method used and refers to the use of one source of funds to attract or "draw down" another source of funds. Leveraging is most commonly associated with the county's required match to leverage state or federal funds. San Francisco also commits local monies in excess of the required match (i.e., overmatch) for state funds in the GAIN program in order to leverage additional federal JOBS funds.

Since most programs are paid for by a combination of federal, state, and local funds and since state funds are capped and federal funds are not, overmatching or spending more than the allocation received for running the service is used to attract additional federal dollars. Spending more than what is required by the state will allow the overmatch to be shared 50-50 between the county and the federal government. This is known as "share of cost". The county has a 100% share of cost for General Assistance programs (all county funds). However, it has no share of cost for Medi-Cal which is paid 50-50 by state and federal funds. Currently, San Francisco is working on this reality by reassigning EW's in AFDC, where the caseload is declining and therefore not generating enough revenue to support staff, to Medi-Cal programs where there is no county share of cost and where there are increased workloads.

Planning and managing the budget also plays a role in supplemental appropriations. Supplemental appropriations are one-time revenues added to a budget mid-year usually to address an unexpected need in current programs. The supplemental appropriation offers an opportunity for counties to become creative in addressing community needs. Knowing that these monies will not be available in the next year requires a thorough assessment of how the dollars can be used most effectively. especially in this climate of welfare reform.

While at DHS. I became involved in formulating the Supplemental Appropriation for Employment and Training Services (ETS). ETS had available one-time rollover funds from the state in the amount of \$1.3 million (50% state and 50% federal revenues). This prompted a discussion on how these monies could be expended to develop an infrastructure for welfare reform which would promote employment focused programs for the Department and get AFDC clients back to work. The ETS manager explained the concept behind this model as "Work First". Typically, ETS is required to do assessments on all recipients before they are referred and placed in employment settings. Under Work First, the recipients would take the initiative. Work First is considered more efficient because some clients may not need assessments and may already be available for the job market if they have access to appropriate information. The ETS manager considered the reality that employment and training programs do not have the person power or resources to do assessment and placement services for all eligible recipients. He stated that ETS could not possibly place all eligible clients by the year 2000 if it did assessments for everyone. However, implementing Work First for that portion of recipients who are already job-ready can make a difference.

To implement the Work First approach, a supplemental appropriation request was prepared for the Human Services Commission that proposed a "onestop" model at Career Link which would allow AFDC recipients to walk-in and have access to computer work stations to assist in job search and selfdirected assessments. Interactive workstations were also recommended for the intake/reception area of DHS. The intent was to turn the "waiting room" into a "doing room" where clients can look up jobs, access community resources, and obtain information about needed services, such as child support, employment referral, and Internet. Other activities planned through the use of supplemental funds included promoting use of the Internet for job search activities; providing recipients access to resume writers or "resumes on demand" in order to make them more employable; supplying a resource library which would be accessible to clients who wish to obtain employment information, reference materials, and job listings; and providing child care services to enhance and support the ability of clients to engage in employment services and acquire jobs.

All of these proposed services funded through the supplemental were designed to efficiently provide, the minimum necessary assistance to job ready applicants who are sufficiently prepared to move on into the job market. The supplemental was approved by the Human Services Commission without any controversy. Everyone thought it was smooth sailing after that since no opposition was expected from the Board. However, shortly before the end of my internship, I was informed that the ETS supplemental had "fallen to pieces". DHS was told by the state that it could not use its money for child care services. This was not expected, and required a reallocation of the budget. This is yet another example of how seemingly flawless budget planning and a good idea can be disrupted at any moment in the process.

## **LESSONS LEARN EIVIMPLICATIONS FOR SANTA CLARA COUNTY**

I believe that there are a number of implications for my county that can be gained from my experience with San Francisco. But perhaps the most important lesson I received came from a discussion I had with Sally Kipper regarding the nature of the budget planning process. She emphasized the necessity and importance of developing a strategy in budget planning, a strategy in which all levels of management participate in before the actual process of the budget is implemented. For the past several years, executive as well as program managers in SF DHS get together, usually during the month of December, to have an all day discussion about the budget. This is key since this all day discussion is a means to build relationships, promote collaboration, and achieve understanding about the particular needs of each program or service unit. This enables a process of dialogue and prioritizing which takes into consideration issues that cut across program lines. Ultimately, it accomplishes a buy-in into a budget planning process which, despite whatever fits and turns the budget may go through in the ensuing year, advances cooperation and communication leading to better thought out ways to promote services to clients.

I believe an action step for my county would be to establish an opportunity for such a forum of managers prior to each budgeting cycle. Of course, setting up this discussion will not change the chaotic nature of the budgeting process. But it will make it more manageable and comfortable for managers to deal with. In addition, it will promote the concept that we are involved in this together and that my priorities impact your priorities. Perhaps, this will make us more sensitive

to one another's issues and promote a more cohesive sense of ourselves as an Agency, rather than as a group of fragmented departments or divisions.