

Summary of Community Investments & Changes in the Mayor's Proposed Budget FY25-26 & FY26-27

The FY25-27 Budget reflects a significant reduction to grants and contracts across City departments, owing to slow revenue growth. This document is intended to help community organizations who advocate for programming understand thematic and departmental changes to the budget. The budget funds overall programming; for individual grant or contract decisions, please confirm award decisions and timing with the relevant department.

Cost-of-Doing Business (CODB): The Mayor's budget funds a CODB increase of 1 percent in FY2025-26 and 1.4 percent in FY2026-27 for all General Fund ongoing non-profit contracts, up from a 0 percent assumption previously budgeted for FY2025-26.

Community Safety and Street Response: The budget funds a new coordinated street teams outreach model to support individuals facing behavioral health challenges or chronic homelessness, coordinating four departments through central leadership at the Department of Emergency Management. This includes an increase in funding for homelessness and behavioral health outreach programs, coordinated leadership at DEM, as well as extending HEART funding into FY27. The proposed budget also fully funds SCRT.

Funding for neighborhood-based ambassador programs is moved from OEWD and centralized in the DEM budget for re-procurement. The budget reflects previous budgets FY26 reductions to ambassador contracts and adds funding for ambassador programming in the Mission District.

OCEIA ambassador funding will wind down over the next three years as incumbent ambassadors complete their three-year appointment.

Welcome Ambassadors and downtown public safety ambassadors are not funded in the proposed budget.

Homelessness, Housing, & Our City, Our Home (OCHO): The proposed budget adds funding for new interim housing beds serving unsheltered adults, families, and people in recovery. The budget also funds a new initiative to provide immediate access to treatment and medication-assisted therapy for individuals who have historically resisted traditional services. Additionally, the budget expands the *Journey Home* relocation program for 24/7 coverage, helping reconnect people experiencing homelessness with support networks outside the city.

Small Businesses: The continues to fund *First Year Free*, which waives the cost of initial registration fees, initial license fees, first-year permits, and other applicable fees for qualifying new businesses.

Climate Action: The budget partially reduces funding the City's Climate Action Plan at the Department of the Environment.

Workforce Development: Workforce program funding reductions are primarily driven by the expiration of state grants. Additional grant reductions affect COVID-19 Community Resource Hubs; neighborhood job centers, and reductions to sector-specific workforce initiatives offering retention services.

Children & Families: The proposed budget maintains grant allocation funding at DCYF to provide high-quality, culturally responsive services to the target populations across 255 different programs. Addback funding placed on mayoral reserve in FY25 was removed from the budget. The proposed budget also maintains investments in early care and education, including tuition support for families earning up to 150% of the area median income, compensation for early care educators, childcare facility improvements, and

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funding for Family Resource Centers.

Tenant Right to Counsel: The budget increases funding to the Tenant Right to Counsel program for the upcoming fiscal years. It is part of MOHCD's new five-year procurement.

Food Security: Funding levels at HSA for direct food access in communities increases, with food access programming maintained at DPH. In the proposed budget, funds are redirected from community grants to bolster food security through HSA in response to proposed federal cuts impacting food assistance programs.

Re-Entry and Transitional Housing Programs: Transitional housing programs funded by the Sheriff's Office are maintained, including support for reentry and the PATH program. The budget increases funding for transitional housing at the Adult Probation department in FY2025-26, with a decrease in FY2026-27.

Department Information - Other Changes to Departmental Grant & CBO Portfolios

In light of the projected and ongoing deficit, budget reductions were made across departments, which may affect existing contracts in FY 2025-26 and FY 2026-27 or future funding levels. Community members and organizations should follow up with department staff for specific information. A summary of changes by department is included below.

Office of the City Administrator (ADM)

The grant portfolio for the Office of Civic Engagement and Immigrant Affairs and the Office of Labor Standards Enforcement are reduced in the second year of the budget in FY 2026-27 (Year 2) of the budget. The Community Ambassadors Program (CAP) will wind down over the next three years.

Funding for Grants for the Arts will sustain current levels of funding and will be re-procured on a two-year cycle this year through the City's newly formed arts agency.

Department of Adult Probation (ADP)

The department's grant portfolio for supportive housing, case management, and workforce development funding is maintained in FY2025-26 (Year 1), but reduced in FY2026-27 (Year 2) only. The budget maintains funding for transitional housing programs funded through DPH in FY25-26.

Arts Commission (ART)

The Arts Commission will award less funding through open RFPs in FY26 than in previous years due to downward revisions in Hotel Tax revenue forecasts. These reductions are spread across the Arts Impact Endowment, Cultural Centers, and Cultural Equity Endowment.

Funding for arts programming previously funded through the Dream Keeper Initiative has been transferred to the Human Rights Commission.

Department of Building Inspection (DBI)

The proposed budget eliminates funding to the DBI grant portfolio.

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Department of Children, Youth, and their Families (DCYF)

The proposed budget maintains existing grant allocation funding at DCYF. Addback funding placed on mayoral reserve in FY25 was removed from the budget.

Department of Early Childhood (DEC)

The proposed budget increases the department's investments in early care and education leveraging increased funding from state and federal grants. The increase in funding will go towards tuition support ensuring low and middle-income families have access to high-quality childcare and education. The budget also maintains investments in enhanced compensation for teachers and improvements to childcare facilities with an emphasis on infant and toddler spaces. Family Resource Centers continue to maintain ongoing funding.

Department of Public Health (DPH)

The proposed budget realigns Sugary Drinks Distributor Tax (SDDT) revenues to prioritize direct access to healthy food, maintaining investments in food access programs at DPH, OEWD, and SFUSD partnerships. The budget redirects funds from community grants to increase food security access through HSA. Addback funding placed on Mayoral reserve in FY25 was removed from the budget.

The proposed budget redesigns health services at HOPE SF sites, expanding community-based support, eliminating administrative redundancies, and increasing funding for contracted wellness services. Certain contracts are ending in the current fiscal year or do not provide direct client services, including for childhood mental health services, and will see proposed reductions. Street Violence Prevention funding will continue through December 2025. There is no proposed reduction to the Bereavement Fund.

The budget also ends contracts for COVID-19 and flu vaccination sites, reflecting shifting public health priorities.

Department of Public Works (DPW)

The proposed budget reduces funding for the Pit Stop program to reflect utilization rates. The budget also reflects a partial reduction to Community Based Organizations for street cleaning workforce programs.

Office of Economic and Workforce Development (OEWD)

The budget reduces grants at the Office of Economic and Workforce Development. Reductions are made to realign programs to maintain core workforce development, community economic development and small business support initiatives.

Human Rights Commission (HRC)

The proposed budget partially reduces HRC's grant funding, including funding for Dream Keeper Initiatives, as the department restructures to improve grant compliance and fiscal oversight. Starting in FY 2025-26, HRC and the Department on the Status of Women (WOM) will consolidate into a singular agency to share financial resources that will allow both Commissions to effectively follow their Charter mandates and align departments for more administrative support.

Dream Keeper Initiative (DKI) - Cross-Departmental

The proposed budget reduces total DKI funding across departments, with the majority of the funding under

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HRC. The proposed budget reduces the overall Dream Keeper portfolio to align budgets with spending patterns and prioritize key program areas.

- **HRC:** HRC continues to invest in DKI programming for community health, youth development, workforce initiatives, and organizational capacity building. There is a budgeted reduction to the overall funding amount. Initial RFP grant awards will be issued later this month.
- **OEWD:** Program funding for Workforce Development programming is reduced slightly. Both Workforce Development and Community Economic Development plan to issue re-procurements for some of their DKI portfolio.
- **DPH:** Funding levels are maintained in DPH overdose prevention initiatives and the Feeding 5000 program. Black Maternal Health program funding is also maintained in DPH but shifted off of the overall Dream Keeper portfolio.
- **ART:** Funding for DKI arts programming continues but has been transferred to HRC for re-procurement.

Human Services Agency (HSA)

The HSA budget has some limited reductions to services delivered by community benefit organizations across its portfolio. There are no reductions to Dignity Fund programming. Affected grants and contracts will be notified of potential impacts and contract changes.

Homelessness and Supportive and Housing (HSH)

The budget funds expansions for transitional housing and rapid rehousing for individuals and families, expansion of vouchers for victims of domestic violence, and an expansion of the RESTORE program. Other new investments include coordinated neighborhood street teams, vehicular homelessness interventions with rapid rehousing subsidies, and expansion of a relocation assistance program with 24/7 coverage. The budget proposes some funding reduction for service connection contracts.

The department is in the process of implementing its multi-year procurement plan and will have various RFP cycles throughout the year.

Mayor's Office of Housing and Community Development (MOHCD)

The proposed budget includes funding for three primary funding priorities, including homelessness prevention, housing stability, and community safety and vitality.

The proposed budget fully-funds the Tenant Right to Counsel program and continues support for ongoing tenant emergency rental assistance programs, providing assistance to households experiencing housing insecurity and at imminent risk of eviction. The budget also prioritizes funding for housing stability programs such as tenant counseling and tenant-landlord assistance, as well as immigration legal services. The Cultural Districts program continues to be funded based on the proscribed set-aside from Hotel Taxes collected.

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Beginning in FY 2025-26, MOHCD's proposed budget also includes a portfolio of gender-based violence prevention grants previously awarded through the Department on the Status of Women, including funding for domestic violence emergency shelter and support, crisis lines, legal services, and gender-based violence intervention, prevention, advocacy, and education.

The proposed budget discontinues funding for community building, financial capability services, and general civil legal services. These program areas previously funded convening and collaboration activities; financial coaching, mentoring, and financial literacy workshops; and legal aid outside of housing, immigration, and gender-based violence.