

June 19, 2012

San Francisco Board of Supervisors
City Hall
San Francisco, CA 94102

Re: Community funding priorities

Dear Supervisor:

Thank you for taking the time to meet with the San Francisco Human Services Network (HSN) this spring to discuss the FY 2012-13 and FY2013-14 budget. Several Supervisors asked us to follow up after Mayor Lee released his budget regarding the status of proposals that impact community-based services for vulnerable city residents.

Mayor Lee's proposed budget

The good news is that for the first time in many years, the Mayor's budget makes no general fund reductions to community-based health and human services. The Mayor rejected all of the proposed service cuts in the Department of Public Health and in the Department on the Status of Women's Violence Against Women grants program. He accepted the Human Services Agency proposal to meet their budget targets with revenues instead of cuts.

The Mayor will also use City funds to backfill federal cuts to Ryan-White funding for HIV/AIDS services, and partially fund job readiness programs formerly funded by the S.F. Redevelopment Agency. He has not yet committed city funds to backfill state budget cuts to San Francisco childcare programs, which could exceed \$20 million, including the loss of hundreds of subsidized slots and lower reimbursement rates. The City has set aside \$15 million in reserves to address state reductions, and HSN supports prioritizing these funds to mitigate potential childcare cuts.

Finally, Mayor Lee announced a 1% cost-of-doing-business (CODB) increase to nonprofit contracts, the first increase since FY2007-08. After five years of flat funding, this step begins to help nonprofits cover the rising costs of healthcare and other expenses, preserve services, and in many cases, provide modest raises to their employees.

Cost-of-doing-business increase

While we are extremely appreciative that the Mayor provided a 1% increase to protect services, our sector's highest priority as the budget goes before the Board of Supervisors is to increase the CODB to a full 3%, which is consistent with the FY2012-13 Consumer Price Index of 2.93%. The cumulative CPI increase since the last nonprofit CODB is 11.3%. Nonprofits have absorbed those cost increases at the price of service reductions, layoffs and flat wages. Over the years, this has eroded our sector's capacity to the point where it threatens the viability of many programs and even entire organizations. **We are asking the Board to prioritize \$9 million for the additional 2% increase for all nonprofit general fund contracts.**

We also ask the Board to **reject the concept that the CODB increase should incorporate a 3% COLA mandate**. While every nonprofit wants to reward their staff, each organization's priority needs vary. Each one needs flexibility to determine the best use of the increased funding. As we've noted, many programs are on the verge of becoming unsustainable after five years of flat funding. Some nonprofits already provided a raise this year, and need the funds to cover years of double-digit inflation in their healthcare rates. Some won't be able to give the full amount because they need to match it with other funding to give equivalent raises to staff that don't work on the city contract. We therefore believe this proposal is impractical, and could even exacerbate financial problems for some nonprofits.

Other community priorities

The improving economy also provides the opportunity to begin conversations about crucial services that were cut in the recession, and how to rebuild them to address unmet needs in the community. We are aware of a number of other community proposals that we hope you will prioritize during the remainder of this year's budget process:

- **Shelter and Resource Center proposal:** A coalition of emergency homeless service providers has submitted a memorandum to the City requesting a supplemental General Fund allocation of about \$5 million to help ensure a safe and dignified system of care for our homeless population. This investment includes \$3 million for shelters and resource centers to cover the gap between funding reductions and increased Standards of Care costs, including minimum staffing levels, adequate training, safe facilities, and basic necessities. It also includes \$2 million to continue rapid re-housing and homelessness prevention funds that were part of the federal stimulus package. (For more information, see www.sfhsn.org/documents/hsn_iss_budg_hlfunds_06-05-12.pdf.)
- **Job Readiness Initiative (JRI):** JRI provides funding to CBOs for workforce development services that address barriers to employment, which will allow target populations – typically clients either receiving public benefits or involved in the criminal justice system – to compete for thousands of capital jobs currently in the pipeline. This program was formerly funded by Redevelopment. The Mayor's budget includes \$1.8 million to maintain this program. Providers are requesting an additional \$645,000 to restore the program to full funding (a total of \$2.45 million over two years).
- **Ryan-White Part D Funding Cut to Youth-Specific HIV/AIDS Services:** Ryan-White Part D funds family-centered primary medical care and support services for women, children and youth with HIV/AIDS. The U.S. recently released a new Part D competitive RFP that limits each community to only one service provider. That provider must serve all populations, eliminating youth-specific grants. The RFP also caps the grant award. These changes mean the loss of \$500,000 in HIV services funding for San Francisco youth. (The contractor affected by this loss of funding is Larkin Street Youth Services.) This funding cut was not included in the Mayor's backfill of Ryan-White Part A funding for HIV services and prevention.
- **Shelter for runaway and homeless youth:** San Francisco has only one 24 hour / 7 day licensed shelter for runaway and homeless youth, ages 12-17 (Huckleberry House). They serve an average of 170-200 sheltered youth a year and an additional 100 provided with crisis intervention. They also staff a 24-hour crisis line for youth, parents, teachers, law enforcement and other providers, with an average 740 calls per year. This program once received city funding of \$600,000, but has sustained years of budget cuts, threatening their ability to maintain their current level of services. They are seeking an additional allocation of \$275,000 to restore full funding.
- **Services for seniors:** While we do not yet have complete information, we are aware of two important local programs for seniors and people with disabilities that face state cuts. The Health Insurance Counseling & Advocacy Program (HICAP, run by Self Help for the Elderly), which provides free and objective information and counseling about Medicare, will lose some of its funding. The Aging and Disability Resource Center (Episcopal Community Services), which provides multi-lingual information, referral services and assistance to seniors and people with disabilities, has also been reduced.

The San Francisco Human Services Network thanks you for considering these community priorities as we enter the final stage of the budget process. Please contact me at 668-0444 if you have any questions or if there is any way we can be helpful.

Sincerely,

Debbi Lerman
HSN Administrator