

I. Partnering with Nonprofits in Tough Times: Recommendations from the San Francisco Community-Based Organizations Task Force. April 2009.

1. **Consolidate nonprofit administration.** The City spent approximately \$58 million on nonprofit indirect costs in fiscal year 2007-08. The City should incentivize opportunities for nonprofits to use management services organizations (MSOs) and to consolidate back office functions.

1.1. Issue an RFQ. The Controller's Office should issue a request for qualifications (RFQ) to identify potential MSOs and their costs of service provision.

1.2. Promote MSO use. The City should encourage nonprofits to work with MSOs, particularly those that are majority City-funded and/or that have negative monitoring and audit findings.

1.3. Reduce barriers to efficiency. The City Attorney and Risk Manager should explore ways to address potential liability issues for nonprofits interested in sharing back office functions.

1.4. Identify funding sources. The City should explore federal and philanthropic resources to support consolidation.

1.5. Support bulk-purchasing efforts. The City should explore ways to support nonprofits interested in group purchasing of materials and services.

2. **Support nonprofits mergers and closures.** Given the importance of nonprofits to public service delivery, the City should actively work to ensure as smooth process as possible during the anticipated sector restructuring. Opportunities and critical points will arise that lead nonprofits to consider mergers or closures and it is urgent that the City play a proactive role in these discussions.

2.1. Assist nonprofits exploring mergers. The City should support mergers among nonprofit contractors by communicating with nonprofit leadership and governance and providing funding and technical assistance.

2.2. Smooth service transitions. In cases where a nonprofit faces risk of closure, City departments should work to minimize service disruption to the community.

2.3. Assemble a resource clearinghouse. The City should work with the philanthropic sector to generate resources including planning and implementation grants, access to legal expertise, training provision, and development of guides and protocols.

2.4. Convene a forum for nonprofits. The City should co-convene a forum with the philanthropic sector to educate nonprofit board members and executives about restructuring options and supports.

3. **Maximize revenue.** The City should aggressively prioritize finding new revenue. Potential opportunities include drawing down additional federal revenue through formula grants and entitlements; enrolling all eligible individuals in SSI/SSDI, strategically positioning agencies and departments to maximize receipt of stimulus funding; and applying for competitive government and philanthropic grants.

3.1. Deliver executive leadership. The Mayor's Office should issue a mayoral policy declaration that prioritizes revenue maximization strategies.

3.2. Identify opportunities for revenue maximization. The Controller's Office should conduct an analysis of nonprofit funding and programs that have the potential to draw down Medi-Cal dollars and other state or federal dollars.

3.3. Facilitate cross-department collaboration. The Mayor's Office should convene and facilitate interdepartmental conversations and negotiation to support revenue maximization in cases where departments are reluctant to collaborate.

3.4. Develop collaborative funding guidelines. The City should provide guidance for interdepartmental funding collaborations to address budget oversight, outcome setting, and performance monitoring.

3.5. Reward collaboration. Collaborations that result in new revenue should be recognized and rewarded through the Municipal Fiscal Advisory Committee Good Government award and other mechanisms.

3.6. Dedicate staff to investment efforts. The Mayor should consider creating a philanthropic liaison position or office focused on fostering philanthropic and government investments in San Francisco.

4. Improve management and oversight. The City should improve coordination and centralize oversight through joint corrective action plans in order to address under-performing nonprofits. This process would create greater nonprofit accountability by providing a clearer pathway for improvement and documenting nonprofit progress in meeting identified steps.

4.1. Strengthen departmental response to poor performance. City departments should more assertively implement, monitor, and take action on corrective action plans for nonprofits.

4.2. Assess departmental capacity. The Controller's Office should assess departmental response to cases of corrective action and make recommendations for improving oversight capacity.

4.3. Unify corrective action across departments. The Mayor's Office should periodically convene senior department decision-makers to identify nonprofit contractors whose performance merits development of an interdepartmental corrective action plan and to monitor progress of existing action plans.

4.4. Direct nonprofits toward external administrative resources. New nonprofits and those unable to comply with corrective action should be strongly encouraged to use MSOs.

5. Promote nonprofit sustainability measures. City contracting should reflect best practices for nonprofit sustainability by encouraging funding diversification, continuity in times of natural or other disasters, and maintenance of reserves. These are commonly accepted best practice standards as well as positive indicators of solid governance and fiduciary accountability.

5.1. Incentivize diversification of funding. The City should encourage nonprofits to have at least 15 percent of funding provided by non-City entities. The City should identify interim targets and deadlines for reaching this goal for nonprofits that do not comply.

5.2. Mandate disaster plans. The City should require nonprofits to have a business continuity plan that identifies how an organization will recover and restore interrupted functions.

5.3. Require nonprofits to hold financial reserves. The City should require nonprofit contractors to have financial reserves totaling two months of operating revenue.

6. Plan strategically. Personal, district, and departmental politics, reflected in the add-back process, challenge the City's ability to align investments effectively. At the same time, nonprofits with potential to meet neighborhood and cultural gaps struggle with capacity issues. The City should develop a strategic plan for delivery of community-based services that identifies strategies to better align public investments across departments as well as ways to build the nonprofit sector's capacity.

6.1. Begin a strategic planning process. The Mayor should initiate a strategic planning process aimed at strengthening delivery of essential community-based services. The plan should focus on ensuring the sector has capacity to meet priority needs and that City resources are aligned to support this effort.

6.2. Obtain philanthropic support for strategic planning. The City should work with philanthropy to generate resources to support a strategic planning process.

II. Recommendations from the SF Department of Public Health Community Programs Stakeholder Engagement Process: August 2008-May 2009

Each workgroup developed a set of priority recommendations, which are detailed in this report. The following summarizes the key recommendations from the six policy initiative workgroups.

1. Integrating Primary Care and Behavioral Health

- Ensure that all clients/patients are assigned a primary care provider.
- Designate either primary care clinics or community behavioral health settings as health care homes depending on the immediate, ongoing, and changing needs of clients/patients.

- Consider a “menu of integration models,” whereby providers have the flexibility to select elements for implementation specific to the needs of their clients/patients.
- Address essential components during the next phase of implementation planning, including: administrative structure and leadership; physical facilities; workforce development and training; safety; and staffing/relationship management.

2. Care Coordination

- Provide care in a coordinated fashion for all DPH clients and patients. Formal care coordination should be prioritized for clients who are not equipped to coordinate their own care, are involved in multiple systems, and have multiple needs.
- Ensure a more organized team and client-centered approach to care coordination to reduce costs and improve health outcomes for clients.
- Ensure that clients and patients do not fall through the cracks or use unnecessarily duplicative services by outlining a framework for a coordinated care system and providing for shared data and communication tools.

3. Managing Beds

- *IMD Subgroup*
 - Move clients to less restrictive settings by identifying clients ready to step down to a lower level of care, which will create more efficiencies and reduce costs.
 - Support efforts to minimize length of stay; explore alternatives to Institutions for Mental Diseases (IMDs); find exit models that provide supportive housing outside of substance triggering environments; and strengthen connections to the IMD community.
- *Substance Abuse Subgroup*
 - Expand the existing behavioral health authorization and utilization review process to include residential substance abuse treatment programs.
 - Ensure joint responsibility for coordination, transition, and emergency episode response among Behavioral Health Access Center, Placement Unit, and client’s case manager.

4. Increasing Health Equity

- Maintain prevention and public health functions as a core component of new initiatives, services and system design.
- Prioritize and address social determinants of health.
- Ensure that cultural humility and cultural competency are reflected in programs and services.
- Include systematic data collection, analysis and reporting as well as technical assistance and support to community based organizations to help build capacity.

5. Supporting Children, Youth and Families

- Serve families in an integrated manner by preserving the primary relationship with the client (child, youth, family, TAY).
- Build the capacity of existing entry points (hubs) to follow children, youth, and families across the system of care to ensure optimal outcomes.
- Collaborate with the Mayor’s Interagency Council to improve coordination across all systems of care serving children, youth, and families with complex needs.
- Commit resources to prevent Transitional Age Youth from falling through the cracks.

6. Community Based Organizations

- Recognize and respect nonprofit self-determination and governance while supporting efforts to evaluate a continuum of strategic restructuring opportunities.
- Support proactive capacity development of organizations in order to preserve accessible and culturally based service delivery.
- Continue to engage contractors in efforts to streamline contracting and improve contractor assessment practices.

III. Nonprofits: The Good, The Bad, The Ugly: Civil Grand Jury of San Francisco Report: 2008-09

The Procurement Process

1. The Mayor's Office of Budget and Policy should develop and coordinate a strategy for utilizing nonprofit services.
2. Each RFP should specify the qualifications for panel members selected to rank the proposals.
3. The Office of Contract Administration (OCA) should develop a tracking system for grants.
4. The Nonprofit Review/Appellate Panel should develop with each Department a uniform set of procedures for nonprofit grant administration.
5. Departments should use Cost of Reimbursement instead of Units of Service as the method of payment in every RFP.
6. A database of sole source waivers including all cost should be maintained under the oversight of the OCA.

Addbacks

7. The practice of targeted Addbacks should be stopped.
8. The City Charter (2.114. Non-Interference in Administration) should be enforced to prevent district supervisors from directing funds to specific nonprofits through circuitous means. (For example, naming a street where a nonprofit exists or specifying a service offered only by a specific nonprofit).
9. The Supervisors can have a greater role in the process by submitting budget proposals and funding priorities during a department's normal budget preparation process, e.g. hearings, commissions and/or citizen advisory committee meetings rather than last-minute adjustments through the targeted add-back process.
10. To comply with the San Francisco Charter and encourage the use of competitive processes, and to strengthen the requirements for the content of City contracts, the Board of Supervisors should no longer direct funds toward specific City contracts or contractors through the targeted addback process or otherwise.

Back Office Operations

11. A Consolidated Backroom Unit should be set up with the Office of Contract Administration (OCA) to provide back-office operations for nonprofits.

Fiscal Monitoring

12. The Office of Contract Administration should be given the task of tracking the compliance rate on nonprofit grant consolidation across all City departments.
13. The Nonprofit Review/Appellate Panel should be given the directive to study the compliance rate on joint monitoring within and among all City departments and to make recommendations to bring compliance to 100%.
14. The City should develop a comprehensive software system (modeled on DCYF's CMS) that can monitor and track all grants and contracts citywide. At a minimum, the system should contain three functions: fiscal tracking, program tracking, and performance metric tracking. Fiscal tracking and program tracking should be administered by departments but accessible citywide. Metric tracking should be the function of the Mayor's Office.

Program Monitoring

15. The Board of Supervisors should give the Nonprofit Review/Appellate Panel responsibility for developing a monitoring and performance measurement system based on a taxonomy of nonprofit outcomes for human and health services' programs provided by nonprofits and their indicators as developed by the Urban Institute/The Center for What Works or a similar system.
16. (see #14).