

## **HSN Update: 2/6/07**

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### **(1) HSN CALENDAR**

See the HSN calendar at [http://www.sfhsn.org/news\\_calendar.htm](http://www.sfhsn.org/news_calendar.htm) for details about upcoming meetings, hearings and events. The calendar has been updated for February 2007.

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### **(2) BUDGET NEWS**

#### **(A) Nonprofit Costs-of-Doing-Business Survey**

The Mayor's budget instructions asked City departments to account for cost increases impacting their nonprofit contractors. The instructions noted that "departments may need to reallocate funds within their base budgets in order to supplement funding for contracts with those nonprofit agencies that would otherwise be unable to continue service delivery, or to reduce the units of service required under a status quo budget".

In order to determine the average increase in contractor costs, the Human Services Agency (HSA) has developed a survey asking contractors to provide expense figures from the last three years. The survey is going out via e-mail to contractors in all health and human service departments. HSA staff will analyze the data to help quantify trends in rising costs, and will produce a report that will go to the Mayor's Office.

HSN asks all of our members to have your fiscal staff complete the survey as a necessary step to making our case for an adequate cost-of-doing-business (CODB) increase in next year's budget. If you did not receive the email, you will find the survey on HSA's website at <http://www.sfhsa.org/contractsmanagement.htm>. Responses are due February 16. If you have questions, contact Christina Chiong at 557-6523 or email her at [christina.chiong@sfgov.org](mailto:christina.chiong@sfgov.org).

About 15 nonprofits responded to a request for fiscal data from the Department of Public Health in December. This response was much lower than last year's, when the Department sent out a form. All nonprofits should complete the HSA survey, even if they already sent information to DPH.

HSN appreciates the City's efforts to quantify nonprofit cost increases. We recently sent a letter to the Health, Human Services, and Aging and Adult Services Commissions asking them to assure that nonprofit costs are fully recognized and included in the departments' budget process and decisions, before submitting their budgets to the Mayor.

### **(B) Department of Public Health**

DPH held a community budget forum with contractors in December, and plans to present another forum soon. The Health Commission will hold its first hearings on the FY 2007-08 budget on **February 13 and 20**. The Commission meets at **101 Grove, 3rd Floor at 3pm**. The Mayor's budget instructions asked departments to reduce general fund spending by 3% in order to address a projected \$64 million deficit. We have been told that DPH plans to include a CODB increase in their budget, but that we should also expect to see some proposed cuts to meet the 3% reduction. For documents, check the budget page of the DPH website at <http://www.sfdph.org/budget/> a couple days before the hearing.

### **(C) Human Services Agency**

HSA held community budget forums in December, and the Human Services Commission and Aging and Adult Services Commission are holding budget hearings this month. Both DHS and DAAS expect to meet HSA's 3% target of \$2.3 million without any significant service reductions due to increased revenues. The department budgets include a placeholder for a CODB increase, with an amount to be determined based on the contractor survey. They have not allocated any funds in the proposed budget for the CODB.

The proposed DHS budget totals \$489.3 million, an increase of \$18.5 million. (See <http://www.sfhsa.org/428A2B971BBD473CA93089E7CC81BB26.htm>). Most of the increase is offset by revenue enhancements. However, the budget summary describes a number of additional initiatives that the Department wants to fund, including the CODB. DHS budget documents are available on the Human Services Commission website. The Commission will hold a special hearing to consider the budget on **Wednesday, February 14, 9:30am at Born Auditorium, 170 Otis**.

The proposed DAAS budget (<http://www.sfhsa.org/specialnotice.htm>) is \$139 million, an \$8.3 million increase. The Human Services Agency used revenue enhancements to address the budget reduction on behalf of both DHS and DAAS. The budget includes all of the FY 06-07 addbacks, as well as the \$3 million that the Board of Supervisors allocated for the Community Initiatives Fund. Like DHS, the proposal identifies the CODB with an amount to be determined. However, the Department identifies a potential source of \$350,000 by proposing to shift funding from their District Wide Social Services Workers to ameliorate CBOs' cost increases; people served by DWSSW would be transferred to other programs. The DAAS Commission will consider the budget at a hearing on **Wednesday, February 7, 9:30am at City Hall, Room 416**.

### **(D) State Budget**

Information and analysis of the Governor's proposed budget can be found on the website of the California Budget Project, <http://www.cbp.org/>.

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### **(3) CONTRACT REFORM NEWS**

#### **(A) HSN Contract Reform Committee Update**

In the last few months, HSN's contract reform efforts have focused on DPH and MOCD.

In November, after HSN presented a memo on DPH contracting problems to the Health Commission, Commissioner Monfredini convened a meeting at which DPH committed to ten action items ([http://www.sfhsn.org/documents/hsn\\_iss\\_cont\\_dphagree\\_11-01-06.pdf](http://www.sfhsn.org/documents/hsn_iss_cont_dphagree_11-01-06.pdf)). Last week, HSN met with DPH to review the Department's progress. There have been some significant developments, including:

- DPH is preparing to implement face-to-face contract negotiations between CBOs and their program managers for any contractor that requests it;
- They have completed a training with their program managers to prepare for these negotiations;
- They have notified contractors that use of COOL for contract development is voluntary, and they are about to send out a survey of COOL users;
- DPH is compiling the results of their contractor satisfaction survey, and will prepare a written report and meet with HSN when it is complete;
- They have invited contractor representatives to serve on two committees in order to obtain nonprofit feedback on proposed policy changes;
- The EEO Office is streamlining the cultural competency report;
- DPH is streamlining Exhibit A, and will obtain contractor feedback before finalizing it; and
- The first quarterly report to the Health Commission will take place before the Budget Committee at **2pm on Tuesday, February 13** at 101 Grove, 3rd Floor.

We also met recently with MOCD, and presented feedback that HSN obtained from our members. The comments were mostly positive, and the Department was receptive to our input and critiques. We discussed their requirement that nonprofits submit copies of all Board minutes, and they agreed to consider imposing the requirement only on nonprofits that are having problems. If required, nonprofits can submit on paper or electronically. HUD now requires that nonprofits submit copies of their payroll register, and they will now accept that electronically as well.

Finally, we have asked Supervisor Maxwell to schedule the Board hearing that she delayed last fall to allow us time to work with DPH. She plans to schedule a public hearing in late March for the Board to hear about the City's progress.

#### **(B) Controller's Office Training on Cost Allocation**

The San Francisco Controller's Office, in partnership with CompassPoint, will present a workshop on Cost Allocation for nonprofits. Participation is limited, and priority will go to nonprofits with funding from multiple departments that are participating in the joint monitoring program. However, they may open it to additional agencies if space permits. They will allow only one representative per organization, and suggest that this be the Executive Director or the person with responsibility for financial management.

Nonprofits are invited to attend one of two sessions on Tuesday, February 20 from 1:30pm to 5pm, or Wednesday, February 21 from 8:30am to 12noon. Sessions will be held at CompassPoint Nonprofit Services, 731 Market St., Suite 200.

To RSVP or inquire about whether space is available, you must contact [claire.kramme@sfgov.org](mailto:claire.kramme@sfgov.org).

### **(C) Electronic Payment Pilot**

The Controller's Office is rolling out a pilot project for electronic payment (also called ACH, or Automatic Check Handling). Payments will go through the Bank of America's "Paymode" electronic business-to-business payment service. There is no cost to contractors, and you don't need a B of A account. Transactions will go out on the due date of the payment, and funds will be available the next day. Contractors can opt for an email to tell you that payment has been made. Once you sign up, they will verify your identity for security purposes. After that, all City payments from any department will go to you through Paymode, along with a detailed remittance. Any nonprofit that wants to participate in the pilot should contact Peter Chiong at 554-5242 or [peter.chiong@sfgov.org](mailto:peter.chiong@sfgov.org).

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### **(4) PAID SICK LEAVE UPDATES**

San Francisco's Paid Sick Leave Ordinance went into effect on Monday, February 5. For more information (including a workplace poster, forms, and answers to Frequently Asked Questions), see the website of the Office of Labor Standards Enforcement (OLSE). (See [http://www.sfgov.org/site/olse\\_index.asp?id=49389](http://www.sfgov.org/site/olse_index.asp?id=49389)).

Supervisor Elsbernd has introduced legislation that would delay the *full* implementation of the new law. However, because the voters passed the law by initiative, the Board can't postpone all of its impacts. If the legislation passes, employers would have the option to defer *paying* employees for any accrued sick leave and will not face any penalties for four months. This transition period would end June 5. But employers still will be required to track employees' hours and accrued leave and to allow employees to use their time off. The legislation will receive a hearing at the Rules Committee on Thursday, February 8, 10am. HSN has not taken a position on this proposal, but we endorsed the initiative.

The purpose of the proposed delay is to allow OLSE to complete the rules and regulations, and to give employers more time to prepare for implementation. The OLSE website provides answers to 42 questions, but they have still not resolved some of the issues raised by the legislation.

One of the key questions for some HSN members is whether employers can provide additional pay in lieu of paid sick leave. For example, some employers would prefer this option for on-call or home-care workers.

The issue is complicated because of the Minimum Compensation Ordinance. The MCO requires that employees working on City contracts receive twelve days of paid time off per year. But if an employer, in good faith, cannot provide the time off, you may provide a cash equivalent. Some nonprofits already provide a higher rate of pay to some employees because of this MCO requirement. It's not clear whether the new paid sick leave law overrides this provision of the MCO, or whether the OLSE will decide to allow a cash equivalent under the new ordinance as well. The question is unresolved while OLSE researches any precedents and consults with the City Attorney. They expect to have answers to this and other questions within a few weeks.

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## **(5) OTHER ANNOUNCEMENTS**

### **(A) CA. ASSOCIATION OF NONPROFITS: POLICY DAY**

CAN will hold its annual Nonprofit Policy Day in Sacramento on Wednesday, March 21, 10am to 4pm. The conference will take place at the Ca. State Association of Counties Conference Center, 11th and K Streets, Sacramento (one block from the State Capitol). Leaders from the state's nonprofit, government, business and philanthropic sectors will join together to remind policy makers of the public value of nonprofits and to assess the options on the table for changing and improving the relationship between nonprofits and government.

For details and registration information, visit CAN's website at <http://www.canonprofits.org/>.

### **(B) S.F. WORKING FAMILIES CREDIT**

Nonprofits that serve low-income working families can help them apply for San Francisco's Working Families Credit. This program was created to encourage more families to apply for the federal Earned Income Tax Credit (EITC) and to supplement it with local funds. In previous years, an estimated \$12 million of EITC funds went unclaimed by eligible San Francisco residents, equivalent to 11,000 individuals who would have otherwise qualified for the program. The federal EITC provides a tax refund as high as \$4,300 to families earning less than \$38,000 per year. The San Francisco Credit, funded partly by city funds and by private donations, provides a 10% match to the federal Credit. More information is available on the program's website at <http://www.workingfamiliescredit.org/>.

### **(C) COMPENSATION AND BENEFITS SURVEY**

HSN encourages our members to participate in the Center for Nonprofit Management's annual Compensation and Benefits Survey. The Survey covers forty seven counties in Northern California area and is a comprehensive report of current salaries and benefits paid to nonprofit personnel. Hundreds of nonprofit organizations rely on the *Compensation and Benefits Survey* to set salaries and benefits for their employees, analyze their own jobs and wages, and evaluate industry compensation standards. The only one of its kind in Northern California, the *Survey* has been published annually by the Center since 1990.

To participate, your organization's Executive Director or Human Resources staff will fill out a simple, multi-page questionnaire. The survey is available on the Center's website at <http://www.cnmsocal.org/Services/compbensurvey.html>. Responses are due by February 28.

Participants can purchase a copy of the final publication at up to a 70% discount. HSN members can receive an additional \$15 off by using Sponsor Discount Code "CBS07-SFHNSN" when you order.

#### **(D) New Report on Nonprofit Disaster Preparedness**

The United Way of the Bay Area released a report on Monday about nonprofits' lack of preparedness to respond to a major disaster. See the UWBA website at <http://www.uwba.org/> for the press release and Executive Summary of "*Ready or Not: Ensuring Bay Area Nonprofits Can Serve During Disaster*". They will post the full report on their website in Spring 2007.