

HSN Update: 4/6/06

- (1) [HSN CALENDAR](#)
- (2) [HSN MEMBER MEETING MINUTES](#)
- (3) [HSN MEMBER DUES](#)
- (4) [CITY BUDGET UPDATE](#)
- (5) [WAGE AND HEALTH LEGISLATION UPDATE](#)
- (6) [CONTRACT REFORM UPDATE](#)
- (7) [OTHER ANNOUNCEMENTS](#)

(1) HSN CALENDAR

HSN GENERAL MEMBERSHIP MEETING

Friday, April 21, 9:30-11:30am

Progress Foundation, 368 Fell Street

This meeting is open to all HSN members and any San Francisco health and human service nonprofit interested in joining.

Invited speakers this month are:

Sup. Chris Daly, chair of this year's Board Budget Committee

Noelle Simmons, Mayor's Budget Director

Fiona Ma, Democratic candidate for Ca. Assembly

Please note the location change: Member meetings are usually at the LightHouse, but will move to Progress this month only.

See the [calendar page](#) for more upcoming meetings, hearings and events.

(2) HSN MEMBER MEETING MINUTES

The website has been updated with [HSN member meeting minutes](#) from February 2006. Guest speakers were Controller Ed Harrington and DPH Deputy Director Barbara Garcia.

(3) HSN MEMBER DUES

We thank the 73 nonprofits that have paid about \$42,000 so far in this year's dues drive. This puts us at about 80% of our goal!

With HSN's increasing success and recognition, every year we handle more requests from nonprofits and policymakers for information, input and involvement on issues that impact our sector and clients. With support from our members and funders, HSN hopes to increase our staff size this year back up to two full-time employees. Our ability to be proactive depends on your help as we work for a City budget that sustains nonprofit services, streamlined contracting procedures, and policies that maintain an effective health and human service system.

If your organization has not yet paid for 2006, please see our [membership page](#) for information and a form. Or call Merrill at 668-0444 x-1!

(4) CITY BUDGET UPDATE

(A) Three-Year Budget Projection

On March 15, the Controller, Mayor's Budget Office and Board's Budget Analyst released the annual "[Joint Report](#)", a 3-year projection of the general fund for FY 2006-07 through FY 2008-09.

The report projects the following:

- * \$12.5 million deficit for FY 2006-07;
- * \$172.8 million deficit in FY 2007-08; and
- * \$11.4 million surplus in FY 2008-09.

One key assumption is that the City does not spend any of the previously-announced \$137 million "surplus", the projected FY 2005-06 year-end fund balance. Any supplemental appropriations will increase the projected deficit for next year.

The report includes other assumptions, including:

- * Most of the City's public employee MOUs are up for negotiation this spring. In FY 06-07, the City will resume full pick-up of the 7.5% employee retirement contribution. The report assumes no other increase this year (unless already agreed to in previous years), and increases of 2.1% and 1.6% in subsequent years based on projected inflation. It notes that if there is a 1.7% inflationary increase for this coming year, it will cost \$15.7 million.
- * The projections assume no backfill of any Federal funding reductions such as CDBG or Ryan White.

Overall, the report shows improvement in San Francisco's economic outlook, but a continuing deficit problem for at least two years. The City must pass a balanced budget, and will need to approve some cuts to pay for cost increases, approved supplementals, and any new initiatives. While this year's deficit is very small compared to recent years, the easy cuts have been made. And the following year's deficit looms large -- highlighting the need for new revenues, as well as an ongoing public process to set policy priorities for City funding.

(B) Budget supplemental requests

The Mayor and the Board have agreed to spend about \$50 million of the projected \$137 million year-end fund balance. So far, about \$47 million in spending has been approved by the full Board:

- * \$20 million for affordable housing (\$9m for families, \$4.5m for seniors and people with disabilities, \$4.5m for supportive housing, \$1m for the community land trust to provide ownership opportunities for tenants, and \$1m for rental subsidies and eviction prevention for families).
- * \$10.4 million for park renovations;
- * \$15 million for street resurfacing; and
- * \$1.7 million for DPH Community Clinics capital improvements.

General fund requests still pending are \$4.3 million for violence prevention programs, \$4.2 million for the arts, and \$660,000 to prevent the closure of John Swett Alternative School. The Budget Committee will make its recommendations and send them to the full Board. Committee Chair Chris Daly has proposed about \$5.9 million for violence prevention. This includes \$3.2 million from the fund balance (\$1.2 million for domestic violence programs and \$2 million for other community-based services), and \$3.7 million from the Children's Baseline Reserve. Programs include domestic violence services, job training, school-based efforts, street outreach and more.

Other requests will become part of the FY 2006-07 budget process, including the request for supplemental funds to increase the nonprofit wage rate under the Minimum Compensation Ordinance. We are pleased that the Board approved about \$700,000 to preserve shelter beds, using reserve funds.

(C) Next steps

On April 5 and April 12, the Board's Budget Committee will determine their policy priorities that they would like the Mayor to address in his proposed budget. These hearings provide an opportunity for nonprofits to speak on behalf of nonprofit cost-of-doing-business increases, preserving health and human services for vulnerable residents, increased support for underfunded service areas, and new initiatives like the Community Living Trust Fund. If you are unable to attend and speak, you can [call or email Supervisors and their aides](#).

Key dates in the FY 2006-07 budget process are:

- * May 1 - Mayor submits enterprise department budgets to the Board.
- * May - Board hearings on enterprise budgets.
- * May - Governor releases May revise of state budget.
- * June 1 - Mayor's proposed general fund budget goes to the Board.
- * June 19 - Board Budget Committee hearings on general fund begin.
- * June 24 - Saturday public hearing on the budget.
- * July - Budget at the full Board.

(5) WAGE AND HEALTH LEGISLATION UPDATE

(A) Health Legislation

HSN is happy to report that the Board of Supervisors has finally amended the **Health Care Accountability Ordinance**, addressing most of the concerns that we have expressed about the Ordinance since before it passed in 2001! We thank Supervisor Ammiano for introducing this legislation. Supervisors McGoldrick and Ma also signed on as co-sponsors.

Two key changes will help nonprofit health and human service agencies comply with the requirement to provide health insurance to employees working on City contracts:

(a) The Ordinance now exempts **nonprofit relief workers**, i.e. those who are not regular employees, but are hired "on an hourly or per diem basis to replace regular employees during a temporary absence". Until now, the Ordinance required nonprofits to track the hours of their relief workers, who became subject to the law if they exceeded an average of 15 hours/week in a pay period. Because employers cannot purchase insurance for these workers, nonprofits were subject to hourly fees -- which in theory would be returned through pass-through funds. Thus nonprofits faced an administrative burden from which nobody benefits.

(b) The Ordinance now exempts certain **interns**. The original Ordinance exempts students under 18 and trainees in a bona fide training program -- but not adult interns. The new law exempts employees that are hired for a time-limited period if they are "receiving academic credit or completing mandatory hours for professional licensure or certification", as long as they are not displacing another employee.

Other changes include:

- * Contractors who do not offer health plans to covered employees must pay \$2 per hour to the City, up to \$80 per week. The previous fee was \$1.50. The increased fee is meant to maintain the incentive to purchase insurance.
- * The Board fixed a technical problem that required insurance benefits to begin 30 days after hire. Most health benefits begin on the first of the month following the 30-day waiting period.
- * The Board added new provisions to increase investigation and enforcement powers through the Office of Labor Standards Enforcement. They include authorization to audit contractors, inspect job sites, and have access to employees. The Ordinance also establishes an appeals process for contractors, and increases penalties for noncompliance.

The only problem that the Board did not address is the Ordinance's applicability to 15-19 hour/week workers. Employers generally cannot purchase insurance for those who work less than 20 hours/week, and thus become liable for the hourly fees. The Board kept this provision in, but will consider alternative ways to cover these employees as part of the work of the Universal Health Care Council convened by Mayor Newsom and Supervisor Ammiano. That Council is expected to complete its report in May.

The Board will act in the coming months on both the Council's recommendations and Supervisor Ammiano's proposed Worker Health Care Security Act, which will require all San Francisco employers to provide a certain level of health benefits to employees.

(B) Wage Legislation

The Board is still reviewing proposed amendments to the **Minimum Compensation Ordinance** that would bring nonprofits up to the same level as for-profits and institute an annual COLA for the lowest-paid workers. This could potentially require nonprofit contractors to pay as much as \$11.04 per hour this year. It would also expand the Ordinance's reach to contracts of \$25,000 or more (from the current nonprofit threshold of \$50,000), and to contractors with over 5 employees (currently set at 20). The draft amendments state that it would be City policy to provide sufficient funding to prevent a reduction in services. The cost of these amendments is potentially great because of its applicability to IHSS workers. At this time, it remains before the Budget Committee, and has not gone to the full Board.

The Board did pass an Ordinance requiring the City to apply the **MCO wage rate to General Assistance and PAES recipients** rather than the minimum wage. If your nonprofit employs GA workers, this legislation will reduce the maximum number of hours they are required to work.

People enrolled in GA or PAES receive a maximum grant of \$342/month. The Human Services Agency (HSA) requires recipients to work if they are able, either through City workfare programs (such as street sweeping or graffiti removal) or for CBOs. HSA policy has been to divide the amount of the monthly grant by the minimum wage (currently \$8.82) to determine the required number of work hours per month, up to a maximum of 8 hours per week. Under the new Ordinance, HSA will divide the monthly grant by the MCO rate. It is unclear whether the current nonprofit rate of \$9 or the for-profit rate of \$10.77 would apply, but if the MCO amendments pass and the rate increases, the maximum weekly workweek will probably decrease to 7 hours.

(6) CONTRACT REFORM UPDATE

The Board of Supervisor's Government Audits and Oversight Committee will hold a hearing on the City's progress in implementing the recommendations of the City Nonprofit Contracting Task Force. The hearing will take place on Monday, April 24. The Review Appellate Panel, which oversees implementation, will submit an updated workplan and timeline to the Board before the hearing. The Panel includes representation from City departments and several HSN members.

In preparation for the hearing, HSN met recently with both Supervisor Sophie Maxwell (who sponsored the original Task Force legislation) and Wade Crowfoot, the Mayor's Liaison to the Board. We also met with the Department of Public Health, including Director Mitch Katz, Deputy Director Barbara Garcia, and staff from the HIV/AIDS Office. DPH has committed to reviewing its timelines, reviewing statistics on late contract certifications to provide quantitative data to assess delays, and having a representative of DPH programs join the Review Panel (along with current member Anne Okubo). They will also participate in an interdepartmental work

group to review best practices, which Office of Contract Administration Director Naomi Little has offered to establish.

The Health Commission received an update on implementation progress at its March 21 meeting, described in agenda item 6 of the [meeting minutes](#). They also passed a [resolution](#) approving the use of interim agreements to extend FY 2005-06 contracts through December 2006 to prevent financial hardship caused by late certification.

(7) OTHER ANNOUNCEMENTS

(A) 2006 Compensation and Benefits Survey

A reminder to those who purchase the Center for Nonprofit Management's annual report on current salaries and benefits paid to nonprofit personnel. Because HSN signed on as a co-sponsor, our members can save an additional \$15 on your purchase. Simply enter the following discount code in the cost column of the [order form](#): CBS06-SFHSN.

(B) Building for Sale

The Burt Children's Center is selling a building at 405 Baker Street near Hayes. It was renovated in 2002, but is not in use. They had a Conditional Use Permit for a residential program for children, licensed to serve twelve, so a new license should not be a problem for a similar program. It has about 6000 square feet, with four stories, a commercial kitchen and back yard. The top floor is a large living room, but could become offices. Parking is on-street only. They are offering the property at \$2.1 million.

For more information, contact their broker, Jay Cahan at jcahan@hcmcommercial.com or (415) 865-6102.

(C) Seeking Nonprofits with 403b Plans

Do any nonprofits that are part of HSN have a 403b Retirement Plan available for your employees? If so, Helynna Brooke of the Mental Health Board would like to talk with other Executive Directors to find out what manager you are using, your costs, and other info. She would be happy to compile the info for HSN to share with members. Please contact her directly at mhbexec@igc.org or (415) 255-3473.

(D) Coleman Advocates "Speak Up for Families Rally" on April 8

Coleman Advocates for Children and Youth, and the Budget 4 Families Coalition invite you to the Civic Center Plaza on Saturday, April 8, 10am to 1pm for a rally to support funding for programs that will help low and moderate income families stay in San Francisco. The event will include speakers, performances, food and activities for young children. See [Coleman's website](#) or call (415) 239-0161 for more information.

(E) SF Housing Authority Annual Plan

The SF Housing Authority is kicking off their Annual Plan process next week. Federal law requires the SFHA to have a series of community and resident meetings and public hearings, and to solicit public comment in order to develop their plan for public housing and section 8 for the upcoming year, which they must submit to HUD. This is an opportunity to hear about policy changes and the impact of budget cuts, and to give input to the SFHA.

The "Community Partners" meeting is Thursday, April 13th at 10 am at 440 Turk. Resident meetings will be held on Wednesday, April 12 at 10 am (public housing) and 1 pm (Section 8) at the Westbay Community Center at 1290 Fillmore.

If you have questions or want to be more involved, please contact Sara Shortt of the Housing Rights Committee of San Francisco at (415) 703-8634. To get info from SFHA, contact Rufus Davis at davisru@sfha.org.