

BUDGET AND OTHER HSN UPDATES

7/6/09

To San Francisco Human Services Network members and friends:

- (1) HSN CALENDAR**
- (2) BOARD OF SUPERVISORS BUDGET RESTORATIONS**
- (3) BOARD OF SUPERVISORS MEETINGS**
- (4) OTHER ANNOUNCEMENTS**

(1) HSN calendar

The HSN Steering Committee will hold its monthly meeting on *Wednesday, July 8, 10 am to 12 pm, at the Progress Foundation, 368 Fell St.* Any HSN member that has paid your 2009 dues is welcome to attend. An RSVP is required to debbilerman@sfhsn.org or 668-0444 x-2

The July General Member Meeting is on *Friday, July 17, 9:30 to 11:30 am, at the LightHouse for the Blind and Visually Impaired, 214 Van Ness.* Member meetings are open to all HSN members and to any San Francisco health and human service nonprofit interested in joining. Two members of the Board of Supervisors will join us this month: **Board President David Chiu, and Supervisor Bevan Dufty.**

(2) Board of Supervisors budget restorations

Last week, the Board of Supervisors Budget Committee approved an historic \$43.7 million in general fund [restorations](#) to the City budget. The full Board of Supervisors will hold its first vote on July 14. (At the July 7 meeting, they will vote on a long list of recommended fee increases.)

With a budget deficit of \$438 million, many people believed there would be no Board addbacks this year, let alone an amount of this magnitude. We need to celebrate the incredible work of the Budget Committee -- particularly that of Committee Chair John Avalos, as well as Supervisors Mirkarimi, Campos, Chu and Dufty, who voted unanimously to approve the restorations. Board President David Chiu also played a key role in negotiations with the Mayor's Office, and other Supervisors championed programs in their districts.

However, despite all of their best efforts, the Committee was unable to restore everything that had been cut. In fact, they added back only about half of what they wanted to restore. With deficits projected to continue in next year's budget, this underscores the need for new revenues to prevent both mid-year cuts and further erosion of the safety net next year.

About \$20 million of the funding for restorations came from efficiencies identified by Board Budget Analyst Harvey Rose. This included the Committee's vote to reduce Fire Department funding by \$6 million, and last week, the firefighters agreed to give back \$6 million of their wage increase rather than brown out firehouses. (The Budget Committee noted that the Police have not given back.) The Mayor provided another \$7 million by reducing contingency funding he had set aside for state budget cuts from \$25 to \$18 million. Other funds came from project closeouts, delay of new projects, consolidation ideas, and revenue ideas (such as installing parking meters in Golden Gate Park).

The restoration list includes 77 addbacks using \$43.7 million from the general fund and \$7.5 million from other sources (much of it for Public Utilities Commission projects). Of this

amount, the Board approved \$20.1 million to prevent the city from contracting out the jobs of about 300 City employees -- including Jail Health Services; security at hospitals, the Asian Art Museum, Fine Arts Museum, City Hall, and the Hall of Justice; janitorial services; and food preparation at Juvenile Hall. The Board also restored about 66 other city positions slated for layoffs -- 38 of them for Rec and Park programs, 9 in the Human Services Agency, and 6 in the Department of Public Health..

The Committee restored over \$20 million to health and human service programs, close to \$18 million of it for community-based services -- some full and some partial restorations, including:

\$3.9 million in 9 restorations to the Department of Children, Youth and Families. They include Family Resource Centers, violence prevention (case management, safety networks, safe havens, and out of school teen programs), youth employment, immigrant services, and others.

\$2.8 million in 9 restorations to the Department of Human Services (plus \$350,000 from non-general fund sources), of which \$2.3 million is for community-based organizations. They include the restoration of \$800,000 to the permanent supportive housing RFP, and restoring the three largest shelters to 24-hour operations. Other restorations include Ladies Night at the Mission Drop-in Center, eviction prevention services, funding to the Supportive Housing Employment Collaborative, and others;

\$1.14 million in 5 restorations to the Department of Aging and Adult Services for nutrition programs, the Hoarders and Clutterers program, health promotion, rejection of fees for Public Guardian conservatorship, and various other community programs;

\$11.8 million in 14 restorations to the Department of Public Health, (plus \$0.8 million in non-general fund sources). About \$10.6 million of the restoration is for community services. Significant addbacks include the \$4 million reduction to the Behavioral Health RFP; \$3.8 million in substance abuse cuts; \$1 million for HIV/AIDS including benefit counseling, outreach and testing, and housing subsidies; rejecting the proposal to limit mental health services to persons with serious mental illnesses; funding for the SRO Collaboratives; and funds for various other programs such as vocational services and the Mobile Assistance Patrol transportation program.

The Public Defender's Office had requested restoration of the \$1.9 million cut to its office, which would impair its ability to represent indigent clients and require it to contract with expensive outside attorneys. The Budget Committee initially restored \$600,000, but reduced the restoration to \$300,000 in their final vote in order to address other needs. At the final Committee hearing, Supervisor Mirkarimi attempted to restore an additional \$450,000, taking the funds from the Trial Courts. This amendment is likely to be considered by the full Board.

Because the Board cannot legally identify specific organizations for addbacks, which is an executive branch role, departments may allocate the funding as they deem appropriate for each service category. For example, in DCYF, funds could be allocated to programs that applied but were not funded under the recent RFP. In most cases, however, it would make sense for departments to continue funding programs that are already providing the service.

Despite this victory, safety net services are still vulnerable as we face the uncertainties of the state budget and a slow economic recovery. At the Budget Committee, Supervisor Daly urged his colleagues to put funding for some of the Mayor's favorite programs on reserve as

insurance against mid-year cuts to the Board's priorities. However, most Committee members rejected this step in order to preserve a spirit of collaboration with the Mayor -- and based on the Mayor's written commitment to work with the Board before taking any action to make mid-year reductions.

The budget now moves to the full Board of Supervisors. They will hold their first vote on July 14, and will have the opportunity to make further amendments at that time should they be able to make any additional restorations.

(3) Board of Supervisors meetings

Budget Committee: *Wednesday, July 9, 1:30 pm, Board Chambers, Rm. 250*

The Budget Committee [agenda](#) includes consideration of a San Francisco vehicle license fee, and the lack of funding for a nonprofit increase in the Minimum Compensation Ordinance (living wage) rate.

The Committee has been looking at several revenue ideas for the November ballot. The *Vehicle License Fee (VLF)* is based on an automobile's age and value. The current state VLF rate is 1.15%, though there is a chance the state could increase it further as part of its budget solution. The proposed ballot measure would institute a local VLF at the difference between the state rate and 2% -- in other words, 0.85% if the state maintains its current rate. This would generate about \$43 million for the general fund. However, state law currently prohibits localities from imposing a VLF. State Senator Mark Leno has introduced legislation to allow a VLF to be approved by local voters, but Governor Schwarzenegger has vetoed it in the past. This year, the Senate has passed his legislation, and it is now before the Assembly. The San Francisco ballot measure, if passed, would implement the local VLF should the state pass their enabling legislation.

The *Minimum Compensation Ordinance* requires city contractors to pay a "living wage". The law was amended early last year to provide annual increases in the for-profit rate (now at \$11.54). In addition, HSN worked with the Board, the Office of Labor Standards Enforcement, and the San Francisco Living Wage Coalition to change the law for the nonprofit rate, which rose to \$11.03 last year. The law now says that an annual nonprofit rate increase will take place, but only if the city funds it. In the FY 2008-09 budget, the Mayor and Board did not allocate funding, and the nonprofit rate remained at \$11.03. The increase is again unfunded in the new budget, and the Board must now hold a mandatory public hearing. While HSN is not advocating for an increase while so many safety net services are facing cuts, this hearing is an opportunity to maintain a longterm focus on the city's failure to provide nonprofit COLAs and pay entry level nonprofit contract workers a real living wage, and on the widening disparity between comparable city employees who receive wage increases and nonprofit workers whose wages remain flat.

Rules Committee: *Monday, July 6, 1 pm, Rm. 263 and Friday, July 10, 9 am, Rm. 263*

The Rules Committee continues to look at budget process reform measures for the November ballot. Several measures were on the Committee's Monday [agenda](#). The Friday agenda is not yet posted, but should be up soon on the [Board's meeting page](#).

The Committee is expected to send a major reform measure to the full Board soon, after adopting several amendments on Monday. The measure would institute a "rolling" two-year budget cycle under which the City would adopt a new two-year budget every year, but allow the Board to convert the rolling cycle to a "fixed" two-year cycle for some departments. It

would also require labor Memorandums of Understanding to be submitted to the Board by mid-May if they have an economic impact on the new budget, and require a five-year financial planning process. The measure is cosponsored by the Mayor and Supervisors Chiu, Avalos, Campos and Mirkarimi.

The measure addresses many of the concerns raised by the [position paper](#) drafted by the Community Budget Reform Council (the CBRC, which includes HSN and other community advocacy organizations). Some questions remain. For example, it does not require the Mayor to submit his budget to the Board earlier, even though they will now have only a month to review a 2-year budget. However, the Rules Committee removed a provision that would have placed the June 1 submission date into the Charter, leaving the Board with the flexibility to change the date by ordinance. HSN has recommended that the five-year financial plan include a five-year antipoverty plan to sustain services for vulnerable populations, and according to Supervisor Chiu, this measure could incorporate that recommendation as each department prepares its plan. The Rules Committee also removed a provision that would impose restrictions on future set-asides, and it appears that set-aside reform is now off the table this year.

One of the greatest concerns has been the ability of the Mayor to make unilateral mid-year cuts, but the Rules Committee did not want to jeopardize consensus by including it in the reform measure. Instead, the Rules Committee voted to send a ballot measure by Supervisor Daly to the full Board that would allow the Board to designate some appropriations as "must-spend". This measure would prevent the Mayor from signing the budget and simply not spending the funds (as he did with \$28 million in affordable housing appropriations in 2007), or cutting Board restorations without including them in the process.

The Rules Committee killed two other proposed measures by tabling them. One was a measure by Supervisor Duffy that would have created a two-year budget cycle and instituted an independent Office of Management and Budget serving both the Mayor and the Board. (This idea is recommended in the CBRC paper.) The other is Supervisor Elsbernd's Charter Amendment to limit the use of one-time funds to one-time expenditures, which HSN opposed.

(4) Other announcements

2009 Compensation & Benefits Survey for Northern CA: This annual report from the [Center for Nonprofit Management](#) is now available for order. If you are an HSN member, use the following code in the Marketing Partner box of the [order form](#) for a \$15 discount: CBS09SFHSN. Many nonprofits use the survey to set equitable salaries and benefits, attract and retain employees, and comply with IRS regulations.

Hood and Strong LLP, a certified accounting firm that cosponsors the annual publication, is presenting a seminar for nonprofits on the annual survey and related compensation and benefits issues. The seminar takes place on Tuesday, July 21, from 8:30 am to 11:45 am at the Practising Law Institute, 685 Market (x-3rd). You must RSVP to Kristen Glaub at (415) 856-3283 or kglaub@hoodstrong.com. You'll find more [info and an agenda](#) on the Hood and Strong website.