

## **San Francisco Human Services Network Update: 12/17/08**

We have some updated news since Monday's HSN update:

### **(1) CITY BUDGET UPDATES**

#### **(A) MID-YEAR CUTS**

The Board of Supervisors Government Audit and Oversight Committee did not send the negative supplemental legislation to the full Board. The votes were not there to pass it. The Committee continued the legislation so that the new Board can weigh in early in 2009.

However, the Mayor's Office agreed to defer mid-year cuts to community-based organizations until February 20 in order to give the new Board more time to seek alternatives. This applies to all CBO cuts in the DPH and Juvenile Probation budgets. Most were scheduled to take effect on February 1, and some were set for January.

The Mayor's Budget Office has made minor revisions to the mid-year cut list distributed on December 9. A [new version](#) became available on December 15. This document could change again because of the delay to CBO cuts.

#### **(B) MAYOR'S BUDGET INSTRUCTIONS**

The Mayor's budget instructions for FY 2009-10 are now available on the city website in both a [short](#) and a [long](#) version. (In the long version, see pages 6-7 for the calendar and 9-12 for the overview.) The instructions require significant budget cuts to address a projected deficit of \$576 million (out of a \$1.2 billion discretionary general fund budget), which the mid-year cuts would reduce to \$460 million.

The Mayor asks all departments to submit 12.5% in ongoing target reductions. One-time solutions are not allowed. Departments are strongly encouraged to propose additional mid-year cuts in order to spread out their target reduction over a longer period. They must also submit a prioritized contingency plan with another 12.5% in savings, which may include both one-time and ongoing solutions.

#### **(C) MEETING WITH NANI COLORETTI**

HSN met with Nani Coloretti on December 16 to discuss the budget situation. A few key points:

- The next round of cuts will be much worse. The only bright spot is that unlike the crisis-oriented mid-year cuts, we have time to plan ahead for next year's budget, look at the consequences, and discuss alternatives. HSN is calling for a rational substantive discussion of what the system will look like next year, with nonprofits participating as full partners in the conversation. Because of our sector's expertise, we need to be in the room early in the process, rather than reacting to cut proposals at the end. We also need to look at the citywide system

rather than isolated departments, in coordination with the nonprofit sector, to ensure core services are preserved for different populations.

- According to Nani, even if they take the full 25% in budget cuts from departments, they will only address about \$300 million of the shortfall. They are looking at everything from talking to labor, deferring programs, eliminating services, and charter and process changes. However, union members must approve any concessions to labor MOUs. There is no scheduled election until November, it is too late in the mandated process to put any Charter changes on a June special election, and any revenue measure would require a 2/3 vote. They are encouraging departments to do more mid-year cuts, including sending additional layoff notices by the end of February to take effect on May 1.
- The target to DPH is about \$50 million in cuts, and another \$50 million in contingency cuts. The Human Services Agency cut is \$10 million and \$10 million contingency.

## **(2) ANNOUNCEMENTS**

### **(A) COMMUNITY DISCUSSION ON HEALTH CARE**

The Institute for Civic and Community Engagement invites you to a special discussion this week, a national forum on health care. The initiation of this discussion has come from the Obama team, in particular from the soon to be appointed Secretary of Health and Human Services, Tom Daschle. The event takes place on Friday, December 19 from 1 to 3 p.m. See their [flier](#) for more info.

### **(B) HOLIDAY SCHEDULE**

HSN will be closed for the holiday the weeks of 12/22-26 and 12/29-1/2, reopening January 5. If you need to reach us urgently during that time, please contact HSN Co-Chairs [Sherilyn Adams](#) and/or [Steve Fields](#).

We wish everybody a happy holiday, along with the hope of better news and a happier 2009.

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## **San Francisco Human Services Network Update: 12/15/08**

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## **(1) HSN CALENDAR**

The [HSN calendar](#) has been updated with December and January meetings, hearings and events, as well as key events in the city budget process.

We encourage you to turn out to the **Board of Supervisors Government Audits and Oversight Committee on Tuesday, December 16 at 9am, in the Board Chambers, Rm. 250**. This will be the second committee hearing on proposed legislation to deappropriate millions of dollars in city funding and transfer it to safety net services. (See below for more information.)

There will be no public comment, but the item is first on the agenda, and a good turnout would demonstrate our support. In addition, we are asking people to [call and/or email the Board](#) to show your support.

Other important budget events on the calendar for the week of December 15 include another Board Budget Committee hearing on mid-year cuts and the Mayor's budget instructions, community meetings on the budgets for the Department of Human Services and the Department of Aging and Adult Services, and a budget update at the Health Commission.

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## **(2) CITY BUDGET UPDATES**

### **(A) \$576 MILLION DEFICIT FOR FY 2009-10**

Under the City Charter, the City Controller is charged with issuing periodic reports on the city's fiscal status. In recent years, the Controller has issued a 3-month report in early December. This year, however, the Controller has been monitoring the status of the budget and sending regular reports to the Mayor's Office. With the need to focus on reducing the projected deficit, they have decided to forgo a formal 3-month report. They will issue a 6-month report in February.

At the end of October, the Controller issued a brief report projecting a current-year deficit in the \$90 to \$125 million range due to reduced tax revenues given the economic slowdown. At that time, the city estimated a shortfall for FY 2009-10 of about \$250 million. Since then, the Mayor has spoken of a \$576 million deficit for next year, out of a \$1.2 billion discretionary general fund budget.

According to the Controller's Office, the \$576 million is a pessimistic scenario based on current conditions. The new projection incorporates the shortfall in current-year budgeted revenues, scheduled increases under city employee labor MOUs, retirement system cost increases that were a trade-off for labor support of the ballot measure that reformed city health care entitlements, annualization of positions, and other adjustments. It also includes \$72 million as a placeholder for expected state cuts, though this could get much worse.

We expect the Mayor's Budget Office to provide more information on this estimate when they release the Mayor's budget instructions. If the city adopts the Mayor's mid-year budget cuts, it would lower next year's projected deficit to \$461 million.

### **(B) MAYOR'S MID-YEAR CUTS, ROUND 1**

The ink wasn't dry on the Board's approval of the current year budget when the Mayor made his [first round of mid-year cuts](#). In August, the Mayor cut \$4.8 million, including reductions of some of the Board's restorations to health and human service programs.

### **(C) MAYOR'S MID-YEAR CUTS, ROUND 2**

On December 9, the Mayor announced a package of [\\$118 million in "budget solutions"](#), including 399 layoffs. The package includes \$47 million in revenue increases (including \$2 million because of Proposition N, the real property transfer tax), \$58 million in non-service reductions, \$1.2 million in state service reductions, and \$11.8 million in service reductions.

The service reductions hit Health, Human Welfare and Neighborhood Development the hardest, with \$9.8 million in cuts. Community-based services bear the largest piece of the Department of Public Health cuts: \$5.32 million through a 5% across-the-board cut to mental health and substance abuse contracts, and \$.57 million to reduce HIV prevention services. However, the Mayor did reduce both categories from the original DPH proposal, and decided not to ask DPH for the rest of their targeted cut (\$9 million more) at this time.

A list of specific dollar amounts by organization is not yet available from DPH, and the impacts will not be known for several weeks as each agency decides how to restructure based on their cut.

In the Human Services Agency, the Mayor cut \$1 million for CBO contract savings, as the agency moves to disallow budget modifications and take back unspent funds. The only program to take a specific cut is a \$.16 million reduction to the Institute on Aging's Forensic Center, which coordinates with the police in elder abuse cases. Again, however, the cut was less than the one approved by the department.

Finally, the mid-year cut includes a \$.76 million reduction to Juvenile Probation contracts. A list is not yet available. Department Chief Bill Sifferman told the Budget Committee last week that they are trying to identify those services that are most closely linked to their core responsibilities. The Mayor rejected proposed cuts to domestic violence service providers under the Department on the Status of Women, though these agencies took a \$150,000 hit in the August mid-year cuts.

The Mayor's Budget Office also identified an additional \$35 million in potential current year cuts if the situation continues to worsen. They include \$17.4 million reductions to capital projects, an \$11 million withdrawal from the Rainy Day Fund, and small cuts to the Fire Department, the PUC, and other unspecified non-salary savings.

### **(D) HSN LETTER TO THE MAYOR**

On December 8, HSN sent a [letter to Mayor Newsom](#) urging him to preferentially protect the safety net, undertake a longterm planning process to ensure the sustainability of our health and human service system, and instruct all city departments to conduct their budget process in a transparent manner with full community participation.

### **(E) SUP. PESKIN'S NEGATIVE SUPPLEMENTAL**

Supervisor Peskin introduced legislation last week that would make \$8.5 million in additional mid-year cuts. That proposal has now been reduced to \$5.3 million to preserve workforce training and small business programs under the Mayor's Office of Economic and Workforce Development. However, on Friday, he amended [the legislation](#) to include another \$35 million in cuts by freezing city employee wage increases scheduled for the coming months under labor MOUs. If the funds are deappropriated, labor unions will be forced to either make concessions or accept massive layoffs.

About \$13.8 million of these funds are for Enterprise Departments, which would see their budgets reduced. The other \$21.2 million are in general fund departments. Peskin's legislation would transfer \$25.8 million in general fund savings to the Controller to create a Safety Net Stabilization Reserve to help stave off cuts to programs serving the poor.

Hundreds of people attended the first hearing on this proposal before the Government Audits and Oversight Committee on Friday. A second [Committee hearing](#) will take place on **Tuesday, December 16, 9am in City Hall, Rm. 263**. Please attend if possible, but there will be no public comment. We also encourage **calls and email to all Supervisors**.

The full Board will vote at their December 16 meeting, and again on January 6. The legislation will then go the Mayor.

### **(F) MAYOR'S BUDGET INSTRUCTIONS**

The Mayor met with department heads last week to discuss his budget instructions for FY 2009-10. They are not out yet in written form, but should be available and posted on SFGov this week.

The Mayor is asking departments to submit budgets that reduce their use of the general fund by 12.5 percent, or \$144.7 million. (About \$50 million of this is from DPH.) They must also submit an additional 12.5 percent in contingency cuts. Department budgets are due to the Mayor's Office on February 20.

The Mayor addressed the Board at their December 9 meeting, asking for their support and help. He announced the formation of six workgroups to help address the deficit. The Controller's Office has formed a group to study budget process reform, and their draft report is expected this week. The workgroup, which includes Steve Fields representing HSN, will review the findings.

Five new workgroups will be led by members of the Board. Supervisors Chu, Elsbernd and Alioto-Pier will lead groups studying consolidation, civil service reform, and *CBO reform -- a group that Sandra Hernandez will chair*. Supervisor Dufty will chair a group to address the

decline in funding for HIV prevention, and Supervisor Mirkarimi will lead a group studying efficiencies in the criminal justice system.

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### **(3) UPDATES ON OTHER ISSUES**

#### **(A) CONTRACT STREAMLINING**

HSN's Contract Reform Committee met last week with representatives from the Controller's Office to discuss the work of their [Citywide Nonprofit Monitoring and Capacity-Building Program](#). The program is a function of the City Services Auditor, which receives about \$2 million in a budget set-aside each year for its mandate to improve the city's efficiency and effectiveness. Their website includes a section on resources for nonprofits.

Their current efforts include facilitating the effort to consolidate contract monitoring, which reduces burdensome duplication for nonprofits; working on an RFP for the city's plan to review the substance abuse system and develop best practices and longterm outcomes; working with Healthy San Francisco clinics to improve data-sharing and client tracking; negotiating a contract to hire facilitators for the community stakeholders planning process taking place with Barbara Garcia and nonprofit contractors in DPH; technical assistance with the integration of primary care and behavioral health in DPH; and gathering feedback to determine future efforts on providing alternatives to institutional care for an aging population.

#### **(B) MAYOR'S 2008 STATE OF THE CITY ADDRESS**

Mayor Newsom recently gave his annual State of the City address. But instead of the usual speech, he posted 7.5 hours of "webisodes" about several topics on his Youtube web page. Few people have had the time to watch them.

Thanks to HSN volunteer Joseph Barnett, we now have a [quick summary](#) of the Health Care and Poverty sections of the Mayor's speech!

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### **(4) ANNOUNCEMENTS**

#### **(A) REGISTRATION OPEN FOR IOA PROGRAM**

The Institute on Aging invites you to join them for a unique educational series that explores four cornerstones of professional eldercare. This quarterly series will address end-of-life care, caregiving, clinical care and issues of capacity.

["The Labyrinth of Caregiving: Current and Future Issues and Options"](#), Wednesday, February 11, 2009 -- 8:30 AM to 4:30 PM

["Complexities of Clinical Care in the 21st Century"](#), Wednesday, May 13, 2009 - 8:30AM - 4:30 PM

"Capacity: What Is It? How Do We Assess It? What Happens When We Lose It?", Wednesday, September 16, 2009 -- 8:30 AM to 4:30 PM

Continuing education units are available. [Register online](#) or call Janet Howell at (415) 750-4180 x-227.