

## **S.F. Human Services Network Update: 12/18/06**

(See the [Archived News](#) page for a pdf version and for past updates.)

- (1) [HSN CALENDAR](#)
- (2) [CITY BUDGET NEWS](#)
- (3) [CONTRACT REFORM NEWS: DPH AND MOCD](#)
- (4) [SUPERVISOR QUESTIONNAIRES POSTED](#)

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

See the [HSN calendar](#) for details about upcoming meetings, hearings and events. The calendar was updated 12/18 with January 2007 meetings, as well as the 2007 general member meeting schedule.

HSN will be closed from 12/25/06 through 1/2/07. Merrill Buice will return January 3, and Debbi Lerman will return January 8. We wish you all a happy holiday, and look forward to working with you next year!

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

#### **(A) Mayor's Budget Instructions**

The Mayor's Office has issued its [budget instructions](#) to departments for the Fiscal Year 2007-08 City budget. They are currently projecting a General Fund shortfall of \$64 million. The projection shows revenue growth of \$100 million over last year, but \$37 million of this new revenue must be allocated to voter-mandated spending requirements (such as the Children's Fund and the Library Fund). The projected deficit is the result of increases in salaries, benefits and other operating costs. They will update this projection regularly in the coming months.

Several key assumptions may have an impact on the deficit. The most significant of these is the cost of labor MOUs. The projection accounts for all known increases, but three of the City's largest bargaining units are up for renegotiation (police, fire and nurses). For these open contracts, the projection assumes they will increase at the current inflation rate of 1.3%; each additional 1% increase would cost the City about \$5.4 million. The projection also assumes no changes in state or federal funding, and no additional General Fund supplementals this fiscal year.

The instructions ask departments to do the following:

- (1) Reduce their General Fund spending by 3%, through ongoing expenditure reductions or revenue growth. This will resolve only about a quarter of next year's problem. The Mayor has not

requested contingency budgets, but departments may be required to make further reductions on a case-by-case basis after discussion with the Mayor's Budget Office.

(2) Non-General Fund departments must absorb all known cost increases.

(3) Prioritize operating efficiencies, especially reducing administration and overhead costs ahead of reducing core services.

(4) The Mayor's Office invites proposals for one-time grants to implement efficiency measures that result in long-term General Fund savings or enhanced revenue. (For example, a technology investment might reduce labor costs.) Proposals may be submitted by departments -- or by City contractors via a City department. (If you are interested, contact the Department that you contract with.)

(5) Submit written justification for any new staff positions.

In addition, as HSN has requested in previous years, the instructions tell departments to consider cost pressures affecting community-based partners. The full text of this instruction is:

"The projected General Fund shortfall assumes that community-based organizations will receive no cost-of-living adjustment in fiscal year 2007-2008. In developing their proposed budgets, City departments are directed to account for cost increases impacting their nonprofit contractors. 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."

HSN had requested an instruction directing departments to gather true cost data from contractors, but the instruction falls short of this mandate. Nevertheless, it is more clear than past instructions in telling departments that the failure to provide a cost-of-doing-business increase will have consequences that they must address. Some departments may survey their contractors, as DPH did last year. HSA is currently preparing a survey.

As always, HSN will advocate with the Mayor, the Board of Supervisors and Commissions to allocate funds for nonprofit cost increases. These increases should be just as much a part of the City's projected shortfall as departments' increased costs, but have not been included as part of the \$64 million deficit. We must also be clear that a "cost-of-living adjustment", which typically means salaries only, is not sufficient. For the past two years, the Mayor and Board did provide a 3% "cost-of-doing-business" increase on the entire General Fund portion of the contract, to partially account for contractors' increases in salaries, benefits and operating costs.

## **(B) Other budget notes**

Mayor's Budget Director Noelle Simmons has stepped down; Nani Coloretti, who is already serving as the Mayor's Director of Public Policy, has assumed Noelle's role. We will invite her to speak at a member meeting early in the process. She last spoke at an [HSN member meeting in April 2006](#).

The Department of Children Youth and Families Citizen's Advisory Committee (CAC) will hold a public hearing on budget priorities for children and families. The CAC will deliver its recommendations to the Mayor as part of the process of developing the budget. Issues to be discussed may include childcare, violence prevention, family housing, health, job training and

workforce development. The hearing will take place on Thursday, January 4, 5:30pm at DCYF, 1390 Market St., Suite 900. For more info, contact DCYF at 554-8990.

The next key steps in the City budget process are the release of the Governor's budget on January 10, the Controller's six-month report in February (which will provide up-to-date fiscal information), and departmental Commission hearings in advance of the February 21 due date for department budgets. For a [guide to the process](#), see the Controller's website.

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### **(3) CONTRACT REFORM NEWS: DPH AND MOCD**

#### **(A) DPH: Contractor Surveys**

The Health Commission recently directed DPH staff to conduct a survey of DPH contractors. They mailed out a Contractor Satisfaction Survey that nonprofits can complete and return anonymously. This survey represents a significant opportunity for the department to hear from you, and to make changes in its contracting policies.

*HSN urges every DPH contractor to fill out this survey, preferably by the person in your organization that is most knowledgeable about contracting issues with the Department. The survey can be done quickly, as most of it contains questions and check boxes. It also allows for more extensive comments if you choose.*

We are posting a copy of [the survey](#) on HSN's website to increase the response. If you have not completed the survey, please do so right away! Although the survey says it has a deadline of December 18, DPH will continue to accept late responses and to incorporate those responses into the survey results.

There are two options for returning your completed survey anonymously:

Return it by mail to 101 Grove St., Rm. 116, San Francisco, CA 94102; or

Send it to [debbilerman@sfhnsn.org](mailto:debbilerman@sfhnsn.org) via email, and I will forward it to DPH on your behalf without revealing your identity.

#### **(B) MOCD: Requesting your feedback**

As we move forward with the contract reform process, our next step is to focus on individual departments. We recently held meetings with DPH, and will meet with MOCD in mid-January to review their progress and identify priorities.

If your organization receives grant or contract funds from MOCD, we would like to get your feedback on contract streamlining in that department. We need to receive all feedback *by January 12*.

We are especially interested in specific information about MOCD's performance in the following areas:

- Contract consolidation
- Late certification and payment
- Electronic systems
- Unnecessary requirements in the contract
- Monitoring

We would like to gather specific information, feedback and anecdotes on any aspect of contracting, monitoring, payment and communication with department staff -- including both positive and negative comments.

We will submit a summary of this feedback (without identifying who submitted it) to MOCD as a discussion tool during our meeting.

Please send feedback to [debbilerman@sfhsn.org](mailto:debbilerman@sfhsn.org) or call Debbi at 668-0444 x-2, by January 12.

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#### **(4) SUPERVISOR QUESTIONNAIRES POSTED**

In September, HSN sent candidate questionnaires to all Board of Supervisors candidates. We distributed their responses at meetings and posted them on our website.

Now that the election is decided, we have posted the [responses](#) from the following candidates that won reelection: Michela Alioto-Pier, Chris Daly and Sophie Maxwell. We did not receive responses from Bevan Dufty or Ed Jew.