

HSN Membership Meeting
March 18, 2005
Meeting Minutes

I. Updates & Announcements

Upcoming Events and Meetings: Debbi Lerman gave a presentation about upcoming events and meetings. One important hearing will take place at the Human Services Commission on March 22 regarding a change in the Human Services Agency (HSA) indirect rate policy. HSA plans to implement a 10-14% rate cap on all contractors, raising the cap from 8% for DAAS agencies and lowering it from 15% for DHS contractors. Richard Heasley explained that the notice for an explanatory meeting at DHS on Monday, March 21st was given selectively, and some Executive Directors of contracting agencies were not informed. Though DHS promised no loss of funding, HSN is concerned that auditors could disallow costs that are shifted from indirect to direct costs. HSN believes that this issue needs to be addressed Citywide, and that the City should adopt a standardized methodology but not a standardized rate.

With regard to the budget, there are on-going stakeholder meetings with the Mayor's Budget Office. These meetings are primarily informational and are scheduled in Room 201 at City Hall. The scheduled dates are March 25, April 29, and May 27 from 3 pm to 4 pm.

HSN Committees: HSN is working to improve and streamline its structure to become more effective. We have three working committees, and all members are welcome to participate: the Public Policy Committee, the Operating Procedures Committee, and the Nonprofit Outreach Committee. The next meeting of the Public Policy committee is March 30 at 9:30 am at the Progress Foundation. Quintin Mecke gave a brief presentation about the Outreach Committee; the focus is to educate nonprofit staff about public policy and the issues facing the nonprofit sector. There was some initial concern about what this would look like, but all contact with staff will be in cooperation with Executive Directors. HSN will be contacting Executive Directors of member agencies to begin this process soon. Bruce Fisher noted that this committee is not only comprised of EDs, but staff as well. If there are staff that you believe should attend, please let Quintin know. The Operating Procedures Committee is continuing its work to update HSN's organizational structure; contact Debbi if you are interested in participating.

Fiscal agent: Debbi Lerman reminded members that HSN will be changing fiscal sponsors from Mt. Zion Health Fund to the San Francisco Foundation Community Initiatives Fund, a nonprofit that focuses on sponsoring projects like HSN. This transition should happen as of April 1st. We thank Huckleberry Youth Programs and Mount Zion Health Fund for providing employment and fiscal sponsorship pro bono since HSN's formation.

HSN Member Dues: Quintin gave an update on the HSN member dues drive. Currently, 57 agencies out of 87 have renewed their membership with HSN for 2005. If you have not sent in your dues, please do so now – our member agencies are what make HSN strong.

Jessica Rothaar/Health Access – Health Access and others are working with Supervisor Ammiano on legislation similar to last fall's SB2, which required businesses to provide health care coverage. SB2 was repealed by Proposition 72, but San Francisco voters rejected Prop 72 by

a wide margin. Jessica invited HSN to be at the table for this conversation. Right now, the City is subsidizing businesses (predominantly large chain restaurants, retail, etc.) that do not provide health care to their employees to the amount of \$23 million per year. Ammiano will be holding a special hearing at the Finance committee to review this possible legislation; it is scheduled for April 13th at 1 pm. Jessica requested that HSN considering supporting the proposed legislation.

One member expressed concern, stating that one of the reasons that Prop. 72 was problematic was because of its threshold for family coverage. For nonprofits such as theirs, with 195 employees, they had to make a conscious choice not to expand because of the possible shift in costs. Jessica expressed understanding about concerns from the nonprofit sector, which is why it is vital that we come to the hearing and participate in the process of crafting the legislation. They are not currently planning to include dependent care in the mandate.

Bay Guardian article: Debbi wanted to bring to everyone's attention to last week's issue (March 9th edition) of the Bay Guardian, which was a hit piece against the nonprofit sector with the cover page title of "*The Nonprofit Gold Rush*". HSN responded with a letter to the editor, and hope they will print it. Ed Harrington also submitted a letter. They did print a response from Goodwill. HSN will look to set up a meeting with Bruce Brugmann and/or Tim Redmond to discuss the issues and clarify several inaccuracies in the story. Quintin had the chance to talk to both of the reporters and expressed some of HSN's concerns with the tone of the articles.

Questions and Comments:

- Should HSN directly address the issue of accountability? It is an authentic issue to address. There is a vulnerability to this issue in the nonprofit sector and perhaps we shouldn't react so defensively.
- We need to view this as an educational opportunity and a chance to reframe the debate about accountability in a proactive way.

II. Guest Speaker: District 5 Supervisor Ross Mirkarimi, Moderator – Bruce Fisher

Supervisor Mirkarimi gave a brief introduction to the members about his background. He has always had a focus on social justice and environmental issues and came to San Francisco in 1994. He has worked on many different campaigns, including public power and the sunshine ordinance, which he co-authored. It was with great debate that they decided that nonprofits not be included, instead focusing on the role of the city. The issue emerged to include contracting nonprofits, which is why the Bay Guardian is now focusing on bringing it back. He is a nonprofit ally and believes in progressive politics, and his work has an unconditional respect for nonprofits and the work they do. He believes that there is a trend for increased accountability for anyone who gets public funds, and that everyone should be aware of it.

Moderated Questions:

What is your vision as Supervisor?

Supervisor Mirkarimi: District 5 is an extremely diverse district, especially class-wise, including areas from Pacific Heights to Western Addition to Inner Sunset. With homicide rates going up, Western Addition/Fillmore is one of his main priorities. He believes that we need to focus on programs and job creation to give people real opportunities. Also, there are planning

and land use issues such as turning the old UC extension campus near Market Street into a housing project. The Divisadero corridor is another area that he recognizes is shifting. He also believes that Japantown is largely forgotten by the City. He wants economic improvement but he's concerned about the potential for the "boutiquing" of an area, similar to Hayes Valley.

Are you aware of the Nonprofit Contracting Task Force? Bruce provided background that this Task Force, comprised of city officials and nonprofits, reported on specific ways to improve city contracting. Supervisor Mirkarimi is on the Board's Government Audits and Oversight Committee, which will hold a hearing on April 11th to review the City's progress on implementing the Task Force recommendations.

Supervisor Mirkarimi: As a member of the Committee, he will provide whatever help he can to ensure implementation. He is aware of the Task Force report, but would like to be better briefed on contracting issues.

There is an increasing trend towards government contracting services out. Have you considered the implications?

Supervisor Mirkarimi: The City needs to take a more holistic outlook in its relationship with CBOs. Right now, it is a piecemeal approach, and respect is not given to the issues facing the nonprofit sector such as cost-of-living-adjustments and costs of doing business. As a District Supervisor, it is frustrating to be unable to get information from city agencies about nonprofit contractors in his district. He has concerns about how information is shared and how contracts are given out.

Member Questions and Comments:

- There seems to be a lack of consciousness on behalf of the city about who nonprofits serve, especially the disabled, and I don't see any effort on behalf of the city to educate people.
- The Contracting Task Force started as a partnership, but it was clear that departments don't talk to each other, and in fact people within departments don't talk to each other. I hope that you will ask tough questions at the hearing about the implementation and who's doing what.
 - Supervisor Mirkarimi: I'm more than happy to ask tough questions, just let me know what specific areas you want me to focus on.
- We are facing a big budget deficit this year and I'm wondering what you will do?
 - Supervisor Mirkarimi: It's going to be a dogfight. The Mayor is sitting on the fence about what cuts he wants to make. From what I can tell, everything is on the block – from the Fire Department to other sacred cows. It's important to note that it's not just a one-year deficit but two years. This is the problem with MUNI's budget. It's a cop-out when people say that Prop. J & K failed and that means the city doesn't want to provide services.
- A good portion of the budget deficit is labor costs in their negotiated MOUs with the city. The Board needs to address some of these labor contracts; are you willing to lead that charge?
 - Supervisor Mirkarimi: It's a hard question to ask, but one we should ask. I don't know why the Board doesn't ask these questions. Is city government bloated? I'm not sure what that answer looks like.
- The budget deficit doesn't just represent labor and municipal government. What about the business tax? Is there any movement about taking a look at the most wealthy corporations paying their fair share?

- Supervisor Mirkarimi: It's taking place but no one is taking leadership. The Board needs to focus on perhaps the June 2006 ballot.
- It's important to remember that the principal employer in the City is city government. Both the Mayor and Governor are happy bragging about cutting public employees. Nonprofits need to understand that they are part of the government.
- This is especially true since many nonprofits are union organizations.

III. Guest Speaker: District 7 Supervisor Sean Elsbernd; Moderator – Jim Illig

Jim Illig from Project Open Hand introduced Sean Elsbernd, District 7 Supervisor. Jim recently had a meeting at Laguna Honda, and Supervisor Elsbernd came to the meeting on his own and showed his integrity by not giving the easy political answers but instead standing his ground. The Supervisor understands the politics of public health, and Jim looks forward to working with him.

Supervisor Elsbernd: There was no question when the Mayor asked him to serve, it was a great opportunity and he was proud to take it. He was born and raised in the district and has always had an interest in serving San Francisco. Soon after graduating law school, he worked for then Supervisor Tony Hall who he didn't know at first. Having watched the Board as an aide, he soon became aware of all the issues that a Supervisor can help with. It's an honor being the person who can address people's issues and calm their fears. But also the big issues are important, such as Laguna Honda.

Questions and Comments:

- Looking at this year's budget deficit, and being a member of the Board's Budget Committee, what do you think about it?
 - Supervisor Elsbernd: It's a very big honor to be on the Budget Committee. I asked Supervisor Peskin to be on it. From my understanding, the update is that the deficit should be \$130 M and dropping. The Board is going to pass a resolution indicating our priorities in early April, which will hopefully help change the historical dynamic between the Mayor's Office and the Board. Rather than people coming to City Hall, we need to bring the process to the budget.
- The nonprofit contracting hearing is April 11th at the Board's GAO Committee. Do you see the recommendations as something that help address the budget deficit?
 - Supervisor Elsbernd: The notion of streamlining is important and that's more than just talk. Given the budget deficits, these changes to our contracting system have to get done.
- What cost cutting ideas are you aware of in this budget?
 - Supervisor Elsbernd: Given the mid-year cuts, right now it looks like service reductions are the only thing that's left in the budget.
- As you know, the City is spending \$23 M subsidizing health care costs for employed residents. What do you see as the role of the private sector in providing health care?
 - Supervisor Elsbernd: Supervisor Ammiano is holding a hearing about this issue. Private industry does have a role, I'm just not sure exactly what that looks like.
- What options for revenue do you see as possible?
 - Supervisor Elsbernd: I believe that a commercial occupancy tax is possible. We need to be careful because though we want to focus on downtown, they also have the

money to beat taxes. Michigan has a VAT (Value Added Tax), and I've been exploring that idea.

- Nonprofits want cost of doing business increases structurally recognized by the City as with labor contracts. Without increases, the City is eroding our ability to provide services. The City has an obligation to take care of those doing its business. What are your thoughts?
 - Supervisor Elsbernd: I was here at the LightHouse recently for another meeting and Steve Fields from Progress Foundation pounded that point home. Everybody can say that they support it but we don't have money. I don't know what will happen with it but I understand how important your work is and how important the COLA/CODB issue is for you. I will do my best to make it a high priority in the budget process.
- Have you seen the recent Bay Guardian issue? It's very negative and counter to the idea that nonprofits are accountable.
 - Supervisor Elsbernd: Don't worry about it, they make negative comments about me as well.
- The State Legislative Analyst recently identified \$9.5 billion of services statewide that could be farmed out to nonprofits. What do you think of that?
 - Supervisor Elsbernd: Services provided by government will face resistance from public sector unions about contracting out.
- What could pass the Board about civil service reform and how can we deal with the structural reform of the City? (Note: The Department of Human Resources is taking feedback about civil service reform on their website and through public meetings.)
 - Supervisor Elsbernd: Civil service rules do need to be changed, most likely for the fall ballot. Structural reform needs to be revisited, similar to Supervisor Ma's Revenue Advisory Board. It was 2001 when Supervisors Peskin, Leno, and Daly had a public hearing about potential tax ideas. We must be inclusive from the outset. One of the problems with Propositions J & K last fall was that the small business sector felt left out and so strongly opposed them. We do need to start the process on developing ideas about revenue soon.
- What's coming up at the Budget committee? How do people give input into the Board's priorities?
 - Supervisor Elsbernd: My preference is for you to email me ideas. I do respond to them. The committee itself has not been scheduled. Angela Calvillo in Supervisor Ammiano's office is coordinating the dates for public district meetings about the budget, so I recommend that you contact her for more information.
- What about the constant funding for a study from LAFCO about public power? It seems unproductive to continue funding this issue when it's been voted down three times.
 - Supervisor Elsbernd: This is exactly why I proposed recently to end LAFCO. They currently have \$2 M in reserve and that money can be used towards our budget deficit since the PUC has already been empowered to follow up on this issue.

Next HSN Member Meeting:

Friday, April 15, 2005

9:30 am to 11:30 am

LightHouse for the Blind and Visually Impaired

214 Van Ness Avenue

ATTENDEES AT HSN GENERAL MEMBERSHIP MEETING
MARCH 18, 2005

Denise Howell, CCCYO
George Clark, LightHouse
Nick Footracer, Children's Council
Dave McClure, Hearing Society
Peter Mansfield, Hearing Society
Jackie Jenks, Central City
Jim Illig, Open Hand
Kurt Kuhwald, Faithful Fools
Lucy Runkel, JVS
Tony Michelini, CCCYO
Margi Dunlap, IISF
Kyle Pedersen, HAFCI
Richard Heasley, Conard
Sandy Mori, Kimochi
Ken Bukowski, DCYF
Emalie Huriaux, DOPE Project
Salvador Menjivar, Hamilton Family
Eve Meyer, Suicide Prevention
Donna Calame, IHSS Public Authority
Nancy Brundy, IOA
Ben Eiland, HAFCI
Robert Pascual, API Wellness Center
Bruce Fisher, HYP
Jessica Rotharr, Health Access
Calvin Welch, CCHO
Steve Crabel, Toolworks
Judy Gill, Goodwill
Barbara Gee, HYP
Dodie Cheng Fernandes, BHPMHS
Jennifer Kang, HAFCI
Margy Baran, IHSS Consortium
Karen Patterson-Matthews, BVHP

Debbi Lerman, HSN
Quintin Mecke, HSN