

# San Francisco Human Services Network

## FAQ Sheet: Nonprofit Cost-of-Doing-Business Increase

### What is the difference between a cost-of-doing-business increase and a cost-of-living-adjustment?

In past years, nonprofits that contract with the City and County of San Francisco occasionally received a small cost-of-living-adjustment (COLA) on salaries only. A cost-of-doing-business increase (CODB) provides an increase on the entire contract amount, recognizing that expenses have risen dramatically for health benefits, Workers Compensation, rent, utilities and other costs as well as salaries.

### Why do nonprofits need an annual CODB?

Flat or inadequate funding is a service cut. Without a CODB sufficient to cover rising costs, nonprofits must cut services. Historic underfunding has reached the point where services and even entire organizations are at risk through a gradually diminishing capacity and infrastructure. Only regular and adequate CODB increases will stop the erosion of San Francisco's safety net.

### What increases has the City provided to nonprofit contractors in past years?

The City approved general fund COLAs of 2% in 2001 and 1% in 2003. Except for those modest increases, nonprofit funding was flat for years. In 2005, Mayor Newsom's budget included the first-ever CODB, a 2% increase on general fund health and human service contracts. In 2006, the Mayor again included a 2% CODB, and the Board approved an additional 1%.

### How much are nonprofit costs going up?

A 2006 DPH survey of its contractors found that the average unavoidable cost increase was over 6%. For many, it was much higher. The City funded a 3% CODB increase, which was helpful but sufficient for only the most urgent needs. The sector needs a 6% increase to maintain current services, and larger increases are necessary to remedy historic underfunding and wage disparity.

### Why is a nonprofit CODB increase good for the City?

A CODB increase shores up the whole nonprofit sector by improving staff recruitment and retention, stabilizing infrastructure and capacity, and solidifying the ability to attract funds from private sources.

2-1-1/United Way-HELPLINK  
 A Home Away From Homelessness  
 Advokids  
 AIDS Legal Referral Panel  
 Alternative Family Services  
 The Arc of San Francisco  
 Arriba Juntos  
 Asian and Pacific Islander Wellness Center  
 Asian Perinatal Advocates  
 Asian Women's Resource Center  
 Baker Places, Inc.  
 Bay Area Community Resources  
 Bayview Hunters Point Foundation  
 Bernal Heights Neighborhood Center  
 Burt Children's Center  
 Catholic Charities/Catholic Youth Organization  
 Center for Human Development  
 Central City Hospitality House  
 Children's Council of San Francisco  
 C.L.A.E.R. Project  
 Community Awareness & Treatment Services  
 Community Housing Partnership  
 Community Vocational Enterprises  
 Compass Community Services  
 CompassPoint Nonprofit Services  
 Conard House, Inc.  
 Council of Community Housing Orgs.  
 Curry Senior Center  
 Dolores St. Community Services

Edgewood Center for Children and Families  
 Episcopal Community Services  
 Faithful Fools Street Ministry  
 The Family School  
 Family Service Agency/San Francisco  
 Florence Crittenton Services  
 Golden Gate Community, Inc.  
 Golden Gate Senior Services  
 Good Samaritan Family Resource Center  
 Goodwill Industries  
 Haight Ashbury Free Clinics, Inc.  
 Hamilton Family Center  
 Hearing & Speech Center of N. Calif.  
 Holy Family Day Home  
 Honoring Emancipated Youth  
 Huckleberry Youth Programs  
 Immune Enhancement Project  
 Independent Living Resource Center  
 In-Home Supportive Services Consortium  
 In-Home Supportive Services Public Authority  
 Institute for Civic and Community Engagement  
 Institute on Aging  
 Instituto Familiar de la Raza, Inc.  
 International Institute of San Francisco  
 Japanese Community Youth Council  
 Jewish Community Relations Council  
 Jewish Family & Children's Services  
 Jewish Vocational Service

Juma Ventures  
 Kimochi, Inc.  
 La Casa de las Madres  
 Larkin Street Youth Services  
 Legal Services for Children  
 Lighthouse for the Blind and Visually Impaired  
 Lutheran Social Services of Northern Calif.  
 Marian Wright Edelman Institute  
 Mary Elizabeth Inn  
 Mission Community Council  
 Mission Neighborhood Centers, Inc.  
 Music In Schools Today  
 New Leaf: Services For Our Community  
 North & South of Market Adult Day Health  
 Northern California Service League  
 Oakes Children's Center  
 On Lok Senior Health Services  
 Pets Are Wonderful Support  
 Planned Parenthood Golden Gate  
 Planning for Elders in the Central City  
 Positive Resource Center  
 Progress Foundation  
 Project Open Hand  
 Quan Yin Healing Arts Center  
 Rebuilding Together SF  
 Richmond Area Multi-Services, Inc. (RAMS)  
 Richmond District Neighborhood Center  
 SAGE Project Inc.

S.F. Adult Day Services Network  
 S.F. AIDS Foundation  
 S.F. Child Abuse Prevention Center  
 S.F. Community Clinic Consortium  
 S.F. Conservation Corps  
 S.F. Domestic Violence Consortium  
 S.F. Food Bank  
 S.F. Mental Health Education Funds  
 S.F. Study Center  
 S.F. Suicide Prevention  
 Seneca Center  
 Shanti  
 St. Anthony Foundation  
 St. Boniface Neighborhood Center  
 St. Vincent de Paul Society  
 Stop AIDS Project  
 Support for Families of Children with Disabilities  
 Swords to Plowshares  
 Tenderloin Health  
 Toolworks  
 Treasure Island Homeless Development Initiative  
 Veterans Equity Center  
 Walden House  
 Westside Community Services  
 Women's Community Clinic  
 Wu Yee Children's Services  
 YMCA of San Francisco  
 YWCA of San Francisco

**Why is it important for San Francisco to address wage parity between City and nonprofit employees?**

Nonprofit workers continue to fall farther behind City employees in comparable positions, who receive staggered pay increases and a rich benefit package, including pensions and retiree health benefits. These hard-working employees struggle to live in the City and communities they serve, and deserve a fair raise. The disparity with City employees makes it difficult for nonprofits to recruit and retain staff, which threatens service quality. Nonprofit staff will always receive less than public employees, but at minimum, they should receive the same percent raise as City workers, as well as additional increases to address historic wage disparity.

**Should the City provide a CODB increase for grant-funded services?**

Grant-funded services such as Ryan White and McKinney programs have never received a COLA or CODB increase. CODB increases should go to all health and human service programs, regardless of the funding source. All employees deserve to make a reasonable wage that would allow them to live in the City where they work, and all service providers face the same cost increases. Many of these programs have blended funding, and it's untenable to give raises to only those employees paid with general fund contracts. These valuable services are highly utilized, and a CODB is a small investment to strengthen and stabilize them.

**What is the relationship between recent wage and health legislation and the CODB?**

Increases due to living wage, paid sick leave and health care ordinances have created additional cost pressures on all nonprofits. HSN supported the Minimum Compensation, Health Care Accountability, Health Care Security and Paid Sick Leave Ordinances, provided the City includes the compliance costs in contract budgets. However, this pass-through does not fully compensate nonprofits for their increased costs. For example, an increase in the MCO rate for the lowest-paid workers means that nonprofit employers must raise additional funds to provide equitable pay to non-contract employees. It also creates a wage compression issue by making it more difficult for nonprofits to give raises to employees making over the mandatory minimum. If the MCO rate goes up, a CODB is necessary to fund raises for these other employees.

**When should the City consider the CODB increase in the budget process?**

The City considers its cost increases early in the process when each department develops its budget, while nonprofit increases have been an afterthought if there are a few dollars left at the end. Nonprofits provide crucial services, enhanced by private funds. If nonprofits are true partners in the City's service delivery system, our salary and cost increases need to be recognized as an integral part of the budget during the earliest stages of the process.