

San Francisco Human Services Network Update: 3/19/07

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(1) HSN CALENDAR

See the HSN calendar at http://www.sfhsn.org/news_calendar.htm for details about upcoming meetings, hearings and events. The calendar has been updated for March 2007.

(2) CITY BUDGET NEWS

At HSN's March 16 general member meeting, Controller Ed Harrington said that the Joint Report will be released on Tuesday, March 20. This annual report is prepared by the Controller, Mayor's Budget Office, and Board of Supervisors Budget Analyst. It will provide a 3-year projection through FY 2009-10 of San Francisco's fiscal status, and is an important tool that will influence the development of the upcoming City budget. It should be posted by the end of the week on the Controller's website at http://www.sfgov.org/site/controller_page.asp?id=1822.

The Controller told HSN members that the Joint Report will project a \$20-30 million deficit for FY 07-08. This is a significant improvement from the last projection of \$64 million, and could mean that some proposed cuts to DPH services will be avoided. However, several factors could change this projection, including potential supplemental requests in the current year and the negotiations taking place with the police, fire and nurses unions.

Mr. Harrington also noted that the Joint Report projection assumes that nonprofit contractors will get a 2.5% increase, based on the Consumer Price Index. In recent years, the report assumed there would be no increase, so we appreciate the recognition in this document. Of course, the real work is ensuring that the increase is funded, and that it approaches the estimated actual cost increase, which may be closer to last year's average 6% estimate.

(3) DPH BUDGET

The Department of Public Health will present its proposed budget to the Health Commission on Tuesday, March 20, 3pm at 101 Grove St., 3rd Floor. Budget documents are available at 101 Grove St., Room 308 or online at <http://www.sfdph.org/budget1/default.htm>.

There is some good news in the proposed budget, but it also includes significant cuts to nonprofit and other services. As expected, the budget includes a 2% cost-of-doing-business (CODB) increase for nonprofit contractors that receive general fund dollars. The Department has also identified additional revenues and made other adjustments that allowed them to address their structural budget problems and balance their base budget without impacting services.

However, the Mayor's budget instructions require DPH to make a 3% reduction (\$9.66 million) in their General Fund. They have *"not yet"* fully addressed this reduction, but identified \$7.23 million of it, including \$4.3 million in reduction proposals and \$2.93 million from the Board of Supervisors addbacks in the past two years.

Department reduction proposals

The Department proposes the following cuts:

- * Eliminate 60 substance abuse residential treatment beds and 90 adult outpatient slots, and fund a third mobile methadone van to serve 150 to 180 clients. This proposal would cut nonprofit services by \$1.47 million, and decrease General Fund spending by \$1.3 million. The budget documents do not identify specific contracts or contractors, but specify that no services would be cut to certain special needs populations such as perinatal and medical detox residential services, or outpatient services for youth, Asian Pacific Islanders, women with children, families, mono-lingual persons, the hearing impaired, or LGBT populations. HSN has opposed similar cuts in the past, especially proposals to eliminate irreplaceable residential beds. The Board has also restored similar cuts;
- * Establish a community-based Urgent Care Center and Acute Diversion Unit (ADU) under contract with the Progress Foundation, as an alternative to and diversion from the SFGH Psychiatric Emergency Room and Inpatient Acute Psychiatric unit. The proposal would eliminate 14-beds in the SFGH Psychiatry Unit. The new 14-bed ADU would operate 16 hours per day, 7 days per week. This initiative will save \$133,653;
- * Close the Workers Compensation Clinic at SFPH (proposed in past years and restored by the Board);
- * Impose prescription co-pays on all clients except those on general assistance and the homeless (also restored by the Board in the past);
- * Reduce the number of Public Health Nurses working in chronic care through Health at Home by 25% (rejected by the Board in the past); and
- * Remove \$2.93 million worth of Board addbacks from the FY 05-06 and 06-07 budgets.

Add-back reductions

The Board of Supervisors added \$10.9 million back to the DPH budget in FY 05-06, and \$9.7 million in 06-07. The Department has decided that many of these addbacks should be considered in the same context as other funding needs, and has proposed almost \$3 million for cuts. At the same time, they added these items to a list of funding requests should the City identify additional funds.

The Department will *not* propose cuts to certain addbacks, including past CODB increases to contractors, substance abuse restorations that were rebid with new contracts awarded, AIDS funding to replace Ryan White cuts, and housing-related addbacks.

Any contractor with addbacks from the last two budget years should refer to the budget documents on the DPH website. In the section titled "Director's Message", you will find a list of the proposed cuts on pages 6-7. Next to each proposed cut is a letter and a number (H1, H2, etc.). In the section titled "Restoration of AddBacks", you will find a 2-page description for each item, numbered accordingly. It includes a program description, amount, name of contractor, impact on clients, and justification.

Additional funding requests

Finally, the Department requests an additional \$22.3 million that they were not able to fund. This includes the following:

- * The \$2.93 million to maintain the addback services;
- * \$5.2 million to replace expired grants. This is an unusually large number of grants expiring in a single year, and includes loss of federal earmarks for AIDS and housing as well as disaster planning grants. The Department hopes that the Mayor and Board will recognize the importance of these services and provide funds to continue them.
- * \$14.10 million in requests to fund new services.

Health Access Program

The proposed budget includes no projections for the new Health Access Program. They have previously expressed expectations that the program will be cost-neutral, with new revenues and expenses. They are waiting for notification on whether the State will provide \$82 million for three years of funding. DPH will present the HAP budget in April.

Next Steps

DPH is asking the Health Commission to approve this budget, and will return to the Commission for another budget hearing on April 3.

(4) PAID SICK LEAVE UPDATES

The Office of Labor Standards Enforcement has updated its list of Frequently Asked Questions on the Paid Sick Leave web page at http://www.sfgov.org/site/olse_index.asp?id=49389.

The following responses have been added or changed:

FAQ 8 - New

FAQ 12 - New

FAQ 16 - New

FAQ 29 & 30 - New

FAQ 32 - First sentence and last phrase are new

FAQ 33 - Last two sentences are new

FAQ 41 thru 46 - New section

FAQ 48 - Second paragraph is new

FAQ 51 - New

They are working on one more round of FAQs to answer 10-15 questions, but don't have a timeline. They will also soon post a schedule for a public rulemaking process on some of the bigger outstanding issues, such as breaks in service and the rate of sick pay for commissioned employees.

(5) OTHER ANNOUNCEMENTS

Emergency Loans for Bay Area Nonprofit Organizations

Are you a non-profit organization experiencing occasional cash flow challenges? Perhaps you have received word that a foundation grant or government contract is forthcoming but the funds will be delayed a few months. The Emergency Loan Fund (ELF) may be able to help your organization. Housed at Northern California Grantmakers, the loan fund provides quick-turnaround, low-cost financial assistance to nonprofits experiencing cash flow problems. Loan decisions are made each month. There is no fee to apply. To learn more about the loan funds and to complete an application, please visit NCG's website at: http://www.ncg.org/services_elf.html. For additional questions about the ELF, please contact Susanne Ross, Program Officer at 415-777-4111 x 27 or email her at sross@ncg.org.