

HSN Update: 5/16/07

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(1) HSN CALENDAR

See the [HSN calendar](#) for details about upcoming meetings, hearings and events in May.

The May general member meeting on Friday, May 18 will focus on the City budget, including a discussion of the budget process, policy and political climate. We will feature a panel with Meg Cooch of Planning for Elders and the People's Budget, N'Tanya Lee of Coleman Advocates for Children and Youth, and Calvin Welch of the Council of Community Housing Organizations. We will meet from 9:30am to 11:30am at the LightHouse for the Blind and Visually Impaired, 214 Van Ness Ave. (x-Hayes).

The Public Policy Committee will meet on Wednesday, May 30 at the Progress Foundation, 368 Fell St. (x-Octavia). These Committee meetings provide members with an opportunity to discuss current issues in greater depth, and to bring new issues to HSN's attention. Please RSVP to [Merrill Buice](#).

(2) CITY BUDGET NEWS

(A) NINE-MONTH BUDGET STATUS REPORT

On May 4, the Controller issued the [FY 2006-07 Nine-Month Budget Status Report](#), the final pre-budget assessment of the City's current and projected fiscal status. The last report in March projected a \$25.4 million shortfall for FY 2007-08. That report assumed the City would end this fiscal year with a General Fund balance of \$126.6 million, which would all be available for next year.

The new report projects that the end-of-year General Fund balance will be \$98.4 million, and that **next year's deficit has risen to \$54.7 million**. The difference is primarily due to the Board's

allocation of \$33 million for housing supplementals, which led the Mayor to ask departments for 3% contingency cuts.

The City expects revenues to be \$91.4 million better than budget for this fiscal year, primarily due to higher Property Tax, Real Property Transfer Tax, Hotel Room Tax, Business Payroll Tax, Parking Tax, and Interest Income. They expect overall departmental expenditure savings of \$14.7 million.

Among other items, the report also updates the status of the City's Rainy Day Reserves (which has come up in the Board's discussion of supplemental spending; see below). Several years ago, San Francisco voters approved a Charter Amendment that requires contributions to the Rainy Day fund whenever revenues grow by more than 5% over the previous year. Any excess growth is allocated as follows: 50% to the Economic Stabilization Fund, 25% to Capital and One-Time Spending, and 25% is available for general purposes.

The Economic Stabilization Fund is projected to stand at \$117 million at the end of this fiscal year, and can only be used when revenues decline. The Capital and One-Time Spending Fund is estimated at \$15.8 million, which the Mayor and Board can use at any time.

(B) BOARD SUPPLEMENTALS

The politics of this budget season are heating up. Over the past few weeks, there has been a lot of action by the Board on supplemental spending. Here's a summary of events to date:

On May 1, the Board approved a \$28 million housing supplemental using the General Fund. It includes \$20 million for affordable housing, \$5 million for public housing repairs and services, \$2.5 million for limited equity cooperative home ownership, and \$550,000 to help purchase a site for housing services in the Mission. The supplemental passed with 7 votes.

At the request of Supervisor Sandoval, the Board approved an additional \$5 million supplemental for the Down Payment Assistance Loan Program on May 8, again using the General Fund. In return, Sup. Sandoval agreed to become the 8th vote on the \$28 million supplemental, enough to sustain an override of the Mayor's expected veto.

These two supplementals have been taken into account in the 9-month report, increasing the projected deficit for FY 2007-08 to \$54.7 million.

Sup. Daly then introduced another supplemental to provide services for Children, Seniors and the Disabled. This request totals about \$19.7 million, with \$17.7 million from the General Fund and the rest from unappropriated Children's Fund balance. At the same time, Sup. Daly is seeking to amend the \$28 million housing supplemental to use all of the \$15.8 million from the Rainy Day Capital and One-Time Spending Reserve. The supplemental would still stand at \$28 million, but would use only \$12.2 million from the General Fund.

The Budget Committee sent this new legislation to the full Board without recommendation. At the May 15 Board meeting, Sup. Daly agreed with others who support the legislation but feel that

this is an inopportune time to consider another supplemental. The Board approved his motion to continue the item until June 5, after the Mayor submits his proposed budget. It will be considered as part of the upcoming budget process.

In addition, rather than vetoing the housing supplemental, the Mayor sent a "no-signing" letter on Friday. In the letter, the Mayor said that he does not plan to spend the funds, most of which were allocated to the Mayor's Office of Housing, because they are not really available. Sup. Daly plans to respond by introducing legislation that would reappropriate the same funds to housing. By tying the funding up in the legislative process, this would prevent the Mayor from diverting it for other uses.

All of this leads up to what could be a busy and contentious budget process this year. The Mayor will deliver his proposed budget to the Board by June 1.

(C) STATE BUDGET

On May 14, the Governor presented the May Revision of his proposed state budget. The City will analyze his proposal for impacts on the local budget.

The Governor is proposing \$660 million in cuts to health and social services for the poor. He plans to eliminate COLAs for welfare and SSI/SSP recipients and end CalWORKs cash assistance for about 200,000 children whose parents have been timed out or sanctioned. Democratic legislators have pledged to fight these proposals. His proposal would also freeze the state's share of IHSS workers' wages and benefits; currently, the state contributes a share of worker costs that don't exceed \$11.10 per hour. The freeze would impact San Francisco's ability to raise IHSS salaries to \$11.50 later this year, and affect San Francisco's share of the costs if the Board passes an increase in the living wage.

For more info on the state budget, including details about specific cuts, see the following:

The San Francisco Chronicle provided some detail in its May 15 article, ["Governor deeply cuts funding for poor, old"](#). They also highlighted the [potential impact on health and human services](#).

See the [California Budget Project's](#) website for an excellent quick summary of the Governor's May revision.

The [Legislative Analyst's analysis](#) projects that the Governor's budget plan would not be balanced, and that expenditures would exceed revenues by \$2.6 billion. This would leave the state with a \$726 million year-end deficit, compared to the Governor's estimate of a \$2.1 billion positive reserve.

(3) CONTRACT REFORM UPDATES

HSN's Contract Reform Committee has had a busy month, with the focus on the [Department of Public Health's agreements](#) to streamline contracting. We met with DPH on April 11 to review the department's progress, and participated in the presentation of the contractor satisfaction survey results to the Health Commission Budget Committee on May 1. Here are some of the highlights:

Per DPH's agreement to offer a face-to-face contract negotiation with any contractor that wants it, DPH sent out an invitation letter in March. Negotiations are to include outcome objectives, scope of work, monitoring, certification, options to expedite certification, cultural competency and exchange of data. Contact your program manager if you requested a negotiation that has not yet been scheduled. (HSN will be very interested in getting your feedback on how this process goes!)

The department received 58 responses to its contractor satisfaction survey, and 48 of them provided more detailed comments. The highest rates of dissatisfaction were with negotiating contracts (53%), modifying contracts (43%), cultural competency reporting (41%) and contract budgets (40%). DPH is developing an action plan to prioritize and address these issues. At the May 1 Health Commission Budget Committee hearing, Commissioners were very engaged in reviewing the data and making suggestions. HSN has asked that the survey be annual, that this year's data be used as a baseline, and that we work together to improve survey questions that delve deeper into problem areas and identify the root causes.

DPH also sent out a COOL user's survey, and the results will be available soon.

The cultural competency report has been streamlined so that each organization will have 3 or more goals each year, and will report only on those goals.

The department has started a 2-year process to streamline the Exhibit A narrative. Contractors had the opportunity to comment on the draft via email and through a focus group. The streamlined narrative will be in use this year, and they will streamline the sections next year. Objectives will be standardized, outcome-focused and reduced by about half.

The next Health Commission hearing will take place in early July before the full Commission.

HSN Committee members will also attend the next meeting of the Review Appellate Panel (RAP) on June 11. The agenda will include a discussion of the RAP's goals and next steps, updates on implementation from all participating departments, and a presentation from the Controller's Office on new prompt payment guidelines for departments.

(4) MINIMUM COMPENSATION ORDINANCE UPDATE

As expected, Supervisor Ammiano will reintroduce proposed amendments to the Minimum Compensation Ordinance (MCO, or "Living Wage" law), which requires City contractors to pay a minimum amount to employees working on the contract. The original ordinance mandated a

nonprofit rate of \$9 per hour, but the Board set aside funds two years ago for nonprofits to go to \$10.50. The for-profit Living Wage is currently \$10.77. HSN's position has always been that we want nonprofits to be able to pay higher salaries, and support the Ordinance as long as the City provides funding for the nonprofit increases.

Last year, the Board introduced legislation to bring nonprofits up to the for-profit rate and institute an annual CPI increase. HSN expressed concerns to the Mayor and Board about mandating automatic increases without guaranteed funding. In the end, the Board set aside the legislation because of its high cost, which would have exceeded \$20 million, largely because of the cost of raises for In-Home Supportive Services (IHSS) workers.

This year, Sup. Ammiano has asked the City Attorney to draft legislation that would bring the nonprofit rate to \$11.36 on July 1, 2007, and again to a new for-profit rate of \$11.64 on January 1, 2008. It would include an annual CPI increase. However, we are hopeful that he will include safeguards for nonprofits this time. His office is considering a process that would require the Mayor to determine whether he will fund the costs based on the annual Joint Report (which assesses the City's fiscal status in March), and if he does not fund it, then the Board must consider funding it. We believe that the increase should not happen unless it is funded, and will continue working with Sup. Ammiano's office.

The situation with IHSS is different this year because the City has already agreed to increase the pay of IHSS workers, so the incremental cost of the MCO will be much less. IHSS workers went to \$10.95 on April 1. Effective October 1, they could begin to receive \$11.50 per hour. But if the state freezes its share of cost as proposed in the Governor's budget, the rate on October 1 will only go to \$11.20.

In determining whether to fund the increase, the Mayor and Board should also consider cost pressures on nonprofits due to paid sick leave and MCO paid time off requirements. In addition, any increase in the MCO rate means that nonprofits must raise additional funds to give equitable raises to non-contract employees and to maintain salary structure through raises for higher-paid employees. A cost-of-doing-business increase is necessary to counteract these wage compression issues.

One final note: The Minimum Compensation Ordinance should not be confused with the Minimum Wage Ordinance that was on the ballot a few years ago. The MCO applies only to contractors. The minimum wage applies to all San Francisco employees. It currently stands at \$9.14 per hour, and includes an automatic annual CPI increase.

(5) OTHER ANNOUNCEMENTS

(A) NOVEMBER ELECTIONS

The Board is already looking ahead to November ballot measures. Proposed measures will go before the Rules Committee in the next few months. Sup. Daly is planning to bring back the violence prevention measure that narrowly lost last year. Sup. Elsbernd is introducing a proposed

Charter Amendment to require a public hearing before the Mayor or Board could place any measure on the ballot. His stated intention was to ensure more input into confusing measures such as the paid sick leave ordinance. Cosponsors include Supervisors Peskin, Alioto-Pier, Maxwell and McGoldrick.

(B) HSN MEMBER DUES

We have almost reached our membership goals for this year! We thank all of you that renewed, and welcome our new members. If you have not yet paid, you can get the [dues form](#) from our website. If you have questions or want to inquire about a dues adjustment, please call Merrill at 668-0444 x-1.

(C) OTHER ANNOUNCEMENTS AND EVENTS

The Coalition on Homelessness has released a new report called "[Shelter Shock: Abuse, Cruelty, and Neglect in San Francisco's Shelter System](#)", summarizing the results of a survey of 215 shelter users.

CompassPoint will present their 20th annual [Nonprofit Day conference](#), "20 Years from Good to Great", on July 12th at the Hilton San Francisco.

The Center for Nonprofit Management's *2007 Compensation & Benefits Survey* for Northern California will be out in late May. You can pre-order a copy by downloading their [order form](#). If you are an HSN member, remember to get your \$15 discount by entering "CBS07-SFHNSN" in the Sponsor Discount Code box.

Rob Stengel of the Department of Emergency Management would like community-based organizations to know about a funding opportunity related to Homeland Security. The Nonprofit Security Grant Program makes funds available for security enhancements to facilities (such as security equipment and staff training). The organization must demonstrate high risk related to terrorism. Examples of eligibility factors include prior terrorist threats or attacks, symbolic value of the site that renders it a possible target, critical infrastructure located in close proximity, and the organization's role in responding to or recovering from attacks. Interested organizations should attend a grant-writing workshop on Friday, May 18, 10am to 12 noon at 1011 Turk St. (x-Gough and Laguna). For questions or to RSVP, email [Robert Stengel](#) or call 503-2079.

Ken Stein of the Mayor's Office on Disability would like to alert HSN members about the Friday May 18 meeting of the Mayor's Disability Council at 1pm in City Hall Room 400. The [agenda](#) includes information and discussion on disability rights in the City's homeless shelter system, including steps to enhance ADA compliance. This item is expected to run from 1:30 to 2:30 p.m.