

## **HSN Update: 6/2/06**

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

See the [HSN calendar](#) for upcoming meetings, hearings and events. June will be a busy month, including:

- \* Our monthly member meeting on June 16, featuring a conversation with Board Budget Committee Vice- Chair Bevan Dufty;
- \* The Public Policy Committee on June 28;
- \* An important election on June 6;
- \* June 22 and June 29 Budget Committee hearings on health and human service departments; and
- \* Meetings of other HSN Committees.

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

#### **(A) The City's financial status**

On May 3, the Controller's Office released the [Nine-Month Budget Status Report](#), the final projection before the Mayor releases his budget. The news was good, with a projected available fund balance of \$95 million at the end of the fiscal year -- even taking into account the Board's recent approval of \$54 million in supplemental funding requests for violence prevention, parks, street repairs and other expenditures. The City continues to see better-than-expected revenue growth, particularly in property, real property, and payroll taxes, as well as interest.

The unexpected revenue also increased funding for mandatory set-asides, including an additional \$18 million to the Children's Fund. Under the Rainy Day fund, the City will set aside \$29 million for years when revenues decrease, while \$14.5 million must be set aside for one-time or capital expenses.

The bottom line is that the City's projected budget deficit for FY 06-07 dropped to about \$4.6 million, our best outlook in several years. However, the estimate does not account for any increases in pay for City employees, and most MOUs were open for negotiations this year. Most

unions have yet to vote on the agreements, which are not yet public. Each 1% pay increase would cost \$9 million to the General Fund. In addition, the deficit for FY 07-08 still looms at an estimated \$130 million.

### **(B) The Mayor's Budget and Nonprofit CODB**

Mayor Newsom released his [proposed FY 06-07 budget](#) on May 31. The Board will review the \$5.8 billion budget during public hearings in June. While we have not yet had the opportunity to review the budget in detail, the Mayor briefed HSN on the budget's impact on community-based services.

Of the greatest significance to HSN members, **the Mayor included a 2% cost-of-doing-business increase (CODB) for nonprofit contracts.** We appreciate the Mayor's commitment to address our sector's rising costs for the second straight year. Until FY 05-06, nonprofits had never received an increase on the entire contract amount to account for cost increases in salaries, health care, workers comp, utilities, rent and other expenses. We thank Mayor Newsom for recognizing the challenges nonprofits face, and taking unprecedented steps to begin solving the problem.

However, we also know that 2% is insufficient to compensate for rising costs. DPH's recent survey of contractors showed that nonprofits faced an average of 6% in unavoidable cost increases. Nor does the 2% appear to apply to grant-funded services. Our next step will be to ask the Board for a larger CODB increase, so that we don't continue to fall behind in both lost resources from years of flat funding, and parity between City and nonprofit employees doing similar work. **We will be calling on our members to express the need for a higher CODB at the Board budget hearing on June 22.**

In our meeting with the Mayor, he also laid out a list of other health and human service enhancements. Advocates for the aging and disabled are celebrating a big victory with the Mayor's commitment to \$3 million for the Community Living Trust Fund, which will support community-based alternatives to institutionalization. The budget includes funding increases for children's services -- \$2.5 million over the mandated minimum. There are no cuts in the Department of Public Health. The budget expands healthcare for 19-24 year olds, expands Community Clinic hours in anticipation of a new Universal Healthcare Council plan, and increases supportive housing. The Mayor also said he would fund universal childcare for homeless families, expand food stamp outreach, fill gaps in foster care, and backfill HIV/AIDS funding cuts.

### **(C) State budget**

The Governor released his FY 06-07 revised budget on May 12. Like the City budget, it reflects a significant improvement in revenues. He proposes to use these revenues to pre-pay debt, increase the budget reserve, increase school spending, repair levees, and augment various other programs. The revised budget includes spending increases in many areas of health and human services. As always, the [California Budget Project](#) has posted an excellent summary on their website.

## **(D) Other budget notes**

- HSN appreciates the efforts of SEIU Local 535, which organized nonprofit agency workers for an April 24 lobby day at City Hall. The workers visited the Mayor's Office and the Board to urge their support for the nonprofit CODB increase, both to help agencies maintain services and to increase wages for all (union and nonunion) nonprofit workers.
  - In response to the DPH contingency budget proposal to equalize substance abuse residential rates, the Health Commission debated the process through which proposed cuts come before them without sufficient analysis or preliminary input from affected parties. On May 2, the Commission passed a [resolution](#) declaring it policy that budget proposals that result in either policy changes or program closures, reductions or modifications should first be discussed at a meeting of the Joint Conference Committee. This new policy, proposed by Commissioner Jim Illig, will "provide a forum for more extensive, deliberative and interactive communication" between Commissioners, DPH staff and the public. The goal is to consider possible cuts outside of the budget process, on an ongoing basis throughout the year, in an atmosphere that allows for greater discussion of the pros and cons.
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## **(3) JUNE ELECTION UPDATES**

This week is the final push before the June 6 election, and we encourage you to get involved!

HSN has endorsed Prop A, which will create a Homicide Prevention Plan and set aside additional violence prevention funds for the next three years. For info on events, email [yesonpropa@gmail.com](mailto:yesonpropa@gmail.com). The schedule includes literature drops and a youth campaign on June 3 and 4, flyering on June 5, and get-out-the-vote activities on June 6.

HSN opposes Prop D, which would ban patients with primarily psychiatric or behavioral diagnoses from Laguna Honda. The San Francisco Bay Guardian published an [op-ed](#) against the measure this week, written by Belinda Lyons of the Mental Health Association of S.F., and co-signed by HSN Co-Chair Steve Fields and two other HSN members: Bill Hirsh of the AIDS Legal Referral Panel and Herb Levine of the Independent Living Resource Center.

Fiona Ma and Janet Reilly, opponents in a hotly contested Assembly race, each spoke at recent HSN member meetings. See the March and April [meeting minutes](#) for details.

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## **(4) HSN MEMBER DUES**

Thanks to 83 health and human service nonprofits, HSN has almost reached our goal for 2006! We are only about \$1,800 short of our \$50,000 budget for dues revenue, and need 7 more paid members to exceed our best year. We know there are a few of you that always join and haven't

paid yet this year. Other agencies receive our alerts -- as well as the benefits of our work, but have never joined. Please help us reach our goal by contacting Merrill at 668-0444 x-1!

As always, even in a bad year, we value your participation. If you cannot pay the suggested amount for 2006, please call Merrill about a dues adjustment.

Our [membership page](#) has more information and a dues form.

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#### (5) COMPASSPOINT NONPROFIT DAY

CompassPoint Nonprofit Services will hold its 19th annual Nonprofit Day conference: *In every Community, There is Work to be Done. In Every Heart, There is the Power to Act*. The event will take place on Tuesday, July 11 at the Westin St. Francis in San Francisco.

Including thirty-six workshop sessions, this conference is a must-attend professional development day for nonprofit staff, boards and volunteers. It's also a perfect way to connect with the Bay Area nonprofit community. Some highlights include:

- Keynote by Kim Klein, Grassroots Fundraising Journal
- Getting into the Mix: Program Portfolio Analysis
- The Market Landscape for Nonprofits
- How CEOs Can Work with Their Boards...Better!
- Soulful Leadership
- From Fraidy Cats to Fat Cats: Getting Boards to Raise Money Once and For All!

There will also be a raffle drawing and over 30 nonprofit resource exhibitors. See their website for a [full program and to register online](#).