

S.F. HUMAN SERVICES NETWORK

August 7, 2007

To HSN members and friends:

- * HSN calendar
- * Cost-of-doing-business (CODB) increase
- * Minimum Compensation Ordinance (MCO) amendments

*** HSN calendar**

The August calendar is posted on our website. HSN does not hold a general member meeting in August.

The Public Policy Committee will meet on Wednesday, August 29, 10am at the Progress Foundation, 368 Fell Street.

The next general member meeting is Friday, September 21, 9:30am to 11:30am at the LightHouse for the Blind and Visually Impaired. We have invited several health and human service department directors to speak on a panel and share their goals and key issues for the coming year. Invitees are Dr. Mitch Katz, Dept. of Public Health; Trent Rhorer, Human Services Agency; Anne Hinton, Dept. of Aging and Adult Services; Debby Jeter, Dept. of Human Services, Family and Children's Services; and Margaret Brodtkin, Dept. of Children, Youth and Their Families.

HSN calendar - http://www.sfhsn.org/news_calendar.htm

*** Cost-of-doing-business (CODB) increase**

HSN celebrated a victory last month when the Mayor and Board allocated funds for the largest nonprofit cost-of-doing-business increase (CODB) to date. The Mayor's budget included funding for a 2.45% increase on general fund contracts, and the Board added \$2.47 million for an additional 1%.

Departments are contacting nonprofits asking for budget revisions to reflect this increase. HSN sent a letter to Mayor's Budget Director Nani Coloretti asking her office to ensure that the increase is implemented properly. We asked the following: (1) To ensure that all general fund contractors receive the increase of 3.45%. (2) The increase should be referred to as a "cost-of-doing-business" increase rather than a "cost-of-living-adjustment" or COLA, to make it clear that the funds are for both operational costs and salary increases. (3) Departments should inform contractors about how the increase was calculated for each contract, and who to call with questions.

We have heard that the Department of Juvenile Probation requested revised budgets from contractors reflecting only a 2.45% increase, and have asked the Mayor's Budget Office to clarify and follow-up on this. Ms. Coloretti responded that they will follow up with all departments.

Please let us know if you have any problems or questions as departments implement the CODB increase for this year.

*** Minimum Compensation Ordinance (MCO) amendments**

HSN recently sent out a survey to members about the impact of the Minimum Compensation Ordinance (MCO) and Health Care Accountability Ordinance (HCAO). The MCO portion of the survey requested information in preparation for hearings on proposed amendments to the MCO. That portion of the survey has been tabulated, and the MCO survey report (http://www.sfhsn.org/documents/hsn_iss_mco_mcosurv_08-07-07.pdf) is now posted on our website. These results have helped clarify HSN's position and provided data for our advocacy with the Board. We appreciate all of you who responded. (We will complete the HCAO report in a few weeks, as we will take a look at the mandatory health care ordinance's minimum standards this fall.)

We are happy to report that we have reached a compromise position with Supervisor Ammiano's office and the Living Wage Coalition. HSN was concerned about proposed amendments that would have required annual increases to the nonprofit living wage rate without guaranteed funding for nonprofit service providers. Last week, Sup. Ammiano introduced a new version, developed by HSN and the Living Wage Coalition, that will make nonprofit increases contingent on city funding.

The new version of the amendments would increase the nonprofit MCO rate to \$11.11 on October 1, 2007; approximately \$11.46 on January 1, 2008; and annually on January 1 based on the Consumer Price Index. It would apply to any employer with 5 or more employees and \$25,000 in city contracts.

However, the legislation would establish a process to ensure that the increase won't occur unless it is funded. Each year, the Mayor will look at the joint report to determine if funds are available. (The joint report is a 3-year budget projection that comes out every March.) If the projected general fund deficit is less than 2%, the Mayor's budget must fund the increase. If the deficit is higher, the Mayor must send a report to the Board stating whether or not the budget includes the necessary funds. If the Mayor does not fund it, the Board will hold a public hearing and will have the opportunity to fund the increase during the budget process. The Mayor and Board may fund all or part of the increase in a given year. However, any unfunded portion of the increase will be waived for one year, and the waiver is renewable until it is funded.

In short, if the Mayor and/or Board fund the increase, it will take effect. If they fund only part of it, the mandatory increase will be partial. If they don't fund it, all nonprofits will receive a one-

year waiver from the increase. The following year, the city would have to allocate funds for both years to bring nonprofits up to the full MCO rate.

The amendments also contain two waiver provisions for individual nonprofits. As before, the ordinance contains a hardship waiver if the MCO will cause economic hardship or have a negative impact on services; this waiver requires that the highest paid managerial position in the organization earn no more than six times the lowest wage paid. In addition, there will be a new one-year waiver if the city funds the increase, but an individual nonprofit does not receive sufficient funding in its contract to pay for the increase.

The Board's Budget Committee will hold a hearing on these amendments on Wednesday, August 8 at 1pm in City Hall Rm. 250. This may be the final hearing before the amendments go to the full Board. A draft of the amendments (<http://www.sfgov.org/site/uploadedfiles/bdsupvrs/committees/materials/070921.pdf>) is available on the City website.

One issue remains -- funding for this year. The Board did add back \$1.045 million for MCO funding in the FY 2007-08 budget. However, these figures were based on MCO rates of \$10.77 on 10/1/07 and \$11.11 on 1/1/08, not the current proposed rates of \$11.11 and \$11.46. The current proposal would cost \$3.7 million this year, including \$2.7 million for IHSS and \$630,000 for other nonprofits.

It is not yet clear how the funding issue will be resolved, but there are several possibilities. Supervisor Ammiano may amend the ordinance again to reflect rates of \$10.77 and \$11.11. The Board may look to reserves to allocate sufficient funding for this year. Or the ordinance may go into effect with a partial increase this year, and the waiver provisions would kick in to defer the rest of the increase until the FY 2008-09 budget.