

## **HSN Update: 11/20/07**

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

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

The **HSN Public Policy Committee** will hold its last meeting of the year on Wednesday, **November 28**, 10am at the Progress Foundation, 368 Fell St. (x-Octavia). These meetings are open to all current members, and provide an opportunity to discuss current issues in greater depth and bring new issues to HSN's attention. Please RSVP to [Merrill Buice](#).

Please note that HSN does not hold a general member meeting in December. The next member meeting will be on January 18, and will feature Supervisor Sean Elsbernd.

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### **(2) DPH BUDGET AND PRINCIPLES**

The budget outlook for the coming year is not promising, as the state recently projected a \$10 billion shortfall by July. On November 6, the Health Commission received the first quarter budget report on the Department of Public Health (DPH), which forecast a *\$15 million deficit in the current year*. They attribute the projection primarily to structural cost increases for S.F. General Hospital, Laguna Honda and Jail Health.

DPH is meeting with the Mayor's Budget Office and the Controller to determine next steps. Options include a revenue supplemental, deferring new initiatives, a hiring freeze, mid-year cuts (which could be city-wide rather than DPH-only), additional funds from the MOU reserve for Jail Health, and a general fund supplemental.

The shortfall has large implications for FY 2008-09, when the department will have to address over-spending as well as compensate for rising costs due to inflation and labor MOUs. With a citywide deficit, they will probably be asked to reduce general fund spending. In short, they must make some difficult policy decisions.

In preparation for this challenge, the Health Commission has adopted [twelve principles to guide their decision-making](#). The principles are available on their website. Among them is the principle that the department will include funding to address nonprofit cost of doing business increases, even if that funding necessitates service reductions.

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### **(3) HSN COST-OF-DOING-BUSINESS SURVEY**

For the past two years, as HSN advocated with the Mayor and the Board for an adequate nonprofit cost-of-doing-business increase (CODB), policy-makers have asked us for solid data on how much costs are rising. In 2005, DPH surveyed their contractors and estimated an average increase of about 6%. In 2006, the Human Services Agency took on an effort to gather data based on trends analysis, but the results were not as helpful as desired. In both years, we received CODB increases (3% and 3.45% respectively) that helped nonprofits address their needs, but were not enough.

HSN finally decided that we need to make our case by putting forward our own survey to assess how much costs are going up. A committee put together a two-page survey, one with background information and the other with a spreadsheet template for nonprofits to show their costs.

**We need all of our members to pitch in with this effort in order to demonstrate to the city the real need for funding increases in order to maintain our existing level of services.** This is especially true in a bad budget year, when nonprofit concerns, along with the needs of vulnerable city residents, are likely to be placed at a lower priority than other city needs. The failure to provide an adequate CODB forces nonprofits to reduce services, underpay hard-working staff, and even close programs.

We are asking the city to have departments distribute this form to contractors in order to assess nonprofit cost increases. We want to get it to our members right away so that you can be prepared with the data.

In addition, we ask that you [return all completed surveys to HSN](#). We will keep all individual responses confidential, and use them to do our own analysis of rising costs.

We also welcome your feedback on the survey so that we can improve it in future years.

The CODB survey packet consists of three documents, which you can download here:

- [CODB survey instructions](#)
  - [CODB survey cover page](#)
  - [Survey of structural cost increases \(template\)](#)
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### **(4) MORE HSN NEWS: HCSO, CONTRACT REFORM**

## **(A) HEALTH CARE SECURITY ORDINANCE**

HSN and the Office of Labor Standards Enforcement (OLSE) co-hosted two content-filled seminars on the new Health Care Security Ordinance (HCSO), and its relationship to the Health Care Accountability Ordinance (HCAO). About 100 nonprofit representatives attended these events.

The HCSO mandates that all San Francisco employers provide health benefits if they meet certain criteria. It applies to nonprofits with 50 or more employees. The HCAO requires nonprofit contractors with over 50 employees to provide health insurance to employees working on the contract, or pay a fee to the city; employees that don't receive insurance under the HCAO may be covered under the HCSO.

Many of HSN's members will be subject to both ordinances when the HCSO employer mandate kicks in on January 1, 2008. The court held a November 2 hearing on the Golden Gate Restaurant Association's lawsuit to block the employer mandate, but has not yet issued a decision.

If your organization missed the seminars, you will find the power-point presentation and other information on the [OLSE website](#).

## **(B) CONTRACT REFORM**

HSN is conducting a series of focus groups to gather feedback from nonprofit contractors on departments' progress in implementing the recommendations of the City Nonprofit Contracting Task Force. We did a round of focus groups last year, compiled the feedback, and presented it to each department in an anonymous format with a request for follow-up actions. We are repeating the groups this year under a similar process.

We have already begun gathering input at HSN's general member meeting and with the Mental Health Contractors Association. We will also be at upcoming meetings of the Substance Abuse Contractors Association, HIV/AIDS Providers Network, Coalition of Agencies Serving the Elderly, and McKinney Contractors.

We also welcome your feedback by [email to Debbi Lerman](#) on any contracting department in the city. We hope feedback will be as specific as possible. We want to hear positive (best practices, what departments are doing well, improvements made) as well as negative feedback. Particular topics include:

- Timely certification
- Timely payment
- Opportunity for a meaningful negotiation process before signing the contract
- Overall communication throughout the process
- Relationship and communication with contract and program managers
- Unnecessary requirements
- Monitoring (fiscal and program)

- Contract consolidation and how that has worked
- Document submission (submit only once?)
- Electronic systems and processes
- Forms standardization and simplification
- Mandatory meetings and adequate notice
- Training: did the department offer, was it enough/too much, was it useful, what do you want?

In addition, we are gathering feedback particular to DPH, based on ten [agreements they made with HSN](#) in November 2006:

- Contract negotiation process (did you meet with your program manager; how did it go)
- Contract changes (were any changes discussed and negotiated in a timely fashion)
- Use of COOL for document submission
- Use of COOL for contract development (voluntary)
- Feedback on the new Exhibit A
- Feedback on the new cultural competency report
- Data disagreements (if any, were you able to share and match your data reports with DPH)

We look forward to meeting with many of you at the upcoming focus groups, and appreciate your input!

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## **(5) OTHER ANNOUNCEMENTS**

### **(A) ELECTRONIC PAYMENTS TO VENDORS**

We want to remind nonprofit contractors that you can speed up your payments from the city if you sign up for electronic payment. [See the Controller's website for more information.](#)

### **(B) REBUILDING TOGETHER**

[Rebuilding Together San Francisco](#) provides free repair and renovation programs for nonprofit and community service facilities. Their annual deadline for facility renovations has been extended until the end of November, and they are still in need of new applications. To learn more, visit their website, which includes an application form.