

HSN Membership Meeting

January 16, 2004

Meeting Minutes

I. Labor/Nonprofit Issues — *Debbi Lerman*

- Both unionized and non-unionized nonprofits participate in HSN's Labor Issues subcommittee. HSN's position on unionization in nonprofits is neutral. The subcommittee addresses issues surrounding the relationships between unions and nonprofits. The next subcommittee meeting will be held on Wednesday, January 28, 3 pm, at Huckleberry Youth Programs, 3310 Geary Blvd. Contact Debbi Lerman for more information at debbilerman@sfhnsn.org.
- HSN's Labor Issues Subcommittee introduced the first part of a labor/nonprofit issues presentation at our October member meeting, where a brief history of unions in nonprofits was shared along with individual examples of positive and negative union experiences. A handout summarizes that meeting. Some executive directors prefer working with unions because employee behavior standards and communication processes are very clear. In addition, last year, unions accompanied some nonprofits to meet with Supervisors to advocate for funding.
- History review: Several nonprofits in San Francisco have been unionized for 25 years. However, unions recognized that nonprofits are fundamentally different than for-profit business or city agencies. Normal collective bargaining practices are unsuccessful at raising wages when funds depend on City contracts. Unions need more members, so they are looking to nonprofits, particularly in San Francisco.

Realities of working with unions: Impact on organization, staff and clients — *Various speakers* *Charlene Clemens and Resa Peay-Wainwright, Family Service Agency, SF (FSA)*

- FSA has more than 200 employees. SEIU 790 came in to unionize the employees. It has been a difficult experience and mistakes were made on both sides. The experience has had negative impacts on clients and services.
- The union came in to two different programs. Wages and parity with city workers were the primary issues. The initial election was thrown out by the NLRB for union irregularities. Once the election passed, neither side moved forward quickly to develop the contract. City Hall then got involved. The executive director at that time refused to meet with City Hall representatives. FSA then received notice that DHS was revoking its contract to operate the program. DHS admitted there were no programmatic problems with FSA's program administration.
- When the teen parent clients went to meet with Supervisors they were treated badly, and only two Supervisors listened to them. The teens still call FSA to complain about the County-run program and the high staff turnover. One of the FSA programs decertified the union last year. There is now just one bargaining unit.
- During this turmoil, the upper management at FSA changed entirely, including the executive director and CFO. The new ED held town hall meetings at every site to address all issues. The union canceled a subsequent election and withdrew from an arbitration proceeding because the staff is currently happy, and no longer interested in bringing in the union.

Donna Feingold, Toolworks

- Thirty percent of Toolworks clients are developmentally disabled. SEIU launched a statewide movement to unionize those who work with the developmentally disabled. Approximately 100,000 work in this field, and if they were all dues-paying union members, the union would receive approximately \$35 million in dues.

- Unions supported the introduction of AB 649 in 2002. The legislation would set up workforce centers that would sever the current employer-of-record relationship. In most cases these relationships are positive.
- AB 649 became a two-year bill, and would have been a major issue this year, However, the presence of the new Republican Governor has changed the situation. The bill is being rewritten, and the workforce centers deleted. SEIU is now focused on higher wages, which everyone would support.
- It is interesting to note that IHSS had the opposite experience. The Public Authorities were established because there was no employer of record.

Overview of Labor / Nonprofit Issues

Bruce Fisher, Huckleberry Youth Programs and HSN Co-chair

- HSN's role, the growth of the nonprofit sector and the role of the municipal unions are intertwined. Any union growth will probably occur in the nonprofit sector.
- HSN has created a dialogue with the unions in a neutral forum to discuss their tactics in organizing and other issues. The issue of card-check organizing will come up again in the future. Previous legislation sponsored by Supervisor Tom Ammiano would have required any nonprofit with a City contract to waive their rights and accept card-check (once 50% +1 of the employees sign a card in favor of the union, the union can negotiate for them). Several other cities have such a provision for contractors.
- Parity in wages between municipal and nonprofit workers will continue to be a major issue, especially around COLA's when contractors do not receive them. In past years, unions fought to keep the City from contracting out any more services or jobs, but have backed off from this campaign because it alienated nonprofits they were trying to organize.
- Unions often politically and financially support the social justice issues that the nonprofit sector supports.
- HSN's Labor Issues Subcommittee is hosting a discussion of collective bargaining agreements. An initial session was very educational and beneficial. The second session will be held on Friday, February 6, 9 a.m. to 1 p.m. Location TBD. Please contact Debbi Lerman for more information at debbilerman@sfhnsn.org or 668-0444, ext. 2.
- Whether unionized or not, management still must address issues of wages and benefits.

Other points from the subsequent discussion:

- There are union efforts to organize family childcare providers because there are limited opportunities for them to obtain wage increases or health coverage. However, since they are often self-employed in their own private home, it is unclear how they could be unionized.
- Since there is a new Mayor, the unions' relationship with City Hall has changed. Willie Brown was very supportive of the unions. However, Gavin Newsom opposed the Laguna Honda bond measure for financial and service delivery reasons. He talks about downsizing government, which could pit the unions against the nonprofit sector. His business-supported efforts to target homeless services through nonprofits could also pit nonprofits against the unions.

II Nonprofit Contracting Reform — *Nancy Rubin*

- On December 11, the Supervisors' City Services Committee formally received the Task Force's final report. At the next hearing, in late January or early February, the Rules Committee will consider a resolution to adopt the Task Force recommendations and request progress reports twice a year from the departments. These issues should not be controversial.
- Judith Blackwell, the head of the Office of Contract Administration (OCA) has been let go. The report vested a great deal of responsibility in her office. We hope these functions might be passed to the Controller's Office, or the Office of Administrative Services, which oversees OCA.

- The SF Chronicle reported on controversies in sole source contracting procedures. Task Force members will consider whether to reconvene, since this issue was not addressed in the final report. However, the problems are really around vendors and not nonprofit service providers. The Controller's audit should not affect the nonprofit providers. We still need clarification about the sole source rules. However, federal and state funds usually require annual RFPs.

III. Health Care Accountability Ordinance (HCAO) — *Richard Heasley*

- The HCAO requires that contractors provide health insurance or pay a fee for employees working on City contracts. Contractors must offer one free health plan to their employees, and the plan must meet minimum standards of benefits and co-payments determined by the Health Commission.
- The ordinance created several implementation problems for contractors. The HCAO requires insurance coverage for employees who work 15-19 hours/week, however such coverage is not available. On-call relief workers, who occasionally exceed the 15-hour threshold, are problematic under this ordinance. If coverage is not provided, then the contractor must pay a fee of \$1.50/hour to the City. The City had pledged to give nonprofit contractors a pass-through for the fee, but there is no clear process to claim the pass-through. Some contractors receive the pass-through and others do not.
- The Health Commission must review the minimum health plan standards at least every two years. At this time, there are no commercial plans that meet the standards developed in 2001. In November, DPH issued a report that calls for: increasing co-pays so that employers can find affordable plans; and increasing the hourly fee contractors pay for uninsured employees from \$1.50 to \$2.00, to ensure that it is more cost-effective to provide insurance than to pay the fee.
- HSN and labor testified before the Health Commission and requested a delay in implementing the changes. DPH staff and the Commission agreed to a two-month delay to study alternatives, including a suggestion to create different standards for large and small contractors, based on the assumption that the largest contractors have the ability to negotiate plans with better benefits and lower premiums. The Commission requested that DPH staff meet with stakeholders to discuss alternatives, and that advocates submit written comments to the Commission regarding problems with the ordinance. HSN is hopeful that this process will lead to a coordinated effort to educate the Board about implementation issues and to reform the HCAO.
- **HSN is holding a meeting to develop our points for an upcoming meeting with DPH staff. The HSN meeting will be held on Tuesday, January 27 at 3:30 p.m. at Episcopal Community Services at 165 Eighth Street (at Natoma).** Any member who would like to participate in this discussion is encouraged to contact Debbi Lerman at debbilerman@sfhsn.org.
- Some ideas for consideration include: creating a two-tier standard for large and small contractors or for nonprofit and for-profit organizations; creating a range of standards; exempting relief workers. Other areas for discussion include the unfunded mandate aspect of this ordinance, whether the health plan requirement overrules collective bargaining agreements, and the requirement to provide health insurance within 30 days of hire.
- DHS is currently conducting a survey of contractors on the costs of health plans and coverage. Dave Curto at DHS is gathering information on standards and the current DHS benefit cap of 25% (contracts over this amount trigger review by DHS).
- It is not likely that the city would share their health plan with contractors.

IV. Mental Health Initiative – *Belinda Lyons and Michael Gause, Mental Health Association of SF*

- Proponents are gathering signatures to place the Mental Health Services Act on the November 2004 State ballot. The measure would create a funding stream to raise more than \$600 million/year for integrative mental health services – including evidence based practices such as housing, vocational training, case management, outreach, prevention and other services.
- The revenue would be raised through a tax increase of 1 cent for every \$1 over \$1 million income.

- Immediate assistance is needed to gather signatures. Mobilization meetings are being held to train signature gatherers every Saturday in January from 10 am to noon at the Quaker Center at 65 Ninth Street (between Market and Mission). Petitions were distributed for signatures. All petitions must be returned by February 13 to MHA. Only registered California voters can sign the petitions, and all signatures on a petition must come from individuals in the same county.
- For more information, please see the website: www.mentalhealthcampaign.org or call Michael Gause at the Mental Health Association at 241-2926.

V. HSN Member Dues – *Merrill Buice*

- HSN is requesting that all members pay their 2004 dues as soon as possible, and no later than February 16 (a letter and form were distributed).
- The Steering Committee has created a new dues category, to better reflect the difference in agency budgets and the corresponding dues request.
- Last year, a number of members doubled their dues, which we greatly appreciated, and which provided crucial support. While we do receive foundation support, we rely on member dues for 25% of our budget, and to illustrate to the philanthropic community that the sector is willing to make a commitment to this work.
- We ask that each agency pay as much in dues as possible, but active member participation is most important. Please contact Merrill Buice at HSN at 668-0444, ext 1, or merrillbuice@sfhsn.org if you have any questions.

VI. Mayoral Transition – *Bruce Fisher*

- Gavin Newsom’s transition team consisted of 180 people working on various issues in groups of 10 – 15 people. Jim Illig chaired the health transition team, and Brian Cahill chaired the nonprofit team. The nonprofit sector paper highlights the critical role that nonprofits play in the City. It expresses strong support for the implementation of the City Nonprofit Contracting Task Force report and recommends that nonprofit representatives sit on more City commissions. All papers are posted at www.gavinnewsom.com.
- HSN will seek meetings with the new Administration and all members of the Board of Supervisors in the next few weeks.

VII. Controller’s Survey of Budget Cuts to Services & the City’s Budget – *Controller, Ed Harrington*
Survey:

- The Controller’s Office is finalizing the survey on the effects of proposed and actual budget cuts for nonprofit and City health and human service providers. This survey is required by legislation that HSN drafted and the Board of Supervisors passed last summer. Although most of the proposed budget cuts did not materialize in last year’s budget, they could occur this year. The results will help Supervisors understand the effects of potential cuts during their budget deliberations this spring.
- **The survey will be mailed on January 20, 2004 and must be returned by January 30. It is imperative that all nonprofits complete the survey and return it promptly.**

Contracting Office Changes:

- Darryl Burton is currently the acting Director of the Office of Contract Administration, filling Judith Blackwell’s position. Functions and offices may be rearranged somewhat within OCA, Administrative Services and the Controller’s Office.

City and State Budget Issues:

- The City’s budget projections are changing frequently. The biggest hit to the City’s budget has been state cuts, which are still uncertain. City tax collection is remaining close to projections, although still weak.
- The City’s total budget: \$4.8 billion. General Fund budget: \$2.2 billion. Discretionary portion: \$1.1 billion.

- The Vehicle License Fee (VLF): San Francisco expects to lose \$19.7 million from the VLF cut. However, the State is calling it a “loan,” claiming it will be repaid in 2006.
- No strong growth is projected for the City next year. San Francisco’s tax collection rates fell precipitously starting in 2001 because of the terrible economy. Several taxes are slowly starting to rise again, but they are nowhere near their previous levels. The State sales tax is beginning to grow, but it is still declining in San Francisco and Santa Clara. The Hotel Tax: Occupancy rates are up, but room rates are down to attract business. Since the tax is a combination of occupancy and room rate, the tax revenue is not increasing. Airport taxes: Airport traffic is still down 25-30% from 2000-2001. It may take six years to return to the previous level.
- Job loss: San Francisco has lost 65,000 jobs since the peak in 2000.
- Current projected City budget deficit: \$ 175 million – does not include \$100 million in State cuts. Total = \$275 million.
- We began this budget year with a small carry over. We will end the year at zero, with no funds for next year unless mid-year budget cuts are enacted. Department heads have been asked to prepare 7½% mid-year cut scenarios for this year to help with next year. However, DPH is already \$13 million over budget for this year. Police and Fire are also over budget.
- Labor contracts: Nurses and police contracts are closed. Nurses will receive \$13 million in increases next year and the police will receive \$9 million. Labor contracts will cost the City 5% more next year for increased health and pension costs, even without any wage increases. Last year, SEIU agreed to give up step-increases for new employees, but they will want it to begin again this year.
- State cuts to San Francisco: The State is planning to take \$45-\$53 million from the City’s property tax and give it to the School District, so that the state doesn’t have to pay the District. IHSS makes up the greatest portion of the other State cuts: eliminating benefits and non-personal care, and decreasing wages. The State is proposing to pay IHSS workers only \$6.75/hour. San Francisco currently pays between \$10.27 - \$10.35/hour.
- There are other State cuts of concern that may not directly impact the City’s budget, but will affect San Franciscans, including: capped enrollment in various health programs, childcare reforms that reduce available subsidies, and reduction of grants to SSI and CalWORKS recipients.

VIII. Next Meeting and Adjournment

- HSN’s next membership meeting will be held on Friday, February 20 from 9:30 a.m. – 11:30 a.m. at Progress Foundation, 368 Fell Street.
- The meeting adjourned at 11:35 a.m.

ATTENDEES AT HSN GENERAL MEMBERSHIP MEETING ON JANUARY 16, 2004

Margaret Baran, IHSS
John Bauer, CVE
Kathy Black, La Casa de las Madres
Sean Brooks, S.F. Food Bank
Merrill Buice, HSN
Michele Byrnes, Housing for Emancipated Youth
Dodie Chaney Fernandez, Bayview Hunter's Point Foundation
George Clark, Rose Resnick Light House
Charlene Clemens, Family Services Agency
Meghan Connolly, Lighthouse for the Blind
Margi Dunlap, International Institute
Donna Feingold, Toolworks
Steve Fields, Progress Foundation
Bruce Fisher, Huckleberry Youth Programs
Sarah Fraser, Institute on Aging
Michael Gause, Mental Health Association of SF
Richard Heasley, Conard House
Kevin Hickey, Jewish Vocational Services
Daryl Inaba, Haight Ashbury Free Clinics
Erica Kisch, Compass Community Services
Jeff Kositsky, CHP
Debbi Lerman, HSN
Belinda Lyons, Mental Health Association of SF
Ginger Martin, Haight Ashbury Free Clinics
Eve Meyer, S.F. Suicide Prevention
Sandi Mori, Kimochi
Tom O'Keefe, Catholic Charities, CYO
Resa Peay-Wainwright, Family Services Agency
Brenda Puckett, Children's Council
Ken Reggio, Episcopal Community Services
Nancy Rubin, Edgewood Center
Colleen Salinas, St. Anthony Foundation
Dan Safran, Children's Council
Michele Tolle, Progress Foundation
Beverly Upton, SF Domestic Violence Consortium