

**HSN Membership Meeting
February 20, 2004
Meeting Minutes**

I. Nonprofit Contracting Reform — *Jim Illig*

- The Board of Supervisor's City Services Committee has held two hearings on the City Nonprofit Contracting Task Force report. A resolution to formally adopt the report recommendations is on the calendar for a vote at the Board's meeting on Tuesday, February 24, and should not be controversial.
- Under the resolution, the Board would request that departments report twice a year to the Board on their progress implementing the steps in the report. Individual nonprofits should meet with their Department contract managers to discuss the Department's implementation.
- HSN is continuing to track Citywide contracting issues, and monitoring the report's implementation. HSN, several Task Force representatives, and Supervisor Maxwell's aide are meeting with the City Attorney's Office to discuss which aspects of the final report need legislation before they can be implemented.

II. Controller's Budget Study – *Merrill Buice*

- HSN greatly appreciates everyone's efforts to complete the Controller's survey in the short time provided.
- The Controller sent out approximately 360 surveys and received 140 responses, for a response rate of approximately 38%. Among the more than 90 HSN members who received the survey, the response rate was an impressive 75%.
- The Controller's staff is currently analyzing the data. During the first week of March they will give Ed Harrington the basic findings and an outline of the report.
- During March they will write the report and build the database. They hope to have a draft finished by March 22.
- The Controller must give the final report to the Board of Supervisors by March 30. They also hope to make the database available to the Board.
- Currently, no hearing on results is planned at the Board. HSN is hoping to get a draft of the report and then decide whether we want to ask the Board to hold a hearing.

III. Mayor's Task Force on Homelessness – *Brian Cahill*

- Mayor Newsom has appointed Angela Alioto to head the task force.
- The task force is charged with developing a 10-year plan in the next three months, completed by June. The City must develop a plan to be eligible for additional federal funding for homeless programs.
- The Mayor will have final authority over the composition of the task force members. The Mayor is concerned about the potential for conflict of interest if nonprofit homeless service contractors serve on the task force. The Mayor seems particularly concerned with conflicts for providers who serve single adults. We hope some service providers will be included. Fr. John Hardin, Executive Director of St. Anthony Foundation, would be particularly good, since he has reached out to the hotel and business communities to discuss homeless issues. (St. Anthony's does not contract with the City.)
- HSN will consider whether to write the Mayor to urge the inclusion of service providers.

- The Mayor does not intend to circumvent the Local Homeless Coordinating Board, and no ordinance is planned to change the existing law where all homeless policy goes through the Local Board. However, if some change is needed, then an ordinance will be proposed.
- Some HSN members doubted that San Francisco could develop any agreement on a comprehensive 10-year plan within the next three months. Other members suggested that HSN stay out of the initial task force discussions, and provide comments later. The completion of the plan will not end HSN's, or service providers' influence with policymakers crafting homeless policies.
- HSN is hosting a meeting to focus on homeless issues on Wednesday, March 3rd at 3 pm at Mount Zion Health Fund, 3330 Geary Blvd. The meeting will focus on a presentation and discussion of Darren Noy's paper on homeless policy in San Francisco and the Coalition on Homelessness report, *Scoring Treatment*.

IV. Voter Registration – *Debbi Lerman*

- There are approximately 15,000 employees in the nonprofit sector. We do not know how many are registered. However, if all employees were registered, this would present a powerful constituency.
- HSN has a student intern working with us to register staff at member nonprofits. David Abella is receiving course credit from Dr. Brian Murphy at SFSU for this project. David has previously organized registration drives on campus and is knowledgeable about the requirements of voter registration drives within nonprofit organizations.
- He is initially contacting HSN's Steering Committee members to discuss attending a convenient meeting and registering staff. However, any other HSN member interested in having him register staff should contact Debbi Lerman at debbilerman@sfhsn.org.
- David is also available to attend client events and register clients. We also hope he will meet with a designated staff person, such as the HR director, to help establish a process within the organization to routinely register new staff, and clients where appropriate.
- David will also distribute HSN's brochure developed for staff in nonprofits that describes HSN's activities and the importance of individual involvement in the local policy process.
- A recent article from the Chronicle of Philanthropy that details the importance of nonprofit efforts to get out the vote was distributed at the meeting.

V. HSN Member Dues – *Merrill Buice*

- Many thanks to the 37 organizations who have paid \$21,730 in dues, particularly several Steering Committee members who doubled their dues.
- If you have not yet paid your dues, we urge you to do so as soon as possible, because it helps us plan out budget and activities for the rest of the year. Please do not hesitate to let us know if you need to adjust your dues. As always, your active participation in HSN activities is the most important contribution. Please contact Merrill Buice at HSN at 668-0444, ext. 1, or merrillbuice@sfhsn.org if you have any questions.

VI. Supervisor Ma's Revenue Advisory Panel – *Steve Fields*

- Supervisor Ma's Revenue Advisory Panel has been meeting for several months reviewing various revenue-generating proposals for the November 2004 or March 2005 ballot. The meetings will continue through March.

- HSN has been very well represented in these meetings. Also participating are representatives from the Committee on Jobs, the Restaurant Association, Chamber of Commerce, Hispanic Chamber of Commerce, Council of District Merchants, unions (including SEIU and the plumbers), and various City departments including the Controller's Office. The spirit in the room is positive. Eighty percent of the participants believe new revenue is needed, while 20% believe there should be no new taxes until City spending is cut.
- Initially there was concern that Supervisor Ma only wanted to replace the lost one-time \$80 million and the annual \$35 million from the lawsuit challenging the City's previous policy requiring business to pay the higher of the payroll or gross receipts tax. However, there is no longer a "revenue neutral" requirement for the Panel.
- The various stakeholders are currently presenting their top three tax preferences. HSN is developing a common position to present. HSN is proposing the following principles: The tax must produce a minimum of \$80 - \$100 million annually; and it must be a new and stable source of revenue.
- HSN is recommending two tiers of taxes. In the first tier: 1) a split roll parcel tax with \$250/parcel for residential and \$1,000/parcel for non-residential, which would generate approximately \$68.2 million/year; 2) a gross receipts tax on partnerships and corporations that would not be revenue neutral but generate additional funds (\$283 million would be required just to replace the payroll tax that businesses find objectionable); 3) instituting a local vehicle license fee (Assemblyman Leno has proposed this, but it must pass the Legislature, and the Governor must support it before San Francisco could vote on the issue); and 4) doubling the parking permit annual fee.
- The second tier of HSN proposals includes: 1) increasing the utility users fee which is currently low in the City (this is problematic for small businesses, and could be passed along to renters); and 2) Supervisor Gonzalez' property transfer tax proposal to increase the tax on properties sold for more than \$2 million, which would generate \$12-\$13 million/year.
- HSN will make a presentation to the Revenue Advisory Panel on these recommendations and on the demographics of the nonprofit health and human service sector.
- All of these proposals, except increasing the parking permit fee, would have to be placed on the ballot. Tax revenue that is targeted for a specific purpose must pass with 2/3 of the votes, while general fund revenue only needs 50% +1 to pass. However, if the specific purpose for the revenue is sufficiently appealing, these taxes may be easier to pass. Also, the panel is considering sunset clauses because the economy may change and more stable taxes may be identified in the future.
- The Chamber of Commerce and the Council of District Merchants wrote the Panel objecting to any new taxes until there are cuts in City spending.
- HSN is meeting with the unions to discuss these proposals. Any measure must have full support to pass at the ballot, therefore compromise is needed.
- Supervisor Ma is invited to speak at HSN's March membership meeting.

VII. Scoring Treatment: The Substance Abuse Treatment Study – *Jennifer Friedenbach and Diana Valentine, Coalition on Homelessness*

- The study was designed to assess the perceptions, evaluations and experiences of homeless individuals with drug treatment programs, and ascertain the components of their ideal treatment program. Approximately two years ago, peer based interviews were conducted in English and Spanish with 331 people at 140 sites. Most respondents were adults. The study

does not have good representation from Asian populations because they did not have staff to conduct interviews in any Asian languages. The study does not differentiate between types of treatment.

- Homeless individuals want treatment (89% of all respondents stated they would enter treatment today if it was available and 82% have tried to get substance abuse treatment at some point.)
- The study found that multiple efforts are required to get into treatment, which has implications for harm reduction. People who have tried to get into treatment and were unable to obtain it are most likely to cite waiting list and bureaucratic holdups (66%) as the key obstacle for them, followed by continued drug use (22%).
- Access is a key issue. Many potential clients expressed the need for programs offering walk-in, off the street access as opposed to required multiple screenings and appointments.
- 55% of all program participants were able to access programs within a day of applying. Conversely, 45% had to wait more than one week, with 14% of clients waiting more than one month before acceptance. In contrast, in 1996, 21-day waits were very common.
- Substances abused: Alcohol (47%) is the most problematic substance among all potential clients, followed by crack (34%), heroin (27%), and cocaine (24%).
- SF treatment programs are contributing to drug recovery, regardless of retention. Clients admitted to drug programs are much less likely to be using than those not admitted (31% vs. 50%). In particular, those who are admitted are much more likely to consider themselves in recovery (43% vs. 14%).
- Most beneficial aspects of treatment: Overall, 35% of respondents cited information/education as the best aspect of their program, followed at a distance by counseling/therapy (18%), the staff (16%), offering a positive/safe environment (13%) and being client-run (also 13%). In 1996, the highest-ranking response to this question was getting out of the rain/off the street.
- Staff make or break programs: When asked what they found most unsatisfying, many clients have had problems with the staff in their programs. 44% of clients mentioned staff issues/problems as the worst aspect of their programs.
- Efforts must be made to retain people in treatment: Those clients who did not finish their programs were most likely to cite dissatisfaction with some aspect of the program as the main reason for why they did not finish (35%). Also significant were “getting kicked out” at 22%, and quitting at 15%.
- Drug users know what they want in treatment programs. In particular, respondents are especially interested in housing assistance (44%). They see housing as critical to their recovery. They also request counseling (individual — 40%, group — 34%), and job help (36%). In addition, a substantial number of respondents would also like healthcare (26%), anger management (23%), and therapy (21%). Almost 90% of respondents said their ideal program would offer immediate access.
- Help with housing (40%) is the most desired type of exit program. The lack of stable housing exerts a strong influence on drug use — 70% of respondents said that it is harder to stay clean when they do not have stable housing.
- Finding housing for very low-income individuals with substance abuse problems is extremely hard because these people do not pass the screening requirements for housing developments. The screening criteria are often established by the current tenants. The Coalition on Homelessness (COH) would like to have a Housing Advocate at each treatment site to help with placement and process. The Public Defender is very good at expunging

records, which can help people get into housing. In addition, COH wants to assure that City standards for housing are not stricter than absolutely necessary.

- COH has presented the report's findings to directors of 30 different community programs at 1380 Howard Street. The participants expressed their intent to use the findings.
- For a copy of the full report via e-mail, please contact Merrill Buice at merrillbuice@sfhsn.org.

VIII. Update on the City's Budget - *Erin McGrath, Deputy Finance Director, Mayor's Budget Office*

- The City's current budget deficit is \$258 million for 2004-2005. The City's total budget: \$4.8 billion. General Fund budget: \$2.2 billion. Discretionary portion: \$1.1 billion.
- The deficit figure assumes that the State bond passes and that the State situation will not deteriorate further. It also assumes that all City employees agree to no COLAs and the same giveback as last year. SEIU has not yet signed their MOU with the City. The City cannot promise "no layoffs" this year.
- The Mayor supports some type of revenue measure, but none will help balance the budget this year. The City is investigating whether it can legally borrow from the PUC once a revenue measure passes, until the revenue flows into the City.
- Budget timeline: Departments submit budgets to the Mayor by March 1; Controller issues nine-month report in April; Governor submits May revise State budget on May 15; Mayor must submit balanced budget to the Board by June 1.
- Mayor's policy instructions to Departments: 1) prioritize mission-critical public services over all other budget expenditures; 2) absorb a 5.5% citywide cost increase within '04-'05 budget; and 3) prioritize a 15% general fund contingency cut plan. However, the 15% cut still does not close the gap. The remaining savings must come from layoffs, salary cuts and program cuts. The 5.5% cuts only address 20% of the total deficit. For DPH the 5.5% cut equals \$15 million. The 15% cut for DPH could mean closing health centers and wards.
- The Mayor wants to understand every potential cut. The Public Defender says that they cannot make cuts in their office because they have constitutional requirements to provide their services. If Departments refuse to make cuts, then the Mayor's Office will make them.
- A significant portion of the City jobs created over the past eight years occurred at the airport and the PUC, which are not General Fund departments, so cuts there do not help balance the budget.
- It is often difficult to cut positions in DPH, especially SFGH, where the positions are 75% paid by federal matching funds.
- To date, DPH has only identified small cuts, and they are nowhere near reaching the 15% cut they need to submit to the Mayor. DPH is trying to increase fees for health inspection. The Department is considering closing the referring unit at SFGH. They are also considering contracting out additional services, but this is very unpopular. Dr. Katz does not want to cut residential treatment programs. He is considering consolidation of administrative functions with the health clinics, and changing the staffing mix at the jails.
- While everyone understands the valid argument that cuts in services can increase visits to the emergency room, ER costs have not decreased over the past seven years despite all the new programs. The ER is on diversion less often now, and the people coming in are sicker. However, the City cannot cut ER services, they can only cut auxiliary services.

- While it might be useful to pit cuts in DPH against cuts in the Police Department, the Police Officers Association threatens to sue the City every time cuts are proposed, because the Charter requires the City to maintain a set level of staffing.
- The Board may be asked to consolidate some administrative functions such as Grants for the Arts and the Arts Commission, as well as the Commission on the Status of Women with another Department. While the City certainly desires to be inclusive, perhaps we cannot afford to have all these different Commissions with their own staff.
- While the City would like to have input from community based organizations, the Mayor is addressing the budget situation one week at a time and working with Department heads on their cuts. Once the Mayor receives all the Department budgets, then there will be three months to work out the details and get public input. There is no formal process for input from nonprofits. However, it is a good idea, and Ms. McGrath will suggest it to Ben Rosenfield.
- Nonprofits would like the City to understand that just as the City leverages federal funds at the hospital, nonprofits leverage federal, state and private funds to operate programs.
- One HSN member suggested that SFGH's inpatient psychiatric unit should be considered for potential cost savings because these services are part of a fluid treatment system. We need to determine where and how we want to serve people and examine the revenue for the various options. The hospital is only reimbursed for acute days, and often the hospital has 70% of their beds unfunded.
- DPH is also looking at SFGH's maternal and child health unit for cost savings because so few babies are born there.
- Several HSN members discussed the merits of the passage of the State bond measures. While there may be a fiscal disaster if the State bond does not pass, it would allow the Mayor and Governor to declare a fiscal emergency and quickly institute new taxes. If prop 56 passes, the State Legislature could pass new taxes with only 55% support required.

IX. Ballot Measures

A. California Mental Health Services Act – *Belinda Lyons, Mental Health Association of SF*

- Proponents are finishing 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 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.
- The measure may qualify for the ballot by May, which would allow the campaign more time to raise funds. The campaign will be most active in August and the fall.
- For more information, please see the website: www.mentalhealthcampaign.org or call Michael Gause at the Mental Health Association at 241-2926.

B. Proposition J: Workforce Housing – *Calvin Welch*

- Prop J grants significant density bonuses to developers. Sixty-five percent of the units will be market rate, 10% will be affordable for low-moderate income individuals, and 25% will be “workforce housing” affordable to those earning more than \$109,000/year. Less than 5% of City residents earn enough to qualify for this “workforce housing.”

- The development will occur in Chinatown and Dog Patch. It will consist of 40-story buildings only 55 feet apart. There was absolutely no neighborhood input in the development of this proposal. The neighbors are quite upset, and oppose the proposition.
- The proposition ends historic preservation in a large area of Downtown.
- The Labor Council, environmental groups and affected neighborhood groups oppose this proposition.

C. Proposition H: Public Education Fund – *Debbi Lerman*

- Prop H calls for City General Funds to be dedicated for public schools. It funds arts, sports, libraries, music, and preschool.
- The proposition does not raise any new revenue, and therefore will limit discretionary General Funds available for health and human services.
- The proposition calls for \$10 million in 2005-2006, then \$20 million the following year. In 07-08, the schools receive \$30 million, \$45 million the next year, and finally \$60 million annually from 09-10 until the Proposition sunsets at the end of ten years. Prop H allows the City to provide some in-kind services rather than funds.
- There are provisions to decrease the amount from the General Fund if the City experiences a \$100 million deficit or more. However, the decreased funds must be repaid later.
- The proposition only requires 50% to pass. It is sponsored by Coleman Advocates.

X. Next Meeting and Adjournment

- HSN's next membership meeting will be held on Friday, March 19 from 9:30 a.m. – 11:30 a.m. at Progress Foundation, 368 Fell Street. Supervisor Fiona Ma is invited. We are planning to have a panel of labor leaders to discuss the City's budget and strategies.
- The meeting adjourned at 11:40 a.m.

ATTENDEES AT HSN GENERAL MEMBERSHIP MEETING ON FEBRUARY 20, 2004

Sherilyn Adams, Larkin Street Youth Services
Kavoos Bassiri, Richmond Area Multi-Services
Helynna Brooke, SF Mental Health Education Funds
Merrill Buice, HSN
Brian Cahill, Catholic Charities/CYO
Dee Chan, Citizens Housing
Dodie Chaney Fernandez, Bayview Hunters Point Foundation
Charlene Clemens, Family Services Agency
Meghan Connolly, Lighthouse for the Blind
Steve Fields, Progress Foundation
Bruce Fisher, Huckleberry Youth Programs
Jennifer Friedenbach, Coalition on Homelessness
Richard Heasley, Conard House
Bill Hirsh, AIDS Legal Referral Panel
Jim Illig, Project Open Hand
Darryl Inaba, Haight Ashbury Free Clinics
Jackie Jenks, Central City Hospitality House
Debbi Lerman, HSN
Belinda Lyons, Mental Health Association of SF
Ginger Martin, Haight Ashbury Free Clinics
Quintin Mecke, Mental Health Association of SF
Salvador Menjivar, Hamilton Family Center
Eve Meyer, S.F. Suicide Prevention
Moirra O'Donnell, Hamilton Family Center
Alice Ordaver, Independent Living Resource Center, SF
Karen Patterson Matthew, Bayview Hunters Point Foundation
Jeanne Peters, CompassPoint Nonprofit Services
Ken Reggio, Episcopal Community Services
Lucy Runkel, Jewish Vocational Services
Andrea Spagat, Center for Human Development
Michele Tolle, Progress Foundation
John Uselman, Children's Council
Diana Valentine, Coalition on Homelessness
Calvin Welch, Council of Community Housing Organizations