

HSN Membership Meeting
June 18, 2004
Meeting Minutes

I. Announcements – *Debbi Lerman*

- CompassPoint Nonprofit Day will be held on Friday, July 23 at the Hyatt Regency Embarcadero. The program includes a public policy track where one session, “Shaping Public Policy: Winning Strategies” features a panel with: Steve Fields, HSN; Marie Jobling, Planning for Elders; Coleman Advocates; Grassroots Enterprise; and facilitated by Debbi Lerman. For registration and other information, please contact CompassPoint at 541-9000 or www.compasspoint.org.
- HSN is interviewing candidates for our Director of Research and Communications position. The position will become full-time. Merrill Buice’s last day will be July 16.
- Dues and foundation support: We greatly appreciate the contributions from 84 member organizations that have paid more than \$43,000 in dues this year. We have received a 2 year, \$30,000/year grant from the Evelyn and Walter Haas Jr. Fund. We have submitted proposals for similar amounts to the Schwab Foundation and California Wellness Foundation, and we expect to hear the results in the next month.

II. Mental Health Services Act – *Debbi Lerman and Steve Fields*

- The Mental Health Services Act is a citizen initiative that has qualified for the November 2004 State ballot. The initiative provides funds to counties to expand mental health care programs for children and adults. It requires the state to develop or expand programs for prevention, early intervention, education, training, outreach, medical care including prescription drugs, and short and long-term housing. Some costs for facilities are included in the initiative’s funding.
- The initiative pays for expanded programs by imposing an additional 1% dedicated tax on taxable income over \$1 million, and prohibits the state from reducing current funding due to the new tax. It would raise approximately \$250 million in 2004-05, and \$680 million in FY 05-06. San Francisco would ultimately receive approximately \$50 million/year. The initiative creates a new oversight and accountability commission to supervise use of the funds. For more information, see: www.campaignformentalhealth.org.
- The initiative is sponsored by Assemblymember Darryl Steinberg and endorsed by Mayor Newsom. Proponents plan to run an aggressive media campaign, and are trying to assure that the Governor will not oppose the initiative. No opposition has materialized yet, but the Howard Jarvis anti-tax group is expected to oppose it.
- By unanimous vote on June 8, HSN’s Steering Committee recommended that members support an official HSN position in favor of the California Mental Health Services Act.
- In accordance with HSN’s ballot measure endorsement process, we asked those present at HSN’s June 18 member meeting to vote on whether HSN should submit this measure to the full membership for an endorsement vote. (Note –only current members who have paid 2004 dues may vote, with one vote per member agency.) Twenty-three members voted unanimously that HSN should send the measure to the membership.
- HSN will now send the motion to the full current membership for vote by email. Again, only agencies that have paid 2004 dues may vote, with one vote per member agency by the designated main contact person.

- To take a position, a quorum of at least 50% of the current paid membership (42 of the 84 organizations) must vote to support or oppose; abstentions will not count towards the quorum. In order for HSN to endorse, at least 2/3 of those voting must support endorsement. A vote does not mean that your organization has endorsed the measure; it means only that you think HSN should endorse it. Any public announcement would be issued on HSN letterhead without the names of any individual member agencies.
- We will ask that members vote on whether HSN should endorse the MHSA and take appropriate actions to publicize our endorsement. Such actions may include, but not be limited to:
 - Reporting the decision back to the membership;
 - Reporting the decision to a broader group;
 - Asking HSN members to inform their Board, staff, and clients of the endorsement;
 - Issuing a press release; and/or
 - Campaign involvement.
- The campaign is holding a press rally in San Francisco on July 15 and trying to get millionaires to support the measure. Anyone who knows any millionaires who might be willing to publicly support the initiative is urged to contact the campaign. They are also trying to raise funds through the internet. Both Progress Foundation and Edgewood Center have organized teams to raise funds and they invite all HSN members to join their teams.

III. HSN Leadership Development Program – *Michael Cortez and Kathleen Fletcher, USF Institute of Nonprofit Organization Management*

- This proposed project is a joint effort between HSN and the University of San Francisco Institute for Nonprofit Organization Management to bring leadership and management training to middle managers of HSN agencies. The following HSN members have been involved in several planning meetings to develop goals, structure and topics for the program: Kavoo Bassiri, Abner Boles, Brian Cahill, Steve Fields, Richard Heasley, Debbi Lerman, Grace Li, Salvador Menjivar, Nancy Rubin, and Jonathan Vernick.
- Brian Cahill (Board member at the Institute of Nonprofit Organization Management & HSN Steering Committee member) initially suggested the idea of a partnership between the Institute and HSN. Brian's interest grew from his involvement in an executive development program sponsored by the Bay Area Social Service Consortium.
- Proposed program goals: (1) develop strong leadership for the future of human service agencies; (2) increase the skill level of current managers in organizational management areas such as personnel, finances, and meeting facilitation; (3) increase managers' understanding of public policy and advocacy issues, especially their ability to deal effectively with the City and County of San Francisco; and (4) enlarge the managers' horizons through peer relationships with participants from other agencies.
- Major subjects for training would be developed under the broad categories of leadership, organizational management, public policy, and advocacy. Some topics would be thoroughly covered, others would provide an overview of the issues.
- Participants would be middle managers of HSN agencies selected by their executive director. Training would be in a cohort group that would stay together for three months and be encouraged to meet together periodically after the training period. There would be ten participants in each cohort group, with no two members from any one agency.

- Training format: 3-day blocks of time (Monday through Wednesday), one 3-day session in each of three successive months. Three 10-member training groups per year: January through March, April through June, and September through November. Total 30 people trained/year.
- Faculty for the program would include executive directors from HSN agencies who have specific expertise to share and have been involved in training their own or other agencies' staff members. Other faculty would be drawn from outside HSN based on experience and expertise.
- Next steps: HSN and the Institute would seek a planning grant to develop the program and initial funding for a pilot year program. We hope to find external funding for the first year and not charge a fee to participating agencies. The planning group would discuss longer term funding.
- One HSN member suggested adding components on ethics in nonprofit work and maintaining morale. Several HSN members supported exploring nonprofit/for-profit relationships and how nonprofits can think and act like for-profits (fee-based services, etc.)
- HSN members at the meeting expressed strong interest in the program by a show of hands. HSN and USF will continue to develop the program and report back to the membership.

IV. Sunshine Ordinance Amendments – *Debbi Lerman*

- HSN was founded in 1997 partially in response to Supervisor Ammiano's proposed extension of the City's Sunshine Ordinance to nonprofits contracting with the City. HSN's involvement led to changes in the legislation (Administrative Code Section 12L) that limited the most burdensome requirements for nonprofits.
- The Sunshine Task Force has just completed a process to develop amendments to close loopholes in the City's sunshine rules and bring them up-to-date. These proposed changes must be approved by the Board of Supervisors and placed on the November Ballot.
- Supervisor Daly has introduced legislation as submitted by the Sunshine Task Force, but has called for hearings on the proposed amendments. He has promised a thorough review of the language at the Board, and wants a full understanding of the implications of the changes.
- One section of the proposed changes would apply to both for-profit and nonprofit entities with a City contract or grant for more than \$100,000. All meetings of these organizations' governing body that address any matter related to contract performance would have to be publicly noticed 72 hours in advance and open to the public to observe on a space available basis. It does not require public comment.
- There are some safeguards in Sec. 12L that are not contained in these proposed changes and should be. For example, Sec. 12L excludes domestic violence, suicide prevention and abortion service providers. 12L also contains important provisions for closing portions of the meeting to discuss issues such as employee evaluations, labor negotiations, real estate negotiations, and confidential client or donor data.
- There are concerns that the proposed rules could discourage volunteer board members from serving on nonprofit boards.
- The proposed changes may not lead to significant change. Few organizations have had any public participation since the Ammiano rules took effect. We may all benefit from including for-profit organizations in the requirements. HSN will advocate to incorporate the safeguards of 12L into the current proposal and clarify other ambiguities. We will keep our members informed about the proposal's substance and opportunities to speak at public hearings.

V. City Budget Discussion – *Erin McGrath, Deputy Finance Director, Mayor’s Budget Office*

- The Mayor’s proposed budget solves 88% of the current structural budget deficit. There are some one-time solutions included.
- Revenue measures: 2 tax proposals are included in the budget to raise \$25 million in FY 04-05: (1) reinstating the gross receipts business tax (of which the City would receive 50% of the total potential revenue in FY 04-05), and (2) a ¼ cent increase in the sales tax. Both would go to the voters in November. Since the sales tax must be implemented by the state, which is time consuming, the City would only receive ¼ of the ultimate revenue in the next fiscal year. These two proposals would generate significantly more revenue in FY 05-06.
- Reserve: The Mayor’s budget contains \$30 million in reserve funds. If both revenue measures fail in November’s election, there would still be \$5 million in the City’s reserve. However, \$5 million would be insignificant if the City has any real emergency.
- Highlights of other cuts in the budget: cuts in City Hall staff; convention spending; administrative staff at DPH, DCYF and Rec. and Park; and funding to large arts organizations (\$1.3 million). Also several consolidations are proposed, notably Department of Aging and Adult Services into DHS, and merging Grants for the Arts with the Arts Commission.
- State Budget assumptions: The Mayor’s budget assumes that Senator Burton will prevail in the State budget and preserve a total of \$19.6 million for the City. This includes \$12.8 million for IHSS (of a total proposed cut of \$28 million), and \$2.3 million for TANF juvenile justice programs.
- There is no proposal to backfill federal Ryan White CARE funding cuts.
- There are DPH cuts for HIV/AIDS ancillary services provided by nonprofits.
- There will be no DPH clinic consolidation of the Sunset or other mental health sites or elimination of satellite sites. However, numerous clinic administrative positions are eliminated.
- DPH \$1.5 million line item cut for contractors: HSN members expressed concern about the methodology for the cut to be spread among contractors. Members also are concerned about the potential implementation of a tiered indirect rate system based on contract or agency size (10% for large agencies, 12 % for medium and 14% for small). However, members appreciate that Ben Rosenfield understands that nonprofits have experienced great increases in health insurance premiums and workers comp that have not been reimbursed in City contracts.
- DPH cuts to contractors offset by assumptions about increased Medi-Cal billing: Some agencies faced cuts in general fund support offset by DPH’s assumption that nonprofits would recoup the funds by increasing Medi-Cal enrollments. Several members explained that the assumed increased Medi-Cal revenue did not account for the increased staff time and costs to collect the funds. These real costs will impact direct patient services. Ms. McGrath responded that Dr. Katz understood this situation, but felt that in light of the significant cuts to DPH civil service positions, nonprofits would have to absorb some cuts. HSN members would like to have a larger discussion with the Mayor and Mr. Rosenfield about how nonprofits leverage funds from other sources, and how City cuts hinder their ability to leverage other funds.
- Members expressed surprise that DAAS was being consolidated with DHS with no prior public notice or input. Members asked to be included in Mayor’s Office discussions before other relevant programs are consolidated. They also encouraged the Mayor’s Office to allow

sufficient time to plan and implement the consolidation to assure services are not adversely affected.

- Several members voiced their appreciation that the Mayor’s budget reflects their understanding of the value of nonprofits’ services and the vulnerability of clients by preserving these services to the greatest extent possible.

VI. Next Meeting and Adjournment

- HSN’s next membership meeting will be held on **Friday, July 16 from 9:30 a.m. – 11:30 a.m. at Progress Foundation, 368 Fell Street (between Gough and Octavia).**
- The meeting adjourned at 11:30 a.m.

ATTENDEES AT HSN GENERAL MEMBERSHIP MEETING ON JUNE 18, 2004

Sherilyn Adams, Larkin Street Youth Services
Margy Baran, IHSS Consortium
Merrill Buice, HSN
Michelle Byrnes, Housing for Emancipated Youth
Charlene Clemens, Family Service Agency, SF
Meghan Connolly, Rose Resnick Lighthouse for the Blind
Steve Crabel, Toolworks
Georgia Creel, Drug Abuse Advisory Board
Margy Dunlap, International Institute
Claire Dunmore, Salvation Army
Steve Fields, Progress Foundation
Abby Fleishman, Jewish Community Relations Council
Don Frazier, Walden House
Richard Gee, Drug Abuse Advisory Board
Barbara Gee, Huckleberry Youth Programs
Ester Handy, Episcopal Community Services
Fr. John Hardin, St. Anthony Foundation
Jim Illig, Project Open Hand
Darryl Inaba, Haight Ashbury Free Clinic
Erica Kisch, Compass Community Services
Debbi Lerman, HSN
Ginger Martin, Haight Ashbury Free Clinics
Salvador Menjivar, Hamilton Family Center
Eve Meyer, SF Suicide Prevention
Sandy Mori, Kimochi
Joe Neisen, New Leaf
Karen Patterson Matthew, Bayview Hunters Point Foundation
Lucy Runkel, Jewish Vocational Services
Sandra Santana Mora, Edgewood Center
Joye Storey, Salvation Army
Michele Tolle, Progress Foundation
Kim Watts, Catholic Charities CYO
Calvin Welch, Council of Community Housing Orgs.