

**HSN Membership Meeting
April 15, 2005
Meeting Minutes**

I. Announcements

HSN Fiscal Agent: Debbi Lerman announced that effective April 1st, HSN officially changed fiscal sponsors to the San Francisco Foundation Community Initiative Funds (TSFFCIF). Ann Lazarus' departure as Executive Director of the Mount Zion Health Fund led to the move. HSN staff are now employees of TSFFCIF instead of Huckleberry Youth Programs. One of the main changes is that we now have a 10% overhead charge. Dues checks are now payable to SF Human Services Network/TSFFCIF. Bruce Fisher then briefly talked about changes at the Charles Schwab Foundation, which will be ending their community initiative funding after a downturn in the economy. HSN is currently in the midst of a two-year grant from Schwab, which will honor that commitment.

HSN Member Dues: Quintin Mecke provided an update on HSN member dues. To date, 77 agencies have paid 2005 dues for a total of approximately \$43,000. We are still slightly below HSN's 2004 totals, which brought in a little over \$45,000. He thanked all of the members who have paid. There are about 12 outstanding agencies who were members last year but have yet to pay this year. Quintin encouraged all members to spread the word about the value of membership in HSN.

Board of Equalization Free Tax Seminars: Debbi Lerman announced the State Board of Equalization is offering free tax seminars for nonprofits. The date for the seminar is Thursday, June 23rd from 9:00 am to 4:00 pm, at the Elihu Harris State Building in Oakland. Please contact Anita Scott at 916.445.8328 for more information, or register on-line at <http://www.boe.ca.gov/sutax/tpsched.htm>.

**II. Guest Speakers: Controller's Office Representatives
Monique Zmuda, Deputy Controller; Eve Eichwald, Controller's Office**

Controller's Office role regarding nonprofits: Monique Zmuda discussed the scope of the Controller's Office role. The three areas of focus are auditing, consolidated monitoring, and technical training. They are planning additional technical training for nonprofits including an overview for executive directors about the financial requirements for contractors.

For the monitoring component, they have selected six pilot agencies in an attempt to do a single consolidated monitoring and then issue guidelines for the city to follow. By the end of this fiscal year, they hope to have a monitoring protocol that all city departments can utilize.

There are specific triggers that prompt audits, and they plan to do six audits over the next 12 months. With regard to progress on the Nonprofit Contracting Task Force's recommendations, she reports that the areas within the Controller's Office are coming along, including the accounting system upgrade; in a year, the City should be able to pay electronically. Invoices should also be automated.

Questions and Comments:

- Great job. I am very pleased to hear about your efforts because this is exactly what we are looking for. Let me make sure I understand it all: within 12 months, there will be electronic payments, 6 audits over the next 12 months, and a monitoring protocol. Any help you can give in getting departments to talk to each other would be great.
- Monique's Response: It's good to come in as a third pair of eyes. Fiscal compliance should be a simple effort and represents "low-hanging fruit"; more difficult is programmatic monitoring.
- Most agencies experience problems and duplication with programmatic monitoring more than fiscal. We need your help as a neutral body.
- Response: If there are departments that are lagging or being difficult, please let us know. We can often be very helpful in getting departments to respond.
- When you do your departmental audits, do you look at their compliance with ADA?
- Response: Yes, but it is variable about what they look at in practice.
- I've talked with department contract staff who admitted that they are unaware of disability issues.
- Have the agencies that will be audited in the pilot program been informed?
- Response: No, not yet. We want to make sure that we get a good cross-section of agencies and have not finalized the list aside from Edgewood.
- What's interesting about this is that if we don't change some of the power dynamics, we will slip back. If these were just technical issues, they would have changed years ago. The programmatic issues are so ingrained that I'm not sure if things will change because of the dynamic of the Mayor's office, Board of Supervisors, departments, and commissions. What does this landscape look like? I believe that the Controller plays a vital role.
- Response: It's hard to answer that because the issues and priorities are always shifting, but it's our position that nonprofits should always know what standards they are being held to.
- There needs to be a discussion with contractors before changing things, which has not happened in the past.
- All contractors go through the same process regarding insurance certificates. Is there one place that we can send our insurance verification so that all departments could access it?
- Response: Yes, we can do this. We will do at least that.
- There is no rational reason that civil service units are not held to the exact same performance standards as nonprofits. The city has to apply whatever standards that they have to their own units as much as our own.
- Programmatic issues should be the same as well. An example was given about a city department contacting a nonprofit asking for advice on how to start a crisis line that was already being provided by that particular nonprofit.

Budget Presentation: Monique Zmuda handed out the three-year budget projection that the Controller recently issued (http://www.sfgov.org/site/controller_page.asp?id=1822). She also handed out the Mayor's Budget Office projections and a guide to the budget process. The Controller publishes three reports about the state of the budget and the General Fund, and gives reports to the Board of Supervisors and the Mayor about how departments are doing spending their allocation.

There is only \$1.2 billion of discretionary general fund money in the budget. As of March 21, the current deficit was \$102 million, which the Mayor hopes to fix with on-going revenues and reductions. The Mayor's office is working on this, and the Controller will present its nine-month fiscal report in early May. The reasons for the deficit are fringe benefits going through the roof and mandated increases to police and nurses. All other current MOUs include employees picking up their own share of retirement. For FY 05-06, there will be no wage increase for other employees. SEIU will be getting step increases but not COLAs (cost of living allowance).

Monique gave a brief overview of the budget handout. The deficit is now \$102 million. It must be balanced by mid-May before going to print. This year is not as bad as last year, but they used a lot of one-time fixes last year. As of March 31st, the Mayor's office has about \$40-50 million to close by mid-May. The Mayor asked the "Big Ten" departments for a 5-10% contingency budget. There is no COLA planned right now and contracts will stay flat for nonprofits. The Board of Supervisor's Budget committee is made up of five members: Supervisors Ammiano, Daly, Elsbernd, Ma and McGoldrick. The Mayor will submit the enterprise department budgets on May 1st and the general fund departments by June 1st. The Board will hear each department twice before finalizing changes. Some supervisors are having meetings in their districts; see their schedule at: http://www.sfgov.org/site/bdsupvrs_index.asp?id=30446.

Questions and Comments:

- What about the difference between civil service positions and contractors? As long as contractors' problems (COLAs and Cost of Doing Business) are not included in the budget by the Mayor's office, then nothing will ever change. Do you see a time in the relative future that the City will recognize this issue?
- Monique's Response: I once thought that there should be a set-aside. What's it going to take? The Board of Supervisors needs to ask the Mayor to take it into consideration. It's 2.7% on the bottom line of the contract and would total about \$18 million.
- I've heard COLA's are on the city's radar. Is this true?
- Response: Ben Rosenfield (Mayor's Budget Director) has to get to zero first. He can't think about other expenditures before getting to zero.
- Before balancing, the city needs to include that \$18 million in its deficit.
- Response: There is some small space for flexibility, as this budget assumes that the capital amount (fixing roads, etc.) starts at \$25 million, knowing that it will get moved to \$15 million later on.
- Part of the revenue projections for next year assumes that the property tax transfer bump will not continue. Why is the City not considering that?
- Response: All our statistical analysis shows that we should not project more for next year. Interest rates have been low and there have been several big deals, but it looks more like a spike than a consistent trend. We are being conservative because it is difficult to predict.

III. Reports

Contract Reform report: Jim Illig reported that the Board of Supervisors held a hearing on Monday, April 11th before the Government Audits and Oversight Committee about the implementation of the Nonprofit Contracting Task Force's recommendations. It's important not only to hold everyone accountable but to acknowledge successes. The Controller is doing a

fantastic job, but we need to make sure that all of the progress that Monique reported today is implemented. The report submitted by OCA did not highlight any deficiencies on their part. HSN representatives testified at the hearing about the status of implementation. The Supervisors offered to help and seemed attentive. Specifically, Supervisor Peskin offered to legislatively mandate compliance if needed. The Board set the next hearing for a six-month update on October 24th.

Employer Health Insurance: Debbi Lerman reminded members that HealthAccess was here at last month's meeting to talk about a possible local San Francisco version of Prop. 72 to mandate employer health insurance. Supervisor Ammiano is looking at legislation to mandate health insurance. Many of us already provide health insurance under the requirements of the Health Care Accountability Ordinance. No legislation has been drafted but there is a hearing on Wednesday, April 20th at 1 pm to give a public presentation about the need for it. Right now, dependent coverage is not included. HSN has expressed support, and will be involved as the Board develops the legislation. The idea has value for nonprofit clients. Details to be fleshed out include important items like the threshold on the number of employees.

Steve Fields added that HSN should be cautious because HSN members could end up opposing this out of self-interest despite its public good. On a related note, SEIU wants to bring Blue Shield in to San Francisco as an alternative insurance carrier to Kaiser and their consistent increases. The minimum number of employees to underwrite something is about 1,000 and the most comfortable number to flatten risk for the company is 10,000. They're looking at this as a possible option for the nonprofit sector. Can this be competitive with your current health plans?

Questions and Comments:

- Didn't we look at this idea 10 years ago with United Group Trust?
- Steve's Response: Before it was statewide but now we're focusing solely on San Francisco. This seemed to interest Blue Shield because they are interested in a competitive environment.
- Will we bring in other insurance carriers?
- Response: If Blue Shield can't make it work, then others probably can't either.
- If SEIU 790 brought this, would it be offered through the union's trust?
- Response: There was some interest from Supervisor Daly's office about the city providing a nonprofit insurance plan, so we will continue to look at our options.

IV. Guest Speaker: N'Tanya Lee, Coleman Advocates

Coleman update: Bruce Fisher introduced N'Tanya Lee, the new Executive Director of Coleman Advocates. N'Tanya gave an update about what has been happening at Coleman. It's been about six months since Margaret Brodtkin left to head up DCYF (Department of Children, Youth and Families) and three months since she's been the official Executive Director. There has been a lot of big organizational change since Joe Wilson left last year, especially since Margaret had been there for 26 years. They have officially ended the transition process, and will soon release an official report about where Coleman is going. She believes that it's a good sign that they chose a 35 year old social change activist African-American woman to help lead Coleman. This job is primarily about making sure that the city meets the needs of parents and children.

Coleman has several arms: YMAC (Youth Making a Change), Parents Making a Change (public school focus), SF CAN (San Francisco Child Advocacy Network) which sets our general city agenda, along with our Speak Up for Kids Day (500 children, youth & families at event). Also, Coleman helped start the Juvenile Justice Providers Association and started a youth justice project. Recently, Coleman held a Town Hall meeting with the new Chief Probation Officer with about 150 people in attendance.

Coleman Budget Advocacy: Coleman invests a lot of energy into the city budget process and wants it to represent the needs of San Franciscans. The main question is what is the long-term strategy around the budget? It's not meeting our needs as it stands. Public services are under attack from state and federal sources, and we need to effect structural changes. The poor are getting poorer. Part of our agenda is to make sure that low-income people can live in San Francisco, and this is what drives my own interest. Over the years, Margaret led a strategy of looking at the Fire Department budget complete with an audit from both the Budget Analyst and the Controller, and nothing happened. This year we have revised our strategy to fit the political agenda and we've come up with a list of Fire Department cuts that is narrow and focused. Whatever support that we can get from HSN about supporting these reasonable cuts is great, because we believe that the Mayor and Board of Supervisors are finally open to acting on it.

Revenue Coalition: Late last year, Coleman asked John Avalos to do a report about revenue strategies and to analyze the results of Propositions J and K. (Note: John has since left Coleman, and is currently an aide to Supervisor Daly.) The report states that if we want new revenue, then we have to start early with a broad coalition to make it happen so we can deal with conflicting interests and educate the public. We've met several times so far, and despite difficulties, we've agreed to keep meeting. It's very important and we welcome HSN's participation.

Questions and Comments:

- We agree with you that there is a lot of common ground to work on together.
- The most important thing is that you're here. I don't remember Margaret ever coming to this meeting, and we can accomplish a great deal together instead of apart.
- Margaret was here before and it is fair to note that there are differences in our philosophies, etc. but that doesn't mean we can't work collaboratively.
- The audit really spoke volumes about the waste at the S.F. Fire Department. These suggestions are not hard to support.
- N'Tanya will be a leader for years to come and I'm glad that she is here to lead Coleman.

V. City Budget – Steve Fields

Steve Fields gave an update that HSN will be meeting with Ben Rosenfield on Wednesday, April 20th to talk about the budget, COLAs, etc. Right now, COLAs are still on the table, at least for consideration. Steve had a meeting with some union nonprofit representatives, and they asked what we are doing this year about getting increases. Steve thinks it may be time for a rally. HSN hasn't done one in two years, and we need to demonstrate our strength and get people out, possibly in mid-May before the budget gets finalized. He asked members make a list of about 10 people that your agency could bring to a rally, in case HSN calls for one. If we do one, it would be in conjunction with unions.

Questions and Comments:

- Several years ago, HSN had a rally with the unions' endorsement but not participation. It is important to make sure that nonprofits are the focus, not unions.
- It's a tough line to walk, but what we are saying is that with increasing costs, we resent being an afterthought. We need to change their perception about our part in the discussion. When they need us, they call us, and otherwise they ignore us.

Next HSN Member Meeting:

Friday, May 20, 2005

9:30 am to 11:30 am

LightHouse for the Blind and Visually Impaired

214 Van Ness Avenue

ATTENDEES AT HSN GENERAL MEMBERSHIP MEETING
APRIL 15, 2005

George Clark, LightHouse
Nick Footracer, Children's Council
Jim Illig, Open Hand
Sandra Santana-Mora, Edgewood
Tony Michelini, CCCYO
Margi Dunlap, IISF
Tom McCaffrey, SAGE Project
Richard Heasley, Conard
Sandy Mori, Kimochi
Eve Meyer, Suicide Prevention
Donna Calame, IHSS Public Authority
Nancy Brundy, IOA
Cynthia Williams, Whitney Young CDC
Robert Pascual, API Wellness Center
Bruce Fisher, HYP
Calvin Welch, CCHO
Steve Crabel, Toolworks
Judy Siff, Goodwill
Dodie Cheng Fernandes, BHPMHS
Bill Hirsh, ALRP
Margy Baran, IHSS Consortium
Karen Patterson-Matthews, BVHP
Katy Chamberlain, HEY
Debbi Burrell, BVHP
Dan Macallan, CJCJ
Michael Blecker, Swords
Ken Reggio, ECS
Patrick Hoctel, IHSS Public Authority
Joyce Rich, Residential Care Assoc.
Dodie Cheng Fernandes, BVHP
N'Tanya Lee, Coleman
Mauricio Vela, Coleman
Steve Fields, Progress Foundation

Debbi Lerman, HSN
Quintin Mecke, HSN