INCENTIVE PAY FOR NON-PROFIT ESSENTIAL SERVICE PROVIDERS DURING COVID-19

Policy Analysis Report to Supervisor Fewer

Presentation to:

BUDGET AND APPROPRIATIONS COMMITTEE

BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

April 29, 2020

Policy Request

Supervisor Fewer's office requested that the Budget and Legislative Analyst review department practices for adjusting pay to San Francisco non-profit provider contracts delivering essential services during the COVID-19 "Shelter-in-Place" order.

Scope

- Our analysis focused on a subset of essential services for those who are economically disadvantaged and most vulnerable, including the delivery of homelessness services, permanent supportive housing, food access, and services for older adults.

- We reached out to the following departments:
  - Homelessness and Supportive Housing (HSH)
  - Human Services Agency (HSA)
  - Public Health (DPH)
  - Children, Youth and their Families (DCYF)

Citywide Guidance

The Controller's Office updated policy guidance on April 4, 2020 to address the continuity of payment to nonprofit suppliers.

- Recommends departments allow nonprofit suppliers the flexibility to adjust contract budgets to accommodate new needs and adaptions to service models, including existing costs such as salaries.
- Recommends budget flexibility within current contract amounts.
- Does not establish criteria for determining additional contract allocations to non-profit providers- recommends that departments establish minimally burdensome procedures for review and approval of budget adjustments.

Report Findings

- To date, the majority of COVID-19 related contract adjustments for direct service provider salaries have been made by HSH and HSA

- City departments offering these services stated that they were not providing funding for incentive pay to non-profit suppliers. Rather, they stated they are allowing for budget flexibility for changes in needs and service delivery models, including for existing items like salaries.

- All departments contacted are allowing for budget flexibility for non-profit essential service providers.

HSH Flexible Funding Implementation

- HSH is providing $511,000 per month in additional flexible funding for contracted providers on a month-by-month basis
- Source of funding is approximately $2 million in projected HSH General Fund savings from the Controller's 6-Month Status Report (February 2020)
- Funding is being provided in part because HSH's grant terms and conditions do not require contractors to serve as "emergency workers" (as opposed to DPH contractors)

HSH Flexible Funding Implementation (continued)

- HSH staff determined the workers providing these services typically earned $24/hour or less

- HSH staff reviewed each contract to determine the Department's portion of the salary cost for each FTE direct service position making $24/hour or less and multiplied the salary amount by 120 percent

- HSH staff used this amount to determine an overall monthly increase and set $1,000 as the minimum a provider would receive per month

HSH Flexible Funding Implementation (continued)

Service Type	Direct Service FTEs	Additional Monthly Funding
Housing	304.32	$176,000
Shelter	236.93	$143,000
Navigation Centers	149.15	$105,000
Coordinated Entry	36.98	$24,000
Outreach	30.50	$23,000
Transitional Housing	28.06	$23,000
Prevention	31.75	$17,000
Total	**817.69**	**$511,000**

HSA Flexible Funding Implementation

- HSA staff noted that they have not made formal adjustments to contracts to include incentive pay for COVID-19 essential services.

- HSA is adjusting contractor pay with respect to hotel and shelter service workers as well as in-home supportive services program (IHSS) workers, but HSA staff report they are not categorized as incentive pay.

HSA Flexible Funding Implementation

- HSA is providing funding for hotel Site Monitors to pay difference between employees' current wages and the standard of $24/hour offered for hotel Site Monitor positions
  - Recruitment of non-profit and CBO staff who are performing non-essential or less essential work or have been furloughed is ongoing

- HSA is offering an additional $2/hour to support IHSS workers in providing continuity of care for IHSS clients and to provide care to those that may have had their normal arrangement interrupted.
  - Increase aligns with guidance from DSS
  - Estimated cost is $200,000 total April through June
  - HSA anticipates covering cost with existing contract amounts and will likely be eligible for federal and state reimbursement

DPH Approach to Flexible Funding

- DPH staff stated they are following Controller's policy guidance by:
  - Ensuring continuity of payments to providers regardless of level of deliverable, and
  - Are allowing for contractor flexibility to reallocate funds within existing contract amounts

- At their own discretion, one of DPH's largest contractors (Health Right 360) has used existing savings to provide additional payments to direct service workers

DCYF Approach to Flexible Funding

- DCYF staff stated that their policy is to provide flexibility to CBOs to augment their contracts (within their existing grants) to cover additional pay for staff working in the field and providing essential services through June 30

- DCYF staff noted they are maintaining an open dialogue with CBOs to assess and ensure alignment with City's priorities should additional funding or scope be needed to provide essential work

Policy Options

The Budget and Appropriations Committee could consider:

Requesting the Controller's Office or the Budget and Legislative Analyst's Office to report periodically on the department-specific procedures and/or additional costs of providing budget flexibility, including incentive pay, to nonprofit direct service providers to help meet essential needs due to COVID-19.

Questions and comments

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Project Staff : Dan Goncher

Emily Firgens