


**CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST**

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Policy Analysis Report

To: Supervisor Sandra Fewer
From: Budget and Legislative Analyst's Office 
Re: Incentive Pay for Nonprofit Essential Service Providers During COVID-19
Date: April 28, 2020

SUMMARY OF REQUESTED ACTION

Your office requested that the Budget and Legislative Analyst review Department practices for adjusting pay to San Francisco nonprofit provider contracts delivering essential services during the COVID-19 "Shelter-in-Place" order. This analysis focuses 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.

For further information about this report, contact Dan Goncher, Principal, at the Budget and Legislative Analyst's Office.

Executive Summary

During the COVID-19 "Shelter-in-Place" order, nonprofit providers are being asked to deliver essential services often with increased risk to their staff. This analysis looks at the extent to which City Departments providing homelessness and supportive housing services, food delivery, and/or services for older adults are adjusting contracts to offer incentive pay for essential workers providing these services. Our analysis finds that:

- The Controller's Office updated policy guidance on April 4, 2020 to address the continuity of payment to nonprofit suppliers in the event of COVID-19 related disruptions. The guidance includes instruction to departments to allow nonprofit suppliers the flexibility to adjust contract budgets to accommodate new needs and adaptations to service models within the current contract budget.
- City Departments offering these services stated that they were not providing funding for incentive pay to nonprofit suppliers.
- The Department of Homelessness and Supportive Housing (HSH) is reallocating \$511,000 in "flexible funding" per month with the use of previously projected General Fund savings while the shelter-in-place order is in effect to providers performing essential services to continue essential staffing.
- The Human Services Agency (HSA) is offering to cover any wage differential between current wages and \$24/hour for employees of contractors who shift to working as hotel Site Monitors.

- HSA is increasing wages for in-home supportive services (IHSS) program providers by \$2/hour in alignment with State guidance.
- Department of Children, Youth and their Families (DCYF's) staff indicated their policy is to provide flexibility to community based organizations (CBOs) to augment – within their existing grants – their contracts to cover additional incentive pay for staff working in the field, providing essential services, through June 30, 2020.
- Department of Public Health staff stated they are following guidance from the Controller's Office and continue to ensure full payment to its contractors, regardless of level of deliverable. They are also allowing for flexibility for service providers to reallocate dollars within their existing contracts

Policy Options

1. 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.

Project staff: Dan Goncher, Emily Firgens

City Guidance on Budget Flexibility for Nonprofit Suppliers

The San Francisco COVID-19 “Shelter-in-Place” order is impacting how City contracted nonprofit providers deliver “essential services”—those that are deemed necessary to the life, health, and safety of the City’s residents. Policy guidance from the Controller’s Office, released in March and updated as of April 4, 2020, outlines how City departments should approach adjusting contracts to account for changes to service delivery and budgets during this public health emergency. The guidance recommends providing budget flexibility to nonprofit providers, allowing adjustments to contract budgets- within current contract amounts- to account for changes in needs and service delivery models. Adjustments may include new funding for items not previously budgeted for or increased funding to existing items like salaries.¹ City guidance does not specifically address the topic of providing additional pay increases or “incentives” to nonprofit providers delivering essential services nor does it establish criteria for determining additional contract allocations to nonprofit providers.

Implementation of Budget Adjustments for Essential Social Services

Overview

This analysis looks at a subset of essential services being provided during the COVID-19 “Shelter-in-Place” order, including homelessness and supportive housing, food access and delivery, and services for older adults, to help determine how departments are adjusting budgets for increased flexibility, including salary adjustments. We contacted the Department of Homelessness and Supportive Housing (HSH), the Department of Children, Youth and their Families (DCYF), the Department of Public Health (DPH), and the Human Services Agency (HSA) to help determine what adjustments, if any, have been made to contracts with service providers related to salaries. We also investigated whether any City departments

¹ City and County of San Francisco Office of the Controller, “Policy: Continuity of Payment for Nonprofit Suppliers in the Event of COVID-19 Related Disruptions.” April 4, 2020.
[https://sfcontroller.org/sites/default/files/News, Articles and Blogs/Policy - Nonprofit disruptions due to Covid-19 UPDATED 0.pdf](https://sfcontroller.org/sites/default/files/News,_Articles_and_Blogs/Policy_-_Nonprofit_disruptions_due_to_Covid-19_UPDATED_0.pdf)

are implementing “incentive pay” for City-contracted nonprofit workers providing essential services, and if so, the criteria for providing such pay.

To date, the majority of these types of adjustments have been made by HSH and HSA and are outlined in the sections below.

- DPH staff stated that they are continuing to follow the Controller’s guidance. Specifically, DPH staff are ensuring continuity of payments to providers and are allowing for contractor flexibility to reallocate dollars 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 staff stated that, consistent with Controller’s guidance, it’s their policy to provide flexibility to CBOs to augment and cover additional incentive pay for staff working in the field, providing essential services, through June 30, 2020 within their existing grant amounts. Currently, DCYF essential services include the Emergency Child & Youth Care (ECYC) Program, Food Distribution, Food Delivery, and Material Distribution. DCYF staff stated that they are maintaining open dialogue with CBOs to assess and ensure alignment with City’s priorities should additional funding or scope be needed to provide essential work.

Department of Homeless and Supportive Housing’s Flexible Funding Implementation

HSH staff stated their department is providing additional flexible funding for contracted providers in alignment with the City Controller’s nonprofit supplier payment policy. HSH is providing \$511,000 on a month-by-month basis in additional funding to providers. This funding is being reallocated from General Fund savings projected in the Controller’s Six-Month Budget Status Report.² HSH staff made the decision to provide this funding in part because its grant terms and conditions do not require contractors to serve as “emergency workers” (as opposed to DPH contractors who are contractually obligated to commit to serving as “emergency workers” in a declared emergency).

² The Controller’s Six-Month Budget Status Report released February 13, 2020, projected \$2 million in General Fund savings for HSH. HSH staff stated that the \$511,000 in flexible funding payments to providers are being reallocated from this savings.

Flexible Funding Calculation

HSH developed a formula to determine how much additional funding to add to contracts by looking at existing contracts for the types of essential services being offered during shelter-in-place and the direct staff involved in providing those services.³ Upon review of existing contracts, HSH determined that the workers providing these services typically earned \$24/hour or less and focused on providing increases in funding based on this wage estimate.

To calculate the overall increase by provider and contract, HSH reviewed each contract to determine HSH's portion of the salary cost for each full time equivalent (FTE) direct service position making \$24/hour or less and multiplying the salary amount by 120 percent.⁴ HSH used this amount to determine an overall monthly increase and set \$1,000 as the minimum a provider would receive per month.

In total, HSH is providing \$511,000 in monthly payments based on 817.69 direct service FTEs that make \$24/hour or less. The duration of these payments will be re-assessed each month by HSH staff as the shelter-in-place order continues. Table 1 below shows HSH's funding adjustments and the number of FTEs funded by HSH by service type.

³ Essential services include drop in and resource centers, shelters, navigation centers, as well as non-scattered site transitional and permanent supportive housing. Direct staff include desk clerks, laundry workers, shelter monitors, case managers, cooks, drivers, and janitors/maintenance workers.

⁴ HSH determined a 20 percent increase was what could be absorbed within its existing General Fund savings projected in the Controller's Six-Month Budget Report, assuming at least three months of cost. Additionally, HSH gave providers the option to use FY 2019-20 contract savings to increase this amount based on their own operations.

Table 1. HSH Additional Flexible Funding to Nonprofit Providers by Service Type

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

Source: HSH

HSH is distributing this funding to 27 nonprofit grantees across 77 programs to continue staffing essential services. See Appendix I for a full list of increases by provider contract. HSH staff report that the Department is making additional adjustments on a case-by-case basis to correct for any data quality issues in the initial calculations. HSH is also allowing its providers to reallocate FY 2019-20 projected contract savings to continue to provide essential services in ways that best meet their operations. Providers' requests to augment contract budgets for additional COVID-19 supplies and equipment are being approved on a case-by-case or supplied directly by HSH.

Human Services Agency Flexible Funding Implementation

HSA staff report that the Department has not made formal adjustments to contracts to include incentive pay for homeless and supportive housing services, food access, or older adult services. HSA is adjusting contractor pay with respect to hotel and shelter service workers and in-home supportive services program (IHSS). However, HSA staff report that these adjustments are not categorized as incentive pay.

Hotel and Shelter Services

HSA is recruiting nonprofit and CBO staff who are performing non-essential or less essential work or have been furloughed to serve as Site Monitors at hotel sites. As part of this work, they are offering to pay the difference between an employee's current wages and the standard of \$24/hour offered for the Site Monitor job, which aligns with the HSH's wage for shelter monitors. The recruitment and

implementation of this effort is still ongoing, but HSA staff report that they have identified 10 CBOs with HSA contracts and 40-50 interested staff. The number of hours, staff, and wages are still being determined. HSA estimates that the cost per employee would be, at most, approximately \$3,000 between now and the end of the fiscal year.⁵ HSA staff are projecting a need for over 500 staff, many of whom will be City employees who are serving as Disaster Service Workers. HSA staff report that CBO staffing is one piece of this larger effort.

In-Home Supportive Services (IHSS) Funding Increase

HSA has also increased funding for providers delivering the IHSS program by offering by an additional \$2/hour to support them in providing continuity of care for IHSS clients and to provide care to those that may have had their normal arrangement interrupted by the public health emergency. There are two contracted providers for IHSS, Homebridge and the on-call service of the IHSS Public Authority. The \$2/hour increase applies to Homebridge's providers who are continuing care duties, since their clients are unable to manage their care independently and, therefore, would be able unable to locate an alternative provider if there was a disruption. HSA staff estimate this increase will cost approximately \$200,000 for 33,000 hours per month in April, May and June, including some variable fringe benefit costs.

This increase aligns with guidance from the California Department of Social Services on the need for counties to develop emergency back-up providers for IHSS and provide a differential of two dollars above current county wages for those delivering emergency back-up services because of circumstances related to COVID-19.⁶ This guidance extends through June 30, 2020.

HSA anticipates the IHSS wage increase will fit within their existing contract agreements and to the extent to which expenses align with State guidance, they should be eligible for reimbursement from federal and state funding sources.

⁵ This estimate is based on Managed Care Organizations requiring a wage of at least \$16.50/hour, and an estimate of 10 weeks of full-time work in a hotel. This adjustment could be less depending on if wages are higher than \$24/hour or if fewer work hours are required.

⁶ California Department of Social Services IHSS Guidance to All County Program Managers. March 30, 2020. <https://cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/ACLs/2020/20-29.pdf>.

Policy Options

1. 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.

APPENDIX: I. HSH Flexible Funding Increases by Provider

Provider Name	Program Type	Program Name	Direct Service FTEs	Monthly Funding
Catholic Charities	Shelter	St. Joseph's Family Center	9.2	\$6,000
Catholic Charities	Coordinated Entry	Family Access Points in the Mission	5.44	\$4,000
Catholic Charities	Coordinated Entry	Homeless Family Access Point (District 10 Bayview)	7.57	\$4,000
Central City Hospitality House	Shelter	Emergency Shelter	6.08	\$4,000
Community Awareness & Treatment Services Inc (CATS)	Housing	Coronado Hotel	1.95	\$1,000
Community Awareness Treatment Services	Shelter	A Woman's Place	4.25	\$2,000
Community Housing Partnership	Transitional Housing	Transitional Housing for TAY (5th and Harrison)	7.1	\$4,000
Community Housing Partnership	Navigation Center	Civic Center Hotel	5.66	\$3,000
Compass Family Services	Coordinated Entry	District 6 Central City Family Access Point	5.97	\$4,000
Compass Family Services	Shelter	Compass Family Shelter		\$2,000
Compass Family Services	Transitional Housing	Clara House	1	\$1,000
Conard House Inc	Housing	McAllister Hotel	10.76	\$7,000
Conard House Inc	Housing	Allen Hotel	2.87	\$1,000
Conard House Inc	Housing	Aranda Hotel	0.91	\$1,000
DISH	Housing	6 Buildings	30.9	\$20,000
DISH	Housing	Auburn Hotel	5.92	\$3,000
DISH	Housing	Minna Lee	6	\$2,000
Dolores Street Community Services	Shelter	Emergency Shelter Program	13.12	\$8,000
Dolores Street Community Services	Shelter	Buena Vista Horace Mann Family Shelter	5.6	\$3,000
Episcopal Community Services	Shelter	Next Door	32.2	\$20,000
Episcopal Community Services	Shelter	Sanctuary	21.7	\$14,000
Episcopal Community Services	Navigation Center	Bryant Navigation Center	18.05	\$12,000

Provider Name	Program Type	Program Name	Direct Service FTEs	Monthly Funding
Episcopal Community Services	Coordinated Entry	Adult Access Point	17.5	\$11,000
Episcopal Community Services	Navigation Center	Central Waterfront	17.7	\$11,000
Episcopal Community Services	Housing	Crosby Hotel	1.08	\$1,000
Episcopal Community Services	Housing	Elm Hotel	0.08	\$1,000
Episcopal Community Services	Housing	Henry Hotel	2.04	\$1,000
Episcopal Community Services	Shelter	Interfaith Shelter	0.7	\$1,000
Five Keys Schools and Programs	Navigation Center	Embarcadero SAFE Navigation Center	43.4	\$28,000
Five Keys Schools and Programs	Navigation Center	Bayshore Navigation Center	20.6	\$16,000
Hamilton Families	Shelter	260 Golden Gate Emergency Shelter for Families	24.78	\$16,000
Hamilton Families	Transitional Housing	Transitional Housing	2.35	\$3,000
Heluna Health	Outreach	SF HOT (Homeless Outreach Team)	23	\$18,000
Heluna Health	Prevention	UCHS Bayview Drop-In Resource Center	19.75	\$10,000
Homeless Prenatal Program (HPP)	Transitional Housing	Jelani House	4.49	\$2,000
Homeless Youth Alliance (HYA)	Outreach	Youth Outreach Services	1	\$1,000
Huckleberry Youth Programs Inc	Coordinated Entry	Coordinated Entry for Youth	0.5	\$1,000
Huckleberry Youth Programs, Inc	Shelter	Huckleberry House Emergency Shelter	6.5	\$4,000
Larkin Street Youth Services	Shelter	Lark Inn	11.22	\$7,000
Larkin Street Youth Services	Transitional Housing	Transitional Housing & HIV Specialty Services	3.2	\$5,000
Larkin Street Youth Services	Transitional Housing	Transitional Housing at Geary House (G-House)	1.15	\$3,000
Larkin Street Youth Services	Transitional Housing	(Homeless Youth Alliance) The Sunset Program	1.97	\$2,000

Provider Name	Program Type	Program Name	Direct Service FTEs	Monthly Funding
Larkin Street Youth Services	Transitional Housing	1020 Haight Street	4.8	\$2,000
Larkin Street Youth Services	Transitional Housing	Castro Street Youth Initiative (Belvedere)	2	\$1,000
Larkin Street Youth Services	Shelter	Diamond Youth Emergency Shelter	2.93	\$1,000
Mary Elizabeth Inn	Housing	Mary Elizabeth Inn	4.24	\$2,000
Mary Elizabeth Inn	Housing	Verona Hotel	3.1	\$2,000
Mission Neighborhood Health Center	Prevention	Mission Neighborhood Resource Center	12	\$7,000
Providence Foundation of San Francisco	Shelter	Emergency Shelter - Single Adult Shelter	11.26	\$7,000
Providence Foundation of San Francisco	Shelter	Emergency Winter Women's Shelter	8.77	\$5,000
Providence Foundation of San Francisco	Shelter	First Friendship Family Shelter	9.72	\$5,000
St. Vincent de Paul Society	Navigation Center	Division Circle	43.74	\$35,000
St. Vincent de Paul Society	Shelter	MSC South	54	\$30,000
Swords To Plowshares-Veterans Rights Org	Housing	250 Kearny	2	\$1,000
Tenderloin Housing Clinic Inc (THC)	Housing	CNC/Non-CNC	45.76	\$38,000
Tenderloin Housing Clinic Inc (THC)	Housing	Baldwin House Hotel	19	\$11,000
Tenderloin Housing Clinic Inc (THC)	Housing	Mission Hotel	13	\$7,000
Tenderloin Housing Clinic Inc (THC)	Housing	Jefferson Hotel	10	\$6,000
Tenderloin Housing Clinic Inc (THC)	Housing	Seneca Hotel	13	\$6,000
Tenderloin Housing Clinic Inc (THC)	Housing	Vincent Hotel	11	\$6,000
Tenderloin Housing Clinic Inc (THC)	Housing	Hartland Hotel	10	\$5,000
Tenderloin Housing Clinic Inc (THC)	Housing	Pierre Hotel	7	\$5,000
Tenderloin Housing Clinic Inc (THC)	Housing	Raman Hotel	9	\$5,000
Tenderloin Housing Clinic Inc (THC)	Housing	Royan Hotel	7	\$5,000

Budget and Legislative Analyst

Provider Name	Program Type	Program Name	Direct Service FTEs	Monthly Funding
Tenderloin Housing Clinic Inc (THC)	Housing	Union Hotel	7	\$5,000
Tenderloin Housing Clinic Inc (THC)	Housing	All Star Hotel	8	\$4,000
Tenderloin Housing Clinic Inc (THC)	Housing	Boyd Hotel	8.5	\$4,000
Tenderloin Housing Clinic Inc (THC)	Housing	Elk Hotel	7.5	\$4,000
Tenderloin Housing Clinic Inc (THC)	Housing	Graystone Hotel	7	\$4,000
Tenderloin Housing Clinic Inc (THC)	Housing	Mayfair Hotel	7	\$4,000
Tenderloin Housing Clinic Inc (THC)	Housing	National Hotel	13.75	\$4,000
Tenderloin Housing Clinic Inc (THC)	Housing	Winton Hotel	13.85	\$4,000
Tenderloin Housing Clinic Inc (THC)	Housing	Crown Hotel	9.61	\$3,000
Tenderloin Housing Clinic Inc (THC)	Housing	Edgeworth Hotel	4	\$2,000
Tenderloin Housing Clinic Inc (THC)	Housing	Caldrake Hotel	1.5	\$1,000
The Salvation Army	Shelter	Harbor House	14.9	\$8,000
Urban Alchemy	Outreach	Vehicle Triage	6.5	\$4,000
Total			817.67	\$511,000