**Department of Homelessness and Supportive Housing**
**HSH Contract Management Policies and Procedures**
**Cost of Doing Business Policy**

**PURPOSE**
The purpose of this policy is to outline which funds and activities are eligible for Cost of Doing Business (CODB) increases and to specify the Department of Homelessness and Supportive Housing's (HSH) process of calculating CODB amounts.

**POLICY**
A CODB is an increase to program budgets funded through General Fund dollars. On an annual basis, the San Francisco Board of Supervisors decides whether to allocate a CODB and determines the percent increased. HSH adds CODB increases to nonprofit provider budgets once the percentage has been approved by the Board of Supervisors.

HSH incorporates a provider's CODB increase in one of two ways:

- A Budget Modification (used when the increased budget amount does not exceed the most recent agreement's total, plus contingency); or
- An Agreement Amendment (used when the increased budget amount exceeds the most recent agreement's total, plus contingency).

A CODB increase is applied to a provider's General Fund baseline budget. Baseline is defined as the ongoing budget for a program, excluding the following, which are not eligible for CODB increases:

- Non-General Fund dollars (e.g. federal funds, such as U.S. Department of Housing and Urban Development (HUD) or state funds, such as Mental Health Services Act)
- Add backs, Mayoral Enhancements, and/or new programs provided for the first time in the current fiscal year
- Direct client assistance dollars (e.g. rental assistance, subsidies, etc.)
- Capital equipment
- Capital improvements funded by HSH
- Pass-through funds (e.g. Whole Person Care)
- One-time funds, including carried over (i.e. roll over) one-time funds

The CODB increase for a given fiscal year is calculated by the Contracts team by multiplying the percentage approved by the Board of Supervisors and the program's ongoing baseline budget for the preceding fiscal year, excluding any dollars that fall into the above categories.

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**POLICY APPROVALS**


**Last Updated:** October 4, 2018

**Originated by:** Gilda Kemper, Contracts Manager

**Reviewed by:** Gigi Whitley, Deputy Director for Administration and Finance

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