

# **NEW REALITIES 3**

## ***BUILDING A HEALTHY HUMAN SERVICE PARTNERSHIP FOR SAN FRANCISCANS***

***San Francisco Human Services Network (HSN)  
October 24, 2001***

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**PREFACE**

This report summarizes highlights from the *New Realities 3* conference put on by the San Francisco Human Services Network (HSN), Northern California Grantmakers and The Management Center in October 2001. The conference attracted a sell-out crowd of over 400 attendees from the nonprofit, public and philanthropic sectors.

New Realities 3 was a recognition of and response to the following realities for community-based nonprofit human service providers in San Francisco:

Community-based organizations (CBOs) face mounting pressures to meet the needs of more clients, larger staffs and diverse funding sources.

For a decade the City of San Francisco has steadily increased its reliance on CBOs to deliver front-line health and human services. But the nature of the CBO-City partnership has not kept pace with this expansion:

- CBOs rarely have meaningful involvement in planning how City human services will be expanded—or diminished!
- While many contracts are renewed year after year, rarely do they include monetary increases that reflect the real cost of doing business in the City, most importantly in offering competitive wages and benefits. These costs are passed onto CBOs.
- Contracts with the City do not provide adequate funding to support CBOs' management and administrative costs, rent or utilities.
- Many CBOs that contract with more than one city agency face a maze of inconsistent policies and procedures. There is not a single "master contract" process, nor is there a consistent invoice and payment system.

*New Realities 3* provided **an opportunity for leaders from the nonprofit, public and philanthropic sectors to begin forming a healthy partnership that effectively and efficiently meets the human service needs of San Franciscans.**

## **OPENING REMARKS:**

### **Bruce Fisher, Co-Chair, San Francisco Human Services Network**

Bruce Fisher, Co-Chair of HSN and Executive Director of Huckleberry Youth Programs, welcomed the participants. He offered the following opening remarks:

"New realities" is a very timely descriptor for this day and for these times. The events of September 11<sup>th</sup> have brought a new reality to all our lives. A particularly relevant reality is to look to New York City and see the public, nonprofit, and philanthropic sectors coming together in response to the challenges there. Today's economy is another major new reality. We are in a time of scarcity and contraction. The economic downturn means pressures to divert public funds away from human services contractors; it also means a decline in the assets of foundations and thus a decrease in their grantmaking funds.

"New realities" also describes the San Francisco Human Services Network. Founded just four years ago, it has emerged as a new and real voice for the nonprofit sector. Rapidly growing in terms of membership, it has proven its capacity to engage and serve the sector. While the Network came together initially to respond to legislation proposed by others, it is now proposing legislation of its own. Supervisor Sophie Maxwell has sponsored legislation on HSN's behalf that will create a Contracting Reform Task Force to streamline the City's nonprofit contracting process. The Board of Supervisors unanimously passed this resolution last week, and it is awaiting the Mayor's signature.

In the last several months HSN also engaged the Urban Institute of San Francisco State University to survey the nonprofit sector and provide the first ever comprehensive overview of the scope and contributions of community based health and human service organizations in this City. And there are over 400 people in attendance at this conference—from nonprofits, from government, and from philanthropy.

Today, we come together to work for another new reality—a healthy human service partnership among community-based organizations, the City, and the philanthropic community.

Bruce then introduced the agenda for the day:

- Presentation by the San Francisco Urban Institute of the survey results, profiling the nonprofit health and human services community

- A panel with representation from across the three sectors will engage to provide perspectives on the "definition of a healthy partnership".
- Participant discussion at tables and completion of feedback cards assessing the current partnership.
- A Town Hall Forum to explore "how do we develop healthy strategic partnerships?"
- Remarks by Mayor Willie L. Brown, Jr.
- A Lunch Panel responding to the Forum and identifying directions for the future.

**NONPROFIT COMMUNITY PROFILE: SURVEY RESULTS**

**Brian Murphy and Susan C. Alunan**

**(San Francisco Urban Institute at San Francisco State University)**

**Lisel Blash (Public Research Institute at San Francisco State University)**

On behalf of the Human Services Network, the San Francisco Urban Institute, in collaboration with the Public Research Institute of San Francisco State University, conducted a survey of San Francisco's nonprofit human service providers in August/September 2001. The purpose of the survey was to provide the first comprehensive overview of San Francisco's nonprofit health and human service organizations.

Survey questionnaires were mailed to 272 nonprofit service providers contracting with the City and County of San Francisco, and 169 were fully completed by eligible organizations (a 62% response rate).

The Urban Institute and the Public Research Institute presented a high-level summary of key findings from the survey that set the context for the rest of the conference. The survey provides sound quantitative data that clearly demonstrates how essential the nonprofit sector is to San Francisco's community-based strategy to help thousands of children, youth, disadvantaged adults, seniors and families meet vital health and social needs. The following are key findings as reported at the conference<sup>1</sup>:

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<sup>1</sup> Where percentages are cited, they refer to % of survey responses; where numbers are cited, they are extrapolations of survey results to the whole sector of nonprofit health and human service providers.

- Clients of nonprofit providers:

- nonprofit providers reach over 970,000 clients each year (not an unduplicated count)
- most are high risk, disadvantaged, vulnerable
- demographics:

Caucasian	35%		
African American	25%	adults:	62%
Asian/Pac. Islander	20%	seniors:	19%
Latino	15%	youth/teens:	11%
Native American	2%	young children:	8%
Other	3%		

- Staff of nonprofit providers:

- 15,000 staff (including full-time and part-time; does not include an additional 7,200 In-Home Support Services staff)
- 41% Caucasian; 21% African American; 19% Asian/Pacific Islander; 15% Latino; 1% Native American; 3% other
- annual salaries and benefits total over \$463,500,000
- over 95% of human service providers offer health benefits to all their full-time employees
- 16% of all organizations surveyed, and 44% of those with over 100 employees, are unionized

- Budgets of nonprofit providers:

- the aggregate budget for San Francisco's nonprofit human services agencies is over \$773,000,000
- these agencies received over \$314,000,000 from the City and County of San Francisco in the 2000-2001 fiscal year
  - out of the City's estimated total expenditure of \$1.45 billion for health and human services
  - the nonprofit sector's aggregate budget of \$773 million equals over 65% of the City's total direct expenditures (less the portion contracted out to nonprofits)
- the nonprofit organizations leverage the City and County's contribution by a factor of 150%

- by generating over \$459,000,000 from federal and state grants, donations and dues, corporate and foundation grants;
  - private donations alone total over \$81,000,000
- thus, nonprofit organizations match every city dollar with an additional \$1.50 in non-city funds
  - does not include any financial valuing of the efforts contributed by volunteers
- Location of nonprofit providers:
  - a mapping of the locations of these nonprofit organizations' service delivery sites shows a clear overlapping with census tracts where there is the most socio-economic "hurt" in San Francisco
  - these human service providers are close to their client base, rooted in the neighborhoods
- Key challenges facing nonprofit providers:
  - 50% of the nonprofit human service providers report lack of adequate funding as their largest single problem
  - over 42% report serious problems finding and retaining trained staff, especially given the cost of living in San Francisco
  - occupying an aggregate of almost 3,400,000 square feet in San Francisco, over 20% of these human service providers report serious difficulty in securing and keeping affordable facilities
  - 8% report critical difficulties in negotiating the contract and budgeting process with the City and County of San Francisco
  - over 6% cite the cost of doing business in the city as a critical challenge

**PANEL: DEFINING THE PARTNERSHIP – Three Perspectives**

This first panel brought three perspectives to the topic of "what are the elements of a healthy partnership?" Each of the three panelists offered some prepared remarks and then engaged in a short, but lively exchange. The following is a summary of key points raised.

Cindy Rambo, Executive Director of the Zellerbach Family Fund, began with the premise that creating healthy partnerships out of complicated relationships requires refraining from attacking one another and understanding that there are

different cultures in each sector and good people in all of them. She noted the following differences. In government, the cost of being wrong is out of proportion to what one did, so it is a risk adverse culture that creates safety with procedures and rules. In nonprofits, passion is the driver, so it is a culture with emotion that exists close to the line. Philanthropy operates in the private doing public good, so the culture is ephemeral. Cindy also recommended a tool for creating healthy relationships across these different cultures – Getting to Yes by Roger Fisher and William Ury.

Deborah Alvarez-Rodriguez, Director of San Francisco’s Department of Children, Youth and Their Families, affirmed that HSN's position is valid—the public sector should involve the nonprofit sector in decision-making. She emphasized, however, that there is a preamble to this: it is all about relationships and relationship-building. To build relationships, it is critical not to look at things only in the context of institutions, not to dehumanize. Rather, in order to get around the obstacles to partnerships, we must look at things in the context of relationships among people. And we have to appreciate the different roles and relationships among the sectors and allow each to bring its strength. Further, there needs to be some need and ability to have shared visioning in regards to outcomes.

Steve Fields, HSN Steering Committee member and Executive Director of Progress Foundation, offered another perspective. He noted that many of the people in the Network and at the conference came in to the field of human services as activists during the early 1970’s. At that time, lots of new nonprofits were starting up. But this is a changed world; today there are not new nonprofits springing up—rather what is here are the ones that formed in the 1970’s and 1980’s. It is inevitable that the nonprofit providers' voice is now present; we are no longer just start-up do-gooders; we needn't whine. We derive legitimacy from the clients we serve and we need to connect to these roots.

Panel Exchange: One panelist suggested the following as an approach to really getting the attention of the City: imagine if the City issues a request for proposals for needed community services and no nonprofit organizations respond. Other panelists thought it was not necessary to go that far, yet. But all emphasized that the nonprofit sector needed to understand and leverage its power, thinking and acting collectively, including using the great information from the survey.

## **TOWN HALL FORUM—Brian Murphy, moderator**

### ***Making It Happen: How Do We Develop Healthy Strategic Partnerships?***

Brian Murphy, Executive Director of the San Francisco Urban Institute, moderated a large Town Hall forum. The forum's panelists included a cross-section of key leaders in the City's three sectors<sup>2</sup>. The following is a summary of the themes raised most often in response to questions asked by the moderator to guide the forum.

*Q: "How does the nonprofit sector secure political power?"*

- Through the mobilization of the nonprofit sector's constituencies:
  - organize constituencies to represent the needs of the sector
  - the survey data shows hundreds of thousands of clients, most with families, neighbors, friends; and 15,000 employees
  - reach out to all constituencies and let them know that their support is needed
  - build alliances
- Through public relations and community education:
  - use many media on an on-going basis to inform the general public and sub-constituencies about the value of nonprofits and their needs
  - undertake an ad campaign to raise the image of the sector
- Through political influence:
  - exert influence at local level given District elections
  - regularly assess elected and appointed people with a scorecard of HSN issues/positions and publicize results
- Through working the levers of power in City Hall:

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<sup>2</sup> Panelists: Roberta Achtenberg, Senior Vice President of Public Policy at the SF Chamber of Commerce; Judith Blackwell, Director of SF Office of Contract Administration; Brian Cahill, Executive Director of Catholic Charities/Catholic Youth Organization; Robert Chan, Executive Director of Community Youth Center; Eugene Coleman, Deputy Director of the Mayor's Office of Community Development; Mike Cortés, Director of the Institute for Nonprofit Organization Management at the University of San Francisco; Amanda Feinstein, Special Asst. for Workforce Development at SF Department of Human Services; Eric Gershon, Reporter for The Independent; Mary Gregory, Program Officer for Pacific Foundation Services; Jennie Chin Hansen, Executive Director of On Lok Senior Health Services; Jim Illig, Director of Government Relations for Project Open Hand; Brenda Lopez, Director of Children's Programs at the Visitacion Valley Community Center; Jake McGoldrick, San Francisco Supervisor, District 1; Gavin Newsom, San Francisco Supervisor, District 2; Greg Senegal, Vice President/Director of Government Affairs at Walden House; Debra Walker, Artist, Activist, SF Building Inspection Commissioner; Kirke Wilson, President of Rosenberg Foundation

- provide input throughout the year (not just around budget-time—by then it is too late to influence decisions)
- promote and engage in dialog focused on issues of quality and efficiency across sectors
- ensure that the fact that the nonprofit sector leverages \$.50 additional for every City \$1 contracted is squarely before the Mayor and Department heads
- Through developing greater common understanding of and respect for differing roles and the need to work together:
  - seek shared understanding that the nonprofit and government sectors play by different rules
    - nonprofits have service delivery focus
    - government wants accountability for efficient use of tax funds
  - and foster a shared desire to deliver services well and to reduce red tape in order to increase efficiency
- Through the “budget reform process”:
  - open up the budget process for greater input from public, from nonprofits—so government can make more informed decisions
    - HSN get involved in support of reform process

*Q: "During a time of economic downturn, the City first protects its employees, so where can a partnership dialog occur here with nonprofits?"*

- establish a Liaison and/or Commission to assure the nonprofit sector's interface with City Hall
  - would serve as a mechanism for required dialog
- establish a forum for dialog that engages both the union for public service workers and the nonprofits

*Q: "How could a conversation start with public employee unions?"*

- engage union members who serve on nonprofit Boards of Directors to promote such a forum/dialog
- the Mayor could convene the conversation

**Mayor Willie L. Brown, Jr.** also addressed the conference briefly during this Town Hall forum. The moderator posed the following question to the Mayor.

Question to Mayor Willie Brown:

*"How can the nonprofit sector secure greater appreciation, recognition and security in its relationship with the City? How can it secure greater political position?"*

The Mayor's response included the following points:

- San Francisco has a comprehensive collection of non-government people active in the delivery of services; they have politically active constituencies from diverse communities. The non-governmental groups need to dialog with the City agencies.
- There has never been a comprehensive analysis of what exists in the way of non-government services in San Francisco. Many of these services have existed over a long time, and no analysis has been done about how needs have changed and where there should be a reassignment of resources.
- There is a need to appropriately prioritize to current needs and re-assign resources. Input from the nonprofit sector is needed in this process.
- The City of San Francisco needs to continue to work with those nonprofit organizations who are not in ownership of their space. The City needs to help increase co-locations, increase consolidations, increase property acquisitions.
- Elected officials need information to make quality decisions; they need the brain power and candor the nonprofit organizations and City agencies can bring.

**LUNCH PANEL—Michael Krasny, moderator**

***What policy changes do we need? What action can we take tomorrow?***

Michael Krasny, Host of KQED's *Forum* and Professor of English at San Francisco State University, moderated the Lunch Panel. The panelists were again drawn from across the City's three sectors<sup>3</sup> and the moderator posed questions to stimulate their input on key issues. The following is a summary of the themes most often raised.

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<sup>3</sup> Panelists: Dale Butler, Local 790 of Service Employees International Union; Steve Kawa, Mayor's Deputy Chief of Staff; Ann Lazarus, HSN Co-Chair and CEO of Mount Zion Health Fund; James Loyce, Jr., SF Department of Public Health, Deputy Director for AIDS Programs; Sophie Maxwell, San Francisco Supervisor, District 10; Aaron Peskin, San Francisco Supervisor, District 3; Bruce Sievers, Executive Director of Walter and Elise Haas Fund; Anne Stanton, Executive Director of Larkin Street Youth Center; Calvin Welch, Project Director of Council of Community Housing Organizations

*Q: "What can be done ASAP to forge a greater working partnership?"*

- Nonprofit organizations need to look at themselves differently in order to be looked at differently.
  - They need to recognize that they have been subsidizing the City for a long time.
  - They need to feel the strength/power/value that is here.
  - They need to focus on what they need and go for it.
- Proposals developed by the Human Services Network's Contract Reform Subcommittee for specific ways of streamlining and strengthening the City contracting process should be implemented.

*Q: "What power can be brought together to bear on the executive branch of City government?"*

- HSN needs to hone its political power.
- Political power for the nonprofit sector is not about taking from the other side to their side; rather it is about creating new sources of power through mobilizing.

*Q: "But what partnership/alliance can there be in light of an anticipated diminishing pie?"*

- The nonprofit sector needs to make its case to the people;
  - the case that it delivers a quantity and quality of service that is essential to the quality of life in the City.
- All service deliverers, nonprofit contractors as well as government providers, need to be at the table—with a strong "meet and confer" commitment, so seen as allies, or at least as capable competitors.
- And foundations need to come together and look at themselves in these changed times.

*Q: "How can we have a dialog together about how to keep this community strong? how to deliver services so have a better community, better standard of living?"*

- The Mayor could convene a dialog;
  - foundations should be part of that process; they could co-convene.
- A standing body could be established—to be constantly in session—institutionalized, e.g. a commission.

- With a more open/collaborative budgetary process, there will be more opportunity for nonprofit sector input.
- Unions are in a position to represent nonprofit organizations when they get bigger.
- With supervisors elected at the district-level, HSN could organize more integration between residents and providers to raise awareness of value and importance of the nonprofit sector from the neighborhood level.
- Voters decide a large number of factors in the budget—through the ballot propositions; nonprofits can use/influence this mechanism.
- Nonprofit contractors need to meet with government agencies and supervisors at times other than before actual budget setting time—the need to establish and maintain on-going relationships.
  - Since this is often too time consuming/seldom possible on an agency-by-agency basis, HSN could play a major role in this relationship building.

*Q: "What first steps/what baby steps can be taken immediately?"*

- Supervisor Maxwell's legislation should be passed to establish a Contracting Task Force of City and nonprofit members to review and make recommendations on legislative and budgetary policies and practices regarding contracting.
- Efforts to educate and influence the community and policy-setters should be increased to assure that they realize the importance to San Francisco of the nonprofit and philanthropic sectors and of a healthy partnership with the public sector.
- Funders (government and philanthropic) should convene with nonprofits to discuss the issues.
- HSN should keep doing what it is doing, creating a critical mass that is cohesive and engaged in organizing.