

san francisco
urban
institute

**San Francisco
Human Services Network**

A Comprehensive Profile of San Francisco's Nonprofit Human Service Providers

SF Urban Institute

A Comprehensive Profile of San Francisco's Nonprofit Human Service Providers

San Francisco State University

Prepared for the SF Human Services Network
March 2002

By M. Brian Murphy, Principal Investigator
SF Urban Institute

Survey Design
and Research: Lisel Blash, Senior Researcher
Public Research Institute

San Francisco Urban Institute
San Francisco State University
Lakeview Center 131
1600 Holloway Avenue
San Francisco, CA 94132-4027
(415)338-1082
urbani@sfsu.edu
www.sfsu.edu/~urbins

About the San Francisco Human Services Network

The San Francisco Human Services Network (HSN) is a public policy association of over 70 community-based nonprofit agencies dedicated to improving the delivery of health and human services to disadvantaged San Franciscans. Since 1998, HSN has worked to strengthen the partnership between nonprofit agencies and the City to promote a more effective voice for community organizations in public policymaking. HSN has played a leadership role on such issues as Sunshine Ordinance requirements for nonprofits, Living Wage and Living Health legislation, cost-of-living adjustments in nonprofit contracts with the City, and streamlining the contracting and monitoring process. HSN hosts monthly general membership meetings, which include briefings and dialogues between member agencies and City policymakers. HSN also co-sponsors the annual “New Realities” public policy conference.

San Francisco Human Services Network
3310 Geary Blvd.
San Francisco, CA 94118

Telephone: (415) 668-0433
Fax: (415) 668-0631
E-mail: info@sfhsn.org

The San Francisco Human Services Network wishes to thank the following funders for their support of *A Comprehensive Profile of San Francisco's Nonprofit Human Service Providers*:

California Wellness Foundation
Candelaria Fund
Wallace Alexander Gerbode Foundation
Evelyn and Walter Haas, Jr. Fund
Walter and Elise Haas Fund
McKesson Foundation
Northern California Grantmakers
Van Loben Sels Foundation
Zellerbach Family Fund

The Executive Summary for *A Comprehensive Profile of San Francisco's Nonprofit Human Service Providers* highlights key principles and findings of the study, which were presented at the SF Human Services Network 3rd Annual Nonprofit Public Policy Conference, *New Realities 3: Building a Healthy Human Service Partnership for San Franciscans*, October 24, 2001.

Executive Summary

San Francisco's Nonprofit Human Service Providers

San Francisco Urban Institute San Francisco State University
prepared for the San Francisco Human Services Network

Introduction:

San Francisco's nonprofit health and human service organizations offer support and assistance to the young, the elderly, the poor, displaced or unemployed families, and those at risk from drugs, homelessness, violence, or HIV/AIDS. Often under contract with City and County agencies, nonprofit providers leverage substantial additional funding from state, federal, corporate, foundation and private sources. In a city whose commitment to human services is nationally recognized, the nonprofit providers are essential to a community-based strategy, one sensitive to the city's ethnic, cultural, linguistic and social diversity.

The San Francisco Urban Institute, in collaboration with the Public Research Institute at San Francisco State University, and on behalf of the San Francisco Human Services Network, conducted a survey of San Francisco's nonprofit human service providers in Summer, 2001. Survey questionnaires were mailed to 272 nonprofit service providers contracting with the City and County and completed by 169 eligible organizations, a response rate of 62%. This survey provides the first comprehensive overview of the nonprofit human service sector in San Francisco.

Budget and Clients:

The nonprofit human service providers are located throughout the city, with sites reaching into every neighborhood and community. Often serving the most vulnerable San Franciscans, nonprofits operate community health and mental health clinics, offer HIV counseling and referrals, provide shelter and counseling for homeless youth and adults, offer in-home health services, job training, childcare, nutrition, and after-school education programs, critical services to the elderly and immigrants, and access to affordable housing.

Based on the survey, we estimate that **nonprofit human service providers had an aggregate budget of over \$773,000,000** in fiscal year 2000 – 2001. San Francisco nonprofit human service agencies received over **\$314,000,000 from the City and County of San Francisco** during the 2000 – 2001 fiscal year, from the **City's estimated total expenditure of \$1.45 billion for health and human services.**

Nonprofit providers **matched the City and County's contribution with over \$459,000,000 in additional funds—from federal and state grants, donations and dues, and corporate and foundation funding.** The nonprofit human service providers matched every city dollar they received with an additional \$1.50 in non-city funds.

Individual contributions alone totaled over \$81,000,000 during the reporting period, equaling 26% of the City and County funding. **Corporate and Foundation grants provided an additional \$105,000,000 while federal and state grants provided \$130,000,000.**

Based on survey responses, the nonprofit providers reach over **970,000 clients each year.** The survey revealed a wide variety of clients and kinds of service. Some client “contacts” were one-time telephone hot-line calls; others were unemployed persons taking six-week training programs. The 970,000 reported client “contacts” do not represent that many individuals, of course, as thousands of San Franciscans receive multiple services from multiple agencies (and are reported by each). Someone with HIV may receive crucial services from five or six agencies; a homeless youth may be seen by three agencies for quite different services, ranging from shelter care to medical care.

Staffing:

By far the largest budget expenditure in the nonprofit sector is in personnel—salaries and benefits for the skilled men and women providing professional and para-professional services that reach clients. **The nonprofit human service providers employ over 15,000 staff, and enroll an additional 1,007 “client trainees”** in the provision of services. This number does not include the estimated 7,200 persons who provide in-home support services through the In-Home Supportive Services Consortium, a quasi-public nonprofit agency. **Annual staff salaries and benefits for San Francisco's nonprofit service providers total over \$463,500,000. 95.6% of the human service nonprofits offer health benefits to all of their full-time employees. 44% of all nonprofits with 100 or more employees are unionized, while 16% of those responding who had 51 to 99 employees are unionized.**

Challenges:

San Francisco's nonprofit service providers face a common set of challenges, particularly in a period of economic downturn. **49.7% reported that their largest single problem was adequate funding,** especially in light of escalating caseloads and the need for skilled

staff. **42.9% of organizations surveyed reported serious problems in finding and retaining trained staff**, particularly given the cost of living in San Francisco.

Over 20% reported serious difficulty in securing and keeping affordable facilities, even though the nonprofit service providers are among the most stable nonprofit organizations in San Francisco. **Over 45% of human service organizations own one or more of their own facilities, 49% (1,665,439 square feet) of the total 3,370,842 square feet** utilized, giving important security to a sizable share of the sector. (This compares for example, with CompassPoint's estimate that 13% of **all** San Francisco nonprofit agencies—including arts, environmental, research and advocacy organizations—own their own facilities). This relatively greater stability issues from the sector's longevity; the majority of these agencies came into being during two periods: the anti-poverty struggles of the seventies and the HIV/AIDS crisis of the 80s.

Another 8% report significant difficulties in negotiating the contract process with the City and County of San Francisco. 6.3% cited the cost of doing business with the city as a critical challenge. Some nonprofits reported a level of frustration serious enough to cause them to question continuing to contract with the City and County, while others simply wished for a common set of contracting procedures across city agency lines.

Conclusion:

Even before September 11, 2001, the survey revealed widespread anxiety about the adequacy of public and private funding for human services in San Francisco. The announcement of serious budget shortfalls in the City and County, combined with an anticipated diversion of federal funds from human services to the war on terrorism, increases the sector's fear that funding cuts will mean significant reductions in services to the poor and vulnerable.

San Francisco Human Services Network

A Comprehensive Profile of San Francisco's Nonprofit Human Service Providers

San Francisco Urban Institute/San Francisco State University

Introduction:

San Francisco's nonprofit health and human service organizations offer support and assistance to the young, the elderly, the poor, displaced or unemployed families, or those at risk from drugs, homelessness, violence, or HIV/AIDS. Often under contract with City and County agencies, nonprofit providers leverage substantial additional funding from state, federal, corporate, foundation and private sources. In a city whose commitment to human services is nationally recognized, the nonprofit providers are essential to a community-based strategy, one sensitive to the city's ethnic, cultural, linguistic and social diversity.

The San Francisco Urban Institute, in collaboration with the Public Research Institute at San Francisco State University, and on behalf of the San Francisco Human Services Network (HSN), conducted a survey of San Francisco's nonprofit human service providers in summer, 2001. Survey questionnaires were mailed to 272 nonprofit service providers contracting with the City and County of San Francisco and completed by 169 eligible organizations, a response rate of 62%. This is a very significant response rate, and forms the basis for reasonable extrapolations from survey responses to the entire sector. Most critically, the response rate for large organizations was over 85%, and gave us very reliable numbers on several critical issues.

The survey questionnaire was developed through discussions between university analysts and representatives of the San Francisco Human Services Network, and sought to illuminate several critical dimensions of the nonprofit human services in San Francisco. Principal among these issues was the basic dimensions of the sector: its size (measured by budgets, clients, employees), and the degree to which these organizations generated non-city monies while they contracted with the city to provide services. The survey also sought information on the demographics of clients and staff, and on those issues deemed most critical for the future of the organizations surveyed. Finally, the survey provided data on the spatial distribution of services across San Francisco's many neighborhoods.

While our aim was to explore a broad range of critical issues, the survey was not exhaustive, and there are many issues that will require further analysis—either across time, or in greater detail. But as a preliminary instrument, the survey provided the first comprehensive overview of a group of organizations long called upon and

admired for their services, their creativity, and their responsiveness to the needs of San Franciscans.

At first glance it is surprising that no such work was previously undertaken, particularly in light of the magnitude and variety of services, the number of clients, and the budgets of these agencies. But the absence of aggregate data about the sector simply reflects a political and historical fact about those agencies that form it. It was not until recently that San Francisco's human service providers understood themselves to be a "sector," or understood that they might share interests across the boundaries of different service areas (the homeless, mental health, youth services, etc.). Different agencies developed at different times, often serving different communities, or serving the same community through a different methodological or political lens. Or, while some agencies serving similar clients or communities might have developed concurrently (e.g., the variety of organizations which emerged to fight HIV/AIDS, or the organizations who work on homelessness), they may have quite different funding sources, city contracts, or ideological perspectives.

...the survey reveals that many of these agencies share quite common dilemmas, and face a common crisis in funding, staffing, facilities, and contracting.

The survey represents, then, a particular "moment" in the development of the nonprofit human services as a sector, and in the development of the relationship between nonprofit human service providers and the City and County of San Francisco. Most critically, the survey reveals that many of these agencies share quite common dilemmas, and face a common crisis in funding, staffing, facilities, and contracting. Moreover, these agencies increasingly understand that answers to these dilemmas and crises are not likely to be found in the actions of individual agencies divorced from one another.

This understanding is also prompted, paradoxically, by the particularly robust economic period through which San Francisco has just come. During a time of rapid economic expansion, the development of new industries and new modes of work, and the consequent expansion of city budgets and services, San Francisco's nonprofit human service providers found themselves caught in two fundamental contradictions. First, even in the midst of growth and high employment, the need for services stayed high, or grew. The new markets for technology and business services did not mean less demand for those human services not traditionally reached through markets. Indeed, some of the side effects of economic development increased the need for certain services, particularly in housing, job preparation, and family health.

Second, the sudden rise in the cost of living and doing business in San Francisco meant a host of new pressures for nonprofits. The cost of leasing or renting space escalated for agencies that did not own their facilities or enjoy long-term lease stability. (One of the happier findings in the survey was that a sizeable number of these agencies do, in fact, own their own facilities; that is, however, cold comfort to those who do not). And the rapid rise in the cost of housing meant sudden new pressures on agencies unable to attract or keep staff, or keep salaries in line with escalating costs. This was especially critical insofar as many agencies depend on staff who live in and know particular neighborhoods and communities.

In this context, then, the Human Services Network became a forum within which agencies could share experiences, seek some common ground, and look for answers. HSN had been organized to facilitate the development of collective strategies among human service providers. Similarly, within the clusters of organizations grouped around particular city agencies—already sharing some common histories—there was discussion over ways the crisis of funding and facilities could be addressed. And as the housing/facilities crisis grew, particularly between 1997 and 2001, many organizations concluded that answers might only be found in public policies, not in individual organizations scrambling for separate solutions.

There was a movement, then, from crisis to public policy, in a setting where the human service providers had never acted together, had little experience in crafting common answers to organizational difficulties, and did not have a unified approach to the one thing they all shared: contracting with the City and County of San Francisco. The Human Services Network crafted “New Realities”—in the midst of this passage, and actively sought common ground by focusing on shared issues (initially, the issues of unionization and contracting with the city and county).

However good the public discussion, or pointed the search for a new kind of “partnership” with the City and County, there was an analytic piece missing: documentation of the full dimensions of the nonprofit human service sector. While there was an anecdotal basis for believing the nonprofit services generated significant non-city funds in matching city support, there was no analysis to support it. And while even a cursory look at services provided by nonprofits showed their critical role in San Francisco’s safety net, there was no account of the aggregate numbers of clients, staff, or budgets.

This report provides that account. It suggests that the nonprofit human service agencies play a significant, indeed critical, role in the provision of services to an astonishing number of clients. They also provide employment for over 15,000 staff, and leverage a dollar and a half in non-city funds for every dollar they receive from the City and County. Their client loads and budgets demonstrate that they are far from marginal adjuncts to city-provided services.

At the same time, no survey answers the policy questions faced by agencies: what policies and processes can secure better funding for services, more security for staff and facilities-challenged organizations, better coordination across the boundaries of public and private services, easier contracting procedures and protocols? What the survey tells us is that these are issues common to most organizations, and that answers to these questions will affect huge numbers of San Franciscans.

I. A Critical Sector: Clients, Services, and the Neighborhoods

San Francisco’s nonprofit human service providers are located throughout the city, serving the poorest and most vulnerable neighborhoods. The survey upon which this report is based was sent to every nonprofit human service organization contracting with the City and County of San Francisco in the 2000-2001 fiscal

[the nonprofits] also provide employment for over 15,000 staff, and leverage a dollar and a half in non-city funds for every dollar they receive from the City and County.

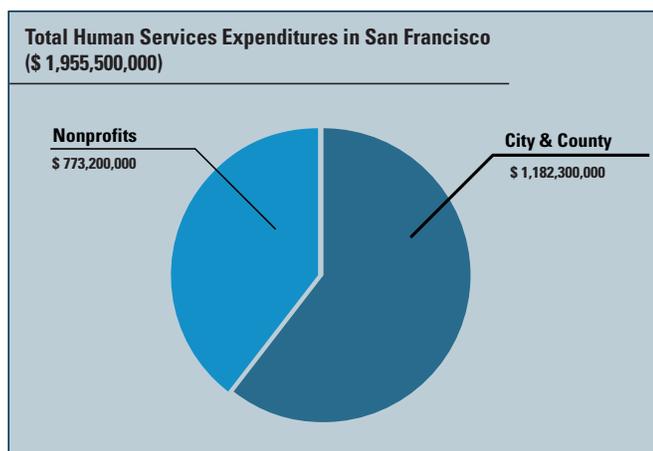
year. There are additional agencies not contracting with the City, but—with some exceptions—most are relatively small, and our focus was on those nonprofits whose contractual relationship with the City makes them effective partners in an integrated system of services. After eliminating those agencies not providing direct services, 272 organizations received follow-up calls, and completed surveys were submitted by 169—a very high “return rate” for such surveys (62%). In the analysis that follows, we will differentiate between conclusions about the entire universe of service providers, extrapolated from the survey respondents, and conclusions made only about the organizations who responded to the survey.

Budgets: A First Look At Big Numbers

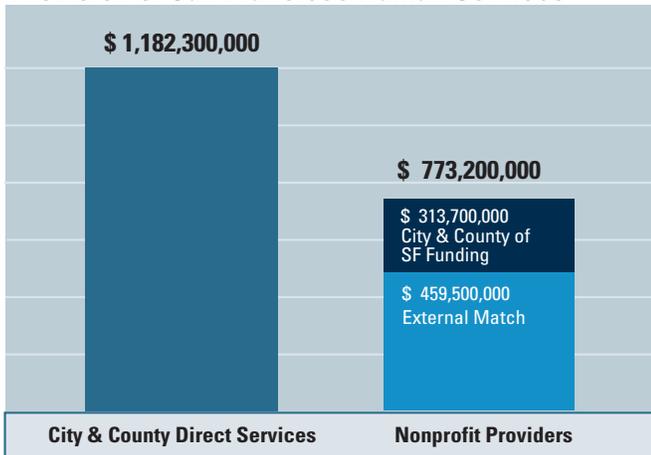
Indeed, the first significant finding in this work was the degree to which the City and County does depend on nonprofit providers to deliver critical services. The City’s budget for “Human Services” is roughly **\$1,496,000,000** (out of a total City and County budget of \$5.2 billion), and the nonprofit service providers receive over **\$313,700,000** of that money for the delivery of contracted services to clients. In other words, the city pays nonprofit providers **21%** of its human service budgets to reach needy San Franciscans. As we will detail later, however, this \$313.7 million is matched by over **\$459,500,000** raised by the nonprofit providers from non-City and County sources, bringing the aggregate budget expenditures by nonprofit providers to **\$773,200,000**.

When viewed purely through the lens of budget expenditures, then, the magnitude of the role played by nonprofit providers is impressive. The nonprofit expenditure for human services (\$773,200,000) is roughly **65.4%** of what the City and County spends for its own direct provision of services (\$1,182,300,000, or the amount left after contracting \$313.7M to the nonprofits).

Another way of understanding these numbers is to view San Francisco’s human services budget as a unified whole: the City and County direct provision (\$1,182,300,000), plus the nonprofit providers’ budgets (\$773,200,000), equals **\$1,955,500,000**, a very significant investment in the health and social stability of San Francisco. The nonprofit providers’ “share” in that aggregate budget is roughly **40%**.



Provision of San Francisco Human Services



The significance of these numbers cannot be overstated. If two out of every five dollars spent on human services—in health, mental health, aging, youth, AIDS/HIV, family services, etc—come through the nonprofit sector, these organizations ought not be considered the residual or purely secondary elements of a largely City/County system. Indeed, they are structurally integrated into the provision of City services in virtually every City department, even if there is no governing policy for such integration. Further, the absence of coordinated planning between the city and the nonprofits suggests that many do not understand the magnitude of the nonprofit contribution to the human services as a whole.

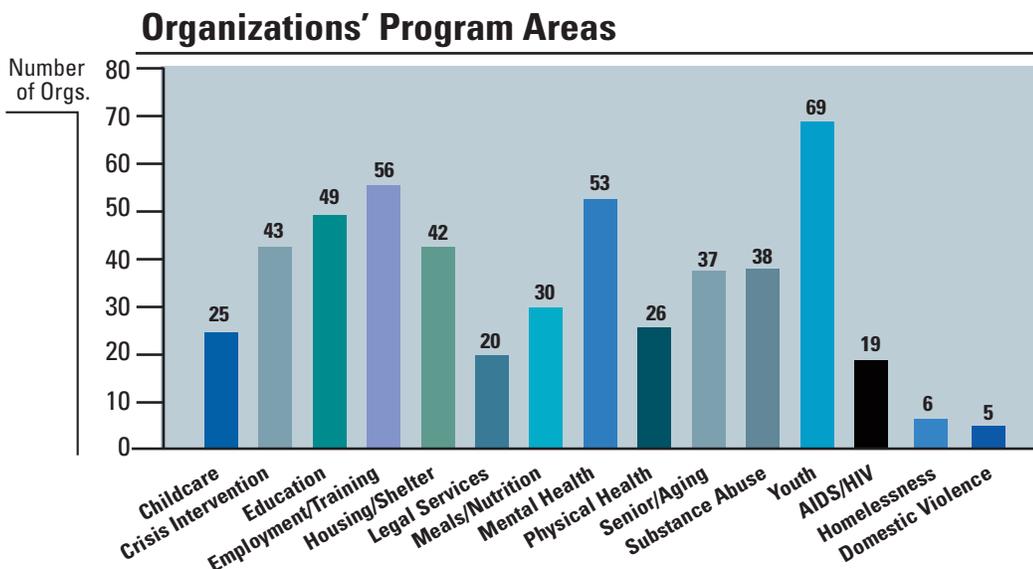
The Services: What Is Delivered?

The nonprofit human service providers sustain a wide variety of programs and projects, ranging from long-term case management for low-income persons or families to single-contact advice lines for youth and persons concerned about HIV/AIDS. This survey was not designed to provide a detailed analysis of the different kinds of services provided by the widely diverse nonprofit organizations, as much as it was developed to provide an initial macro account of the sector as a whole. We are able to delineate the topical areas into which nonprofit providers assign themselves, and thus provide an initial overview of the range of social and community issues addressed by the nonprofit sector.

...the absence of coordinated planning between the city and the nonprofits suggests that many do not understand the magnitude of the nonprofit contribution to the human services as a whole.

For purposes of definition, we began with the somewhat formal distinction between “human services” and a variety of other policy areas in which there are programs supported by City and County agencies or private philanthropy. These distinctions can be artificial, of course, as arts organizations often serve a “human service” function, or criminal justice programs depend upon related human services like youth counseling or substance abuse treatment. But for the sake of focus, the Human Services Network identified programs and organizations in the following areas:

childcare, crisis intervention, education, employment/training, housing/shelter, meals and nutrition, mental health, physical health, seniors and aging, substance abuse, youth, AIDS/HIV, homelessness, and domestic violence.

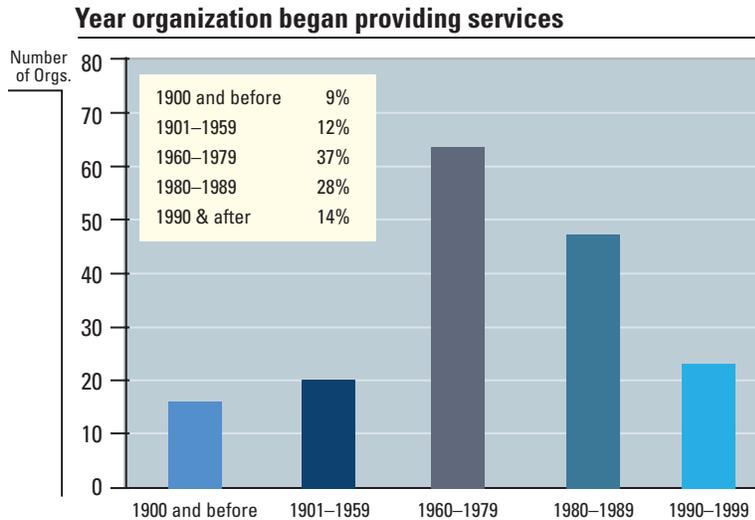


Using organizational lists from the City Purchaser’s Office, City and County agencies, and the Human Services Network, our survey reached 272 nonprofit organizations, from which we received 169 completed surveys. Referring only to the universe of respondents, there are significant numbers of nonprofit organizations providing services in all human service areas. Many organizations report providing services in multiple areas, making it difficult to assess specific programmatic expenditures without a more detailed survey instrument.

This range of service and policy areas represents a series of historical developments, as different social, health, and community issues emerged at different historical periods. San Francisco is known for the diversity and richness of its nonprofit world, and a glance at the historical record indicates the political or social context in which different nonprofits emerged. The two great periods of growth were the period between 1965 and 1975, and the mid-to-late 1980s. The first period of nonprofit growth was sparked by the War on Poverty and the wide range of domestic social programs funded at the Federal and State levels. The second was prompted by the emergence of AIDS/HIV as an epidemic, and the remarkable response of San Francisco in creating an unprecedented number of programs and services to meet the epidemic.

Year Organization Began Providing Services

	Frequency	Percent
1900 & Before	16	9%
1901–1959	20	12%
1960–1979	63	37%
1980–1989	47	28%
1990 & After	23	14%
TOTAL:	169	100%



The Clients: How Many Are Served?

If the aggregate budget numbers suggest that the nonprofit providers play a critical role in delivering human services to San Francisco residents, the raw number of clients confirms the suggestion. Based on numbers provided by the survey, and extrapolating to the entire sector, we estimate that the nonprofit human service providers reach over **970,000 clients** each year.

This number represents a wide variety of kinds of clients, as well as kinds of client “contact.” Over 160,000 were one-time telephone “hot-line” calls; others were trainees taking six-week computer courses or receiving on-going counseling—and counted once despite being seen multiple times. Similarly, these 970,000 client contacts do not represent 970,000 different individuals, as many persons receive multiple services from several agencies, including those offered through public facilities. Thus, someone might receive HIV/AIDS-related services from four different nonprofit providers, as well as from public health facilities run by the City and County. Or, a homeless youth might receive shelter services from one group, educational services from another, and drug counseling from yet another. Each agency would, appropriately, count the person among its clients.

...by any order of magnitude, 970,000 client contacts is a staggering number in a city the size of San Francisco.

This initial survey was not designed to tease out the differences between levels of contact, or the duration of each service encounter, but rather to account for aggregate numbers. And, of course, there is no common “tracking system” between agencies—or between nonprofits and city departments—that would allow a calculation of how many discrete persons are represented here. But, by any order of magnitude, 970,000 client contacts is a staggering number in a city the size of San Francisco.

By order of some comparison, the City and County of San Francisco reports that its own public health facilities (specifically Laguna Honda Hospital and San Francisco General Hospital) logged some 449,000 “hospital days” (or overnight stays) in 2000,

and an additional 623,000 visits to primary and urgent care facilities (presumably not requiring an overnight stay), for a total of 1,072,000 patient “contacts.” (Again, these numbers do not represent that many individual persons; indeed, 1,000 Laguna Honda patients staying for one year would account for 365,000 “hospital days”). The City and County counts an additional 23,000 clients at their Mental Health Clinics, some of whom are seen weekly, others monthly.¹

To these numbers we could add those served by Recreation and Park programs and other City and County departments providing direct services. But the Health Department numbers—by far the largest—give some order of magnitude to the 970,000 client contacts reported by the nonprofit providers. They also raise the question of strategic linkages between and among services, and potential duplication between services offered by the nonprofit and public sectors. We will return to these issues later.

In addition to a snapshot of current service levels, we sought to learn whether or not client “demand” had increased or decreased over the past two years. 67.3% of responding service providers report an increase in the number of persons served during the past two years. This is notable because this increase occurred during a period of dramatic economic growth in San Francisco, and an unprecedented drop in the official unemployment rate (to an almost historic low of 2.3% in early 2001). It appears that the need for health and human services did not drop, but increased, suggesting that San Francisco’s boom years did not reach all San Franciscans.

...the need for health and human services did not drop, but increased, suggesting that San Francisco’s boom years did not reach all San Franciscans.

Has the number of persons served by your organization declined, stayed the same, or increased over the past 2 years?

	Number of Organizations	Percent
Declined	9	5.6%
Stayed the same	43	26.5%
Increased	109	67.3%
Don’t Know	1	0.6%
TOTAL:	162	100.0%

Client Demographics

It is not surprising that the nonprofit human service providers serve clients most in need of low-fee or subsidized services. Over 86% of surveyed organizations report serving low-income clients, 60% of surveyed providers serve at least some homeless persons, 64% report serving immigrant clients, and 62% report serving clients with disabilities. Some nonprofit providers may focus on one or another client group, but there are many organizations that reach a wide cross-section of low-income persons.

¹ Numbers provided by the San Francisco Department of Public Health, 10/10/01.

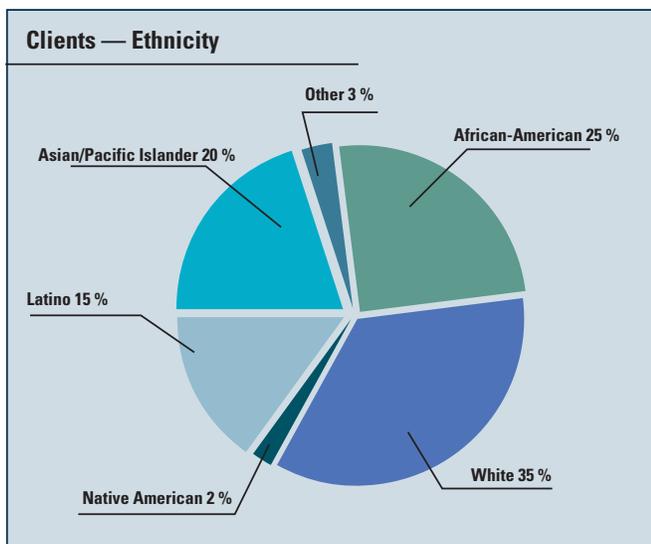
Percent and number of organizations with at least some clients of this description.

	Yes	Percent
Immigrants	108	64%
Low Income	146	86%
Homelessness	101	60%
People with AIDS/HIV	84	50%
L/G/B	92	54%
Disability	104	62%
TOTAL:	169	100%

Percent and number of organizations with at least 20% clients of this description.

	Yes	Percent
Immigrants	67	40%
Low Income	139	82%
Homelessness	48	28%
People with AIDS/HIV	27	16%
L/G/B	43	25%
Disability	69	41%
TOTAL:	169	100%

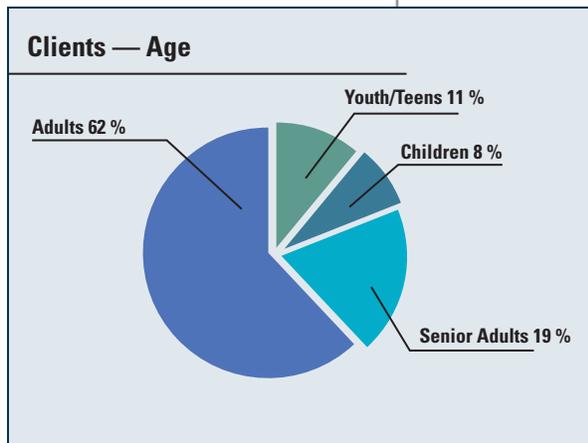
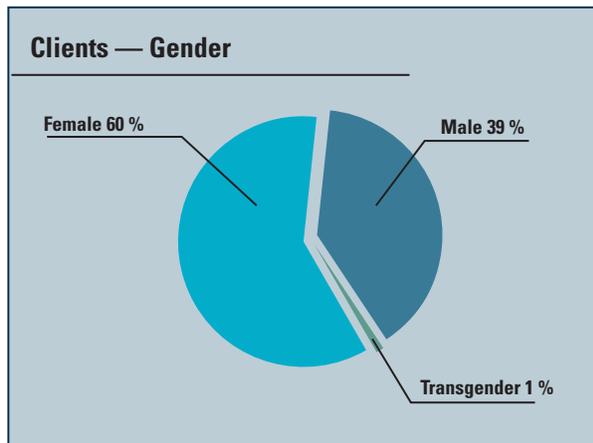
Like the City, the clients served by the nonprofit human service providers are remarkably diverse. Over a third of the clients are white, a quarter are African American, a fifth of the clients are Asian/Pacific Islander, and 15% are Latino. In some particular instances the client demographics of the human service providers reflect the demographics of poverty more than the overall demographics of San Francisco. In the 2000 Census, African Americans are only 8% of the city’s population, yet they are 25% of the clients served by nonprofit providers; while Native Americans represent less than 1% of the city’s population, they represent 2 of nonprofit human service clients. While Asian/Pacific Islanders are less represented—in percentage terms—in the client demographics than in the city’s census figures, this may reflect the relative difficulties of bringing immigrants into service organizations and certain cultural differences (e.g., the ways in which needs are met by extended families in some communities) rather than the absence of poverty in those communities.



Clients versus 2000 Census

Race/Ethnicity	Survey %	2000 Census %
African-American	25	8
Asian/Pacific Islander	20	31
Latino	14	15
Native American	2	0
White	35	44
Other	3	3

With regard to Gender and Age, women are much more likely than men to seek and receive services through this sector. While men are 51% of San Francisco’s census population, women represent over 60% of the clients served by nonprofits. This is not surprising, particularly given the large numbers of single-parent households grappling with the effects of welfare reform, and the general over-representation of women among the poor. With regard to age, the survey indicates that larger numbers of seniors and children/youth are served than their proportional share of the City’s population, as reflected in the recent Census. 19% of clients were seniors, while seniors are 14% of the general population; children and youth were 19% of clients while only 14.5% of the population.



One of the characteristics of a city as diverse as San Francisco is the diversity of languages spoken by its residents—and this diversity is mirrored by the nonprofit service providers. While we did not survey clients themselves on their languages, our survey captured useful data on the languages through which services are provided. Of the 169 organizations for which we received completed surveys, almost 70% reported offering services in Spanish, 40% in Cantonese, 30% in Mandarin, 24% in Tagalog. Services were also provided in Vietnamese, Russian, Farsi, and other languages. This diversity of language reflects the neighborhood-based decentralization of the nonprofit service network.

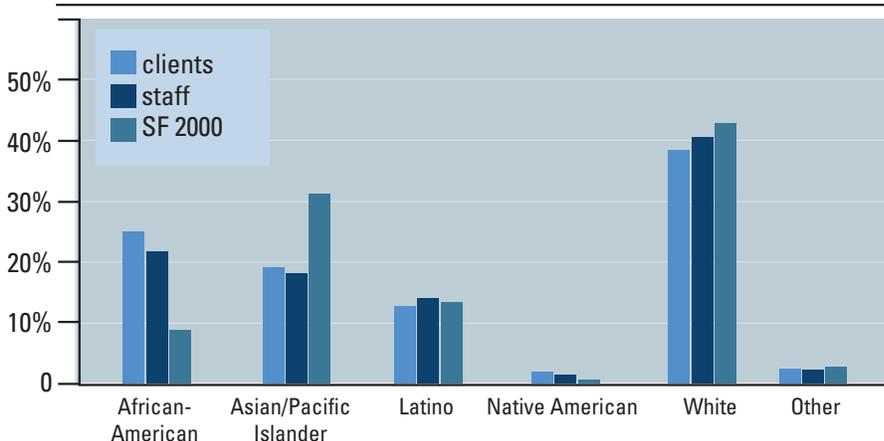
Although staff demographics among the nonprofit human service providers are addressed later in this report, it is useful to note here that the representation of African American, Asian/Pacific Islander, Latino, Native American, and White persons among

Languages in Which Services Are Provided

Services Provided in	YES	
	# of Agencies	Percent
English	165	97.6
Spanish	118	69.8
Cantonese	69	40.8
Manadarin	50	29.6
Tagalog	41	24.3
Russian	27	16.0
Vietnamese	31	18.3
Farsi	2	1.2
Other languages	33	19.5

nonprofit staff reflects more closely the demographics of their clients than the demographics of the city as a whole. This is an important finding, as it has often been argued that among the particular strengths of the nonprofit providers is their ability to understand the cultural, linguistic, and social characteristics of the particular client groups they serve.

Ethnicity of Human Service Provider Staff & Clients



Where Are People Served: The Neighborhoods And Districts

It is not surprising that the sites at which nonprofit human service organizations actually provide their services are disproportionately located in communities with high poverty, unemployment, and overcrowding. For those agencies responding to the survey, we mapped the sites in which services were delivered (as distinguished from the administrative offices or mailing addresses of organizations). From this sample, we found a heavy representation of service sites in the Tenderloin (90), the Mission (71), South of Market/Potrero Hill (59), and the Western Addition (48). There were also concentrations of twenty or more service

...among the particular strengths of the nonprofit providers is their ability to understand the cultural, linguistic, and social characteristics of the particular client groups they serve.

locations in Bayview/Hunters Point, Chinatown/North Beach, the Haight/Buena Vista, Oceanview/Merced/Ingleside/Visitacion Valley, and the Richmond. The fewest sites are found in the Marina and Presidio neighborhoods. The following chart represents this distribution of service delivery sites among survey respondents. We note that the number of reported sites in the Bayview/Hunters Point area is lower than is actually the case for that area, as these numbers reflect a lower survey response rate among agencies serving the Bayview.

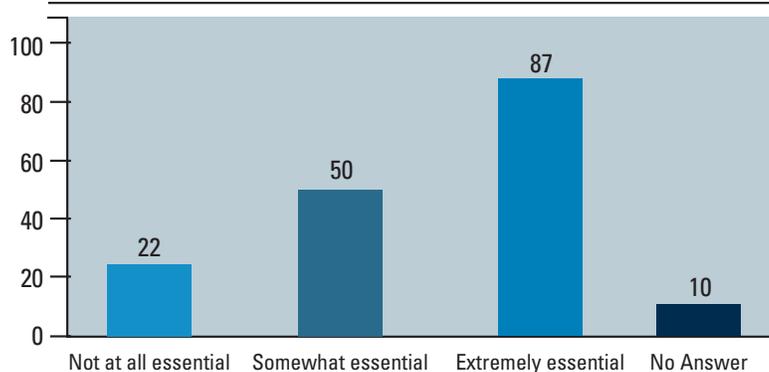
Distribution of Service Delivery Sites

Neighborhood	Number	Percent
Bayview/Hunters Point	20	5%
Bernal Heights	6	1%
Chinatown/North Beach	30	7%
Haight/Buena Vista	29	7%
Inner Sunset/West Portal	7	2%
Lake Merced	8	2%
Marina	3	1%
Mission	71	16%
Noe Valley/Castro	8	2%
OMI/Vis Valley/Excelsior	20	5%
Presidio	4	1%
Richmond	22	5%
SOMA/Potrero Hill	59	14%
Sunset	6	1%
Tenderloin/Downtown	90	21%
Western Addition	48	11%
TOTAL:	431	100%

The nonprofit human service providers consider their neighborhood locations important to their role. When asked in our survey, **69.2% of respondents said it was “essential” or “extremely essential”** that their activities were located in a specific neighborhood. This compares, by contrast, to the October, 2000, CompassPoint survey of nonprofits—many in the arts—where 52% of their respondents found their location important for the accomplishment of their

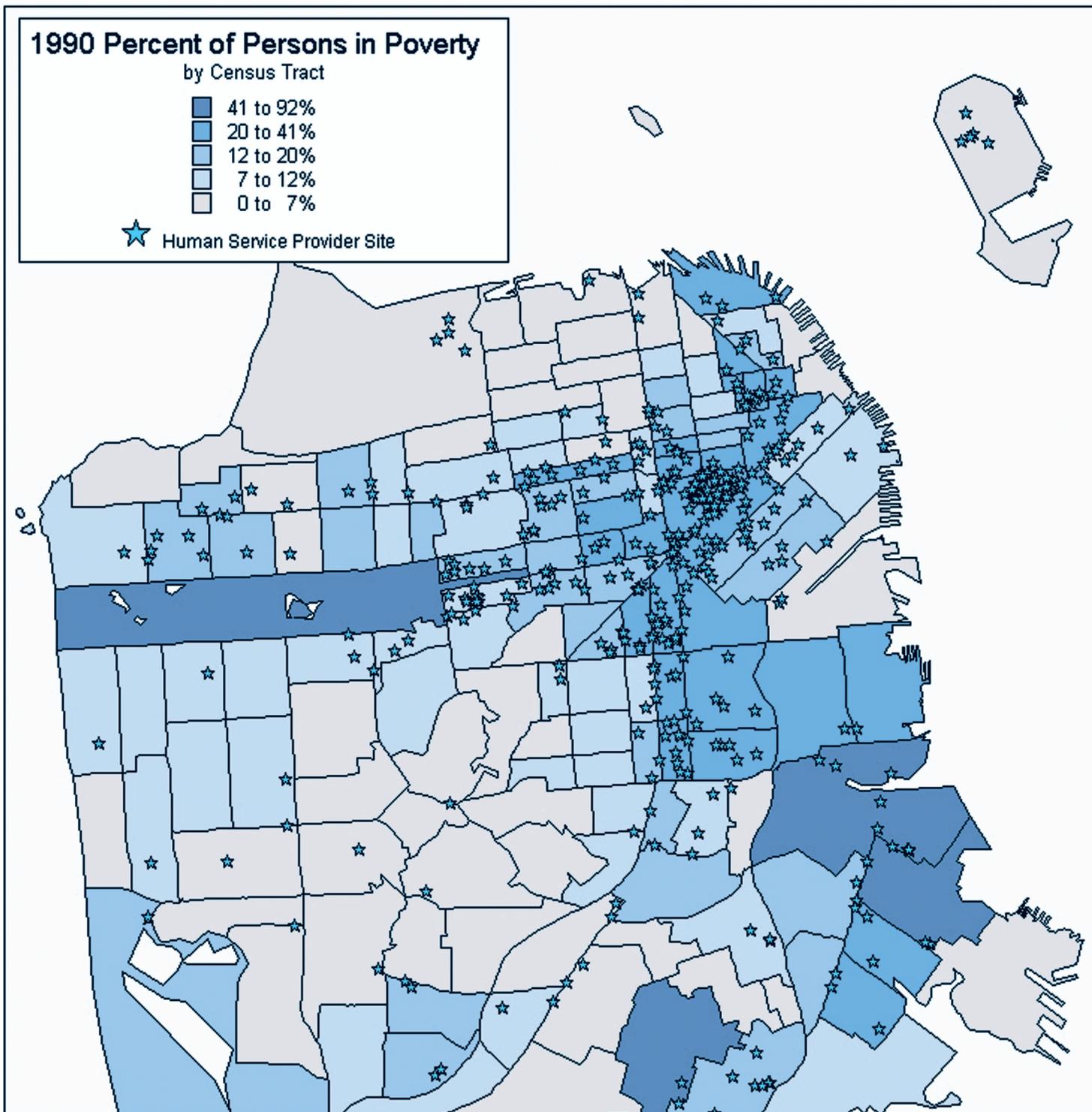
primary activity. In our survey, another 17% thought the location of their facilities was “somewhat essential,” while only 14% thought it not essential. These survey results reflect a key institutional element of the nonprofit human service providers: their activities are widely decentralized, and located close to their clients.

The Importance of Neighborhood Location



When these site locations are mapped as an overlay on poverty statistics (measured by either unemployment rates or household income), it reveals an obvious correspondence between neighborhood needs and the nonprofit effort to address those needs.

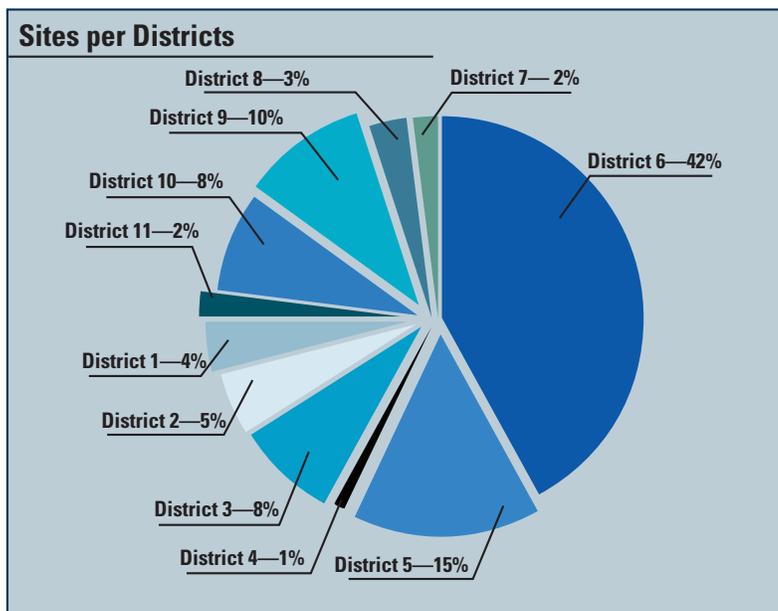
Indeed, one of the principal arguments for the use of nonprofit providers is that they tend to reside closer to the people, are widely distributed between poor communities, and represent less “institutional” presence than larger public institutions. While we will demonstrate later that the nonprofit community represents a significant capital investment in an independent human services infrastructure, the site maps make clear how widely decentralized that infrastructure is.



2000 Census income/poverty information will be available in Fall 2002

Public Research Institute, 2001

While the nonprofit human service delivery sites are widely distributed across neighborhood boundaries, especially as they are understood by neighborhood residents, there is one anomaly. When mapped against the current San Francisco Supervisorial districts, there is a heavy concentration of sites in only a few districts, particularly in District 6. Because District 6 reaches across parts of the Mission, Potrero Hill, SOMA, and into the Tenderloin, it contains a full 42% (or 186) of the 431 sites we mapped.



Finally, there are two caveats about these maps. First, sites are not the same as client statistics, and the survey questionnaire did not ask agencies to disaggregate their client population by their different sites. Though it is true that clients may also receive services outside their own neighborhoods, more than 60% of responding agencies reported that more than 50% of their clients were from their surrounding neighborhoods. We might point out that 23% of all surveyed service sites report being open for service 24 hours a day, seven days a week.

Second, the distribution of sites across neighborhoods does not answer either of two policy issues: are there adequate services within geographic areas, or with regard to particular client needs? It would be possible to reconstruct some parts of this puzzle, particularly the concentration of agencies self-reporting similar services. But this analysis would not address the issue of whether or not the services are adequate (or over-adequate) to meet client needs. And such an analysis would also have to include a comprehensive account of services provided by the City and County directly through public institutions.

Indeed, one of the principal arguments for the use of nonprofit providers is that they tend to reside closer to the people, are widely distributed between poor communities, and represent a less “institutional” presence than larger public institutions.

II. Nonprofit Budgets: Income and Expenses

We have already indicated the aggregate budget numbers for the nonprofit human service providers, in an effort to understand the magnitude of their contribution to San Francisco. We now turn to two issues: the sources of their budgets and the nature of their expenditures.

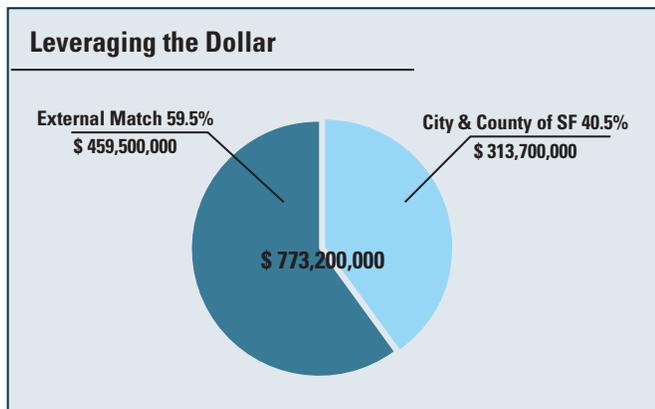
Funding Sources: Leveraging Public Resources

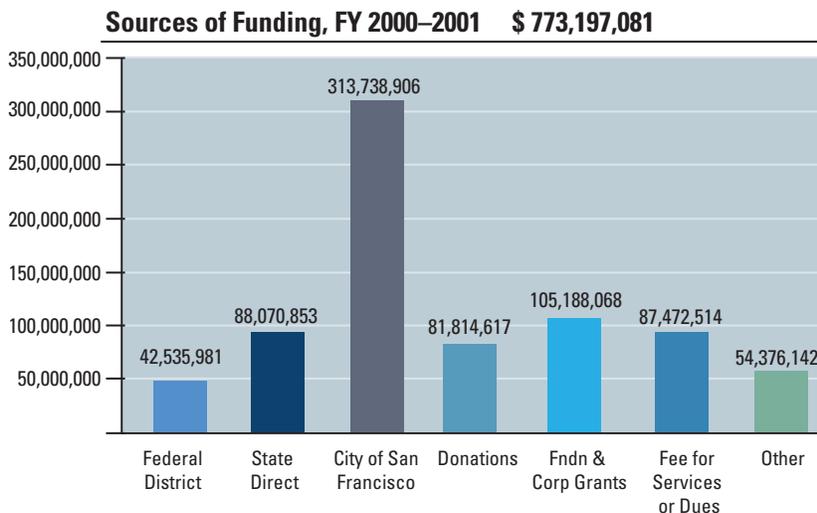
All of the nonprofit human service providers surveyed for this study rely on contracts with the City and County of San Francisco to generate a share of their operating resources. With the exception of very few large organizations, most nonprofit organizations depend in some way upon City and County contracts for a core part of their annual operating and program budgets. This is the reciprocal side of the city’s dependence upon the nonprofits for the delivery of critical services. As we indicated above, however, the nonprofit service providers bring significant additional resources to their programs, matching and exceeding their City dollars with individual donations, foundation, corporate, state, and federal monies.

To recall the earlier numbers, we estimate that the nonprofit human service providers receive **\$313,739,000** from the City and County. This number includes both City General Fund dollars and various State and Federal “pass-through” dollars that are administered through City and County agencies. While our survey asked nonprofit organizations to detail the sources of their City and County funds, many did not break out the percentage shares of their city funding provided by the General Fund, State, and Federal pass-throughs. Many organizations simply do not know the precise origins of their City and County funding. As a result, we do not tease apart these shares, but simply count together the different sources from which the City and County draws.

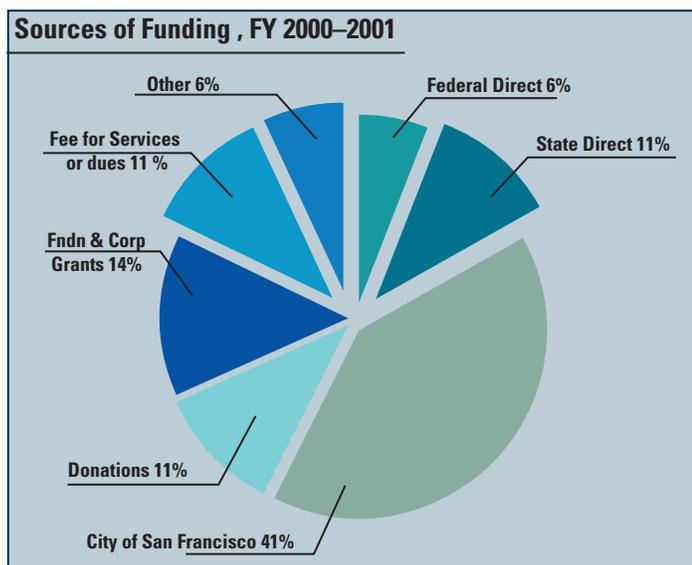
As the following charts detail, the City’s \$313,739,000 is only 40.5% of the total funding utilized by nonprofit providers to deliver their services. This share is matched by an estimated **\$459,458,000** in non-City and County funds. This means that the nonprofit human service providers are **matching every City dollar with \$1.50 in non-City dollars**.

The steady growth in private support for the nonprofits reflects, then, a continuing judgment on the part of private philanthropy that these organizations are a critical element in the City’s array of human services.





These numbers reveal a surprisingly diverse set of funding sources. **Private sources—both individual donations and corporate and foundation grants—account for over \$187,000,000 in the aggregate budgets** of San Francisco’s nonprofit human service providers, or **a sum equal to 60% of what they receive from the City and County.**



The nonprofit human service providers generate over **\$81,814,000 in individual donations** alone, based on survey data from 2000/2001. This means that private donations generate over 11% of the total budgets of these organizations, or a sum equal to 26% of the monies received directly from the City and County. Similarly, we estimate that the nonprofit human service providers raise over **\$105,188,000 in Corporate and Foundation** grants.

The importance of these numbers is two-fold. First, they represent an enormous outpouring of private philanthropy in a city long known for its generosity and commitment to a healthy future for its people. Given the diverse methods by which

foundations, corporations, and private individuals assess the continuing impact of their private giving, this magnitude of support indicates the fiscal and programmatic legitimacy of the nonprofit providers in the eyes of private philanthropy. This level of support also suggests an enduring set of relationships between private financial sources and the nonprofit organizations. The steady growth in private support for the nonprofits reflects, then, a continuing judgment on the part of private philanthropy that these organizations are a critical element in the City's array of human services.

Second, these numbers suggest a corollary vulnerability to the health of San Francisco's economy. Just as the continuing support of the City is threatened when the General Fund is cut in response to decreased city and county revenues, so the continuing support of the private sector—corporate, foundation, and individual—is threatened by the economic downturn through which the City is moving. The collapse of the dot.com boom, coupled with a general recession in the national and state economy, has resulted in a sharp increase in unemployment in San Francisco (officially up from 2.5% in December, 2000, to 6% in November, 2001), a dramatic increase in commercial vacancy rates, and a drop in public revenues from the hotel tax and the real property transfer tax. Further, the sharp drop in stock prices, corporate earnings, and stock-option personal income precipitates a drop in corporate and foundation grant resources, personal donations, and—especially in California—state revenues available for human services.

In this environment, it would be realistic to expect a significant drop in private and philanthropic support for nonprofit service providers. Indeed, across California, nonprofit service agencies lost an average of nearly \$62,000 in donations over the two months immediately following September 11 (when compared with the same months a year ago), according to a November 2001 survey on the "Status of California Nonprofits in the Current Economy." This survey, sponsored by California Cares—a statewide coalition of philanthropic organizations, estimated that nonprofits had lost a total of over \$300,000,000 in donations in the immediate period following September 11 (extrapolated from the \$25M lost to only those agencies responding to their survey). While we do not have specific data on San Francisco, we can reasonably speculate that local nonprofit human service providers are experiencing a similar decline.²

We have not tried to model this effect, which would be virtually impossible given the data at hand. But the twin implications of private support—its critical role in matching public monies, and its vulnerability to general economic conditions—are sharpened during a time when the human services provided by these agencies may be even more in demand. As an example, the fiscal year 2001/2002 Federal monies designated for programs serving San Francisco's "displaced workers" (through the agencies contracted to San Francisco's Private Industry Council and Workforce Investment Board), were fully expended in the first three months of this fiscal year, with no foreseeable

Just as the continuing support of the City is threatened when the General Fund is cut in response to decreased city and county revenues, so the continuing support of the private sector—corporate, foundation, and individual—is threatened by the economic downturn through which the City is moving.

² Full survey available at www.calendow.org

drop in the numbers of persons seeking services. Those same displaced workers will be seeking support from community health clinics, family support services, and other public and nonprofit agencies—at precisely the time when private support may be more constrained than ever. The same statewide survey conducted by California Cares found that 61% of all safety-net organizations saw an increase in demand for their services between September and November of 2001.

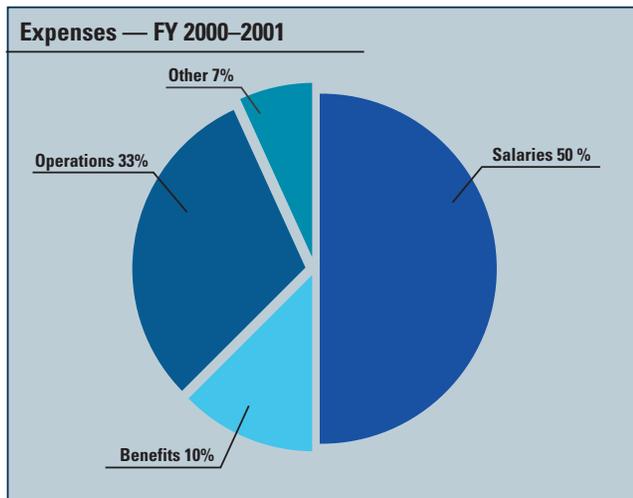
Beyond individual, foundation, and corporate donations, the other major sources of non-City and County funding for the nonprofit human service providers are direct State and Federal grants, fees for services, and a catch-all category of “other” which represents sources like rents, interest earned on accounts, and the like. Direct State grants totaled **\$88,070,853** in fiscal 2000/2001, while direct Federal grants were estimated to be **\$42,535,981**. These are state and federal monies not otherwise available through the City and County, most often generated through competitive grant applications to state and federal agencies. Taken together, these public sources totaled over **\$130,606,834 in annual revenues in fiscal 2000/2001**, or 17% of the aggregate budgets of the nonprofit human service agencies.

These are funding sources vulnerable to both political and fiscal shifts at the state and federal level. Especially during a recession, and more especially during a period of significant state and federal funding increases for security and war, these sources are vulnerable to both rescission and diversion. At a fundamental policy level, such diversions are counter-intuitive; it might be more sensible that during periods of recession, government funding might increase for needed human services, education, and social welfare. These expenditures might be considered reasonable investments in the human “capital” required to pull the country, state, or region out of recession. But the politically imposed limits on local, state, and federal revenues (namely, a bipartisan aversion to tax increases), threatens these investments. And San Francisco’s nonprofit human service providers are most immediately threatened.

Expenses

Using the same methodological tools we employed for calculating aggregate budgets for the nonprofit human service providers, our survey results provided aggregate estimates of annualized costs. Using the 2000/2001 estimated expenditures, the nonprofit providers spent over 60% of their budgets, or **\$463,694,780, on salaries and benefits**, and spent another **\$252,896,212 on operations**, including rent, supplies and services, building repair and maintenance, heating and power, and other operational costs.

	Percent %	Estimate
Salaries	50	\$ 385,814,527
Benefits	10	\$ 77,880,253
Operations	33	\$ 252,096,212
Other	7	\$ 56,606,089
	100	\$ 773,197,081



The largest share of nonprofit expenditures is in salaries and benefits. Indeed, one important finding in the survey was the extremely high percentage of organizations (over 95%) who report offering health, dental, life, and other insurance benefits to full time employees (generally understood as employees working 35 hours/week or more).

The survey results do not allow us to separate aggregate rental costs from other operating costs, because many surveyed organizations did not make that separation. For those who did report rental costs (for 272 sites, out of an estimated 431 total sites operated by these organizations), we have a reasonable basis upon which to calculate mean and median rental rates per square foot, but not the total costs for all agencies. For those agencies reporting rental rates, the mean monthly rent was \$5,937 per month, and the mean cost per square foot was \$16.87 per year. This is well below the average or mean monthly rates commanded by prime commercial space during our reporting period (ranging between \$35 and \$80/square foot/annually). We will provide greater detail on these costs when we turn to Facilities.

With annual budgets reaching into the hundreds of millions, the nonprofit human services sector plays a critical economic role even as we most often think of their role in the provision of services. As we will detail when speaking of nonprofit staff, the sector employs over 15,000 persons, ranging from skilled professional and para-professional personnel to office clerks and support staff. While their work is obviously critical to the lives of San Franciscans receiving services, their employment is critical to their own families, and their spending power benefits the overall economic vitality of the City and County. While it is difficult to model this precisely, we can make some modest claims about the fiscal impact of nonprofit expenditures—salary and other—in the economy of San Francisco.

It is difficult to estimate precisely the share of operating and benefits costs spent in the city and county itself. Some goods and services may be purchased outside the city, including employee insurance benefits, some office technology and equipment, or other “soft” goods. But it is reasonable to estimate that a high percentage of goods

and services is purchased locally, including—obviously—rent for neighborhood-based facilities, maintenance, and tools and equipment. Even with a discount of 20%, the nonprofit **operations budgets alone release over \$200,000,000 into the local economy.**

By far the largest economic impact is in salaries. While we did not make inquiry in this survey regarding the residency status of nonprofit staff, we know from previous analysis of occupational and residency data that roughly 70% of employees in the categories most prevalent in nonprofit service providers are resident San Franciscans. Even discounting for expenditures made by these employees outside the city, we could estimate that **over \$216,000,000 is released into the local purchasing stream by nonprofit staff.**

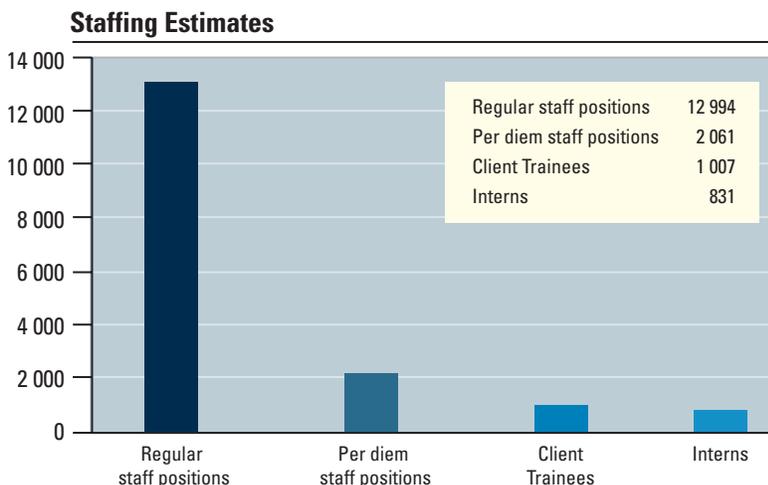
Beyond simply accounting for the immediate economic impact of salaries, and the purchase of goods, economists speak of the “multiplier” effect when trying to account for classic circulation effects when increased purchasing power is introduced into a local economy. The multiplier effect tries to model the added value of new resources, as those resources increase the purchasing power of local buyers of goods, whose purchase of goods in turn increases the purchasing power of local vendors. In general, two conditions must occur if a multiplier effect is calculable: first, there must be new money introduced into a regional or local economy; second, goods and services are purchased locally.

It could be argued that if the nonprofit human service providers did not exist they would have to be invented, and the City and County dollars spent through them would be spent in any event. In that sense the uniquely local dollars should not be used to calculate a multiplier effect. In the case of the nonprofit human service providers, they introduce significant new resources into the economy—especially funds from corporate, foundation, state, and federal grants. Discounting the local foundation, corporate, and individual giving by half (under the proposition that they might donate those resources through other local entities), and adding the remainder to the State and Federal grants, we estimate the nonprofit providers introduce roughly \$224,000,000 in new resources into the local economy. Further discounting this number by a share expected to be spent outside the city (let’s say 25%), the local **multiplier effect in San Francisco’s economy would be over \$285,600,000** [$(\$224 \times .75) \times 1.7$]. By way of comparison, our estimates of the multiplier effect of raising the “Living Wage” of those providing services under contract to the City and County, or operating under leases with public agencies, was a modest \$18,000,000.

III. Nonprofit Human Services Staff

Based on survey responses, and using conservative “expansion” factors to model the entire universe of providers, we estimate that the San Francisco human service nonprofits **employ 15,055 persons**, consisting of **12,994 regular staff positions and 2,061 per diem staff**. These staff are joined by over 1,000 client trainees and 831 interns. This staffing represents a significant technical, professional, and paraprofessional resource for San Francisco’s effort to address issues of health, aging, youth, employment, and childcare. By way of comparison, the City of San

San Francisco currently (2001) employs just over 28,400 persons (in all categories, including public safety, MUNI, the trades, clerical, managerial, and professional).



The majority (64%) of regular staff members worked 35-40 hours a week. At the time of the study, 82.4% of the organizations polled considered 35-40 hours full-time, while another 12.4% of organizations considered 30-34 hours a week to be full-time.

How many hours a week do you consider an employee to be full-time?

	Providers (%)
0-9 hrs.	0.7
10-19 hrs.	1.5
20-29 hrs.	0.7
30-34 hrs.	12.4
35-40 hrs.	92.4
Varies	2.2
Total	100.00

With regard to health and related employee benefits, the nonprofit human service providers offer a wide range of benefits to the majority of their employees. Over 95% of the organizations that responded to the survey indicate offering benefits to regular employees. Among those nonprofits offering benefits, 81% offered benefits to employees working a minimum of 30 hours a week; 46% offered benefits to employees working a minimum of

20 hours; only 14% of the organizations restricted benefits to those working 35-40 hours a week.

Based upon the numbers of employees working at or above the numbers of hours required by their organizations, we estimate that **78%** of all regular staff members were eligible **for health benefits**, while about 8% of per diem staff were eligible for health benefits. Based on the same calculations, we estimate that 75% of regular staff were eligible for dental benefits, 51% had vision care, 70% had paid spousal or domestic partner care, 66% had retirement plans, 59% had life insurance, 71% had paid sick leave, and 74% had unpaid leave. The waiting period for receiving health benefits varied, but rarely exceeded 90 days. (We might point out that these data were generated before the City and County legally mandated health benefits for nonprofits

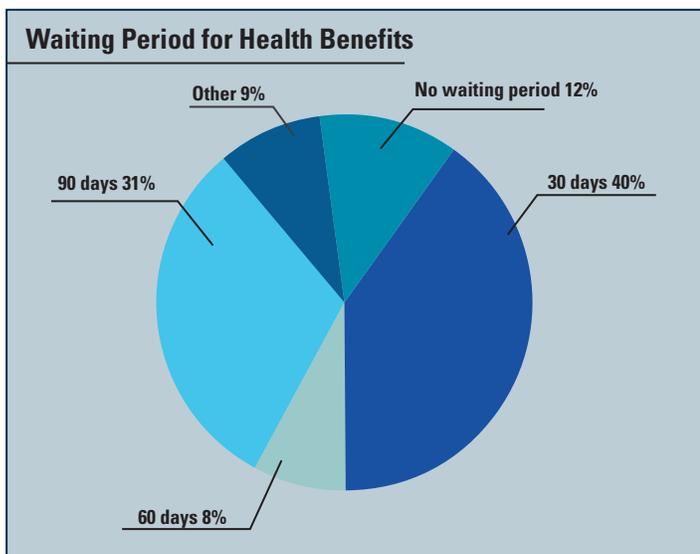
doing business with the City and County). Finally, almost 80% of respondents reported giving cost-of-living increases to employees in 2000/2001, up from 68.6% in 98/99 and 76.5% in 99/00.

Benefits Offered Regular Employees

	Yes %	No %
Health	95.6	4.4
Dental	90.9	9.1
Vision	59.0	41.0
Spousal/Domestic Partner Health	79.3	20.7
Family Dependent Health	77.1	22.9
Retirement	67.3	32.7
Family Leave	50.5	49.5
Life Insurance	61.4	38.6
Paid Vacation	91.7	8.3
Paid Sick Leave	90.6	9.4
Unpaid Benefits	84.4	15.6
Other Benefits	59.8	40.2

Benefits Offered Temporary Employees

	Yes %	No %
Health	8.7	91.3
Dental	7.5	92.5
Vision	4.3	95.7
Spousal/Domestic Partner Health	6.5	93.5
Family Dependent Health	7.7	92.3
Retirement	7.7	92.3
Family Leave	7.5	92.5
Life Insurance	5.7	94.3
Paid Vacation	13.4	86.6
Paid Sick Leave	12.6	87.4
Unpaid Benefits	16.2	83.8
Other Benefits	7.8	92.2

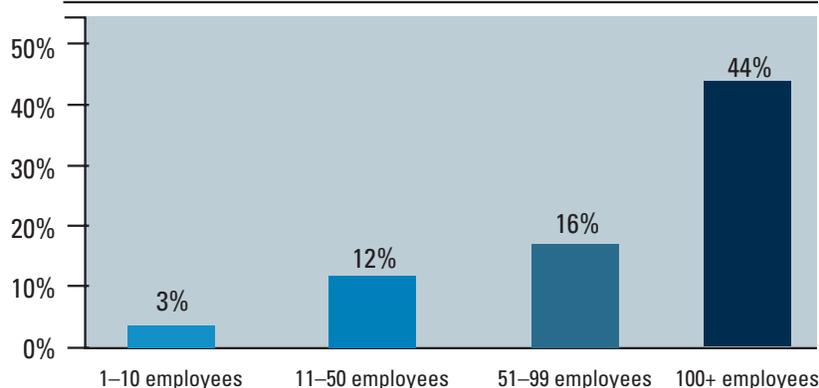


16% of the organizations surveyed reported that their employees were represented through collective bargaining agreements with labor unions, but this figure obscures the more relevant indicator of unionization: the number of employees. **44% of all organizations with more than 100 employees were unionized**, while 16%

of nonprofits with between 51 and 99 employees were unionized, 12% of nonprofits with between 11 and 50 employees, and only 3% of organizations with fewer than 10 employees. We have not calculated the percentage of all nonprofit employees who are represented by organized labor, but rather the percentages of nonprofit organizations. The number of represented nonprofit employees probably exceeds 40%, given the relative size of the largest unionized nonprofits. The unions most often listed as representing employees were SEIU Locals 790 and 250, and the Social Services Union Local 535.

44% of all organizations with more than 100 employees were unionized..

Percent of Organizations Unionized, by Number of Employees



We have earlier described the ethnic diversity of the staff of San Francisco’s nonprofit human service providers, and noted that staff diversity more closely resembles client diversity than the City’s general census diversity (please see pps. 9–11).

IV. Nonprofit Facilities: Ownership And Leases

Among the more heated issues in San Francisco during the past three years was the effect on nonprofit arts and human service organizations of the sudden and dramatic increase in commercial and residential rents, as well as the effect of rising housing costs on nonprofit staff. Nonprofit arts organizations took the lead in these public debates, as there was an increase in the displacement of small and neighborhood arts organizations, particularly in the Mission and South of Market. In both the political world and the foundation community there was concern over a sudden threat to the nonprofit providers of social services, the arts, and related advocacy organizations, and studies were commissioned to ascertain the extent and seriousness of the crisis in affordable nonprofit space.

The most thorough of these studies was conducted by CompassPoint Nonprofit Services, sponsored by a wide range of public agencies and philanthropic foundations. Completed in October, 2000, a little less than a year before our survey, the CompassPoint analysis revealed a deep threat to nonprofit providers in the city. They reported that 58% of sites rented and leased by nonprofits were at risk within a near fifteen month period, though these sites were disproportionately shared by the smaller organizations, and represented only 20% of all nonprofit leased space. Still, by any measure, this constituted a serious threat to a large group of nonprofits offering a variety of services.³

Our survey did not replicate the analysis conducted by CompassPoint, but did ask some of the same questions. We found a greater degree of site ownership than had CompassPoint, and somewhat less anxiety about potential displacement. We were surprised initially by the degree to which our results reflected greater stability and security for nonprofits than did the CompassPoint analysis, but a careful comparison of the survey respondents suggests some obvious explanations. Ours was an older and more established universe of nonprofits, included a couple of organizations of great size and resources, and did not include the most vulnerable of the smaller nonprofits—in the arts and advocacy areas. And both groups of nonprofits did share a fundamental fear that rising rents would push nonprofits out of several neighborhoods in which many human service recipients reside.

Among those nonprofit human service providers who responded to our survey, **45% of them owned space in San Francisco**. One third (33%) of all discrete sites were owned, representing 49% of total square feet reported. (By contrast, CompassPoint found 13% of their respondents owned all or shares of their facilities, but that these sites represented 38% of the square feet reported⁴). The average size of owned sites was 16,328 square feet (with a trimmed mean of 13,323 square feet). Three quarters (75%) of respondents’ owned sites were 19,000 square feet or less.

Percentile	Current Space Owned
25 th	Less than 4,288 sq.ft.
50 th	Less than 10,000 sq.ft.
75 th	Less than 19,000 sq.ft.

of 22,000 square feet or less. While it is not possible to extrapolate the total square footage used by the sector from the data generated from our respondents, the survey did capture most of the large nonprofit human service providers. Therefore, this number may serve as a surrogate for the whole.

The long-term health of the nonprofit human service providers, and their ability to deliver quality services to their clients, depend upon funding that allows nonprofits to compete for both scarce facilities and even scarcer personnel.

Among the respondents to our survey, 55% utilize a single site; 45% use 2 or more sites. The study respondents reported a **current utilization of 3,382,842 square feet**; 75% of all respondents utilize a total

³ “Nonprofits at Risk: The Space and Occupancy Crisis Facing San Francisco’s Nonprofit Community,” CompassPoint Nonprofit Services, October, 2000.

⁴ c.f. CompassPoint, Op.Cit. pps. 4, 17.

Sixty-six percent (66%) of our respondents' sites were rented, representing 51% (or 1,725,249 square feet) of nonprofit human services space. For this particular group of nonprofits, nearly half of the space reported is protected from escalating rents by leases (compared to only 38% in the CompassPoint survey). This may account for the relatively low percentage of respondents (about 20%) citing affordable facility rent as a major challenge they faced. Again, we need to point out that a significant number of our respondents did not give figures for their facilities.

Of those who did report rental rates, the total monthly rent expenditure on 272 sites was \$1,454,600 (or \$17,455,200 per year). (This compares to the CompassPoint report that found monthly rents of \$1,466,456 on 337 sites, in October 2000). 14% of those who responded with specific rental information reported no rental costs, due to donated space or facilities.

For those agencies reporting rental rates, and excluding the donated space, the mean monthly rent was \$5,937 per month, and the mean cost per square foot was \$16.87 annually. There was a wide range of rental costs, though it does not appear that any agencies were paying the wildly inflated commercial rents commanded in the downtown districts (between \$35/sq.ft. and \$80/sq.ft. annually). This was partially due to a large number of organizations having long-term leases, as well as a surprisingly large number of nonprofit human service providers owning their own facilities.

Percentile	Square Feet	\$ Monthly Cost	\$ Annual Cost per Sq Ft
25 th	2,000	\$1,003	\$13.12
50 th	3,300	\$2,534	\$13.55
75 th	7,350	\$4,808	\$18.22

With regard to potential displacement, 46% of the rented sites among the nonprofit human service providers have leases expiring within the next two years (contrasted to 58% in the CompassPoint survey). A full 40% had leases that expired in three or more years, and 14% of sites were in spaces that were donated or provided by special arrangement with minimal or no payment. This might include sites within public schools or the Housing Authority, or buildings previously donated. These sites were, on average, slightly larger than the leased sites.

Evaluating Risk for Displacement

Survey Respondents' Sites: Lease Expiration and the Square Footage at Stake

Rental/Lease Terms	Number of Sites	% of Sites	Total Square footage	% of Square footage	Mean Square footage
Month-to-Month	34	12	165,137	10.4	5,161
Year-to-Year	7	3	10,760	0.7	2,690
Expires 2001	30	11	112,146	7.1	4,136
Expires 2002	55	20	264,211	16.6	3,375
Expires 2003	32	12	184,896	11.6	6,376
Expires 2004 or Later	77	28	571,997	36.0	8,056
Donated/Special arrangement	39	14	278,740	17.6	10,324
Total	274	100	1,587,887	100.00	9,423

V. Challenges

If anxiety over the cost of facilities was a dominant theme among nonprofits—and in the press—during the past three years, our survey revealed a wider group of potential threats to the nonprofit human service providers. We asked nonprofit providers to list those things they perceived as the “most important challenges your organization faces today in its efforts to provide human services in the City of San Francisco.” While over 20% identified “affordable facilities” as among the most important challenges, these concerns were dwarfed by concerns over funding and recruiting and maintaining staff.

Almost half of all respondents (49.7%), reported that the most important challenge was adequate funding for the delivery of their services. 42.9% reported that the search for, and later retention of, trained staff was among their most important challenges. Almost one in twelve (or 8%) reported that the complexities and contradictions of doing business with the City and County was among their biggest challenges, while 6.9% listed affordable housing for their clients as their own most important challenge.

There is an obvious reciprocity between the overriding concern with adequate funding and the concerns over staffing and affordable facilities. Limited budgets are perceived as limiting needed capital improvements, facilities expansion, and recruiting and retaining talented staff. 30% of the survey respondents report losing staff over the past 12 months due to budget cuts. The long-term health of the nonprofit human service providers, and their ability to deliver quality services to their clients, depend upon funding that allows nonprofits to compete for both scarce facilities and even scarcer personnel.

What would you identify as the most important challenges your organization faces today in its efforts to provide human services in the City of San Francisco?

	Yes %
Funding	49.7
Staffing	42.9
Affordable facility (organization)	20.6
City Government Politics (include complaints about contracts, monitoring and reporting)	8.0
Affordable Housing (clients)	6.9
Cost of doing business in San Francisco	6.3
Changing needs of clients or community	5.7
Public Awareness and media attention	3.4
Coordination of programs in different organizations	2.9
Volunteers	2.9
Other	13.1

Indeed, when asked about the difficulties in recruiting and retaining staff, respondents reported that it was significantly harder over the past two years (1999-2001) to recruit and retain employees at all levels. For managerial and professional staff, 73% of the organizations reported it was currently more difficult to recruit, and over 79% reported the specific difficulty in offering competitive salaries. 25% of all surveyed providers report losing professional and managerial staff to both the for-profit and public sectors. For “frontline” staff the picture was not much better; 71.5% said it

was harder to recruit qualified staff, and 73.6% pointed specifically to the difficulty in offering competitive salaries. Almost 30% of all surveyed organizations report losing frontline staff to alternative employment in the public and for-profit sectors.

Managerial and Professional Staff—Recruitment and Retention

Easier or More Difficult	Easier %	No Difference %	More Difficult %	Not Applicable %
To recruit qualified employees?	7.4	15.7	73.2	3.8
To retain qualified employees?	5.1	33.3	59.1	1.9
To provide competitive salaries?	5.7	13.0	79.4	1.9
To provide competitive benefits?	5.2	40.1	52.1	2.5
To provide employee training?	7.8	49.7	39.4	3.1

Frontline Staff—Recruitment and Retention

Easier or More Difficult	Easier %	No Difference %	More Difficult %	Not Applicable %
To recruit qualified employees?	5.1	18.9	71.5	4.5
To retain qualified employees?	4.0	36.5	54.9	4.0
To provide competitive salaries?	5.2	17.9	73.6	3.3
To provide competitive benefits?	4.0	43.3	48.7	4.0
To provide employee training?	6.0	47.3	42.1	4.6

We should point out that these survey results were generated before September 11, 2001, and before California finally acknowledged that it was in a recession likely to cause a dramatic drop in public revenues. The nonprofit human service providers face the unhappy possibility of the diversion of Federal funds from social and human services to security, anticipated cuts in State funded social programs, and potential cuts in the City General Fund budgets for social and human services. This can only accentuate the anxiety about funding, staffing, and facilities revealed through the survey.

These considerations make more relevant the other persistent theme in the survey, especially in the “comment” section where organizations expanded upon their survey answers: the perceived difficulty in doing business with the City and County of San Francisco. While only 8% listed such difficulties among their greatest challenges, many expressed frustration with the City’s contracting process, the lack of uniform contracting standards and processes across city agencies, and reporting requirements that put excessive demands on nonprofit staff. Taken together, these issues raise a particular concern during a period of fiscal restraint: how will fiscal limits constrain the ability of the nonprofits and the City to work collaboratively to address the serious human service needs of the city’s residents?

It is on the hot-lines and in the nursing stations that each personal drama unfolds, where someone we’ve called “staff” meets someone we’ve counted as a “client.”

VI. Conclusion: To Partner or Not To Partner

San Francisco's nonprofit human service providers form an institutional network of remarkable breadth, depth and strength. The numbers tell only one part of the story, of course, at an abstract and aggregate level. The real significance of these organizations lies in each of the 431 sites they operate throughout San Francisco, in the person-to-person connection that results in a homeless child finding shelter, a frightened teen getting tested for HIV or another STD, a battered mother finding comfort for her children and safety for herself. It is on the hot-lines and in the nursing stations that each personal drama unfolds, where someone we've called "staff" meets someone we've counted as a "client."

Despite the critical contribution this institutional network makes to vulnerable San Francisco individuals and families, the nonprofit human service providers have too often stayed at this personal level, and not understood their aggregate significance in the life of San Francisco. Each organization faces the threat of budget cuts, rent hikes, or the end of a long-term lease, largely alone. They make funding appeals on their own, in the name of the individuals and the communities they serve. They negotiate their contracts with the City and County alone, often in competition with each other. And even as they operate in a dense web of client referrals and mutual assistance agreements around individual clients, they do not often plan together for long-term survival.

This focus on the immediate, and on the particular organization, reflects the historical specificity with which each organization emerged, and the specific commitments each organization makes to serve a particular community or need. But these commitments are also political in the broadest sense; they reflect a commitment to the poor and to those left out, as well as a commitment to provide public services in a community-based manner. And as each organization reflects on the current funding crisis, or on the affordability of housing and facilities, or on the difficulty of retaining qualified staffing, each is pulled towards a broader appreciation that they are not alone in these crises.

The numbers tell a sobering story: this is a network of organizations reaching a huge number of persons in need, managing an enormous aggregate budget for human services. If fully 40% of all dollars spent on human services in San Francisco is through the nonprofit providers, then a crisis among these providers is a crisis for the City and County. If the budget numbers suggest the magnitude of the share of clients served by the nonprofits, then a crisis that threatens their clients threatens a very large number of San Franciscans.

How, then, to frame the policy issues suggested by this study? First, the study itself reflects a growing awareness of the nonprofit human service providers as a "Sector," sharing common problems, possessing the capacity to frame a common future. Their ability to plan together depends on the further development of this awareness, and

...the share of services provided by the nonprofit human service providers is so large that they cannot afford to continue to act independently...

of mechanisms of mutual assistance and consultation as each faces their dilemmas and challenges otherwise alone. There are several institutional factors mitigating against the nonprofits' capacity to plan together: they are often in implicit or explicit competition with each other for scarce funding, and each cluster of organizations relates to different City, County, State or Federal bureaucracies, and responds to different funding timelines, different accountability expectations, and different bureaucratic politics.

At the same time, more and more organizations are realizing that they share certain fundamental issues across bureaucratic or topical lines: they share a common interest in maintaining a tradition of community-based services, they share a common frustration with public bureaucracies and the often-shifting agendas of private foundations, they share a common commitment to ensuring that their clients receive full array of services.

These common interests are reflected in the data on “most significant challenges,” and in the specific data on facilities and staffing. They also reflect a larger awareness: that the share of services provided by the nonprofit human service providers is so large that they cannot afford to continue to act independently, that they constitute a significant institutional partner with public agencies, and that they need to be seen—and see themselves—as such.

But what kind of partnership? This study is a preliminary analysis, providing a profile, the bare outline of magnitude, and characteristics and major issues—but not detailing the relationships between public and nonprofit agencies. There is mutual distrust along with mutual need, and a lack of clarity over who can or ought to provide services. There is an on-going dispute between public sector unions, who seek an end to “contracting out,” and the nonprofits who see themselves as critical elements of a community-based strategy. There are on-going disputes over accountability, with public sector officials sometimes claiming a lack of accountability among nonprofit providers, and nonprofit providers believing they are held more accountable than public agencies. And—most critically—there is an absence of sustained planning that integrates the services provided by the two sectors—public and nonprofit—in a way that maximizes both their effectiveness and efficiency.

Indeed, there exists an on-going question regarding both the duplication (or redundancies) of service, and the efficiencies of modes of service. There are those who question the richness of the array of services provided San Franciscans, and believe there are nonprofits providing services that could be better provided through public agencies. There is a widespread belief among nonprofit providers that they serve more clients for scarcer dollars, and that they do not have the administrative or bureaucratic overhead required in public agencies. They do this under duress, in one regard, as many nonprofit agencies believe they are underfunded in their administrative costs and salaries. They also believe that even if they were adequately funded for administration they would still be more efficient in delivering services.

These are arguments without immediate resolution—partly because no one has ever done a comparative analysis of service duplication, much less a study of efficiencies in the different services offered by public and private sector agencies. More to the point, people may be talking past each other; it may be that the different kinds of services

offered at the community-based and decentralized nonprofit sites are by definition different than those offered through more centralized, capital and technology-intensive public institutions. If that is the case, then the costs associated with them might vary enormously. It is hard to make judgements on these matters, absent any sustained comparative analysis.

In the end, however, it is in the political world that these issues will be resolved. There is no putative rational perspective from which one could adjudicate the issues of efficiency, unionization, contracting out, duplication of services. The critical issue may be the degree to which the nonprofit human service providers have the ability to organize themselves into a coherent sector, represent themselves and their clients, and seek community support for the services they offer. Such organizing may bring them into an alliance with public sector unions and government leaders, as all share a common interest in maintaining a healthy and rich array of human services for San Francisco's residents. Given this collective interest, the distance between these critical players in San Francisco may be shorter and easier to bridge than the chasm between local human service providers—both nonprofit and public—and those national and state forces who will seek cutbacks in public funding, the restriction of service programs, and a retreat from even modest supports for the poor.

The critical issue may be the degree to which the nonprofit human service providers have the ability to organize themselves into a coherent sector, represent themselves and their clients, and seek community support for the services they offer.

Appendix A: Methodology

Questionnaire

In order to gather qualitative and quantitative data on the population of non-profit human services providers contracting with the City and County of San Francisco, San Francisco State University's Public Research Institute (PRI) and Urban Institute (SFUI) worked with members of the Human Services Network (HSN) to develop a comprehensive questionnaire. Questionnaire development was informed by recent surveys developed by CompassPoint¹, The Management Center², and The New York City Nonprofits Project³.

The questionnaire was organized into six sections as follows⁴:

- **Background questions:** This section included a question about the organization's tax status, the year the organization began providing services in San Francisco, and primary and secondary service areas.
- **Clients:** This section included eight questions about the organization's clients including general demographics of clients, language in which services are provided, and possible change in the number of persons served by the agency.
- **Space and Services:** This section was comprised of a series of matrix questions about each space the organization owned or rented in San Francisco. Information requested included location of sites, square footage, mortgage/rent, lease/rental terms, services provided at site, hours in operation, number of employees, and number of clients served at this site in the course of a year.
- **Staff:** This section comprised 13 matrix and multiple choice questions related to staffing. Information requested included number of staff and weekly hours, hours required to obtain benefits, types of benefits offered, ease of recruitment of management and frontline staff, whether or not staff had received COLA's recently, whether or not the organization was unionized, ethnicity of staff, and some information about client trainees and interns.
- **Financial Resources:** In this section, respondents were asked about their organization's annual budget, organizational expenses and the source of funds, and city departments with which the organization contracts.
- **Identifying Information:** Respondents were asked to provide contact information so that they could be contacted with further questions and so they could indicate whether or not they wanted a copy of the final report or more information about joining the Human Services Network.

Respondents were also asked to identify the most important challenges facing them in their effort to provide human services in the City of San Francisco. The questionnaire was mailed to 329 organizations in San Francisco April 18, 2001.

¹ CompassPoint Nonprofit Services. *Nonprofits at Risk: The Space and Occupancy Crisis Facing San Francisco's Nonprofit Community*. October 2000, San Francisco. Authors: Jeanne Peters, Mike Allison, Christina Chan, Anushka.

² The Management Center. *The Management Center's 2001 Wage & Benefit Survey of Northern California Nonprofit Organizations*. 2001, San Francisco.

³ The New York City Nonprofits Project, *The 2000 Nonprofit Survey, 1999-2002*. <http://www.nycnonprofits.org/index.html>

⁴ A copy of the questionnaire is included in Appendix B.

Population

The population for this survey consisted of all known non-profit human service providers who contract with the City and County of San Francisco. A list of nonprofit contractors was procured from the San Francisco Purchaser's Office. This list was amended with information received directly from contracting departments. Those organizations that did not provide direct human services were eliminated from the list. A total of 329 surveys were mailed. An additional fifty-nine organizations were determined to be ineligible or out of business through the course of data collection, leaving a population of 270 organizations. A total of 173 completed surveys were returned. One-hundred and sixty-nine (169) of these surveys were usable, resulting in a response rate of 63%. Because this was a survey of the entire population rather than a sample of organizations, confidence intervals are not used in our presentation of the data as they are relevant to inferences from a random sample to a population.

There was little significant difference across neighborhoods in terms of the percent of existing human service organizations headquartered in that neighborhood responding to the survey. The one exception to this rule was the Bayview—while 66% of organizations headquartered in other San Francisco neighborhoods responded to the survey, only 29% of the organizations headquartered in the Bayview completed the survey.

Respondents had significantly higher City contracts in the 1998-1999 FY than did non-respondents. The average City contract for non-respondents was \$383,177 vs. \$941,314 for respondents. It should be noted that size of contract did not neatly correspond to the size of the organization in terms of budget or number of staff, although there was some correlation. It should not be assumed that non-respondents were all smaller organizations, nor that respondents were all large organizations.

Finally, respondents that were members of the Human Service Network were much more likely to complete the survey than were other respondents (97% vs. 52%).

Follow-Up Procedures

A postcard reminder was mailed to all non-responding organizations on May 2, 2001. All non-responding organizations were given at least one reminder call between May 2 and August 31, 2001. As a result of phone contact, additional surveys were re-mailed or faxed to a number of organizations to replace misplaced questionnaires. A total of 193 surveys were faxed or re-mailed.

Data Cleaning and Analysis

Survey respondents were re-contacted to clarify information provided on the survey questionnaire, and to minimize item non-response. In some cases where respondents were particularly hard to reach, information was added from the

Guidestar Online Database of fiscal and operations information on IRS-recognized nonprofit organizations ([http://www.guidestar.com/.](http://www.guidestar.com/))

Data were entered into three separate databases. One database was used to record data pertinent to the entire organization, another database was used to record data pertinent to organizations' various sites, and one was used to record and analyze the qualitative answers to the question about significant challenges faced by nonprofit organizations. Therefore, persons reading the report are cautioned to take note of differences between unit of analysis. It is important to be aware while reading the report that the unit of analysis may be the organization as a whole, sites, clients, staff or budget dollars.

Nonprofit organizations providing direct human services under contract with the City of San Francisco vary greatly in terms of size, with a small number of very large organizations and a large number of small to medium organizations. Because of the differences noted above between respondents and non-respondents, and because of the skew in the data on budget and staff size, caution was used in interpreting survey results. Estimation of the staffing levels, client contacts, expenses, budgets and funding by source were made from the survey population to the entire population of organizations (270). These estimates were made using medians rather than means or even 5% trimmed means in order to keep estimates conservative. Percents cited in the text of the report refer to the survey population only.