

## *Reflections from a community-building perspective:*

### **San Francisco CBO's Task Force Recommendations for the Nonprofit Sector**

*by Jeffrey Betcher, Quesada Gardens Initiative*

The San Francisco Community-Based Organizations Task Force's recommendations for the nonprofit sector have been released, bringing much-needed attention to problems in the sector. The task force put a government and philanthropy lens on its review of assets and challenges in the nonprofit sector, and on the interface of the nonprofit and public sectors. As a result, the recommendations are narrow. But they remain useful.

My work in the nonprofit sector, especially the work I've engaged in with other community-builders in Bayview Hunters Point, helps me appreciate many of the conclusions found in the task force's report. It has also delivered me to a firm conviction that grassroots community-building is a cost-beneficial social change strategy that might have found a more prominent place in the recommendations.

That conviction guides this series of reflections on the recommendations from a community-building perspective. Community advocates

whine a lot, I know. It's also true that the defensiveness of policymakers wells bottomless. However, the recommendations are themselves a self-critical City document. And the subject is so important to the short- and long-term health of San Franciscans that, perhaps, we'll all cut each other a little break.

The recommendations, based on a University of San Francisco study, usefully address immediate issues facing the nonprofit sector and local government: City contract and grants management, community-based organizations (CBO's) reticence to collaborate, CBO over-reliance on government funds, CBO need for technical skills, and other areas of concern.

Other issues seem to have gone unconsidered, including the City competing with CBO's for funds, and public or quasi-public entities set up to help us but which all too often duplicate CBO programming to the detriment of the work. With regard to these issues, some of the task force recommendations seem to form a dark cloud over the already troubled nonprofit landscape.

"...the Southeast sector of the city remains under-served. It is important to note the lack of nonprofits in areas of San Francisco with especially high concentrations of poverty. Bayview Hunter's Point has some of the highest proportions of poverty yet is not home to many nonprofits; however, the ones that are there are fairly large in terms of revenue. The geographic distribution of nonprofits in San Francisco does not necessarily reflect the location of high poverty neighborhoods in the city."

- SF CBO's Task Force Recommendations

But action is needed. And recommendations from a conjoined City and philanthropy perspective are better than none, even if CBO's are the entities that will be affected most.

The report, as reports often do, raises more questions than it answers. For me, it raises concerns about the state of my own neighborhood, the core mission of private philanthropy, and the approaches CBO's are taking to their work.

### **Southeast Sector of San Francisco: underserved as usual.**

The report exposes a disparity between the part of the city I live and work in and other neighborhoods, in terms of the density of nonprofits. That disparity translates into populations in the Southeast, among the neediest in the City, being less likely to benefit from direct support. It also means that nonprofit service organizations comfortably operate at a distance from the populations they hope to serve.

The Quesada Gardens Initiative experience has crystallized for me and others how effective it is to build capacity around grassroots efforts that emerge directly from communities that need attention. It has made me wonder how projects exported from conference rooms into a community – without pre-existing community investment, community-defined project design, and resident leadership – ever manage to succeed. (They do, sometimes, though it's often expensive.)

When policymakers and funders talk about social change work, the Holy Grail seems to be the “scalable” model project that provides a universally replicable formula that can be broadcast from City Hall or the home office of a large nonprofit organization...or from both at the same time in a “groundbreaking collaboration.”

When the talk is of *effective, sustainable, cost-effective* social change work, many organizers prioritize localized systems and organic solutions that are difficult to replicate. Increasingly, “citywide” solutions aren't “local” enough. Even strategies that are “neighborhood-wide,” especially in multicultural neighborhoods, sometimes can't traverse the terrain for a one-size-fits-all “solution.”

What forms are two distinct camps. On one side, established and powerful entities, armed with “task force findings,” “strategic plans” and “RFP's,” benefit from centralization at a price to the desired social outcomes. On the other side, newer and often entrepreneurial organizations, armed with good ideas that are already working, benefit from independence and the ability to move swiftly...at a price to the kind of effectiveness that can only come with infrastructure and the ability to interact with power structures.

### **Centralized or localized...or both.**

The task force's report begins with recommendations to consolidate nonprofit administration and to support mergers and closures. The concerns about “administration” seem to emanate from both the City- and CBO-related policies and practices, while concerns about support for mergers and closures is specific to CBO's. Of course, the truth is, the economy is forcing tough decisions and scrutiny already, not just with nonprofits, but with City agencies, too.

Mechanically, government can benefit from centralization, as is the case with good large businesses. In fact, more centralization of some aspects of managing the relationship with government-funded nonprofit organizations could be the most important thing to emerge from the task force recommendations.

Try to find a local nonprofit professional who does business with the city and who doesn't have a horror story about getting the city to produce a check or finalize a contract. Just try. Despite the hard work of excellent public servants, I've long since concluded, something systemic is very broken when it comes to delivering on commitments to CBO's.

Now, try to find a city grants manager who doesn't have a horror story about a CBO that couldn't deliver on the most basic requirements of a partnership.

Perhaps CBO's and city government deserve each other. At the very least, there's plenty of 'fessing up to do on both sides. The task force report opens this Pandora's Box, something that needed to happen.

Aspects of the dilemma about where to weight administrative decision-making and oversight are

"The Bayview, Excelsior, Bernal Heights, and Visitation Valley have fewer poverty-serving nonprofits despite concentrations of people living in poverty. Likewise, the southern part of the city has many youth, but few youth-serving nonprofits."

- SF CBO's Task Force Recommendations

ancient. (Think states' rights versus federalist principles.) But with regard to the interface of government-led versus community-generated social change strategies, moderating forces exist: community funding organizations. Don't they?

**"Dear community foundation: The community needs you more than the City does."**

When I first began fundraising for the grassroots work I'm doing now, an acquaintance at a

foundation advised me not to apply for a grant since a government program had been awarded all the money in my funding category. Unless my organization attached itself to that government program, which would have made our work virtually irrelevant, it wouldn't be worth my time.

At a reelection gathering for our Mayor, before the economic downturn, I asked about a chunk of violence prevention funding that seemed to me ideal both for our community's need to turn the tide on violence, and the Mayor's need to show effectiveness and innovation in a politically important neighborhood. I appreciated his directness when he said that, whenever he tried to move budget toward newer strategies, established organizations raised such a ruckus that he usually had to restore the funds.

That answer was frustrating, to be sure, yet made sense to me if I assumed that, when government has resources, its first thought is to grow itself and protect its existing constituency. But the answer was just part of the CBO fundraising riddle which also includes the notion that community-based foundations are less politically restricted, and more likely to support innovative grassroots work that government may not. That, disturbingly, is often not the case.

The culture of closeness between government policymakers and philanthropists can work against communities of need. In my ideal world, foundations would proactively look for and fund effective social change strategies, and shy away from paying a municipality to identify funds recipients and re-grant or contract to CBO's they feel fall in line with their giving strategy or political goals. The latter approach is prevalent, and can "green light" the worst in outdated modalities and political posturing.

### **CBO's could play together better.**

One task force recommendation, that collaboration between community groups should be rewarded, makes a critical point as gently as possible. If you read the websites of most any community-based organization, you can find something about partnership and collaboration being central to its work. Too often, that's where the willingness to collaborate ends: a head-on collision between canned words and the reality of competing agendas and fundraising needs.

In many cases, it seems as though CBO's simply need to keep their collective eye on the prize of social change, instead of on one another. In other cases, the problem seems to lie with the paradigm that seats government and funding organizations at the table, side-by-side, and that rewards nonprofits for longevity instead of effectiveness.

In any case, communities of need suffer.

The CBO Task Force's recommendations are thoughtful and, in this case, "truth-telling." The questions they raise about the effectiveness of CBO's, collectively, are questions those of us who work at the community level have brought upon ourselves. If the recommendations stimulate further dialogue in an expeditious but inclusive process, all concerned (most importantly the communities that CBO's say they serve) could land in a better position.

Many CBO leaders would welcome that conversation. In fact, some are already asking why nonprofits like theirs weren't involved in the task force's study and conclusions at a level commensurate with the potential impact on them. They have a valid point.

But given the challenges we face, and the stimulus money moving our way, action is as necessary as consensus and input.

For my part, I will applaud progress that gets CBO's to work together toward a common vision. I will holler when I see movement toward more restrictions on emerging grassroots strategies, or barriers to highly localized leadership and community self-definition.

### **Comments on specific recommendations from a community-building perspective.**

*"The City should identify and incentivize opportunities for nonprofits to use management services organizations (MSOs) and consolidate back office functions."*

This is an interesting idea well worth discussion, so long as that discussion doesn't take the spotlight off of the City's need to improve its own administrative functions where nonprofits are concerned. Even

folks at the management services organizations (MSOs) the report champions might be delighted if the city streamlined its own administration and dealt with the problems associated with the often cumbersome reimbursement system that comes with many local government grants. In any case, necessitating the creation or expansion of a layer of connective tissue between the City and MSOs opens a new set of potential problems without necessarily addressing all the City's internal systems issues.

Other options that could be discussed include strategic expansion of skills development services and technical assistance provision that strengthens community-based work at the roots, and incentivizing nonprofits capable of acting as responsible fiscal sponsors to emerging projects (a resource that is tougher for community-builders to find all the time).

*"The City should play a proactive role in supporting organizations that are contemplating merging or closing."*

Yes. Nonprofits in trouble probably have been stretched thin and sapped of the enthusiasm of all involved by the time the decision-making process associated with merging or closing up shop begins. That process can be an emotional one for board members and staff who may be exhausted already. Staff and volunteers with the most experience may be the first to find other places to work or volunteer. But the remaining assets, including constituencies of concern and any remainder of funding, are all the more important to the populations the organization had been serving.

*"The City should aggressively pursue federal, state and private funding for community services."*

No. The city should not compete with nonprofits for private funding. Sure, go after those federal and state dollars, and enlarge the revenue pie for nonprofits in ways the local nonprofit sector can't do itself. But leave a dollar or two of private funding for nonprofits to scapple over, directly, with foundations.

With all the added oversight the recommendations likely preface, CBO's will need every dollar they can get from sources that allow expenditures that the City does not. (For instance, purchase of food and water for volunteers is usually prohibited in City awards, even though the value of the volunteerism makes the purchase of fruit and trail mix a good investment from the community-builder's perspective.)

There are larger questions that come into play, too, when we talk about government vacuuming up private foundation money. Isn't tax revenue supposed to support government activity rather than foundation money that isn't necessarily subject to a democratic process? Isn't government supposed to encourage leadership in other sectors, as it could in this case by pushing private foundations to do direct gifting as opposed to behaving like a governmental grant-making agency? What happens to government watchdog groups and others if we continue the trend toward government re-awarding grants and contracts from private foundation gifts?

Regarding putting the City in the role of fundraising competitor, the report notes that "...the City must centralize and increase coordination among departments in order to use local dollars strategically and to compete successfully for funding." That returns the report's focus to strengthening the City's own interdepartmental accounting, legal and other systems as the primary need, while at the same time

conflicting with another recommendation to encourage CBO's to diversify their funding bases with nongovernmental money.

*The City should develop a strategic plan for delivery of essential community-based services to the City's neediest residents.*

Maybe. The City needs a strategic plan for internal purposes. Also, it's fair to require that nonprofit organizations that receive large sums of City funds fit into a comprehensive vision and strategy that the City defines. However, the best ideas for social change seem to me to have come, not from government, but from the grassroots, small business, and science and industry. Some ideas remain off City radar even after they are proven to others, and therefore could be left out of a strategic plan that would further marginalize those ideas for years to come.

Tying nonprofit activity to a City strategic plan risks poisoning the well of emerging ideas if nonprofits end up spending their creative time exploring how to align their programs with the City instead of how to act independently and nimbly in attending to the populations they serve. Some nonprofit activity emanates from organizations that, while operating in San Francisco, are also regional, statewide or national in structure or reach. The work of those nonprofits could be unnecessarily complicated; or that work could undermine the City's strategy.

**“Dear task force: Please consider the value of grassroots community-building strategies, and the impact proposed changes might have on them.”**

The action-oriented nature of the task force's recommendations is impressive. The focus, of how the City can do its work better, is laudable. However, some of the conclusions are myopic when it comes to organic social change efforts, efforts for which the City will never improve its support if they aren't overtly considered.

If strategies that harness community wisdom and grassroots volunteerism were central in the task force's discussions, we might have seen action steps along the lines of, “Create a category for relatively unrestricted grant-making to encourage nonprofits that employ an innovative strategy and that have roots in the target population so that the organization can continue to innovate on the ground” or “Define a policy for deciding when it is better to fund grassroots work as opposed to growing an existing government agency” or “Incentivize social and professional networks to create solutions for their communities,” or “Hold nonprofits accountable for growing solutions from the bottom up, and for having true roots in their service areas” or “Reward entrepreneurial groups in ways that reduce their dependence on government funds” or “Increase the capacity of nonprofit organizations to fiscally sponsor projects that may not have large budgets,” etc.

I suspect that members of the task force would agree with many of these individual suggestions. However, the collective bump on the head of the community-building movement formed by its butting against the dominant paradigm (the one that seems to have shaped the task force's recommendations) remains much larger than the dent in the paradigm.

***Include the business sector, and refocus on strategy.***

It's true that the nonprofit sector is unique, and the interface between it and government is especially in need of change. But let's not leave the private sector out of the discussion.

Reportage of the USF study that underlies the task force recommendations has been confusing, as evidenced by a SF Chronicle columnist concluding that simply reducing the number of nonprofits would be an improvement given overlaps in services, etc. In fact, the same conclusion could be reached for the private sector when demand goes down in markets where multiple businesses supply the same products. But who would recommend that we proactively reduce the number of businesses?

Both the business and nonprofit landscapes are redrawing themselves, whether the City or the private philanthropic community are involved or not.

The task force recommendations are prefaced with a very intentional review of the value of the nonprofit sector to the City, something that may reduce CBO alarm by a percentage point or two. Additionally, the recommendations, or at least my reading of them, imply some important messages for CBOs to hear.

I believe that we should avoid emphasizing the winnowing of the nonprofit sector (or inevitable self-winnowing), the quantifying of which organizations work or don't work, or the mapping of overlapping service areas and nonprofit density. While all of that is happening or needs to happen, our focus should be on identifying which strategies are effective, and which are not. The criteria for gauging strategic effectiveness, in my mind, should offer extra points for those that build community and strengthen social cohesion from the grassroots, up.

***Don't forget the business sector or business-like nonprofit strategies.***

CBOs don't wither on the profit and loss vine like ineffective small businesses, and instead need feedback that parallels the end-of-day cash count. CBO's need to be reminded, for instance, that transparency in our programs and budgets is an asset, when we are cost-effective, and should be embraced. Effectiveness when spending the public trust should be expected, just as the loss of all kinds of support should be expected when we fail. Earned-income revenue generation strategies, to reduce the burden on the public trust whenever possible, should always be in mind.

I see the dividing line between business and social change strategies blurring more all the time. For instance, I'm often struck by how similar good community organizing is compared to good private sector marketing. Similarly, effective product development and sales rely on the same listening and networking strategies required by the organizing work typically associated with the nonprofit sector. In many cases, the winning component proves to be localized community- or client-building, regardless of organizational structure.

The task force's recommendation that CBO's diversify their funding bases seems to leave room for encouraging nonprofits toward social entrepreneurial models that hold the potential of being self-

sustaining. The research is out on how far nonprofits can run with those models; and some promising projects have failed to compete with businesses that don't have the same outreach, education and mentorship expenses. Still, we should keep the promising arena between community and business alive, encourage and track new community-private partnerships, and fund hybrid organizations that deliver for locations and populations without neatly fitting the usual categories.

***We are learning, on every level, that change can be good.***

The word "change," any minute, may slip into meaninglessness from overuse. But, whatever you call the local, national and global journey we are all on, it's exciting and promising.

The task force and its recommendations are playing an important role in shaping some of this change. I believe they will lead to a better nonprofit sector, locally, and an improved interface between community-based organizations and city government.

Optimizing the end result depends on openness to the experiential wisdom of the grassroots, and on openness to the professional wisdom of institutions like foundations and government agencies. Neither repository is good at allowing for free exchange across dividing lines. Perhaps we can begin by noting that more and more people are living and working on both sides of the line; that wisdom concentrated in one place is probably something else; and that dialogue is healthy.

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