

Revolution and Devolution:

The History of Contracting between the City of San Francisco and Non-profit Organizations

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The history of non-profits and community-based organizations (CBOs) in San Francisco rests on a foundation of social activism and community involvement, movements predicated upon the refusal to let social, political, or moral injustices pass without challenge or compunction. The development of contractual relationships between non-profits and the City of San Francisco grew as a natural devolution of government to organizations firmly ensconced in the fabric of ethnic enclaves and local movements. Closer to their constituencies, these CBOs could tailor programs to specific demographics, and reach further into their respective communities. Economically, the integration of non-profit services proved equally logical. With less cumbersome methods of management and a local level of operation, non-profits often accomplished the same tasks more efficiently than the government without sacrificing quality for profit. Finally, through non-profits, the City expanded a new arm of service. Non-profits not only effectively capitalized on private funding while providing the desired services and promulgating the desired messages, but also leveraged the work of thousands of volunteers who provided valuable work for free. All three factors catalyzed the incorporation of non-profits into a comprehensive social services network, and all three still remain driving forces behind the use of non-profits today.

The City of San Francisco:

The mecca of activism and fertile soil for non-profits

San Francisco has always held a unique place in the United States. Never was this truer than in the 1960s when the Civil Rights Movement blossomed and bubbled over into the counter-culture and anti-Vietnam War movements. These social phenomena required a certain level of introspection, and the ability for an individual to sever himself from pre-conceived ideas about society and the status quo, and to question established norms and customs. San Francisco became the mecca for this exercise, attracting people who found intellectual stimulation in blazing new paths and adopting new ideas. As a result, San Francisco generated an air of experimentation and an acceptance of unconventional approaches to social issues. Anti-Vietnam War sentiments in particular reinforced a distrust of government and engendered a do-it-yourself attitude promoting individual involvement in local political and social affairs. The flux of non-profit,

grassroots organizations that developed in the early 1970s came at the confluence of these two streams of ideas: experimentation and individual involvement.

Once community involvement through volunteering and non-profit organizations represented a viable means to address social issues, San Franciscans worked with an almost fatalistic burst of enthusiasm and activism. No one sought to make a lucrative business out of their cause, nor did they ever expect to devote their entire lives to it.

The demographic diversity and geographical constraints of San Francisco encouraged the further proliferation of non-profits. Ever-expanding business and a distending population in San Francisco's tight 46.2 square mile area galvanized non-profits into action to defend ethnic enclaves and long-standing neighborhoods beset by growth. While the issues at hand have well changed over the last three decades, the existing non-profits either adjusted accordingly or were superseded by new start-ups. As the barometer for the social and economic conditions of their constituencies, both new and old non-profits offered the City tremendous potential for improving social services. Contracting simply leveraged that potential.

New Needs, New Organizations:
Privatization and the Short-Doyle County Plans

The push for non-profit integration into social services began in earnest with the mental health privatization movement of the 1950s. While nongovernmental organizations like the University of California at San Francisco (UCSF) had long provided services in conjunction with the City, demand for non-profit services rose markedly after a watershed piece of Californian legislation: the Short-Doyle Act of 1957.¹ Designed to inject a greater level of humanity into the treatment of mentally ill patients and to increase competition between local government and private organizations, the Short-Doyle Act ended the policy of incarcerating mentally ill patients and demanded a greater utilization of CBOs. The Short-Doyle Act stipulated that each county should utilize available private and non-profit mental health resources and facilities in the county prior to developing new county-operated services. If a CBO demonstrated its services to be commensurate in quality and at least cost-effective, the county had to establish a

¹ The Short-Doyle Act (now the Bronzan-McCorquodale Act), Cal. W & I C §5600-5623.5 (1957)

contract with the CBO.² If counties failed to involve non-profits they risked losing part or all of their state mental health funds. Thus the legislation created a significant impetus for the support of non-profit mental health facilities.

As the Short-Doyle plan picked up steam in the early 1960s, the Kennedy administration introduced the federal Community Mental Health Centers Act of 1964, which further deinstitutionalized mental health through the creation of mental health centers. Ellis D. Sox, San Francisco Director of Health in 1965, described the Act as a means to “[bring] the staff closer to the people served, and [allow] for program planning according to the needs of the individual district.”³ The City delineated six major “catchment” areas, each serving 100,000 to 150,000 people and each coterminous with District Health Center geographical zones: Westside, Bay View Hunters Point, Northeast, Eureka-Mission, Sunset and Richmond. Closer to the grassroots, these individual centers offered a plurality of services and fused many non-profits into a comprehensive mental health services network.

Westside Mental Health Center, Inc. represented the paradigm for such a development. A consortium of many different organizations, including Mt. Zion Hospital, McAuley Institute, St. Mary’s, the Jewish Family Service Agency, Pacific Medical Center, and Presbyterian Medical Center, Westside officially became a non-profit corporation in 1967, and thereafter contracted with the City. As its web expanded, new non-profits initiated contracts with Westside: the Progress Foundation and Walden House both joined in 1969, for example.

In California, deinstitutionalization climaxed under the Reagan gubernatorial administration in the late 1960s. The Lanterman-Petris-Short Act passed in 1968, requiring counties to provide a multitude of new services for the mentally ill and chronic inebriates.⁴ Then, also in 1968, the state passed an umbrella piece of legislation combining both Short-Doyle and Lanterman-Petris-Short legislative perspectives. That act, the California Mental Health Services Act proved crucial to the devolution to non-profits because it required the state to fund 90% of Short-Doyle programs with 10%

² Cal. W & I C §5652.5. (a) (1957).

³ Department of Public Health’s Annual Report of 1965-66, p. 57.

⁴ Cal. W & I C §5000 et seq. (1968).

matching funds from counties. The original Short-Doyle County plan had apportioned 50% of funding to both county and state.

As it became more beneficial to use non-profits, the City began actively soliciting CBO and non-profit services, recruiting more often proactively than reactively. While it may have taken some effort to make a cry audible, once an organization identified a problem and successfully demonstrated a solution, the City readily integrated that organization into the network. Steve Fields, Executive Director of the Progress Foundation, highlights the economics behind the situation: “If the government is spending six hundred dollars a day per patient for hospital care, and we say we can do it for one-hundred and fifty dollars per day with the same or better quality of services, it’s pretty hard to turn that down and it’s even harder to conceive of sustaining that level of inefficiency.”⁵ Contracting did not require increasing the payroll, nor did it necessitate paying out large pensions to city workers. Moreover, the City could more easily adapt to changing needs, expanding services in areas like mental retardation, drug abuse, youth and children, and geriatrics. Both the City and patients benefited from contracting then: the former extended its arm of service without excessive monetary outlays, and the mentally ill received more attentive care.

The people involved rose to the challenge for all the right reasons: they showed tremendous compassion for those in need and manifested those sentiments through the creation of non-profit organizations.

Crisis Number Two:

Drug abuse and the proliferation of substance abuse non-profits

When drug abuse became a crisis in the late 1960s and early 1970s, the San Francisco Department of Public Health recognized and appreciated the innovative approaches to detoxification and intervention that non-profits and charities had recently pioneered. The San Francisco drug treatment synergism of the 1970s, which successfully incorporated non-profits and civil service alike, was a testament to the progressive climate and open thinking of the Substance Abuse Division at the Department of Public Health.

⁵ Interview with Steve Fields, Executive Director, Progress Foundation, 7/3/01.

By the 1970s the hippie scene had dissipated, leaving remnants in the form of drug abusers and addicts for whom drugs had become a way of life rather than a means of expression. With the introduction of the Lanterman-Petris-Short Act, the City could no longer simply ship addicts off to Mendocino State Hospital as they had in the past. Moreover, the state Department of Alcoholism adopted similar stipulations to the County Short-Doyle Plan, requiring counties to seek out non-profit organizations if more cost-effective. The City needed drug rehabilitation programs in a more accepting social environment, and the Salvation Army responded first, creating the idea of “social setting detoxification” houses. The City began contracting with Salvation Army in 1973, and soon began working with St. Vincent De Paul, Comprehensive Addiction Treatment Services (CATS), and the National Council on Alcoholism (NCA) to expand the scope of services.

Once again non-profits held distinct advantages over other forms of service. They capitalized on private funding from national organizations like the National Institute on Drug Abuse (NIDA), funds the City could only leverage through contracts. As in mental health, private non-profits also held cultural competencies enabling them to penetrate deeper into the problems of substance abuse than civil service could. As Larry Meredith, former Director of Substance Abuse for the San Francisco Department of Public Health, notes, the “non-profit sector was grounded in the community and could be sensitive to cultural issues, innovations in treatment, and their constituency in ways that civil service programs could not.”⁶ Non-profits then not only served an economic purpose, but also became a community-based infrastructure upon which the City could expand services. Thus success in substance abuse treatment and intervention lay in the progressive implementation of both bottom-up and top-down programs and planning.

Methadone treatment comprised a major portion of drug treatment services. The initial thinking called for both the City and non-profits to administer methadone in clinics, and Westside, Inc. and Bay View Hunters Point, Inc. first provided such services. However, after a highly publicized theft of methadone from a City clinic in the early 1970s, the City limited its role in running methadone maintenance programs, reverting to

⁶ Telephone interview with Larry Meredith, former Director of Substance Abuse, San Francisco Dept. of Public Health, 7/10/01.

non-profits as a matter of recourse. The theft underscored a major sentiment running through San Franciscans that the government should let services dealing with intimate details of a person's life rest in the hands of nongovernmental agencies. Increasingly, San Franciscans understood the strengths and weaknesses of City government and felt more comfortable with the level of professionalism non-profits demonstrated.

The Youth Movement:

Changing perspectives and the deinstitutionalization of status offenders

While departments in substance abuse supported contracts with private, non-profit agencies, other departments demonstrated more reactionary tendencies. When the youth movement came to bear in the Summer of Love in 1967, many viewed it as a threat to the establishment and a sign that America's rebellious and disrespectful youth had transgressed. To the Department of Juvenile Justice, organizations like Huckleberry's for Runaways (now Huckleberry Youth Programs), a first-of-its-kind shelter for runaway youth flooding San Francisco, embodied the anarchical messages of the hippie generation, giving undue latitude to the autonomy of young people. Shielded from changing attitudes and approaches, the City continued to detain and incarcerate juvenile status offenders (truants, self-endangered youth, curfew violators, and runaways), punishing status offenders and delinquents with equal severity.

Surprisingly, municipal change would find its genesis on Capitol Hill. In 1973, representatives from youth service agencies around the nation testified at a hearing in front of the Subcommittee on Juvenile Delinquency of the Senate Judiciary Committee. Senator Birch Bayh, a Democrat from Indiana, saw tremendous promise in the ideas these organizations presented to the Subcommittee, and later that year visited Huckleberry's facility on 42nd Avenue and Judah. Based on previous testimony from the subcommittee hearing and his observations from Huckleberry and various youth facilities, he authored the federal Runaway and Homeless Youth Act⁷, which became Title III of the federal Juvenile Delinquency Prevention Act of 1974 (JDPA).⁸

⁷ Runaway and Homeless Youth Act, Pub. L. 93-415, title III, Sept. 7, 1974, 88 Stat. 1129 (Title 42, Sec. 5201 et seq.).

⁸ Juvenile Justice and Delinquency Prevention Act, Pub. L. 93-415, Sept. 7, 1974, 88 Stat. 1109 (Title 42, Sec. 5601 et seq.).

The JDPa had immediate administrative effects, birthing the Office of Juvenile Justice and Delinquency Prevention, an agency assigned the task of coordinating a comprehensive national plan to improve and revamp the nation's juvenile justice system.⁹ The JDPa also had fiscal ramifications, appropriating millions of dollars to state governments to address juvenile justice issues. In order to qualify for federal subventions, however, the state had to comply with the statutes enacted in JDPa. Section 223 (a)(12) of the JDPa proved the most germane to status offenders, forbidding the detention of juveniles in correctional facilities when those charges brought against juveniles, if adults, would not be considered criminal.¹⁰ If the state and local governments were to see any subventions, they would have to accept these new stipulations, thereby deinstitutionalizing the treatment of status offenders within the juvenile justice system. Despite a lengthy battle between the California Youth Authority and the Federal government, the *Juvenile Court Law* (AB 958) finally passed in 1978 under the aegis of the late then California Assemblyman Julian Dixon.¹¹

Their legitimacy fully confirmed in the eyes of federal and state law, CBOs like Catholic Youth Organization (CYO), Hospitality House, Huckleberry's, and Larkin Street Youth Center became the backbone on which the San Francisco Juvenile Justice Department reconstructed its program. In the 1970s and early 1980s the City extended contracts to these non-profits, who, with more than a decade of experience already under their belt, could meet the City's needs. CYO first contracted with the City to provide group home and foster care services for delinquents in the early 1960s. Hospitality House contracted with the City in 1972 to provide residential services for at-risk youth and street-based programs to curb unlawful youth behavior. Huckleberry's first contracted with the City in 1983 and Larkin Street followed in 1984.

These organizations themselves underwent changes as well. Huckleberry's, for example, expanded in the late 1970s to include legal advocacy, clinical services, family counseling, and drug and suicide prevention. The organization also altered its

⁹ Charles P. Smith, et al, Reports of the National Juvenile Justice Assessment Centers, *A Preliminary National Assessment of The Status Offender and The Juvenile Justice System: Role Conflicts, Constraints, and Information Gaps*, (USDOJ), 1980, p. 34.

¹⁰ *Ibid.*, 34.

¹¹ "Juvenile Court Law," Ca. Assembly Bill 958, Chapt. 1061, pp. 3271-3273 (1978).

administrative face, diversifying the ethnic and sexual orientation of its staff to better accommodate the City's changing demographics. Huckleberry's reaffirmed its commitment to address emerging realities in youth services through a contract with the San Francisco Department of Public Health's Center for Special Problems and through the creation of programs like Defenders of the Youth aimed at the Latino Community. Huckleberry's efforts epitomized a general trend in the non-profit community to gear services to specific demographics, a trend vital to the success of the "San Francisco Model" which developed out of the AIDS crisis in the early 1980s.

The AIDS Outbreak:

Non-profits and the orchestration of the "San Francisco Model"

In 1981, when the San Francisco Department of Public Health began seeing an occurrence of illness amongst previously healthy, white, gay males, it decided from the beginning to use third party non-profit organizations and foundations to educate and provide most clinical services to the infected community. Dr. Mervyn Silverman, San Francisco Director of Health from 1977 to 1985, remembers thinking at the time that the government had historically been unsuccessful at educating the population about sexual issues. By using private non-profit organizations drawing monetary support from other private grants and funds, his department could broadcast their message in more explicit mediums without potential backlash. If, for example, citizens complained about particularly overt messages, the non-profits could always deflect blame away from the government. Those counties not utilizing non-profits in this way often failed to get their message out: Silverman recalls the County of Los Angeles abrogating a successful and creative ad campaign featuring an elderly woman saying "Don't forget your rubbers!" after citizens complained that the government should not support such explicit messages. Finally, Silverman cites the fact that no one understood AIDS or could predict its lifespan. Contracting with non-profits gave the City the luxury of terminating those contracts if and when the AIDS epidemic ended.

Galen Leung, Director of Contracts for the San Francisco Department of Public Health agrees to a certain extent, noting that non-profits extensively leveraged private funds. Yet, in his opinion, broadcasting a message did not weigh heavily on the Department of Public Health's mind before 1985 when an antibody test for the HIV virus

appeared. Without fundamental knowledge or scientific understanding, the Department had little with which to educate the general population. Leung therefore credits non-profits for their expertise in both the health and non-health related matters surrounding HIV and AIDS from the beginning in 1981-82. Before the volume of City, state, and federal funds ever picked up, networks of individuals and friends held meetings and formed committees to address the issues and crises AIDS generated. This conglomeration of people, organizations, and foundations quickly mobilized, securing the help of hundreds of volunteers and social workers who put their energy and minds into positive initiatives.

These people stood on the frontline of the crisis. A neighbor next door, a longtime friend, or a family member was dying or had already died from AIDS and the immediacy of the disease galvanized this group into action. As Leung says, “these people understood the daily issues accompanying AIDS because they dealt with the logistical matters of life with the virus. Moreover, these people and organizations were willing to do the work without an abundance of resources and information.”¹² When Assemblymen Willie Brown and John Burton secured a line item in the appropriation ordinance for \$100,000, with a matching grant from the City, “the Department of Public Health then encouraged these existing organizations to transform from informal to professional operations.”¹³ Contracting with these CBOs enabled the City to address specific concerns within the AIDS service system and to capitalize on the hard work of volunteers and social workers alike. By 1986, that transition had actualized.

The next proliferative spurt of AIDS-related non-profit contracts came in the early 1990s when non-profit organizations in minority communities legitimately complained of a large discrepancy between the care afforded gay, white, males and that given to minorities infected with AIDS. Yet based on statistics from City and private clinics, AIDS originally appeared to be less of a problem in these communities. When in 1990 these CBOs sponsored “knowledge, attitude, belief, and behavior” projects, the numbers clearly sided with their case: AIDS was spreading rapidly in these ethnic communities. By the time the government got hold of the results, prevention programs launched in

¹² Telephone interview with Galen Leung, Director of Contracts, San Francisco Dept. of Public Health, 7/25/01.

¹³ Ibid.

conjunction with non-profits like the Black Coalition on AIDS, Asian Pacific Islander (API) Wellness Center (then known as GAPA Community Health Services), the Native American AIDS Project, and Gay Men of All Colors could not stop the veritable conflagration AIDS had become in the African-American, Asian, and Latino communities.

The amalgam of foundations, non-profits, church-based organizations, and government agencies that formed the “San Francisco Model” was then simply a natural aggregation of services meeting specific needs for the AIDS cycle, from diagnosis to treatment to hospice to suppression. As the impact of AIDS spread beyond the gay community, that network expanded to incorporate non-profits offering similar services in San Francisco’s ethnic communities. The San Francisco Model was the orchestration of these multiple organizations to ensure a continuum of care from the beginning to the end of the disease in multiple communities.

**Conclusions:
A partnership past and present**

The development of the partnership between non-profits and the City of San Francisco has largely followed the emergence of various crises.[†] Where federal and state law placed greater pressure on counties to provide for mental health patients and substance abusers, non-profits stepped in to fill the void. When the AIDS crisis erupted a decade later, the Department of Public Health built a successful model upon the bedrock of non-profits and volunteer groups already in existence. Amidst pro-growth and slow-

[†] Due to the limits of time and space, I could not include all the fields in which contracting between the City of San Francisco and non-profits exists. I chose to focus more on the original courtship, so to speak, between the City and non-profits, and thus did not include more recent developments, particularly in the field of senior services and child care.

The general themes outlined above are equally as applicable to these fields. In Senior Services for example, the Older Americans Act of the early 1980s required new services that non-profits, with a historical presence in the field, could effectively offer. Likewise, non-profits in senior services saw great potential in contracting with the City, a way to expand their services and their mission, and to increase total cash flow.

Childcare services have been around for a century. Holy Family Day Home, Inc. began in 1900 and has historically supported low-income families, as is the case with most other non-profits in childcare. Yet unlike other fields, the government did not begin contracting with these agencies until the 1990s, under the initiative of the state Department of Education. With new legislation under the Clinton administration limiting lifetime welfare support to a total of five years, these CBOs have taken up welfare-to-work programs. They also play prominent roles in addressing the declining numbers of kindergarten and early elementary school teachers, and thus sponsor programs to boost retention rates.

growth agendas, and State cuts in funding for human services, San Francisco continued to offer and expand its services, and accepted the higher costs of doing so.

In return for this commitment, CBOs provided effective and efficient services. Non-profits held a level of cultural competence the civil service could never enjoy: they targeted specific ethnic groups with their messages and services, and successfully reached patients reluctant to deal with the City. Structurally and economically, non-profits were equipped to deal with the vicissitudes of providing direct human services. Generally more efficient and cost-effective than the government, but less focused on making money than for-profits, non-profits dealt with pressing issues without sacrificing the quality of service. More importantly, at the heart of these organizations lay a core of talented, dedicated, and motivated social activists who sought change within the system. While the nature and scope of the services themselves have changed over the past half-century as new crises emerged, these three factors have ensured that both the City and the non-profits themselves are comfortable with their roles in combating society's problems. For this reason, non-profits are and will continue to be a resource-rich sector upon which the City of San Francisco and its people rely.

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