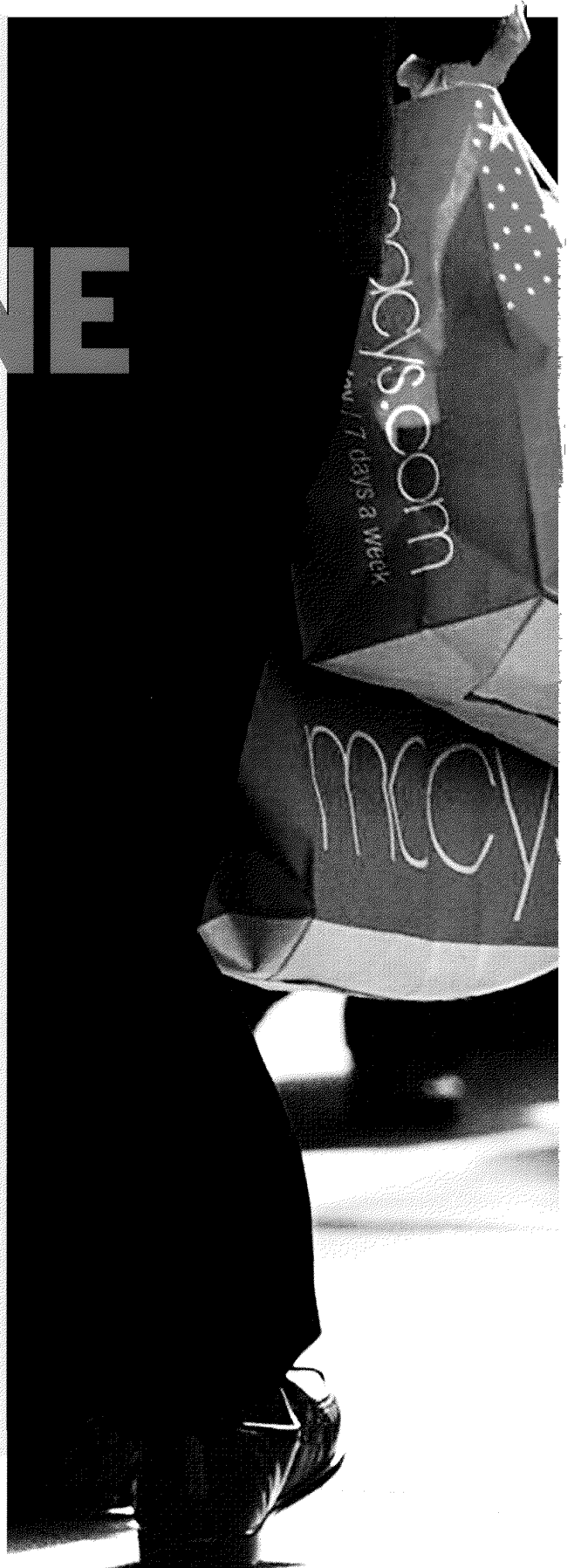


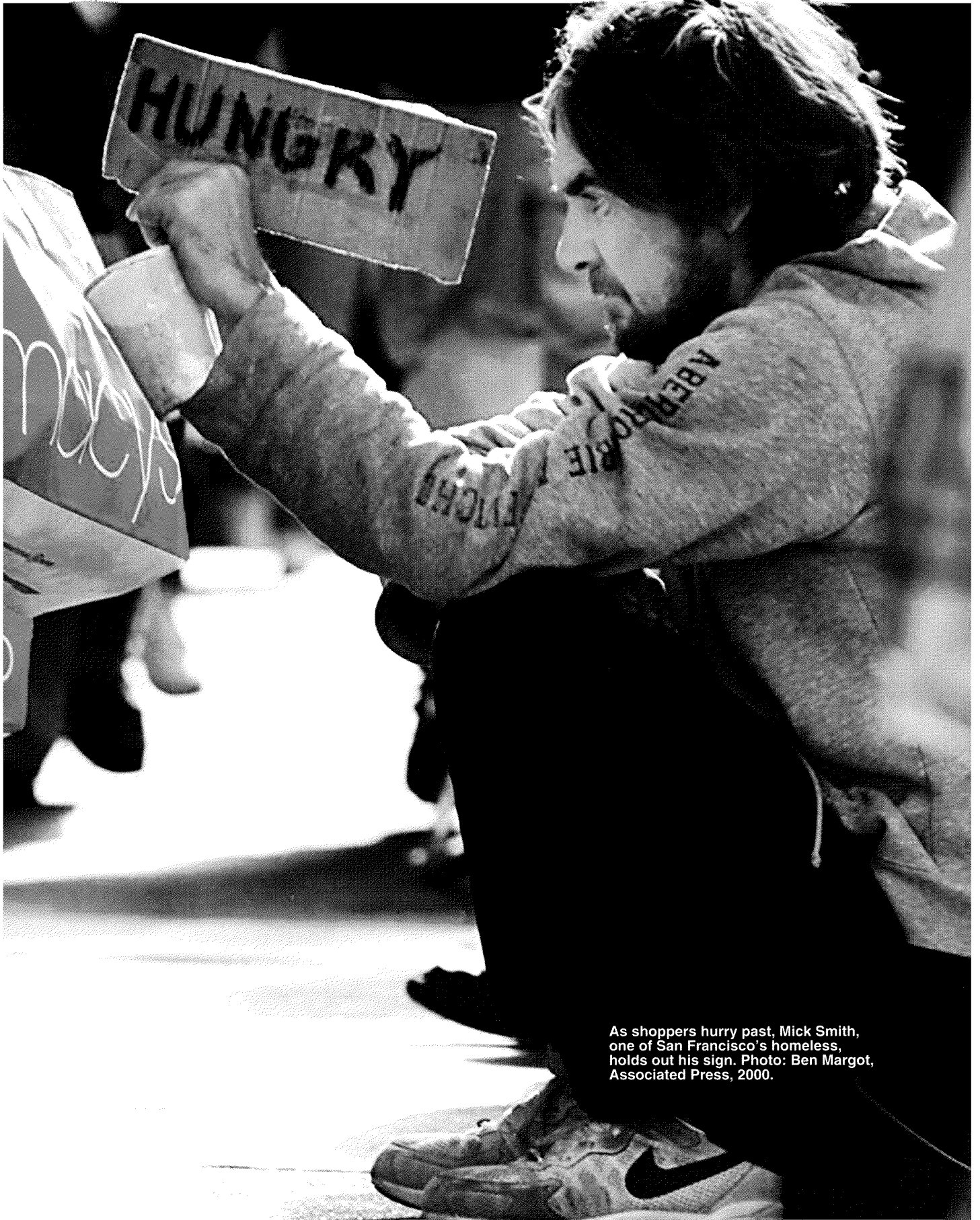
CUT TO THE BONE

After several years of deep cuts in government-funded human services programs, nonprofit organizations both small and large are increasingly taking up the slack. Dependent on government grants and charitable contributions, these community groups serving California's huge "underclass" are saying, "No More!" Already cut to the bone, with many critical services eliminated entirely, nonprofits are sounding the alarm as they brace for yet another round of painful budget cuts. By Sigrid Bathen

It is late afternoon in the gritty center of the venerable Loaves & Fishes complex on the industrial fringe of downtown Sacramento, and rough-looking men with leather skin and haggard, world-weary faces are moving on to the next stop. The daily free lunch service, which is the centerpiece of the 20-year-old program, ended hours ago and there are no more "seconds" as in past years. "Friendship Park," the tiny patch of ground where homeless adults converge, surrounded by a chain-link fence and the adjacent roar of the afternoon commute on Highway 160, closes promptly at 3 p.m. It's time to move on.

Nowhere is the clash of government budget cuts and shrinking safety nets more pronounced than in places like this, where





As shoppers hurry past, Mick Smith, one of San Francisco's homeless, holds out his sign. Photo: Ben Margot, Associated Press, 2000.

critical services are often clustered together, both for accessibility and to cut down on costs. Loaves & Fishes is the so-called safety net in microcosm.

Dominated by the large, warehouse-like building where hundreds of free meals are provided daily, the complex also includes: the “Clean and Sober” program to help alcoholics and addicts kick their habits; St. John’s Shelter, an overnight shelter for women and children; Maryhouse, a day program where women can go for showers, food and counseling; WIND Youth Services, a drop-in day center for homeless teens (see sidebar, p.12) and the Mustard Seed School for children of homeless parents. Other programs are located in neighboring areas. All face daily struggles to provide needed services, even to keep their doors open.

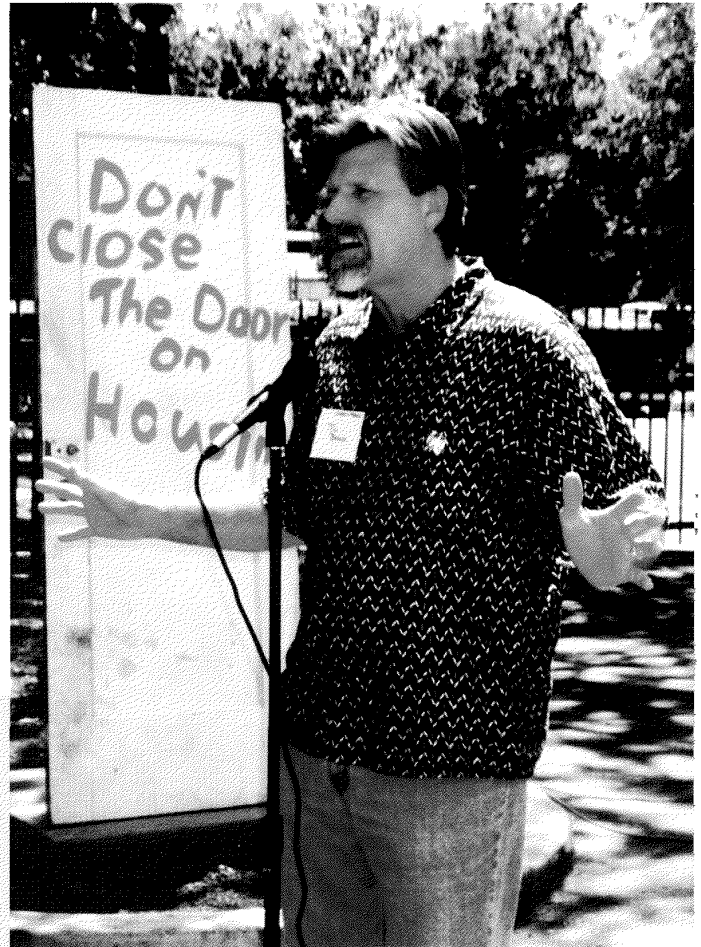
As the afternoon wanes, the homeless men, women and children begin their daily search for overnight shelter, scattering to one of the nearby homeless shelters if they’re lucky or, if they’re not, to the streets, the riverbanks or whatever patch of ground they can find to spend the night. Come morning, many will repeat the same grim routine, trekking back and forth on the industrial fringe in search of a meal, a used jacket, diapers and baby food, a pint of cheap booze, a hit of crack or heroin. Once almost exclusively male, their numbers increasingly include women and children, sometimes entire dispirited families trudging up 12th Street.

Some on the daily trek are neatly, even professionally, dressed — for work, a job interview, a court date or a chance to qualify for cheap housing. Others don’t make it through the night, dying on the streets or, rescued too late, in area hospitals from disease, addiction, violence, suicide, malnourishment or exposure.

On the edge of Friendship Park, just yards from the

swirl of cars heading to or from the suburbs, there is a memorial wall with the names of those who have died, whose numbers have reportedly increased in recent months. One of the recent deaths shocked even the toughest among the hardy souls who work here: A 9-year-old girl, homeless on the streets with her mother, died of pneumonia.

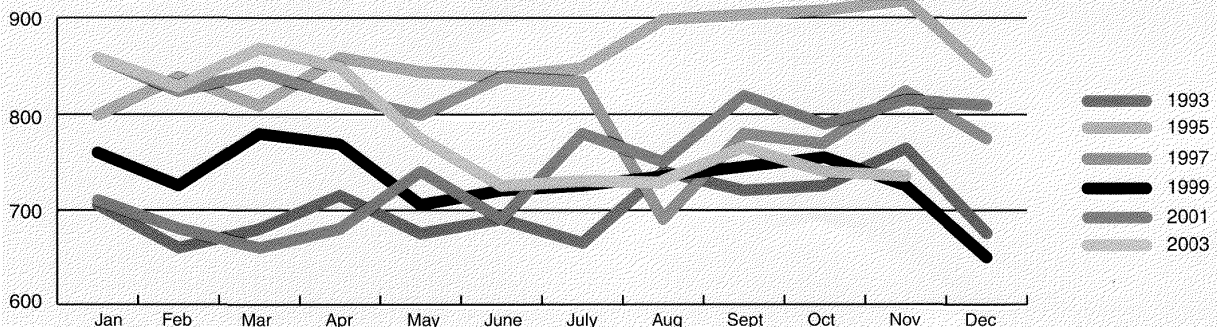
Statistics on the desperate, disparate condition — and the ultimate end — of the homeless population are difficult

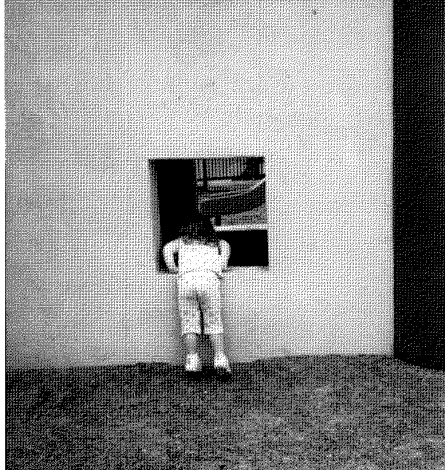


Tim Brown, executive director of Loaves & Fishes, speaks at a Sacramento bake sale/press conference to raise awareness and money for a local housing assistance program threatened with budget cuts. Photo: Sigrid Bathen

The demand for free lunches at Loaves & Fishes, a nonprofit center serving the hungry and homeless in Sacramento, CA., generally reflects the economy’s ups and downs, according to its executive director. In the last decade, during lean economic times, there’s been a corresponding upswing in those asking for a free meal. Source: Loaves & Fishes, 2004

THE RISE AND FALL OF FREE LUNCHES





Above: Providing a respite for families at the St. John's Shelter in Sacramento, a group of church teens performs a musical skit. Left: A child inspects the playground at St. John's Shelter. Photos by Sigrid Bathen

to compile, even harder to interpret. Many are mentally ill, some recently (and frequently) institutionalized in a dwindling supply of treatment facilities, halfway houses, prisons and jails. Many are addicted to alcohol or other drugs, often plagued by the "dual diagnosis" of mental illness and addiction common to those who seek booze or street drugs to calm their inner demons; still others are simply down on their luck and out of work, part of the growing constellation of so-called "working poor" in America, one paycheck away from disaster.

Keeping track of people who die on the streets — or in hospitals or care facilities as a result of untreated conditions acquired on the streets — has become something of a mission for Tim Brown, a former Sacramento County psychiatric social worker who has been executive director of Loaves & Fishes for nearly five years. "We've kept track for 12 years of the people we know who have died on the streets, or died after a significant time on the streets," he

says. "We have a memorial service for each one of them, and then their name goes on the Memorial Wall." One measure of the increased demand for the program's services, he believes, is the increase in the number of deaths.

"Typically, we average a memorial service every two weeks, 25 or 26 people each year who die of everything from murder, suicide, accidents, drug overdoses, assaults, TB, other 'third-world' diseases, you name it," he says. "But since Christmas (2003), we've had a memorial service each week." And, he says, there are more violent deaths and murderous assaults than in years past, as well as a general increase in

tensions on the street that sometimes spill over into confrontations.

"We have a diverse crowd," says Brown, "and we've painstakingly built this kind of peaceful culture here that people value. ...With relatively few staff people, we've managed to maintain the peace here, although it's sometimes difficult. It's hard to prove, but I think it [is related to] the cuts in services. And while this is a bit anecdotal and subjective, it seems like the desperation level is a lot higher."

Brown says Loaves & Fishes is not impacted as directly as other nonprofits by cuts in government programs or grants, since its core operation takes no government money. But the impact is felt in other ways. "It's been harder to raise money," he said. "We saw our private donations drop in 2000 by about 10-15 percent a month. Last year was better, which surprised me because the economy wasn't that strong. Most of our money is raised through direct mail, and we ask more often. Five years ago, we were mailing to our supporters about seven times a year, and now we mail 10 or 11 times a year."

At the same time, the number of people seeking services from more than a dozen programs run directly by Loaves & Fishes — and another dozen programs it is involved with locally — has increased dramatically. It is a phenomenon cited by nonprofits across the state as they struggle to fill the gaps left by cutbacks in government services and grants, along with a drop in "charitable giving" by donors whose own incomes are affected by turbulent economic conditions.

Brown keeps a chart over his desk that marks the ebb and flow of demand for services — primarily in terms of the

number of free meals served – and it generally mirrors economic trends. He points to 1995, “which was the end of the last recession, and our busiest year ever – we were up above 900 people a day. That came down between 1995 and 1999 to about 700 a day, but it jumped back up last year, when we had our busiest four-month period ever, from January through April (2003), and we were up over 850 people a day.” Currently, it’s stabilized at around 700 meals a day, partly because they stopped serving second helpings a year ago.

“Even when the economy is really good, 700 [meals] a day is a lot,” he adds, noting a sharp increase in recent years in the number of families seeking services. “From 2000 on, there have been way more women and children. When we started 20 years ago, they were 10 percent of our population, and now they’re over a third.” Brown and others blame the tight housing market and rapidly escalating housing costs. “Single parents are particularly squeezed,” he said.

Typical are Sacramento County’s proposed cuts to a Loaves & Fishes’ affiliate, Sacramento Self-Help Housing, which assists homeless people in finding affordable housing through agreements with private landlords and shared housing arrangements. The proposed \$96,000 cut for 2004-05 will slash the highly regarded program’s annual budget

“IT WILL BE VERY DIFFICULT TO INVESTMENT THAT STATES PROGRAMS]. WE

by three-fourths. Critics say the ultimate cost to government will be far greater.

In one of the most comprehensive reports on the impact of cuts on the state’s nonprofits, a survey of 741 “safety-net” California nonprofits conducted by the California Association of Nonprofits (CAN) in March showed that more than 40 percent of all organizations were operating with less revenue than last year. Asked to describe how they were dealing with the cuts, nearly half said they were postponing new hires, freezing salaries and reducing or eliminating programs; more than one-third had laid off workers, eliminated vacant

Young and Rootless

Homeless teens occupy a growing, but often overlooked, corner of homelessness in America, served by nonprofit and government programs that are severely hobbled by the state’s budget cuts. These teens are living on the streets for varied reasons: those who’ve left intact, but impoverished families, runaways escaping abusive homes or refugees from a troubled foster-care system that inadequately prepares them to live independently.

By Alexandra Wagner

The bushy-haired young man, barely out of his teens, has been homeless for more than six months, sleeping on the ground in a tent with three other young men at a Boy Scout campground near the Sacramento River. Although it’s illegal to stay there, these young men have found no other options.

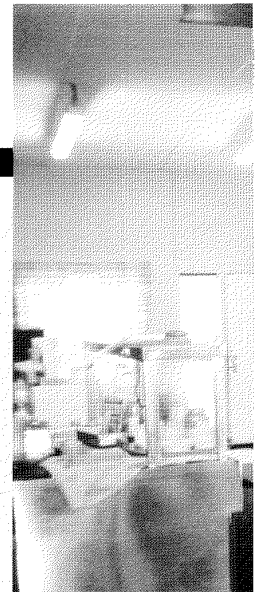
Like many youths, Jason (not his real name) has a hard time getting up every morning, but his reality is in stark contrast to that of his sheltered peers. “The cold air hits you, and you just don’t want to get up,” he explained. “In the winter, it’s especially hard.” He hasn’t slept in a bed in more than six months.

While Jason and his companions were camping ille-

gally at the Boy Scout camp, police often raided the site.

“The police did a little drop-in this morning,” he added, pulling on the sleeves of his worn Army jacket. “That’s always fun ... I woke up to people getting drawn (police drawing their guns).”

On a recent gray morning, unusually cold and wet for a Sacramento spring, the young man is sitting at a small desk at WIND Youth Services, a “drop-in” day center for homeless teens not far from downtown Sacramento. Homeless since moving to California to live with a friend, he is vague about his family – a father in Fresno and a mother living “on the East Coast somewhere,” who he said attempts to contact him periodically through a sister living



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 ARE JUST MAKING TERRIBLE DECISIONS.”
 — FLO GREEN

positions and increased their reliance on volunteers. (See chart, p. 19)

Flo Green, executive director of the Los Angeles-based CAN, whose 2,000 members are mainly nonprofits, says the budget cuts imposed on nonprofit and government health, housing and human services programs will take years to rebuild—even if the economy improves. “It will be very difficult to come back after the devastation to the investment that states and counties have made [in these

programs],” she said. “We are just making terrible decisions. What this state has to face is that we have to generate some revenue. We can’t just pretend this isn’t an issue.”



Flo Green, executive director of the California Association of Nonprofits (CAN)

“The things that are getting cut are prevention and intervention,” she added. “But what that does is move the client base to emergency services, law enforcement, juvenile jus-



Teens find a home at the WIND Youth Services center

out-of-state. Every morning, he walks to the WIND center to get breakfast, a shower and just to “kill time.”

WIND is one of many nonprofit agencies across the state that offer services for homeless teens, including shelter, food, counseling and sleeping bags and blankets. It operates a small overnight shelter in Carmichael, a Sacramento suburb, as well as the drop-in day center located near Loaves & Fishes, a homeless services center just a few miles from the state Capitol.

According to WIND services manger Ken Bennett, the young man’s story is similar to that of many homeless teens in the area. “This is one of the great tragedies,” Bennett

said. “We give these kids sleeping bags and blankets, then when the police raid these camps, the kids leave real quickly, so they leave their stuff behind and they have to start all over. All of their belongings get destroyed.”

Like many nonprofits, WIND operates with a mixture of state and federal government grants and private donations. But with a slow economy and the state facing huge budget shortfalls, funds to nonprofit social service providers are shrinking while the clientele they serve is increasing and becoming more desperate.

“We’re seeing new kids each year,” says WIND program director Tasha Norris, “[including] kids who are doing well and are even in public schools but whose families end up homeless for some reason or another.”

Bob Ekstrom, the center’s executive director, said at least a third of the center’s 15 beds are occupied by teens enrolled in Sacramento public schools. “There is a dramatic increase of kids who have no experience being out there,” Ekstrom said. “When they get desperate, they do things like steal, get angry and hurt themselves.”

It is a common misconception that the majority of homeless teens are runaways who are high on drugs and flunking out of school. According to Norris, most of the teenagers who show up at WIND are “running away from something horrible” in their home life, such as abuse or

tice, institutionalization. We're making choices that are far more expensive than prevention and intervention."

Directors of nonprofit agencies across the state echo those views — that state budget-cutters are pursuing a dangerous course that ultimately will result in whopping costs in emergency medical care, malnutrition, family dislocation and institutionalization in over-burdened treatment facilities, hospitals, prisons and jails.

"When the dot-com era took off, foundations gave out lots more dollars, the state was giving out dollars, and nonprofits were doing very well," recalls Ruth Holton, public policy director for the nonprofit The California Wellness Foundation, which funds numerous community health care services and clinics statewide. "When the dot-coms failed, the state and the foundations were both plummeting at the same time. It's been a huge problem, and has really taxed the nonprofit system in California."

At the same time, says Robert Fellmeth, longtime director of the Center for Public Interest Law and the Children's Advocacy Institute and a professor at the University of San Diego Law School, "extreme poverty" is "spiking up" as the safety net is faltering. "While those under 19 make up 29.8 percent of the population, they comprise 57 percent of those living in poverty. One million kids have no health insurance," he said.

**ALWAYS OPERATING ON LIMITED FUNDS
NONPROFITS ARE TURNING TO WAYS THEY
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Every year, Fellmeth's center — which like other nonprofits has been hard hit by budget cuts and dried-up grant money — nonetheless produces a massive "Children's Budget," describing in stark statistical detail the state's failure to adequately fund programs deemed critical to children. The upcoming Children's Budget for 2004-05, due out in June, does not paint a pretty picture, with virtually all levels of children's services — from child day care and foster care to child abuse prevention, education and juvenile justice — staggering under years of cuts.

Nonprofits that provide services to children and families cannot begin to make up the slack left by cuts in

domestic violence.

"There are more and more teenagers on the streets, but there is no place for them," she said. "They're a forgotten group because they're not cute and cuddly anymore."

A major segment of the teen homeless population is comprised of those in foster care who have been arbitrarily dropped into "adulthood" after becoming "emancipated" at age 18—with little or no preparation to live on their own or any means of economic support. Child advocacy groups across the state are alarmed by proposed cuts in Governor Arnold Schwarzenegger's 2004-05 budget that target programs begun in recent years to help emancipated foster youths. They say such cuts will likely trigger a dramatic increase in teen homelessness.

According to Darrell Hamm, a senior attorney for the National Center for Youth Law in Oakland, nearly two-thirds of all homeless people in California were at some

point in the foster care system.

"A number of homeless teens are refugees from the foster system who have not been prepared by the state to be self-sufficient," he said.

To help former foster youth transition to adulthood, the federal government funded a transitional housing grant in 2001 for states to establish housing and service programs for these teens. Contracted out almost entirely to nonprofit organizations, Traditional Housing Programs-Plus were among the first to be cut back last year when state and county governments began feeling the fiscal crunch.

"THP-Plus programs are such a big help to foster



EMANCIPATED FOSTER/HOMELESS YOUTH

- Nationwide, between 500,000 and 1.3 million children are in foster care.

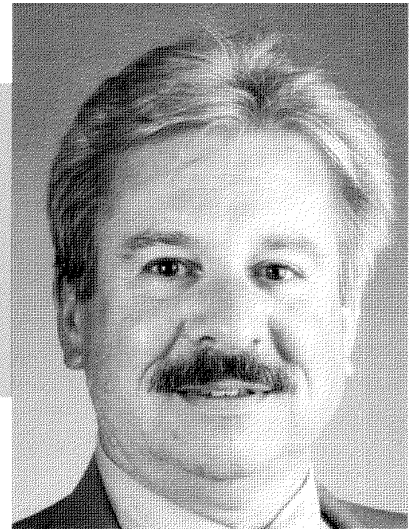
- California is home to 1 in every 5 of the nation's foster children — the highest of any state.

- Nationally, up to 50% of foster/probation youth become homeless within 18 months of emancipation (turning 18).



- About 27% of homeless individuals nationwide have spent time in the foster care system.

AND INCREASINGLY CRUNCHED BY CUTBACKS,
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 — DR. MICHAEL CORTES



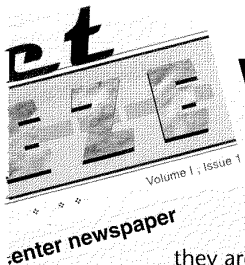
Dr. Michael Cortes, director of the USF Institute for Nonprofit Organization Management

government programs. The result, children's advocates say, has been fewer inspections of child care facilities, less early intervention in instances of child abuse and domestic violence, more drug babies and less prenatal care and less opportunity for early-childhood education.

Always operating on limited funds and increasingly crunched by cutbacks, nonprofits are turning to ways they can maximize their effectiveness by tightening budgets still further, sharing information and resources — and hoping for a better day. "I stick my neck out at my peril, but my best guess is that the next few years will feature slow improvement in the

economy," says Dr. Michael Cortes, director of the University of San Francisco Institute for Nonprofit Organization Management, which researches nonprofits and philanthropy. "It's going to continue to be tough, and the nonprofit sector will be among the last to recover."

As funding sources shrink, Cortes says a "growing field of study" in universities is focused on the business side of nonprofits. USF offers the oldest master's degree program




youths who lose their benefits at age 18," said Stacy Darcy, program coordinator for the CARE Collaborative, a THP-Plus program in Contra Costa County. "But they are also the first on the chopping block."

Although cutbacks are touted as cost-saving measures, THP-Plus advocates warn that the state ultimately will pay more if larger numbers of former foster youths end up on the street, in jail or prison. According to a 2003 study co-sponsored by the California Department of Social Services, 20 percent of emancipating youth are incarcerated within 18 months of reaching their 18th birthday and leaving the foster-care system. The annual cost to taxpayers, according to the California Youth Authority, is about \$60,000-\$80,000 per inmate.

"The state will pay more when these youths end up incarcerated, or when they end up on welfare or drugs," said Marie Thompson, a 19-year-old who spent more than a year

living on the streets as a homeless teenager in the Bay Area.

At a church homeless shelter, she found out about Project Independence, a THP-Plus program in Fremont for former foster care teenagers like herself. Through the program, Thompson was able to find an apartment and a full-time job as an outreach worker at Washington Hospital in Hayward. With Project Independence facing possible elimination, Thompson is helping to lobby lawmakers in Sacramento for more funding.

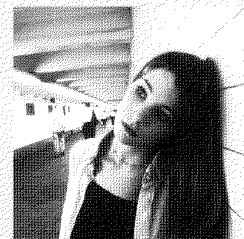
"If it wasn't for Project Independence, I wouldn't be here because there was no one else to turn to," Thompson said. "The state puts you out at 18 and expects you to just go." 

California Journal intern Alexandra Wagner is a junior majoring in political science at University of the Pacific in Stockton, where she is managing editor of the student newspaper, The Pacifican. Send comments to comments@californiajournal.com

In 2001, more than 65% of California youths forced to leave foster care after their 18th birthday were in need of safe, affordable housing.



• In California, fewer than half of foster youth are employed 2.5-4 years after leaving foster care. Only 38% have maintained employment for at least a year.



• Youths in foster care are 44% less likely to graduate from high school.

Sources: U.S. Dept. of Housing and Urban Development. CA Dept. of Social Services. 2003.

dedicated exclusively to nonprofit administration in the country and is expanding to satellite campuses in Sacramento and Santa Rosa. "Most who run nonprofits have learned how to do it through the school of hard knocks," says Cortes. "They may have been well-trained in casework or clinical methods, but [nonprofit administration and accounting] is not part of their training."

Although the plight of nonprofits in urban areas often gets more media expo-

sure, conditions for the poor in remote rural areas of the state are equally dire, if not worse. Up in Eureka, Dan Heinen is executive director of the St. Vincent de Paul Society, which operates thrift stores and provides food, housing and clothing for many of the working poor in Humboldt County. As head of the Northern California Association of Nonprofits in Humboldt, Del Norte and Trinity counties, Heinen says the isolated geography and the loss of timber and fishing industries has hurt.

process, there's no relief in sight. Jean Ross, former principal consultant to the Assembly Revenue and Taxation Committee who has run the independent California Budget Project for 10 years, views the vicissitudes of state and local budget battles with the practiced eye of a seasoned budget expert. CBP receives foundation and other grants to do analysis of public policies affecting "the economic and social well-being of low- and middle-income Californians."

The state and local budget crises in California are inextricably linked in a trickle-down system that dumps its dwindling load of cash — and growing numbers of people — into the shrinking nonprofit safety net. For those with long experience in the murky trenches of the state budget



Jean Ross, director of the California Budget Project

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"As nonprofits, we are collectively serving more people than we ever have before. We're seeing more first-time consumers, people who have been on unemployment, borrowed money from family, can't find jobs, and they're going to a food bank for the first time. They are proud people who are used to taking care of their families."

Heinen says nonprofits have to think differently. "As we have had to become more self-sufficient, we have to run these nonprofits more like businesses," said Heinen, who holds a business degree from San Diego State University and had a long career as a retail business manager. "The days of huge grants and huge donations are gone."

In Santa Clara County, center of the dot-com collapse, the Silicon Valley Council of Nonprofits, which represents 168 area nonprofits, recently completed a study of 457 county contracts with some 130 nonprofit agencies. Overall, the council concluded, nonprofit contracts — for everything from alcohol and drug counseling to mental health and domestic violence programs — were reduced by more than \$8.3 million between 2003 and 2004, translating into 170 fewer jobs at nonprofits.

The proposed cuts for 2004-05 in Santa Clara County

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The CBP's most recent budget study, "Stretched Thin," assesses the overall impact of several years of funding reductions on county health and human services programs. Its conclusions are dire.

"It's been a slow squeeze on health and human services programs," Ross said in an interview. "As the counties downsize, it increases pressure on the community-based safety net. The cumulative impact of several years of reductions means that organizations have less slack. People have trimmed and tightened their belts, but you run out of ways to do that. ... And the need is huge."

As the state's July 1 budget deadline looms, nonprofit administrators say the pressure — and the desperation level of clients — intensifies, with no manageable end in sight. "I hate to use the cliché, 'the perfect storm'," says the Wellness Foundation's Holton, "but that's what it is." 🏠

Sigrid Bathen, a former California Journal senior editor, has written extensively about social services programs for various publications. An adjunct professor of journalism and communications at California State University, Sacramento, she is currently media director for the state Fair Political Practices Commission. CJ intern Alexandra Wagner contributed to this article. Comments may be sent to comments@californiajournal.com