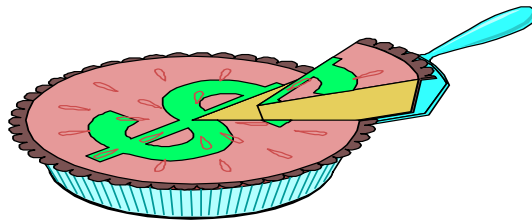


Unequal Slices

A Study of the Distribution of Government and Private Funding Sources to New York City Neighborhood Service Providers and Community Districts



Working Papers

Michael Harrington Center for Democratic Values and Social Change
Queens College, City University of New York

by

David Rubel

Community Planning and Development
215 17th Street
Brooklyn, New York 11215
718-768-2675

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(A complete copy of the 155 page study is \$35.00. send request to drubel@nyc.rr.com)

Letter of Organization Support

Dear Reader:

We have read the Unequal Slices Study and found it to be an important contribution to our understanding of the relationship between funding and need in New York City. This ground breaking Study represents the first time that a systematic documentation and analysis of the geographic distribution of government and private funds was undertaken. We look at the publication of the Study as a starting point for stimulating a dialogue between funders and communities. To facilitate this dialogue, we also hope that updated figures will be compiled and examined in the future.

Unequal Slices scrutinizes the geographic distribution of funds exceeding \$650 million dollars that were provided by eight funding entities during the period of 1988 to 1993. While our own organizations did not participate in the underlying research process, and thus cannot attest to the accuracy of the data, we are confident that both the research methodology, and the questions raised, independently constitute important contributions.

If you are concerned about the well being and vitality of New York City's nonprofit human service sector, we encourage you to read this important Study.

**Glen Pasanen, Associate Director
The City Project**

**Carolyn McLaughlin, Executive Director
Citizens Advice Bureau**

**Elba Montalvo, Executive Director
Committee for Hispanic Children and Families**

**David Jones, President
Community Service Society**

**Gladys Carrion, Executive Director
Family Dynamics, Inc**

**Harold DeRienzo, President
Parodneck Foundation**

(This letter was circulated during the month of October, 1997)

**UNEQUAL SLICES:
The Distribution of Government and
Private Funding Sources in New York
City**

How fair is the distribution of government and private funding sources to New York City neighborhood service providers? In the Spring of 1990, the author began a study to determine the extent that objective definitions of need are being used as the basis for allocations of government and private human service dollars to the neediest citizens of New York City. Implicit in this endeavor was the public policy goal of all citizens in need having equal access to government and privately funded human services. The study showed widespread disparities in funding between community districts for a variety of reasons.

During the succeeding six year period there have been many changes in the highly dynamic relationship between the nonprofit neighborhood provider sector, government and the philanthropic community. While funding allocations have changed, basic allocation patterns have not. The critical thrust as well as importance of the study has not changed since its inception. The bottom line is that an annual breakdown by community district, community group and need is essential for any semblance of equity to exist. The findings contained in this study should be used as the basis for dialogue between under funded communities and funding sources.

When the study was initiated in 1990, a cross current of growth and cutbacks confronted the nonprofit neighborhood service provider sector. Today, retrenchment, the scaling back of government's commitment to social programs, appears to be the predominant

agenda. Whether the current situation will result in substantive

changes is difficult to determine. What is certain is that if government does make serious cuts, as it did to agencies such as the New York City Department of Youth Services, Department of Employment, and Human Resources Administration in FY 1996 and FY 1997, these cuts should be made with equity in mind.

The lifeblood of community organizations- their bottom line- is money. Any new service, from a youth center to job training for hard to employ adults, needs funds to operate. According to the New York City Mayor's Office on Contracts, approximately \$3,000,000,000 was contracted out to New York City's non-profit citywide and neighborhood service providers in 1993. Obtaining these funds has always been and remains a highly competitive process.

Although objective needs of the communities and the capacity of applicants to use these funds effectively should be the main consideration used by government and private funding sources, other forces influence the process. Competition for funding means community organizations must be aggressive and resourceful in their pursuit of government and private dollars.

A powerful and committed board of directors, good and strong relations with elected officials, compelling issues, track record, and effective management are helpful ingredients necessary for competing in the arena of New York City Neighborhood services. Community groups vary in their ability to satisfy these criteria. It is very difficult for the leaders of a community to have a full understanding of their success or failure in attracting government and private resources. To have a good understanding of how

ingredients affect community groups' capacity to grow, one must take a comparative and citywide look.

Each of New York City's neighborhoods is unique. The study documented the geographic distribution of over \$650,000,000 of government and private funding to New York City communities and neighborhood service providers working in them. The allocations/awards of the following government and private entities were closely looked at:

- **130 largest foundations headquartered in New York City**
- **New York State Legislature Member Item Grants**
- **United Way of New York City**
- **New York City Board of Education-United Way CAPS Attendance Improvement Drop Out Prevention**
- **New York City Department of Youth Services**
- **New York City Department for the Aging**
- **New York City Department of Employment**
- **New York City Community Development Agency**

FOUNDATIONS

The grant giving of the 130 largest Foundations headquartered in New York City was tabulated to determine how much the work of neighborhood service providers was a priority. The other area of inquiry was to determine if foundation giving

follows a pattern regarding its actual giving to neighborhood service providers.

The data shows that the Foundation sector has not been a serious or viable source of fund for neighborhood services in the outer borough communities.

In 1989, out of a total of \$900 million grant dollars given out by the top 130 foundations headquartered in the City, 12.8 million or 1.3% went to neighborhood service providers operating in New York City (in 1998, the figure was 1.1%).

Of the 12.8 million, 50.8% went to the following Manhattan community districts: CD-3 Lower East Side-Chinatown, CD-8 Upper East Side, CD-7 Upper West Side and CD 11 East Harlem.

The poor communities of Northern Brooklyn- CD-4 Bushwick CD-5 East New York, CD-8 North Crown Heights, CD-9 South Crown Heights, CD-16 Brownsville and CD-17 East Flatbush, received only 2.7% from the same foundation giving group.

Only a small minority of the several thousand neighborhood service providers operating in New York City receive any Foundation money. In 1988, of the 11,378,000 that went from the 130 largest foundations to the neighborhood service providers, 38% of that amount went to Settlement Houses.

Poverty was but one of several factors that determined how foundation dollars were distributed. The neighborhoods of East Harlem, Upper West Side, Upper East Side, and the Lower East Side together received 50.88% of all dollars given by Foundations to New York City Community Districts and their neighborhood service providers.

Those Manhattan Community Districts have the closest proximity to the mid-town headquarters of the foundations.

One of the main reasons why some communities did better than other ones can be explained by the location of Settlement Houses. Together, the 38 Settlement Houses (all members of United Neighborhood Houses) operating in various parts of New York City accounted for 38% of all Foundation dollars in 1988—\$4,332,000. When you take out the grants that went to the Settlement Houses, just over \$7,000,000 foundation dollars are left for New York City's several thousand community organizations. The four Manhattan Community Districts that receive half of the Foundation dollars are also home to 18 Settlement Houses.

The reality of foundation giving in New York City is that the work of the neighborhood service provider is not a priority. With the exception of a few foundations—New York Foundation, New York Community Trust, Surdna, Calder, Aaron Diamond, Edna McConnell Clark, Ford (through its subsidiary Local Initiatives Support Corporation-LISC), Morgan Guaranty, Uris and Dewitt Wallace Foundation—the nonprofit neighborhood service provider sector might as well not exist.

NEW YORK STATE LEGISLATURE MEMBER ITEM DOLLARS

The largest and least restricted pot of government money for neighborhood service providers can be found in the New York State Legislature Member Item budget. Each year, the members of the Assembly and State Senate dole out approximately \$60 to 80 million to thousands of community organizations, cultural groups, hospitals, museums, and little leagues across the State. In Fiscal year 1989-90, New York City's

neighborhood service providers took in a total of \$13,401,000 dollars of Member Item money.

The New York State Legislature Member Item budget is an excellent example of what is known as old fashioned pork barrel politics. In order to get recognition and votes, elected officials hand out thousands of dollars to the favorite district projects. Fighting to reform the practices of insurance companies is a noble effort, but getting the funds to fix the local little league ball field will generate more positive recognition. To remain in office, to maintain party discipline for key votes in the Legislature, to shore up weak electoral districts in the Democratic controlled Assembly and the Republican controlled Senate. Legislators are constantly spending port barrel dollars.

The process of receiving member item money is fairly straightforward. Each year, around January, thousands of non-profit agencies send proposals for member item dollars to their State elected representatives in the Senate and Assembly. Depending upon the wishes of each elected official, a handful of nonprofit groups in his/her district will be awarded funds when the budget is settled for the new fiscal year. Some groups receive as little as \$3,000 while others get as much as \$300,000 (a community group in the Bronx received \$800,000 annually between 1987 and 1996).

For community groups, the Member Item budget can be a very crucial source of support. Unlike most government money, Member Item dollars come with few restrictions. The elected officials typically leave it up to the community groups and the assigned supervising state agency to decide upon the best way to spend the money. These less restrictive dollars are valued by recipient nonprofit organizations. Many innovative and dynamic projects have gotten their start with Member Item dollars. On the other hand, Member Item dollars can also be a source of waste and patronage.

During the fiscal years of 1989 and 1990 and 1991, when the New York State Legislature Member Item Budget was operating at fully capacity, widespread funding disparities between community districts existed, including the following:

- The neighborhood service providers operating in the middle class communities of southwest Queens-Ridgewood, Maspeth, Glendale, Middle Village and Richmond Heights (Community Districts 5 and 9) received a total of \$3,678,000.
- The poor and moderate income communities of the South Bronx-Mott Haven, Melrose, Hunts Point, Longwood, Soundview, Claremont, University Heights, Tremont, Crotona, Morris Heights, Norwood and Fordham (Bronx Community Districts 1, 2, 3, 4, 5, 6, 7, and 9) received \$ 2, 273,500.
- The 8 Bronx Community Districts that cover these neighborhoods have 11.5 times as many people living in households below the poverty level than the two Queens Community Districts. Three times as many people live in the 8 Bronx Community Districts than the 2 Queens Community Districts.
- 5 Community Districts all received an average of \$600,000 or more dollars each year, while 5 other Community Districts received an average of less than \$60,000.

If each Assembly and State Senator received an equal share of money (which is to some extent how the New York City Council operates its own version of Member Item), there would be much greater likelihood of a fair share geographic

distribution. If each of the 59 Community Districts received an equal amount of money, then each District would have been assured of receiving at least \$684,000 during this 3 year period. If factors such as poverty and total population were taken into account, almost every single Community District with a large poverty population would have received more money (a few would receive about the same amount).

UNITED WAY OF NEW YORK CITY

During the years of 1988, 1989, 1991 and 1992, the funding pattern of United Way of New York City (UWNYC), a major source of funds for neighborhood providers, favored the communities where older, established neighborhood service providers were operating. The City's main geographic concentrations of poverty received little UWNYC money.

- The main neighborhood service providers operating in community districts of East Harlem (Man 11) and the Lower East Side (Man 3) received 24% of all UWNYC dollars going to neighborhood service providers. The third and fourth largest amounts went to the Upper West Side (Man 7) and the Upper East Side (Man 8).
- The six Community Districts that comprise the South Bronx (1, 2, 3, 4, 5, and 6) received a total of 7.6% of all UWNYC money that went to neighborhood service providers. These same 6 community districts comprise 15.6% of all people living in households below the poverty level.
- The six community districts that comprise the North Brooklyn geographic concentration of poverty (3, 4,5, 8, 9 and 16) received a total

of 2.7% of all UWNYP funding that went to neighborhood service providers. These same six community districts comprise 15.8% of all people living in households below the poverty level.

- Manhattan Community District 8, which covers the Upper East Side, received \$1,613,813 from the UWNYP. These same six community districts of the South Bronx and the same six community districts of Northern Brooklyn received a total of \$1,657,000. Two of the poorest areas of the City received nearly the same amount of money as one of the wealthiest neighborhoods.

New York City Board of Education-New York United Way

One area where the UWNYP has done an excellent job of awarding funds to the neediest communities is in its Attendance Improvement-Drop Out Prevention Program also known as Community Achievement Project in the Schools or CAPS. The funds originate with the New York City Board of Education and are administered by the United Way.

For FY 92-93, the New York City Board of Education together with the New York United Way gave out approximately \$11,695,000 annually to neighborhood based service providers for after school youth programs known as Attendance Improvement-Drop Out Prevention AI-DP. These funds are targeted almost exclusively to neighborhoods with large concentrations of low income youth. While not as well known as the Department of Youth Services, BOE-UW is the second largest funding source for after school youth programs.

NEW YORK CITY DEPARTMENT OF YOUTH SERVICES

The New York City Department of Youth Services (DYS) is one of the most competitive funding sources. All communities, regardless of income composition, aggressively seek out these scarce dollars. DYS dollars fund the after school, evening and weekend youth recreation, cultural, leadership and training. Despite much recent progress in redressing inequities, such as with the Beacon School Initiative, as of Fiscal Year 1992-93, large disparities between Community Districts existed:

For general youth population, 12 community districts received \$20 or more per youth, while the 15 Community Districts received less than \$9 per youth. If all DYS dollars had been given out according to a strict definition of need, each community district would have received \$14.2 per youth.

If the number of low income youth (defined as living in a household with an income below the poverty level) was the sole criteria for the distribution of Youth Services dollars, then the rate would be \$54.35 per low income youth. Thirteen community districts received \$40 or less per low income youth, while 12 community districts received \$100 or more per low income youth.

Very large and very poor parts of the City receive very little Youth Services Dollars. The concentration of poverty communities of northern Brooklyn (comprising community districts 3 Bedford Stuyvesant, 4 Bushwick, 5 East New York, 8 North Crown Heights, 9 South Crown Heights, and 16 Brownsville) received a rate totaling \$34.85 per low income youth. This same area would have received \$1,796,476 more if the DYS funds had been given out on a strict basis of \$54.35 per low income youth.

DEPARTMENT FOR THE AGING.

The Department for the Aging (DFTA), like Youth Services, gives out highly competitive dollars. All communities have senior citizen populations with unmet needs. A substantial part of DFTA dollars goes to multi-district areas (several contiguous community districts). Using DFTA's own formula for determining need, for Fiscal Year 1991-92, the following comparisons were made of multi-district service areas. These multi-district areas show how much more dollars each would have received if the DFTA formula was in strict use for all dollars distributed (it is only required for Federal and State monies):

The South Bronx, Community Districts 1, 2, 3, 4, 5 and 6 received \$1,254,000 above the DFTA formula amount.

- North Brooklyn, Community Districts 1 and 2, received \$1,358,000 *above* the DFTA formula amount.
- Staten Island received \$1,412,000 *above* the DFTA formula amount.
- Lower Manhattan, Community Districts, 1, 2, 3, 4, 5, and 6 received \$1,513,000 *above* the DFTA formula amount.
- North Central Brooklyn, Community Districts, 3, 8, 9 and 16, received \$1,778,000 *below* the DFTA formula amount.
- Southern Brooklyn Community Districts 7, 10, 11, and 12, received \$1,160,000 *below* the DFTA formula amount.
- Northeast Queens, Community Districts 7 and 11, received \$1,771,000 below the DFTA formula amount.

NEW YORK CITY DEPARTMENT OF EMPLOYMENT

The New York City Department of Employment is responsible for funding a group job training and employment programs for low income youth and adults. Most of the money administered by DOE comes from the Federal Job Training Partnership ACT (JTPA). Any participant in a JTPA funded program must have an income close to the Federal Poverty level.

In Fiscal Year 1991-92, approximately \$146,609,000 dollars were given to non-profit organizations to run job training programs.

Almost all of these non-profit are neighborhood based organizations which are located in low income communities. Unlike funding for youth or senior citizen programs, close geographic proximity of service to clients is not as necessary. It is reasonable to assume that an individual interested in getting a job understand that traveling across a borough might be involved. Also, because two of the corporate concentrations in New York City are located in downtown and midtown Manhattan, these two areas have a large concentration of DOE funded programs.

NEW YORK CITY COMMUNITY DEVELOPMENT AGENCY

The New York City Community Development Agency (CDA) is responsible for administering funding from the Federal, State and City governments for anti-poverty programs. With the exception of a few borough and citywide programs, all CDA service dollars are contracted out to nonprofits community based organizations. The community based organizations apply

for CDA funds through a competitive, request for proposal, process. Allocation decisions are made by a separate community body known as the Neighborhood Advisory Board (formerly Area Policy Board). Unlike the Department for Youth Services and the Department for the Aging, CDA funds must be spent solely on the needs of low income people.

The types of services funded through CDA are left to the local Neighborhood Advisory Boards (NAB's) and the community based organizations CDA funds can be used to run a wide variety of programs ranging from youth, elderly, immigration, housing employment, etc. Thirty three areas of the City were eligible for CDA funding in 1992-93 (eligibility requirements have since been revised). CDA has a good record in that the more low income people a community district has, the more CDA dollars it receives. The variances are only slight.

COMPARISONS AND ANALYSIS

In order to get an overall view of funding, five funding sources, comprising a diverse group, were combined in one single factor. These five funding sources were:

- Two years of funding from the 130 largest foundation based in New York City
- Three years of funding from United Way of New York City
- Three years of funding from the New York State Legislature member item allocations
- Two years of Department of Youth Services
- Two years of Department for the Aging

The total amount from the five funding sources was \$347,025,000.

The following outcomes based on a formula that only considers the number of poor people in each community district (defined as individuals living in households with incomes below 125% of the Federal Poverty level):

Seven community district received more than \$400 per person, while 8 community districts receives less than \$120 per poor person.

If the FFS had been given out solely on a need definition of 125% of the poverty level, \$203 dollars per poor person is the funding basis.

Of the 15 Community Districts that received the most amount of funding per poor person, 13 of them are all relatively affluent with varying pockets of poverty; only two have large populations of poor people- Manhattan CD 3 the Lower East Side and Manhattan CD 11 East Harlem.

Private vs. Government Funding: While disparities among community districts exist in both government and private funding, when looked at separately, the private ones are much larger.

The following findings only involved private funding (United Way and Foundations):

- Community Districts Manhattan 3 Lower East Side and Manhattan 11 East Harlem received over twice as much private funding (\$12,631,410) as the combined amount of the 15 Least Funded Communities (\$4,197,512). The 15 Least Funded Communities are also most of the poorest ones by overall population.

- The extent of poverty or the number of neighborhood service providers operating in a community have almost no bearing on the amount of private funding going there. Significant amounts of private funding (defined as roughly 50,000 or more a year) only goes to a tiny group of neighborhood service providers with close and well developed ties to private funding sources.
- The location of Settlement Houses is a major factor in explaining why some poor communities are more successful than others in accessing funds. In 1930, of the 80 Settlement Houses operating in New York City, 40 were located either in East Harlem or the Lower East Side. In 1992, 11 of the 38 Settlement Houses still in existence were located in these two community districts.
- Based on similar research conducted over 30 years ago, some of the communities with the largest relative gap between needs and services were in 1961 as in 1992. Other communities with the smallest relative gap between needs and services were the same in 1961 as in 1992. New York City's poorest communities could be found in both groups.

The funding patterns that dominate the New York City nonprofit neighborhood service provider sector are deeply entrenched. First, community districts with the smallest populations with low income people are found at the top of the ranking; conversely, the community districts with the largest populations of low income people are found at the bottom. This finding should not come as a surprise since need was not the

primary factor in the allocation of the individual funding sources. When added together, the pattern remains the same. The poorer a community district, the less money there will be on a per poor person basis.

What is surprising is how two community districts, Manhattan 3 (Lower East Side) and Manhattan 11 (East Harlem), both ranked near the top for FFS dollars per poor persons. In fact, Manhattan community district 3 ranked sixth citywide for the number of people living in households below 125% of the poverty level; community district 11 ranked eighth. Both of these community districts ended up with 3 times as much funding, on a poor person basis, as community districts Brooklyn 16, Bronx 4, Brooklyn 9, Brooklyn, 4 and Bronx 5.

Poor communities are not all alike when it comes to funding. Some community districts, such as the Lower East Side and East Harlem, are far more successful than many of the poor communities of the South Bronx and Northern half of Brooklyn. The most critical factor for explaining these differences is the role played by a Privately Funded Community Organization (PFCO) or Settlement House. Poor communities that have several of these organizations operating in them end up with far more private funds than communities that do not.

The importance that Settlement Houses and other types of PFCO's such as a YMCA community center or one of the more successful community development corporations cannot be stressed enough. Any poor neighborhood is lucky to have a few of these organizations operating in them. They have the professional staff, experience and network of resources to ensure that government and private funds come into the communities they serve. Equally important, they also have the organizational bureaucratic imperatives that demand growth. In the case of some of the settlement houses, there is also the factor of

long established ties to family foundations. These organizations make a critical difference in the overall funding that goes into a community district.

When the Settlement House movement began in New York City, most of the City's poor were concentrated in Manhattan neighborhoods such as the Lower East Side, Chelsea, Clinton, and East Harlem. New York's first settlement house, University Settlement, was founded in 1886 on Rivington Street on the Lower East Side. Others such as the Henry Street Settlement, Grand Street, Hudson Guild and the Educational Alliance quickly followed. It was only natural for Settlement Houses to be built in the poorest parts of the City. However, the origins also set in place an institutional pattern.

In 1928, a comprehensive study of the New York Settlement House Movement was conducted by Albert J. Kennedy. Of the 80 settlement houses operating in New York City at that time, half were located either on the Lower East Side (31) or in East Harlem (9). Twenty three settlement houses operated in the rest of Manhattan. Only 15 operated in Brooklyn, and 2 in the Bronx. When expenditures were factored in, the predominance of the Lower East Side was even in more evidence. Of all settlement house expenditures in New York City, 46% were made by the Settlement Houses of one neighborhood- Manhattan's Lower East Side. While the poverty population of New York City began to slowly shift from Manhattan to parts of Brooklyn, most of it was still concentrated in the tenement housing of the Manhattan.

The preponderance of privately sponsored services in Manhattan and especially on the Lower East Side continued to be strong into the early 1960's (this grouping includes settlement houses as well as other privately sponsored community centers). A comprehensive study of the distribution of youth services in New York

City by Shirley Jenkins and published by the Community Council of Greater New York in 1963, found that while Manhattan had 17.5% of the youth population of the City, it had 43% of all privately sponsored community center full time youth workers. The Manhattan communities had the following respective rankings out of the 75 health district areas:

- 1- Lower East Side,
- 2- Central Harlem,
- 3- East Harlem,
- 4- West Side (at the time of the study, community planning districts were not in use; however, these five neighborhoods had similar boundaries)

Today, 11 of the 38 Settlement Houses that are members of the United Neighborhood Houses, are located in East Harlem or the Lower East Side. However, these two communities saw three times as much private funds as the 15 other poor community districts combined for the years studied. The geographic distribution of funds that was found in the early 1990's has changed little for the past 55 years. Over a period of nearly one hundred years, they have managed to adapt to the changing social groups of the their communities.

While funding patterns seem fairly entrenched, poverty isn't. New York City has seen large changes in its neighborhoods regarding the movement of the poor. The communities of Brownsville, East New York, Crown Heights, and East Flatbush in Brooklyn and much of the South Bronx, have yet to compete successfully with the more established social service infrastructures in the Lower East Side and East Harlem.

Many communities can be characterized as uneven performers – they were successful with some funding sources and less so with others. A few were consistently successful and a few were consistent in their inability to access funds

commensurate with their needs. When private funding sources were compared with government ones, the former were found to be less reflective of the geographic distribution of need.

The overall thrust of the findings show that the problem of inequity is deeply rooted in institutional behavior.

Some of New York City's Settlement Houses as well as other large community centers and community organizations have become large bureaucracies. Growth and expansion are organizational imperatives. These organizations are highly professional and well equipped with excellent and wide ranging resources. Less resourceful organizations are rarely a match and have a difficult time competing. It should be pointed out that government agencies prefer giving a new program to a highly experienced organization to ensure success.

The complete study includes charts which ranks the 59 Community Districts for: each funding source, amount of received per poor person.