

San Jose fund for nonprofit groups shrinks as city leaders balance budget

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A tight city budget has left 23 San Jose nonprofit groups out of the loop for city funding this year in the city's Healthy Neighborhoods Venture Fund.

Since 2000, the Healthy Neighborhoods fund typically channeled \$9 million to \$11 million from the Tobacco Master Settlement Agreement to nonprofit groups in the city. For 2010 and 2011, the fund shrunk to \$3.1 million. City staff eliminated the lowest ranked proposals and diverted the money to the general fund.

City leaders had to balance a \$118 million general fund deficit, and they indicated that public money for the city's nonprofit groups is waning.

"I believe every one of these agencies is doing something good, but the city has to be getting the biggest bang for its buck," said Jay Castellano, who helps administer the Healthy Neighborhood fund and is a deputy director of the Department of Parks, Recreation and Neighborhood Services.

The tobacco settlement is an agreement that pays cities and 46 states for earlier issues with the marketing and consumption of tobacco products.

The city denied grants for several nonprofit agencies that serve residents across San Jose.

Unity Care Inc. provides leadership education for low-income and at-risk youths in San Jose, and it applied for a \$112,500 grant.

Headquartered on Parkmoor Avenue, the agency's grant, had it been approved, would have funded an after-school hip-hop dance program for up to seven schools on the East Side.

The city has funded Unity Care for several years, and leaders said the dance program helped keep 250 youths engaged and off the streets.

"At the moment we're still looking for other funding sources, but that's a big chunk of that funding," said Unity Care spokeswoman Linda Vu.

Other groups also took a hit.

Friends Outside, a Stockton Avenue-based nonprofit, works with families, youths, prisoners and ex-prisoners who are overcoming the effects of incarceration. The group asked for \$46,000 for education activities for youths age 7 to 17, and it was denied.

Nonprofit group leaders have said for years that they are more efficient at providing services for San Jose residents, and their ability to leverage money and track results gives them an advantage over government-run programs. For the city of San Jose's 2009-10 fiscal year, the Healthy Neighborhoods fund distributed \$6 million. The nonprofit groups leveraged that money in to \$26 million, according to city documents.

Others on the city council, such as Councilman Pierluigi Oliverio, have said that San Jose should simply add tobacco settlement money to the city's general fund as do other cities.

In presentations this spring, parks staff said it had to choose between reducing money for all of the roughly 40 nonprofits involved in the Healthy Neighborhoods fund, or eliminate the lowest-ranked proposals. The staff chose the latter in part because it would save the city hours of staff time.

Leaders from some groups said they disagreed with the ranking criteria, which changed in the last few years.

To assist agencies that will not be funded by the city this year, city leaders held a roundtable meeting for nonprofit groups in May.

For more information on the Health Neighborhoods fund, visit www.sanjoseca.gov/prns/grants/hnvf/hnvf.asp.