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From Henry Street to Contracted Services: Financing the Settlement House

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This article tracks historically the direct connection and shifting relationship between financing and nonprofit social service provision. While this critical linkage has been explored historically for other nonprofit institutions, such as schools and hospitals, it is relatively absent for social service agencies (Hammack, 1998; Hall, 1992; Carson, 1990; Crocker, 1992; Lohmann, 1991; Carson, 1990; Trolander, 1975). The prism of our exploration, the settlement house, is the quintessential voluntary service agency that has historically struggled to balance service and social action, function and cause. Critically, this exploration of the history of financing social settlements discovered a direct and dynamic relationship between political economy, agency funding, and settlement programming. Within this meta-statement the study proposes a cyclical theory and periodicity regarding settlement programming, financing, and political economy. Moreover, this historical analysis explores the impact of contemporary contracted financing on the capacity of neighborhood-based social agencies to deliver community-based services and engage in the historically and presently critical work of community building.

Historical Change and Political Economy in the Financing of Settlement Houses

Settlements have been a favorite subject of social welfare historians dating back to the 1960s, when Clarke Chambers (1963) and Allen Davis (1967) published monographs enthusiastic about the progressive work of settlement houses and their leaders. Since then historians and social work academicians interested in social welfare history have written widely on the settlement house, each with a different lens, asking different questions, looking at different settlements, and often arriving at different conclusions (For reviews of the literature see Hirsch, 1994; Trolander, 1991; Tobin, 1988; and Boris, 1992. To sample the divergent literature see Berry, 1986; Crocker, 1992; Karger, 1987a; Lasch-Quinn, 1993; Philpott, 1978; Sklar, 1995; Trolander, 1987). Given the prominent place and role of nonprofit service agencies throughout American history, this attention should be expected (Hammack, 1998). What surprises in the settlement literature, however, is a near complete ignoring of financing issues and funding patterns. Little mention is made of the process and extent of settlement funding, and even less to the relation between funding and settlement programming and politics. Part of the reason is that settlements did not keep or leave very good financial records (Chambers, 2000).

Funding was a private matter. Until government financing became the norm, settlements were highly informal organizations in regards to financial and administrative record keeping (Lohmann, 1991).

One way to evaluate settlement history in general and financing patterns in particular is to use a widely adopted social reform model of social welfare history. This model sees social investment as tied to changes in larger contexts. In a nutshell, it proposes that the dominant political economy and historical events of each era help shape and profoundly influence social provision and social change. In more liberal or public eras, the model asserts, activism on the Left increases, the social welfare state expands, as does the importance of social welfare and social investment for reform-oriented service programming such as social settlements. In more conservative or private eras, conservative policy and Right wing movements dominate, corporate prerogatives are asserted with greater openness and diminished challenge, social welfare systems become increasingly privatized and timid, which reduces both interest in and funding for organizations such as the settlement house.¹

This study of the financing social settlements approximates and refines the social investment model. In general, settlement ideals, programs, and progressive practice find more support in social change eras; more quiescent private contexts occasion antagonism to activist practice and settlement house ideals. Social investment eras such as the Progressive Era and the Sixties resulted in support for settlement house core values, goals, and financing. Even during the Great Depression, despite funding instability, settlements revived in response to the heightened atmosphere of public life and social change. In more private eras, such as the 1920s, 1950s, and since 1975, financial support declined for settlement practices of community building and social action, narrowing to focus instead on recreational and categorical programming and more individualized interventions. But the history of financing settlement houses demonstrates greater complexity than the cyclical model of recurrent expansion and contraction driven by the larger political economy. For example, the history of the settlement house demonstrates that as conservative eras such as the 1920s and 1950s begin there is an initial contraction of both programming and funding, as the larger context finds the settlement mission and

¹ American social welfare and political history in the past century has been described as a series of cycles between eras which are more public regarding and more private regarding (Schlesinger, Jr. 1986). Piven and Cloward (1971; 1999) discuss the shifts in terms of periods of consensus and dissensus politics. Most recently, Putnam (2000) sees it in terms of up and downs in "civic engagement." (p.25) Many historians, social scientists, social workers and others agree in general on the periodization of this model. See, for example, Reisch (1998) and Ehrenreich (1985). The model provides a single lens to put in context the more than 100 year history of the social settlements. Clearly all models have limits. They reduce historical complexity and conflate historical specificity. They risk becoming mechanical and running counter to lived experience. Regarding the social investment model, we recognize that historical change usually comes slowly and incrementally, rather than in sudden shifts. Equally important, continuities in American history such as a broad consensus on private property and individualism, the persistence of class and racial domination, and the hegemony of capitalist development are certainly as significant as the changes this model emphasizes (Hofstadter, 1948; Dowd, 1974; Crocker, 1992; Walkowitz, 1999). These and other caveats acknowledged, subsequent stages of this discussion provide a fuller and more graphic depiction of the shifts in support for social investment and their influence on settlement programming.

goals problematic and delegitimate. Funding reductions occur, especially for social action and community building. As the historical period develops, however, financing becomes more and more available, if growth of the economy allows. There is not wholesale funding for all settlement programs, but rather increased funding for educational and recreational services. Contraction persists however with continued restriction on financing for social reform efforts. At all times, settlement houses and other voluntary organizations provide valuable services, most of which pose no threat to conservative funders and which serve important functions for recipients. During periods of predicted contraction, funding for non-threatening programming can be equal to or greater than during contexts of social investment, once the initial conservative reaction to reform subsides. Since 1995, for example, voluntary giving has dramatically increased in our conservative context, in response largely to a stimulated economy, chronic need, and the established place of nonprofits in the American social welfare system. But social action efforts benefit only marginally, if at all, in the dramatic expansion of charitable giving in an era of overall public social disinvestment (Council of Economic Advisers, 2001)

Moreover, while funding levels continually change, over time settlement financing and administration reveal strong continuities as well as ebb and flow. Over time settlement houses became increasingly centralized, publicly financed, bureaucratic, and reliant on formal structures. Over time their services were more likely to be defined by categorical programming initiated by those outside the settlement house, whether the local Community Chest or public sector contractor. Since 1980 these once privately funded nonprofits receive an increasingly high percentage of their funding -- on average 85% -- from corporate-style, public sector contracts which further the process of formalization, bureaucratization, and corporatization of settlement role and program (Kraus and Chaudry, 1995).

Financing New York City Settlements

These broad national patterns of nonprofit financing are especially evident for more than a century in the experience of New York City settlement houses. Through most of their history New York City houses were funded largely by financial gifts from the wealthy. This occurred in an obscured private process built on relationships established between settlement directors and board members, on the one hand, and city elites, on the other. The quantity of funding and its allocation rested on a broad array of decision makers which included head workers, board members, wealthy patrons, staff, and residents who used, developed, and sometimes paid for activities. Critically, changes in the dominant political economy of an era impacted funding and programming. In general, in eras with greater concern for and fear of the urban poor, settlement houses in New York City received more attention and support. This funding tended to come with fewer strings attached; the relationships between settlements and donors engendered a significant autonomy for settlements regarding programmatic offerings and practice interventions. In the early years, financing and oversight structure were loose, spontaneous, and

personal. Early settlement leaders believed that the very idea of an organized institution contradicted their goals of neighborly reciprocity and informality (Leiby, 1978). The combination of informal structures and informal financing based on personal relationships enabled settlements to maintain a significant degree of independence. This independence, in turn, helped operationalize an autonomous, innovative, and flexible community-oriented practice. While there has been little written about the financial and administrative structure of early non-profits, including settlements, such material is absolutely critical to understanding their work, especially their pioneering efforts in community building and community-based social reform.²

Over time the private funding of settlements waned as public funding increased. With the public funding came a system of greater control and more formalized and bureaucratic requirements. Settlements in New York City during the years 1886-2000 move from being relatively autonomous and informal agencies funded by private donations through a private process to being categorically defined publicly funded multi-service centers with much less programming autonomy and control over funds. In this new context settlement houses are ever more reliant on funding which comes from taxpayers through the public sector, but the funding occurs through a corporatized process that masks the public source and public purpose and undermines additional support for public social investment. This relationship underscores the bind of progressive-minded, contemporary settlements, wrestling with how to return to the tasks of community-based service delivery and community building while being tied to contracted funding.

Private Financing and Informal Administration in the Progressive Era

From the outset, financing the settlement house was a private matter. In the early years of the settlements money and the sources of funding were rarely discussed publicly. Even head workers did not seem to know the exact financial condition of their house; financial accounting was quite rudimentary with probably few or no financial audits or annual budgets prior to 1912. (Lohmann, 1991). As noted earlier, funding is rarely mentioned in the writings of settlement leaders or historians. Settlements grow and prosper, buildings and programs multiply, seemingly on their own. The extensive cultivation of elite patrons is largely off the record. Based on her relationship with Mrs. Loeb, the wife of one of the partners of the investment house of Kuhn, Loeb, and Company, financier Jacob Schiff gave Lillian Wald the buildings at 265 and 267 Henry Street to stabilize her work. (Wald, 1934; Hall, 1971) Of course, as administrators of voluntary associations,

² The history and analysis of financial and administrative structures is heavily dependent on the literature, primary and secondary, related to the larger social settlements. This study focuses on New York City settlements such as Henry Street and Greenwich House and United Neighborhood Houses, the collective organization of New York settlements. But it also relies on the extensive literature related to Hull-House in Chicago, as well as the secondary accounts of social settlements in general. Because of the absence of material on the subject, it was difficult enough to piece together a history of settlement house financing and administration based on the larger and more notable settlement houses, let alone to include the much less accessible financial and administrative records of smaller and more obscure ones. Chambers (2000) offers that in the many settlement collections he has surveyed, budget materials are largely missing.

they knew well the importance of money and fund-raising, even if informal accounting systems kept them unaware of their actual financial condition.

Despite the reform fervor of the era, fund-raising was never easy. Two generations of head workers later, Bertram Beck of Henry Street Settlement thought the support for settlement work, even social action, was what distinguished the pioneering settlement houses from their counterparts in the 1970s. “The early settlement leaders were able to win continuous financial support from the rich despite their advancement of unpopular social causes.” (Beck, 1976, p. 271) But settlements did not have the unlimited support of the economic elites of the day. Even at Hull-House, which experienced extraordinary growth prior to World War I and became not only the leading settlement and a center of national progressivism but the model for social service delivery, funding was precarious. As Jane Addams noted in discussing erecting a new building, “I do not wish to give a false impression, for we were often bitterly pressed for money and worried by the prospect of unpaid bills, and we gave up one golden scheme after another because we could not afford it; we cooked the means and kept the books and washed the windows without a thought of hardship if we thereby saved money for the consummation of some ardently desired undertaking.” (Adams, 1910, p.89) For its first 70 years, Henry Street Settlement depended solely on private donations. The head worker and board members were actively involved in fund raising, seeking private contributions, bequests and foundation support.(Lohmann, 1991) Henry Street always needed funds. Lillian Wald, its renowned first head worker and Helen Hall’s predecessor, was a most talented fundraiser. To raise money in 1913, Henry Street developed a 20th anniversary endowment campaign. As one friend observed, “It costs five thousand dollars to sit next to her at dinner.” (Wallach, 1978, p348) This first generation of settlement leaders, especially at the most heralded settlements, was well connected. Critically, part of this private process included a tacit agreement that private funding for public purposes would remain a private matter.

During the Progressive Era funding for settlements did expand quickly and dramatically. The budget of University Settlement in New York City expanded from \$2,500 in 1889 to \$29,687.47 ten years later. As settlements expanded and their budgets grew to cover added expenditures for personnel, buildings, and programs, they were forced to become relatively more formalized, and financing, at first rather informal and personal, became more well-defined. A study of New York City settlements concludes “Not only was the search for money a continuing struggle, but the justification for funds too often was based on the quantitative measurement of how many baths were provided, how many books taken from the settlement library, how many clubs were meeting at any given time, or how many children were enrolled in the kindergarten. How many hours were spent in the accumulation of such data can never be estimated; how much dedication to settlement work found a frustrating end is impossible to determine.” (Kraus, 1980, p. 33) The demands of bureaucratic organization, such as increased paper work and

accountability for administrators and staff, while certainly still modest were beginning to be evident even in the early history of the settlement house.

Increasingly Conservative and Bureaucratic Administration, 1918-1929

With the so-called Red Scare of 1918, the settlements declined not only in the popular but also in the philanthropic imagination. In the troubled postwar years, fund-raising continued to be a perennial – or more accurately, annual – headache for head workers and their boards. (Carson, 1990) Funding heavily shaped not only the nature of programming but whether a settlement would exist at all. In response to the Red Scare, more conservative settlements attracted business support. In Gary, Indiana after the First World War, as labor militancy seemed to threaten corporate hegemony, Crocker (1992) writes, U.S. Steel invested in settlements in order to build good will in the community and to use expanded services to pacify discontent. In more progressive settlements, such as Hull-House and Henry Street, support declined. In 1918 Henry Street was so concerned about the impact of the war on funding, it became one of the first voluntary organizations to hire a public relations expert to promote the organization. (Carson, 1990)

Financial support also declined due to the politics of settlement leaders such as Jane Addams and Lillian Wald (Sullivan, 1993). Many donors no longer would fund social change, especially if it seemed controversial or “un-American.” From the beginning of the First World War through 1935, Romanofsky (1978a) writes, “the financial situation of Hull-House suffered as donors withdrew their support because of Miss Addams’s controversial pacifism and opposition to the war.... Leading contributors of the early period were dying, and potential other supporters feared Hull-House’s reputed radicalism.” (p353). The same was true at Henry Street. Wald’s settlement aims had generally been supported by her wealthy patrons, but they withdrew financing because of Wald’s pacifism during and after the war. (Wallach, 1978; Wald, 1934). Wald scoffed at them. “Confidentially, my political attitude is making some of our generous friends uneasy and one of our largest givers – nearly \$15,000 a year – has withdrawn because I am ‘socialistically inclined.’ Poor things; I am sorry for them – they are so scared. It is foolish since, after all, counting things in the large and wide, I am at least one insurance against unreasonable revolution in New York.” (Chambers, 1963, p.25)

Once the Red Scare climate subsided and prosperity for certain sectors of the economy was renewed, aggregate funding improved for voluntary associations such as settlements. This is a significant deviation from the cyclical model of social investment expansion and contraction: initial retrenchment of programming and funding followed by expanded support for select, noncontroversial nonprofit social service work if economic growth occurs. Charitable giving is more circumscribed than before, with allocations for services such as educational and recreational activities but not for social advocacy or activism. Toward the end of the decade most settlement houses did experience expanded and stable funding. In the larger society, rapid wealth accumulation reinvigorated private

giving (Huntley, 1935). It was within this context that in 1928 United Neighborhood Houses (UNH), the association of New York City settlement houses, urged its member settlements to “ask for large gifts and expect large returns.” (Herrick, 1970, p. 144)

Critically, many settlements in the 1920s became increasingly dependent on Community Chests. Business involvement in settlements accelerated with the First World War, and became formalized afterwards in the 1920s with the establishment of Community Chests nationwide. Chests reduced the dependence of some houses on religious institutions by offering a potentially steady stream of stable, alternate funding. Chest support, however, also required standardized operations. It transformed previously informal organizations into ones that had to be more aware of effective and accountable administration. The early style of settlement voluntary work -- autonomous, innovative, informal, passionate, and committed -- gradually became more administrative, businesslike, bureaucratic, and constricted (Trolander, 1975; Walkowitz, 1999).

There was another price paid for Chest support. Community Chests were run by conservative business interests and social work agency executives strongly opposed to social action. Increasingly, for organizations interested in social reform and social action, the whole decade, as Grace Abbott remarked, was “a long hard struggle ... uphill all the way” (Chambers, 1992, 452). Trolander (1975) argues this turn away from social reform resulted primarily from Community Chest concentration of power over administration and funding.

The Origins of Public Federal Support of Settlement Work, 1929-1946

The early years of the Depression hit settlement financing hard. United Neighborhood Houses almost went out of business in 1931. The overall number of settlements declined significantly. In the 1930s a National Federation of Settlement (NFS) study reported that approximately 230 settlement houses remained in the United States, just over half the number of settlements operating in 1910. (Wenocur and Reisch, 1989) Many settlements experienced budget cuts of up to 70%, which resulted in widespread reductions in programs and salaries. (Simkhovitch, 1938). Henry Street cut its budget significantly by reducing salaries and discontinuing entire programs in music, arts, and crafts. (Herrick, 1970). Year after year as the Depression deepened settlements learned the limits of local relief, Community Chests, and private philanthropy.

In response to the drastic need for additional support and to the emergence of federal social welfare programs under the New Deal, many settlements in the 1930s relaxed their resistance to public funding. Many settlements increased their workforce tenfold with National Youth Administration (NYA) and Works Progress Administration (WPA) assistance. Helen Hall recounts, “One day I was suddenly informed that Henry Street had been assigned fifty white-collar workers at one fell swoop.” (Hall, 1971, p. 30)

Another administrative development associated with the structures of Depression era public funding was that money could only be used for specific programs or needs, not for general purposes as determined by settlement staff. For example, even with the infusion of NYA and WPA support, practically all the settlements in a New York City study (Kennedy, Farra, et al. 1935) were seriously handicapped by inadequate allocations for clerical help. Money went to staff volunteers, but little if any resources were expended on infrastructure needs. This aspect of public sector funding would continue to seriously burden the settlement house and other nonprofits.

Nevertheless, New York City settlements in this era did not capitulate to pressures from either funders or the social work profession to become “modern” welfare agencies, complete with more bureaucratic procedures and administrators, heavy with caseworkers, and burdened by “complex guidelines for accepting and dealing with clients.” (Herrick, 1970, p. 154-55) While they adopted many techniques of professional social work, settlements retained an open, neighborhood approach which resisted the types of narrow program and project specialization that would later define their approach to service delivery. Public sector funding in the 1930s did not completely transform settlement house programming, neither did it resolve funding problems. Even with New Deal support, money remained scarce.

Economic hard times and consequent tight funding for settlement work during the Depression prompted the development in Chicago in 1935 and New York City in 1939 of the “deficit fund system”. In both cities settlements were wary of Community Chest control, but reluctantly accepted the value of a privately raised centralized fund other than the Community Chest to help with settlement expenses. In New York, the independent board was called the Greater New York Fund. Despite the growing gap between expenses and revenue, important segments of settlement leadership remained wary of the tradeoffs that might be associated with accepting dollars from a Chest-style fund. Helen Harris, a member of the Executive Committee of the UNH, opposed the deficit system because centralized private boards in other cities had done little to fund “unmet” needs and had provided little support for long-term social welfare planning. Helen Hall’s objections were more political. In New York City, she noted, there was no labor representation on the Community Chest’s board. She and Stanley Issacs, the president of UNH, also feared the Greater New York Fund would be dominated by “Wall Street businessmen [seeking] to impose their will on the community.” (Hall cited in Herrick, 1970, 152). Wherever Chests financed settlements in other cities, Hall said, social action was under attack by these powerful interests that were essentially hostile to social reform. UNH voted in 1938 to join the deficit-funding system, partially because settlement leaders such as Mary Simkhovitch supported it but fundamentally because of what UNH treasurer John Bloodgood referred to as a “drying up” of voluntary individual contributions, the traditional basis of settlement financing. (Herrick, 1970, p. 153).

One of the key challenges posed by Federal support was that such assistance depended on national, not local, needs and initiatives. Lillian Wald, the founder of Henry Street, concluded that while a central lesson of the Depression was “that government must take more responsibility for social welfare,” she also thought that private contributions were essential too. “It is impossible to wait upon government appropriations for all the emergencies that clamor at the door.” (Wald, 1934, p.128). Moreover, Federal support could be withdrawn as quickly as it was allotted. With entry into World War II all national attention and energy focused on the conflict. Clearly the war united the citizenry in a struggle against totalitarianism and oppression abroad. Many of the problems of the Depression: poverty, unemployment, national purpose, and community building were resolved or transcended by the war effort. But settlement houses went into a tailspin during World War II. While some settlements had increased staff nearly tenfold during the New Deal, by 1940 the numbers diminished substantially and by 1943 completely evaporated. (Bryan and Davis, 1990). The quick and permanent withdrawal of public employees resulted in severe problems for settlements which had become highly dependent on such staffing. Most settlements survived the withdrawal of public-paid workers, but not without great sacrifice to activities and staff. Additionally, new programming during World War II – services for pre-school aged children as well as those for soldiers and displaced people – imposed new burdens as funding and staffing remained in short supply. (Soule, 1947) By 1943, for example, Hull-House seemed closer to demise than ever before (Davis and McCree, 1969). Declining funds and the new pressures of the war were powerful cross-currents that reduced settlements to their “nadir” during and just after World War II (Trattner, 1999, p. 307).

Expanded Public Financing of Settlements in a Private Era, 1947-1960

Throughout the postwar years and until the 1960s, lack of funds constrained settlement programming. The trend of defunding and scratching out an existence during and directly after World War II continued through the mid-1950s. Once again, settlement funding in a private era followed the pattern of initial social disinvestment, especially the defunding of social action and social reform programs. (For analyses of the decade which differ with the above see Carter, 1983; Fisher, 1999) But, then, with the return of economic growth, there developed increased funding for recreational, educational, and social services. Even more important, however, the 1950s serve as a critical watershed for the transformation of settlements into publicly financed bureaucratic social service agencies.

The lessons learned about the power and effectiveness of Federal intervention during the New Deal and World War II created a basis for continued funding of specific social services. In 1953-54 the federal government allocated \$124.1 million to such social welfare services as school lunches, vocational rehabilitation, institutional services, and child welfare. Moreover, state and local governments disbursed \$605 million, most of it for public institutions such as schools for the developmentally disabled, hospitals for the mentally ill, and training programs for juvenile delinquents. (Smith and Lipsky, 1993).

But rarely was any of the money channeled to nonprofits. Public funding for nonprofits in the 1950s was rare, except in a few claimant areas, most of which did not include settlements. One of them, however, did directly affect them: juvenile delinquency.

Juvenile delinquency was to the 1950s what poverty and race would later become to the 1960s, the defining social issue of the decade. In keeping with the conservative context of the decade, delinquency prevention emphasized traditional family values and law and order. Of particular importance, public contracts for juvenile delinquency prevention began the modern trend of using federal government grants to private institutions to address specific public problems. (Trattner, 1999) Settlements had been engaged in working with youth for decades. They were well positioned to renew their efforts when delinquency became “hot” as a social issue and funding available for prevention work. In the latter part of the 1950s, a grant proposal regarding juvenile delinquency had an excellent chance of being funded. For example, the Juvenile Delinquency and Youth Offenses Control Act was a source of substantial grants for experimental programs during the late 1950s. (Trolander, 1987) These grants, however, only foreshadowed a larger and more complex system of public contracting of nonprofit services which would begin with Mobilization for Youth and the Great Society programs of the 1960s.

The “Great Society” Institutionalizes Contracting, 1960-1975

Specific changes associated with the Sixties quickly transformed the settlement house. Regarding practice and program the era reinfused settlements with a social reform and social action component -- tarnished but resharpened spearheads for reform. In terms of administration and financing, government funding profoundly altered settlements structurally, a change which has persisted to the present. Private funding to private institutions for public purposes had been the “settlement way” since their inception. With the 1960s and the institution of broad scale federal funding to nonprofits in the form of individual disbursements for such programs as Medicare and Medicaid and aggregate funding for contracted projects like Head Start, the system became one of public funding to private institutions for public purposes. Funding for settlements was now not only qualitatively but also quantitatively different.

Qualitatively, the War on Poverty of the mid-1960s renewed settlements. It gave extensive Federal financial support to organizations working with the poor, addressing the “social” causes of poverty, and pursuing a decentralized strategy of change at the neighborhood level (Marris and Rein, 1967; Kramer, 1969; Peterson and Greenstone, 1977; Moynihan, 1969). Of course, the settlements were not passive recipients in this process. Henry Street, for example, was an initiator of Mobilization for Youth (MFY), arguably the model experiment in community-based responses to poverty and powerlessness upon which much of the Great Society programming was based (Hall, 1971, Beck, 1976, 1977).

Quantitatively, MFY represents an early benchmark in the heightened relationship between federal grants and nonprofit social service agencies. By 1968, the federal government had invested over \$30 million in services to residents of the lower East Side of New York City where Henry Street was located. (Hall, 1971). From the mid-60s onward, the Great Society, limits aside, wrought profound changes and brought massive funding for neighborhood work and social change (Halpern, 1995). Federal expenditures for social welfare services tripled in only five years, increasing from \$812 million in 1965 to \$2.2 billion in 1970. In contrast, local and state expenditure expanded 50% in the same time period. Most important for settlements, a large percentage of the public funding for social welfare services was now being spent through nonprofit agencies. The Office of Economic Opportunity, developed in 1964 to administer the War on Poverty, dramatically expanded the amount of money available for community-based nonprofit programs, including settlements (Kravitz, 1969). Additionally, as popular pressure mounted for increased public support of social service programming, Congress amended the Social Security Act in 1967 so that states could develop purchase of service contracts (POSC) with private agencies. This program guaranteed states federal support up to three times (300%) the amount they could raise from private or other public sources. Funding under this Title-IV-A amendment jumped from \$281 million in 1967 to \$1.6 billion five years later. (Smith and Lipsky, 1993; Levitan, 1969). These new financing arrangements created expansive opportunity to both promote social change and develop community-based programs. It was as though Lyndon Johnson and the United States Congress were trying to do for the settlements and poor urban neighborhoods what Jane Addams, Lillian Wald, Helen Hall, and countless others had only dreamed of a half-century earlier. Not only were they making neighborhood-based poverty work a concern of American social policy, they were funding it. (Halpern, 1995)

The experience of Hull-House during these years, while certainly not representative of all settlements, concretely illustrates the impact of public financing on settlement staffing and budget.. From 1962 to 1969, the Hull-House staff expanded from about forty people to over three hundred. In 1969 its budget doubled, increasing from under \$1 million to \$2 million. (Romanofsky, 1978a; Trolander, 1987; Bryan and Davis, 1990) . Its contracted services included such War on Poverty programs as VISTA, Meals-on-Wheels, Head Start, and Neighborhood Youth Corp.

Increased federal support, channeled primarily through individual reimbursements via Medicare and Medicaid and aggregate contracts for specific programs changed the composition as well as role of the settlement house. In the past, when settlements were dependent on private donations, board members were drawn from the city elite. Securing support was an expected responsibility of board appointees. With the Great Society programs, however, there was an increased emphasis on the poor representing themselves. Such tendency was maximized as a matter of policy through “maximum feasible participation of the poor.” (Moynihan, 1969; Piven and Cloward, 1971; Arnstein, 1972) Pressures for participation and equal voice mounted throughout the public and

nonprofit world. A 1936 study of settlements in New York reported that 25 of 34 settlements had no one from the neighborhood on their boards. By 1968, the NFS estimated, 25% of settlements boards were comprised of neighborhood residents or their representatives. By 1970 the figure was 75%. Increasingly the board changed from being all white to predominantly people of color. By 1975, more than half the directors of settlement houses were nonwhite. (Beck, 1977). Clearly, settlements were responding to pressures from the social movements of the 1960s for inclusion and democratic process. But public contracting also promoted diversification and democratization of settlement boards. They were no longer dependent on private funding. They were no longer dependent on the boards to raise money.

Public funding, however, was fraught with challenges and dilemmas for settlements, ones that were apparent early on. Settlement leaders such as Helen Hall, who retired from Henry Street in 1967, articulated clearly both virtues and drawbacks in federal funding (Andrews, 1990). First, securing funding from the public sector was very difficult work, especially for smaller agencies. “Just filling out the forms and questionnaires required to get public money is an exercise in perspicacity and endurance, aside from the real job of interesting the beleaguered public servant in even your most creative plans.” (Hall, 1971, p, 87). Second, contracts were always a compromise between what the settlement wanted to do, or what the settlement really needed money for, and what the government willing to fund. “Sometimes the combination is a reinforcement and improvement on the original [settlement] plan, and sometimes a distortion.” (Hall, 1971, p.87). Third, and related, government funding often steered settlements toward trading off their own and/or community needs in favor of federal priorities. Instead of identifying a community need and finding funds to develop a program to address it, there was an increasing tendency to launch programs simply because government money was available. Hall preferred funding for “basic on-going budgets,” rather than the restrictive funding for specific projects. “I have often wished that more foundations would decide to give not only to new projects but to put aside a good percentage of their funds for the support of the basic on-going budgets of the kind of agencies in which they are interested, using the rest for the experiments of limited duration. (Hall, 1971, p.88)” Running programs demanded increased bureaucratization and formalization, as well as ever greater attentiveness to the whims of policy makers in Washington or Albany. Moreover, government funding fluctuated. Program support, here today, could be gone tomorrow depending upon the action of Congress, the President, or a state legislature. Critically, contracting also seemed to overextend programs, creating a need for additional monies not provided in the contracts. (See also Kettner and Martin, 1996; Gibelman, 1995; Regan, 1998; Smith and Lipsky, 1993) Despite its big budget in 1967, Hull-House had a \$200,000 deficit, “and it was larger in each of the next two years”. (Bryan and Davis, 1990, p. 279) While settlements benefitted from Great Society programs in particular and public funding in general, Trolander (1987) concluded that “the net effect of the War On Poverty may well have been to contribute to the demise of the traditional settlement house movement.” (p.187)

Concurrent with the institutionalization of the new contracting relationship between nonprofits and the public sector, support for social action waned. By 1967 conservatives in Congress were undercutting and defunding the social action component of the War on Poverty (Piven and Cloward, 1971). Deeper reductions during President Nixon's administration, 1969-1973, created greater financial strain for settlements. While social action programming continued to be defunded, the Nixon era cuts turned out to be only a temporary if difficult downturn for contracted funding to nonprofit service providers. For example, Federal spending on OEO and ACTION programs increased from \$51.7 million in 1965 to \$2.3 billion in 1980. Likewise spending at the Federal level for community mental health centers expanded from \$143 million in 1969 to \$1.4 billion in 1979. With the passage of Titles IV and XX of the 1974 revision to the Social Security Act, which allows the federal government to purchase service from private agencies, public funding for community-based nonprofit work increased yet again.

The sweeping change in the 1960s of the fiscal underpinnings of settlement programming is illustrated by the Henry Street experience. For its first seventy years Henry Street was heavily dependent on private funding. That changed dramatically in the 1960s. By 1975 federal government funding accounted for approximately two-thirds of its \$4.5 million annual budget. It had a staff of five hundred, most of whom were involved in government contract projects. (Wallach, 1978). What developed and was permanently established in the 1960s was a new funding relationship with Federal, state, and local governments that transformed the settlement house into a different organization after 1975. Contracting in an era of privatization and economic globalization had begun.

Privatization and Contracting Since 1975

A study undertaken by the United Neighborhood Houses of New York (UNH) for the Ford Foundation in 1991 calculated that 80% of the funding for the 38 member settlements in New York City came from public contracts. Kraus and Chaudry (1995) estimate 85%. As noted, the settlement houses benefitted from the public dollars. With public support they were able to help address the needs of poor children, their families, and their inner-city communities by providing a broad array of neighborhood-based social activities and human services. But they were burdened by the public contracts as well. They were overwhelmed, the executive director of United Neighborhood Houses stated, by "the administrative time and cost now spent in issuing and responding to multiple requests for proposals and in preparing and processing thousands of forms for auditing, monitoring, and reporting on programs." (Marks, 1993, p. 24). Equally significant, public funds were becoming more and more restrictive, allowing use for only "single-problem categories" such as illiteracy, substance abuse, or child care. Funding was "too inflexible to permit appropriate responses" to worsening and ever changing needs of the community (Marks, 1993, p. 24-25). According to Rolland Smith (1995), executive director of the Greater Cleveland Neighborhood Centers Association, the combination of neoconservative social agendas, a more constrictive and volatile system of

contracting, and declining private money despite increasing upper class wealth forced settlement houses “to use up fund balances, defer maintenance on buildings, pay salaries well below parity, scramble for funding, and often operate with a crisis mentality” (p2132).

While some may consider the settlement house an artifact, the current 37 houses in New York City deliver an impressive and wide-ranging array of services to nearly 200,000 people annually. (Kraus and Chaudry, 1995; Hirota, Brown, Mollard and Richman, 1997) These services, as with the nonprofit sector in general, are heavily influenced by government funding. The settlement house once had the distinction of being an innovative, autonomous, flexible agency embedded in community life. But the bureaucratization and formalization that accompanies contemporary contracting hastens other forms of organizational development (Kramer, 1994; Powell and Friedkin 1987; Rudney, 1987; Demone and Gibelman, 1989). As Kraus and Chaudry note, “In too many instances, settlements have grown to resemble their funders – with specialized staff, organized by categorical programs, who often answer more to the rules and regulations of their funding agencies than to changing neighborhood conditions.” (p. 34). Critically, the continued persistence of the settlement house in the 1990s, even its potential revival, occurred as both part of a transformation of its programs and structures and the recreation of the welfare state. In the new privatized welfare state, settlement houses, like most nonprofits, persist at the same time they are besieged by dual pressures from an intensified and corporatized contracting system and from heightened and unmet chronic needs of their communities. (Smith, 1995; Gibelman and Demone, 1998a, 1998b; Sclar, 2000; Blau, 1999; Kettner and Martin, 1993; Reed, 1999).

An intensifying objective of contracting policy is to reinvent the nature of social services and concurrently the culture of not for profits. This is done by both ever more narrowly defining what the state will pay for and than having the agency function as a gatekeeper to these ever more scarce goods and services. The business logic of quantifiable outcomes, productivity speedups, an emphasis on the short over long term, extracting efficiencies from the labor force by reducing benefits, salaries, and opportunities for stable employment are but a few of the factors increasingly defining state contracts with non profit social services. Critically a tension exists between these intensifying demands and the historic work of settlements. The increasingly corporatized structure of state contracts erodes the capacity in voluntary social service work to build community and social solidarity. (Wolch, 1990; Wagner, 2000; Sclar, 2000; Kuttner, 1991, 1996; Fabricant and Burghardt, 1992; Fisher and Karger, 1997).

In this regard, Emily Marks, Executive Director of United Neighborhood Houses, comments that “In order to secure government and foundation support over the last 40 years, however, settlements have had to adjust to an increasingly fragmented and categorical funding environment. Aimed at ameliorating deficits, the structure of both public and private funding has limited opportunities to develop community-building

approaches.” (Marks, 1998, i) In the past, settlements sought from the outset to build a sense of neighborhood identity and cohesiveness. Their view of society as an organic whole required the elements -- in and outside of the neighborhood -- to work together (Melvin, 1987). They strove for “community embeddedness” (Hirota and Ferroussier-Davis, 1998). At present, geographic community and even cultural community are assigned less importance within a fiscal environment that emphasizes varied categorical programs and the wide range of multiple service contracts. In this way, contracting undermines the ability of nonprofits such as settlements to build local solidarity and enhance community, as well as engage in social action or social reform initiatives (Hirota and Ferroussier-Davis, 1998; Manser, 1974; Hirota, Brown, Martin, 1998).

While such change has been occurring at a rapid pace for more than two decades, events and pressures in the 1990s further altered the system of public contracting. The even more privatized economy initiated by the “Contract with America” sought tax and social service cuts and the general dismantling of social welfare programming (Arenson, 1995; Gimpel, 1995). Under the older contracting system, nonprofits and settlement houses traded off professional autonomy and organizational independence for a degree of financial stability in an ever more fiscally unstable political-economic context (Dailey, 1974). Under the new “Contract,” implemented in New York by Governor George Pataki and Mayor Rudolph Giuliani but initiated earlier by the administration of Mayor Koch, pressure intensified on the nonprofit social service sector (Gimpel, 1995; Kiely, 1995; Business Week Editorial, 1995; Mollenkopf, 1992; Smith, 1998; Sites, 1997; Tusiani, 1995). Increasingly they were forced to sacrifice not only professional autonomy, but, with the fiscal cutbacks and intensified economic pressures, expected to endure less financial stability and greater bureaucratic demand for accountability.

Conclusion

Clearly much more work needs to be done regarding the financial history of nonprofit social service agencies in general and settlements in particular. This initial overview establishes historic trends which underscore critical elements. First, there is a direct relationship between the larger political economy and the funding, or defunding, of community organizing and social reform efforts. Second, the relationship between funding, political economy, and social service programming is more complex than an expansion/contraction dualistic model reveals. Of course, settlement houses influence funding and the larger political economy as well as affected by them. Moreover, funding may expand in periods characterized generally by social disinvestment, but such funds are directed to more conservative programming. Third, financing plays a major role in influencing the nature of settlement programming, especially the balance between service delivery and social action. Fourth, over the past century the voluntary agency has become increasingly dependent upon contracted public funds. Fifth, contracted public funding to nonprofits is not a static system. During our most recent conservative era public funds are being dramatically restructured to configure the nature of social services and voluntary agencies in ways that are ever more corporate. The changes are profound,

heavily influencing not only the very nature of settlement programming but their potential to engage in the traditional settlement projects of community building and social reform.

Such challenges are not unknown in the history of social settlements and nonprofits. The settlement house persisted in earlier historical moments when both independence declined and funding was volatile and uncertain. Funding expansion and contraction are part of the settlement experience. But the unprecedented contemporary demands to corporatize the culture of nonprofits have continued to weaken community connection, not to mention community building and community organizing efforts, at the same time that the context of economic globalization and neoconservative policies demonstrate the importance of such work (Feagin and Smith, 1998; Fisher, 1994; Sandel, 1988; Brecher and Costello, 1994). In this regard, Putnam (2000) underscores the importance of latent community building organizations like the settlement house as a political counter pull to the contemporary decline of civil life and social cohesiveness. He fails, however, like many others, to recognize the impact of new financing and administrative arrangements on the structural base and organizational culture of community service institutions such as settlements. This study reveals how throughout its history the settlement house has been transformed by critical changes in its funding base and the larger political economy. Our contemporary era is certainly no exception.

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NEXT ↓

New York Settlements to 1939

Judith Ann Trolander

Settlement houses originated in the late 19th century in response to the trend of people sorting themselves out by social class in neighborhoods that isolated the well-to-do from the poor. Well-to-do people established settlement houses in low-income neighborhoods with the intention of actually living in the settlement house themselves and opening up the house to their surrounding neighbors for cultural and recreational activities. These settlement house workers then invited other well-to-do people to join them as residents in the settlement house, or as volunteers. Their purpose was to meet the needs of their chosen neighborhoods on two levels—first, by providing daily activities of an educational and recreational nature and, second, to work to bring about basic social reforms. As innovative and effective institutions, settlement houses multiplied after a minister of Ethical Culture, Stanton Coit, established the first one in the United States (Neighborhood Guild, soon renamed University Settlement) in New York City in 1886. John Lovejoy Elliot, also influenced by the Society for Ethical Culture, established Hudson Guild a few years later. A trained nurse, Lillian Wald, began Henry Street Settlement in 1893, as part of her innovative visiting nurse service. Meanwhile, graduates of elite, eastern women's colleges founded College Settlement in 1889. Mary Simkhovitch, who had attended Boston University and studied abroad, served briefly as head of that settlement in 1897, ran another settlement that she decided was closely tied to its Unitarian sponsors, and then, in 1902, founded her own settlement, Greenwich House. To be a true settlement house and also to effectively work with their immigrant neighbors, many of whom were Catholic or Jewish, settlement houses stressed their secular nature.

While the early settlement houses didn't use the phrase "community building," their activities forced them to reach across social class lines to make contacts with a variety of people and organizations that could further their work through donations, volunteering, or providing professional expertise or political influence. For example, Mary Simkhovitch recruited Columbia University faculty colleagues of her husband, Vladimir, to help Greenwich House's residents better research social problems. Lillian Wald met the wealthy philanthropist, Jacob Schiff, when she volunteered to teach some classes in hygiene for a relative of Schiff's. Schiff not only became a major donor to the new Henry Street Settlement, but he brought other donors to Henry Street and acted as a kind of mentor to the youthful Lillian Wald. The best settlement houses also became meeting grounds for other reformers. For example, Wald attracted the labor activist and head of the National Consumers League, Florence Kelley, to Henry Street. New York settlement house workers were strong believers in networking. Early in the 20th century, they formed the New York Association of Neighborhood Workers (known today as United Neighborhood Houses) to lobby for such causes as preservation of parks, improved transportation, and curbs on child labor.

Sometimes wealthy volunteers interacting with the poor appeared to lack a specific reform objective. For example, the young debutante, Eleanor Roosevelt, taught a calisthenics and dancing class at College Settlement. When one of her pupils became ill, she and her future husband, Franklin Roosevelt, escorted the girl back to her tenement apartment and were appalled by the conditions that they saw there. Historians usually credit Eleanor's settlement house volunteering with awakening in her a strong sense of social commitment, the results of which would not be apparent until decades later when she became first lady. The most charismatic settlement house leaders attracted wealthy and influential people to their boards and were also talented in soliciting donations from the wealthy to keep the settlement house going. Thus, the settlement house provided a meeting ground for people from a variety of social classes--wealthy board members, well-to-do settlement residents and volunteers, and impoverished, but often ambitious, neighbors. The opportunity for both structured and unstructured interaction across social class lines helped in "community building," to use our phrase.

Even though settlement houses in the early 20th century were often smaller in terms of employees than settlement houses today, they were more influential in a public policy sense. Mary Simkhovitch was a leader in public housing. She had the support of a number of other settlement house workers, many of them New Yorkers. Helen Hall, who succeeded Lillian Wald as head of Henry Street in 1934, frequently testified before Congressional committees and also served on the Advisory Committee that made recommendations for the Social Security Act of 1935. Hall publicly regretted the refusal of the Roosevelt administration to include national health insurance in that legislation. Wald, Hall, Simkhovitch and other settlement leaders were influential because they cultivated liberal politicians, such as New York Senator Robert Wagner, who sponsored key New Deal legislation. With government contracts virtually unavailable to settlement houses prior to the 1960s, settlement workers could lobby for programs as financially disinterested, but concerned, social observers. Furthermore, they didn't have to worry about jeopardizing their funding by offending certain politicians or political interests because they didn't have government funding.

After World War II, settlement houses changed significantly. Residents disappeared. Settlements replaced them with holders of the master of social work degree, who no longer saw the need to live in the settlement house. The 1950s saw major construction of public housing projects, many with community space. Settlement houses frequently moved into that community space for at least part of their programming. Also, during the 1940s and later, a new type of community organizer, Saul Alinsky, attacked the settlement house workers for speaking for their neighbors as opposed to empowering their neighbors to speak for themselves. While Helen Hall was able to get major grant funds to put together Mobilization for Youth, the prototype program for the later War on Poverty, by the time the federal government funded the action phase of Mobilization for

Youth, control of that program had slipped from settlement houses to Columbia University academics. The era of government contracting had arrived.

Following my presentation, I did talk to a member of the audience about Educational Alliance, which, along with University Settlement, is on the neighborhood map of the Lower East Side Tenement House Museum. That museum is generating a lot of interest in the history of the area. Currently, its interpretation of tenement house life in its museum stops in 1935. However, there is a lot of history on the Lower East Side since then. I would like to see settlements in the vicinity of that museum do more to take advantage of their history with historical tours. Some settlements already own sites of historic significance. Also, the tours themselves can have a reform agenda in calling attention to such issues as the presence of illegal sweatshops on the Lower East Side or the continuing need for low-income housing. – JAT

[NEXT](#) ↓

Making Settlements More Effective

Roy Leavitt

I would like to thank the Gotham Center for hosting this forum. In this Greenwich House's centennial year, it is our honor to cosponsor it. This evening I want to talk a little about a topic that is extremely important to Greenwich House and settlement houses generally. That topic is: How we can ensure that we make ourselves more effective in light of some of the many changes and calls for reform that have occurred over the past 20 years or so.

I want to focus on what Greenwich House is doing, as a kind of case study, but acknowledge that we are not unusual among settlements and that we have learned a great deal from our fellow settlements and UNH.

There is, of course, a vast literature on what practices and conditions will make the nonprofit sector perform well and thrive.³ Four basic models dominate thinking:

- 1) One perspective focuses on best practices, standards, and codes of conduct
- 2) Another focuses on greater openness or the disclosure of financial and other information to public under the assumption that it will improve nonprofit performance and trustworthiness.
- 3) *A third perspective emphasizes eliminating waste by organizing to create greater efficiency through merging, reengineering, creating strategic alliances and the like*
- 4) *And finally, a fourth stresses outcome measurement and greater freedom of staff to make decisions to achieve outcomes.*

Most nonprofits willingly adopt, or have imposed on them, one or more of these strategies. Regardless of which strategies receive emphasis, there are four areas that almost everyone agrees require constant attention if settlements and nonprofits are to continue to meet our missions in the current climate. And they have been major areas of Greenwich House's work for the past three years.

The first is board leadership. When one looks at poorly performing nonprofits one can usually find a board that is not performing well. Good boards not only give generously but they also work hard. They know the organization, are committed to its mission, and are knowledgeable and clear about their role. Most high performing older organizations, like many settlement houses, know that they need to reinvigorate their boards periodically, to bring in new skills, and new passion. In the past three years, Greenwich

³ Some recent literature that I have found useful includes Paul Light's *Making Nonprofits Work: A Report on the Tides of Nonprofit Management Reform* (The Aspen Institute, Brookings Institution press, 2000) and *Pathways to Nonprofit Excellence* (The Brookings Institution press, 2002); Lester M. Salamon's *America's Nonprofit Sector* (The Foundation Center, 1999) and *Holding the Center America's Nonprofit Sector at a Crossroads* (The Foundation Center).

House has brought on board 9 new board members, most of whom live in the neighborhood in which we have service centers. And we are the much better for it.

In recent years, many of us have observed signs of resurgence in volunteerism at the board level. But I worry that many of the smaller nonprofits that desperately need the expertise and leadership of board volunteers are having difficulty recruiting new board members.

Second, management. Good nonprofits are well managed. This can mean a lot of things to different people, but there are several common themes that recur: 1) planning is central and ongoing; 2) there is a clear understanding of staff responsibility at all levels, and there is accountability; 3) there is excellent use of available technology, which, most importantly, includes well-run fiscal systems.

One trend that has been with us for some time now but is beginning to have an impact in the staff leadership of the nonprofit sector is the professionalization of managers. While the MSW degree still dominates the field, graduate degrees and training in nonprofit management are increasingly popular and are making an important contribution.

While many think increasing professionalization is a worrisome trend, I think that, at least for some parts of our work, a growing professionalization is bringing greater value to the organization and to our customers and clients.

Like everything, this capacity building comes at a price. For example, it is an increasingly competitive labor market. Workers don't stay as long as they did 20 or even 10 years ago. And salaries simply are not keeping pace with expectations and the skills that we need to operate successfully. For example, few nonprofits, except the very largest, can afford the fiscal staff with the experience and training to manage complex government contracts, managed care contracts, and third-party billing.

A third characteristic of a well-run nonprofits is strong external relationships.

- That is, they tend to collaborate with other institutions (for profit, nonprofit, public);

In part, collaborations are necessary because they are one way to stitch together services that people need, to ease the financial pressure that nonprofits face, and strengthen ties to the community. For example, last year, we started an Advisory Board of professionals from major corporations in the City. In the short time of the Advisory Board's life, it has made major contributions to program operation through its volunteer work in the community, as well as the financial health of the agency. The challenge is to develop long-standing relationships.

It is also significant that in this current climate, our Board of Directors is taking a keen interest in our relationship to the neighborhoods in which we offer services. This year, the

board established a Community Relations Committee to refocus and rededicate our work to strengthening and sustaining trust and reciprocity between the House and our neighbors. Like our predecessors at the turn of the last century, we are increasingly aware of our need to play an important role in identifying problems, mobilizing fresh thinking from the community, and promoting change, in cooperation with business and government, to better meet needs.

Finally, I'd like to say a few words about how settlements, in general, are organized to operate, which is critical in responding to changing needs and circumstances. Some years ago, in a UNH report on strengthening settlements, UNH observed that a settlement should be a flexible institution, capable of developing and incorporating programs that meet new needs and that use a wide variety of methods, practices and techniques. The point was, in part, that deep and rigid bureaucracies with funding that is overly restrictive, and that is laced together with complex rules often 1) hobble an organization's ability to respond holistically to people. When, for example, standards, codes and "forced efficiencies" are imposed on an organization, there is a strong tendency to become more rigid and to overly narrow the relationship to clients.

I'd like to close by connecting this observation to what I think is probably the single greatest strength of settlements and nonprofits generally: its **staff**.

At a recent conference that I attended in Washington, Paul Light of the Brookings Institute said that the nonprofit workforce is the best workforce in America. When workers were asked what is the most important reason for coming to work, the top reason was that they loved the job. It turns out that nonprofit workers are about as satisfied with salary and benefits as other sectors of the workforce.

I do not mean that salary and benefits are unimportant. They are critically important in keeping workers in the nonprofit sector. But it is not why workers enter the nonprofit sector. What really motivates nonprofit workers is a set of values that include doing "good" for their communities. Their values are more other directed than most for-profit workers. When these values cannot be honored, then we have difficulty attracting and retaining workers.

As Light pointed out, these values make it easy to exploit workers and that high staff turnover is increasing because we are asking people to do too much work, under too many restrictions, with too few tools. And I will say that, unless we can find a way to improve the working conditions—by this I mean adequately funding the delivery of services to meet these core values that keep this workforce committed—the problem of attracting and keeping workers will continue to grow.

Several years ago, the NYS Office of Alcoholism and Substance Abuse Services conducted a survey of clinicians working in substance abuse programs, of which Greenwich House

has about 100. It found that about half of a clinician's time at work was spent doing paperwork of some kind. This year, it issued a report, in which it said,

“the pressure to do paperwork, to negotiate with third party payers, to advocate for their clients with other service delivery systems, and to document their work, all get in the way of why they got into the . . . field—to counsel others.”

And this, I think is critical:

“Counselors have a clear preference. . . for positions, in other settings, that allow more time for client contact and require less paperwork.”

One can find this sentiment in virtually every segment of the nonprofit sector today.

In the past several months as I attended several nonprofit conferences, I have been especially struck by the general consensus of nonprofit leaders from all over the state and country for the need to provide services that comprehensively respond to the needs of families and other users of services. While few articulate it as creating a settlement house, this is what I think they are saying. However, they also say that it is increasingly hard to provide the kind of services historically associated with the settlement.

I believe there is a need to improve continuously the delivery of services in the settlement.

- We need new techniques and technologies.
- We need strong boards, strong managers, and
- We need collaborations, and
- We need to measure what we do.

We also need to pay attention to what our clients/customers are telling us about the adequacy of our services and what our workers are telling us about their work.

Shifting Priorities: Social Action, Professionalization and the Settlement Movement

Danny Kronefeld

When I retired from the Henry Street Settlement at the end of August [2002] I had worked there for thirty years, the last seventeen of which I was its executive director. Like many others in this room I am proud of the progressive legacy of settlements and of Henry Street's part in that legacy.

Early in its history, Henry Street hosted some organizational meetings of the NAACP. After the Triangle Shirtwaist fire when well over 100 young seamstresses jumped to their death, the settlement opened its doors to their union to hold meetings. Lillian Wald, our founder, was a suffragist and pacifist who also played a vital role in establishing the first children's playgrounds [...]. Helen Hall, her successor, played an important role in the passage of labor legislation and the creation of the first public housing in the country on the Lower East Side. Though the settlement also provided many services to the community, the highlights seem to be its involvement in social actions and social change efforts.

Then something dramatic happened in the sixties. The settlements were changed not by a conservative political climate but by a more liberal one. With the arrival of the "war on poverty" and the subsequent Great Society, all kinds of entitlements were enacted which resulted in a huge increase of service money for the poor. The settlements, which most often were in poor communities, were perfect places to deliver these new services. Henry House Settlement in 1966 had a budget of about \$100,000, most of it private money. When I left the budget was \$33,000,000, with 80% coming from government. The settlement had become a fairly complex, multi-service delivery system with over fifty programs. This quantitative change had profound effects on the settlement's priorities and day-to-day functioning. If I were to list highlights for these years, there would be more *new services* and *program models* than social change activities.

As we grew larger, new concerns emerged as we changed from a system that had a "social movement" flavor to a more professionally oriented enterprise. People with different sets of skills were needed and salaries became more important to the workers. Much of the funding was categorical in nature, focusing on a particular problem. The core mission of the settlement seemed often less important than the mandates of the funding stream. It was not unusual for some workers to feel that they were working for individual programs or even the government funding stream rather than the mother host agency. Social change was not a mandated deliverable. In our most current climate of outcome funding and evaluation these tendencies were even more exaggerated. The professional orientation seemed to have moved to a business focus.

So where are we today? Most of us provide excellent services in our communities, many of us have adopted a *strength based model* of working and also have figured out different ways including *community building* aspects in our day-to-day work. However, we are very far from being the “*spearheads for reform*” of our ancestors. I have spent lots of psychic energy as the Executive Director at Henry Street feeling guilty, compromised and, at the extreme, questioning whether I had “sold out” in relation to social change or social criticism activities. Many of the coalitions that I belonged to, though they considered themselves advocacy groups, were really more like trade associations. In an era when most unions find a reason to back Governor Pataki and many social service workers found themselves opposing the living wage bill. It seems clear that *organizational aspirations* supercede ideological imperatives most of the time.

Does it have to be this way? My own experience as a community organizer at Mobilization for Youth [MFY], one of the first community action war on poverty agencies unfortunately leads me to believe: yes.

MFY was thought[?] up during a relatively progressive era with government and private money. Its specific mandate, using social science theory, was to combat juvenile delinquency using a community approach which included changing institutions. When that began to happen there was a swift and terrible backlash. The agency was accused of being infiltrated with radicals and its programs were emasculated. The lesson seemed to be clearly that government money could not be used to do real social change.

I think this has been the price that settlements have had to pay for their prosperity.

NEXT ↓

Settlements as a Prism for Viewing the Past, Present and Future of Social Services

Michael Fabricant

Settlements were a synonym for social services in the period between 1880 and 1930. The best of these houses were quintessential builders of social network and community. The broad effort on the part of settlements who were promoting social change rested on the deep and extended social networks that evolved from their social service work. The best settlements of the period organized services to promote individual and collective benefit. Fragmented communities needed services but effective services required communal supports. Citizenship development required both.

As noted, it was out of the local service work that included clubs and small groups that networks developed. Settlements were often a hub of communal activity and public life. Ultimately, these services were tethered to broader coalition and social change work in housing, public health, employment and public space. Such work was not defining for all houses. It is important that we not romanticize the historic role of settlements. Many houses perhaps the majority were racist and emphasized individual not collective projects. However, at their best settlements struggled to actualize Jane Adams' vision that, " the essence of settlement work was to move people's problems out of the private into the public realm and help build a sense of public life of inclusive community." Adams was prescient when she noted that perhaps the most important contribution of settlements was in the promotion of worker autonomy for the purposes of social innovation.

Presently, the structure of government contracting has eroded worker autonomy, the capacity of non-profit agencies to contribute to social innovation and in turn the capacity of settlements to add to the stock of political or social capital. The centralization of settlement financing through public contracting (on average three quarters of settlement budgets are derived from public monies) has contributed to the imposition of business practices on the work of the agency. Increasingly, agency efficiencies are singularly defined on the basis of per unit costs of services. As Smith and Lipsky note, the most defining trend associated with public contracting is the demand to do more and more with less and less. The intention is to create analogs between non-profit and corporate measures of productivity and tether these indices to industrial work processes. It is critical to note that the emphasis is on producing more and more units of service often in a revolving door structure People return for service because the circumscribed, rushed encounters with workers and agency effectively guarantees that basic needs will remain unmet. Such output offers the illusion of productivity, expansive numbers, but the less visible reality positioned just behind the numeric image is one of declining community strength and intensifying need.

Within this context, overwhelmed by structural demands that limit both autonomy and service provision, non-profit agencies encounter increased difficulty in forming social relationships with the communities residents. This aspect of service provision is short shrifted because it is complex, less amenable to quantification and is presumed to represent a relatively inefficient allocation of resources.

A clear contradiction exists then between settlements historic role in contributing to social capital formation and political change, and the demands of centralized public financing or contracting. Paradoxically, it is presently urgent that the community building potential of settlements and other non profit social service agencies be unleashed.

In sum, the work of settlements and other non-profits dependent on contracting is strait jacketed and, therefore, less and less likely to have the flexibility, autonomy and space necessary to participate in the innovative work of birthing more dynamic effective community building practices.

I wish I had more time but I don't so I will save my ideas regarding a community building praxis for the question and answer session. I want to close by saying that a primary challenge facing policy makers, funders and public sector managers is to create a contract language that balances the need for concrete, discrete measures of accountability with the requirements of fluid, less quantifiable, dynamic processes that promote affiliation.

Presently, contract incentives and language is singularly focused on a market logic of productivity. This logic, however, thwarts the potentially core contribution of settlements and more generally service agencies to the formation of social relationships. Relatedly, little if any attention has been paid to the use of contracts to promote collective outcome.