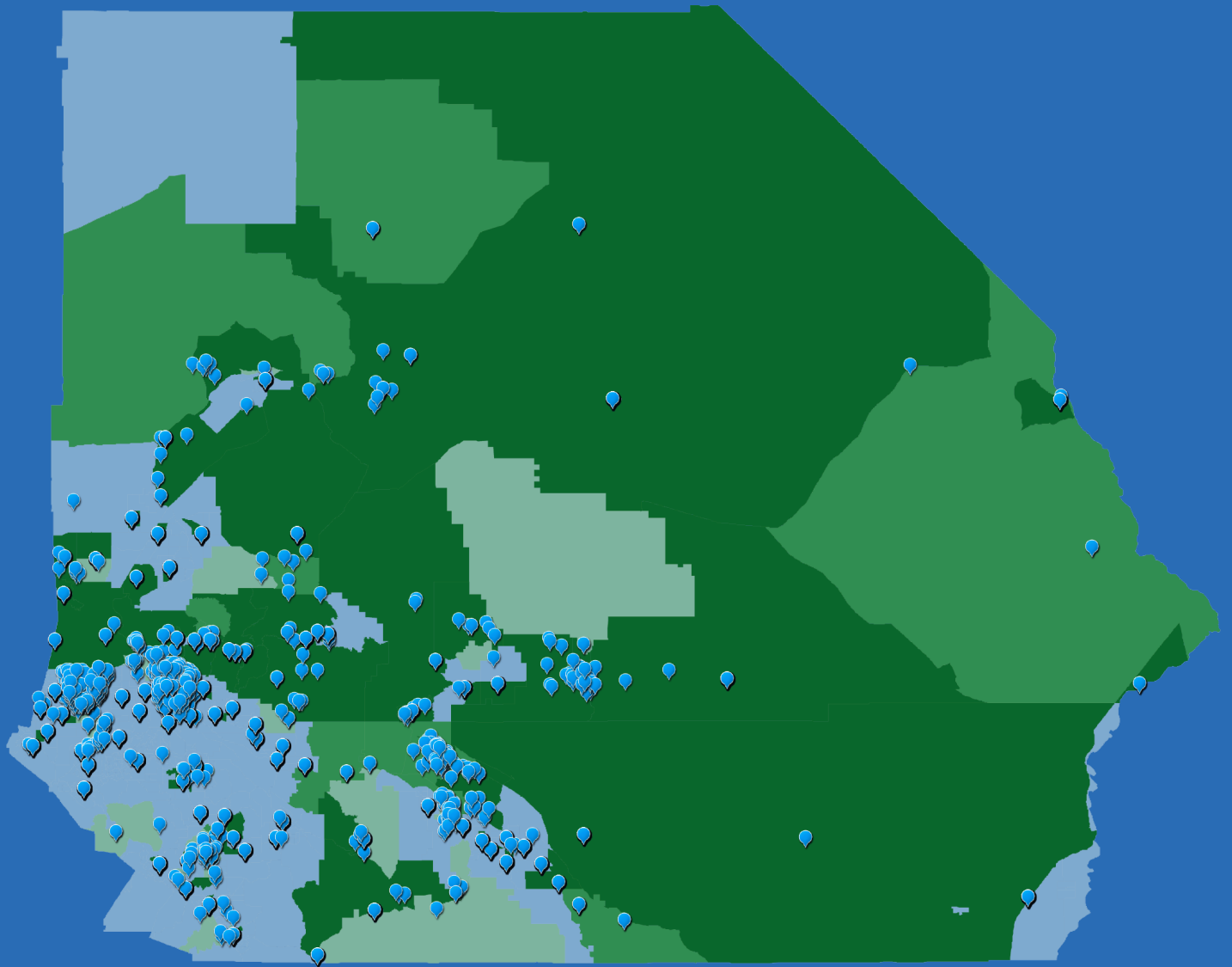


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# State of Nonprofits in the Inland Empire

APRIL 2020



PART FIVE IN A SERIES



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## EXECUTIVE SUMMARY

The future of California is inland, and the future of Southern California is the Inland Empire. As the nation's 13th largest metropolitan area continues to rapidly grow, a strong and vibrant nonprofit sector can help produce a more inclusive and sustainable economy and society.

We find that nonprofits are strengthening the region in several ways. Nonprofit jobs in the Inland Empire pay significantly more than other private-sector jobs. The region leads California with the greatest share of nonprofit startups since 2010. Foundation giving has increased significantly over the last decade.

Many nonprofit organizations are also having greater impact than ever before—by building coalitions, empowering communities, and strengthening their capacity for what we term “data, narrative, and action: DNA.” These developments have grown even stronger in the last two years, with investments in Census outreach totaling \$5.2 million from public and private sources. In many ways, the region's nonprofits have grown stronger and have made the social sector investment-ready.

At the same time, our research shows that investment growth has not kept pace with nonprofit growth. Foundation giving per capita in the Inland Empire is less than 50 percent of the Central Valley's, and is one-ninth of what we find in Los Angeles County. These disparities are driven both from within the region as well as from the outside. Growing philanthropy thus requires greater engagement with Southern California donors, as well as with statewide and national foundations.

Boosting public and private investments in the Inland Empire takes on particular urgency today, given the post-Census decline in grassroots funding and the economic havoc caused by COVID-19. Beyond the pressing needs of an economic recovery, state and national funders also have the opportunity to empower those who are remaking the region in a more equitable and sustainable manner.

One key ingredient for success is already present: thanks to Census outreach, nonprofit organizations have built strong relationships and social capital with government agencies and with each other. Continued investments in these partnerships will deepen cross-sector collaboration and make inclusive regional planning a reality. These investments can also help grow public-private partnerships, scale up nonprofits, and help them diversify their revenue streams.

Finally, investors would be well served by paying attention to innovative and risk-taking organizations, many led by youth and people of color. Investing in these leaders will help strengthen organizational effectiveness, diversify the region's leadership pipeline, and produce meaningful social change in the decade to come.

## HISTORY OF NONPROFITS

To better understand the current economic and cultural landscape of the Inland Empire, it is important to recognize the lives and contributions of the indigenous tribes and people living in the region. Dating back over 10,000 years, Native American tribes including the Alliklik, Chumash, Cahuilla, Gabrielino, Kitanemuk, Serrano, Luiseño, Chemehuevi, Kumeyaay, and Mojave flourished in the Inland Empire’s deserts, mountains, and valleys.

While there were no formal nonprofit organizations at the time, Native tribes and communities did much of the work that nonprofits do today. These tribes and communities put a high priority on taking care of each other and working together to resolve any issues in their groups. For example, while no food pantries existed all members worked together to keep the food supply abundant for the community.

This type of work was foundational to the culture and ideals of many of these local tribes (Patterson, 2016). For example, communities were typically run by a village head, who had the role of listening to the needs of their tribe and regulating peace (Clastres 1987; Gailey 1987). In the event that a leader did not follow or practice the culture norms, a group of elders could replace the leader deemed unfit to govern. This type of practice ensured shared and fair governance within the community.

### From Spanish Colony to Statehood

Starting in the late 1700s, Spanish settlers began establishing missions all over present day California. There are historical records of at least 21 missions from San Diego to Sonoma. During this time, the Spanish began imposing their societal and cultural norms on the Native Americans and utilizing missions to convert indigenous people to Catholicism (Patterson 2016). Native Americans in the Inland Empire faced coercion, discrimination, and forced labor through the Mission System (Yenne 2004). The imposition of this system caused a disruption of the cooperation and work between tribes, and as resources became more scarce, local tribes began to have more conflict amongst themselves and Spanish settlers (Patterson 2016).

In 1821, Mexico won independence from Spain. At the time, this territory included present day Riverside and San Bernardino counties. This transition of power created a period of controversy and unrest for those living in the region (Patterson 2016). The Mexican government imposed laws without much consideration for local conditions, causing friction between the government and residents (Robinson 1979). Besides religious institutions, there is little evidence for other organizations doing nonprofit work during this time. However, there were several politi-

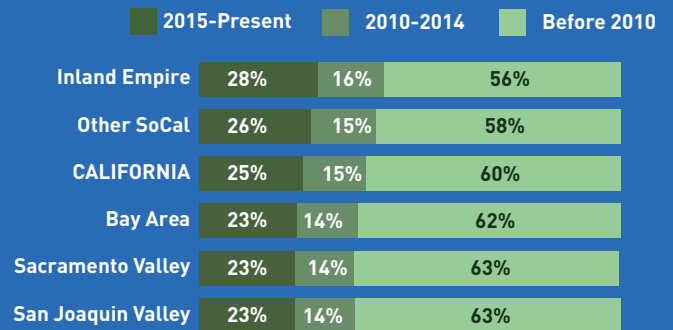
## KEY FACTS

### NONPROFITS & REVENUES

	RIVERSIDE COUNTY	SAN BERN. COUNTY	INLAND EMPIRE
All Nonprofits	7,511	6,820	14,331
Recent Filers*	5,331	4,695	10,026
Total Revenues	\$3.7 Bln	\$8.3 Bln	\$12.0 Bln
Revenues Share of GDP	5%	10%	7%

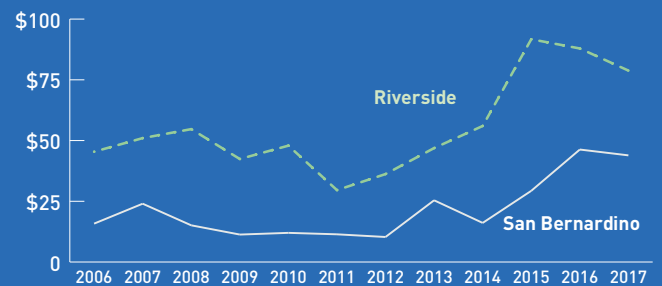
\* Filed tax return 2016 or later  
Source: IRS Business Master File, March 2020

### NONPROFITS BY YEAR OF FOUNDING



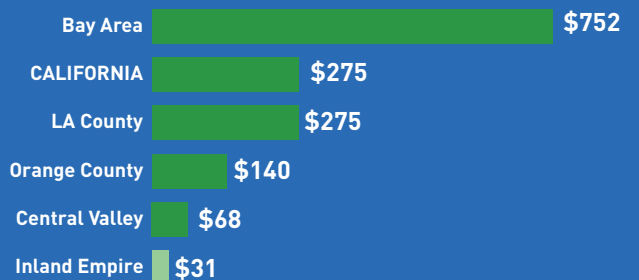
Source: IRS Business Master File, March 2020

### FOUNDATION GIVING (MILLIONS)



Source: Foundation Maps, Candid

### FOUNDATION GIVING PER CAPITA



Source: Foundation Center, 2016

cally inspired groups looking to change the conditions of the region (Patterson 2016).

Hostilities between the United States and Mexico were increasing during this time and came to head in 1846 when the two countries officially declared war. The war lasted two years and it was formally ended by the Treaty of Guadalupe Hidalgo in 1848. Soon after in 1849, gold was discovered and with it came the establishment of California's statehood in 1850. At this time, European settlers arrived in large numbers further imposing their cultural norms on the indigenous community (Patterson 2016).

In terms of nonprofit work, churches played a large role in spearheading and furthering social causes by forming foundations for civic engagement in Black communities, while mutual aid societies and hometown associations helped Mexican American communities thrive in Southern California (CA Department of Parks and Recreation 1988).

### Emergence of Nonprofits During Wartime

Labor, agricultural, and horticultural organizations were among the first to receive tax exemption, in 1909 as part of the Corporation Excise Tax Act. Soon thereafter, these same organizations also received exemption from income tax liability under the first income tax act in 1913 (Reilly, Hull, and Allen 2003).

The early 1900s also saw the establishment of national organizations—like the NAACP in 1909, the League of Women Voters in 1920, and the Association on American Indian Affairs in 1922. Each of these organizations were advocates and encouraged civic engagement for marginalized communities in the region. Wartime mobilization and the return of U.S. veterans during World War I also served as a catalyst for the creation and strengthening of civic participation and nonprofit organizations (Skocpol 2004).

Nonprofits grew stronger and more numerous during World War II, as Americans devoted more attention to service, fundraising, and mutual aid (Skocpol 2004). Some of these initiatives included conserving resources, sending supplies to troops overseas, and developing civilian and refugee relief programs. Fundraising and volunteering was a product of collaborative efforts and service organizations like the YMCA and Salvation Army. During this same time, the National Jewish Welfare Board banded together to establish the United Service Organization for National Defense. Other initiatives included the American Red Cross launching an unparalleled campaign, raising millions of dollars and recruiting over 100,000 nurses to start the nation's first-ever war-related blood donation program (Muslic 2017).

### Nonprofits in the 1960s & 70s

The Civil Rights Movement of the 1950s and 1960s, along with the Chicano movement, rise of second-wave feminism, and other social movement efforts gave birth to a new era of community power and nonprofit infrastructure. During this time, the federal government became much more involved in addressing social problems including poverty and anti-discrimination. Development of an official "nonprofit sector" happened during this time, as did the associated rules, regulations, and policies governing it (Skocpol 2004, Muslic 2017). As we have noted in our prior reports in the State of the Inland Empire series, the feminist, environmentalist, labor, and civil rights movements also left their indelible mark on the growth of community organizations in the Inland Empire.

## CONTEMPORARY TRENDS

Understanding the state of the nonprofit sector in the Inland Empire today requires a grounding in some key contextual factors. With 4.6 million residents in 2018, the Riverside-San Bernardino-Ontario metropolitan statistical area (MSA) is the third largest in California and the 13th largest in the United States. The area's population is comparable in size to the San Francisco-Oakland-Berkeley MSA's, which it is projected to surpass by 2030 (California Department of Finance 2019). Most of the Inland Empire's population growth has occurred in its western half, and much of it has been fueled by outmigration from Los Angeles and Orange County.

In addition to its size, the Inland Empire also boasts significant diversity. It is a majority-Latinx region with African Americans and Asian Americans each accounting for about 7 percent of the area's residents. The region is also diverse with respect to geography. In Riverside County, distinct population centers include *Western Riverside* (including Corona, Norco, and Riverside), *Southwest Riverside* (including Murrieta and Temecula), and the *Eastern Riverside* region (including the Coachella Valley and beyond). San Bernardino County has its *West Valley* (with cities like Ontario and Rancho Cucamonga) and its *East Valley* (cities like Fontana and Rialto); the *Morongo Basin* further east (including Joshua Tree), and the *High Desert* communities of Apple Valley, Hesperia, and Victorville (see p. 12).

The last major report on nonprofit organizations in the Inland Empire was conducted in 2009 by Carol Silverman, Arleda Martinez, and Jamie Rogers for the James Irvine Foundation. The authors found that nonprofit capacity was not keeping up with the region's rapid population growth, as measured by the number of nonprofits per capita, revenue per capita, or the size of the average



nonprofit. They also noted that the region's foundations were growing, but were still relatively small when compared to other regions. The 2009 report also noted that vast distances and lack of cohesive regional identity hampered the work of nonprofits needing to serve populations in two counties, and in areas strongly divided by geography.

This report, coming about a decade later, finds measurable gains on several of these dimensions. The number of nonprofits have grown significantly in the last decade, as have the number of nonprofits with budgets exceeding \$5 million a year (pp. 7-8). Nonprofits now represent 7 percent of the Inland Empire's Gross Domestic Product (p. 3), and nearly 6 percent of its employment. Nonprofit jobs also tend to pay higher than other private sector jobs, both in the aggregate and across most industries.

And while the region still remains vast, strong coalitions have sprung spanning wide areas, giving nonprofits greater coordination and reach than ever before. These efforts are particularly evident among grassroots organizations working on issues ranging from civic engagement to worker rights, environmental justice,<sup>1</sup> immigrant rights and criminal justice reform (pp. 24, 25). Importantly, work on 2020 Census outreach has fostered even broader collaborations, expanding from grassroots organizations and drawing in large service providers and county government agencies (p. 6). Nonprofits are also playing a larger role in organizing collective impact efforts to improve educational outcomes (p. 7) and to address housing and poverty.

In addition to providing updated findings since 2009, this sheds light on new areas that will shape the region's future. For example, social enterprise is at an early stage of growth, with newer nonprofits focusing on youth development (p.9 and p. 22) heading down a path well trod by larger nonprofits such as Goodwill (p. 19) and Habitat for Humanity (p. 21). We also devote attention to improving diversity in nonprofit leadership, a pressing concern for a region that is predominantly composed of communities of color, and rapidly growing.

## DATA AND METHODS

To better understand the current state of the nonprofit sector in the Inland Empire and its future direction, this report relies on analyses of Internal Revenue Service records, government employment data, foundation giving data, original surveys, and interviews with nonprofit leaders.

Nonprofit organizations have a 501(c) designation from the federal government, which entitles them to a reduction or elimination of federal tax obligations. The vast majority of nonprofits are 501(c)3 organizations, including public charities as well as private foundations (*our online*

## PROFILE

### INLAND EMPOWERMENT

**Theme:** Civic engagement, Coalition work

**Position:** Sky Allen, Census Coordinator

Inland Empowerment is a coalition of organizations that do civic engagement work in the Inland Empire. Comprising eight partner organization members, Inland Empowerment aims to empower the voices of communities of color and low-propensity voters to be more active and to civically engage.

Inland Empowerment is heavily involved in "Get Out the Vote" campaigns. In addition, the organization works as a mediator between local nonprofits to find issues where they intersect and can collaborate. Inland Empowerment also works to inform and encourage the local community to get involved in campaigns and leadership in the region.

Inland Empowerment has been heavily involved with 2020 Census outreach work in the region. Sky notes that they have developed an application to help with outreach efforts that they hope will be useful for future innovations in community engagement. Indeed, when faced with disruptions due to COVID-19 in early March, Census outreach partners pivoted from face-to-face canvassing to phone banking and digital engagement. Inland Empowerment aims to continue innovating in the area of coordinated grassroots engagement, with important lessons learned from the COVID crisis.

Census work has also helped Inland Empowerment develop valuable relationships, both within the region and outside, which Sky hopes will continue after 2020. These relationships and partnerships include government agencies, philanthropy, service providers, grassroots organizations, and researchers. Sky believes that the coalitions and partnerships that have sprung up from this work will have to be thoughtfully maintained and nurtured. She notes that Census work will set the stage for the future of nonprofits in the Inland Empire.

In terms of challenges for local nonprofit sector, Sky believes that funding will always be an issue. While funding growth for the Inland Empire has not kept pace with other regions, she notes that relationships with donors and foundations like the Inland Empire Community Foundation have become much stronger because of this Census work.

Sky believes that economic development, environmental justice, and immigrant rights are three main areas of opportunities for the region to collaborate deeply. Inland Empowerment also seeks to collaborate and engage with a large variety of organizations in the region, focusing on common goals. Sky notes that having increased engagement among different parts of the region could improve the collaboration between agencies and help to address local community needs on a larger scale.

## NONPROFIT STRENGTH AND THE 2020 CENSUS

Outreach efforts related to the 2020 Census have provided a much-needed boost to nonprofits in the region, by (1) strengthening their data and policy sophistication, (2) building deeper relationships and social capital with government agencies and with each other, and (3) creating a stronger sense of cross-regional equity and shared identity.

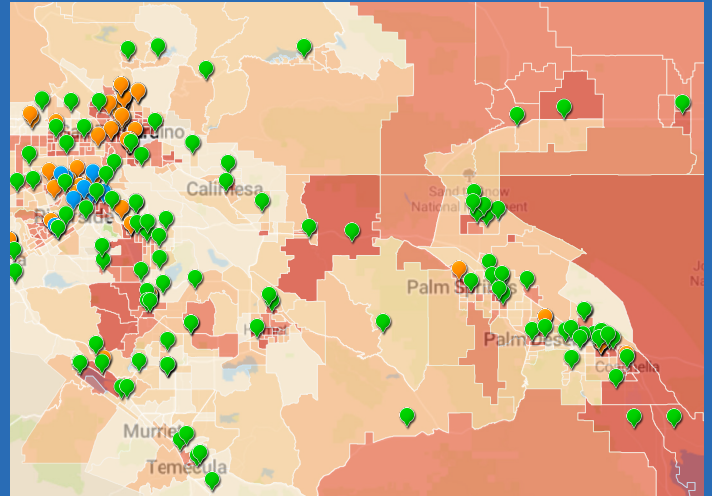
Collaborations on census outreach did not occur by happenstance. Indeed, civic engagement organizations, including Inland Empowerment partners, Inland Coalition for Immigrant Justice, and Alianza organized meetings in summer 2018, with NALEO and CSI-UCR providing technical assistance. When the State of California issued a Request for Information (RFI) to provide insights on regional plans for Census outreach, the census nonprofit coalition used the opportunity to lay out a vision for an equitable and coordinated approach. A passage from RFI's concluding statement is worth quoting at length.

*Census 2020 comes at a crucial time for the region of Riverside and San Bernardino Counties... Not only is the decennial census important to ensure sufficient political representation and public and private investment in the region, outreach investments related to Census will provide critical resources to build and strengthen the ecosystem for collaborative service delivery and community engagement, linking the public sector, higher education, for-profit, nonprofit, and other community stakeholders.*

*Prior to 2010, many statewide investment efforts by the public sector and private philanthropy alike had relied on a "trickle-down" approach to local work, with regional organizations serving as junior partners to well-resourced statewide collaboratives. Since 2010, we have seen the rise of robust efforts to build autonomous capacity in the region that is collaborative and is ecosystem-oriented, recognizing the importance of building up individual organizations as well as the collaborative network.*

As the census nonprofit coalition continued planning for outreach, it also created a set of internal mechanisms to ensure transparency and equity in funding across the various Inland Empire subregions and across hard-to-count communities. Thus, partners established key principles for deep and meaningful collaboration, well before large sums of public and private dollars arrived.

Soon after, the State issued a request for proposals from large, administrative community based organizations (ACBOs) to coordinate Census outreach in various regions, including the Inland Empire (Region 7). The census coalition conferred with its growing group of nonprofit members and identified the Inland Empire Community Foundation as a trusted partner that could not only handle large state contracts, but would also prioritize community partnerships and grassroots expertise. Thus, the nonprofit sector organized so that there would be one unified ACBO application from the region, rather than several uncoordinated ones.



*Planning map for Inland Empire Census outreach, including organizations, assistance centers, and Hard-to-Count (HTC) census tracts*

Meanwhile, the counties of Riverside and San Bernardino were also discussing plans to work with their local jurisdictions on Census outreach. They also signaled interest in collaborating with community organizations, with the latter serving as the most trusted messengers on Census outreach among hard-to-count populations. Instead of having two separate county outreach efforts, CSI-UCR worked with local government leaders to unite under one roof, and to design an Inland Empire Complete Count Committee that would include a wide range of partners—from government agencies and nonprofits from the ACBO effort, to researchers as well as corporate, philanthropic, and media partners.

Since January 2019, these stakeholders have held dozens of meetings, to coordinate Census messaging, branding, training, outreach activity, and research. In all these efforts, partners have sought to improve collective learning and maximize the efficient use of resources. In the process, they have also built a strong and meaningful set of relationships across sectors and across regions. The Census outreach effort has also elevated the leadership of mid-level government and nonprofit staff across the two-county region, bringing in new talent and connecting these emerging leaders with each other.

So far, the nonprofit coalition has made meaningful contact with about 200,000 residents in the Inland Empire. They have also adapted quickly to COVID-19. In early March 2020, two weeks before the state's order to shelter in place, nonprofit partners had already begun to pivot in their canvassing strategies. They focused first on phone banking rather than in-person visits, and then added text messaging and more intensive social media outreach. Finally, Census outreach partners have also integrated COVID-19 information into their scripts. They have provided referrals to 211 in each county, as well as information that the nonprofit sector has organized under the rubric of IE COVID Response (see p. 24).

appendix provides an in-depth description of various 501(c) classifications). In some instances, we exclude private foundations from the analyses, particularly when analyzing assets and revenues in each region. In addition, we present financial data based on those who have filed their tax returns in 2016 or later, using the most recently filed financial statements per organization. As the 2019 Causes Count report from the California Association of Nonprofits notes, organizations who have not filed their taxes in the past 2 years “are likely to be in the process of exemption application, delinquent, or in the process of termination.” (CalNonprofits 2019).

## NONPROFIT DENSITY AND LOCATION

According to data analyzed from the IRS Exempt Organization Business Master File (hereafter IRS), there were 14,331 registered nonprofits in the Inland Empire as of March 2020.<sup>2</sup> These include all 501(c) nonprofit classifications, including unique chapters of larger organizations that each file their own tax returns. Of these, about 70 percent are recent filers, meaning that they submitted their 990 tax forms to the IRS in 2016 or later (p. 3). The vast majority of nonprofits in the region are 501(c)3 organizations (about 90%), in line with averages for the rest of Southern California.<sup>3</sup> The Bay Area and Sacramento regions have a higher proportion of (c)5 organizations, which are primarily labor organizations, as well as (c)6 organizations, which are primarily business associations.

If we consider the 2009 James Irvine Foundation report as a baseline, the number of nonprofits has grown an astounding percent (42%) in 15 years, from 10,079 nonprofits in 2005 to 14,331 in early 2020. Still, nonprofit density in the Inland Empire (at 3.1 nonprofits per 1,000 residents) lags behind comparable figures for the rest of Southern California and statewide (both at 4.5 nonprofits per 1,000 residents, see p. 11).

In addition to examining the overall density of nonprofits in the Inland Empire, it is also important to examine differences by geography across both counties. Research has shown that a nonprofit’s location can influence its access to clients, community and government resources, employees and volunteers, and services and partnerships. In addition, location may influence access to funding and the landscape of competition for that funding (Bielefeld et al. 2004). Put another way, a nonprofit’s prospects for success and survival can hinge on the consequences of its location decision.

Research on the nonprofit sector often finds that nonprofits are less prevalent in rural and suburban areas than in central cities, where they provide an array of services (Bielefeld & Murdoch, 1997). Our analysis of nonprofit IRS records indicates that this general pattern also holds

## PROFILE

### GROWING INLAND ACHIEVEMENT

**Theme:** Collective impact

**Position:** Dr. Carlos Ayala, President & CEO

Dr. Carlos Ayala, a longtime educator and former dean in the California State University system, was appointed CEO of Growing Inland Achievement (GIA) in 2019. GIA is a cross-sector collaborative organization focused on raising the region’s educational attainment rates. Currently, only 151 of 1,000 current Inland Empire 9th graders are projected to earn a bachelor’s degree, and only 18% of Inland Empire adults aged 18-34 currently have a bachelor’s degree.

The initiative got started in 2015 as the “Governor’s Innovation Award in Higher Education,” with a \$5 million grant from the state of California that engaged various stakeholders in K-12 education, post-secondary education, and civic and business leaders. Even as it has become a standalone organization with a CEO, GIA has retained its collaborative model of problem-solving.

GIA takes a collective impact approach, which means convening regional leaders across sectors to create shared goals and data accountability structures. An example of this model can be seen in their Action Network Teams (ANTs), which are focused on addressing specific issues such as equity, College and Career Preparedness, and Adult & Professional Education, among other.

GIA’s regional goals include aligning educational policy and initiatives through a regional cradle-to-career collective impact model; increasing college preparedness, and achieving a 20% reduction in the number of students requiring remediation, particularly in math; increasing baccalaureate, associate, certificate, and credential attainment by 15% across the two counties within 5 years; and improving career preparedness through a strengthened partnership with industry to better align education with workforce development needs.

Several grants have helped GIA to carry out their work, including the Governors Innovation Award, and grants from the College Futures Foundation and the Bill & Melinda Gates Foundation. GIA’s vision is that by 2035, San Bernardino and Riverside Counties will be widely recognized for their educated workforce, thriving communities, and a vibrant economy creating prosperity for all.

As Ayala puts it, “There are many organizations in the Inland Empire that are doing great work... [GIA aims] to bring those folks together around a cradle-to-career collective impact model, which has proven to be successful in other metropolitan areas across the United States. We are making great progress, but there is still much work to be done.”

true in the Inland Empire. We geocoded nonprofits based on their mailing address and produced a map of nonprofit density by census tract (p. 12 and in our online appendix). The map clearly shows a higher density of nonprofits in cities like Riverside, San Bernardino, and Victorville than in their relevant suburban and exurban areas. There is also a relatively heavy concentration of nonprofits in the Coachella Valley, and particularly in its western half.

## NONPROFIT ASSETS & REVENUE

In addition to their density and location, the assets and revenues of nonprofits are also important indicators of their capacity and the resources available to be deployed to benefit community. Not all nonprofit organizations are required to file their assets with the IRS. For example, nonprofits with annual gross receipts of \$50,000 or less are only required to file a 990-N form, which does not require them to file any asset information. Thus, while there are 14,331 registered nonprofits in the Inland Empire, only 10,026 have filed tax returns since 2016 (we call these “recent filers”).

The overwhelming majority of recent filers in the Inland Empire (86%) report assets of \$250,000 or less, with 76 percent reporting assets less than \$50,000 (*see online appendix*).<sup>4</sup> By contrast, 58 percent of recent filers in the Bay Area, 66 percent in the rest of Southern California, and 66 percent statewide report assets of \$50,000 or less. On the other end of the asset spectrum, over 5 percent of recent IRS filers statewide reported assets over \$5 million, compared to 7 percent in the Bay Area, 3.6 percent in the Central Valley, and 3 percent in the Inland Empire.

Regional disparities appear even more starkly on a per capita population basis. For example, per capita nonprofit assets are about \$5,400 for recent filers in the Inland Empire (p. 11), much lower than the statewide average of \$11,700. By contrast, average assets for nonprofits in the rest of Southern California are over \$17,000 per capita. The Central Valley has a higher per-capita average of nonprofit assets (\$11,700), but that is largely driven by the higher assets of Sacramento Valley (\$22,700 per capita) rather than the San Joaquin Valley (\$5,100 per capita).

When we analyze the two Inland Empire counties separately, we find that San Bernardino County has much higher assets per capita than Riverside County. This disparity mostly stems from the assets of Loma Linda University and its various related nonprofits. For example, according to the Foundation Center, Loma Linda University reported \$1.6 billion in assets in 2018, and gave over \$11 million to the region. When higher education institutions and hospitals are excluded from

the analysis, differences between the two counties are much smaller, with San Bernardino County at about \$3,300 per capita and Riverside County at \$3,100 per capita.

With respect to revenues, the picture is largely similar when comparing the Inland Empire to other regions. Among nonprofits that are recent filers, the average revenue is about \$2,600 per capita in the Inland Empire, compared to \$6,650 in the rest of Southern California, and \$7,200 statewide (*see online appendix*). At the same time, the region has seen significant growth in the number of organizations with budgets over \$5 million a year—from 94 organizations in 2005 to 155 nonprofits on an inflation-adjusted basis today.<sup>5</sup>

Finally, just as in the case of assets, there are significant disparities in revenue per capita across the region (p. 13). Eastern Riverside County, Riverside Metro, and San Bernardino Metro have much higher nonprofit revenues per resident than the Morongo Basin, High Desert, and Southwest Riverside County. The maximum sub-regional disparity in nonprofit revenue per resident is between San Bernardino Metro (\$4,430) and the Morongo Basin (\$290) further east. These differences are significantly muted, however, when hospitals and universities are excluded from the analysis, and this disparity gets cut by more than half, from 15:1 to 7:1.

Finally, as the census tract map of nonprofit revenues reveals (p. 13 and *online appendix*), there are significant disparities across census tracts even in regions with relatively high nonprofit revenues like Eastern Riverside County and San Bernardino Metro. For example, residents in the Eastern Coachella Valley, who are much more likely to be low-income and first-generation immigrants, have access to much fewer nonprofit resources than residents in Western Coachella Valley. Similarly, residents in Fontana and Rialto live in census tracts with much fewer nonprofit resources than those living further west in the city of Rancho Cucamonga and those living further east in San Bernardino and Redlands.

## NONPROFIT SECTORS

In order to provide an overview of the diverse array of organizations in the nonprofit sector, this report utilizes the National Taxonomy of Exempt Entities classification system of organization mission and activities.<sup>6</sup> These classifications were created by the National Center for Charitable Statistics (now housed at the Urban Institute), and are utilized by the IRS as well as many other foundations, researchers, and analysts.

According to data analyzed from the IRS (p. 12), the largest nonprofit sub-sectors in the Inland Empire are (1) Religion related; (2) Human services (including



various types of social services such as family and youth services, developmentally disabled services, immigrant services, and more); (3) Public and Societal Benefit organizations (including public utilities, credit unions, United Way chapters, veterans organizations); (4) Education (elementary through post-secondary institutions, student scholarships, and student services); and (5) Arts, Culture, and Humanities groups (including performing arts, museums, media organizations, and historical societies).

The share of these top sub-sectors appear to mirror those in other regions, except for religion related nonprofits, which are more prevalent in the Inland Empire. As Ramakrishnan and colleagues noted in their 2008 study of civic participation in the region, the higher share of religious institutions in the Inland Empire is partly a function of the relatively low levels of nonprofits per capita in the region. Religion is a fundamental aspect of social life, and one might expect religious institutions to be prevalent even in places with comparatively smaller nonprofit sectors. In addition, some types of religious engagement are higher in the Inland Empire than in places like Los Angeles County. The 2014 Pew Religious Landscape Study does not find higher levels of religious attendance in the Inland Empire than in Los Angeles, but it does find a higher level of participation in scripture and religious education groups in the Inland Empire than in Los Angeles.<sup>7</sup> It is important to note that religion-related organizations also include civic engagement organizations like Inland Congregations United for Change (ICUC) and Congregations Organized for Prophetic Engagement (COPE). As we discussed in our report on civic engagement (2019), and as we show later in this report (p. 23), these religious nonprofits are playing an increasingly vital role in advocating for social change and empowering disenfranchised populations in the region.

## NONPROFIT SECTORS BY REVENUE

When analyzing nonprofit sub-sectors weighted by revenue, the data show that while religion-related nonprofits are the most numerous, health care dominates in terms of its share of total revenue (p. 13). Hospitals make up nearly 40 percent of nonprofit revenues among recent tax filers, followed by other health services at 19 percent. Human/social services are next (16 percent of nonprofit revenues), and education rounds out the “top five,” with higher education and other education-related nonprofits representing 10 percent and 6 percent, respectively, of nonprofit revenues in the Inland Empire.

Importantly, while arts, culture, and humanities organizations represent the sixth largest number of nonprofits in the region, they only account for 1 percent of all nonprofit revenues. In addition, religion related nonprofits also make up just 1 percent of the total share of nonprofit

## PROFILE

### SIGMA BETA XI

**Theme:** Youth, Social Enterprise

**Leaders:** Corey, Berenice, Darrell

Sigma Beta Xi is a nonprofit organization whose primary mission is to address the cycle of poverty and violence through education and community organizing. SBX provides research-based mentoring and development services for at-risk youth. For example, as part of one of their programs, Darrell mentions that they have created programming “to reach out to our community and family members throughout the broader region to be able to get affordable Internet.” In addition to this initiative Sigma Beta Xi offers drug and alcohol counseling, and rites of passage programs.

Corey mentions that for the first five years of Sigma beta Xi, all their funding came through social enterprise, including earning fees for services related to youth mentoring and development. In addition, SBX partners with other organizations such as the Alliance for Men of Color in Riverside, ACLU, National Center for Youth Law, and NAACP among others to advance the reach of their programs and provide wraparound services for youth. In addition to these partnerships, SBX partners with local organizations that are trying to follow the social enterprise model to help them build capacity and secure grants for their projects. The social enterprise model allows SBX to have greater financial stability and the flexibility to pursue a variety of initiatives and projects that relate to their mission.

Sigma Beta Xi sees the next economic downturn as the biggest challenges they will face. They acknowledge that the recovery from the economic crisis in 2008 has been slow and that they have seen diminished philanthropy and grants coming into the region. In addition to this, Corey mentions that finding ways to diversify their funding without veering away from their mission will also pose a challenge. Corey mentions that he would like to see foundations give a fair percentage of dollars to the Inland Empire as they do to other regions in the state. Lastly, Corey notes that more organizations are carrying bigger loads of work with the same amount of pay and that foundations should provide more general operating support.

In terms of a future outlook, Berenice mentions the importance of having more opportunities for youth in the region. She notes that “all of these programs and different resources and the drastic changes we’ve made over the last five years, have really come from our young people and really being able to give our youth the voice that they need to make their community better.”



## PROFILE

### INLAND EMPIRE COMMUNITY COLLABORATIVE

**Theme:** Capacity building, Collaborative

**Position:** Susan Gomez, CEO

The Inland Empire Community Collaborative is a group of nonprofit organizations that have a hands-on understanding of the struggles of nonprofit organizations, the people they serve, and the systems within which they operate. IECC aims to use this knowledge to strengthen each organization as well as the sector as a whole.

IECC aims to prepare nonprofits to be sustainable, viable, and to thrive in the region. For example, using a train-the-trainer model the IECC has developed a program called Capacity Building Academy where they provide sustainability planning for nonprofits in San Bernardino and Riverside counties. Their relationships with funders helps drive engagement in capacity building workshops, grant writing boot-camps, and their annual Thrive Nonprofit Conference.

IECC got its start with a capacity-building investment from First 5 San Bernardino. It now receives support through county contracts and giving from private foundations and individual donors, going from an annual budget of \$50,000 to \$1.2 million within three years. Just as IECC has diversified its funding stream, they encourage their members to also do so. "Sustainable means you have to be diversified in your funding streams," Susan says, adding "they just can't rely on single source funding anymore; that model is not sustainable."

Susan notes that a big challenge for the IECC is keeping up the quality of work given their early success and growing demand. Susan mentions that being mindful of organizational capacity is critical to ensuring fidelity to mission and ensuring nonprofit success, and this applies equally to IECC as to their nonprofit members.

Insufficient investments are also a challenge, Susan notes, adding that "the landscape for [nonprofits] has changed because the services are exponentially growing, and there are more families in need... Nonprofits are being asked to do more for less."

Susan hopes that the work that IECC is doing will lead to more awareness of the true cost that it takes for nonprofit organizations to provide services. This includes fair wages, and fair compensation for the services being provided. With a unified voice as nonprofits, Susan hopes that this kind of advocacy will increase. Susan mentions that opportunities that involve collaboration are critical for the region's success.

*In addition to IECC, we interviewed Academy Go and the Inland Empire Capacity Builders Network, whose profiles are included in our online resources.*

revenue in the Inland Empire, even though they account for the largest share of organizations.

## NONPROFIT EMPLOYMENT

In addition to representing a significant share of the region's GDP (p. 3), nonprofits in the Inland Empire also contribute a substantial number of well-paying jobs in the region. According to the latest data provided by the Bureau of Labor Statistics (BLS), there were 69,419 nonprofit sector employees in the Inland Empire in 2017. The number of nonprofit employees has been steadily increasing in recent years. For example, the Inland Empire saw a 12 percent increase in nonprofit employees since 2013, compared to a 19 percent growth in all private-sector employees during the same period. When analyzing the two counties, San Bernardino County (40,104) has nearly double the number of nonprofit employees as Riverside County (22,137), and this disparity is driven by Loma Linda University Health, the region's largest nonprofit employer and also one of the largest private-sector employers.

Perhaps not surprisingly, the BLS data also show that health care dominates nonprofit employment in the region, representing 69 percent of total nonprofit jobs in the Inland Empire. In addition to Loma Linda, Kaiser Permanente and Eisenhower Health are major nonprofit employers in health. If we further examine the health sector, the data show that the sub-sector of hospitals makes up about 39 percent of all nonprofit jobs in the Inland Empire.

In addition to providing employment, nonprofit jobs in the Inland Empire also tend to pay much higher than other private-sector jobs. Data from the same 2017 BLS report show that nonprofit jobs in the Inland Empire pay, on average, \$57,200 a year when compared to the private-sector average of \$42,000 a year, which represents a 37 percent premium (p. 11). Much of this is related to the mix of nonprofit jobs, which are heavily weighted towards health care, and other private-sector jobs in the region, which are heavily weighted towards logistics that tend to be low-paying (Center for Social Innovation 2018). By contrast, this "nonprofit wage ratio" is about even in the rest of Southern California, and is much lower in the Bay Area, where high-tech jobs dominate in the private sector.

While the higher average wage for nonprofit jobs is driven by its large share of health care jobs, we find that the nonprofit wage premium applies to nearly all of the top nonprofit employment fields. Thus, for example, hospital jobs, which account for nearly 40 percent of nonprofit jobs in the Inland Empire, have an average 8 percent nonprofit premium in pay overall all private sector jobs in hospitals. Other jobs have an even greater premium, including social assistance jobs (113 percent premium for nonprofit work), ambulatory care services (34 percent premium), and educational services (30

# Data Snapshot

## NONPROFIT CLASSIFICATIONS

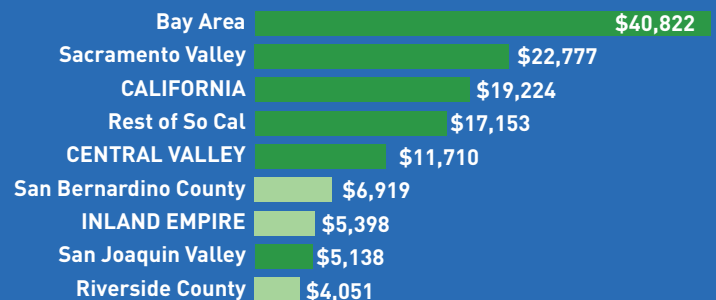
	RIVERSIDE COUNTY	SAN BERNARDINO COUNTY	INLAND EMPIRE	REST OF SOCAL	BAY AREA	CENTRAL VALLEY	CALIFORNIA
501(c)3	87%	86%	87%	88%	82%	77%	84%
501(c)4	3%	3%	3%	3%	4%	5%	4%
501(c)5	1%	2%	2%	1%	4%	4%	2%
501(c)6	2%	2%	2%	3%	3%	5%	3%
501(c)7	3%	2%	2%	2%	3%	3%	3%
Other 501s	3%	5%	4%	3%	4%	5%	4%
<b>Total nonprofits</b>	<b>7,511</b>	<b>6,820</b>	<b>14,331</b>	<b>78,564</b>	<b>43,322</b>	<b>26,457</b>	<b>179,799</b>

Source: IRS Business Master File, March 2020

## NONPROFITS PER 1,000 RESIDENTS, BY REGION



## NONPROFIT ASSETS PER CAPITA, BY REGION

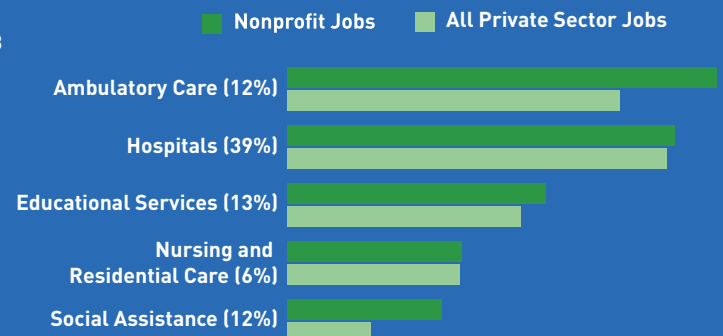


Source: IRS Exempt Organization Business Master File and 2018 Census Population Estimates

## NONPROFIT WAGE RATIO TO ALL PRIVATE SECTOR WAGES, BY REGION

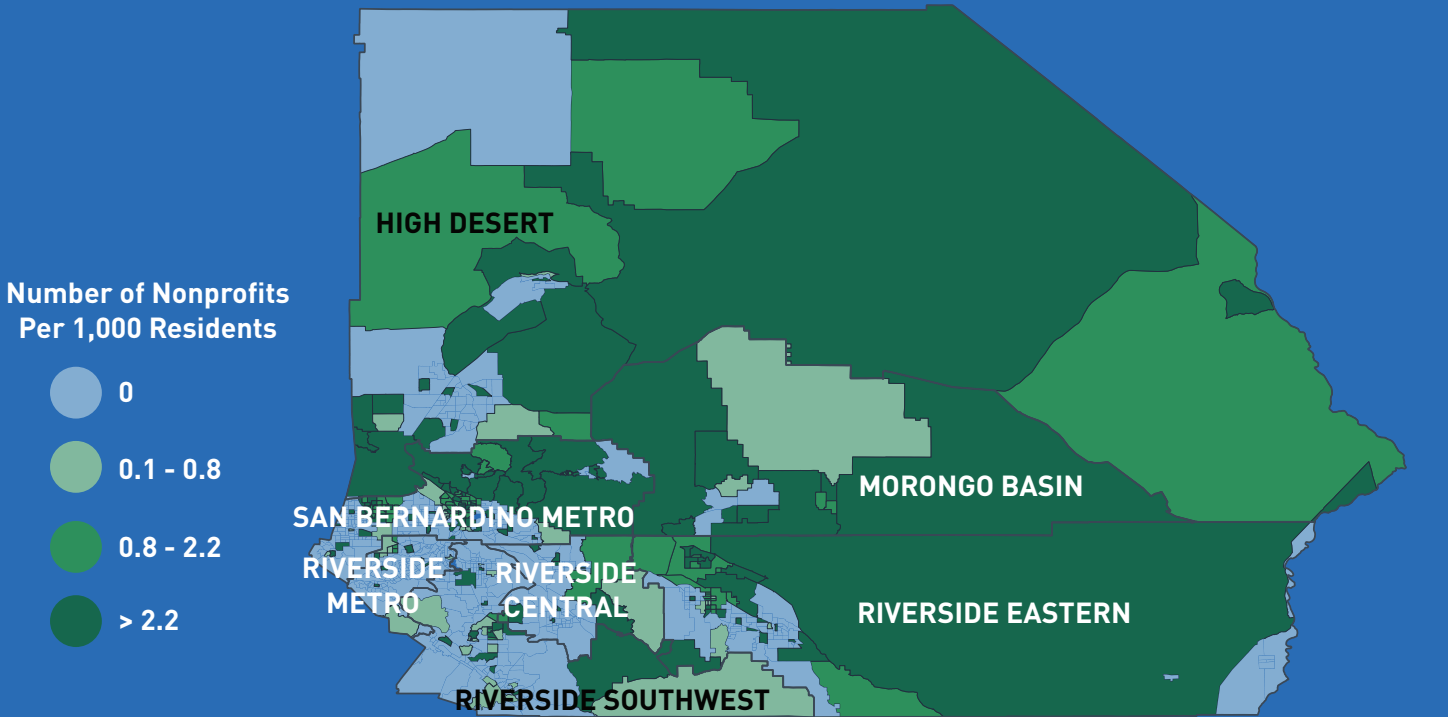


## INLAND EMPIRE NONPROFIT WAGE RATIO TO ALL PRIVATE SECTOR WAGES, BY SECTOR



Source: U.S. Bureau of Labor Statistics, Research Data on the Nonprofit Sector 2017  
 Note: Industry share of all nonprofit jobs in parentheses

### NONPROFIT DENSITY, BY CENSUS TRACT AND SUBREGION

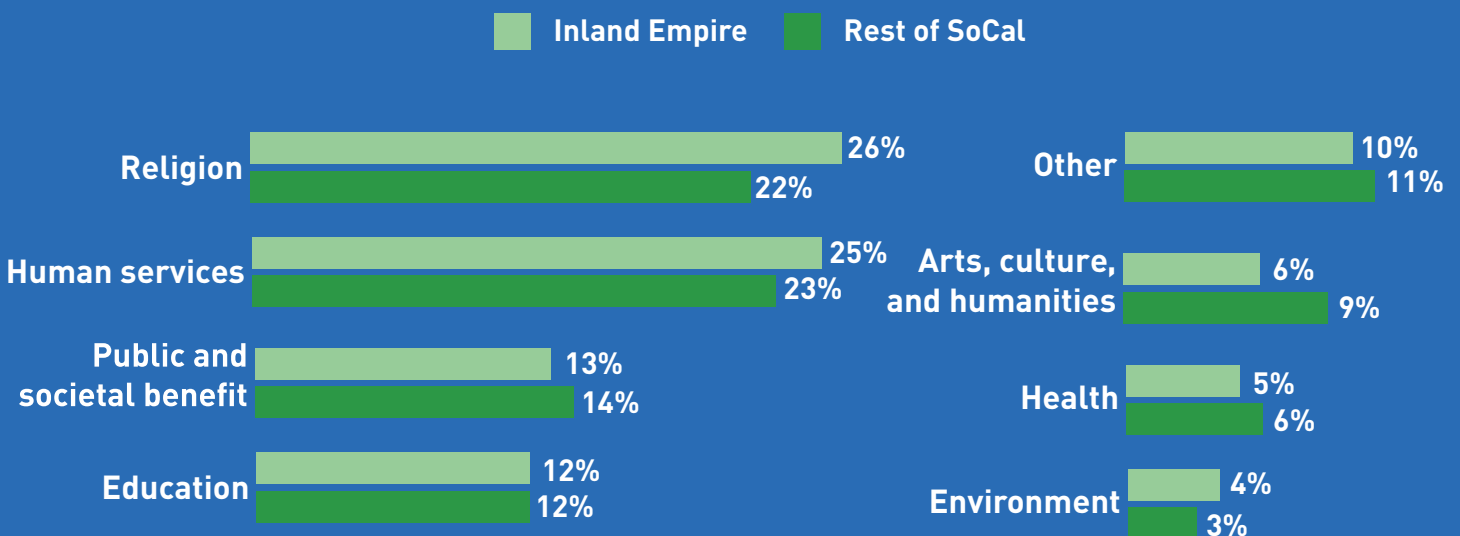


INLAND EMPIRE	SAN BERN. METRO	MORONGO BASIN	HIGH DESERT	RIVERSIDE METRO	RIVERSIDE CENTRAL	RIVERSIDE S. WEST	RIVERSIDE EASTERN
3.1	3.1	4.0	3.3	2.8	2.9	3.5	3.5
3.1*	3.1*	3.9*	3.3*	2.8*	2.9*	3.5*	3.5*

\* Excluding universities and hospitals

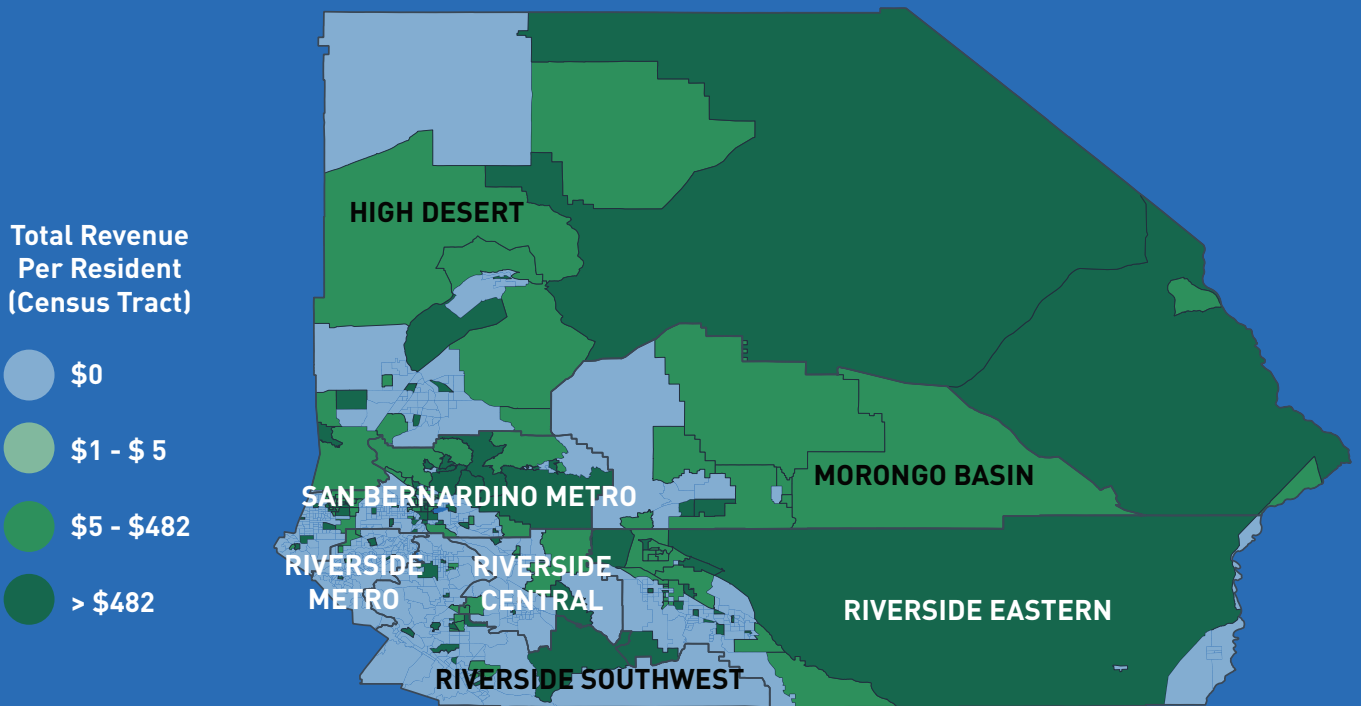
Source: CSI Analysis of IRS Business Master File

### TOP NONPROFIT SECTORS, SHARE BY NUMBER



Source: IRS Business Master File, excluding philanthropy

### NONPROFIT REVENUES PER RESIDENT, BY CENSUS TRACT AND SUBREGION

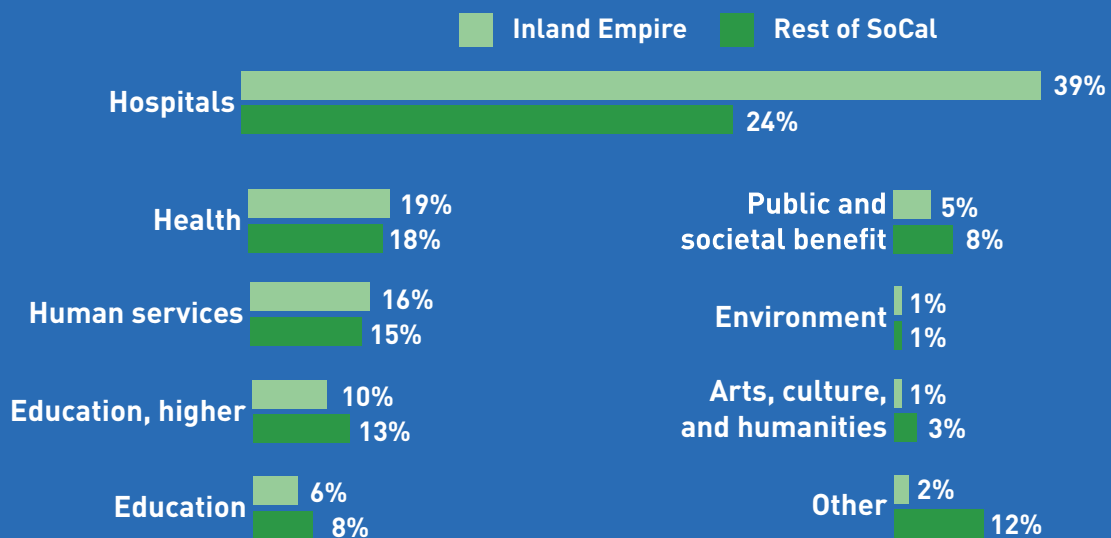


INLAND EMPIRE	SAN BERN. METRO	MORONGO BASIN	HIGH DESERT	RIVERSIDE METRO	RIVERSIDE CENTRAL	RIVERSIDE S. WEST	RIVERSIDE EASTERN
\$2,600	\$4,430	\$290	\$2,600	\$1,400	\$770	\$1,020	\$3,130
\$1,300*	\$2,060*	\$290*	\$1,790*	\$760*	\$550*	\$670*	\$1,330*

\* Excluding universities and hospitals

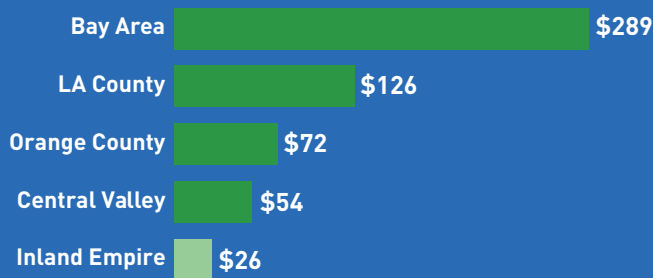
Source: CSI Analysis of IRS Business Master File

### TOP NONPROFIT SECTORS, SHARE BY REVENUE



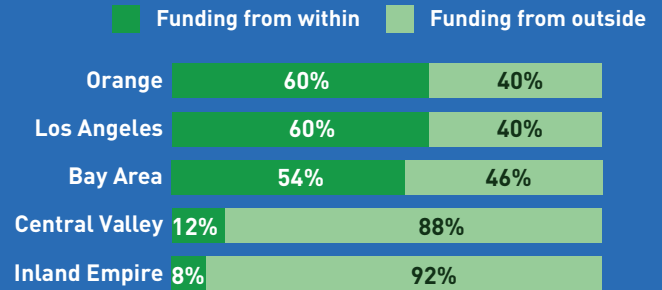
Source: IRS Business Master File, excluding philanthropy

**INCOMING FOUNDATION DOLLARS, PER RESIDENT**



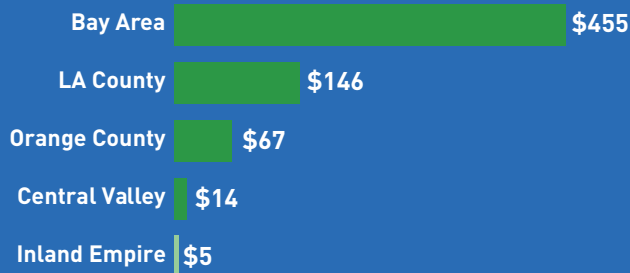
Source: CSI Analysis of Foundation Center Data, 2016

**REGIONAL SOURCE OF FOUNDATION GIVING**



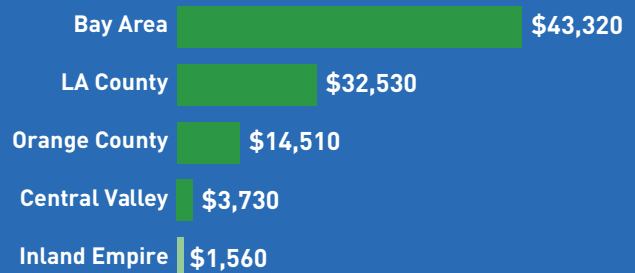
Source: CSI Analysis of Foundation Center Data, 2016

**WITHIN-REGION FOUNDATION GIVING, PER RESIDENT**



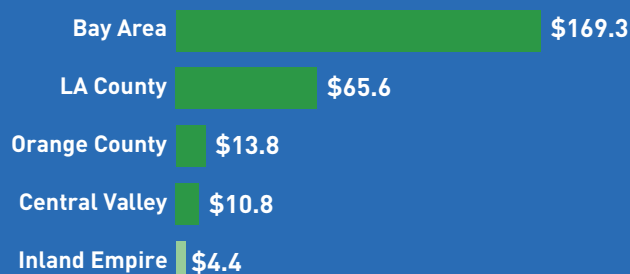
Source: CSI Analysis of Foundation Center Data, 2016

**WITHIN-REGION FOUNDATION GIVING, PER NONPROFIT**



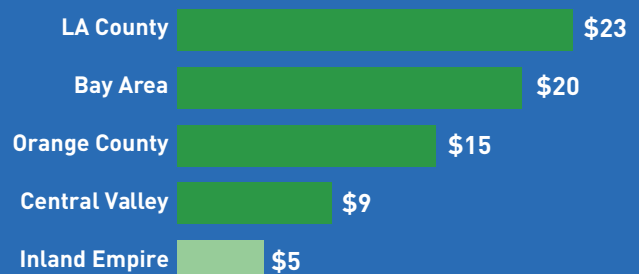
Source: CSI Analysis of Foundation Center Data, 2016

**TOTAL FOUNDATION ASSETS BY REGION (\$ BILLIONS)**



Source: CSI Analysis of Foundation Center Data, 2016

**WITHIN-REGION FOUNDATION GIVING, PER \$1,000 IN FOUNDATION ASSETS**



Source: CSI Analysis of Foundation Center Data, 2016



percent premium). The only exceptions are for outpatient care services and social advocacy, where nonprofit workers earn 88 and 72 cents on the dollar, respectively, when compared to other private sector workers in the field.

It is also instructive to examine annual nonprofit wages in the Inland Empire in terms of absolute wages (p. 11). The BLS data from 2017 show that work in ambulatory care (\$79,905), hospitals (\$72,069) and education (\$47,978) have the highest annual wages among the most common nonprofit fields. By contrast, the lowest wages can be found among civic and social organizations, which can include bars and restaurants (\$20,785), religious organization jobs (\$26,921), and social assistance jobs, which include community outreach and crisis intervention (\$28,693). Finally, nonprofit workers in social advocacy earned an average of \$39,000 in 2017, which is above the \$36,000 living wage standard for two working adults with two children as calculated by the Massachusetts Information of Technology.<sup>8</sup>

Thus, while nonprofit jobs tend to pay better than other private-sector jobs, we still see important disparities by field. While nonprofit employees in education and health sectors are generally well paid, those working in social assistance to help disadvantaged and vulnerable populations get paid very little. This disparity is particularly concerning in light of the social and economic trauma wrought by COVID-19, with increased caseloads for crisis intervention and other kinds of social assistance, as well as a greater need for social advocacy. Increasing investments by government and philanthropy in these front-line workers will be an important priority to ensure that all nonprofit jobs are good jobs, with living wages and benefits.

## NONPROFITS & VOLUNTEERISM

In addition to executives and paid staff, volunteers are a tremendous resource for charitable nonprofits. Absent volunteers, many charitable nonprofits would not be able to conduct programs, raise funds, or serve their communities. In addition, the vast majority of board members who serve on charitable nonprofit boards are volunteers devoting their time and energy to the organization (Brudney & Meijjs, 2009).

While the need for volunteers has been increasing, the time available to serve has been decreasing as the type of volunteers reflect societal and economic changes (Merrill, 2006). Economic strains and hours spent commuting to work often leaves less time for volunteering. In an environment of government cutbacks, privatization, and economic instability, nonprofits, volunteerism, and philanthropy are increasingly important to local communities and governments (Levine, Helisse, and D'Agostino, 2010).

According to the Corporation for National and Community Service, 25 percent of residents in the Inland Empire vol-

## PROFILE

### FAMILY SERVICE ASSOCIATION

**Theme:** Service provision, Census efforts

**Position:** Shannon, Chief Programs Officer

Family Service Association is a multi-service organization that aims to build community through the variety of their programs. FSA provides mental health services, child development services, and operates a large senior nutrition program. FSA also operates the Child Abuse Prevention Council for the entire County of Riverside. In addition to these programs, FSA operates senior and community centers where they engage community residents through social recreational programming as well offering senior housing for individuals ages 60 and up. As Shannon puts it, “we do a little of everything, we try to really wrap ourselves around our families that we serve to meet their entire needs.”

FSA serves residents in both San Bernardino and Riverside counties with 85% of their funding coming through government contracts and grants. The rest of the funds come from private foundations, small fees for services provided, and donations. FSA partners with different organizations—such as the County of Riverside, Department of Adult and Aging Services, California State Department of Education and First 5—to provide services throughout the region.

The biggest challenge that Shannon sees is how funding is allocated in the region. She believes that the sector needs more discretionary dollars for organizations. This unrestricted funding allows nonprofits to make decisions of how to best provide services to the community, improving the organizations' work.

In addition to funding, Shannon believes that competing with the for-profit sector to secure talented and dedicated professionals is a challenge. (At the time of our interview, the unemployment rate in the Inland Empire was at historic lows, and competition for high-skilled labor was an extreme challenge.) Shannon notes that, more generally, having multi-year operational funding could help organizations that provide direct services secure long-term dedicated professionals.

Shannon hopes that with FSA's advocacy work, more dollars will be funneled into the Inland Empire, in ways that ameliorate the large disparities with other parts of Southern California. She believes that, with the creation of stronger nonprofit networks, the region could become even stronger. FSA was a regional coordinator for Census outreach efforts in the region, in partnership with the Inland Empire Community Foundation, Inland Empowerment, and many other nonprofits that range from service providers to grassroots organizations. She cites the Census outreach effort as a concrete example of building stronger nonprofit infrastructure and stronger nonprofit networks.

## PROFILE

### ALIANZA COACHELLA VALLEY

**Organization Focus:** Systems change

**Position:** Barrett, Communications Manager

Alianza aims to transform the socio-economic conditions of the Coachella Valley so that people in all communities have opportunities to prosper. They do this through grassroots community-led efforts, focusing on environmental justice, improving infrastructure, increasing access to health care, and support for youth.

Barrett notes that Alianza engages in deep partnership with local agencies and other community organizations to achieve these goals. For example, the organization is mobilizing to ensure that any long-term plans for the Salton Sea include the participation and priorities of residents most deeply affected. Alianza works to see that resident's voices are heard and that they are an essential part of any solution.

In addition, Barrett notes that Alianza has worked hard to build advocacy coalitions and government collaborations to bring in more parks and paved roads to region, which are critical for community health (parks provide venues for recreation and exercise, while paved roads improve transportation access and reduce dust pollution). Alianza and its community partners also mobilized a successful campaign to expand public transportation to low-income and immigrant-heavy communities in the Eastern Coachella Valley (ECV) that previously lacked them. Alianza's work has also prioritized getting clean water to those communities, including legislation that set new water billing and filtration standards in mobile home parks, which are prevalent in the Eastern Coachella Valley.

Born out of the California Endowment's Building Healthy Communities Initiative,<sup>17</sup> Alianza has been transitioning to becoming a fully self-sustainable independent nonprofit. Barrett notes that Alianza has been diversifying its grant sources and making headway with individual donors. He notes that they "want to make sure that individuals are part of that, and we want it to be individuals [living] in the community we serve."

Barrett hopes that the work of Alianza will change attitudes about the Eastern Coachella Valley. Rather than seeing the ECV as the poor side of the valley, Barrett hopes that people will see that the ECV "has strong values and strong culture and is worth visiting and paying attention to." With increased attention from the state, Barrett notes that there is an "opportunity for Alianza to open up more conversations with State officials about [the Salton Sea]" and other pressing priorities. Lastly, Barrett recognizes the importance of Census 2020 work, providing important opportunities to collaborate with government agencies and other nonprofits that will strengthen the region even after this work has concluded.

unteered in 2018, ranking them 43rd among metropolitan areas in the United States.<sup>9</sup> This ranking has improved in recent years from 47th place in 2015.

There are also some important differences in volunteerism by type of nonprofit organization and issue. Data from the 2017 CPS Volunteer and Civic Life Supplement show that in the Inland Empire, 45% of volunteers were involved in education and youth organizations. When analyzed further, these data shows that Latinos, women, and those with 4 year college degrees or higher are more likely to volunteer in these organizations. In addition, younger age groups are more involved. For example, of the age group 35-49, 60% said they had volunteered with education and youth organizations.

According to the same data, religious engagement is the second largest volunteer activity in the Inland Empire. Among those who volunteer in the region, 37% report doing so with a religious organization. This percentage is slightly higher in the Inland Empire than in the rest of Southern California (33%) and statewide (31%). The region is also on par with others with respect to volunteers who participate in "sports and hobby" organizations, including sports leagues. By contrast, volunteers in the Inland Empire are much less likely to be involved in political activities (9%) than those who volunteer elsewhere in Southern California (23%) or statewide (22%).

Finally, the 2017 Current Population Survey data also point to disparities in volunteerism by race, age, and educational attainment. Participation among Latinos (16%) was significantly below the regional average (26%), as was involvement among 18 to 34 year-olds (18%), and those with only a high school degree (14%). At the same time, the data also show a few bright spots. Latinos who volunteer in the Inland Empire are much more likely than Whites to do so for religious organizations (47% versus 28%, respectively), and are about as likely to volunteer in education and youth organizations (53% and 45%, respectively). As prior studies have indicated, greater recruitment by mainstream community organizations could go a long way in strengthening and diversifying civic engagement in the region (Ramakrishnan et al. 2007).

It is important to note that modes of volunteerism have been shifting, and some of those trends could accelerate in the context of the COVID-19 crisis. Virtual volunteerism and skilled-volunteer opportunities are an emerging trend in the nonprofit sector, allowing individuals more flexibility when volunteering for a nonprofit organization (Schwingel et al. 2009). We are already seeing greater demands for virtual volunteerism in a period of physical distancing under COVID-19, and the surge in unemployment could mean more skilled volunteerism for nonprofits as workers seek meaningful opportunities

while waiting to secure new, paid jobs. As the societal and economic landscape changes, volunteerism will continue to play an essential role in nonprofit organizations meeting the needs of the communities they serve.

## ROLE OF FOUNDATIONS

Foundation giving is an important part of the story of nonprofit health in the Inland Empire, particularly among mid-size organizations. Nonprofits rely on a variety of revenue sources to support their mission and work, including program and service revenue, government contracts, investment income, individual donations and corporate grants. Program revenue and government contracts account for the vast majority of nonprofit support among large nonprofits with revenues over \$5 million, while nonprofits with annual revenues below \$1 million tend to have a majority of their support from individual donations, foundation grants, and corporate grants (Cal Nonprofits 2019). Thus, foundation support is arguably most critical to a nonprofit organization's development when it's scaling up and adding more capacity to be able to handle local, state, and federal government contracts.

In this section we examine the connection between nonprofit funding and foundation giving, both from funders within the region and those outside the region. The Foundation Center provides annual summaries of foundation giving, and the latest year for which we have complete giving data is from 2016.<sup>10</sup> Those data reveal that giving to the Inland Empire reached \$136 million, while Orange County, which has a resident population about 30 percent smaller than the Inland Empire, received \$439 million. The Central Valley ranked next, at \$480 million, although its population size is considerably larger than the Inland Empire.<sup>11</sup> Meanwhile, Los Angeles County received \$2.77 billion, while the Bay Area received \$5.67 billion.

On a per capita basis, the disparities in funding between these regions are very stark. The Inland Empire ranks the lowest among major population regions in California, with only \$31 per capita in foundation giving (p. 3). That is less than one half the foundation giving per capita in the Central Valley (\$67), less than one quarter of Orange County (\$139), and about one ninth of the averages for Los Angeles County and the statewide average (\$272). And when compared to the Bay Area, where the state's wealth is most concentrated, foundation giving per capita is 24 times as large as the Inland Empire's.

The picture improves only somewhat when we exclude within-region giving and focus on giving to the Inland Empire from foundations outside the region (we call this "incoming foundation dollars"). Using this metric, we find that incoming dollars per capita (\$26) are still one half as large in the Inland Empire as in the Central Valley

## PROFILE

### HABITAT FOR HUMANITY

**Theme:** Social enterprise

**Position:** Kathy, Executive Director

Habitat for Humanity Riverside is an organization dedicated to ensuring that everybody has a safe, decent, affordable place to live. The organization has two primary programs: building and repairing homes. Habitat places an emphasis on preserving affordable housing, especially for low-income seniors. Habitat for Humanity originates their own mortgages and also operates a retail operation called "The Restore". As the CEO, Kathy wears many hats that range from helping residents to field work and even the retail side of operations. Habitat for Humanity main areas of operation include Riverside and Moreno Valley.

Habitat's revenues are diverse, including funding from events, grants for repairs, individual contributions, retail receipts, and HUD grants. Habitat for Humanity also receives project grants through HUD for building homes, something that ten years ago was not being leveraged. Kathy mentions that they are currently working on a \$4-\$5 million construction project with Cal-Vet that helps the state's veterans. Kathy knows the importance of partnerships and she mentions that "...I've kind of figured out over the years is that I don't need to be the expert in everything. I don't need to go get my solar panel license if Grid Alternatives can partner with us and do the solar."

Habitat for Humanity receives help from the state Habitat California which assists with the mortgages for those affiliates who are not able to handle them. Kathy mentions that funding has improved in the past few years, with diversification of revenues as a key enabling factor.

One of the biggest struggles that organizations like Habitat for Humanity face is the impact fees due to the state regulations. In addition to the fees, the complexity of being able to build homes in California also poses a challenge for the organization. A big issue for Habitat for Humanity is land use; under current regulations, they will have to raise more money to be able to afford the purchasing of land to continue building affordable housing. Kathy hopes that impact fees regulations could be changed to lower the price of Habitat's construction work.

Kathy also strongly believes in the importance of partnership. She mentions that by partnering, organizations are able to leverage each other's strengths' and can translate to bigger funding opportunities once foundations see that there is increased collaboration. Lastly, she believes that the Census efforts in the region will have a meaningful impact on the region, and that all organizations should push to have a more accurate count because it will impact the work of all organizations serving the Inland Empire.

(\$54), about one quarter of what we find in Los Angeles County (\$126), and less than one tenth of what we find in the Bay Area (\$289). Thus, even though state and national foundations often aspire to improve social conditions and help the most vulnerable and marginalized groups, vast disparities in foundation giving actually end up reinforcing regional disparities between inland and coastal areas, rather than mitigating them.

Making matters worse, internal giving from foundations within the Inland Empire to nonprofits within the Inland Empire is far lower than in other regions (p. 14). And this holds true regardless of the metric used—per resident population, per nonprofit, or per thousands of dollars in foundation assets within each region. Thus, for example, within-region foundation giving is only \$5 per resident in the Inland Empire, when compared to \$14 in the Central Valley, \$67 in Orange County, and \$146 in Los Angeles County. The picture doesn't get much better when we examine within-region giving per nonprofit. Inland Empire-based foundations give to Inland Empire nonprofits at an average of only \$1,560 each. By contrast, giving by Bay Area foundations to Bay Area nonprofits averages over \$43,000 per nonprofit, and Los Angeles comes in at about \$32,500. Finally, Central Valley philanthropy scores twice as high as the Inland Empire on within-region giving per nonprofit.

A question naturally arises as to whether lower giving among Inland Empire foundations is largely a function of their smaller asset base, or whether Inland Empire foundations are also more likely than those in other California regions to give outside. The data from Foundation Center reveal that the answer is a bit of both.

Foundations based in the Inland Empire had \$4.4 billion in assets in 2016. By contrast, the Central Valley had nearly \$11 billion that year, whereas Orange County had nearly \$14 billion and Los Angeles County had nearly \$66 billion in foundation assets. Thus, there was a much smaller base of dollars in the Inland Empire from which to make grants to regional nonprofits.

At the same time, the data also show that, even when we take into account the smaller asset base of Inland Empire foundations (i.e., by dividing total within-region giving by total assets in the region), the Inland Empire is still at the bottom of the list of within-region philanthropy (p. 14). The Central Valley still gives about twice as much to its own regional nonprofits when we standardize foundations by their total foundational assets. Comparable figures are nearly five times as high for Los Angeles, four times as high for the Bay Area, and three times as high in Orange County.

It is important to note that 2016 was not an exceptional year—of relatively low foundational giving in the Inland Empire and relatively high foundational giving elsewhere. Indeed, our analysis of data from the Foundation Center indicates that the \$22.5 million of within-region giving in 2016 was higher than the annual average of \$9 million in the prior 10-year period (2006 through 2015). Furthermore, that average masks a lot of volatility in within-region spending, which rose from about \$7 million in 2006 to \$10 million in 2008, only to fall to \$5 million in 2009, and reach a low of about \$4 million in 2014 before picking back up again.<sup>12</sup> Incoming foundation giving was also volatile during the 2006 to 2011 period,<sup>13</sup> but since then it has been on a steady increase from \$36 million in 2011 to nearly \$114 million in 2016.

Taken together, we find a worrying picture in the Inland Empire with respect to internal giving. It has remained volatile during the past decade, and levels of giving are low when compared to other regions along all of the metrics we observe (p. 14). By contrast, the Central Valley had less volatility in within-region giving during the 2006 to 2011 period, and has dramatically increased internal foundation giving in the last few years, from \$17 million in 2013 to nearly \$99 million in 2016. We find a similar pattern of sharp increases in within-region foundation giving in the Bay Area, Los Angeles, and Orange County since 2013.

Improving regional equity in foundation giving thus requires progress on both external and internal giving. The Funders Alliance, a collaborative group of large regional funding agencies, has made some progress in this regard, organizing pooled funds for Census outreach (p. 6) and COVID-19 response (p. 24) as well as commissioning a “Changing the Narrative” toolkit that helps nonprofits better communicate their impact to funders. Reports from our Center, our nonprofit fellowship programs, our policy summits, and our collaborative partnerships with organizations including on Census outreach and inclusive regional planning—all aim to increase external investments in our nonprofit partners by strengthening their capacity for policy analysis, narrative change, and strategic advocacy under a framework we term “data, narrative, action: DNA.”<sup>14</sup> The Inland Empire Community Foundation has also stepped up its efforts in recent years, under new leadership, to engage statewide and national foundations as well as government agencies to increase external support for our region's nonprofits. While there is still a long way to go for the region to achieve parity in external fundraising, the last few years have seen significant progress.

The next few years will require a similar effort focused on internal fundraising, with coordinated efforts across



several nonprofit, philanthropic, government, and research partners. Part of this effort will involve educating existing regional foundations about the decade-long improvement in capacity and impact among the region's nonprofits. Many family foundations, who do not have the staffing to conduct independent research on the region's nonprofits, could be fruitfully engaged on the sea-change in nonprofit sophistication in our region.<sup>15</sup> Thus, instead of having only 47 percent of Inland Empire foundation giving invested in Inland Empire nonprofits, we can realistically aim to reach the level of Central Valley based foundations, where 60 percent of grantmaking goes to nonprofits within the region.<sup>16</sup>

With increases in both external and internal giving to match the Central Valley's and, ultimately, the rest of Southern California's, the Inland Empire can create a more robust and stable funding stream that matches the growing capacity and sophistication of the region's nonprofits.

## INLAND EMPIRE NONPROFIT SURVEY

As this report has shown, there are a lot of insights about nonprofits in the Inland Empire that we can gain from digging deeper into administrative records. At the same time, the data don't always speak for themselves; it is also important to get the perspectives of nonprofit leaders on the kinds of progress they have made, and the challenges they face.

For one month beginning on February 23, 2020, the Center for Social Innovation fielded a survey for nonprofit organizations in the Inland Empire. Each registered nonprofit in the two counties received a postcard via mail inviting them to take the survey. We also shared the survey link with our community partners, including the Inland Empire Capacity Building Network. A total of 161 non-profit organizations responded to the survey.

Survey respondents were diverse in terms of their organizational age and specialization. For example, 10 percent of the organizations taking the survey were founded before 1970, while 30 percent were founded since 2015. This high proportion of nonprofit "startups" is in line with the proportion we found in our review of IRS records (p. 3). There were many nonprofit activity categories represented, with education, youth, and health organizations were the most numerous. Survey respondents also tended to serve communities of color, not surprising for a region that is majority Hispanic, with an additional 7 percent African American and Asian American each.<sup>18</sup>

When compared to the universe of nonprofits in the region, survey respondents tended to skew larger (25 percent of survey respondents had annual budgets of

## PROFILE

### GOODWILL INDUSTRIES

**Theme:** Social enterprise

**Position:** Lowell, Regional Operations Officer

Goodwill is a nonprofit organization whose mission is to transform lives through the power of work. Goodwill provides job training and placement opportunities for individuals with barriers to employment, which includes individuals with disabilities, veterans, and at-risk youth.

The Inland Empire Goodwill is the largest, geographically, in North America. Lowell believes that one of the reasons that the programs at Goodwill are not well known to the public is because, at times, the retail side of Goodwill overshadows the programs that they operate. For example, Goodwill operates a youth program funded by San Bernardino County for out of school youth between ages 16 and 23. Goodwill also assists with resume building and job searches.

When it comes to funding, Goodwill's stores generate 87% of their funding. In addition to their retail revenues, Goodwill receives funding from individual donors, private foundations, and banks. Goodwill also receives funding from San Bernardino County to operate their youth programs. Moreover, as part of the California Workforce Association and the National Workforce Board, Goodwill provides conferences and training opportunities, and has established strong relationships with nearly 150 organizations in the region working on a range of issues. Lowell mentions that "whether that's mental health, whether that's childcare, whether that's substance abuse, whatever it is we partner with other organizations to provide those services to that individual. So, we can help them be successful."

Lowell sees the size of the Inland Empire as a big challenge for nonprofits. Finding the fiscally responsible way to provide services to individuals spread out through the region poses a great challenge. In addition to the geographical challenges, building Goodwill's partners capacity is a challenge Lowell also foresees. Lowell notes that "we provided training for different organizations to help them build their capacity... If they're able to serve more, then we can serve more."

Lowell believes that the One California Initiative from the Governor can help the nonprofits sectors. He mentions that the growth of the Inland Empire is attracting more donors into the region and is shifting attention inward.

Lowell also believes that the Inland Empire could benefit from having more prominent leaders that can be the voice for smaller organizations. For Lowell, having a nonprofit resource center where nonprofits can come together to collaborate would help the efforts being carried out by individual nonprofits in the region.



## PROFILE

### INLAND COALITION FOR IMMIGRANT JUSTICE

**Theme:** Systems change

**Position:** Javier Hernandez, Executive Director

Inland Coalition of Immigrant Justice (ICIJ), is a coalition of over 35 organizations, including advocates and service providers, that works to collectively improve the lives of immigrants in the Inland Empire and create more just immigration policy systems. They work in four main areas: (1) providing legal rapid-response and assistance for residents who have been detained or face other immigration-related barriers or issues, (2) preventing abuses in regional detention facilities including in Adelanto, (3) advocating for policy change at local, state, and national levels, including on health care expansion, economic security, and legalization, and (4) building capacity for their partners in the region.

ICIJ emerged after a years-long collaborative effort incubated by religious leaders, and is primarily funded through private philanthropy. In addition, the organization is a key regional partner to the California Immigrant Policy Center, which connects regional coalitions with statewide advocacy efforts. Executive Director Javier Hernandez notes that the organization has strong partner relationships both within and outside the region, which is important for its statewide and national advocacy work.

When asked about challenges the organization faces, Javier notes that it is largely one of keeping up with a rapid increase in demand for advocacy, rapid response, and coordination of work across partners. While it is good that ICIJ can be flexible in this capacity, the region's growing demand sometimes outpaces their ability to take on new projects.

Javier also notes some challenges related to maintaining the attention and commitment of state and national funders. He notes that "if funders could better understand the great assets here, they would be more likely to invest in the region." In addition, foundations often shift priorities depending on what is happening at the state and national levels. He is concerned that, if the focus shifts away from immigrant rights, organizations serving those populations would suffer.

Javier sees significant opportunities for community organizations, with the region gaining more attention from major foundations as well as the Governor's office. With more eyes on the region, Javier sees this as an opportunity to showcase the impressive work that has been done and is continuing to happen. "With very little resources, we are a region where nonprofits have been really innovative," Javier says. "The leaders here are innovative because they've had to face and meet multiple challenges, mainly meeting those goals through sheer community power."

\$250,000 or more, compared to about 9 percent of Inland Empire nonprofits in analysis of IRS records). In addition, 57 percent of respondents who completed the survey were the CEO or Executive Director.

Organizations were asked about their mission, activities, staffing as well as the populations they serve and the challenges they face on various counts. The full set of survey responses can be found in our online appendix. Here, we focus on some key findings that provide insights about the growing capacity of Inland Empire nonprofits and challenges they faced even prior to the COVID-19 crisis.

Organizations seemed to be on a solid footing at the time they took the survey. Nearly one half of respondents indicated that their staffing had increased in the last 5 years (30 percent said it had increased somewhat and 16 percent said it had increased significantly); about 40 percent indicated that staffing had remained the same, and only 13 percent had indicated declines in the last 5 years.

Nonprofits in our survey were also strongly engaged in efforts to improve their operations. We asked respondents about their level of awareness and interest about social enterprise; about 30 percent reported a "high" to "very high" level of understanding, and about a third were highly interested in learning more about how to become a social enterprise. A little over one in three respondents also reported receiving technical assistance or mentorship and, of those, about one half said they received such assistance from other organizations and about one fifth said they received such assistance from state or local government.

Another recurring theme in our interviews was the tendency of nonprofit leaders to seek greater strength and reach through alliances and coalitions. Fifty percent of survey respondents indicated that they were part of a coalition or alliance, and some mentioned being part of multiple coalitions.

We also asked organizations about various challenges they face, and we report the results on p. 22 with those indicating medium to high values on each response. Increasing revenues and diversifying them topped the list of challenges facing nonprofits. Interestingly, a majority of respondents also indicated challenges in getting their work recognized by news media and government leaders. Organizations established in the last decade or so were more likely to express these concerns about needing more effective narrative work and advocacy.

Next, on challenges specifically related to staffing, nonprofits in the Inland Empire seemed most concerned

about recruiting staff and volunteers, and less so about staff advancement or retaining staff. Diversifying staff was not seen as much of a challenge at all. Finally, we also asked organizations about the extent to which it was a priority for them to have women and people of color in leadership and board positions. Over a majority or nonprofits in our survey identified diversifying their leadership and board membership as a medium or high priority. These findings, combined with responses on staff diversity, suggest that organizations may be sufficiently satisfied with their progress on staff diversity but not on leadership diversity. However, we need more research to gain clearer insights on this issue. Finally, interest in having more racial diversity on boards is highest among more recently established nonprofits, suggesting fruitful avenues for board pipeline development in the future.

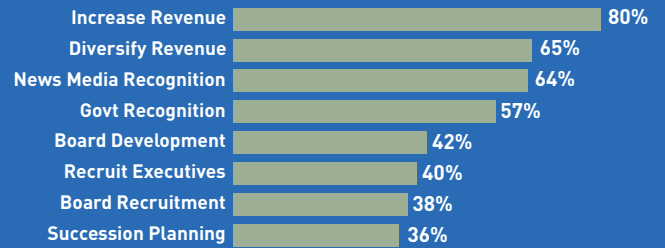
### THEMES FROM IN-DEPTH INTERVIEWS

“With very little resources, we are a region where nonprofits have been really innovative.. because they’ve had to face and meet multiple challenges, mainly meeting those goals through sheer community power.” That’s how Javier Hernandez, executive director of Inland Coalition for Immigrant Justice, made sense of how nonprofits in the Inland Empire are performing much better than expected. Javier’s sentiment is echoed in several of the interviews we did, especially among younger leaders and leaders of color.

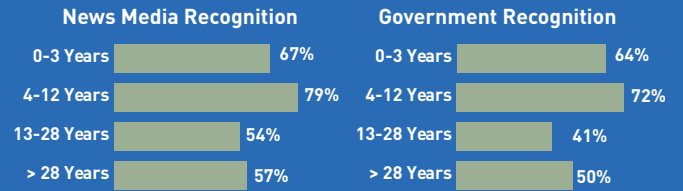
What is clear from several of these interviews is that “sheer community power” is not simply another term for power-building or advocacy. Many of the organizational leaders we interviewed saw collaborative models, varying in form and purpose, as key to building community power and to continue strengthening the nonprofit sector in the Inland Empire. They saw the value of being able to bring complementary strengths to a particular activity or problem, including issue expertise, geographic reach, and ability to mobilize or influence particular communities or stakeholders. At the same time, the leaders we interviewed also acknowledged that the strength of coalitions today were the result of years of patient work, including maintaining collaborations in the face of various challenges, both external and internal.

Often these coalitions have involved grassroots partners in collective empowerment efforts such as Inland Coalition for Immigrant Justice (p. 24), Alianza Coachella Valley (p. 16), and Inland Empowerment (p. 5), which includes COPE as a key institutional partner (p. 25). But there are more; enduring alliances have also included capacity-building collaboratives among service providers that offer peer support in tightly-knit cohorts

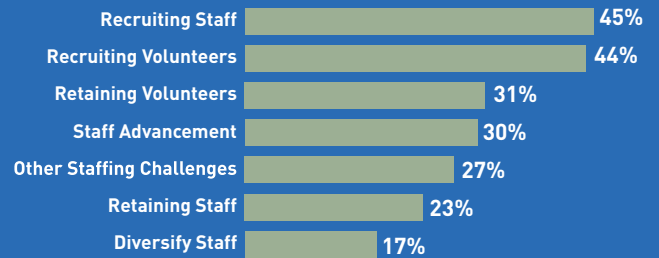
### CHALLENGES FACING IE NONPROFITS



#### BY AGE OF ORGANIZATION



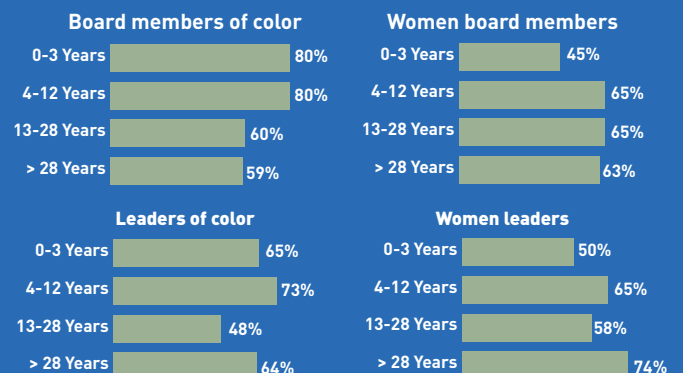
### CHALLENGES RELATED TO STAFFING



### PRIORITIES FOR DIVERSITY IN LEADERSHIP



#### BY AGE OF ORGANIZATION



## PROFILE

### YOUTH MENTORING ACTION NETWORK

**Theme:** Youth, Social enterprise

**Position:** Dr. Torie Weiston-Serdan, Co-founder

Youth Mentoring Action Network is a nonprofit organization that leverages the power of mentoring relationships in the fight for equity and justice. Weiston-Serdan mentions that YMAN, through a culturally responsive model, builds mentor relationships with people to support and provide resources that they need “to go out and change the world.” YMAN partners with various schools in San Bernardino and Rialto as well as other organizations that work around serving youth. Through their programs, YMAN provides information about college applications and scholarships, teaches youth how to organize to serve the needs of the community, and provides STEM-focused mentoring to young musicians and artists in the Inland Empire.

YMAN relies on a variety of funding sources to succeed. It receives grants from the Inland Empire Community Foundation, Southern California Edison, and other private foundations. In addition, YMAN has contracts with organizations like Big Brothers Big Sisters which they use to provide culturally responsive training. YMAN also receives part of their funds from their fee for service operations. Dr. Weiston-Serdan mentions that they consider themselves a social enterprise but notes that in the beginning their work was seen as “a bit radical for those who were funding mentoring and youth development.”. However, YMAN realized that this fee-for-service model allowed them to think and plan in innovative and sustainable ways.

Weiston-Serdan mentions that income inequality and gentrification as significant issues. She notes that a large number of people are being displaced to the Eastern side of San Bernardino and Riverside counties, putting more strain on organizations who need to travel even further to reach their communities. She also highlights the challenge of retaining the region’s talent, with insufficient funding and low wages discouraging youth from staying in the region. Finally, lack of affordable transportation limits the ability of youth to thrive, and YMAN to reach more people.

Torie sees a great opportunity in finding effective ways to partner with colleges and government in the region as a way to strengthen the nonprofit work, but she notes that “it just doesn’t feel like there’s a good sort of smooth way of working with each other.” In addition to this collaboration, She hopes that the growth in the I.E. could spark the investment coming into the region.

that ensure mutual accountability and the power of scale (IECC, p. 10).<sup>19</sup> And they have also included more formally structured collective impact efforts<sup>20</sup> among major institutional stakeholders to improve population-level outcomes such as educational attainment (see *Growing Inland Achievement*, p.7, and *One Future Coachella Valley*, online appendix).

Another common theme in many of the interviews is the need for more equitable investment in the region. Several leaders mentioned that the Inland Empire has been historically underfunded vis-a-vis Los Angeles, and that this has hampered their ability to scale up and bring about the kind of transformational change they seek in the region (pp. 15, 22, 24, 25). Limited funding from philanthropy and government has constrained the number of programs they can operate, the regions where they serve, and has also hurt their ability to hire and retain talent. In addition to signaling an ability to deliver on larger grant opportunities, several leaders also mentioned the need for more unrestricted, “general operating support” grants that would give them greater flexibility in staffing and a greater ability to adapt and respond to internal and external challenges.

Our interviews also revealed important insights about the viability and growth of social enterprise nonprofits in the region. A social enterprise is an organization or venture that advances a social mission through market-based strategies, such as receiving earned income in direct exchange for a product or service. Social enterprises can come in both nonprofit and for-profit varieties. In addition to providing alternative revenue streams, social enterprises also provide other benefits, including direct on-the-job training opportunities for targeted populations, marketing advantages, and the integration of innovative business frameworks into thinking and planning. In this report, we profiled two well-established, large social enterprises (Habitat for Humanity, p. 17 and Goodwill, p. 19), as well as smaller social enterprise nonprofits focused on youth development (Sigma Beta Xi, p. 9 and YMAN, p. 22). Perhaps not surprisingly, all of these leaders viewed social enterprise as an important way to have impact without being overly reliant on grants. Finally, the smaller “startup” social enterprises had to think creatively about mixing enterprise models to achieve sustainability and social impact in their early years, while the larger, more established social enterprises were devoting more attention to coordinating their activities with larger region-wide efforts on issues like workforce development and affordable housing.

Another theme that emerged in several of our interviews was the determination of leaders not simply to serve as advocates, but also to help bring about fundamental

transformations in systems ranging from criminal justice and education reform (COPE, p. 25) to immigrant rights and community development (ICIJ, p. 26 and Alianza, p. 16). While systems change can take on different meanings, John Kania, Mark Kramer, and Peter Senge (2018) have developed a standardized framework that refers to “changing the conditions that hold problems in place.” While advocacy usually entails changing policies and resource flows, systems change efforts go deeper. They try to more fundamentally alter the conditions that produce problems in the first place—such as underlying power dynamics, relationships among stakeholders, and fundamental ways of understanding social problems. Far from being caught up in theoretical debates and conceptual frameworks, these community organizations are enacting fundamental shifts in (1) building community power, (2) strengthening relationships with institutional stakeholders, and (3) changing the narrative on criminal justice, economic development, and human rights in ways that put community expertise at the center of processes involving policy decisions and social change.

Finally, civic engagement is an area where nonprofits in the Inland Empire are getting increasingly engaged. As we noted in our State of Civic Engagement report (2019), organizations like Center for Community Action and Environmental Justice, COPE, TODEC Legal Center, and Inland Congregations United for Change have been doing grassroots voter engagement for decades. By forming Inland Empowerment (p. 5) along with others, these groups were able to dramatically improve their coordination, by institutionalizing norms and procedures for collaboration and by developing sophisticated tools to not only inform civic strategy, but also preserve community ownership of data. Inland Empowerment partners got organized early for 2020 Census outreach, and have also helped larger service providers like Family Service Association to deepen their expertise in civic engagement (p. 15).

## RECOMMENDATIONS

It has been a decade since the last comprehensive report on nonprofits in the Inland Empire, and we have seen many signs of strength and progress. Nonprofits have built up their individual capacity and sophistication, they have deepened their collaborative relationships with each other, and they are beginning to play a significant role in shared governance on several issues.

In addition to advising “more of the above,” we also offer the following recommendations, which are informed not only by our analysis in this report, but also by our cross-sectoral work over the past three years engaging stakeholders in the region as well as partners in state government and philanthropy.

## PROFILE

### CONGREGATIONS ORGANIZED FOR PROPHETIC ENGAGEMENT

**Theme:** Systems change

**Position:** Pastor Casey, Executive Director

COPE is a Black-led, faith-rooted organization founded in 2000 with a mission to build the capacity of faith and community members to protect and revitalize the communities in which they live, work, and worship. Pastor Casey, COPE’s founding director, began organizing clergy leaders to take a proactive approach, rather than a reactive approach, to systemic change through grassroots community organizing. “We know that ending mass incarceration means disrupting the systemic structures, policies, and practices that fuel mass incarceration and continue to marginalize low income and system-impacted persons, particularly African American and Latinx persons, long after they have paid their debt to society,” says Pastor Casey.

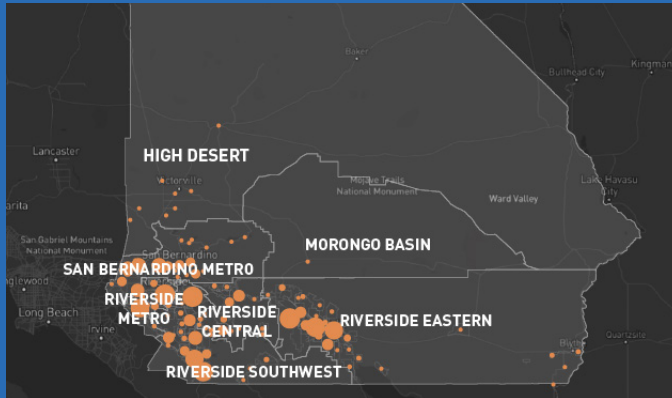
COPE’s work is primarily supported through foundation grants. A lesser portion of the organization’s resources are supported through public funding made possible through a direct contract with San Bernardino County Public Health Department and a sub-contract through Loma Linda University for the provision of services to vulnerable populations including formerly incarcerated persons.

Though grateful for the various funding opportunities that they have, Pastor Casey mentions the lack of general funding as a challenge for many organizations. “Our growth and sustainability means attracting and retaining committed and skilled workers. We want to build the next generation of leaders and bring them into the work but we have to compete with the private sector who offers much more competitive salary and benefits packages.” Pastor Casey asks, “How can we be a social justice organization and not pay benefits?” He notes that they are trying their best to bring salaries to market rate, and that general operating support funds are critical to doing so. He also notes the need to develop adequate community infrastructure, with the 2020 Census population count as an important opportunity for the region to make a strategic case for investment.

Pastor Casey believes that if the funding coming into the Inland Empire matched that of the coastal cities then social movement activity would scale up in a way that achieves remarkable impact. He hopes that with increased investment for organizations in the region the work around criminal justice, health care and housing reform will increase. Pastor Casey mentions that COPE’s collaboration with UCR and the rest of the region’s universities has helped them make their narrative and stories better known. He hopes that with this type of collaboration systemic change will be possible not only at the local level, but also at the state and federal levels.



## IE NONPROFITS AND SOCIAL VULNERABILITY AMIDST COVID-19

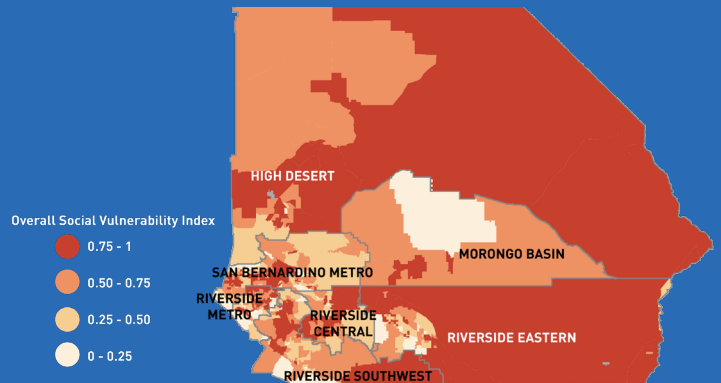


We are still in the early stages of understanding the effects of COVID-19 on communities and the nonprofits that serve them. As with other public health and economic crises, the effects tend to be starkest among already-vulnerable communities.

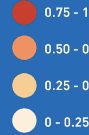
Indeed, the Centers for Disease Control has consistently generated data and maps of social vulnerability, which indicate the “resilience of communities when confronted by external stresses on human health, stresses such as natural or human-caused disasters, or disease outbreaks.” The Social Vulnerability Index (SVI) is composed of four themes of vulnerability based on (1) socioeconomic status, (2) housing composition and disability, (3) minority status and language, and (4) housing and transportation. The Inland Empire ranks very high nationally on this measure; Riverside and San Bernardino County are in the 79th and 90th percentiles, respectively.<sup>21</sup>

In order to understand and help address the social impacts of COVID-19 in the Inland Empire, the Center for Social Innovation (CSI) and the Inland Empire Community Foundation (IECF) launched IE COVID Response,<sup>22</sup> a coordinated platform for updates on resources, needs, and opportunities in the region connected to community health, economic vitality, social belonging, and equity. With a range of 70 to 90 leaders from the nonprofit sector and government agencies joining weekly video briefings, IE COVID Response participants have shared timely information on policy updates, funding opportunities, and grassroots community needs. Through the process of information sharing, the effort also aims to build a stronger sense of shared community among nonprofit leaders by strengthening cross-cutting relationships across sectors, regions, and affected communities.

To get a sense of how Inland Empire nonprofits are faring in this crisis, CSI and IECF also deployed a survey of nonprofits starting on March 18, 2020, the same week that Governor Newsom issued a statewide shelter-in-place order. This survey also served as an intake form for the Inland Empire Funders Alliance Rapid Response Fund, a pooled institutional fund that has already raised over \$400,000 to support regional nonprofits, with the aim to raising over \$1 million. IECF is also using insights from



Overall Social Vulnerability Index



the survey to inform its COVID-related grantmaking from individual and corporate donors.

As of April 1, 206 organizations had filled out the COVID Response survey, including 23 that had filled out our prior nonprofit survey and 7 that had participated in our prior organizational interviews. Survey respondents were asked several questions about how COVID-19 is affecting the populations they serve, their organization’s short-term economic needs and longer term sustainability.

During the early crisis response period, organizations reported very significant concerns about the health and socioeconomic impacts on vulnerable populations. For example, Alianza, one of the organizations profiled in this report, noted the severe impacts of COVID-19 on the communities they serve, including agriculture and service-related workers facing acute resource constraints, and immigrants facing additional barriers related to language access and legal status. In response, Alianza is working to be a bridge between community partners and mainstream institutions.

Other organizations, like Congregations Organized for Prophetic Engagement (COPE), are trying to support low-income families during the crisis, and are especially focused on housing insecurity. “Our community quickly organized to provide immediate assistance of food, toiletries, and hotel vouchers. We joined our statewide allies to call for a moratorium on evictions and foreclosures,” they noted.

In addition, organizations focused on youth such as Sigma Beta Xi have had to either stop some operations or find new ways to deliver services online. Amidst mandatory schools closures, these organizations have found it difficult to connect with their clients and members, many of whom lack access to the kind of social support available to other youth. Finally, other organizations we interviewed employing a social enterprise model also noted severe challenges to the populations they serve through their employment function (Goodwill) as well as their program delivery (Habitat for Humanity).

Affordable housing providers and those offering emergency shelters and transitional housing are finding themselves



in a triply challenging position, navigating increased demand for the services they provide and the addition of new services, while at the same time facing the prospect of declines in revenues from charity events and managing many staff now working from home. Finally, food pantries are facing staffing and logistical challenges as their caseloads skyrocket and supply chains get disrupted.

In terms of short-term impacts on nonprofit operations, many local organizations report having to severely cut back staffing and the services they provide. One organization stated, “We will see a reduction of funding by as much as 75% before June 2020, as funding from schools and the state government will be cut. We are planning reduction of staff hours and lay off within the next 2 weeks.”

Many organizations also see threats to their financial viability beyond June 2020. Many reported extreme difficulties and even the possibility of closing their doors. For example, one organization reported, “So far, we have not laid off anyone, but if the fundraising efforts cannot happen through the end of the calendar year, we are anticipating a \$400,000 decline in income. Our staff is not highly paid as it is, and we are anticipating having to add more staff (which we can’t afford) if current staff becomes ill.” Another organization noted, “the organization would have to close down after 6 years of steady growth.”

Faced with these grim prospects, nonprofits in the region are finding innovative ways to serve their populations. The first wave of the COVID-19 Nonprofit survey asked respondents about ideas, suggestions, and best practices that could benefit nonprofits during this time. Some noted that they are using this period to improve their organization, “to immerse ourselves in training and creating even more robust program schedules for youth that will address the educational and social needs that have been severely impacted by the epidemic.”

In addition, many organizations report utilizing phone based/online methods for delivering services when possible, as well as creating online resources for clients and communities. Phone-based and remote support groups and canvassing efforts are also becoming more common, although digital divides remain a concern. Many organizations also note the importance of combining efforts and resources with other organizations with similar goals, in order to better address the needs of the community. Finally, collective impact organizations like Lift to Rise, which aims to address the underlying causes of poverty in the Coachella Valley, have launched an Economic Protection Plan that provides \$200 in emergency cash relief to the area’s residents, coordinating financial assistance as well as other kinds of support from public agencies like First 5 Riverside and large nonprofits like United Way.

There is some measure of relief in sight for nonprofits and the people they serve in the federal government’s \$2.3 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act and various California statewide measures,

including a 120-day moratorium on evictions and bans on price-gouging. Federal relief also includes extension of unemployment insurance and a one-time payment of up to \$2,400 for couples and \$500 per qualifying child, although importantly it does not apply to undocumented immigrants who file taxes.<sup>23</sup> The California Immigrant Policy Center, in partnership with regional immigrant serving organizations, are advocating for expanded state benefits to fill the void left by federal benefits.

The CARES Act also extends eligibility to nonprofits for financial relief under its *Paycheck Protection Plan* (providing low-interest loans with forgiveness of repayment for organizations that retain their employees through June); the *Employee Retention Payroll Tax Credit* (for larger nonprofits that have a reduction in revenues of at least 50 percent); and additional emergency and disaster loan programs with support from the Small Business Administration. Nonprofits have had to navigate a dizzying array of rules and operational strategy considerations, and Inland Empire capacity builders have stepped up to provide a coordinated response. The Inland Empire Community Collaborative (IECC), in collaboration with Caravanserai Project, began offering a Loan Application Assistance Program to offer timely and strategic assistance with CARES Act applications and financial advice for nonprofits, while the Inland Empire Community Foundation helped incubate a COVID-19 Technical Assistance Task Force that coordinates assistance to nonprofits across capacity building partners like Academy Go, IECC, and RAP Foundation, and with CSI-UCR providing assistance with learning and evaluation.

Major state and regional philanthropic organizations have stepped up, too, contributing to relief funds and allowing existing grantees considerably more flexibility with existing awards. This includes extending grant timelines and converting project-specific grants to “core support” or “general operating support” awards, thereby freeing up resources to pay for overall expenses including salaries, rent, computing, and more.

The COVID-19 crisis hit the nonprofit sector in the Inland Empire just as it was entering a new phase of growing strength and networked capacity, with Census organizing providing a much-needed boost. In some respects, the crisis is accelerating certain types of innovation, including remote canvassing, community building, and collaborative problem solving.

However, if stark disparities in funding continue to persist between coastal and inland California, we could see many of the decade’s gains wiped out. Even before the COVID-19 crisis, many nonprofits were operating with very lean budgets. State budgets and philanthropic investments will need to be much more equitable across regions, much like they were on Census outreach, in order to ensure that nonprofits and communities in this rapidly growing region get back on their upward trajectory.

## Recommendations for Nonprofits

1. *Focus on “scale-ups” as well as startups.* The Inland Empire leads California in the share of nonprofits founded since 2010. Many of these startups will require strategic advice and assistance, not only to survive the current economic downturn, but also to scale up soon thereafter (Janus 2017).
2. *Build on the foundations of 2020 Census.* Census outreach has strengthened the region in numerous ways (see p. 6). Instead of “folding up the tent” and reconvening in 2029, nonprofits and local government partners should use Census as a foundation for future work in inclusive regional planning.
3. *Build for digital work as well as co-located work.* Disruptions from COVID-19 have revealed the need for nonprofits to upgrade their IT systems and operating procedures for internal and external work. At the same time, location still matters. Aligned nonprofits and coalitions should consider pooling resources to be in physical proximity to each other, benefiting from the kind of clustering that other industries enjoy.
4. *Invest in narrative change as well as government relations.* Our survey revealed that nonprofits struggle to get recognition from news media and government officials. Hiring public affairs staff, and getting more sophisticated with media pitches, op-ed writing, and social media promotion will help build brand awareness, constituent loyalty, and new investments.
5. *Invest in youth leadership and leadership among women and people of color.* It’s the right thing to do, and the smart thing to do, given the demographic realities of the region.
6. *Leverage industry and grassroots connections across Southern California.* Los Angeles has a stronger arts nonprofit ecosystem because it is connected to the entertainment industry. Nonprofits, regardless of sector, would benefit from deepening relationships with allied groups and industry partners across the region.
7. *Engage and cultivate regional philanthropy.* Nonprofits should put their “data, narrative, and action: DNA” to good use, and engage with foundations, corporations, and individual donors. The Inland Empire is the future of Southern California, and is interdependent with Los Angeles and Orange County. Philanthropic engagement should proceed accordingly.

## Recommendations for Governments

1. *Build on the foundations of 2020 Census.* Local governments can build on the enormous good will and partnership with community organizations to improve their processes of inclusive regional planning. In addition, governments can promote all of the other recommendations above through direct support, and by brokering relationships with key stakeholders.

2. *Promote and provide opportunities for “small business” nonprofit vendors.* Like the federal government did with the CARES Act, state and local government agencies should treat small- and medium-sized nonprofits in the same way they would treat any other small businesses.

## Additional Recommendations for Philanthropy

In addition to providing support for the nonprofit recommendations already mentioned, philanthropy should:

1. *Learn from, and invest in, local talent.* Regional nonprofits now have the ambition, skills, and partnerships with local talent to successfully execute on most projects. If outside help is needed, it should be engaged in a way that builds local capacity.
2. *Recognize that racial equity also means regional equity.* Inequality is the fundamental problem of our time. The moral and strategic imperative to promote racial equity also applies to regional equity. This is particularly true for a region like the Inland Empire that is now two-thirds people of color (68% in 2019), with many communities that have been displaced from coastal counties.

## ENDNOTES

- 1 Center for Social Innovation. “State of Civic Engagement in the Inland Empire.” Riverside, CA: University of California, Riverside (2019).
- 2 The precise number of nonprofits in the region is difficult to assess due to the fact that some organizations may not have filed with the IRS or may be delinquent or in the application process. In addition, religious organizations are not required to file for nonprofit status, although many do. Because of these limitations, the number of nonprofits presented here may be an undercount given that the data indicate a large proportion of religious-related organizations in the region.
- 3 The statewide proportion of 501(c)3 organizations among 501(c) organizations is lower, at 85 percent, and is driven largely by the higher proportion of 501(c)4 and 501(c)5 organizations in Sacramento.
- 4 We include those filing their 990-N tax forms, but reporting no assets, in our counts of \$50,000 and less and \$250,000 and less in assets.
- 5 The Irvine Foundation report on IE nonprofits (Silverman, Martinez and Rogers 2009) analyzed data from the Urban Institute and found 94 nonprofits with expenditures of over \$5 million in 2005. While the IRS EO-BMF file does not contain data on reported expenditures for nonprofits who file their 990-N form, it does provide data on reported revenues which tends to be a comparable measure of nonprofit capacity. There are 192 nonprofits in the Inland Empire that have reported annual revenues above \$5 million as of their latest IRS filing. Adjusting for inflation from 2005, the number is 155 nonprofits, a significant increase from the 94 in 2005.
- 6 For a full list of sub-sector codes, visit the NCCS data archives: <https://nccs-data.urban.org/index.php>
- 7 For metro-specific data, visit <https://www.pewforum.org/religious-landscape-study/metro-area/riverside-ca-metro-area/>.
- 8 The MIT living wage calculator for the Inland Empire can be found at <https://livingwage.mit.edu/metros/40140>

- 9 Rankings via <https://www.nationalservice.gov/serve/via/cities>
- 10 For more information, visit <https://california.foundationcenter.org/>
- 11 The Foundation Center includes 19 counties in its definition of the Central Valley that include not only Sacramento Valley, but also the valley further north, including Butte, Colusa, Glenn, Shasta, and Tehama counties. This larger region is often referred to as the "Great Central Valley," and its 2016 population was 7.1 million residents.
- 12 The year 2013 was a remarkable exception to this downward trend, with \$25.2 million in within-region spending, much of it related to two institutions: the creation of the California University of Science and Medicine with a \$10 million donation from Prime Healthcare Foundation, and \$9.9 million to Xavier College Preparatory High School by the H.N. and Frances C. Berger Foundation.
- 13 Incoming foundation giving reached \$67 million in 2007 before declining steadily to \$35 million in 2011 before increasing again.
- 14 We created the "data, narrative, action: DNA" framework in summer 2017 as part of our Social Innovation Institute, where we provided nonprofit leaders with training in the ways that they could strengthen their quantitative and qualitative data collections, improve their narrative effectiveness through agenda-setting, framing, storytelling and messaging, and connect them to a strategic course of action including civic engagement, advocacy, and fundraising.
- 15 The changing behavior of a few family foundations has had a dramatic impact on within-region giving in the Inland Empire, given the relatively small number of foundations in the region. For example, the 2009 James Irvine Foundation report on nonprofits highlighted the H.N. and Frances C. Berger Foundation as the region's largest internal donor by far, with \$76 million in giving in the Palm Desert area in 2005. Our examination of the Foundation's IRS 990 Form indicates that the vast majority of that giving was a \$74.9 million donation of the organization's golf course to The Bob Hope Classic Charities, Inc. Tracking analysis from the Foundation Center and our review of subsequent IRS filings indicate a rate of giving of about \$10 to \$13 million a year to nonprofits in the Inland Empire and a recent decline to below \$3 million.
- 16 Based on our analysis of Foundation Center data on internal and external giving; see note 11.
- 17 CSI Director Karthick Ramakrishnan is a board member (trustee) of the California Endowment. He did not play a role in conducting the interview or the write-up related to Alianza.
- 18 80 percent indicated a high share of Hispanic or Latino populations served, compared to 68 saying the same for non-Hispanic Whites, 58 percent for African Americans, 22 percent for Asian Americans and 13 percent for Pacific Islanders.
- 19 Capacity building projects—such as identifying a communications strategy, improving volunteer recruitment, ensuring thoughtful leadership succession, updating a nonprofit's technology, and improving how it measures its outcomes—all improve the ability of a charitable nonprofit to effectively deliver its mission. The Inland Empire Community Foundation and First 5 San Bernardino have supported the coordination of capacity building efforts in the region for several years, and capacity builders have created a network under the rubric of [ENonprofits.com](http://ENonprofits.com).
- 20 In terms of nonprofit work, collective impact describes an intentional way of working together and sharing information for the purpose of solving a complex problem. This approach is valuable because organizations are more likely to solve complex problems when they work together, pooling resources and sharing goals. In a collective impact initiative the participants are often a combination of individuals, organizations, grant-makers, local community members, and representatives from the business community and government.
- 21 More detailed maps of social vulnerability in the Inland Empire, by theme and census tract, can be found in our online appendix.
- 22 Available via <https://ieCOVIDresponse.org/>
- 23 Any person in the United States may file individual income taxes with an Individual Tax Identification Number (ITIN) rather than a Social Security number. Past efforts at immigration reform have required immigrants seeking legalization to show proof of prior-year tax filings.

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*The Center for Social Innovation aims to provide a credible research voice that spurs civic leadership and policy innovation. The Center also aims to integrate researchers, community organizations, and civic stakeholders in collaborative projects and long-term partnerships that boost collective impact. Importantly, the Center seeks to shift away from a “problem” narrative to an “opportunity” narrative for marginalized communities and localities.*

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