



THE STATE OF THE

NONPROFIT AND

COMMUNITY

SECTOR IN GREATER LOS ANGELES

Positioning for the Future –The 2003 Report

UCLA CENTER FOR CIVIL SOCIETY

UCLA SCHOOL OF PUBLIC POLICY AND SOCIAL RESEARCH



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Note

This is the first of a future series of annual reports on the nonprofit and community sector in Greater Los Angeles, prepared and published by UCLA's Center for Civil Society. The reports offer concise overviews of the major contours and developments of the sector, and the issues it confronts. It is our aim to conduct research to contribute to a wider debate about the role, present and future, of nonprofit and community organizations in Southern California.

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Foreword

The study and understanding of nonprofit and community organizations – and the wider civil society of which they are part – has recently emerged as a major focus in the social sciences in general and in public policy schools in particular. This recognition is long overdue. Institutions of civil society are a major engine of political involvement in democracies, they provide in many cases the most innovative systems of delivery for social services of all kinds, they encourage social entrepreneurship and efficiency, and in the expression of community, values, and faith, they produce the ‘social glue’ of bonding and bridging social capital modern societies need.

The importance of civil society in public policy has increased in the past twenty years as public confidence in government has decreased and nonprofit organizations have subsequently taken on greater roles in managing and solving enduring social problems. These roles are going to grow even more important in the coming years. As the first-ever survey of local nonprofit human service providers was being conducted during the summer of 2002, and as we set out to draft this report, Los Angeles was becoming increasingly aware of a frightening financial crisis that is just beginning to break over California. The presidents, directors, boards, and staffs of the thousands of nonprofit organizations that hold the city and the region together have come to recognize that one of the greatest social challenges in the history of the state is just beginning. A significant responsibility for a better future is resting increasingly on their, and our, shoulders. Other areas of the United States are experiencing similar challenges. These domestic challenges, however, pale in comparison to the challenges to civil society in developing countries that are seeking to build social and economic structures, particularly where fledgling and nascent democracies are beginning to grow in the wake of totalitarian regimes.

The UCLA School of Public Policy and Social Research has established this Center for Civil Society to be a magnet of excellence in research, teaching, and service in the nonprofit sector. The Center will provide a forum for leaders of nonprofits – locally, regionally, and internationally, to learn from each other and join with our faculty to educate and inspire the next generation of leaders in the sector.

This review of *The State of the Nonprofit and Community Sector in Greater Los Angeles*, and its companion summary report of the survey of the human services nonprofit providers in Los Angeles are the first products of the Center for Civil Society. They depict active, creative, and in many places overworked and underfunded institutions dedicated to a better Southern California. It is our hope and our commitment that UCLA will work for and with these organizations to provide knowledge and talent to help them become more effective and to provide a better future for the region, the state, and by extension, the world.

Barbara J. Nelson
Dean
UCLA School of Public Policy and Social Research

Executive Summary

Los Angeles is often described as the social laboratory of the nation, and as a living experiment of 21st century capitalism that presents us with a lens through which we can view the future of American society. What role will the nonprofit and community sector play in this social laboratory, and what kind of civil society will provide the social glue for the many different and diverse communities that make up Los Angeles? What are the contours of the nonprofit and community sector in the region, how do nonprofit activities relate to social, educational or cultural needs, and how does the profile of nonprofits in LA differ from other parts of the state and the country? These are some of the questions this report addresses in the hope of generating a debate about the future role of this set of institutions in what has become the most diverse and dynamic part of the country.

The six most critical findings are:

- 1) The relative size of the nonprofit and community sector in LA and the five-county region is below the national average in terms of percentage of employment; it is also smaller than San Francisco's and New York City's.
- 2) At the same time, local needs in LA seem greater and more acute, as indicated by a higher poverty rate. Although the nonprofit sector has grown substantially in recent years, it has generally not kept up with increases in population numbers and the expansion of needs, particularly among the poor.
- 3) The nonprofit and community sector nonetheless amounts to a substantial economic force, with about 10% of total employment in the region, when volunteers are included. The nonprofit sector relies considerably on governmental funding. The relative share of total revenue from service fees and sales is surprisingly low.
- 4) Trust and participation levels in Los Angeles are lower than in most other regions and cities of the country, in part reflecting the immigrant 'newcomer culture' of the city. By contrast, longer-term residents approach national averages.
- 5) At the local level, there is a significant relationship between levels of trust and civic engagement and the density of nonprofit and community organizations. In a positive way, this relationship is most pronounced for the economically better-off neighborhoods of the city. However, in the parts of LA with high degrees of poverty, we tend to find less mutual trust, lower levels of civic engagement, and lower densities of nonprofit and community organizations.
- 6) The nonprofit and community sector is, at least to some

extent, reflective of the region's ethnic diversity in terms of its clients and user profile, but not in terms of its governance structure, which seems to show a significantly lower presence of Latinos. What is more, using poverty as a measure of need, substantial parts of the Latino population, but also Asian Americans in LA County seem relatively underserved by nonprofit organizations. This is particularly evident in areas with larger concentrations of poor Latino households, such as East and South-Central Los Angeles.

The four key policy implications are:

- 1) There are indications that the nonprofit sector may be underserving the region's poor, in particular among the Latino and Asian communities.
- 2) The nonprofit and community sector seems to be in a 'catch up' phase with the expansion of the region's population and changes in its demographic profile.
- 3) Given the current revenue structures among nonprofits, and public budget shortfalls, there is likely to be a major push toward commercialization and greater emphasis on fund-raising.
- 4) The nonprofit infrastructure, in terms of umbrella organizations and coordinating bodies, is underdeveloped. More skill training facilities are needed, as are more effective and comprehensive 'voice mechanisms' for organizations representing poorer, socially excluded groups.

In the light of these findings and implications, we recommend:

Following up with regular reports that offer a more comprehensive, over-time monitoring of the nonprofit and community sector in the region, including the counties surrounding LA;

Creating a forum for debate and information-sharing among civil leaders, practitioners, policymakers and academics in the field;

Moving this debate about the role of the nonprofit and community sector in Los Angeles to the forefront of policy concerns in the city and region; and, as an essential task forward;

Contemplate mechanisms to enhance social trust by actively inviting and encouraging civic participation, especially among newer residents and within the city's vast and growing low-income communities.