

UCLA

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Center for Civil Society

New Horizons

The State of the Nonprofit Sector
in Los Angeles – 2006

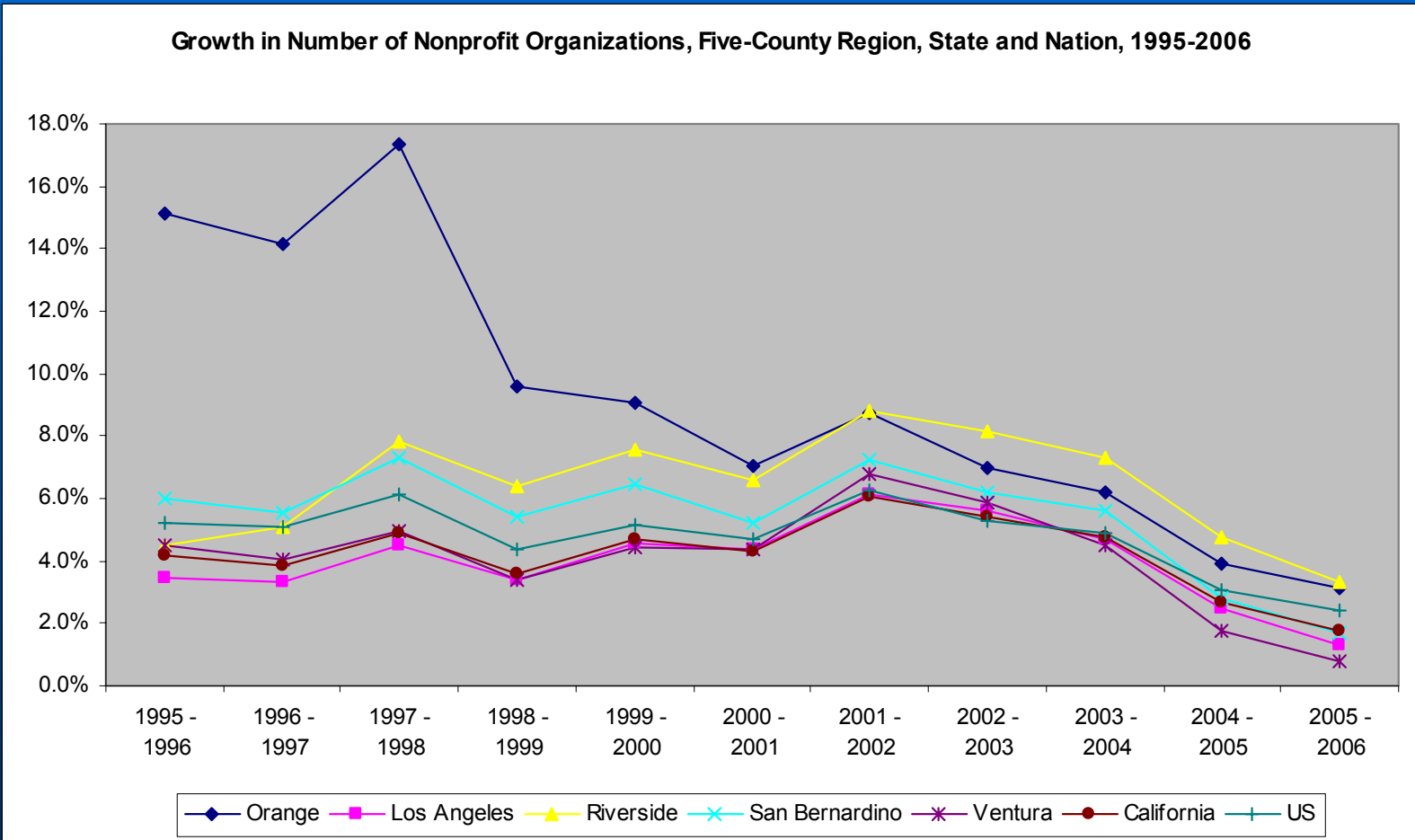
Purpose of Report

- A statistical update on the nonprofit sector
 - 1) Growth rate
 - 2) Employment & wage data
- New data on the foundation sector
- Whittier's nonprofit sector
- Implications and recommendations

An Update on the Nonprofit Sector in Los Angeles: Key Findings

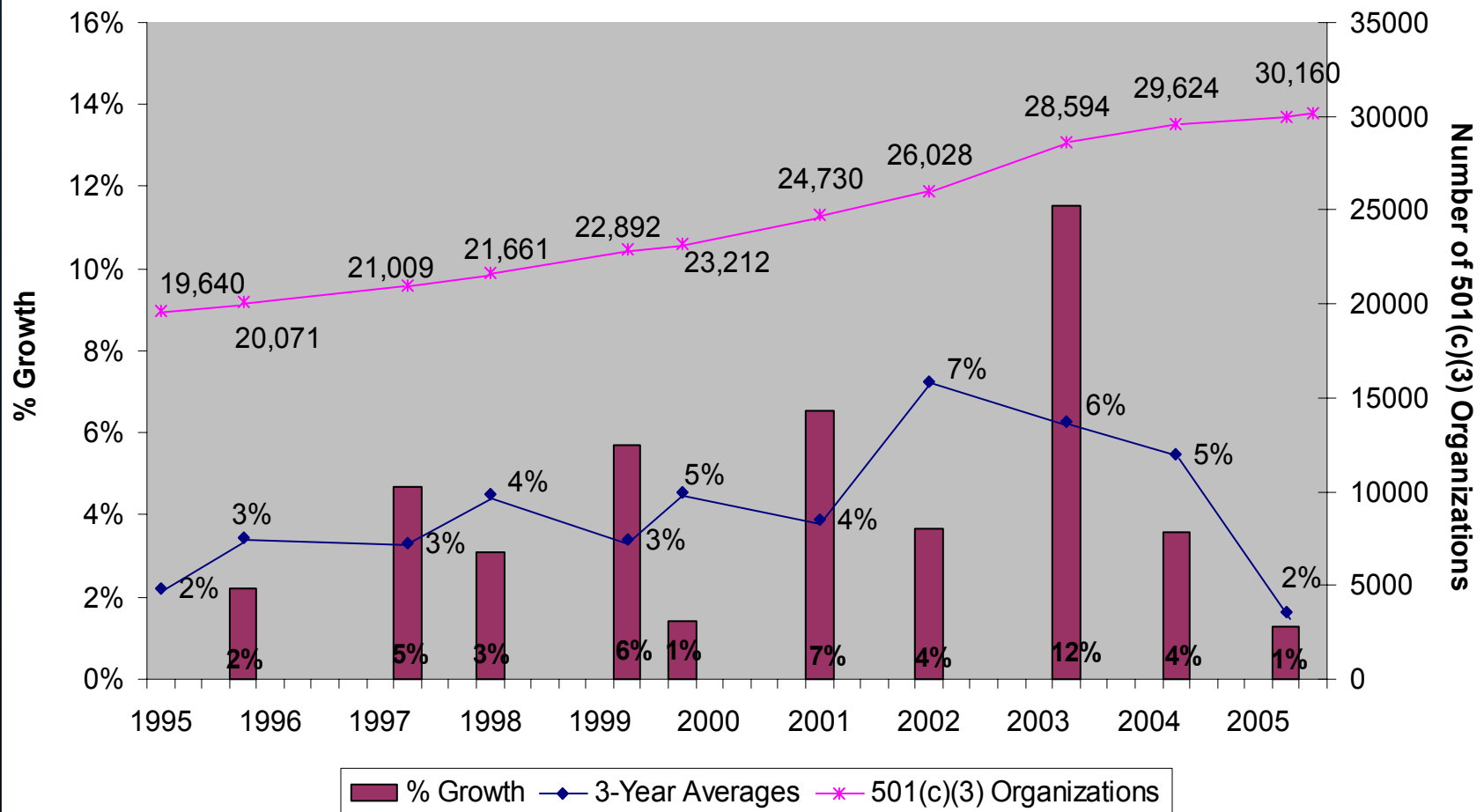
- The growth of nonprofit organizations between Dec 2004 and Jan 2006 is the lowest it has been since 1995
- However, expenditures have increased, particularly in higher education.
- Average annual wages for the nonprofit sector are approaching that of the private sector

Growth in Number of Nonprofit Organizations, Five-County Region, State and Nation, 1995 - 2006

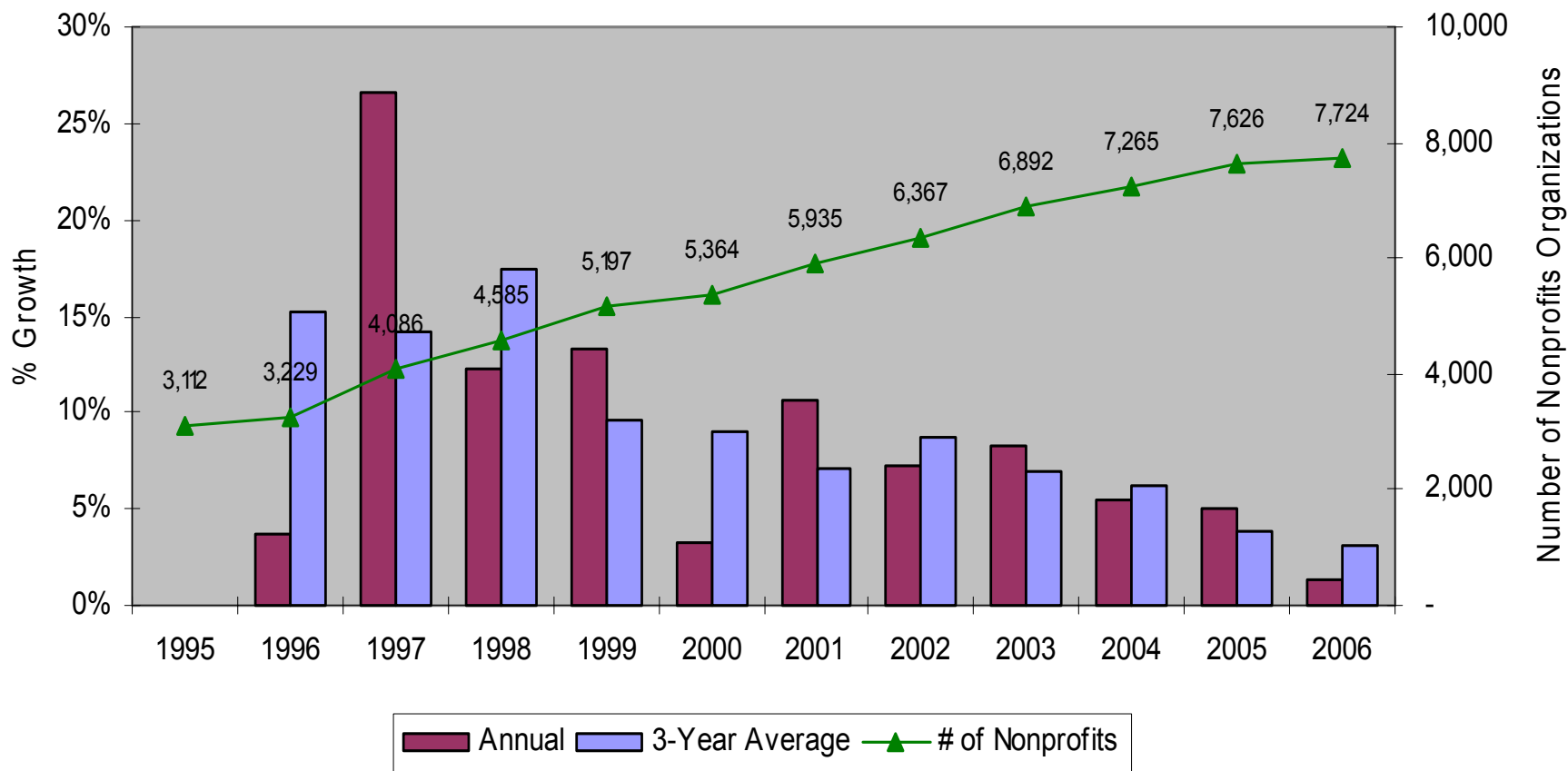


Source: National Center for Charitable Statistics Business Master File, 1995-2006
 Figures exclude foundations

Growth in the Number of 501(c) (3) Organizations in Los Angeles County



Growth in the Number of Nonprofit Organizations, Orange County, 1995 - 2006

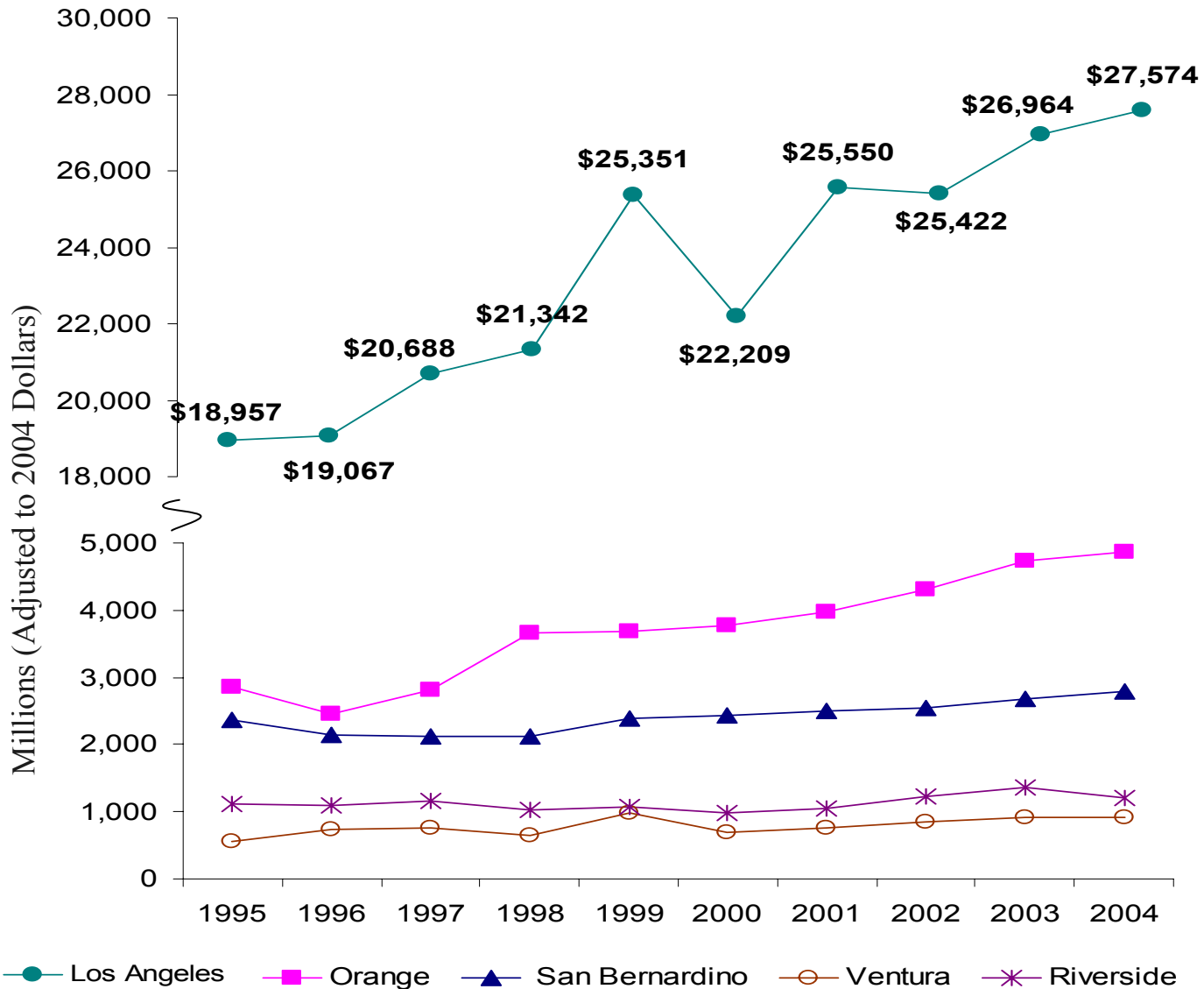


Source: National Center for Charitable Statistics Business Master File, 1995-2006
 Figures exclude foundations

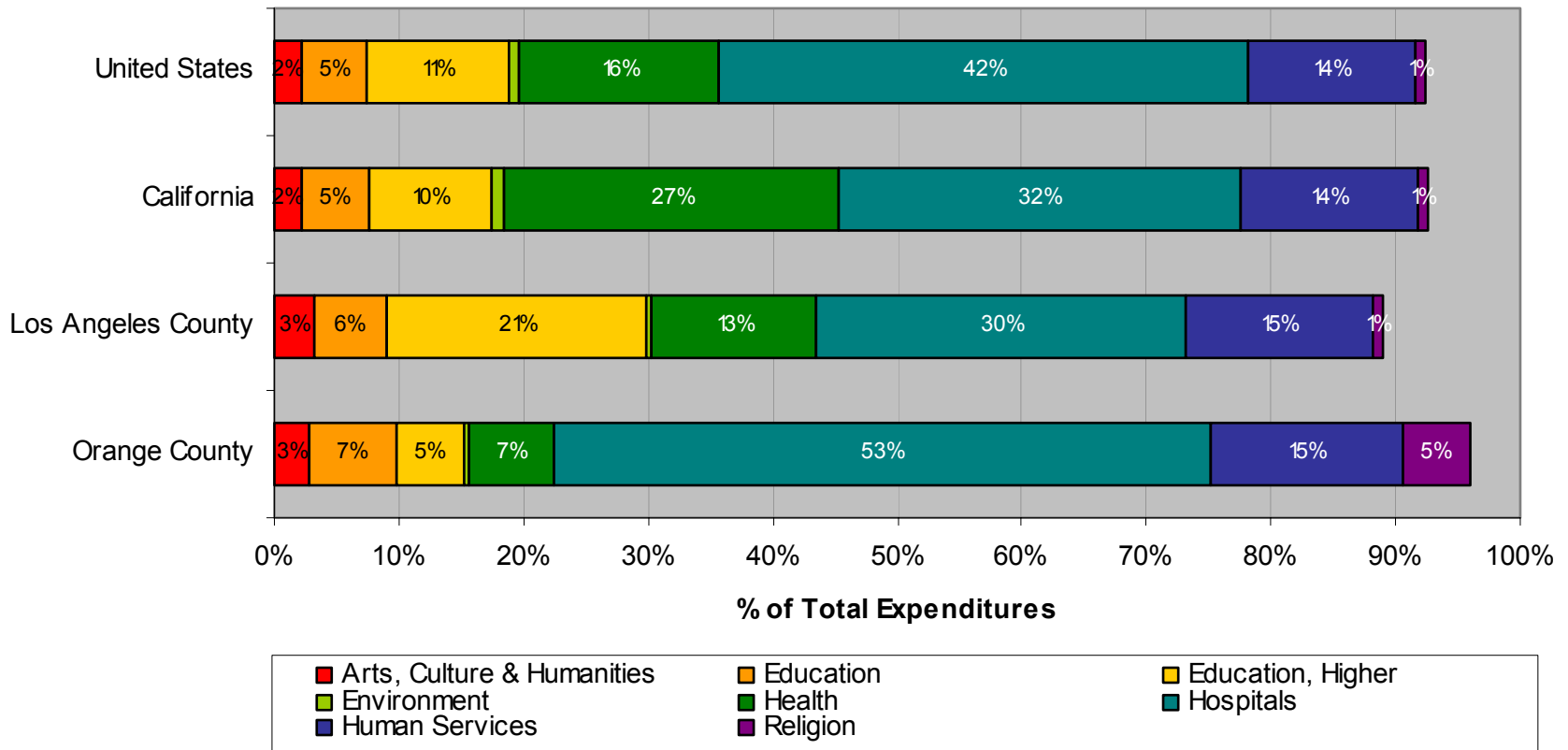
Changes in Nonprofit Sector, by subfield, Los Angeles County 2000 & 2004

	2000			2004			% Change 2000-2004
	EXPENDITURE	% of Total		EXPENDITURE	% of Total		
Hospitals	\$ 8,087	36.4		\$ 8,194	29.7		1%
Higher educ.	2,729	12.3		5,740	20.8		110
Human Services, Multipurpose and Other	2,237	10.1		2,864	10.4		28
Health - General	1,694	7.6		2,207	8.0		30
Education	1,468	6.6		1,606	5.8		9
Arts, Culture & Humanities	811	3.7%		866	3.1%		7%
International, Foreign Affairs	625	2.8		1,217	4.4		95
Mental Health	540	2.4		679	2.5		26
Community Improvement	508	2.3		512	1.9		1
Science and Technology	490	2.2		606	2.2		24
Philanthropy, Voluntarism	466	2.1		351	1.3		-25
Religion Related	368	1.7		225	0.8		-39
Housing, Shelter	359	1.6		413	1.5		15
Health - Disease Specific (general)	305	1.4		412	1.5		35
Employment, Job Related	241	1.1		316	1.1		31
Health - Disease Specific (research)	234	1.1		345	1.3		47
Social Science	182	0.8		16	0.1		-91
Recreation and Sports	168	0.8		168	0.6		0
Youth Development	166	0.7		171	0.6		3
Food, Agriculture, Nutrition	141	0.6		96	0.3		-32
Public, Society Benefit	83	0.4		291	1.1		250
Animal Related	77	0.3		76	0.3		-1
Civil Rights/Advocacy	69	0.3		35	0.1		-50
Crime, Legal Related	65	0.3		87	0.3		34
Environment	45	0.2		46	0.2		3
Public Safety, Disaster Preparedness	34	0.2		12	0.0		-65
Mutual/Membership Benefit	13	0.1		3	0.0		-73
Unknown, Unclassified	6	0.0		22	0.1		259
Total	\$ 22,209	100%		\$ 27,574	100%		24%

Nonprofit Expenditure, 5 County Region, 1995-2004



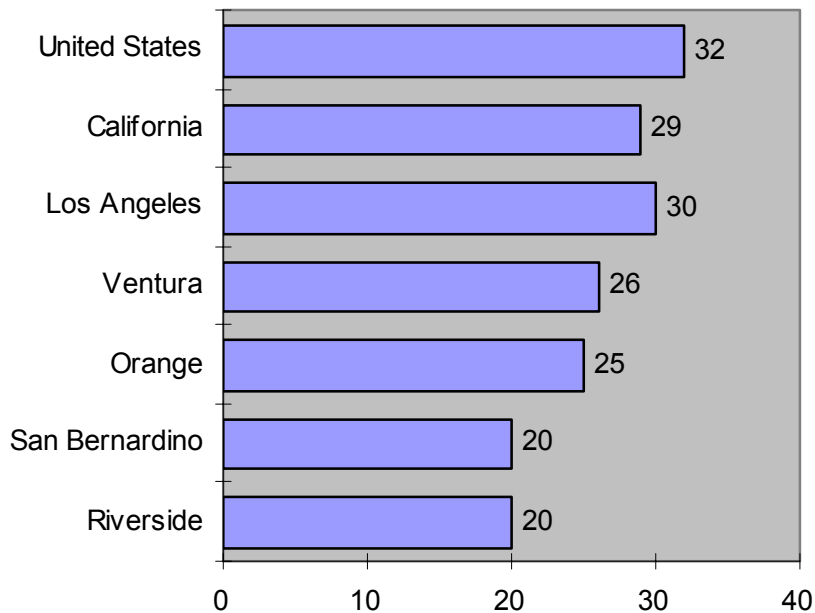
Comparison of the Composition Nonprofit Sector Expenditure Los Angeles and Orange Counties Relative to Other Regions, 2004



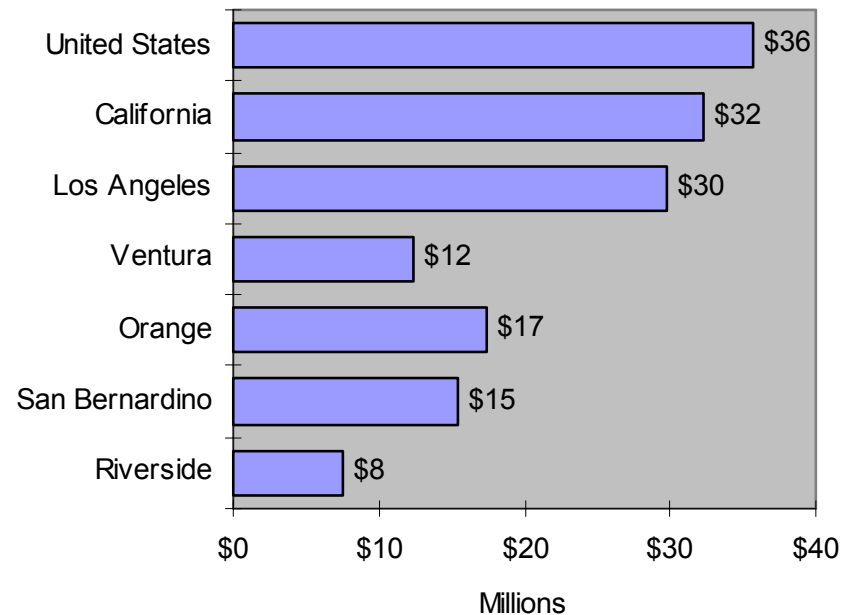
Source: National Center for Charitable Statistics CORE 2004
 Figures exclude foundations

National, State, and Regional Comparison of Number of Nonprofit Organizations and Expenditure, per 10,000 Population

Nonprofit Organizations per 10,000 Population, 2004

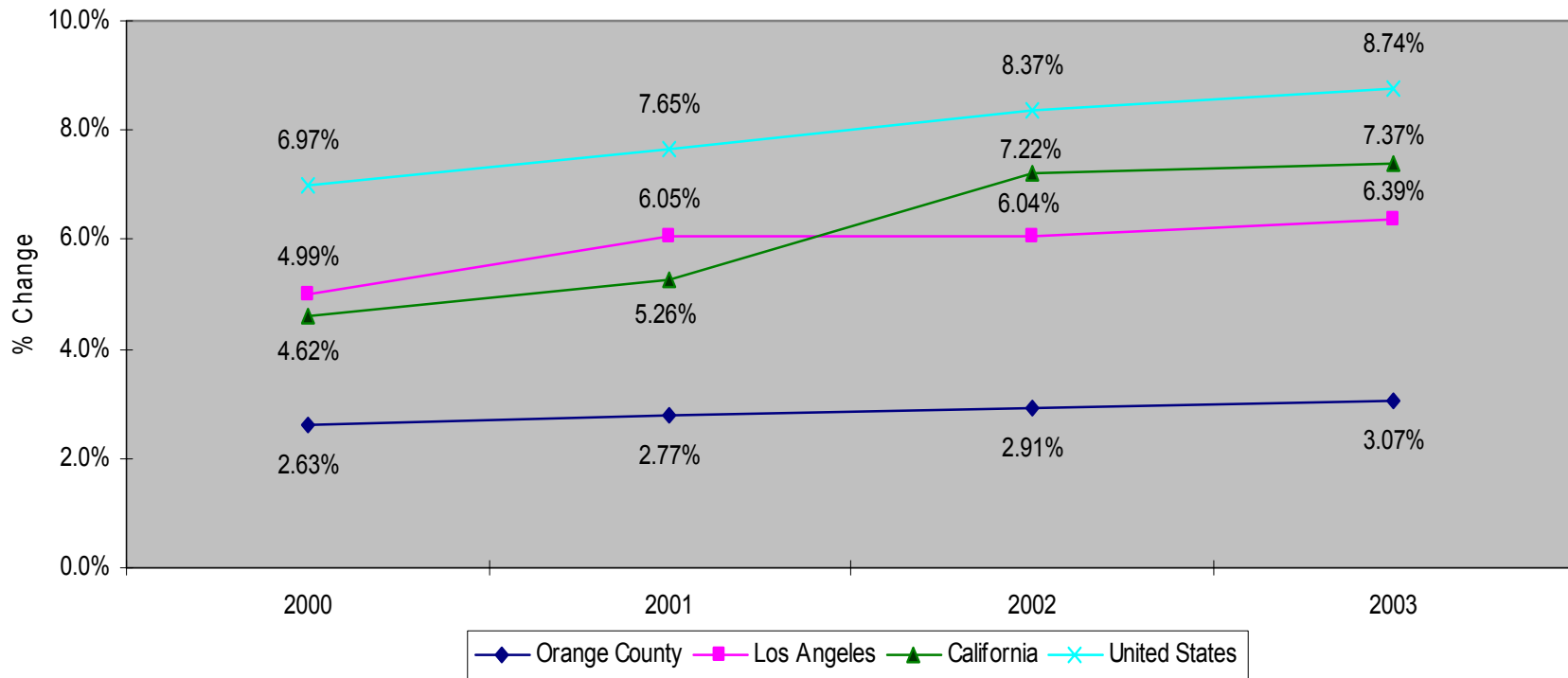


Nonprofit expenditure per 10,000 population, 2004



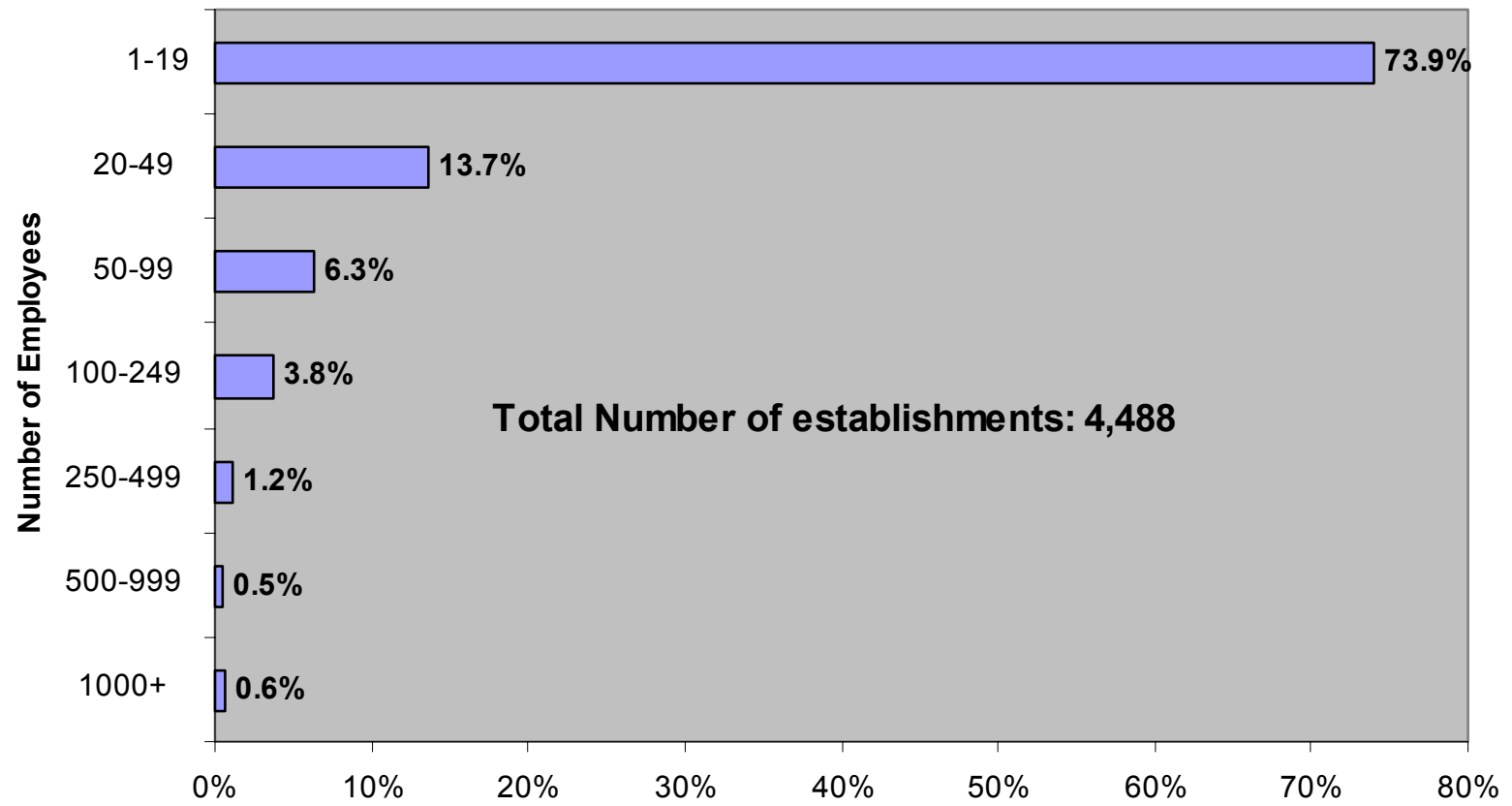
Nonprofit Expenditure as a Percentage of Gross Economic Product, 2000-2003

Comparison of Orange County Nonprofit Expenditures as Percent of Gross Economic Product, 2000-2003

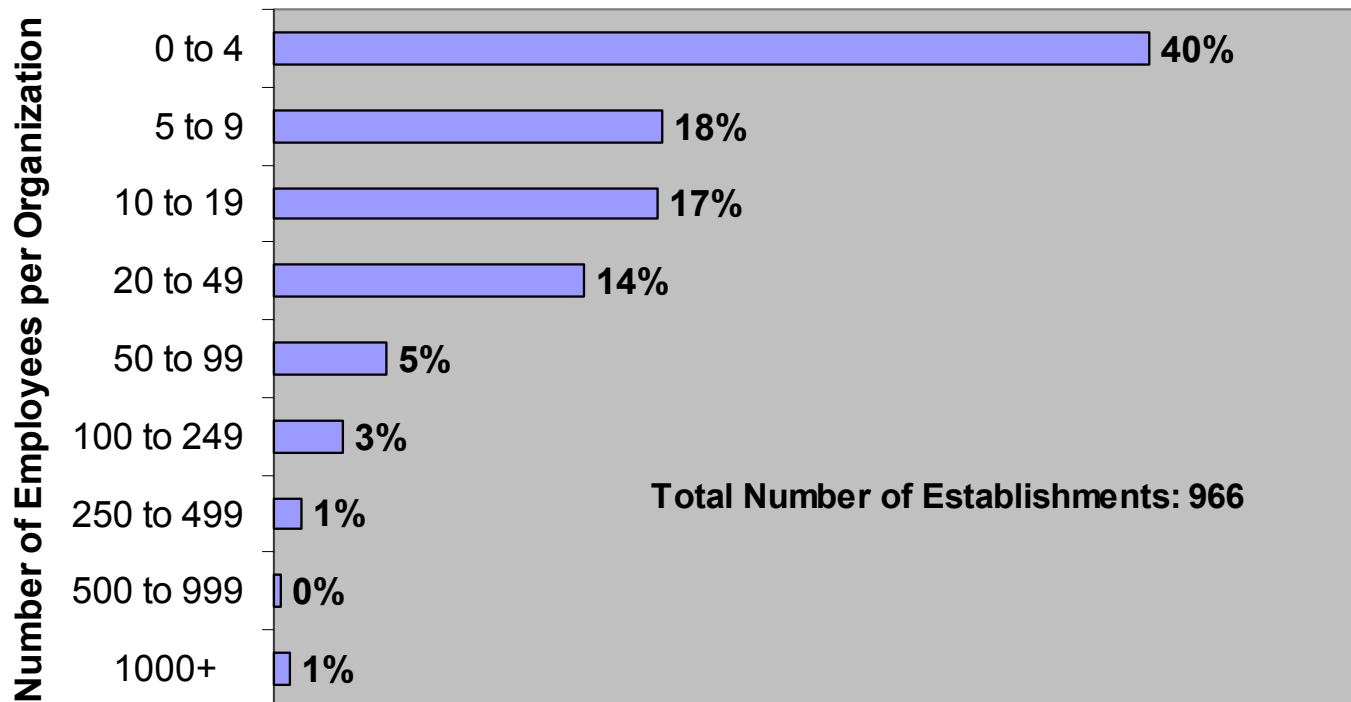


Source: National Center for Charitable Statistics - CORE, 2000 - 2003; The Engine of American Growth, 2004, U.S. Conference of Mayors; U.S. Department of Commerce
Figures exclude foundations

Percent of Total Number of Establishments by Size, Los Angeles County, 2005

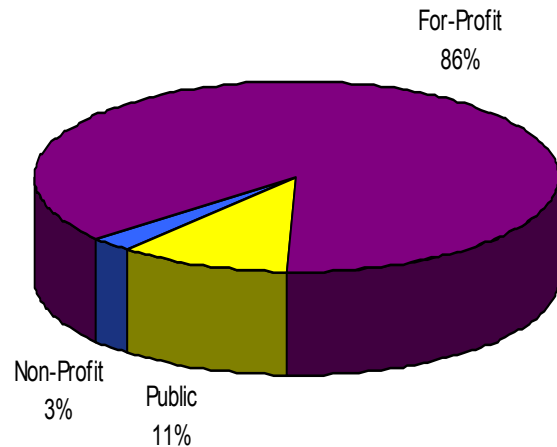


Percent of Total Number of Establishments by Size, Orange County, 2005

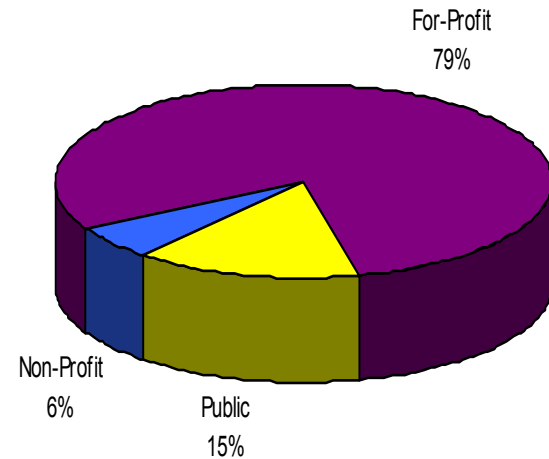


Total Employment by Sector in Orange County and Los Angeles County, 2005

Total Employment by Sector, Orange County, 2005



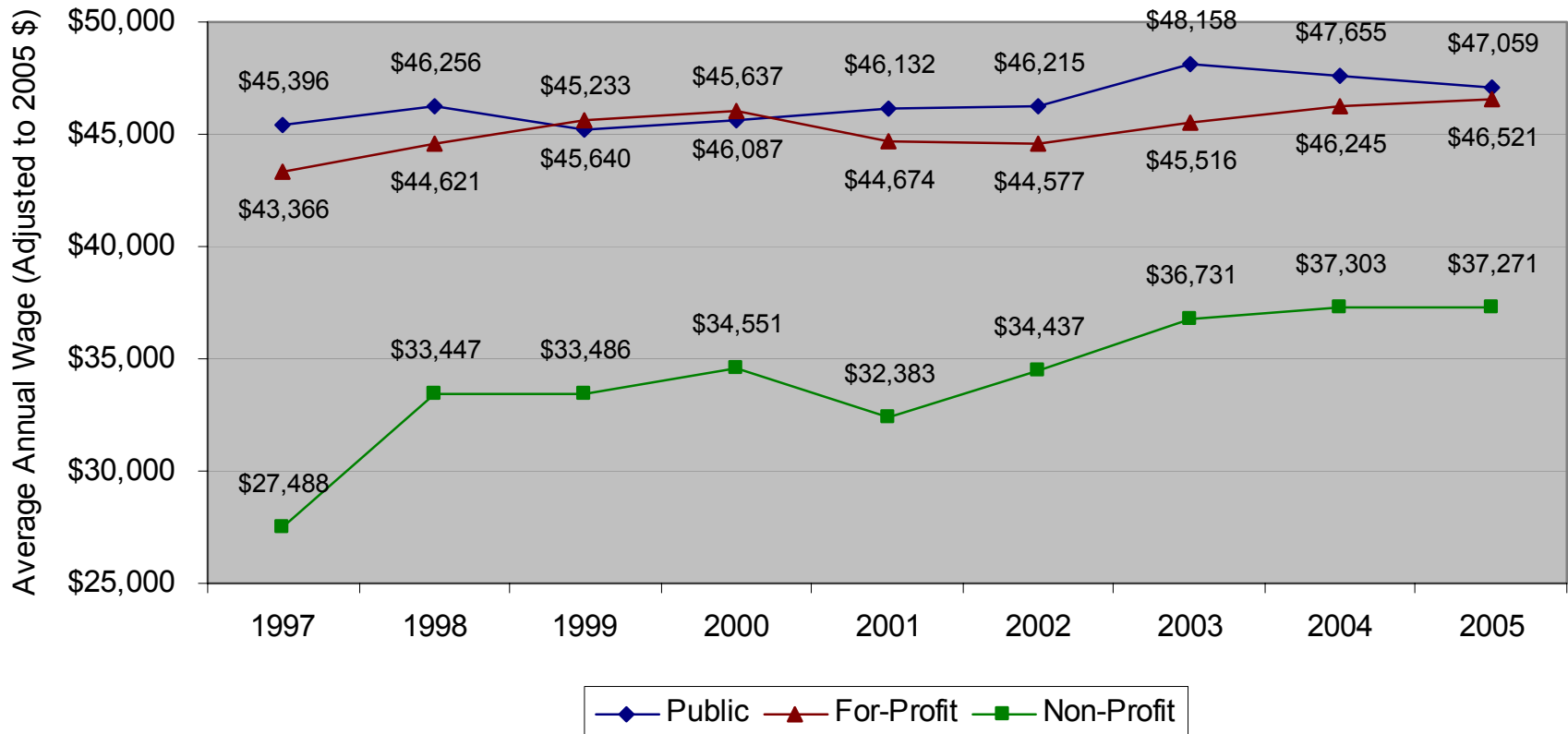
Total Employment by Sector, Los Angeles County, 2005



Source: California Employment Development Department, Second Quarter 2005

* Includes full-time and part-time employees only; EDD quarterly wage reports from employers only includes total wages paid to each employee for the three month period; it contains no figures for hours worked or hourly pay rates.

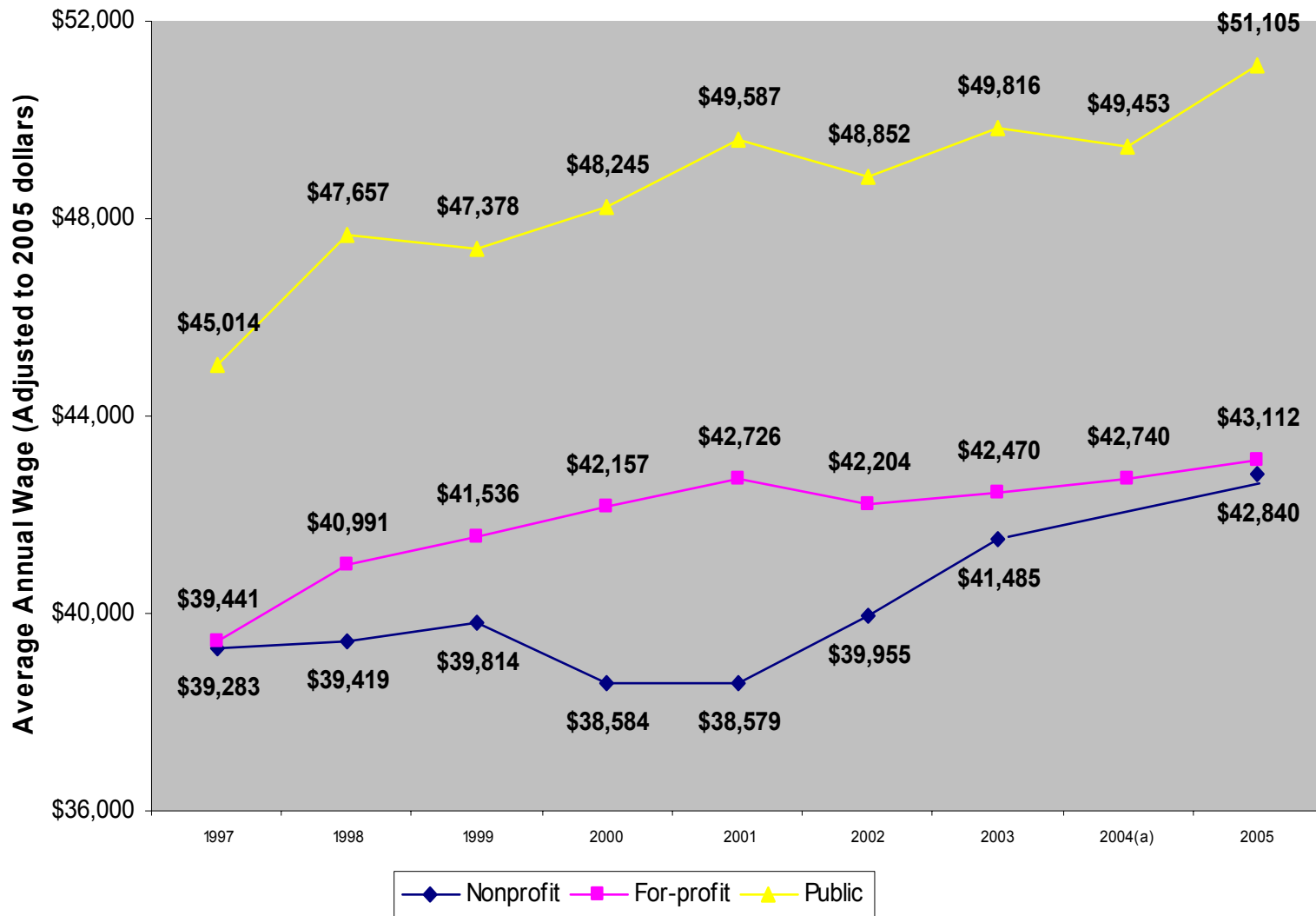
Average Annual Wage by Sector, Orange County, 1997-2005



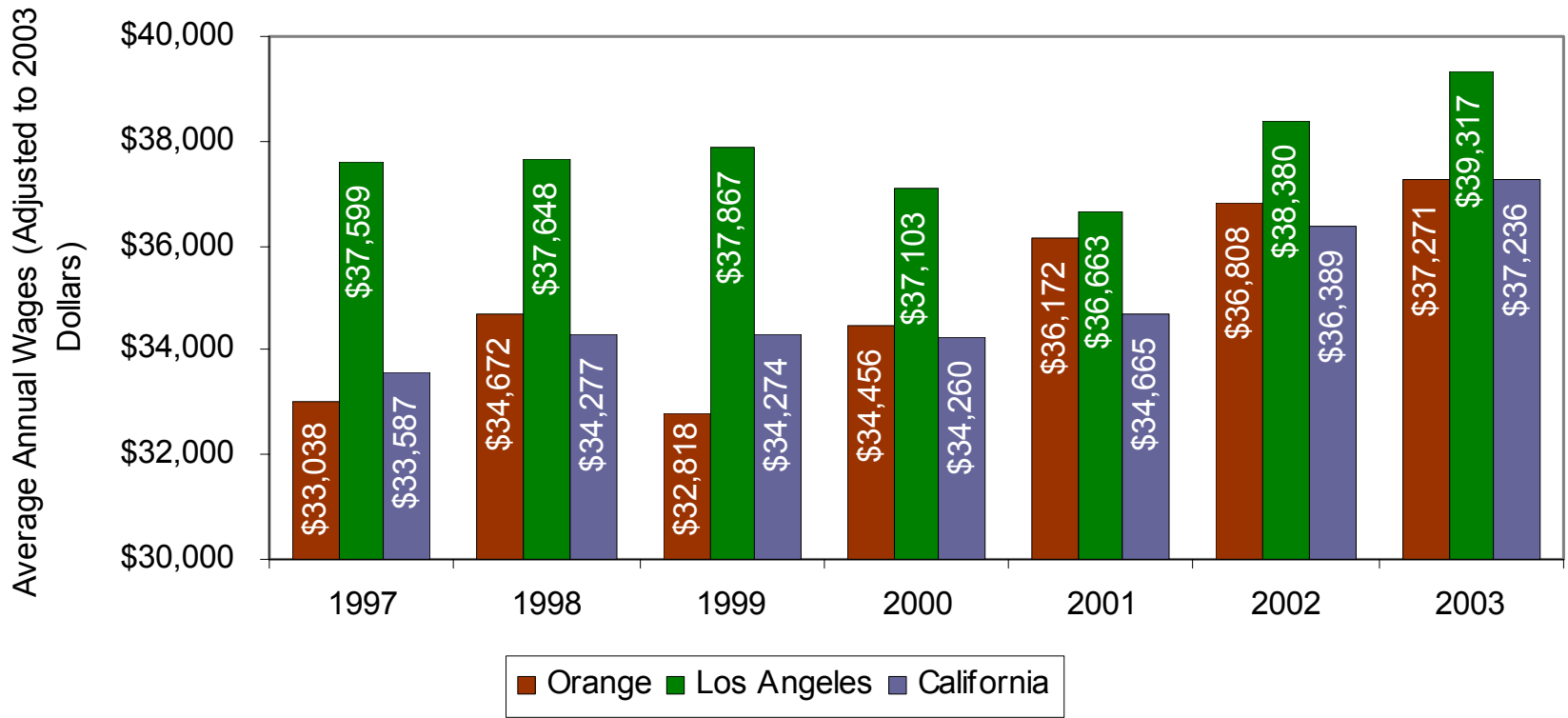
Source: California Employment Development Department, Second Quarter 2005

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Average Annual Wage by Sector, Los Angeles County, 1997-2005



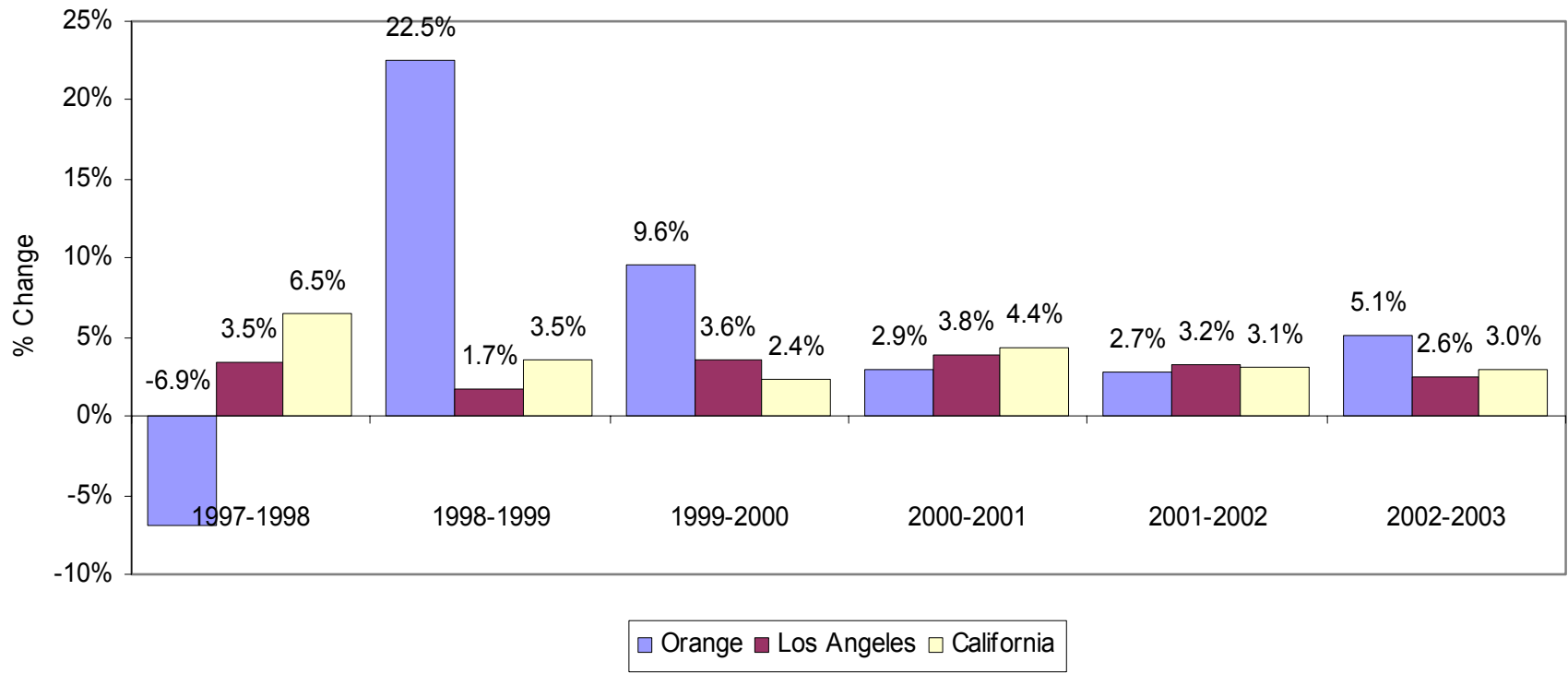
Average Annual Nonprofit Sector Wages in Orange County, Los Angeles County and California, 1997 - 2003



Source: California Employment Development Department, Second Quarter 2005

* Includes full-time and part-time employees only; EDD quarterly wage reports from employers only includes total wages paid to each employee for the three month period; it contains no figures for hours worked or hourly pay rates.

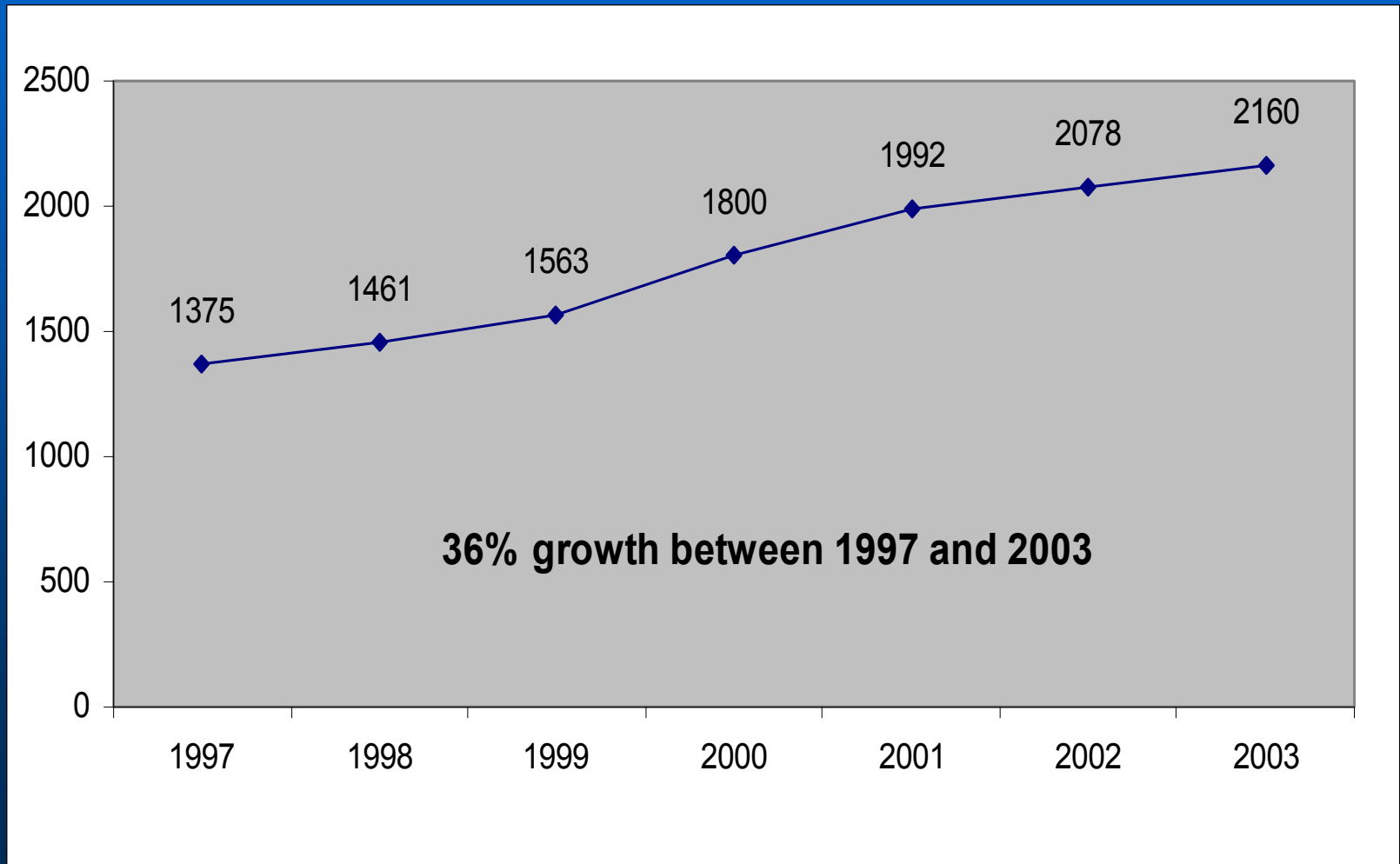
Growth in Orange County Nonprofit Employment Compared to Los Angeles County and California, 1997 - 2003



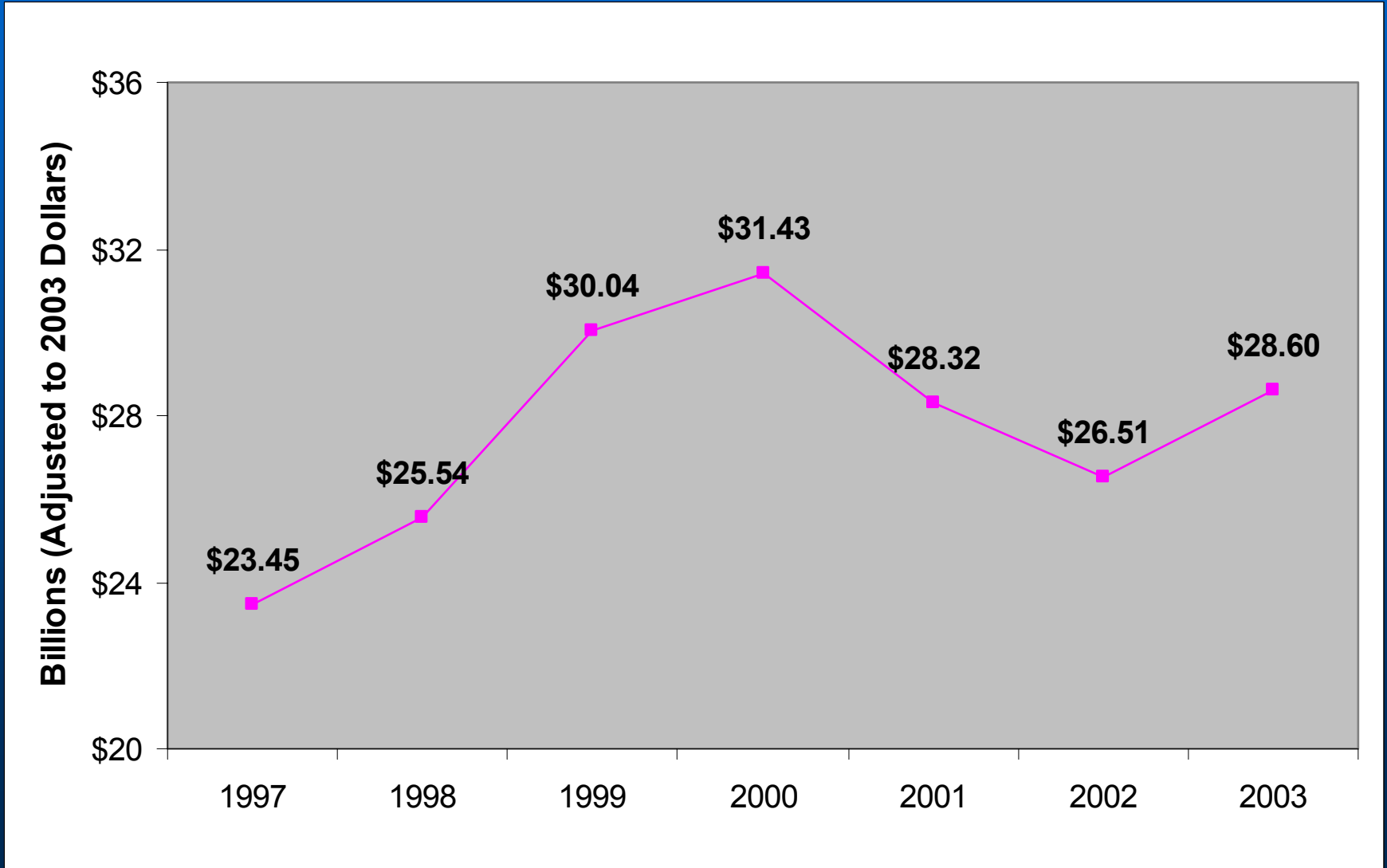
Source: California Employment Development Department, Second Quarter 2005

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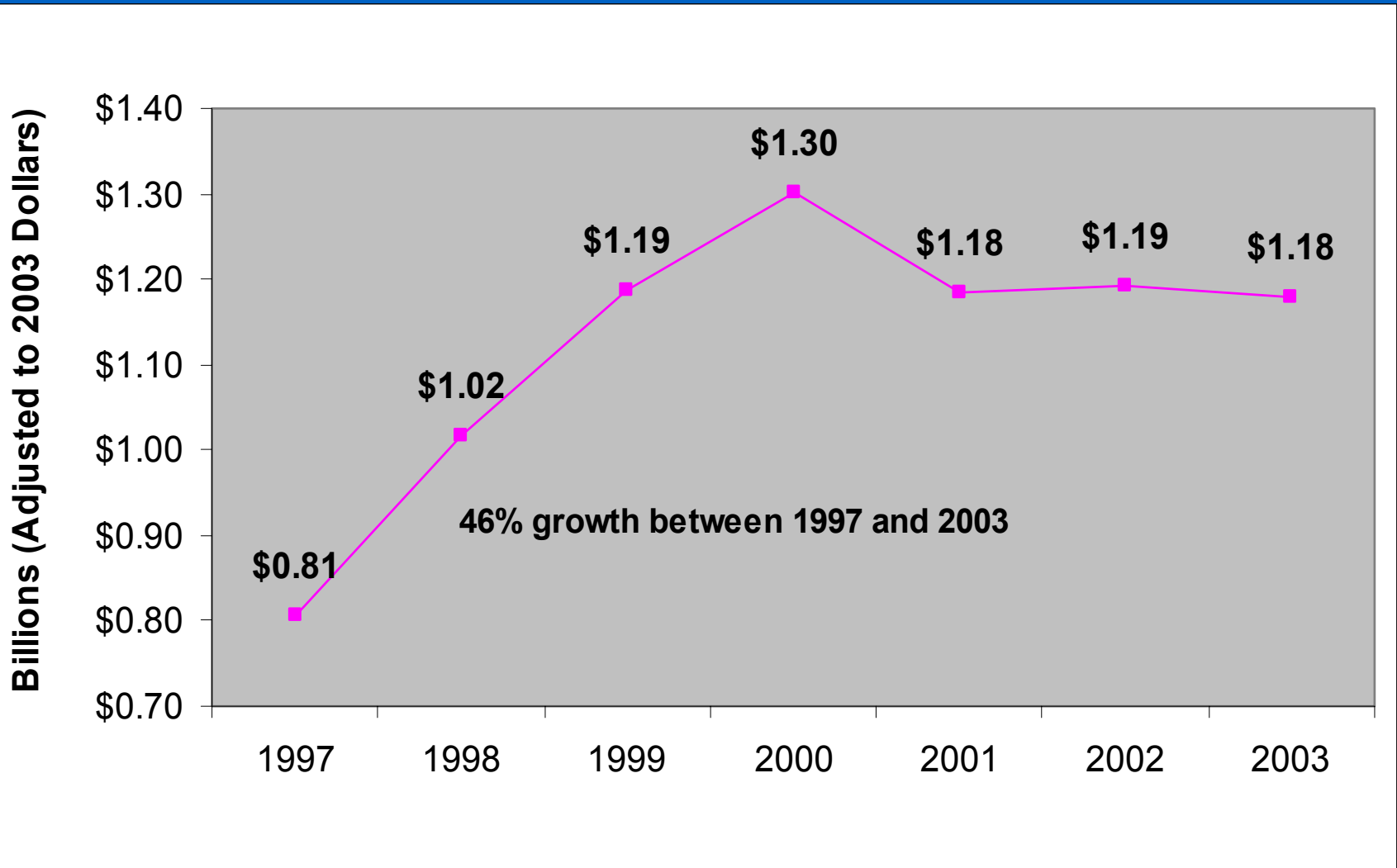
Total Number of Foundations in Los Angeles MSA 1997-2003



Change in Total Assets of Foundations in Los Angeles MSA, 1997-2003 (Billions)



Changes in Total Amount of Grant Dollars Given by Foundations in Los Angeles MSA, 1997-2003 (Billions)

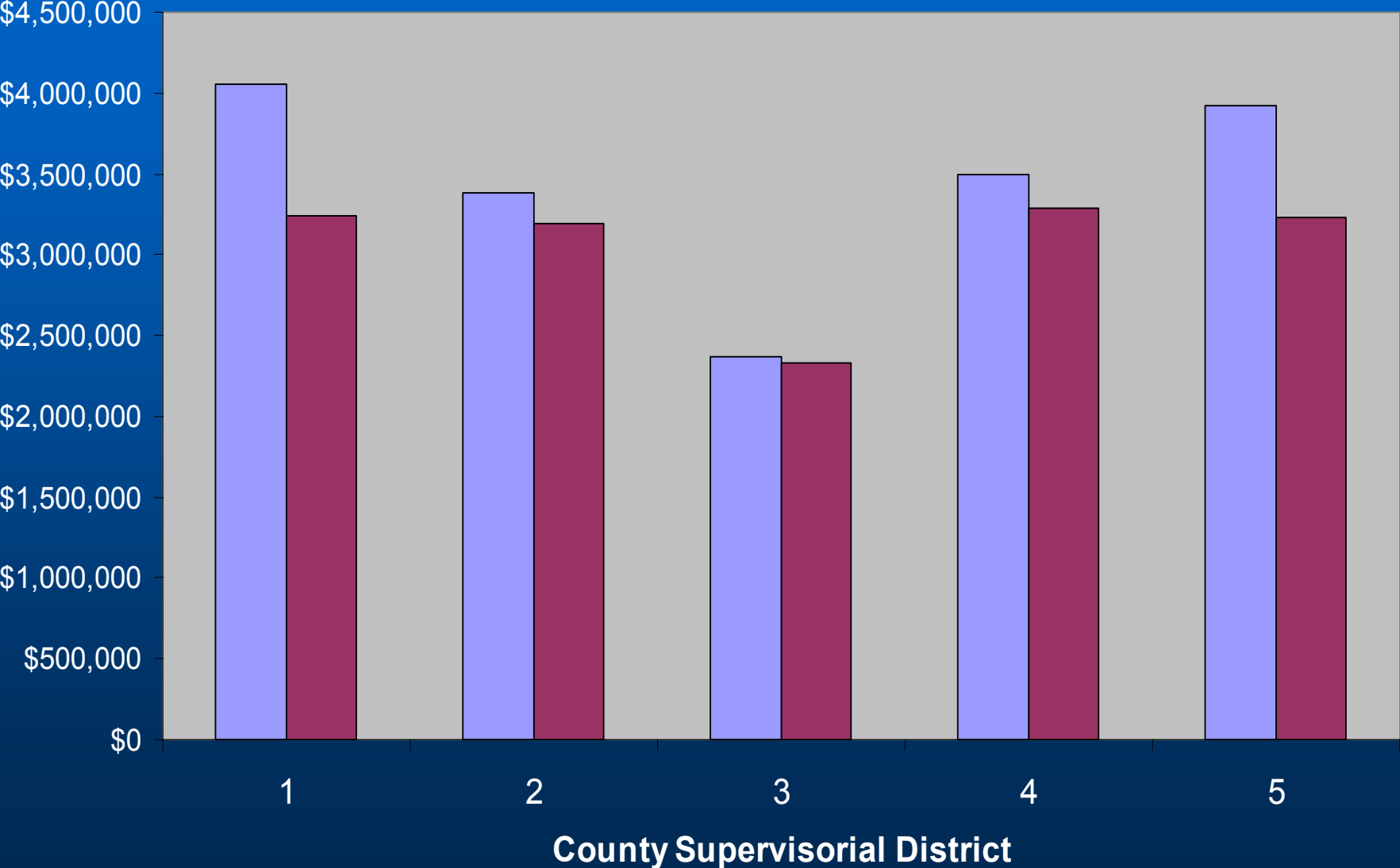


Focus on District Four

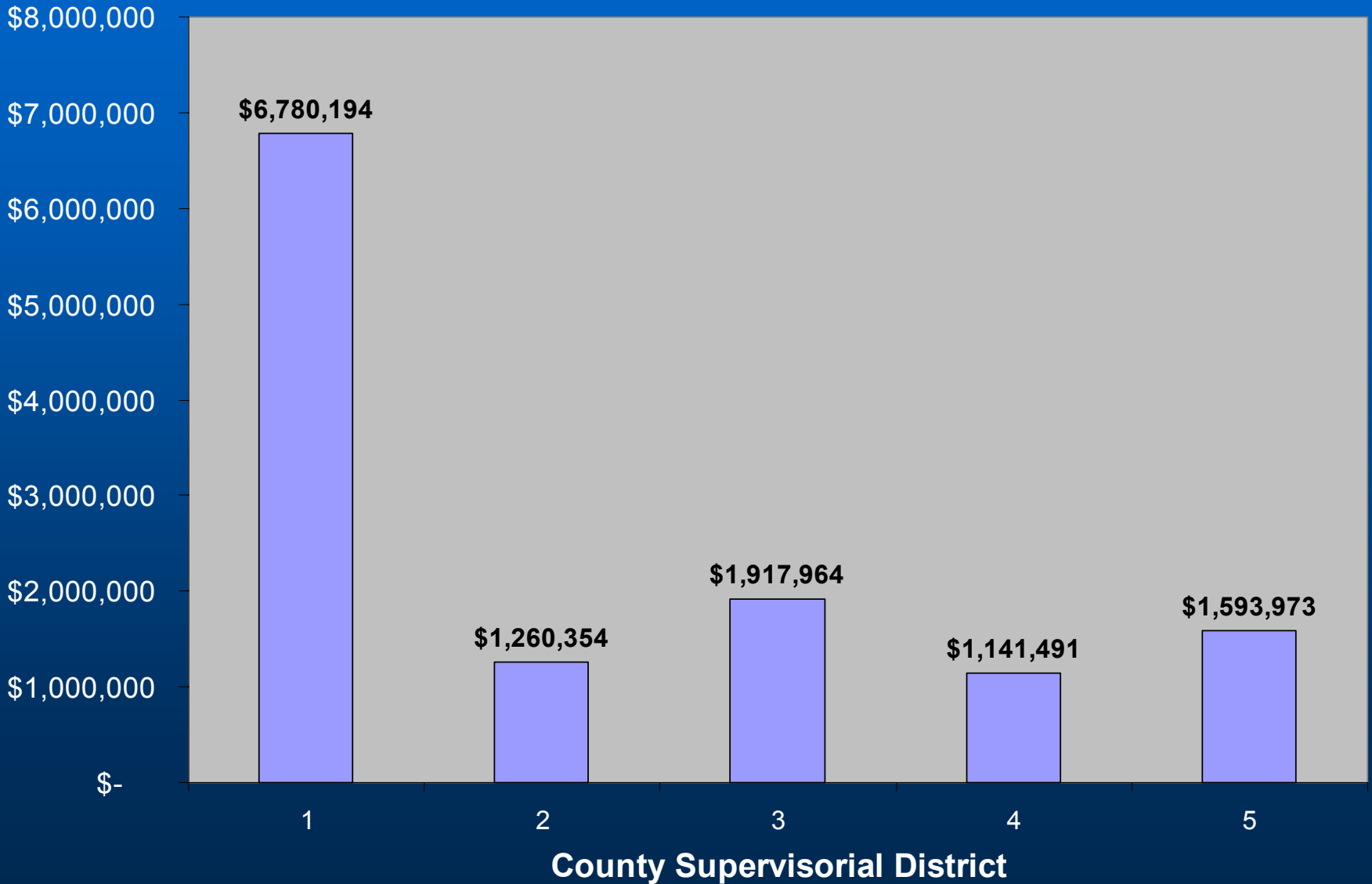
- Nonprofits in district four are not unlike those in the county as a whole, except...
 - Human service nonprofits in district four serve more than their share of the county's clients
 - These human service nonprofits also receive slightly less public funding on average
- Some areas of district four have an alarming lack of service coverage.

Revenues and Expenses, All Nonprofits in LA County

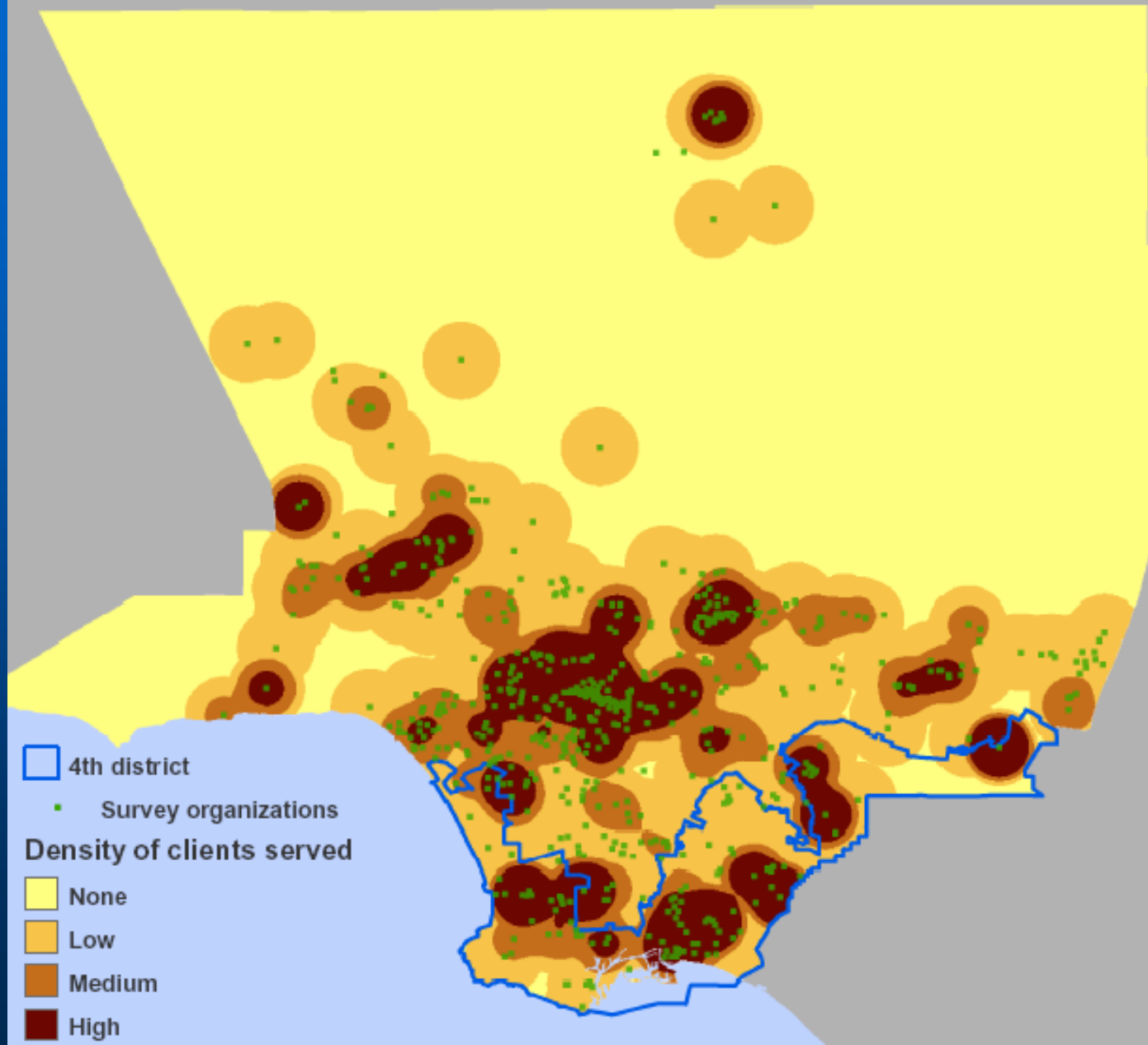
Average Revenues Average Expenses



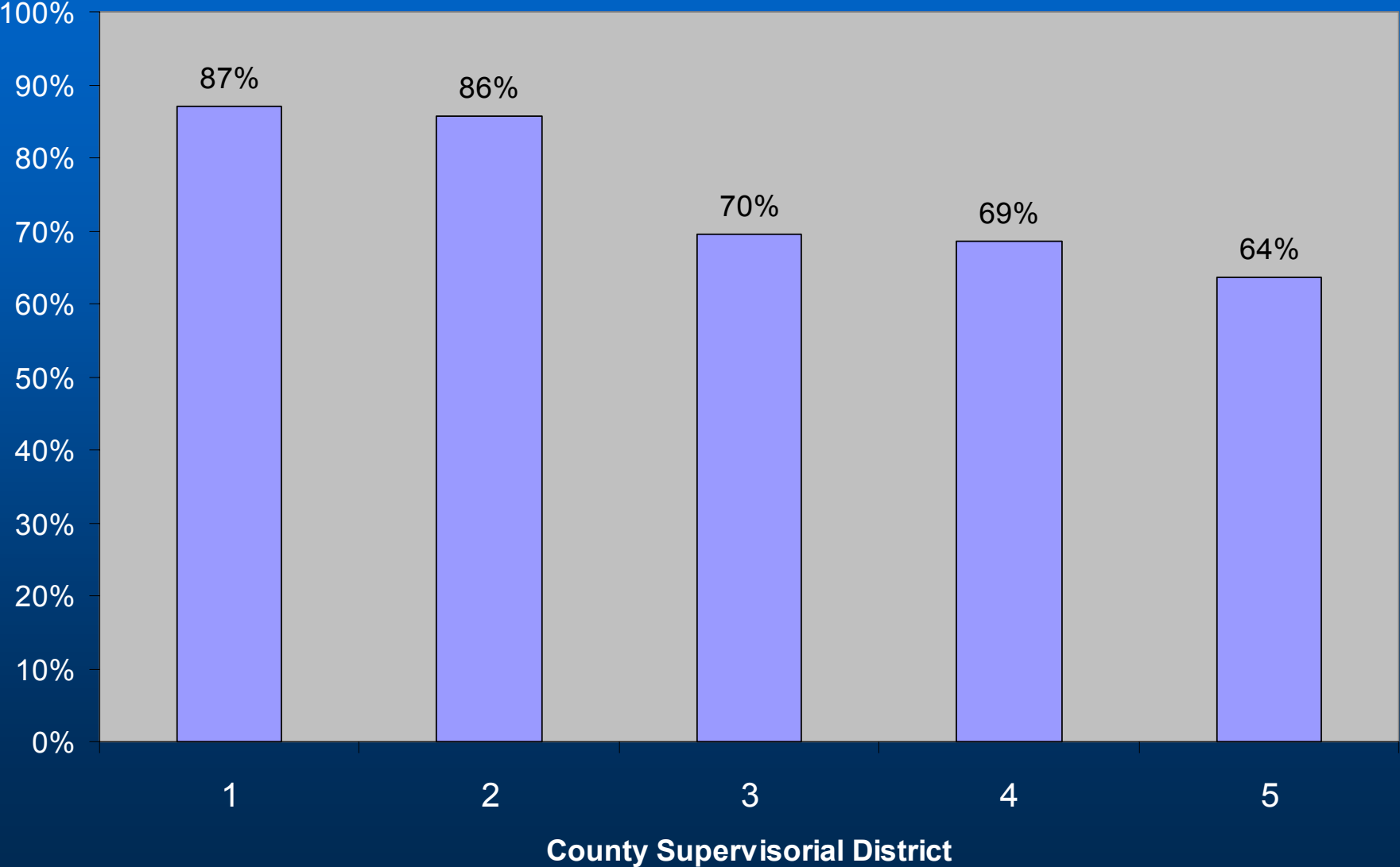
Average total public funding for human service nonprofits, by supervisorial district



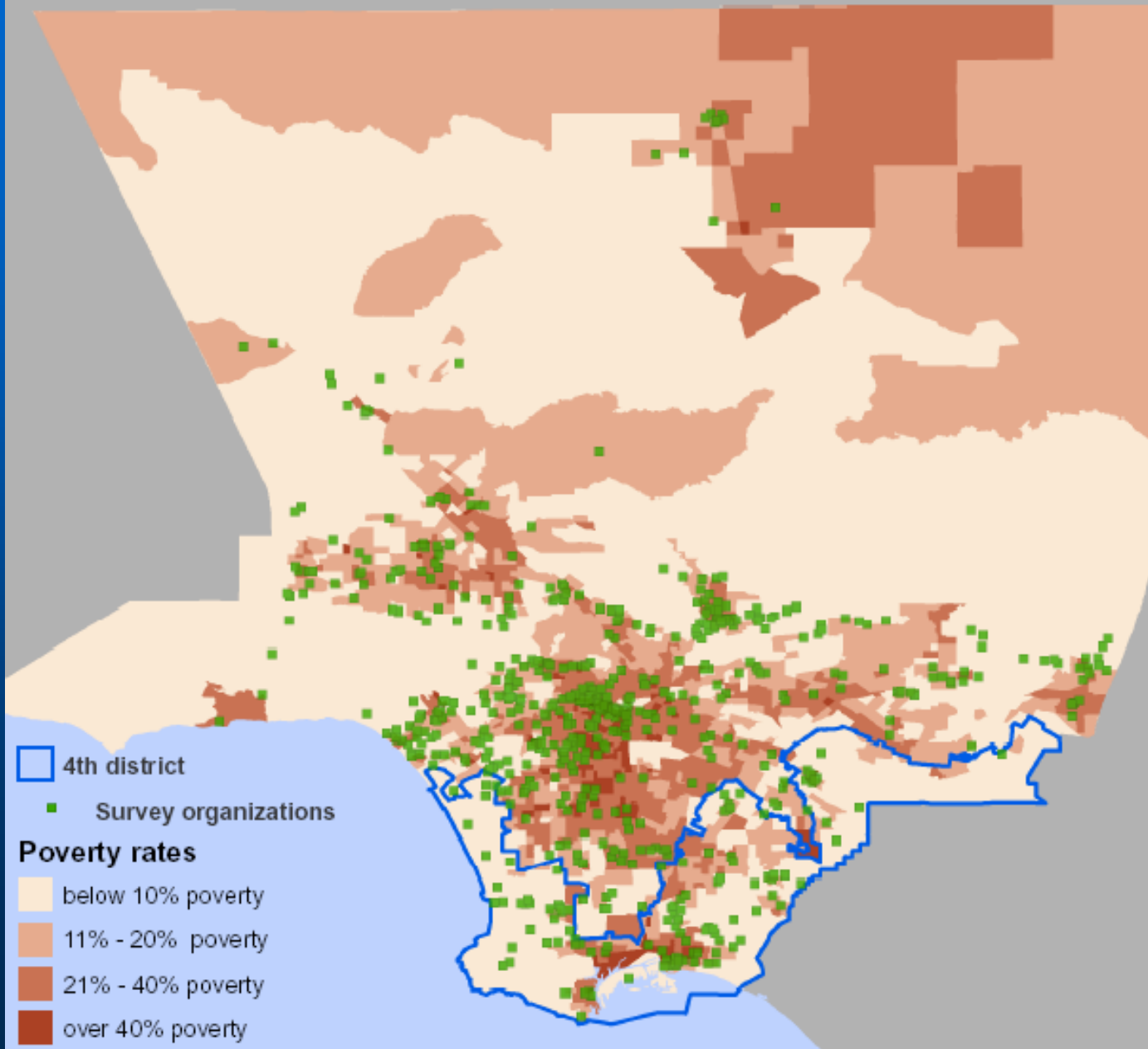
Clients of L.A. Nonprofit Human Services



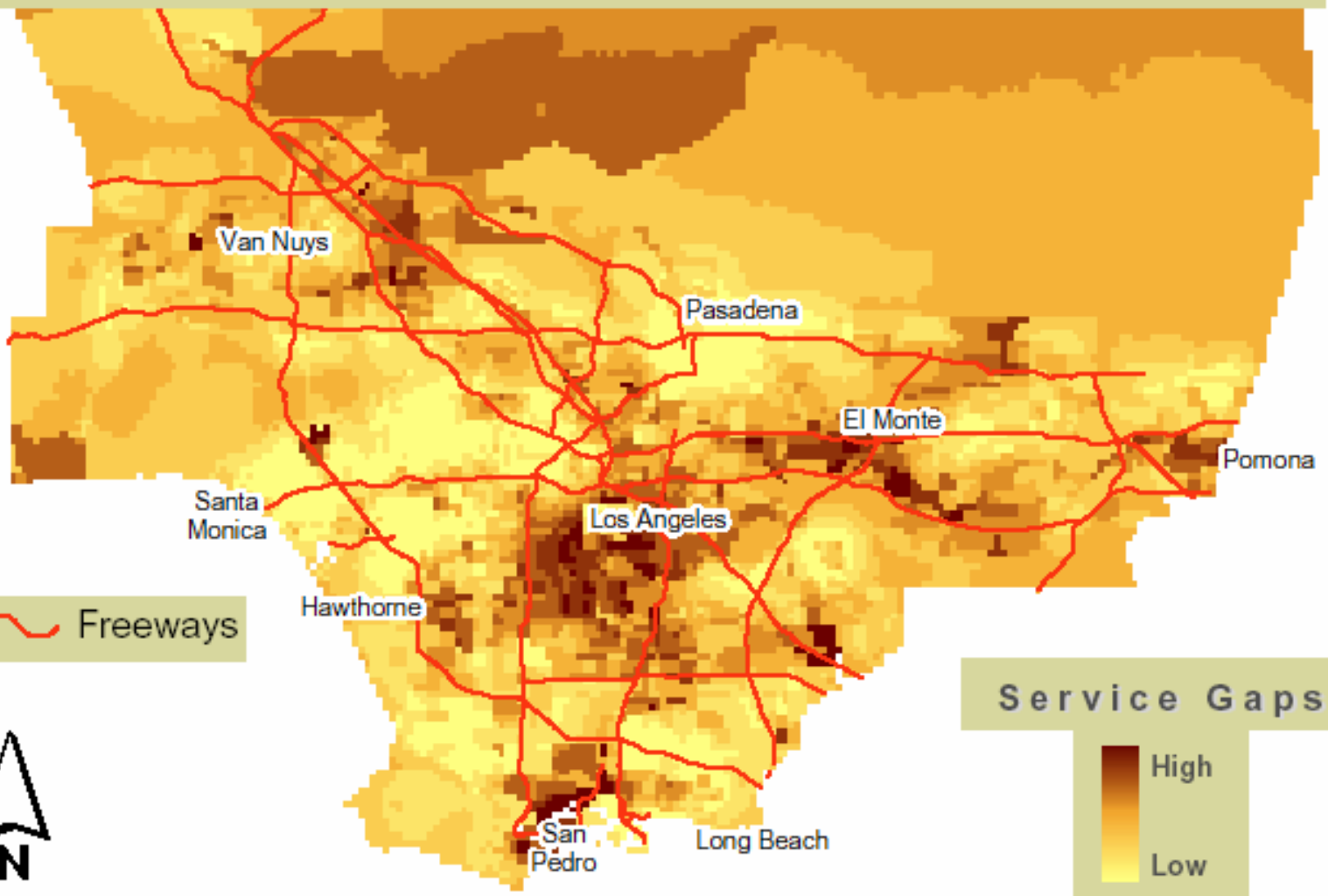
Human service nonprofits average share of clients that are minorities, by supervisorial district




Nonprofit Human Services in L.A. County



Gaps in Nonprofit Services Clients Served and Persons in Poverty



 Freeways



7 Miles

Service Gaps

High

Low

Focus on Whittier

Top 20 cities in Los Angeles County by number of nonprofit organizations

All organizations

	City	Number of Nonprofits	Percentage of total
1	LOS ANGELES	9,417	31%
2	LONG BEACH	1,312	4%
3	PASADENA	1,131	4%
4	SANTA MONICA	734	2%
5	BEVERLY HILLS	710	2%
6	IRVINE	704	2%
7	ANAHEIM	673	2%
8	SANTA ANA	614	2%
9	GLENDALE	573	2%
10	TORRANCE	544	2%
11	ORANGE	451	1%
12	NEWPORT BEACH	441	1%
13	INGLEWOOD	440	1%
14	FULLERTON	369	1%
15	BURBANK	356	1%
16	WHITTIER	348	1%
17	COSTA MESA	326	1%
18	GARDEN GROVE	325	1%
19	CULVER CITY	321	1%
20	SHERMAN OAKS	311	1%
Total		30,160	

Organizations with \$25,000+ in annual revenue

	City	Number of Organizations	Percentage of Total
1	LOS ANGELES	2,484	31%
2	LONG BEACH	476	6%
3	PASADENA	421	5%
4	SANTA MONICA	235	3%
5	GLENDALE	213	3%
6	TORRANCE	165	2%
7	BEVERLY HILLS	151	2%
8	WHITTIER	126	2%
9	CULVER CITY	116	1%
10	BURBANK	108	1%
11	ARCADIA	91	1%
12	ENCINO	83	1%
13	SHERMAN OAKS	82	1%
14	LANCASTER	79	1%
15	POMONA	78	1%
16	VAN NUYS	76	1%
17	CLAREMONT	70	1%
18	DOWNEY	69	1%
19	INGLEWOOD	66	1%
20	NORTHRIDGE	65	1%
Total		8124	

Top 20 cities in Los Angeles County by Expenditure, Revenue, and Number of Nonprofit Organizations

	City	Expenditure	Revenue	Number of Organizations
1	LOS ANGELES	\$ 10,107,464,639	\$ 15,109,032,645	2494
2	LONG BEACH	2,130,000,000	2,290,000,000	476
3	SAN GABRIEL	1,260,000,000	1,260,000,000	36
4	PASADENA	1,040,000,000	1,100,000,000	421
5	GLENDALE	974,000,000	988,000,000	213
6	TORRANCE	781,000,000	792,000,000	165
7	SANTA MONICA	753,000,000	827,000,000	235
8	MONROVIA	733,000,000	748,000,000	36
9	POMONA	529,000,000	535,000,000	78
10	DUARTE	481,000,000	531,000,000	18
11	CLAREMONT	468,000,000	409,000,000	70
12	VAN NUYS	467,000,000	470,000,000	76
13	COVINA	337,000,000	339,000,000	58
14	WHITTIER	334,000,000	368,000,000	126
15	INGLEWOOD	293,000,000	315,000,000	66
16	ARCADIA	269,000,000	317,000,000	91
17	MALIBU	252,000,000	269,000,000	40
18	LANCASTER	234,000,000	229,000,000	79
19	CULVER CITY	220,000,000	226,000,000	116
20	LYNWOOD	201,000,000	212,000,000	22

Age of Nonprofit Organizations in Whittier

All organizations

Age	Number of Organizations	Percentage of Total
1-10 years	125	36%
11-20 years	55	16%
21-30 years	41	12%
31-40 years	66	19%
41+ years	57	17%
Total	344	100%

Organizations with \$25,000+ in annual revenue

Age	Number of Organizations	Percentage of Total
1-10 Years	31	25%
11-20 Years	18	14%
21-30 years	18	14%
31-40 years	40	32%
41+	18	14%
Total	125	100%

The Nonprofit Sector in Whittier, by subfield (Number of Organizations, Revenue, and Expenditure)

Subfield	Number of Organizations	Total Revenue	Total Expenditure
Health Care	8	\$ 250,530,406	\$ 216,119,511
Education	44	75,222,202	72,209,676
Community Improvement & Capacity Building	10	13,488,203	19,482,531
Human Services	8	8,612,470	7,547,966
Mental Health & Crisis Intervention	7	8,070,443	7,801,977
Employment	2	3,566,207	3,537,311
Religion-Related	10	2,733,243	1,404,211
Crime & Legal-Related	3	1,356,412	1,256,589
Recreation & Sports	10	938,033	950,381
Arts, Culture & Humanities	10	880,198	826,496
Youth Development	1	710,234	693,602
Diseases, Disorders & Medical Disciplines	1	569,077	553,531
Housing & Shelter	3	544,206	213,568
Unknown	3	542,061	696,315
Philanthropy, Voluntarism & Grantmaking Foundation:	3	230,239	204,385
Animal-Related	1	185,123	187,821
Public Safety, Disaster Preparedness & Relief	1	149,952	2,736
Food, Agriculture & Nutrition	1	58,217	55,012

Listening to Leaders

- The problem of unfunded mandates and contracts that do not keep up with inflation appears to be growing
- Cash flow is the biggest problem leaders face
- Changing RFP's and new auditing and accounting requirements are resulting in drastically increased, and unfunded, administrative costs
- Leaders are creative in making adjustments, but there are no 'silver bullets'
- Unfunded mandates and accountability requirements, coupled with increased need, put incredible pressure on the nonprofit sector

Overall Conclusions

- Instead of a contraction of the nonprofit sector, we are seeing a pattern of slow but steady growth.
- Increased stability in the state budget and foundation giving may help offset continued cuts in federal budget.
- However, needs are rising faster than nonprofits can respond and expand, causing many to struggle.

Overall Conclusions

- We see a ‘triple threat’ facing nonprofits: increasing need and demand for services, a slow erosion of government support, and greater demands for accountability.
- New opportunities exist, however, with new leadership in city hall, and the upcoming ‘nonprofit day.’
- Nonprofits, foundations, and government all need to work together to ensure the continued stability of the nonprofit sector in Los Angeles.

Recommendations

- To encourage cities and counties in the region to create a nonprofit-government liaison position to facilitate government, nonprofits and philanthropy working together
- To create a regional high-level Nonprofit and Philanthropy Forum
- To promote a shift in the policy stance of LA's philanthropic and nonprofit community to a more proactive style

Nonprofit Liaison Offices

- We see the need for nonprofit liaison offices at the local, county and state level to foster information exchange and cooperation between government and nonprofits.
- The Mayor has taken steps in that direction by naming a philanthropic liaison.
- We encourage the city, as well as other municipalities and counties, to extend and expand upon this by forming an office specifically to work with nonprofits.

A Nonprofit and Philanthropic Forum

- We see the need for a regional high-level Nonprofit and Philanthropy Forum that meets regularly and is capable of developing, preparing and pushing agendas.
- This forum would bring together the region's nonprofit, foundation and community leaders, as well as government officials and representatives of the business world.
- The upcoming “Nonprofit Day” is an opportunity for such a forum to be discussed.

Shift in policy stance

- Nonprofit leaders and experts should explore new ways of ‘doing nonprofit business.’
- There is a need to shift from a reactive to proactive style by developing a scenario planning tool for sector leaders that:
 - anticipates and assesses likely developments and underlying drivers affecting the sector
 - proposes a range of actions and possible outcomes

Thank you!

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