

State of the Nonprofit Sector in the San Fernando Valley - 2018

Overview

Valley Nonprofit Resources (VNR) has since 2007 offered comprehensive capacity-building services and information to strengthen the more than 5,600 nonprofit organizations in the San Fernando Valley region of Los Angeles County. Based at California State University Northridge, VNR serves nonprofit executive directors, staff and board members, plus leaders of volunteer groups and of smaller foundations in the Valley. Its offerings include educational workshops, the annual MENDING Poverty conference (held for the 11th time in June 2018), technical assistance, a website with more than 600 free downloadable publications, and an information and referral service.

VNR also has a number of special initiatives. The Burbank and Glendale Initiatives have included first-ever convenings of the nonprofit sector in these cities, as well as ongoing educational activities, and similar initiatives are underway in Reseda and Canoga Park. In 2018, VNR launched the Health and Human Service Executive Directors Roundtable, which has had three successful meetings, and a fourth scheduled for September 2018.

Since the 2008 recession, VNR has emphasized information and skill development for nonprofit leaders about foundation grantseeking, individual giving and overall philanthropic fundraising strategy, including projects focused on a cohort of nonprofits and funded by Weingart Foundation, California Community Foundation, Ahmanson Foundation, and Dwight Stuart Youth Fund. A new initiative focused on helping nonprofits handle uncertainty - described further in this report - will be launched in the Fall of 2018.

Another of VNR's objectives is to publish this brief bi-annual report about the current status of the Valley's nonprofit sector. Through 2016, the report was prepared in collaboration with the UCLA Luskin School of Public Affairs, and included data from research studies UCLA has conducted. This report is independent, but does include results from a small survey VNR undertook in June 2018.

VNR's Uncertainty Initiative

American nonprofits now face many sources of uncertainty that negatively affect their ability to plan, fundraise, and develop new or enhanced activities. VNR will help Valley nonprofits address these challenges through its Uncertainty Initiative - shaped by input from VNR's clients (workshop evaluations and a June 2018 online survey), and on regional and national research, including a recent research study by CSUN Professor Jodi Brown.

Beginning in October 2018, VNR will offer a series of workshops for Valley nonprofits, combined with technical assistance to several small groups of nonprofit organizations with similar missions. These activities are partially supported by grants from Dwight Stuart Youth Fund, UniHealth Foundation and Wells Fargo. All workshops and TA are free of charge, and will feature local experts on the subjects covered:

Workshop 1 - Re-Thinking Strategic Planning and Transition Planning

This workshop will focus on how nonprofits can re-shape their strategic plans to address uncertainty, and on how to create or enhance transition plans for key staff and board members (both for anticipated and unanticipated changes in leadership).

Workshop 2 - Financing Alternatives and Financial Management

Options for financing - ranging from bank lines of credit to specialized third-party organizations such as Nonprofit Finance Fund - will be discussed, along with state-of-the-art approaches to enhancing overall financial management.

Workshop 3 - Handling Upcoming Changes in Nonprofit Accounting Standards

This workshop will address recent changes in nonprofit accounting standards and how nonprofits can best deal with them.

Workshop 4 - Disaster Preparation and Resilience for Nonprofits

As part of a larger event including both small businesses and nonprofits, methods will be discussed for preparing facilities and the people in them to be more ready to recover from earthquakes, power blackouts, wildfires and other disasters.

Workshop 5 - Recent Changes in Employment Law

Recent changes in employment law that are particularly relevant to nonprofits will be the focus of this workshop.

Workshop 6 - Handling the Challenges of Homelessness

This workshop will address another source of uncertainty for many nonprofits - how to refer or otherwise assist their clients, employees, volunteers or neighbors who may be experiencing homelessness.

Workshop dates, venues and speakers will be announced in September, along with opportunities for inclusion in technical assistance small groups for youth development, health and human service nonprofits.

Findings from the Valley Uncertainty Survey

In June 2018, VNR conducted a study of nonprofit leaders, through an e-mail request with an attached SurveyMonkey survey for nonprofits in the San Fernando Valley with \$50,000 or more in annual revenues. Among the findings from 43 respondents to this brief survey:

1 - Have you had discussions among staff and/or Board about what impact changes in the tax laws may have on your nonprofit's 2018 fundraising? YES 43%, NO 26%, NOT YET 31%

2 - Have you seen any actual impact yet of tax law changes on your nonprofit's fundraising? YES 7%, NO 42%, NOT YET 51%

3 - Have you had discussions among staff and/or Board about what impact possible cutbacks in Federal funding (with trickle down to state and local funding) may have on your 2018 revenues? YES 48%, NO 36%, NOT YET 16%

4 - Have you seen any actual impact yet on your 2018 revenues of such possible cutbacks? YES 22%, NO 45%, NOT YET 33%

5 - Have you had discussions among staff and/or Board about what impact changes in immigration regulations or practices may have on your nonprofit's operations in 2018? YES 33%, NO 57%, NOT YET 10%

6 - Have you seen any actual impact yet of changes in immigration regulations/practices on your nonprofit's operations? YES 24%, NO 56%, NOT YET 20%

7 - Would your staff and/or Board participate in a free VNR learning event about these three sources of uncertainty for nonprofits in 2018 - changes in tax laws, possible Federal budget cutbacks, and changes in immigration regulations or practices?
YET 64%, NO 17%, NOT SURE 19%

8 - Is there something Valley Nonprofit Resources could do besides a learning event to help nonprofits like yours deal with the impact of tax law and immigration regulation/practice changes?

- * Referrals to organizations working within the immigrant populations offering legal advice.
- * Mentorship program designed to help nonprofits become acquainted with sources of funding that are appropriate for their area of work.
- * E-mail newsletter and/or webinar - since it is difficult to get away from the office!
- * FAQ on how tax changes will play out in LA, which has its own complicated laws.
- * Town hall meeting to hear firsthand from legislators on trends, changes to anticipate and any guidance they might provide.
- * Separate event on immigration regulation.
- * Fundraising challenges in the current climate.
- * Workshop to identify ways to help increase revenue through collaboration. For instance, the LA Workforce Investment Board will reduce funding for Work Source Centers (WSC) by 12% - the Valley WSC might collaborate on a bigger project thus bringing new revenue to each center.

Resources for Handling Uncertainty in the Valley's Nonprofit Sector

For those wanting more background on this topic, the following resources may be useful (citations are provided at the end of this report):

- Through a permanent endowment at CSUN administered by VNR ED Dr. Thomas Backer, a grant was made to CSUN Professor Jodi Brown for an interview study of Valley nonprofit EDs on this topic. Interviewees reported intense personal feelings about the changing views of the nonprofit sector by the current Federal Administration, commitment to protecting their staffs and clients as much as possible, and an attitude of resilience ("we've been there before and we've survived - we will again").

- California Association of Nonprofits in March 2017 conducted a study of more than 800 nonprofits. Some 58% of respondents have had discussions how their constituents may be affected by new Federal laws and policies, and 2/3 of respondents report anxiety among their staff about the uncertainties they currently face.

- *The Nonprofit Quarterly* in Summer 2017 published a special issue on nonprofit risk and uncertainty. In their opening statement, the journal's Editors define uncertainty as mostly about risk, and effective response as about taking some deliberate risks plus managing unpredictable risks.

- *The Chronicle of Philanthropy* in 2017 analyzed data about American taxpayers, finding that among taxpayers earning \$100,000 or more, some 75% of itemized deductions - up from 57% in 2000. This tends to encourage individual giving - but they conclude that such levels may change with changes in Federal tax laws (which have since been enacted).

- The Urban Institute in 2017 discussed possible consequences of the then-proposed Trump Tax Plan - it could reduce or increase individual giving (see study below for update); cuts in services funding could impact service nonprofits and affordable housing in particular.

- In 2018, the Council on Foundations suggested that the new Federal income tax law, which nearly doubles the allowable standard deduction, will cause fewer taxpayers to itemize and estimates that the new rules will decrease charitable giving in the U.S. by \$16-24 billion of total giving (Forbes Nonprofit Council, 2018).

Observations and Plans for the Future

In 2018 and beyond, Valley Nonprofit Resources will continue to provide capacity building services and information to nonprofits throughout the San Fernando Valley. And it will continue to emphasize skill development for local nonprofit leaders related to accessing both individual and institutional philanthropic resources - from foundations, corporations and individual donors. VNR also will continue to work with other organizations to increase the visibility of Valley nonprofits and their good works - among both individual and institutional philanthropy in Southern California and nationally.

VNR also maintains contacts with other management support organizations, locally through the Capacity Builders Network, which has about 15 members; and nationally through other academic institutions and individual researchers. For example, VNR has disseminated to its target audience of Valley nonprofits the results from the latest Giving USA study, showing that in 2017 the total philanthropic giving from all sources in the US was \$410 billion, up 5.2% from the previous year. Integrating local and national activities will help to promote the health of the nonprofit sector in the San Fernando Valley, so that these organizations can better serve the Valley and its residents.

References

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Lindsay, B. (2017), Fewer Americans find room in their budgets for charity, Chronicle data shows. *Chronicle of Philanthropy*, October 3.

Nonprofit Quarterly (2017). Sorting nonprofit risk and uncertainty. *Nonprofit Quarterly*, Summer 2017, 1-5.

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