

The State of Nonprofit Capacity Building in Los Angeles 2003

**Thomas E. Backer, PhD, Human Interaction Research Institute
Miyoko Oshima, Southern California Association for Philanthropy**

March 2003

This is the first of a series of brief reports about nonprofit capacity-building activities and services in the greater Los Angeles area. It is intended to be a "snapshot," not a comprehensive analysis. We want this piece to serve as a stimulus for further discussion and debate. The report was produced in cooperation with the UCLA Center for Civil Society.

Like the rest of the U.S. and the world, 2003 is a time of difficulty and uncertainty for nonprofits in the greater Los Angeles area. The economy is troubled, the after-effects of September 11 are still substantial, and we do not yet know the long-term economic impact of the current war in Iraq. All sources of revenue for nonprofits are declining and it is especially during such uncertain and unstable times that we need to look for new ways to grow our sector.

What is the State of Nonprofit Organizations in Los Angeles?

In its 2003 report, *The State of the Nonprofit and Community Sector in Greater Los Angeles*, the UCLA Center for Civil Society emphasized that the relative size of the sector in Los Angeles is below the national average in terms of percentage of employment, while local needs seem greater and more acute. But the nonprofit and community sector is still a substantial economic force, accounting for about 10% of total employment, including volunteers. The Center also found that trust and participation levels are lower than in most other regions.

The UCLA report has four key policy implications:

- 1 - The nonprofit sector may be underserving the region's poor, especially among Latino and Asian populations.
- 2 - The sector is striving to catch up with population growth and demographic shifts in Los Angeles.
- 3 - Given current economic trends, a major push towards commercialization and greater emphasis on fund-raising is likely to develop in the Los Angeles nonprofit sector.
- 4 - The nonprofit infrastructure for Los Angeles, in terms of umbrella organizations and coordinating bodies, is underdeveloped. More skill training facilities are needed, as are more effective and comprehensive mechanisms for hearing the voices of organizations representing poorer, socially excluded groups.

What is the State of Nonprofit Capacity-Building Services and Funding in Los Angeles?

The greater Los Angeles area has many resources for capacity building - defined as funding and services directed at strengthening nonprofits, thereby increasing their ability to achieve their missions.

Foundations such as The California Wellness Foundation and The California Endowment are making major commitments to this field. A collaborative of foundations support capacity building activities in targeted communities through Los Angeles Urban Funders. A number of other foundations provide ongoing management seminars for their grantees, provide technical assistance workshops for local nonprofits, and offer sabbatical programs for community leaders. Corporations are providing leadership seminars to expand the capacity of existing nonprofit leaders.

Government agencies such as the Los Angeles County Arts Commission continue to provide valuable capacity building services for area nonprofits.

A wide variety of capacity building providers offer services and support to the sector. Management support organizations such as the Southern California Center for Nonprofit Management offer training programs, consultation, and both print and online information resources. Community Partners incubates start-up nonprofits. There is also a wide range of individual consultants and provider organizations working with nonprofits.

There are more academic centers engaged in research about the nonprofit sector, including its capacity building needs. We now have the USC Center on Philanthropy and Public Policy, and the California State University, Los Angeles' Pat Brown Institute.

There also are more capacity-building activities being undertaken by the faith-based community, especially as a result of the availability of new federal funds.

Despite all of these individual resources, Los Angeles lacks a unifying infrastructure for nonprofit capacity building in the region. In addition to more centralized information and referral resources, the area could benefit from a central forum where issues about nonprofit capacity building can be discussed by nonprofits, funders and providers. And partnerships among all these actors could create positive synergy, while reducing overlap or inefficiencies in access.

Some of the key events in nonprofit capacity building for Los Angeles over the last year include the following:

*The UCLA Center for Civil Society was launched in January 2003, adding a major new player to the academic side.

*The California Endowment began several parallel planning studies to look at how it might better support nonprofit capacity building in Los Angeles and throughout the state, including a focus on HIV prevention services and on communities of color.

*A community-wide infrastructure development effort was created in the San Fernando Valley, which traditionally has been underserved by capacity-building providers in the region. Developed through a November 2001 planning meeting, a major conference will be held in April 2003.

* Further information on resources for nonprofit capacity building is provided in a new publication, *Resource Directory for Nonprofit Capacity Building in Los Angeles County*, developed by the Human Interaction Research Institute, and soon to be published online by the Southern California Association for Philanthropy.

*The Proposition 10 Commission, now re-named "First Five," has launched a major capacity building initiative for nonprofits serving young children in Los Angeles, including a coordinating project operated by Community Partners.

*Several local funders are participating in a national capacity building initiative for nonprofits serving Latino populations, coordinated by Hispanics in Philanthropy (based in Emeryville, CA).

How Does This Relate to National Trends in Nonprofit Capacity Building?

Nationally 2002 was a watershed year for the nonprofit capacity building movement. The Alliance for Nonprofit Management and Grantmakers for Effective Organizations continued to grow and provide leadership for the field. Research programs such as those at the Urban Institute, the Brookings Institution, and the Human Interaction Research Institute continued to grow. New texts on the subject appeared, such as *Strengthening Nonprofit Performance: A Funder's Guide to Capacity Building* by Carol Lukas and Paul Connolly, published by the Wilder Foundation. The *Nonprofit Quarterly* journal continued to serve as the "instrument of record" for the field, with a special issue on future directions now planned for publication in Fall 2003.

There was turmoil too. The field reeled from the loss of two of its biggest funders - Atlantic Philanthropies and the David & Lucile Packard Foundation. Along with other national economic trends, these developments have resulted in hard times specifically for capacity-building, so recently a "favored child" of a small but dedicated core of funders. Numerous projects and activities have been canceled or delayed, but a considerable amount of activity remains.

Community-wide infrastructure development projects have been launched in several regions - in South Florida, through the coordinating efforts of the Donors Forum; in upstate New York, through a network established by a collaborative of funders, nonprofits and providers (and coordinated by Jane Ellen Bleeg, who also manages two capacity-building projects for the Human Interaction Research Institute); and in a new regional effort for the South, championed by several funders.

New information resources for the field include a just-completed study of evaluation activities in capacity building, commissioned by the Alliance for Nonprofit Management and conducted by Deborah Linnell. The Philanthropic Capacity Building Resources database was launched by the Human Interaction Research Institute in January 2003 with searchable descriptions of 200 foundation programs. HIRI also is conducting a research study on nontraditional, innovative approaches to nonprofit capacity building.

What Are Some Next Steps for Our Region?

Among the many actions needed to enhance nonprofit capacity building in the Los Angeles region are the following.

1 - Focus more attention on capacity-building service needs of organizations primarily focused on communities of color, building on regional efforts such as those of The California Endowment, and national projects such as the Hispanics in Philanthropy funder collaborative. Specific challenges include the need to create training programs and materials in Spanish, rather than translating them from English.

2 - Explore how to support more capacity-building activities aimed at helping organizations build earned revenues and find other innovative approaches to meeting their financial needs, especially at a time when traditional sources are harder to access. This can include building bridges with the business sector to learn more about financial strategies.

3 - Continue to explore how to build community-wide infrastructure for nonprofit capacity building in Los Angeles. Convenings can help weave together the network of services that already exist.

4 - Explore how to increase capacity building for advocacy among nonprofit organizations in the Los Angeles region, especially for those groups serving the poor and communities of color.

Note: Each of the above capacity building recommendations addresses an area of need identified by the UCLA Center for Civil Society report on the state of the nonprofit sector in Los Angeles. We thank Dr. Helmut Anheier, Director of the Center for Civil Society, UCLA School of Public Policy and Social Research for his input to this article.

For more information, please contact the Human Interaction Research Institute at 818/386-9137, hiri@aol.com, www.humaninteract.org.