

“Nonprofits play prominent social, economic, and political roles in society as service providers, employers, and advocates. They also play the less visible, but increasingly recognized, roles of fostering community engagement and civic participation, enhancing the quality of life, and promoting and preserving civic and religious values.”

NONPROFIT LANDSCAPES

A study of nonprofit organizations in northeastern California

Prepared by: The Center for Economic Development

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Nonprofit Landscapes

A Study of Nonprofit Organizations in Northeastern California.

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Warren Jensen
Center for Economic Development
California State University, Chico
Chico, CA 95929-0765

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Shasta Regional Community Foundation
2280 Benton Drive, Building C, Suite A
Redding, CA 96003-5362



Center For Economic Development



California State University, Chico

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Foreword

The Center for Economic Development at California State University, Chico, is pleased to submit this report addressing the size and impact of nonprofit organizations in northeastern California. Information on nonprofit organizations as a whole is difficult to collect because, in most cases, data for nonprofits organizations is not separated from other businesses and organizations. This report uses available data and information collected during a study of nonprofits in northeastern California to estimate the size and impact of nonprofit organizations in that region.

The research and studies included in this report were commissioned by The McConnell Foundation and the Shasta Regional Community Foundation/Grant and Resource Center. This study was conducted to determine the status, scope, and impact of nonprofit organizations in northeastern California.

The nine-county region that comprises northeastern California was chosen because it is the Grant and Resource Center's service region. There are many geographic and socioeconomic characteristics that are unique to this region, which are discussed in the report along with a map of the nine counties, starting on page 5.

With this report, The McConnell Foundation and the Community Foundation intend to inform local government officials, business leaders, and nonprofit representatives about the impact of nonprofit organizations, the actual and potential scope of services and operations, and how nonprofit organizations are faring in northeastern California.

Executive Summary

Nonprofit Landscapes presents a profile of the nonprofit sector in northeastern California and its place in the economy and society. This report focuses on the nonprofit sector as an important part of our region's society as well as providing state and national data. A summary of findings is presented in this section.

The nonprofit sector in northeastern California includes organizations from a wide variety of industries, including civic and social, religious, educational support, business and professional, grantmaking and giving, labor union, individual and family service, amusement and recreation, museums and historical, social advocacy, research and development, and health care organizations.

Nonprofit organizations play an integral role in the economic, social, and political development of northeastern California and understanding the size, scope, and impact of nonprofits is crucial in understanding the region. Nonprofit employment represents 6.8 percent of all employment in the region, compared with 6.6 of all employment in California and 5.5 percent in the nation. Revenue for nonprofits reached 5.4 percent of the over \$18 billion in revenue for all businesses and organizations in northeastern California in 1999.

An estimated 3,094 nonprofit organizations in the nine-county region earned an estimated \$992 million in revenue and spent \$374 million in payroll in 1997. Nonprofits in the region tend to be smaller than in the state or nation. A statewide survey showed 30 percent of responding organizations receive less than \$400,000 in revenue, while the survey of nonprofits in northeastern California resulted in 62 percent of organizations falling into that category. This compares with 56 percent of nonprofits in California.

Greater Redding is the community with the most nonprofit organizations with 475. The greatest number of nonprofits are classified as civic and social organizations and the next-greatest number (excluding unclassified organizations) are religious organizations. Education support services, business and professional organizations, labor unions, and grantmaking organizations, each contain over 100 organizations.

Although the larger communities tend to have the most nonprofit organizations, the greatest concentration of nonprofits per capita are in five of the most remote and most mountainous counties of Lassen, Modoc, Plumas, Siskiyou, and Trinity.

The largest revenue generating nonprofit industry in northeastern California was hospitals with \$522 million in revenue in 1997. The second largest was religious organizations with just over \$100 million in revenue, followed by outpatient medical centers and individual and family services.

The economic impact of nonprofits is substantial. Every dollar a nonprofit receives means an additional \$0.97 dollars are collected by private businesses within the region. Overall, nonprofit organizations were responsible for \$962 million of private business revenue in 1997.

Overall, California nonprofit organizations seem to have a greater variety of funding sources than those in northeastern California.

About 25 percent of nonprofit organizations in northeastern California are all-volunteer organizations, that is, all of the work done on behalf of the organization is done on a volunteer basis. However, there may be many more all-volunteer organizations overall. Based on estimates of the total number of nonprofits and nonprofit employers, only about 43 percent of nonprofit organizations in the nine-county region were employers. Volunteers in 55 percent of responding organizations provided clerical support and 46 percent provided professional services. Some all-volunteer organizations simply indicated that volunteers worked in “all aspects” of the organization.

Educated people in the region tend to cluster in local nonprofits, as nonprofit employees are twice as likely to have a post-graduate degree than the overall workforce in northeastern California.

In spite of the importance of nonprofits regionally, nonprofit organizations in northeastern California face a number of challenges. According to the survey, 30 percent of nonprofit organizations did not have a current strategic plan.

Nonprofit representatives often feel constrained in the political process. The corporations code explicitly prohibits organizations designated as a 501(c)(3) nonprofit from participating in political campaigns and from utilizing more than 5 percent of the nonprofit's budget, time, or effort to influence legislation. However, this does not prevent nonprofit representatives from communicating with government representatives about anything except specific legislation. In addition, nonprofits feel constrained by the isolation of their communities and the lack of resources available locally.

Although they face many constraints, local nonprofits seem to be optimistic about their futures. The survey indicated that all counties in northeastern California are served by nonprofit organizations, and, according to results from four focus groups in northeastern California, most nonprofit representatives envisioned growth in their organization's services in the future.

Introduction

Nonprofit organizations play an integral role in the economic, social, and political development of northeastern California. Northeastern California relies upon the efficient delivery of products, services, and information from nonprofits that few other organizations are able to provide.

Nonprofit organizations in northeastern California are separate from, but interactive with, both the public and local private sectors. “Nonprofits have in common that they are voluntary and self-governing, may not distribute profits, and serve public purposes as well as the common goals of their members. These organizations are even more diverse than the titles we use for them: nonprofit, nongovernmental, civil society, philanthropic, tax-exempt, charities, voluntary associations, civic sector organizations, third sector organizations, independent sector organizations, and social sector organizations.”¹

Nonprofits provide a wide range of services for local communities, from help for low income and otherwise distressed families, to health and educational services, to recreation administration and artistic entertainment, to efficient dissemination of funds, to social clubs, to organizations that advocate for their members, and more.

This section looks at nonprofit organizations at the national level, then focuses in on the state and local levels. This is the macro data upon which much of the information in this report is based.

What is the Status of Nonprofits Nationally?

Studies have been done in the recent past addressing the size and impact of nonprofit organizations nationally. Three organizations, the Center for Civil Society Studies at John Hopkins University, the National Center for Charitable Statistics at the Urban Institute in Washington, D.C., and Independent Sector (a nonprofit membership organization) have led research in the national nonprofit picture. Other important sources of information are referenced in this report.

Figure 1 - Nonprofit Employment, Payroll, and Revenue, 1997

<i>NAICS Industry</i>	<i>Nine-County Region</i>	<i>California</i>	<i>United States</i>
Employment			
Paid nonprofit employees	18,017	1,231,756	8,847,867
Total paid employees, all businesses and organizations	263,899	18,529,620	161,258,076
Nonprofit employment as a percent of total employment	6.8 %	6.6 %	5.5 %
Payroll			
Nonprofit payroll (\$1,000)	374,385	35,231,867	225,321,339
Total payroll, all businesses and organizations (\$1,000)	5,961,905	609,342,099	4,987,276,003
Nonprofit payroll as a percent of total payroll	6.3 %	5.8 %	4.5 %
Revenue			
Nonprofit revenue (\$1,000)	992,008	100,869,458	616,940,454
Total revenue, all businesses and organizations (\$1,000)	18,218,636	1,830,404,809	15,033,760,401
Nonprofit revenue as a percent of total revenue	5.4 %	5.5 %	4.1 %

Source: CED estimated using data from U.S. Department of Commerce, 1997 Economic Census and Regional Input-Output Modeling System

¹ Boris, Elizabeth T. and Steuerle, C. Eugene. Nonprofits and Government: Collaboration and Conflict. The Urban Institute Press. 1999.

According to the 1997 Economic Census, the most recent accounting of tax-exempt organizations in the United States, there were 8.85 million jobs in the nonprofit sector earning \$225 billion in payroll. Tax-exempt organizations generated an estimated \$617 billion in revenue that year.

The number of nonprofit organizations, based upon the number of new organizations that have received a ruling from the Internal Revenue Service on their nonprofit status, has been growing nearly 10 percent per year nationally.

The California Association of Nonprofits (CAN) estimates 10.9 million paid workers nationally and a revenue stream of \$700 billion for nonprofit organizations in 1999².

Overall, nonprofit organizations were directly responsible for 5.5 percent of employment, 4.5 percent of payroll, and 4.1 percent of all organizational revenue in the United States.

What is the Status of Nonprofits in California?

Studies have been done assessing the size and impact of nonprofits on a statewide basis in California. Leading organizations in this field of research include CAN and the California Employment Development Department (EDD).

Data for 1997 indicate there were over 1.2 million paid workers in nonprofit organizations in the state of California. These workers earned an estimated \$35 billion in payroll. Revenue for California nonprofits exceeded \$100 billion in 1997. Nonprofit jobs represented 6.6 percent of total jobs statewide, and nonprofit payroll was responsible for 5.8 percent of total payroll in the state. Nonprofits represented 5.5 percent of the revenue of all businesses and organizations in California.

According to CAN, there were 124,711 tax-exempt organizations in California in 1999 with a total income exceeding \$108 billion³.

What is the Status of Nonprofits in Northeastern California?

Regionally, nonprofit organizations are responsible for a greater percentage of payroll than in the state or nation (see page 5 for geographic description). There were over 18,000 jobs in nonprofit organizations in the this region in 1997, earning over \$374 million in payroll. Organizations received nearly \$1 billion dollars in revenue during that year. These figures include all 501(c) organizations, and do not include state colleges or universities, nor do they include public education.

² Green, Florence L., and Crabb, Kathy. Facts & Fallacies 2001, p. 17. California Association of Nonprofits. November 2001.

³ *ibid.*

“... the number of nonprofit organizations ... has been growing nearly 10 percent per year nationally.”

“Nonprofit employment represents 6.6 percent of total statewide employment...”

“Nonprofit employment in the region is responsible for a greater percentage of regional employment than in the state or nation...”

Nonprofit employment in the region was responsible for a greater percentage of regional employment than in the state or nation, representing 6.8 percent of total employment, compared to 6.6 percent in California and 5.5 percent nationally. Nonprofits in the region were also responsible for a greater proportion of payroll, representing 6.3 percent of total payroll. Revenue for nonprofits reached 5.4 percent of the over \$18 billion in revenue for all businesses and organizations in northeastern California.

More recent data from the California Employment Development Department show that during the second quarter of 2000, there were 9,368 filled paid positions in nonprofit organizations⁴. This is the average number of filled positions per week during that period. CED estimates that, on average, two people work a full-time equivalent nonprofit job over the course of a year in northeastern California.

*“...on average,
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year in
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California.”*

⁴ Labor Market Information Division of the California Employment Development Department. Nonprofit Employment in California. Working Paper 2001-02. July 16, 2001.

Nonprofits in Northeastern California

In this section, what makes an organization nonprofit and how that status affects its daily operations is discussed. In addition, an overview of northeastern California as a regional introduction will also be given for those less familiar with the area.

What is a Nonprofit Organization?

Nonprofit is an organizational classification conferred by the state: a determination that the organization exists to benefit the public, rather than benefit the founders or employees. These organizations are allowed to operate without paying certain taxes, in exchange for a prohibition on transferring revenues in excess of expenditures to the founders or employees of the organization.

“[A nonprofit] organization exists to benefit the public, rather than benefit the founders or employees of the organization.”

Once an organization has received its nonprofit status from the state, the organization submits an application to the IRS for a ruling on which subsection of the nonprofit code the organization can file for its status as a tax-exempt organization. Social clubs, a fraternal beneficiary orders, and organizations of war veterans are among the many types of nonprofits under which an organization can be ruled.

What is a 501(c)(3) Nonprofit?

The survey of nonprofits and focus groups conducted for this report included organizations classified as 501(c)(3).

The 501(c)(3) classification allows the organization’s donors full tax-deductibility. These organizations can participate in a broad range of activities that promote the goals, objectives, and vision of the organization. Most tax-exempt organizations are classified as 501(c)(3). These organizations include “groups organized and operated exclusively for charitable, religious, scientific, literary, or educational purposes.”⁵

“The 501(c)(3) classification allows donors to the organization full tax-deductibility.”

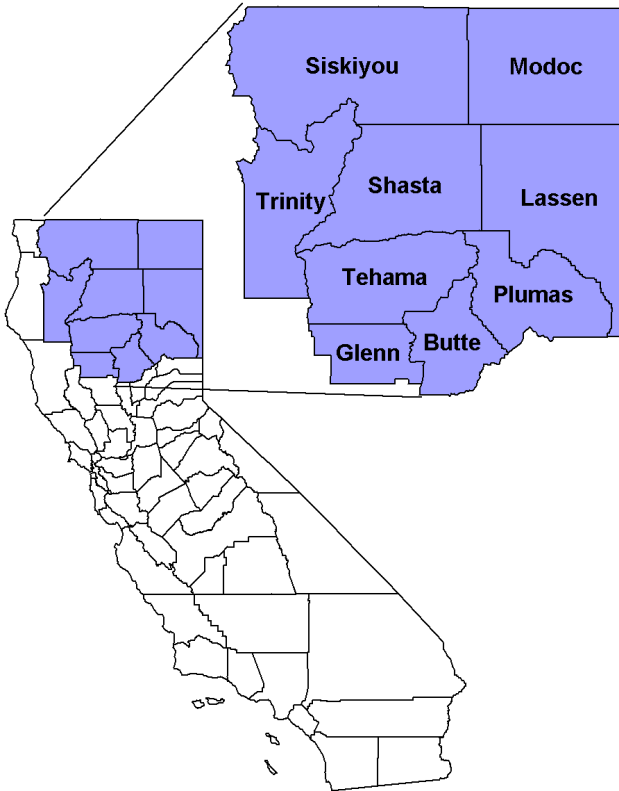
Where is Northeastern California?

Northeastern California, as described in this report, is a nine-county region comprising Butte, Glenn, Lassen, Modoc, Plumas, Shasta, Siskiyou, Tehama, and Trinity counties. The region covers 37,170 square miles, or 22.7 percent of the state's total land area. The region consists primarily of crop, livestock, and timber production lands, but contains two small urban areas, Chico and Redding, each having about 100,000 residents, which have much more diversified economies.

⁵ Mancuso, Anthony. The California Nonprofit Corporation Kit, 3rd Edition. March, 2001.

The region is very rural compared to the rest of the state. Total population in northeastern California is 580,000, only 1.67 percent of the state total. The average population density is 16 people per square mile, compared with 223 people per square mile in California as a whole.

Figure 2 - Location of Northeastern California



The region's geography plays an integral role in local socioeconomic conditions. Half of the land is mountainous, a quarter is low plains, and a quarter is high desert. All northeastern California communities, even those along Interstate 5, suffer some degree of isolation simply due to their distance from larger cities, which are located between 1.5 and 6 hours away by automobile. Other isolation factors include winding roads and secondary and tertiary highways that connect to many mountain and high desert communities.

The region's diverse and sometimes rugged geography has limited the economic development of this corner of California in the past and is likely to continue to limit economic development in the future, despite the state's transportation policies that encourage increased connectivity to rural areas. For this reason, nonprofit organizations, especially organizations that provide a safety net for local families, are exceedingly important in northeastern California. This may partially explain why nonprofit organizations in this region constitute a comparatively larger percentage of the local economy.

In subsequent sections, this report will expand on the importance of the nonprofit community to the socioeconomic situation in the region.

Number of Nonprofit Organizations

The studies mentioned previously in this report were conducted in light of a dearth of information on nonprofit organizations and their contribution to the socioeconomics of the United States. Answering even the simple question “How many nonprofits?” stirs debate. The reality is that no vehicle has been created to collect comprehensive and timely information inclusive of all nonprofits.

This section will discuss the number of nonprofit organizations in the region and provide an estimate of the number of nonprofit organizations categorized by type of service.

How Many Nonprofits Are There by County in Northeastern California?

There are approximately 3,094 nonprofit organizations in northeastern California. This estimate accounts for nonprofit organizations on the IRS list that no longer exist, and ones that exist but are not on the IRS list. This subsection breaks these organizations down by county and by industry.

Out of the 3,094 nonprofit organizations in northeastern California that have obtained a ruling from the IRS, over half are in Butte or Shasta county. One out of three are located in Butte County and one out of four are in Shasta County, while the remaining 42 percent are spread out among the other seven counties.

With 475, Greater Redding is the community with the most nonprofit organizations. Nearly 60 percent of Shasta County nonprofits are located in Greater Redding and 1 out of 7 regionally are based in Redding. Greater Chico has the second-most nonprofits with 456 (46 percent of nonprofits in Butte County). The Oroville, Red Bluff, Paradise, and Susanville areas each have over 100 nonprofit organizations. The remaining 51 percent of nonprofits are spread out among the 121 remaining communities.

It is logical to conclude that the largest counties and the largest communities have the greatest number of nonprofit organizations. Studying the number of nonprofits per 1,000 population provides insight into the relative concentration of nonprofit organizations locally.

The greatest concentrations of nonprofits in northeastern California are in five of the most remote and most mountainous counties—Lassen, Modoc, Plumas, Siskiyou, and Trinity—each with between 6.9 and 8.8 nonprofit organizations per 1,000 population. The four Sacramento Valley counties of Butte, Glenn, Shasta, and Tehama have a lesser concentration of nonprofits, with between 4.4 and 4.8 organizations per 1,000 population.

Figure 3 - Nonprofits by County and Community in Northeastern California

<i>Place</i>	<i>Total Nonprofits</i>
Chico	456
Gridley	46
Magalia	26
Oroville	256
Paradise	138
Other (11)	77
Butte Total	999
Orland	60
Willows	45
Other (5)	20
Glenn Total	125
Susanville	106
Westwood	31
Other (7)	29
Lassen Total	166
Alturas	55
Other (8)	18
Modoc Total	73
Chester	29
Portola	25
Quincy	72
Other (11)	59
Plumas Total	185
Anderson	67
Burney	35
Cottonwood	31
Palo Cedro	30
Redding	475
Other (22)	157
Shasta Total	795
Etna	30
Mount Shasta	75
Weed	42
Yreka	97
Other (17)	144
Siskiyou Total	388
Corning	48
Red Bluff	151
Other (10)	53
Tehama Total	252
Weaverville	47
Other (12)	64
Trinity Total	111
Total, Nine Counties	3,094

Source: Internal Revenue Service, IRS Master File, November 2001

Note: Communities with less than 25 nonprofits not included individually.

Figure 4 - Nonprofit Organizations Per Capita

	<i>Total Nonprofits (Nov. 2001)</i>	<i>Population (Jan. 2002)</i>	<i>Nonprofits Per 1,000 People</i>
Butte	999	207,000	4.8
Glenn	125	26,800	4.7
Lassen	166	24,100	6.9
Modoc	73	9,350	7.8
Plumas	185	21,000	8.8
Shasta	795	169,200	4.7
Siskiyou	388	44,450	8.7
Tehama	252	56,900	4.4
Trinity	111	13,100	8.5
Total, Nine Counties	3,094	571,900	5.4
California	129,174	35,037,000	3.7
United States	585,485	285,944,000	2.0

Source: Internal Revenue Service, IRS Master File, November 2001

Compared with the state and the nation, the concentration of nonprofits in northeastern California is much greater. California has 3.7 and the nation has only 2.0 nonprofits per 1,000 population.

As stated previously, the economic importance of nonprofit organizations in northeastern California is greater than in the state or nation, but the concentration of organizations is even greater. However, while there may be more nonprofit organizations in northeastern California, the nonprofits tend to be smaller in terms of paid employees, payroll, and revenue.

“Nonprofit organizations operate in a wide range of industries in the region.”

“Outside of civic and social (and unclassified organizations), most nonprofits are religious organizations.”

How Many Nonprofits Are There by Industry in Northeastern California?

Nonprofit organizations operate in a wide range of industries in the region. Over 1,000 are classified broadly by the IRS as civic or social organizations and the IRS does not even classify over 500 of the organizations in the nine-county region. This subsection analyzes data as presented in Figure 5 (page 10) and includes all nonprofit organizations in the IRS database.

Several different methods of industry classification exist for businesses and organizations by type of product or service. There is the commodity classification system used by the California Association of Nonprofits. Most others are government models, like the Regional Input/Output Economic Modeling System from the U.S. Department of Commerce, the old Standard Industrial Classification System, and the newer North American Industrial Classification System (NAICS) defined by the U.S. Executive Office of Management and Budget, which is used for this report. Four-digit code level of detail was used, except in cases where such detail would result in less than three organizations in a certain category.

Of the organizations that are classified, most are classified civic and social organizations because of its treatment as a “catch-all” industry as referenced above. Outside of civic and social (and unclassified organizations), most nonprofits are religious organizations. This is interesting because religious organizations are not required to obtain a ruling from the IRS. Although it appears that many religious organizations do obtain a ruling, this number still understates how many organizations are in the area. This industry is followed by

education support services, business and professional organizations, labor unions, and grantmaking organizations, each with over 100 organizations.

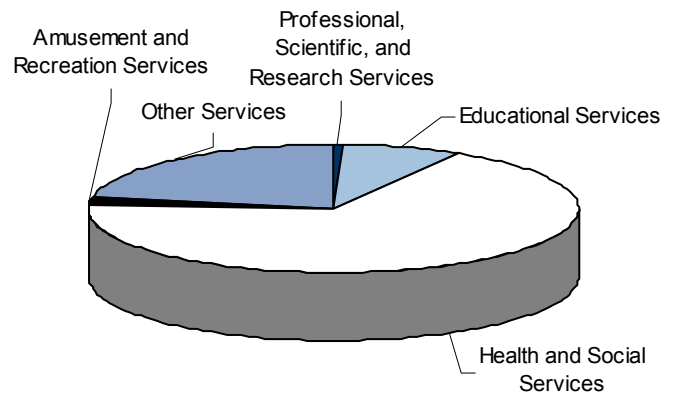
Of the 419 nonprofit employers (a subset of all nonprofit organizations) that can be classified, more are classified as individual and family services than any other industry, a broad category encompassing child and youth services; services for the elderly and persons with disabilities; and other children and family services. This industry contains an estimated 85 employers, or 1 out of every 5 classified nonprofit employers. Business, professional, and other related services is the only other industry that contains more than 50 nonprofit employers. This includes chambers of commerce, other business and professional leagues, and other organizations that operate like business and professional associations. The remaining 282 classified nonprofit employers are in 19 other industries.

“In terms of employment, payroll, and revenue, the largest nonprofit industry by far is hospitals...”

In terms of employment, payroll, and revenue, the largest nonprofit industry by far is hospitals, comprising 40 percent of employment, 57 percent of payroll, and 53 percent of revenue. Nonprofit hospitals employ over 7,000 people in the nine-county region every year, while the next-largest industries in terms of employment, labor unions and individual and family services, employ over 2,000 and over 1,000 persons, respectively. The remaining 7,400 nonprofit jobs are distributed throughout the 25 remaining industries.

Figure 3 shows employment by group of nonprofit industry groupings – grouped into their three-digit NAICS industry classification codes. This figure shows that most nonprofit employment is in health and social services, while education and other services (includes religious, grantmaking, civic and social, business, and labor organizations) also comprise significant percentages of nonprofit employment.

Employment by Nonprofit Industry Group



After hospitals, labor unions spend the most money in payroll, over \$27 million in 1997, in the form of labor income⁶. Outpatient medical care services, individual and family services, and religious organizations each paid out over \$15 million, and private elementary and secondary schools and nursing care facilities each paid out over \$10 million. The remaining \$61 million in payroll was distributed among the 21 remaining industries.

Nonprofit hospitals received over \$0.5 billion in revenue in 1997 in northeastern California. The second-largest revenue generating nonprofit industry in northeastern California was religious organizations at just over \$100 million.

⁶ Some labor unions, especially those in the construction trades, employ and pay their members directly, contributing to the industry’s unusual ratio of payroll to revenue.

Figure 5 - Nonprofit Organizations by Industry, Nine-County Region

<i>NAICS Industry</i>	<i>Certified Nonprofits *</i>	<i>Classified Nonprofit Employers</i>	<i>Paid Employees</i>	<i>Payroll (\$1,000)</i>	<i>Revenue (\$1,000) **</i>
Legal services, research, and development	3	3	13	343	624
Research and development	28	3	70	2,252	5,924
Private elementary and secondary schools	21	***	814	12,355	22,497
Private colleges, universities, and professional schools	10	***	648	5,421	12,059
Other educational and support services	272	5	25	289	1,097
Outpatient medical care centers	14	23	585	17,215	49,502
Home health care services	0	8	444	8,266	15,750
Other miscellaneous ambulatory health care services	23	4	93	2,020	5,898
Hospitals	14	13	7,255	213,504	522,463
Nursing care facilities	0	7	657	11,247	23,714
Residential mental health facilities	2	31	411	6,354	12,558
Retirement communities and other homes for the elderly	0	9	377	5,772	14,618
Other residential care facilities	0	11	196	3,479	7,397
Individual and family services	82	85	1,068	16,479	41,274
Community and emergency food and housing services	23	22	175	2,850	9,848
Vocational rehabilitation services	9	13	448	4,736	10,111
Child day care services	8	42	399	4,617	9,019
Performing arts organizations	13	6	67	1,019	2,923
Promoters of performing arts	0	3	24	373	1,682
Museums, historical sites, and similar institutions	48	8	74	1,245	4,857
Other amusement and recreation services	68	18	206	2,899	7,933
Religious organizations ****	421	***	805	15,061	104,661
Grantmaking and giving organizations	106	12	70	1,357	32,305
Social advocacy organizations	48	11	57	882	4,966
Civic and social organizations	1,047	30	174	1,182	6,544
Business, professional, and other similar organizations	209	52	208	4,097	24,063
Labor unions and similar labor organizations	119	***	2,283	27,957	32,644
Political organizations	0	***	371	1,114	5,077
Unclassified	506	0	0	0	0
Total nonprofits	3,094	419 ***	18,017	374,385	992,008

* - Organizations that have been certified as a nonprofit organization by the Internal Revenue Service as of November, 2001

** - Revenue of nonprofits with paid personnel only

*** - Unknown—industry not covered in the 1997 Economic Census

**** - Religious organizations are not required to be certified by the IRS

Source: CED estimated using data from U.S. Department of Commerce, 1997 Economic Census and Regional Input-Output Modeling System

Next were outpatient medical centers and individual and family services, each receiving between \$40 and \$50 million in revenue. The remaining \$274 million in nonprofit revenue was distributed among the other 24 industries containing nonprofit organizations.

Analysis of payroll per job indicates that research and development tended to be the highest paid nonprofit sector with an average of over \$32,000 in payroll per job. Jobs in legal services, outpatient medical care services, and hospitals averaged over \$25,000 in payroll each. Political organizations had the lowest payroll per job at about \$3,000 on average.

Analyzing payroll as a percentage of revenue, labor union revenue is most likely to end up in payroll at 86 percent. Five other industries had payroll at between 50 and 55 percent of revenue. The industry with revenue that is least likely to directly end up in payroll was grantmaking and giving organizations at only 4 percent.

Economic Impact of Nonprofits

Nonprofit organizations help the community by providing a wide range of services, many of which are not or cannot be provided by for-profit organizations. However, no less important is the nonprofit organizations' impact on the local economy. Nonprofit operations are responsible for a substantial part of the northeastern California economy.

In this section, the results of an economic impact analysis performed on revenue, payroll, and employment by nonprofit organizations is presented and compared with overall business and organizational revenue, payroll, and employment in the nine-county region.

What Impact do Nonprofits Have on the Local Economy?

As described above, nonprofit organizations directly received \$992 million in revenue, spent \$374 million in payroll, and were responsible for 18,000 jobs over the course of the year in 1997. However, this does not cover the total economic impact of these organizations.

Nonprofits spend money in the local community purchasing the goods and services they need in order to operate, thereby benefiting for-profit businesses. In addition, nonprofit payroll earned by employees is spent in the local community to purchase the goods and services that these people need, further benefiting the local economy. Some of the organizations' revenue and some of the employees' payroll is spent outside of the nine-county region, but much is spent locally.

Some of this money that is re-spent locally is spent again within the nine-county region. Such spending is called the indirect economic impact of nonprofit organizations. In theory, this money would not be available to local communities if not for the existence of these nonprofit organizations.

Indirectly, nonprofit organizations were responsible for \$962 million of for-profit business revenue in 1997. This figure does not, nor do any other indirect figures in Figure 6, include any indirect spending that goes to nonprofits. All nonprofit revenue is already included as direct impact. Nonprofits were indirectly responsible for \$406 million in payroll and 14,730 jobs in for-profit businesses in 1997.

In total, when counting direct and indirect impact of nonprofit organizations, nonprofits are responsible for \$1.95 billion of revenue to businesses and organizations in the nine-county region, representing 10.7 percent of all business

“...nonprofit organizations directly received \$992 million in revenue, spent \$374 million in payroll, and were responsible for 18,000 jobs over the course of the year in 1997.”

Figure 6 - Economic Impact of All Nonprofit Organizations in the Nine-County Region

County	Direct Impact	Indirect Impact	Total Impact	Percent of NE CA	Multiplier
Business & org. revenue (millions)	\$ 992	\$ 962	\$ 1,954	10.7%	1.97
Labor income (millions)	\$ 374	\$ 406	\$ 780	13.1%	2.08
Employment (jobs)	18,017	14,730	32,747	12.4%	1.82

Source: Center for Economic Development at CSU, Chico

“...every dollar a nonprofit receives means an additional \$0.97 dollars are collected by private businesses within the region...”

and organizational revenue in the region. A total payroll impact of \$780 million represented 13.1 percent of all payroll in the region, and a total job impact of 32,700 jobs represented 12.4 percent of all jobs in the region in 1997.

Multipliers listed in Figure 6 show the effect of each dollar of revenue collected by nonprofit organizations. A multiplier of 1.97 means that for every dollar a nonprofit receives an additional \$0.97 dollars are collected by private businesses within the region, resulting in a total impact of \$1.97 dollars of business and organizational revenue. The employment multiplier works the same way. Every job generated by nonprofits means an additional 0.82 jobs in the community for a total impact of 1.82 jobs.

What is the Economic Impact if Hospitals and Schools Are Removed from the Analysis?

The largest nonprofit organizations in the nine-county region are hospitals and private schools⁷. Indeed, they represent over half of all nonprofit revenue. In order to show that the economic impact of nonprofit organizations is not limited to these industry sectors, an economic impact analysis of nonprofits excluding all organizations categorized under hospitals, elementary and secondary schools, colleges, universities, and trade schools was performed. The results of this analysis follows.

Revenue for nonprofits excluding hospitals and schools in northeastern California was \$435 million in 1997. These organizations spent \$143 million in payroll for 9,300 jobs in the area.

Figure 7 - Economic Impact of Nonprofit Organizations Except Hospitals and Schools in the Nine-County Region

<i>County</i>	<i>Direct Impact</i>	<i>Indirect Impact</i>	<i>Total Impact</i>	<i>Percent of NE CA</i>	<i>Multiplier</i>
Business & org. revenue (millions)	\$ 435	\$ 449	\$ 884	4.9%	2.03
Labor income (millions)	\$ 143	\$ 189	\$ 333	5.6%	2.32
Employment (jobs)	9,300	6,767	16,067	6.1%	1.73

Source: Center for Economic Development at CSU, Chico

Indirect impact in Figure 7 includes indirect revenue to hospitals and private schools, which partially explains the higher multipliers observed in this analysis compared to the analysis of all nonprofits. Indirect business and organization revenue was \$449 million, indirect labor income reached \$189 million and paid for 6,767 jobs in 1997.

The total economic impact of nonprofits excluding hospitals and schools reached \$884 million. The total impact on labor income was \$333 million paid to over 16,000 jobs for which these nonprofit organizations were directly and indirectly responsible.

⁷ Public schools and public colleges and universities were not included as nonprofit organizations in this report, nor in any study referred to in this report.

Even discounting hospitals and schools, nonprofit organizations were directly or indirectly responsible for 4.9 percent of all business and organizational revenue, 5.6 percent of labor income, and 6.1 percent of jobs in the nine-county area⁸.

“Even discounting hospitals and schools, nonprofit organizations were ... responsible for 4.9 percent of all business and organizational revenue”

What is the Economic Impact of Religious Organizations in Northeastern California?

The economic impact of religious organizations is seldom analyzed, even by statewide and national nonprofit analysts, because of the lack of information available on these organizations. Religious organizations, classified as 501(c)(3)s, are not required to file IRS form 990 and are not required to obtain a ruling on their status by the IRS. Therefore, little information on these organizations is available from conventional sources.

However, the U.S. Department of Commerce makes an estimate of revenue, payroll, and jobs in religious organizations by county. This estimate, based on studies of percentages of labor income that go to religious organizations, is the most reliable estimate available.

Figure 8 - Economic Impact of Religious Organizations in the Nine-County Region

<i>County</i>	<i>Direct Impact</i>	<i>Indirect Impact</i>	<i>Total Impact</i>	<i>Percent of NE CA</i>	<i>Multiplier</i>
Business & org. revenue (millions)	\$ 105	\$ 122	\$ 226	1.2%	2.16
Labor income (millions)	\$ 15	\$ 48	\$ 63	1.1%	4.20
Employment (jobs)	805	1,715	2,520	1.0%	3.13

Source: Center for Economic Development at CSU, Chico

Directly, religions organizations received \$105 million in revenue in 1997, but only \$15 million of it went to payroll for 805 jobs. Much of the rest of this revenue was distributed to other nonprofit organizations or to individuals, but not as direct compensation for services (therefore, not labor income). In the economic model, religious organization dollars went to organizations that tend to have a high propensity for spending their dollars locally, as opposed to outside the nine-county region. This characteristic is responsible for the larger multipliers found in Figure 8.

Indirect impact to business and organizational revenue due to spending by religions organizations and their paid employees was \$122 million dollars. This includes indirect impact to all other nonprofit organizations since their revenue is not covered in direct impact in this analysis. Indirect labor income totals \$48 million, which covers 1,715 jobs that, in theory, would not exist if it were not for religious organizations.

The total business and organizational revenue impact of religious organizations was \$226 million, while the total impact to labor income was \$63 million, which was paid to 2,520 jobs in northeastern California in 1997. Business and organization revenue, labor income, and jobs directly and indirectly supported by

“The total business and organizational revenue impact of religious organizations is \$226 million...”

⁸ It would not be appropriate to compare these impacts with the impacts of all nonprofit organizations because the direct impact of hospitals and schools in the analysis of all nonprofits might be included in the indirect impact in the analysis excluding hospitals and schools.

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religious organizations represent about 1 percent of revenue, labor income, and jobs in the nine-county region as a whole.

Fiscal Status and Outlook of Nonprofits

During 2000 and 2001, the economic picture of the United States could be characterized as one of change. In year 2000, the nation moved toward its first recession in nine years, and in early 2001 the recession hit. Recovery seemed to begin around mid-year, but the events of September 11 blurred our understanding about whether recovery was happening or not. Since October 2001, the economy has been experiencing a steady, albeit slow, recovery.

As referenced in this section, economic recession and uncertainty affects any organization that relies on public and personal donations. This section analyzes the effect these events have had on local nonprofits and the potential for recession and uncertainty to affect local nonprofits in the future.

What is the Fiscal Status of Nonprofits in Northeastern California?

Analyzing the study of nonprofits, two conclusions can be made regarding the fiscal status of nonprofits. First, nonprofit organizations in the nine-county region have smaller budgets on average than those in California or the nation. Second, according to respondents attending four focus groups across northeastern California, budget management is an operational weakness of many nonprofit organizations.

It can be determined that northeastern California nonprofits have smaller budgets on average by looking at total revenue for nonprofits (page 1) and the total number of nonprofits in the nine counties, California, and the United States (page 8). An estimated 3,094 nonprofit organizations in the nine-county region earned an estimated \$992 million in revenue, resulting in about \$321,000 per organization. In California, the average was \$781,000 per organization and nationally, \$1,054,000. While a few very large nonprofit organizations that exist in the state and nation skew these averages, the fact remains that average revenue is considerably less in the nine counties.

This size difference is confirmed by comparing results of the survey of nonprofits in northeastern California with a survey of economic impact and preparedness of California nonprofits conducted in November 2001⁹. The statewide survey showed 30 percent of responding organizations receiving less than \$400,000 in revenue, while the survey of nonprofits in northeastern California resulted in 62 percent of organizations falling into that category. Conversely, 30 percent of the statewide survey respondents received more than \$2 million in revenue last year, compared with only 18 percent of respondents to the northeastern California survey.

“...nonprofit organizations... in the region have smaller budgets on average than in California or the nation.”

“...30 percent of the statewide survey respondents received more than \$2 million in revenue last year, compared with only 18 percent of respondents to the northeastern California survey.”

⁹ LaFrance Associates. Survey of Economic Impact and Preparedness Among California Nonprofits. November 20, 2001. p. 6. This study intentionally included a greater proportion of “safety net” organizations.

“When asked about what training was needed, the first answer in every focus groups was fundraising...”

Budget management was mentioned in the nonprofit focus groups conducted in four communities in northeastern California several times. Funding for more equipment, bigger facilities, and more personnel was mentioned when participants were asked about operational changes they would like to make in their organization and what was the greatest constraining factor. When asked about what training was needed, the first answer in every focus group was fundraising or how funders make decisions. While only 20 percent of organizations in this survey claimed a deficit last year, 40 percent expected a decrease in funding this fiscal year. Only 10 percent of responding organizations had a permanent endowment, and 38 percent of organizations had operational reserves of less than one month or none at all.

“... about half of the organizations in the nine counties ... have experienced or have been informed of a decrease in funding.”

What is the Fiscal Outlook for Nonprofits in Northeastern California?

About half of the organizations in the nine counties, according to this survey, have experienced or have been informed of a decrease in funding. This compares with 56 percent of nonprofits in California¹⁰.

Although fewer nonprofits in northeastern California are experiencing or anticipating a decrease in funding than in the state, about the same percentage of organizations, according to the survey of nonprofits, have or anticipate a reduction in staff. About 22.1 percent of nonprofits in northeastern California have experienced or are planning a reduction of core staffing, compared with 22.8 percent of nonprofits in California¹¹.

From Where do Nonprofits Receive Their Funding?

Nonprofit organizations in northeastern California receive funding from a variety of sources. However, most funding for nonprofits comes from government: nearly 70 percent according to the survey of nonprofits in northeastern California.

Comparing the survey of nonprofits to a statewide nonprofit survey gives an indication on differences in nonprofit funding between the nine-county region and the state as a whole. Comparison shows that California nonprofits seem to have a greater variety of funding sources than do those in northeastern California. A greater percentage of nonprofits statewide receive funding from government, private and corporate contributions, and foundation grants than in the nine counties. A roughly equal percentage receive funding from dues and other sources. However, in both the region and the state, a greater percentage of nonprofits receive funding from private contributions than from any other source.

¹⁰ LaFrance Associates. Survey of Economic Impact and Preparedness Among California Nonprofits. November 20, 2001. p. 9. This study intentionally included a greater proportion of “safety net” organizations.

¹¹ LaFrance Associates. Survey of Economic Impact and Preparedness Among California Nonprofits. November 20, 2001. p. 11. This study intentionally included a greater proportion of “safety net” organizations.

While northeastern California nonprofits are more dependent upon government, private, and corporate sources of funding, these organizations are far less reliant upon foundation funds. For organizations that receive foundation grants in northeastern California, foundation funds only account for an average of 10.5 percent of their total budgets, a much smaller portion than state's average of 19.9 percent.

Northeastern California's increased reliance on dues and private and corporate contributions may be of concern given recent reports showing decreases in the growth of giving in the U.S. Giving USA reported in 2001 that growth in giving between 1999 and 2000 was the lowest it had been in five years¹². However, growth continued to outpace inflation before the recession in 2001.

Figure 9 - Sources of Nonprofit Funding

Source of funding	Percent of Total Funding	Percent of Orgs. That Receive Funding		Avg. Pct. of These Orgs' Total Budget	
		NE CA California	California	NE CA California	California
Government	69.3	53.5	72.4	63.7	44.3
Dues, fees, charges	6.4	53.5	53.8	35.2	19.7
Private contributions	2.8	65.8	89.8	40.9	17.2
Corporate contributions	0.9	21.9	63.2	13.2	8.9
Foundation grants	2.1	35.1	86.0	10.5	19.9
Other	18.6	49.1	45.5	27.3	21.9

Source: Survey of Nonprofits in Northeastern California; Survey of Economic Impact and Preparedness Among California Nonprofits

“Northeastern California's increased reliance on contributions may be of concern given recent reports showing decreases in the growth of giving in the U.S.”

¹² Ruotolo Jr., George C. Giving USA. AAFRC Trust for Philanthropy. May, 2001.

Nonprofit Staff and Volunteerism

The California Association of Nonprofits (CAN) stated in their publication Facts & Fallacies 2001 that more than 50 percent of nonprofit organizations in California were all-volunteer organizations. This section will discuss what can be determined about staff and volunteerism in nonprofit organizations in northeastern California.

What Do We Know About Paid Nonprofit Employees in Northeastern California?

As stated in the introduction, there are currently about 18,000 paid nonprofit employees earning about \$374 million in labor income, including hospitals and private schools. What else can be determined about nonprofit employees in northeastern California?

According to the survey of nonprofits in northeastern California, 40 percent of responding organizations had no full-time employees. The survey also indicated that 42 percent of respondents had between 1 and 10 employees, compared to 35 percent of respondents in a statewide survey indicating that they had between 1 and 10 full-time equivalents¹³. Twenty-five percent of the organizations had 10 or more paid full-time employees, compared to 58 percent statewide.

Some nonprofit organizations had only part-time employees. Ten percent of respondents to the survey indicated that they were not all-volunteer organizations, but had no full-time employees. It can be extrapolated that this 10 percent employed only part-time staff.

Nonprofit organizations in northeastern California appear to be slightly more optimistic about their organizations' futures than respondents to the statewide survey. Twenty percent of responding organizations in the nine-county region indicated that they had experienced or were expecting a decline in staffing, while the statewide survey indicated that 23 percent of statewide nonprofits had experienced or were planning for a decrease in staffing. Fifteen percent of responding nonprofits to the regional survey claimed to have already experienced the decrease, while an additional 5 percent expected a decrease this year or next.

According to the regional survey, monetary expenditures by organizations for employee benefits added to payroll an additional 34 percent beyond wage and salary income. This spending is an additional employee compensation that, when added to payroll, results in total gross labor income. This is likely the employer contributions to benefit plans only, not employee contributions. There is no state or national data that can be reliably compared to this regional figure.

“...40 percent of responding organizations had no full-time employees.”

“Nonprofit organizations in northeastern California appear to be more optimistic about their organizations' futures...”

¹³ LaFrance Associates. Survey of Economic Impact and Preparedness Among California Nonprofits. November 20, 2001. This study intentionally included a greater proportion of “safety net” organizations.

“Nonprofit employees are twice as likely to have a post-graduate degree than the overall workforce in northeastern California.”

Nonprofit employees are twice as likely to have a post-graduate degree than the overall workforce in northeastern California. Fifteen percent of the total employees listed in the regional survey had post-graduate degrees while only 7.5 percent of all employed persons in northeastern California had post-graduate degrees. The same is true for persons with bachelor’s degrees, but no post-graduate degrees. Thirty-nine percent of paid nonprofit workers covered in the survey had a bachelor’s degree, while only 19 percent of the workforce at large had acquired the same educational attainment.

Sixty percent of nonprofits covered in the survey cited wages as the greatest barrier to recruiting qualified employees. Only 10 percent cited a lack of qualified people in their area as the reason they had difficulty acquiring adequate personnel and 12 percent indicated a different unspecified barrier. However, 19 percent indicated that they do not experience such barriers.

Sixty percent of nonprofits in the survey indicated that they had a line-item in their budget for training.

What Can We Determine About Volunteerism in Northeastern California?

According to the survey of nonprofits, about 25 percent of nonprofit organizations in northeastern California are all-volunteer organizations, that is, all of the work done on behalf of the organization is on a volunteer basis. The actual number may be higher because of the potential that survey respondents represent organizations that are larger than average, however, a better estimate of the percentage of all-volunteer organizations can be made using data from the section addressing the total number of nonprofit organizations.

Figure 5 (page 10) lists 419 employers in 23 industries as defined by the 1997 Economic Census. These same 23 industries had 2,017 establishments with a successful nonprofit ruling from the IRS database.

“... at least 56.8 percent of nonprofits in northeastern California are all-volunteer.”

Discounting the organizations classified as “Civic and social organizations,”¹⁴ there were at least 970 total organizations with which to compare the 419 nonprofit employers. Therefore, 43.2 percent of nonprofit organizations in the nine county region were employers, at most. Conversely, at least 56.8 percent of nonprofits in northeastern California were all-volunteer. Based on the CAN estimate, all-volunteer organizations constitute about the same percentage of nonprofits in northeastern California as in the state as a whole.

About half of the nonprofit organizations in the survey had less than 25 volunteers. Twelve percent had none, while one organization claimed 1,000 or

¹⁴ The “civic and social organizations” classification was not included here because of unreliable organizational classification by the IRS as explained in page 8.

more. Respondents to the survey indicated a total of about 2.6 volunteers for every paid full-time nonprofit employee in the region.

Only three out of four respondents to the survey indicated an estimate of the number of volunteer hours. Many surveys contained comments such as “Too many to count” or “More than I can guess.” About 7 percent of all organizations responding to the survey indicated less than 100 hours and 32 percent indicated less than 1,000 hours. Thirty-two percent said they had between 1,000 and 5,000 volunteer hours. Beyond that level, it is expected that organizations begin to have trouble counting. Twenty-four percent of all responding organizations did not respond to this question, either because they had no volunteer hours or they were unable estimate.

What Do Nonprofit Volunteers Do?

Volunteers perform a wide variety of tasks, but are largely involved in direct services, advocacy, and fundraising for the organizations. Seventy percent of nonprofit organizations that responded to the survey indicated that their volunteers perform these duties.

Volunteers in 55 percent of responding organizations provided clerical support and 46 percent provided professional services. Nearly 60 percent reported volunteers involved in other capacities, and these respondents were asked to specify these activities. Most mentioned volunteers as board members and board committees, but many others mentioned community education and public relations and staff training. Some all-volunteer organizations simply indicated that volunteers worked in “all aspects” of the organization.

Figure 10 – Percent of Nonprofits that Utilize Volunteers to Perform the Indicated Tasks

<i>Volunteer Activities</i>	<i>Percent of Nonprofits</i>
Direct services	71.5
Advocacy	70.0
Fundraising	69.1
Clerical support	54.8
Professional services	46.0
Other activities	57.7

Source: Survey of Nonprofits in Northeastern California

What Do Boards of Directors Look Like in Northeastern California and What Do They Do?

All corporations, including nonprofit organizations, are required to have a board of directors to guide the operation and vision of the organization. The exact structure under which each nonprofit operates is dependent upon the guidelines specified in each corporation’s by-laws.

The survey of nonprofits asked how many members were on boards of directors at the current time. Only four respondents did not answer this question. Of the organizations that did respond, none indicated that they did not have a board or that it consisted of only one member. The most common board size was five members (16 percent). Thirteen percent claim a seven-member board. Nearly 34 percent of respondents claimed to have 10 or more people on their board of directors. One established organization indicated that they had a 35-member board.

“The most common board size was five members.”

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According to some responses from the focus groups, boards may experience difficulty fundraising, which may limiting the growth potential of some organizations. However, according to the survey, nearly two out of three boards of directors for nonprofit organizations in the nine counties were involved in fundraising for the organization.

Advocacy

According to the California Association of Nonprofits (CAN), “too many nonprofits believe they are not allowed to lobby.”¹⁵ Nonprofits have reason to believe this—the corporations code explicitly prohibits organizations designated 501(c)(3) from participating in political campaigns and from utilizing more than 5 percent of the nonprofit's budget, time, or effort to influence legislation.

However, CAN also states that “nonprofits can—and should—lobby.”¹⁶ An understanding of the legal definition of “lobbying” and which types of lobbying are acceptable and which types are not enable nonprofits to legally influence legislation pertinent to their organizational missions and strategic plans.

This section explains how nonprofit organizations can lobby and analyzes lobbying activities in northeastern California. As explained in Appendix A, results from the focus groups were separated into two groups: the more urban areas of Chico and Redding and the more rural areas of Yreka and Susanville.

In What Way Can Nonprofits Lobby?

As stated above, nonprofits can act to influence legislation, so long as they do not utilize more than 5 percent of budget, time, or effort for this purpose.

“Influencing legislation” includes contacting or urging the public to contact members of a legislative body, advocating the adoption or rejection of legislation, any other attempt to affect the opinions of the general public or a segment of it, and communication with any member or employee of a legislative body or with any government official or employee who may participate in the formulation of legislation.

These restrictions, along with prohibitions against participating in political campaigns and any partisan activities, are the only restrictions specified by the California Corporations Code. Nonprofit organizations can communicate with government representatives about anything except specific legislation. They can lobby for or against legislation affecting their power, status, deductibility of contributions, or their very existence. They can provide the results of research, studies, or analyses to anyone, including public officials. In addition, upon invitation, nonprofits can provide assistance to a government body, committee, or any other subdivision where such assistance would otherwise constitute influence of legislation.

“[A nonprofit] can lobby for or against any legislation affecting its power, status, deductibility of contributions, or its very existence.”

¹⁵ Green, Florence L., and Kathy Crabb. Facts & Fallacies 2001, p. 13. California Association of Nonprofits. November 2001.

¹⁶ *Ibid.*, p. 11.

“...especially in the more rural areas, nonprofit organizations feel overlooked by local government.”

“Seventy-three percent of [nonprofits] claim to provide information to the media or the public...”

“Over 90 percent ... claimed in the survey that they are involved with government officials to obtain funding.”

Do Northeastern California Nonprofits Lobby?

According to the survey conducted for this report, 65 percent of the organizations indicated that either they have a person within the organization responsible for government relations or public policy or they are a member of an organization that represents their interests to government. Thirty-five percent indicated that they do not have anyone responsible for government relations nor are they members of organizations that represent their interests.

Focus group responses indicate that there are a lot of positive relationships between state and federal government officials and local nonprofit organizations. However, especially in the more rural areas, nonprofit organizations feel overlooked by local government. Several problems with local government interaction were mentioned, including too many representatives with which to build relationships, not enough representatives that understand the role of nonprofits, and the sentiment of some in local government that they can drop public services with the idea that nonprofits would then provide these services.

Responses from the survey of nonprofits indicate that 43 percent of respondents have lobbied for or against a proposed bill, while 6 percent do so four or more times per year. A more common method of advocacy seems to be encouraging others to contact policymakers, which 64 percent of responding organizations claim to do, while 10 percent claim to do so four or more times per year. Even more common according to survey respondents is providing information to the media or the public. Seventy-three percent of organizations responding to the survey claim to provide information to the media or the public, with 25 percent of respondents claiming to do so four or more times per year.

Why Do Northeastern California Nonprofits Lobby?

Over 90 percent of northeastern California nonprofit organizations that engage in government relations claimed in the survey that they are involved with government officials to obtain funding. Two-thirds of these organizations are involved to protect programs that serve their clients. Over half claimed other reasons for being involved in the public policymaking process, including obtaining information from government, discussing regulatory issues, promoting the nonprofit's programs, and supporting other nonprofit organizations.

Most respondents from the focus groups concur that funding is the most common reason nonprofits interact with government officials. Other reasons mentioned for interaction with government include education of policymakers, creating relationships in case of future need for communication, and getting information. Most nonprofit representatives indicated that they base their decisions about communication with government officials solely on whether or not they believe it benefits their communities.

Education of policymakers is often simply informing public officials about what the nonprofit does and does not do. Several respondents mentioned that government officials assume their organizations can do things “cheaper” because they don’t pay people as much. Many focus group participants claimed to be frustrated because they think local government representatives don’t understand their organizations’ scopes of work.

Although most organizations agreed they should be communicating with local public officials on an individual basis, some participants from the more urban communities suggested forums and collaborative marketing efforts to inform local government, as well as the public, about the scope of their work.

What Barriers Exist that Prevent Local Nonprofits from Lobbying?

According to the survey and most focus group participants, the most common barrier to nonprofit involvement in the public policymaking process is limited financial resources. Nearly 50 percent claim that this is a barrier to their involvement. Fear of alienating government officials is the second most common barrier as claimed by 30 percent of nonprofits. Tax laws, receipt of government funds, and alienation of donors are barriers for about a quarter of nonprofit organizations in northeastern California. Advise from attorneys have prevented 12 percent of responding nonprofits from involving themselves in the public policymaking process, while receipt of foundation funds have prevented 8 percent of the organizations from participating.

Eighteen percent of the responding organizations claimed to have barriers to involvement in the public policymaking process other than those listed. Many of these organizations cited their charter or by-laws, claiming that these documents forbid the organizations from participating in the process. Several religious organizations claimed they do not participate because of the separation, or “supposed separation” as one respondent pointed out, between church and state. Several also mention that they did not like the way they are treated by some government representatives. Other barriers included time and distance from relevant government officials.

Several focus group respondents, especially those from the more rural areas, cited a lack of influence as a barrier. They felt that they were not being listened to. Several also expressed apprehension toward involvement for fear of alienating local public officials.

Despite the barriers, it seems that most nonprofit organizations in northeastern California have some vehicle for communicating with public officials, mostly about funding, but also about other issues such as programs and services,

“The most common barrier to nonprofit involvement in the public policymaking process is limited financial resources...”

Figure 11 - Barriers to Involvement in the Public Policymaking Process

<i>Barrier</i>	<i>Percent of Nonprofits</i>
Limited financial resources	47.1
Alienation of govt. Officials	29.1
IRS or tax laws	26.2
Receipt of govt. funds	25.6
Alienation of donors	22.7
Advise from attorneys	12.5
Receipt of foundation funds	7.6
Other barriers	17.9

Source: Survey of Nonprofits in Northeastern California

information exchange, and development of relationships that may prove to be beneficial in the future.

Services and Facilities

The size and composition of individual nonprofit facilities vary as much as their scopes of work. This section breaks down the prevalence of nonprofit facilities and includes a look at the geographic scope of nonprofit services to determine how well northeastern California counties are covered.

What Kind of Facilities Do Northeastern California Nonprofits Have?

One out of every five nonprofit organizations in northeastern California, according to the survey, has no facility specifically dedicated to its operations. Most of these organizations, based on comments in the survey, use space that is donated from other nonprofits or local governments, while others use space in homes.

“One out of every five nonprofit organization in northeastern California ... has no facility specifically dedicated to its operations.”

Thirty-seven percent of respondents claimed to have facilities located in one building, while 42 percent claimed to have facilities in more than one building. Of those that claimed facilities in more than one building, most are referring to satellite offices that provide services in other communities or to remote areas. Fourteen percent of the responding organizations had facilities in six or more buildings.

Almost 65 percent of all nonprofits responding to the survey owned their own buildings. This figure includes nonprofits that also rented some of their facilities. Thirty percent of nonprofits responding to the survey rented all of their facilities. While this option in the survey was not given, several respondents wrote in “neither,” explaining that their facilities are donated. This may also explain why 22 of the 128 respondents chose not to answer this particular question.

How Are Nonprofits Services Distributed Through the Nine-County Region?

Most counties in northeastern California seem to be served by nonprofit organizations. While over half of all nonprofits establishments are in Butte and Shasta counties (Figure 4, page 8), their service regions tend to expand much further. Based on responses to the survey, no county seems to be left out of service by nonprofit organizations. Figure 12 compares the percent of nonprofit coverage responses with percent of total population for the nine-county area. Multiple-county responses are included in the table.

It is reasonable that Shasta and Butte counties receive the most coverage. These are the largest counties in terms of population and contain the two urban centers in northeastern California. However, based on the percentage of nonprofits covering the county compared with percent of total population in the region, it may be that Butte

Figure 12 - Percent of Nonprofit Organizations Servicing Each Northeastern California County

<i>County</i>	<i>Percent of Nonprofits</i>	<i>Percent of Total Pop.</i>
Shasta	39.7	28.6
Butte	37.3	35.5
Tehama	25.4	9.8
Lassen	23.8	6.2
Siskiyou	22.2	7.7
Plumas	20.6	3.6
Glenn	18.3	4.6
Trinity	18.3	2.3
Modoc	15.1	1.7

Source: Survey of Nonprofits in Northeastern California

Nonprofit Landscapes

County is served by the least number of nonprofit organizations per capita.

Nearly one in five nonprofit organizations that returned a survey indicated they serve counties other than the nine specified in this study.

“...no county seems to be left out of service by nonprofit organizations.”

Challenges Faced by Nonprofits in Northeastern California

Nonprofit organizations in northeastern California face a number of challenges. Some challenges are common to nonprofits statewide and nationwide, while some challenges are unique to the nine-county region. This section explores some of the challenges local nonprofits face in the local landscape.

This analysis is based upon the focus group discussions. Where appropriate, information collected in focus groups on similar topics in a larger region is included. Where possible, the analysis differentiates challenges faced in more rural communities with those faced in the more urban communities of Chico and Redding.

Challenges in this section are presented in a substantive manner and rather than stating that “inadequate funding” is a challenge, this section explores what increased funding would enable the nonprofits to accomplish.

What Operational Challenges Do Local Nonprofits Face?

Many nonprofit representatives felt that office space, equipment such as computers, and adequate personnel are the key challenges they face. Most representatives had concrete ideas regarding how to improve the efficiency and effectiveness of the organization, if only they had access to seed money and/or could generate a consistent, reliable stream of funding.

Issues surrounding office space included better quality buildings, adequacy of space for private offices and storage, and, in more urban communities, location of their facilities in relation to their clients and parking. The quality of buildings and lack of privacy created many distractions for nonprofit staff. Inadequate storage and parking made facilities less comfortable for clients and discouraged individuals from taking advantage of nonprofit services.

Equipment issues were largely centered around the adequacy of computers and computer networks. Most organizations were not able to raise enough funding to make such large capital expenditures. However, they felt better computers would increase the amount of time nonprofit staff could spend in direct services.

Personnel issues varied between adequate training for existing personnel and adequate number of personnel to accomplish the organizations objectives. Many representatives agreed that executive directors were in need of an operational assistant, but could not develop the funding stream required to finance such a position. Some cited a lack of adequate personnel in the region. Others simply needed secretaries and janitors to keep order in the office. More information on issues involving training is provided in the following subsection.

“Inadequate storage and parking made facilities less comfortable for clients and discouraged individuals from taking advantage of nonprofit services.”

What Issues Involving Training Do Local Nonprofits Face?

There was a clear separation between more rural and more urban communities regarding the challenges faced when it comes to training personnel. More urban communities felt the need for specific types of training, while more rural communities cited the cost of traveling to cities for training as their greatest barrier.

Specific types of training that nonprofit representatives had received included grant writing, fundraising, leadership and communication, and training on collaboration. In more rural areas, however, fewer nonprofits seemed to be utilizing training opportunities. Several cited “on the job training” as their most effective tool. The results of another focus group series conducted in northern California (excluding the Bay Area) agreed that the best nonprofits are those that excel in leadership and business practices and that the greatest gap in training involved human resource management, project management, and fundraising¹⁷.

Respondents from all areas of the nine-county region agreed that managers, including executive directors, needed training in management, human resources, leadership, finance and accounting, and legal issues pertaining to their organizations. Many believed that increased knowledge in these subjects would allow directors to work more efficiently and better serve their clients.

Most also agreed that other staff need training, particularly more training on how to write effective grant requests and how grantmakers decide whom to fund. Training on fundraising was also requested to allow nonprofit organizations to increase their annual budgets and afford more training and more specialized personnel. Board development and staff training on working effectively with boards were also mentioned by several respondents as things they needed to develop their organizations.

Time and money were the most common reasons why nonprofits had difficulty accessing training. Location of, or travel distance to, training was a greater factor in more rural areas, but was also mentioned in the Redding focus group as a barrier to training.

What Challenges in Collaboration Do Nonprofits Face?

Collaboration among nonprofits for various projects was looked upon favorably by most grantmaking organizations according to focus group respondents. Sometimes collaboration works to improve efficiency in service delivery and can add knowledge and expertise to research projects. However, collaboration can also present nonprofit organizations with its own list of challenges.

¹⁷ Sierra Health Foundation. Capacity Building Focus Groups, Notes and Presentation. June 25–July 31, 2001.

“...executive directors needed training in management, human resources, leadership...”

Most organizations that attended the focus groups indicated that they are actively involved in collaboration with other organizations for various reasons, including financial efficiency, information sharing, and client services. Several representatives that have worked for nonprofits outside of northeastern California expressed their belief that collaboration was more common here than elsewhere.

Types of collaboration included jointly hosting events, sharing office space, and filling gaps in services that another organization had difficulty filling. Another type of collaboration mentioned was working together to write proposals for funding. This was the type of collaboration that generated the most difficulties, according to the focus group respondents.

When organizations write proposals for funding to provide services or complete projects, several types of problems occurred, especially if the organizations do not collaborate in other ways. The first type of problem is organizational. Who is in command of the project? Who takes responsibility when something does not go as planned? Some people or organizations just don't want to work with others. Some organizations are very territorial and have difficulty sharing their knowledge or allowing others to work geographically, academically, or socially where they work. Some organizations just don't feel that they have the time to invest in collaboration because they are so busy accomplishing their organizational objectives or dealing with administrative issues.

Collaborations tended to be seen as more successful in rural areas than elsewhere. Respondents agreed that "natural" collaborations are more necessary because constraints in funding, skill levels, and distance are greater here than in more urban areas. According to one respondent, "If you find ways to work together, you can overcome the decreased funding."

"Forced collaborations sometimes do not work," stated one respondent, "but other times if you want to naturally collaborate with someone, then you can attract funding." Based on all comments from the focus groups, it seems that this "natural collaboration" is the key to working with other organizations successfully.

What Other Challenges Do Nonprofits Face in Northeastern California?

There are challenges that nonprofits in northeastern California face that are unique to the area. Most of these challenges relate to the region's unique politics, culture, and geography.

Political challenges, addressed somewhat in the advocacy section, revolve around a political environment that is not perceived as conducive to supporting nonprofit organizations. Several respondents referred to an "old boys network"—public officials who only support the activities of a few well-connected organizations or

“Types of collaboration include jointly hosting events, sharing office space, and filling gaps in services that another organization has difficulty filling.”

“Forced collaborations sometimes do not work, but ... if you want to naturally collaborate with someone, then you can attract funding.”

“...nonprofits in rural communities are compelled by their boards to use ‘local’ resources ... even if these resources are different from those required by the nonprofit.”

individuals. This challenge relates both to attracting local support, as well as recruiting potential board members.

Some of the unique cultural aspects of northeastern California also impact nonprofit operations. As an isolated region, some potential clients locate here “to be left alone.” Many of the rural communities have a strong character, and while this is not necessarily a negative aspect, especially when engaging in community development, nonprofits in rural communities are compelled by their boards to use “local” resources such as businesses, consultants, and hired labor, even if these resources do not have the experience and expertise required by the nonprofit.

“Geographical separation,” mentioned by representatives from more rural areas, is also a unique challenge. The isolation of the region has been discussed previously, but the unique challenge here is in serving people who do not necessarily live in a community but in the “backcountry.” Geography contributes to lack of accessibility even for organizations within the more urban areas in northeastern California. Many of these organizations’ representatives expressed a difficulty in serving more remote communities in their counties.

Another challenge, perhaps not so unique, is the challenge of developing a strategic plan. According to the survey, 30 percent of nonprofit organizations did not have a current strategic plan. Several respondents from the focus groups indicated that funding a strategic plan process was beyond their capacity at that point in time.

“[Some nonprofit] visions simply included the ability to offer their services to everyone in need of them.”

None of the respondents could offer suggestions about how to overcome these unique challenges, aside from changing the political and cultural landscape of the region. However, representatives offered visions for the futures of their organizations. Most visions included growth in the organizations and the services they provide. Many also included financial solvency and self-sufficiency and not relying on one-time grants to fund their work. Working toward financial solvency included finding ways to increase revenue from direct services and developing a “strong board.” Other, more idealistic visions simply included the ability to offer their services to everyone in need of them. Based on all responses from the focus groups, this is the essence of the nonprofit spirit.

Conclusions

This report gives a detailed look into the status, scope, size, and impact of nonprofit organizations in northeastern California and presents information about nonprofit organizations not found in other recent publications.

To conclude this report, we ask “what does a nonprofit organization in northeastern California look like?” To start with, nonprofits tend to be smaller individually, yet together make up a larger percentage of the economy than in the state or nation. Therefore, there are many more organizations in the region per capita.

Nonprofits are vital to the continued socioeconomic improvement in northeastern California. From economic development to health and child care assistance, nonprofits continue to lead the development of healthier communities.

In spite of their increased importance, nonprofit organizations face many challenges in this region. Some of the challenges in this region are similar to challenges elsewhere such as threatened budget cuts compromising a shaky fiscal status. However, many challenges may be unique, such as isolation that leads to fewer training opportunities and lack of qualified staff and volunteers, unfair perceptions of nonprofits by local government officials, and community pride that sometimes forces the nonprofit to use local resources when local resources may be inadequate to fulfill the best interest of itself or its clients.

In conclusion, nonprofit organizations could work more effectively if their benefits and their constraints were better understood by local citizens and public officials. With the distribution of this report, it is anticipated that a regional dialogue will begin to address the unique needs of nonprofit organizations and how those needs can be met.

Appendix A – Study Methodology

A study was conducted for this report on nonprofit organizations in northeastern California. The study included reading research of existing studies and data, with focus groups and a mail survey to collect local data not available otherwise. The study was conducted between fall 2001 and spring 2002.

Secondary Data Sources

Researchers sought for and studied a wide variety of sources of information regarding nonprofits in the United States, California, and the nine-county northeastern California region.

Data on the national economy and the status of nonprofits nationally came largely from the following sources.

- Urban Institute, Center for Nonprofits and Philanthropy, National Center for Charitable Statistics
- U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System
- American Association of Fundraising Council Trust for Philanthropy, Giving USA (Annual Report on Philanthropy)
- Independent Sector
- Anthony Mancuso, California Nonprofit Corporation Kit
- U.S. Department of the Treasury, Internal Revenue Service, Statistics of Income, IRS Master File, Exempt Organizations
- Johns Hopkins University, Institute for Policy Studies, Center for Civil Society Studies

Data for California was largely collected from the following sources.

- California Association of Nonprofits
- California Employment Development Department, Labor Market Information Division
- LaFrance Associates, Survey of Economic Impact and Preparedness Among California Nonprofits
- Sierra Health Foundation, Capacity Building Focus Groups
- University of San Francisco, College of Professional Studies, Institute for Nonprofit Organization Management

Regional data, often the most difficult to obtain, was largely collected from the following sources.

- U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System
- California Employment Development Department, Labor Market Information Division
- Dr. Ruth Guzley, focus groups in four northeastern California communities
- Dr. Jim Fletcher, survey of nonprofits in northeastern California
- California State University, Chico, Center for Economic Development

Focus Groups

Four focus groups were held in northeastern California in February 2002, one in each of the four communities of Chico, Redding, Susanville, and Yreka. The meetings were facilitated by Dr. Ruth Guzley, professor of communication arts and sciences at California State University, Chico. Dr. Guzley asked participants a set of questions (Appendix B) focusing on the topics of advocacy and challenges faced by the organizations including challenges in their operations, training, collaboration, and others. Questions for the focus groups were drafted from general questions that were to be addressed in the study but couldn't reliably be addressed in the mail survey. In all, 36 people attended the four focus groups assembled for this study.

Roughly two-thirds of all focus group attendees were executive directors or equivalent. The remaining attendees consisted of director's assistants, program or division managers, office managers, and others. The sample from which respondents were invited to participate in the focus groups came from the sample used for the mail survey described below.

The results of focus group research is presented throughout this document in sections addressing the topics covered.

Mail Survey

A mail survey was conducted in northeastern California to collect a wide variety of information on local nonprofit status and operations. The survey focused on many topics, including budget, funding, employees, volunteers, board of directors, advocacy, barriers to advocacy, organizational planning, and geographic extent of services provided.

The survey was originally intended to be a telephone survey. A telephone survey has the potential of increasing both response rates and accuracy in responding to questions. There was one major constraint that made a telephone survey unfeasible—a lack of a reliable nonprofit database that included phone numbers. Phone lists were consulted to acquire phone numbers for nonprofits in the sample, however, phone numbers could be found for only 34.5 percent of nonprofits. In addition, many of these phone numbers were found to be incorrect. Therefore, it was determined that a phone survey would be unfeasible given the resource and time constraints for this study.

The sample database was provided by the Internal Revenue Service (IRS) and was based upon tabulations of IRS form 990, which is the federal filing form for tax exempt organizations. There were several reasons for choosing data obtained from form 990. First, this database contained the most nonprofits in northeastern California—any organization that has filed a form 990 in the last 10 years was included and any subsidiary or branch office of a larger nonprofit, if included in a form 990 filing, was included in the list. Second, form 990 tabulations are updated monthly and, therefore, provided the most recent list of nonprofits. Third, the database could be collected in a timely manner and imported into a master database.

It was determined that combining the IRS database with other databases would pose a couple of problems. First, the time and resources to deduplicate records was prohibitive and unfeasible, especially since several cases could be noted where one organization was listed under different

names in different databases. Second, it was found that combining databases would add no more than 5.5 percent of additional nonprofit organizations, which was determined not to be worth the time and cost given the already limited inclusion rate of nonprofit organizations.

There were 1,813 501(c)(3) nonprofit organizations listed in the 990 database. This figure is consistent with an estimate of 1,753 501(c)(3)s made by the California Association of Nonprofits in 1998. More information about the total number of nonprofits can be found in the section on the number of nonprofit organizations on page 7.

Questionnaires were mailed to a sample of 530 of the 1,813 nonprofit organizations in northeastern California. Thirty-eight surveys were returned as undeliverable and 36 were removed from the sample when a representative of the organization participated in a focus group. Of the 458 remaining surveys, 134 were returned completed, representing a 29.3 percent return rate. By comparison, another recent statewide survey, smaller than the one conducted for this report, generated a response rate of 24 percent¹⁸.

The results of the mail survey are presented throughout this document.

Determining the Number of Nonprofit Organizations

As explained previously, there are a number of lists of nonprofit organizations available free or for purchase. However, each database and data source has its own limitations and omissions that make macro analysis difficult.

This study used the database available from the Internal Revenue Service (IRS) because of its inclusion of subsidiaries and branch locations and its timeliness. However, the list does not include organizations that do not file IRS form 990. These include some religious organizations and any organization that does not collect over \$5,000 in revenue. Also, any organization with revenue between \$5,000 and \$24,999 is only required to file once every 10 years. Therefore, an organization in the IRS database may not have even been in existence for up to 10 years if they never receive \$25,000 in revenue and may include as few as zero organizations that never receive \$5,000 in revenue in any particular year.

Other list sources include the Registry of Charitable Trusts. This list includes organizations with assets of \$25,000 or greater. However, there are very few organizations that would never receive \$5,000 in revenue in any year over a 10-year period and have at least \$25,000 in assets. Therefore, this list is almost entirely a subset of the IRS list.

In California the Secretary of State keeps a list of all corporations, of which nonprofit organizations are a subset. Unfortunately, the corporate classification system adopted by the Secretary of State does not allow for separating all nonprofit organizations. While six of the eight corporate categories were 100 percent nonprofit organizations, nonprofit status cannot be determined for the remaining two, sole corporation and unclassified. Comparing numbers of nonprofits from the IRS database, it can be concluded that only about half of all nonprofits are

¹⁸ LaFrance Associates. Survey of Economic Impact and Preparedness Among California Nonprofits. November 20, 2001.

included in the six nonprofit categories. However, because sole corporation and unclassified classifications include all for-profit corporations, it is estimated that less than 10 percent of all “sole corporation” and “unclassified” corporations are nonprofit. Only a survey of those organizations could be used to determine their tax status.

Even non-list data sources contain data errors and omissions. Any data source using data from lists described above are subject to the limitations of the list and many organizations adjust the data in some manner, but these organizations may not always use a quantifiable manner, if the methodology is disclosed at all. Even data sources not dependent on the above lists have errors and omissions. Data from the U.S. Department of Commerce, which published information on tax-exempt organizations in the 1997 Economic Census, only covered organizations with paid employees. Nonemployer statistics only included for-profit establishments.

In 2001 the California Employment Development Department (EDD) conducted a survey of its data in an attempt to extract employment and payroll on nonprofits at the request of the Center for Civil Society Studies at Johns Hopkins University. Unfortunately, EDD's records could not include nonprofits if they were a subsidiary of a larger organization, such as a foundation set up by a for-profit corporation, and EDD could not include organizations that originally incorporated as a for-profit but changed their status to nonprofit in the six months prior to the study.

For this report, available data from the above lists and data sources were audited for accuracy. Data combinations were considered and adopted or rejected based on reliability and sensibility. The following methodology was used to determine the number of nonprofit organizations and 501(c)(3)s in northeastern California.

The total number of nonprofit organizations and 501(c)(3)s from the Internal Revenue Service's list of nonprofits was used as a proxy for the total number of all nonprofit and 501(c)(3) organizations. There is no indication of how many nonprofit organizations exist that do not file an IRS form 990, so there is no reliable way to account for this. However, based on the results of a mailer distributed to 265 nonprofits for which no phone number could be found in a phone list, about 23.7 percent of the 501(c)(3) organizations in the IRS list do not exist in northeastern California.

Economic Impact Analysis

CED executed the following methodology to analyze the economic benefit of nonprofit organizations in the nine-county region of northeastern California. This section includes an explanation of how CED analyzed economic benefits, a discussion of the model used, and the advantages and limitations of the model.

Data from the 1997 Economic Census and the Regional Input-Output Modeling System were used to estimate nonprofit employment, payroll, and revenue (Figure 1, page 1). This is the direct economic impact of nonprofit organizations.

CED entered the direct impact data into an economic model for analysis. The model estimates monetary transaction levels between individuals, businesses, government, and other institutions.

The model is used to calculate how much and how many times direct nonprofit spending is recirculated through the local economy. This is considered to be the indirect impact—or spending that would not happen without the direct spending. The model’s output includes indirect business revenue, payroll, and employment.

All payroll was assumed to be spent locally. There should be a slight degree of leakage outside of the nine-county region, but because of the region’s isolation and the fact that the region contains two retail centers, leakage should not be a significant percentage of total payroll. Nonprofit spending to private businesses has a much greater chance of leakage. CED used the economic model’s assumptions of leakage, which are based upon how much of what each industry needs to purchase in order to operate can be found locally and how much needs to be ordered from outside the region.

CED customized the economic model to reflect payroll and spending of nonprofit organizations in each industry sector in which these organizations can be found. This was done because jobs, payroll, and revenue for nonprofit organizations were not always reflected accurately in the model. CED utilizes IMPLAN software to run economic impact analyses because of its ability to allow the user to change industry revenue, payroll, and employment levels and to change the degree of monetary interaction between industries, individuals, and government.

CED performed three separate economic analyses: one analysis was made on all nonprofit organizations, a second analysis was made on nonprofits excluding hospitals and schools at the request of the client so that the impact of smaller nonprofit industries could be analyzed, and a third was made just on religious organizations because of the lack of information and research provided about religious organizations in previous statewide and national nonprofit impact analyses.

Indirect business and organizational revenue, payroll, and employment was compared with direct revenue, payroll, and employment to create the tables in the section addressing the economic impact of nonprofits starting on page 11.

Appendix B – Focus Group Questions

The following is the text of the interview plan prepared for the four focus groups held to collect information for this report. The four focus groups were held in Chico, Redding, Yreka, and Susanville in February 2002.

Opening Comments

Thank you for taking time out of your busy schedules to attend this focus group. My name is Ruth Guzley and I have been asked by the Center for Economic Development in Chico to conduct this focus group for their joint clients, the Grant and Resource Center and The McConnell Foundation. Helping me today is Mark Wasden, who will be recording the proceedings.

The Grant and Resource Center provides services to nonprofit organizations, schools, government agencies and grassroots community efforts. The Center provides workshops for all aspects of nonprofit management, board and staff training, research, consulting and maintains a nonprofit resource library. It provides services to nonprofit organizations in Butte, Glenn, Lassen, Modoc, Plumas, Shasta, Siskiyou, and Tehama and Trinity counties.

The McConnell Foundation is a private foundation established in 1965 by Carl F. and Leah McConnell. The Foundation currently grants in Shasta and Siskiyou counties (general grants program), and provides scholarships for high school seniors in Trinity, Shasta, Siskiyou and Modoc counties as well as sponsoring a week long environmental leadership camp in Yosemite for high school juniors. The Foundation's general grant areas of interest are: arts and culture, the environment, recreation, education (high school and above), community vitality and social services.

This focus group (and three others like it that will be held in the north state) are part of a larger study aimed at understanding the political, social, and economic impact of nonprofits in the nine county region (Butte, Glenn, Modoc, Lassen, Plumas, Shasta, Siskiyou, Tehama and Trinity). The focus groups are directed at the challenges nonprofits face today, how they are meeting those challenges and what their constraints are to conducting operations.

Your names were randomly selected from a database of nonprofit employees to participate in this focus group. How many of you have previously participated in a focus group? Briefly, a focus group is a group discussion guided by a facilitator on a topic of interest to a client. During our discussion this afternoon we want to know about certain aspects of your experience working in a nonprofit organization. I'll be asking you a series of questions about this experience. These questions are grouped into five topic areas and I'll tell you when we are moving from one topic area to another.

This will be an informal discussion but it's a good idea for us to keep it orderly to be certain everyone has an opportunity to talk. If no one else is talking you don't necessarily have to raise your hand to talk. When a number of you want to respond to a question, however, it will be

important that only one person is talking at a time so raise your hand and I'll be sure you get a chance to talk. Our recorder, Mark, will be writing down your comments BUT NOT YOUR NAMES. We are not interested in WHO makes comments, only WHAT you have to say about certain aspects of your nonprofit experience. In other words, your name will not be associated with your comments in any way. I've asked you to put your first names only on your name tent so that I can address you personally when you want to speak.

Before we get started here are a few important details about the format of our discussion:

1. As I said earlier, it will be informal, so if you would like to get up to get something to drink at any time during the discussion please do so.
2. We've provided you with a notepad and pencil so that you can jot down things you want to talk about in the discussion as you think of them.
3. The restrooms are located _____.
4. The telephones are located _____.
5. We'll take a 10-minute break about half way through the discussion.
6. As I said earlier, we appreciate you taking time out of your busy schedule to be here tonight and we promise to complete the discussion by the scheduled time.

Any questions before we begin?

Government Relations/Public Policy Activities/Advocacy

- What kind of interaction does your nonprofit have with government on a local level?
 - State level?
 - National level?
- From your perspective, what perception does local government have of your nonprofit?
 - State government?
 - National government?
 - What evidence do you have of this perception?
- What can your nonprofit do to improve interactions with local government?
 - State government?
 - National government?
- What motivation does your nonprofit have for becoming involved in public policy making?
- What is your board's attitude toward involvement in the public policy making process?
- What barriers exist to your nonprofit's involvement in the policy making process?

- Do you currently provide information about your organization's activities/goals to public policy makers?
 - Why/Why not?
 - What barriers exist to you providing such information?

Desire for Growth/Expansion of Organization or Services

- If you could make any operational changes within your organization—unconstrained by budget or personnel issues—what changes would those changes be?
 - How would these changes improve the functioning of your organization?
- If you could make any management changes within your organization—unconstrained by budget or personnel issues—what changes would those be?
 - How would these changes improve the functioning of your organization?
- What external factors interfere with your organization accomplishing its goals?
 - What, if anything, might be done to alleviate these factors?

Training

- What types of training have you received in conjunction with your nonprofit job?
 - Where have you received this training? (e.g., community colleges/universities, seminars, on-line)
 - To what extent has this training been effective?
 - Please explain.
- What other kinds of training would help you to do your job better?
 - Please explain.
- What other people in your organization need additional training?
 - What types of training do they need and why?
- What, if anything, prevents you and other people in your nonprofit from receiving more training?

Collaboration

- Does your organization collaborate with other organizations (nonprofit, profit) to achieve its goals?
 - Why do you collaborate?
 - In what ways do you collaborate? (e.g., do you share staff, office space)
 - To what extent have these collaborations been successful?

- How important are collaborative efforts to the success of your organization achieving its goals?
- What barriers (internal and/or external) exist to your organization working closely with other organizations?

Challenges/Opportunities

- Beyond the challenges we've already discussed, what additional challenges do you face in doing your job successfully? (e.g., operational, funding, provision of services, job skills)
 - What (if anything) can be done to overcome these challenges?
- What is your vision of your organization's future?

Appendix C – Survey of Nonprofits in Northeastern California

The following is the text of the Survey of Nonprofits in Northeastern California. The survey was first distributed in November 2001 and the final tabulation of responses was made at the beginning of April 2002.

Please distribute this questionnaire to the executive director of your organization, if this person is available. Otherwise, please distribute this questionnaire to the representative who knows the most about this organization.

All of the answers that you provide will be held in strict confidence, and all data will be aggregated and reported as averages. Thank you for your participation.

1. In what year was your organization founded?
(1776-2001) _____

2. Which of the following best describes the primary focus of your organization:
 - Business and research services** (includes research institutions, management and public relations services, and convention bureaus)
 - Philanthropic, volunteerism, and grant-making services** (includes independent, corporate, and community foundations, federated giving programs, and alternative funds)
 - Religious activities and services** (includes all faith-based organizations, even if they deliver services classified under other categories)
 - Membership services** (includes trade associations, professional membership, political, and labor organizations)
 - Community services** (includes civic and environmental improvement, social justice, animal welfare, and other organizations that seek change)
 - Cultural, historical, arts and recreation services** (includes performing and visual arts, museums, gardens, and other social and cultural organizations)
 - Educational services** (includes K-12 and vocational schools, libraries)
 - Health services** (includes hospitals, nursing and personal care organizations, and medical and dental clinics), or
 - Social services** (includes family service agencies, senior citizen centers, battered women's shelters, food banks, and disaster relief services)?

The next few questions focus on your organization's budget.
--

3. What was your organization's total annual budget for the last fiscal year?
(1-250,000,000) _____

- 3a. During the last fiscal year, did your organization have an operating surplus, or a deficit?
 - Surplus
 - Deficit
 - Neither (zero balance at the end of the fiscal year)

- 3a1. In light of the current economic situation, have you experienced a decrease in funding during this fiscal year?
 - Yes
 - No

- 3b. Do you anticipate a decrease in funding during this fiscal year?
 - Yes
 - No

- 3c. Do you have an operating reserve in your current fiscal year budget?
 - Yes
 - No (skip to question 3f)

- 3e. How many months of operating expenses do you have in reserve?
(0-99) _____

- 3e1. Have you been informed about a decrease in funding over the next fiscal year?
 - Yes
 - No

The next few questions focus on <u>approximately</u> what percent of funds for your current operating budget comes from the following sources.

- 3f. About what percentage would you estimate came from government funding in the last fiscal year?
(0-100) _____

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- 3f1. About what percentage came from dues, fees and charges?
(0-100)_____
- 3f2. Private contributions?
(0-100)_____
- 3f3. Corporate donations?
(0-100)_____
- 3f4. Foundation grants?
(0-100)_____
- 3f5. What percentage came from other sources?
(0-100)_____
- 3g. Does your organization have a permanent endowment?
 Yes
 No

The next few questions focus on your employees, including volunteers.

4. Is this an all volunteer organization?
 Yes (skip to question 5b)
 No
- 4a. Including board and committee members, how many volunteers work for your organization?
(0-5000)_____
- 4a1. How many **full-time** employees work for your organization?
(0-5000)_____
- 4c. During the last fiscal year, did your staff increase, decrease, or remain about the same?
 Increase
 Decrease
 Remain about the same
- 4d. What about during the past five fiscal years? Did your staff increase, decrease, or remain about the same during the past five years?
 Increase
 Decrease
 Remain about the same
- 4d1. During the last fiscal year, what was your annual payroll for salaries and wages excluding employee benefits?
(0-50,000,000)_____

- 4d2. What was your total annual expense for employee benefits including workers compensation?
(0-50,000,000)_____
- 4e. How many of your employees have post-graduate college degrees, such as master's, doctorates, or law degrees?
(0-5000)_____
- 4f. How many have an undergraduate college degree, but no post-graduate college degrees?
(0-5000)_____
- 4g. What are the barriers to recruiting and retaining qualified employees:
 Wages
 Lack of qualified people, or
 Some other
 No barriers
- 5b. Do you budget for training or professional development?
 Yes
 No

The next few questions focus on the types of activities that are performed by volunteers and your board of directors.

- 6a. Do volunteers work for you in fundraising?
 Yes
 No
- 6a1. Are they involved in direct services and program operations?
 Yes
 No
- 6a2. Do your volunteers engage in advocacy for your organization?
 Yes
 No
- 6a3. Professional services, such as legal, accounting, and public relations?
 Yes
 No
- 6a4. Administrative or clerical support?
 Yes
 No
- 6a5. Are your volunteers involved in any other activities in your organization?
 Yes
 No (skip to question 6b)

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- 6a. What other activities are your volunteers involved in?
(fill)_____
- 6b. How many members serve on your board of directors?
(0-99)_____
- 6c. Are any of your board members involved in fundraising for your organization?
 Yes
 No
- 6d. About how many total volunteer hours did all of your volunteers including board and committee members work for your organization during the last fiscal year?
(0-100,000)_____

The next few questions focus on any interaction your organization has with government. By government we mean officials at any level (local, state or federal) who work at any government institution (legislative, executive, administrative agency, boards and commissions, judicial).

7. Is your organization a dues paying member of one or more associations that represent you or your interests with government?
 Yes
 No
8. Do one or more persons in your organization have responsibility for government relations or public policy?
 Yes
 No (skip to question 11)
- 8a. What is the person's title who has primary responsibility?
 Executive Director
 Staff member
 Volunteer
 Board Member
 Lobbyist or other outside professional, or
 Some other

The next few questions focus on why your organization is or has been involved with government officials or agencies.

11. Has your organization been involved with government officials or agencies related to opportunities to obtain government funding?
 Yes
 No

- 11a. How about protecting government programs that serve your clients?
 Yes
 No
 Does not apply
- 11b. Are there other reasons your organization has become involved in the public policymaking process?
 Yes
 No (skip to question 12a)
- 11b1. What was this other reason?
(fill)_____

The next few questions focus on possible means of communicating and interacting with people in government. Please indicate how frequently your organization engages in these interactions with government.

- 12a. How often would you say that representatives of your organization lobby for or against a proposed bill or other policy (local, state, federal)?
 Four or more times a year
 Two or three times a year
 Once a year or less, or
 Never?
- 12b. What about encouraging others to write, call, fax or e-mail policymakers?
 Four or more times a year
 Two or three times a year
 Once a year or less, or
 Never
- 12c. What about providing information to the media, the public or to policymakers?
 Four or more times a year
 Two or three times a year
 Once a year or less
 Never

The next few questions relate to barriers to your organization's involvement in the public policymaking process. Please indicate if each of the following is a barrier to your organization's involvement in the policymaking process.

13. Are tax laws or IRS regulations a barrier to your organization's involvement in the public policymaking process?
 Yes
 No

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- 13a. How about receipt of government funds?
 Yes
 No
- 13b. Receipt of foundation funds?
 Yes
 No
- 13c. Limited financial resources?
 Yes
 No
- 13d. Advice from attorneys or accountants?
 Yes
 No
- 13e. Possible alienation of donors?
 Yes
 No
- 13f. Possible alienation of government officials?
 Yes
 No
- 13g. Are there any other barriers to your organization's involvement in the policymaking process?
 Yes
 No (skip to question 14)
- 13g1. What is that barrier?
(fill) _____

The remaining few questions focus on your planning, facilities, and the geographical extent to which you provide services.

14. Does your organization have a current strategic plan?
 Yes
 No

15. Do you have dedicated facilities including offices?
 Yes
 No (skip to question 16)
- 15a. How many buildings?
(1-900) _____
- 15b. Do you rent or own these facilities?
 Rent
 Own
 Both
16. This study is focused on Butte, Glenn, Lassen, Modoc, Plumas, Shasta, Siskiyou, Tehama and Trinity counties. In which of these counties does your organization provide services?
 Butte
 Glenn
 Lassen
 Modoc
 Plumas
 Shasta
 Siskiyou
 Tehama
 Trinity
- 16d. Do you provide services in any counties other than Butte, Glenn, Lassen, Modoc, Plumas, Shasta, Siskiyou, Tehama, or Trinity?
 Yes
 No

Thank you for completing the survey. If you would like a copy of the results, please contact Beth Freeman at the Shasta Regional Community Foundation (530-244-0905).