

# Monterey County Non-Profit Industry



# For the Common Good



Economic Impact Report  
2005



# For the Common Good:

## The Economic Impact of Monterey County's Nonprofit Industry

“Not only do the potentialities of a powerful and even dominant third sector now exist across the globe, but, in a very real sense, collaborative, common action precedes government and the market—both historically and logically—and is essential to constituting both”

Roger A. Lohmann, Ph.D.

“The Commons: Our Mission If We Choose to Accept It”, The Nonprofit Quarterly 10(2):6-12, 2003.

Funding provided by: The Harden Foundation

Research, Evaluation, and Assessment Program  
ACTION Council of Monterey County  
369 Main Street, Suite M  
Salinas, CA 93901  
[www.actioncouncil.org](http://www.actioncouncil.org)

Copyright © 2005  
ACTION Council of Monterey County

The ACTION Council of Monterey County was created in 1994, in the wake of welfare reform, to address the reduction in government funding for health and human services for low-income and vulnerable people. Our goals are: to create public/private partnerships to promote economic and social justice; to initiate community dialogue and action on critical issues; to provide a focal point for achieving community transformation and to develop resources to facilitate needed change.

## Table of Contents

Executive Summary	2
Why Study Nonprofits	3
Methodology	5
Nonprofits in Monterey County	6
Nonprofit Finances	7
Employment	11
The Multiplier Effect	13
Volunteerism	15
Programs and Services	17
Conclusions	18
Endnotes	19
Appendices:	21
1. Comparison of Nonprofit Organizations by Type and Data Source	
2. NCCS Databases	
3. Nonprofit Economic Survey	
Acknowledgements	27



## Executive Summary

Nonprofit organizations play a vital role in sustaining Monterey County's economic and social health. The purpose of this study is to tell the story of local nonprofits, to demonstrate their collective strength and impact on the local economy. In this study, the nonprofit industry is defined as 501(c)(3) public benefit organizations registered in Monterey County. This study relies upon economic data reported to state and federal agencies, and data collected locally through survey research and interviews with nonprofit organization managers. As a result of our research efforts we have learned the following:

- ⇒ There are total of 1,212 registered nonprofits in Monterey County (IRS Business Master file, April 2004). However, only 433 had operations large enough to meet the IRS reporting requirements. Monterey County has fewer nonprofit organizations per capita (2.9 per 1,000 people) than California (3.7) overall. Human services (33% of all organizations) constituted the largest segment of the nonprofit sector, followed by arts (17%) and education (16%).
- ⇒ Nonprofits had a direct economic impact, as measured by expenditures, of over \$824 million in 2002. More than 80% of this \$824 million stayed in the local economy through purchases of goods and services from Monterey County businesses, and payment of salaries and wages paid to nonprofit employees residing in Monterey County.
- ⇒ Nonprofits reported expenditures of \$212 million on salaries/wages and other compensation, and paid nearly \$16 million in payroll taxes.
- ⇒ Nonprofit organizations reported revenues of over \$875 million, with an estimated \$175 million of this originating from sources outside of Monterey County. Respondents to the Nonprofit Economic Survey alone reported \$123 million in revenue from sources outside of Monterey County in the 2003-2004 fiscal year.
- ⇒ Nonprofits employed nearly 8,000 people in 2001 according to a study by the California Association of Nonprofits. This is similar in size to both the construction and manufacturing sectors in Monterey County. Both full-time and part-time employment has increased notably since 1998. Overall, nonprofits expect further growth in employment in the next two years, although the majority of nonprofits do not expect to add any positions during this time. Few nonprofits (less than 4%) anticipate eliminating positions in the next two years.
- ⇒ The total economic impact of the nonprofit industry on Monterey County's economy, including direct and indirect effects, is \$1.5 billion a year. Expanding the geographic scope statewide, local nonprofits have a \$2 billion impact on the state economy. In addition to direct employment, they indirectly support an additional 4,400 jobs. This constitutes a total employment impact of over 12,000 jobs locally, and over 14,000 jobs statewide.
- ⇒ Nonprofits reported over 1.3 million hours of volunteer service to their organizations in 2003-2004. For the typical nonprofit this represents approximately 1,600 hours per year. Survey respondents reported 15,243 total volunteers. In-kind contributions totaled in excess of \$10.7 million.
- ⇒ Monterey County nonprofit organizations serve everyone. Collectively, they reported reaching more than 3 million people through direct services in 2003-2004. The typical nonprofit reported reaching approximately 1,700 people per year
- ⇒ Most (63%) nonprofits anticipate reaching more people through direct services in the next two years, and (70%) expect the demand for their services to continue to increase during this time. Very few anticipate reaching fewer people (4.4%) in the near future, and even fewer nonprofit organizations expect the demand for their services to be lower (2%).
- ⇒ Three-fourths of nonprofits reported serving the entire county. In addition to serving the local community, nearly one-third indicated they served areas outside of Monterey County.
- ⇒ Nonprofits help reduce the burden to taxpayers and improve the standard of living in the county by providing a myriad of services that are cost-effective alternatives to government-led programs, divert those at risk from entering child welfare and criminal justice systems and support county residents as they move toward more successful, productive lives.

## Why Study Nonprofits and their Economic Impact?

The nonprofit industry plays a vital role in Monterey County's economic and social health. A strong economy requires a healthy, thriving community made up of individuals working and playing together — actively participating and engaged in improving their lives and the community as a whole. Nonprofits play a major role in building community, preserving culture and helping residents to prosper.

However, in local discussions and decision-making processes related to economic development, the nonprofit sector is frequently overlooked. The reason for this exclusion stems, in part, from the lack of a clear identity as a unique segment of the economy. Non-profits are defined in our culture by what they are “not”: not corporate, not commercial, not-for-profit. In other countries they are called non-governmental organizations (NGOs): not quite public, not quite tax-supported. This language makes it difficult to define, in a sound bite, just what this industry actually is.

### A Proposed Definition

“Third Sector” organizations are serving millions of human beings in neighborhoods and communities around the world. They are the institutions most responsible for preserving and enhancing all of the various dimensions of local cultures. The reach and scope of their activities often eclipse that of both the government and commercial sectors. Third Sector organizations carry on many of the most basic functions necessary for the maintenance of democratic societies. They are the lightning rods for challenging institutional abuses of power and for articulating social grievances. They provide a helping hand to newly arrived immigrants and to the nation's poor. Nonprofit organizations preserve the history and cultural traditions of a people by operating museums and libraries. They are the institutions in which people first learn how to practice civic values and exercise democratic skills. Third Sector religious and therapeutic organizations provide refuges where people can explore the spiritual dimensions of their lives, independent of the pull of market and government. Equally important, the Third Sector is where people create and practice the shared values by which they choose to live. It is the playing field where the culture in all of its richness is maintained.

Excerpt from economist Jeremy Rifkin's *The Age of Access: The New Culture of Hypercapitalism Where All of Life is a Paid-for-Experience*.

In contrast to the frequently cited economic anchors of the county — agriculture and tourism — nonprofit organizations are neither confined to, nor defined as, a specific industry in the economy. Nonprofits span a wide variety of industries

within the local economy—education, job-training, hospitals and health services, social services, housing, environmental protection, youth development, and religious/spiritual. What distinguishes the nonprofit sector is not how it does what it does, but rather, why. While there is considerable diversity in the array services they provide, they do share a common underlying purpose—to serve the public good.

This distinguishing feature of nonprofits, by its very nature, places them in a unique position to act as leading forces in local economic development. Nonprofit organizations routinely provide services demanded in the economy that are not provided by the for-profit firms (either too risky or not profitable), and they meet this demand at considerably lower cost than could be supplied by either the for-profit business sector or by the public sector. Indeed, nonprofits prove to be a powerful and effective mechanism for addressing collective community interests. In the course of their work they have a significant direct economic impact in the community – even before considering the more frequently noted and well-understood societal quality of life impacts provided by the nonprofit sector. Like all businesses, the nonprofit sector has been impacted by the downturn in the economy and the fiscal cutbacks in the public sector. But the very problems that drive revenue declines produce an increase in demand /need for the services provided by the nonprofit sector. Fortunately, nonprofits prove to be resilient organizations that continue to find ways to provide more even when receiving less.

The purpose of this study is to tell the story of local nonprofits by demonstrating their collective strength and impact on the local economy. The size and scope of the nonprofit industry is remarkable. It has a nearly \$1 billion a year impact in the local economy, and this impact is even greater when considering multiplier effects. Nonprofits bring in millions of ‘new’ dollars to the local economy every year through grants, contracted services, and contributions from outside the county that are spent here to positively impact our well-being. They employ thousands of people and their activity sustains thousands of additional jobs. While more difficult to express quantitatively, nonprofits also contribute to the economic vitality of the community by providing services that are more cost-effective than alternatives provided either by business or government, and by providing the services needed to create a more productive workforce.

We begin by describing the nonprofit industry in Monterey County—the number of organizations, the type of services they offer, and their distribution throughout the county. Next, the analysis focuses on the direct and indirect economic impacts of the nonprofit industry in the local economy – its output, its employment, its revenue sources. After the economic analysis we examine the impact

# Reclaiming Children's Potential

## Chartwell School

"I finally feel smart again."

Words from a child whose teacher said he was retarded and would never graduate from high school. His family brought him to Chartwell and now he's going to San Jose State. The school serves children, ages 6 – 14, with language and learning disabilities. Through small class sizes, counseling and research-based instruction, Chartwell helps children develop the strategies and skills necessary to return to mainstream school in 2 – 4 years, with the ability to function both academically and socially.

The incidence of learning disabilities is very high for youth on probation or with substance abuse problems. Learning disabled kids are often so bright they can make it through school at a very low level. Chartwell educators believe that if they have the opportunity to intervene early in a child's life, they can help save the expense and heartache of all the bad choices kids make. If the children's families know to seek help, those children have the chance to really excel.

"One child read out loud for the first time and he found words to describe the emotions he had felt from a family tragedy. Reading allowed him to tap into those emotions and helped him be more fully human."

— Teresa Brown, Business Manager





of nonprofit volunteerism, and the magnitude of direct service provided by the nonprofits. The final component of this study is an examination of the broader socioeconomic quality of life impacts on nonprofits—a robust community with a vibrant culture that attracts business(es) and talented people, and an array of programs that assist people in overcoming barriers to their success in becoming healthy, productive employed citizens.

## Methodology and Data

For the Common Good focuses solely on nonprofit public-benefit corporations in Monterey County. The term nonprofit refers to a classification that indicates an organization exists to benefit the public, rather than for the benefit of its 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. The 501(c)(3) classification, to which this study is restricted, 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.

This study of the nonprofit industry relies upon a variety of economic and financial data reported to government agencies, as well as primary data collected locally through surveys and interviews with nonprofit managers. The principal source for the economic and financial analysis is a database obtained from the National Center for Charitable Statistics (NCCS), which is a program of the Urban Institute. This database represents the most current (2002) and complete set of nonprofit financial data, and as such, is the source utilized for the industry-level analyses—including the economic impact calculations.<sup>1</sup>

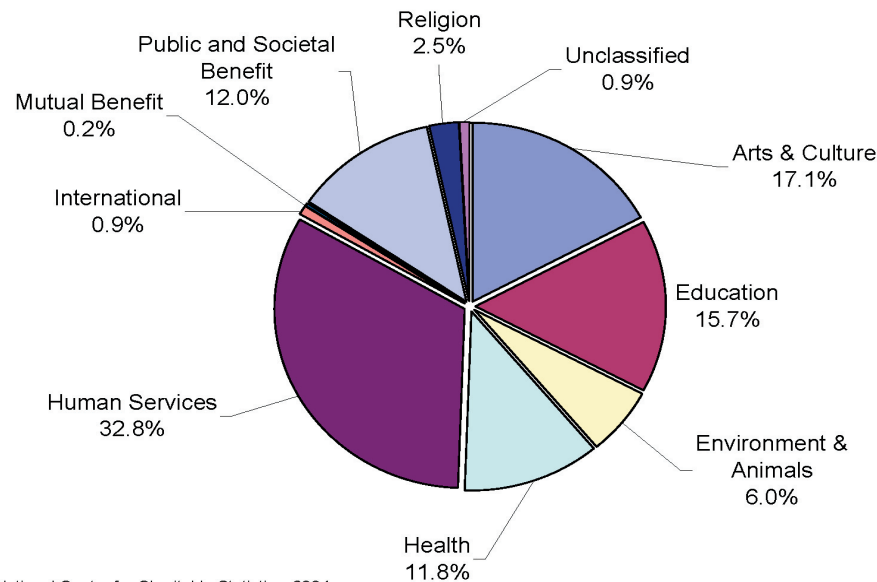
A second important source of data is the Nonprofit Economic Survey (NES) conducted between September and November of 2004. This survey was based upon a similar instrument used in a study of Michigan's nonprofit sector in 2000. The survey was implemented in two forms: a long (or full) version, and a short (or partial) version. The long version (NES-L) was conducted on-line, and 73 organizations responded. The short version of the survey was distributed by mail to organizations that had not responded to the long version. This follow-up strategy allowed us to collect responses from an additional 51 organizations. The combined survey results provide information on 124 local nonprofits – or approximately 28% of the organizations in the NCCS data source. Organizations were asked to submit

data for their most recent reporting year. For most organizations this was 2003. This survey collected many of the same financial elements contained in the NCCS Core file, and where applicable the results from both data sources are reported in this study. Beyond the financial data common to both datasets, the survey was a source of many pieces of data not otherwise available—including the percentage of revenues and expenditures based within Monterey County versus outside the county, full-time and part-time employment, volunteer service, and details about their programs and services.

In addition to the primary data collected through the NES survey, we also conducted interviews with several nonprofit managers in Monterey County. These interviews focused on the socioeconomic benefits of local nonprofits, and their responses form the basis for the nonprofit stories (or vignettes) presented in this report. The organizations interviewed were selected based upon three principal criteria (in addition to their willingness to participate): (1) they completed the NES-L survey, (2) they provided informative responses to the survey's open-ended portion concerning the cost-effectiveness and economic impact of their services, and (3) together they reflected the diversity of nonprofit agencies in Monterey County.

As with any research exercise, it is important to understand the specific characteristics and limitations of the data and methods being utilized. In this regard, a few points are necessary to keep in mind. First, the NCCS database excludes nonprofits operating in Monterey County that are based elsewhere even though they are providing services and impacting the local economy. This has the effect of reducing the full scope of nonprofit economic activity since they are not included in the economic impact analysis. In addition, this database describes the nonprofit industry at a specific point-in-time (2002), and does not allow for analysis of trends over time. Trend analysis, over a five-year (1998-2003) period, is possible for specific items from the NES-L survey, but this information is limited to 73 nonprofit respondents. Another important feature of the data to keep in mind is the influence of large organizations on the industry-wide totals provided. A relatively small number of large organizations account for a significant portion of the economic activity of the nonprofit industry—not unlike any other industry in a county the size of Monterey. Therefore, in addition to reporting industry-level totals we also frequently refer to median responses to illustrate the 'typical' nonprofit organization in Monterey County.

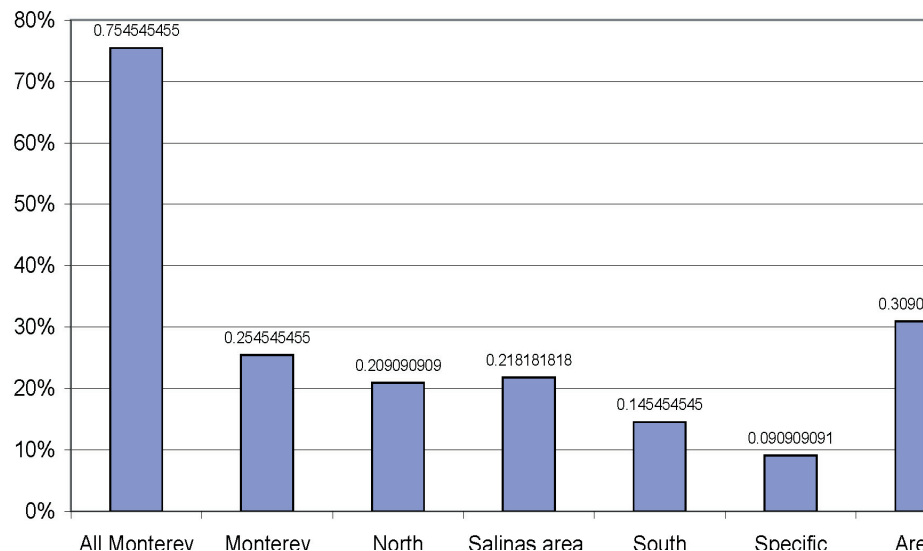
## NONPROFIT ORGANIZATIONS BY TYPE



Source: National Center for Charitable Statistics, 2004

## AREAS SERVED BY NONPROFIT ORGANIZATIONS

## AREAS SERVED BY LOCAL NONPROFITS



## Nonprofits in Monterey County

The most recent data available indicates that there are 1,212 501(c)(3) public-benefit corporations in Monterey County<sup>2</sup>. This number represents all non-profits currently recognized by the Internal Revenue Service, active or inactive, large or small, and with or without reported income. Thus, this includes nonprofits of every shape, size, and purpose – large hospitals, education institutions, youth sports leagues, school parent-teacher clubs, arts associations, environmental groups, and religious organizations. In Monterey County, there are 2.9 nonprofit organizations per 1,000 population, which is substantially below the rate for California (3.7 per 1,000 population), but is higher than the rate nationally (2.0 per 1,000 population). However, most of these organizations have limited income and operations, and have no dedicated staff. In fact, only 433, or roughly one-third, of these organizations operate at a level that requires filing of income statements with the Internal Revenue Service<sup>3</sup>. So while it is important to acknowledge and recognize the total number of nonprofits in the county, the principal focus of this study is on this subset of organizations – not only because there is data available, but, because they are the agencies that are providing services in the community and impacting our local economy.

Among nonprofits operating in Monterey County, human services organizations constituted the largest segment of the industry with 33%. The next largest segments are arts and culture with 17%, and education (private not public) with 16%. Nonprofits are found throughout the different communities in the county. Most nonprofits are located either in the Monterey Peninsula (62%) or the Salinas (30%) areas. As may be expected, the rural areas of the county (the northern and southern regions) have fewer nonprofits—only 8%. In terms of specific cities in the county, Salinas, with 130, and Monterey, with 115, have the largest number of nonprofit organizations.

Irrespective of where nonprofit organizations are based they typically serve the entire county. The NES survey results found that 76% of nonprofits reported serving the entire county. When specific areas of the county were cited, 26% reported the Monterey Peninsula, 22% the Salinas area, and 21% the North Monterey County area. Frequently, the mission of Monterey County's nonprofit agencies takes them beyond the county line—nearly one-third of survey respondents indicated that their service area included areas outside of Monterey County.

## Nonprofit Finances

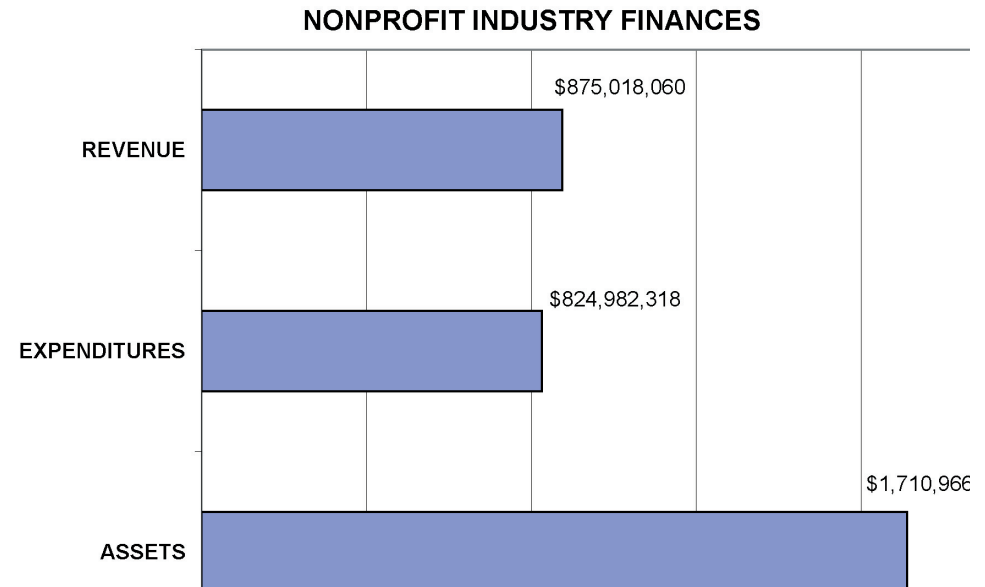
As an industry, Monterey County nonprofits generated \$875 million in revenue and recorded \$824 million in expenditures in 2002.<sup>4</sup> The subset of nonprofits that completed the NES survey alone reported over \$520 million in revenues and nearly \$495 million in expenditures. The nonprofit industry mirrors its for-profit counterparts in counting among its membership some of the largest businesses in the county. However, it is important to keep in mind that most nonprofits are small businesses. Compared to California, the nonprofit sector in Monterey County consists of more small organizations. In Monterey County, more than 1-in-4 nonprofits have annual revenues under \$50,000, and 42% earned under \$100,000 a year. The typical nonprofit in Monterey County reported about \$126,000 in revenue and \$121,000 in expenditures according to 2002 data from IRS 990 filings. At the other end of the economic scale, 17% of nonprofits reported revenues in excess of \$1 million, and 7% earned in excess of \$3 million. In fact, these largest nonprofits accounted for nearly 85% of total nonprofit revenues in the county.

In financial terms, the largest segment of the nonprofit industry is health services. Health organizations represent only 6% of the nonprofits in the county, but they are responsible for \$504 million in revenue and \$479 million in expenditures—or 58% of all revenues and expenditures in the nonprofit industry. Education (private not public) is the next largest segment, accounting for 13% of all revenue (\$115 million), and 15% of all expenditures (\$121 million) made by Monterey County nonprofit organizations. Animal-related organizations are the third largest category, with \$67 million in revenue and \$63 million in expenditures.

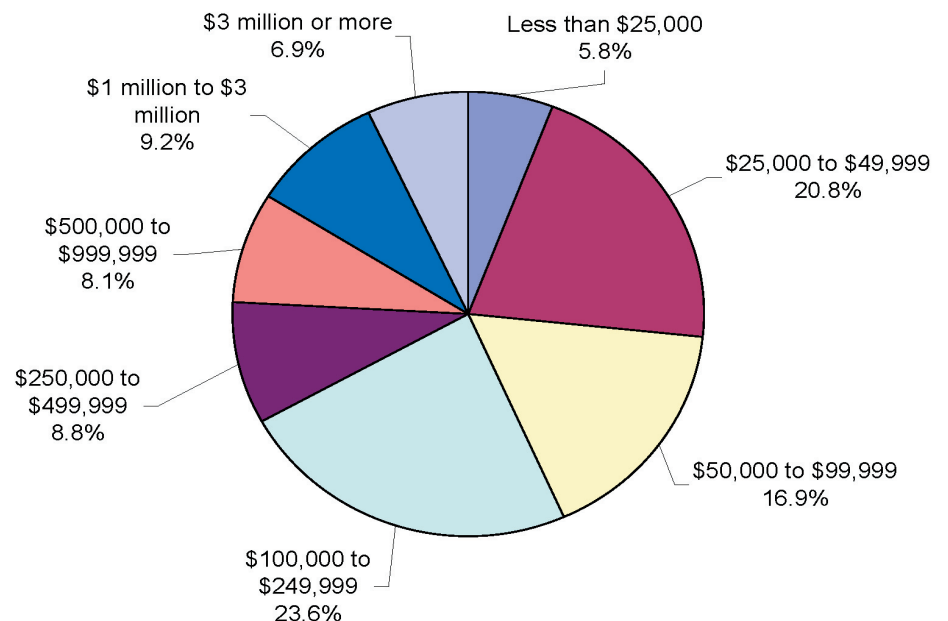
Nonprofit organizations receive their revenue from a variety of sources—fees for services, contracts, grants from government agencies or foundations, private contributions, special events, and membership dues. Since the nonprofit economy is primarily a service-based rather than product-based industry, its income, to a large degree, is earned through the services it provides to individuals, groups, and the community. In this regard nonprofits are no different than businesses such as doctors, lawyers, bookkeepers, counselors, and architects. In fact, the majority (68%) of nonprofit revenue in Monterey County is earned through program service fees. The next largest source is through contributions, gifts, and grants (26%). Together these sources account for 94% of local nonprofit revenue. The source of nonprofit revenue varies considerably across the different segments of the industry. For example, revenue from program service fees represented 90% of all revenue for health organizations, but only 57% for education organizations, and only 28% for animal-related or-

The ACTION Council of Monterey County

### NONPROFIT INDUSTRY FINANCES



### NONPROFITS BY LEVEL OF REVENUE



# Building Healthy Families

## Sun Street Centers

“I’m a taxpayer and I’m real proud of that.”

Sun Street Centers provide alcohol and drug treatment, recovery, and transitional housing and prevention services, assisting anyone who needs help. When individuals are in these programs, their motivation is to get clean and sober: not in jail (saving county dollars), not committing crimes, get their kids back (out of the child welfare system), off probation, employed and off welfare, in school so they are able to get a better job. They no longer take from the system and often take pride in giving back.

Their philosophy and purpose goes well beyond helping individuals succeed.

“Our goal is to build healthy environments, which build healthy communities, which build healthy families. We give neighborhoods a voice.”

Through their efforts in neighborhood and community facilitation, teaching media advocacy to communicate message and policy development to create change, whole neighborhoods are empowered to become advocates – developing strong neighborhood clusters that take stands at public meetings on bettering their environment. One group in East Alisal was able to stop the opening of yet another alcohol outlet in their neighborhood, making it a safer place for themselves and their children.

— Linda Sanchez, Executive Director





ganizations. In contrast, contributions, gifts and grants accounted for 7% of health revenues, but comprised 40% of education, and 60% of animal-related organizations revenue.

When the health sector is separated out from other nonprofit organizations we do find that a higher percent of funds are derived from contributions, grants, and gifts instead of program service revenues—just over one-half (51%). Among non-health-related nonprofits program service fees represent just 39% of revenues. In this analysis it is important to note that the NCCS database utilized in this study combines revenue from contributions, gifts, and grants into a single category—even though grants to nonprofits typically represent revenue in exchange for services provided.

The findings from the Nonprofit Economic Survey indicate that a significant amount of local nonprofit revenue is generated from sources outside Monterey County—money that otherwise would not be brought into the local economy. The typical nonprofit reported that it received 20% of its annual revenue from sources outside of the county. The NES survey respondents alone reported \$123 million in revenue from external source for the most recent fiscal year. If we apply a conservative estimate across the entire nonprofit industry, this represents an infusion of at least \$175 million a year into the local economy<sup>5</sup>.

Given the nature of the data sources utilized in this study, there are fewer detailed data elements on nonprofit expenditures that are reliable and comparable<sup>6</sup>. However, the aggregate information needed for our economic impact analysis is available—total expenditures (output) and salaries and wages (income). Overall, nonprofits reported expenditures of \$824 million in 2002. By themselves, NES survey respondents reported expenditures of \$494 million. The largest single category of expenditure was salary, wages and other compensation, which totaled \$213 million, or 31% of expenditures. Similar results were obtained from the NES survey data, with 34% of reported expenditures related to salaries and wages. This is not surprising considering that nonprofits are a service rather than product based industry. The survey results also indicate that the typical nonprofit purchases 80% of the goods and services it needs to operate from Monterey County businesses.

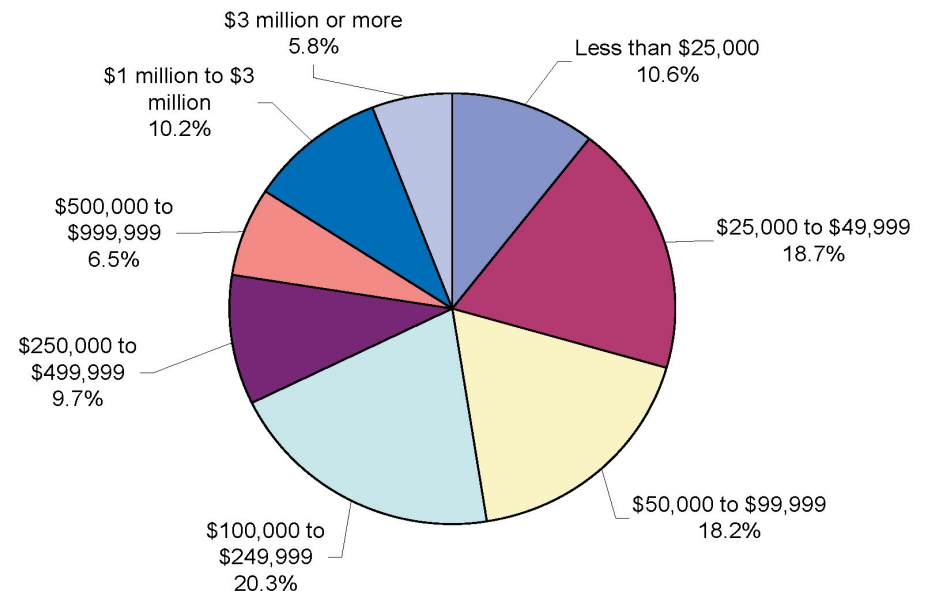
Local nonprofit agencies also control considerable assets—approximately \$1.7 billion as of 2002. Not surprisingly, health organizations again accounted for the largest share, with \$726 million in assets, followed by education with \$259 million, animal-related organizations with \$206 million, and environmental organizations with \$112 million. While

#### NONPROFIT REVENUE BY SOURCE

SOURCE	AMOUNT	PERCENT
Contributions, Gifts, and Grants	\$222,843,154	25.5%
Program Service Revenue	\$597,042,820	68.2%
Membership Dues and Assessment:	\$8,752,072	1.0%
Rental Income	\$5,207,761	0.6%
Other Investment Income	\$20,373,992	2.3%
Income from Special Events	\$7,406,240	0.8%
Other Revenue	\$13,392,081	1.5%
<b>Total Revenue</b>	<b>\$875,018,120</b>	<b>100.0%</b>

Source: National Center for Charitable Statistics

#### NONPROFITS BY SIZE OF EXPENDITURES





these numbers are significant in aggregate, most individual nonprofits have more limited assets. The typical nonprofit organization reported end-of-year assets of approximately \$120,000—or an amount nearly equivalent to the annual revenue and expenditure of the typical nonprofit.

During the period between 1998 and 2003 most nonprofits (76%) reported budget increases, while (24%) experienced a budget decrease based upon results from the Nonprofit Economic Survey. Among nonprofits that saw budget increases during this time, the median increase was 52%. For nonprofits that saw declines, the median decline was 15%. However, this look at the most recent five-year budgetary trend obscures more recent budgetary pressures on nonprofit organizations. In 1998, the base year for comparison, the state and local economy was still expanding rapidly; but by 2003, the local economy was feeling the effects of

the 'dot-com' bust, September 11<sup>th</sup>, and state and local government fiscal crises. When surveyed about more recent budget changes in May 2003, 64% of the 136 Monterey County nonprofit agencies that responded reported that they experienced a decrease in overall funding for that fiscal year<sup>7</sup>.

### NONPROFIT ORGANIZATIONS FINANCES BY INDUSTRY

INDUSTRY	NUMBER	EXPENSES	REVENUES	ASSETS
A Arts, Culture, Humanities	74	\$21,998,309	\$25,124,397	\$57,646,034
B Education	68	\$121,306,906	\$115,309,213	\$258,622,635
C Environmental Quality, Protection, and Beautification	15	\$5,389,705	\$5,631,720	\$112,086,109
D Animal-Related	11	\$62,930,989	\$66,861,102	\$206,973,245
E Health	24	\$479,112,849	\$503,865,162	\$726,770,327
F Mental Health, Crisis Intervention	14	\$13,961,713	\$14,880,270	\$17,649,675
G Diseases, Disorders, Medical Disciplines	9	\$3,958,124	\$4,042,540	\$5,248,631
H Medical Research	4	\$876,572	\$641,328	\$378,977
I Crime, Legal Related	8	\$3,711,563	\$4,032,806	\$2,458,717
J Employment, Job Related	2	\$378,321	\$550,935	\$2,640,878
K Food, Agriculture, and Nutrition	8	\$11,090,949	\$12,138,073	\$7,409,457
L Housing, Shelter	17	\$12,550,038	\$13,672,500	\$62,196,337
M Public Safety	6	\$358,357	\$597,970	\$1,676,852
N Recreation, Sports, Leisure, Athletics	42	\$6,882,691	\$7,896,920	\$7,946,514
O Youth Development	19	\$7,634,644	\$7,875,025	\$23,530,942
P Human Services - Multipurpose and Other	40	\$40,622,295	\$39,210,949	\$96,612,740
Q International, Foreign Affairs, and National Security	4	\$267,030	\$227,022	\$118,120
R Civil Rights, Social Action, Advocacy	2	\$422,970	\$347,072	\$378,622
S Community Improvement, Capacity Building	15	\$8,418,073	\$27,719,787	\$32,017,530
T Philanthropy, Voluntarism, and Grantmaking Foundations	24	\$9,752,348	\$11,493,503	\$70,962,150
U Science and Technology Research Institutes, Services	6	\$427,527	\$451,941	\$2,319,002
V Social Science Research Institutes, Services	3	\$9,857,105	\$9,124,405	\$10,947,843
W Public, Society Benefit - Multipurpose and Other	2	\$112,815	\$108,784	\$166,500
X Religion Related, Spiritual Development	11	\$2,547,597	\$2,726,632	\$3,888,041
Y Mutual/Membership Benefit Organizations, Other	1	\$174,891	\$164,303	\$113,028
Z Unknown	4	\$237,937	\$323,701	\$207,118
<b>TOTALS</b>	<b>433</b>	<b>\$824,982,318</b>	<b>\$875,018,060</b>	<b>#####</b>

Source: National Center for Charitable Statistics, 2004

## Employment

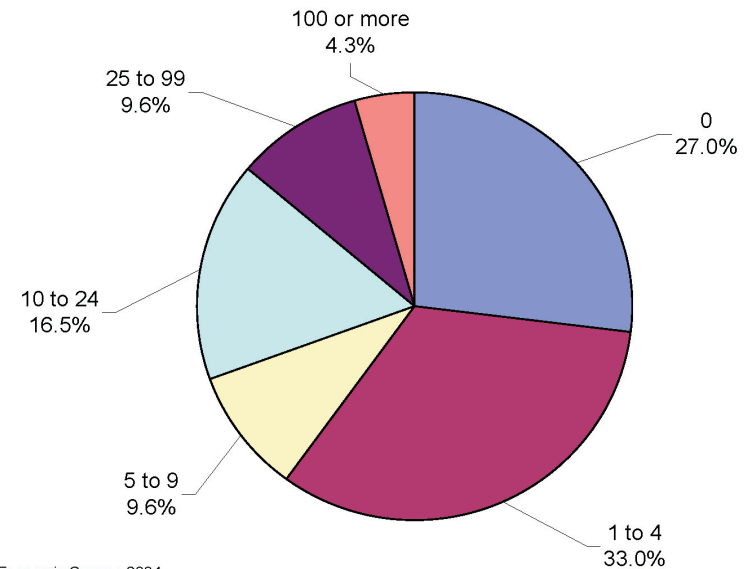
A study conducted by the California Association of Nonprofits (CAN) reported that employment in the Monterey County nonprofit sector in 2000 was 7,694, or 4.5% of all employees in the county. The total employment was 171,243. Employment in the nonprofit industry exceeded that of the construction industry, and was comparable to employment levels in the manufacturing and financial and real estate industries. Comparatively speaking, as a percent of total employment, nonprofit employment in Monterey County is lower than in either California (5.9%) or the United States (7.2%). In California, nonprofits employed approximately 890,000 paid workers in the second quarter of 2000<sup>8</sup>.

The nonprofit survey respondents reported employing 5,575 people – with 2,999 occupying full-time positions (54%) and 2,576 filling part-time positions (46%). Not unlike for-profit businesses, a majority of nonprofits are small employers—27% of survey respondents indicated they had no full-time employees, and an additional 33% indicated they employed between 1 and 4 full-time staff. Large employers (25 or more employees) constituted only 14% of survey respondents. This employment pattern is similar for part-time positions—28% of nonprofits had no part-time employees, and another 44% percent had between 1 and 4. Only 12% of nonprofits responding had 25 or more part-time employees. This mirrors the distribution of nonprofit employment in California; although on average, the size statewide tends to be larger.

In the last five years, both full-time and part-time nonprofit employment in Monterey County has increased substantially according to results from the NES-L survey. Among survey respondents that reported employment information for both 1998 and 2003, total full-time employment in the nonprofit industry increased by 24%, and total part-time employment increased by 38%. However, this five-year comparison may conceal more recent employment trends in the nonprofit industry. Results from a survey of Monterey County nonprofits in May 2003 found that 28% of the organizations responding had experienced a reduction in paid staffing in that fiscal year<sup>9</sup>. Based upon the general economic climate over the last three years and the survey results, current employment in the nonprofit sector is similar to 2000-2001 levels.

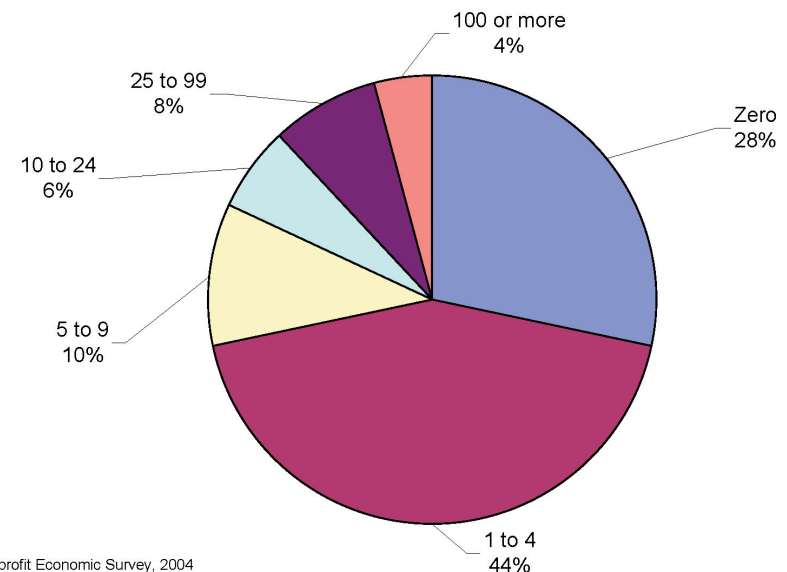
In the next two years, according to the NES survey results, local nonprofit employment is expected to grow by a total of 205 full-time and 92 part-time positions. However, 47% of nonprofits expect to have the same number of full-time positions two years from now as they have currently. Approximately 40% of nonprofits anticipate adding one or more full-time employees during this time, while only 3% anticipate eliminating full-time positions in the next two years.

NONPROFITS BY NUMBER OF FULL-TIME EMPLOYEES



Source: Nonprofit Economic Survey, 2004

NONPROFITS BY NUMBER OF PART-TIME EMPLOYEES



Source: Nonprofit Economic Survey, 2004

# Fighting for Seniors' Rights

## Legal Services for Seniors

Legal Services for Seniors gives free legal help to individuals 60 and older who cannot afford to hire an attorney – focusing on consumer protection, health care and elder abuse. No one else provides this service. And, in fact, private attorneys won't even handle social security, Medicare or Medi-Cal appeals – there's no money in it. In many cases justice is measured in dollars. Assisting seniors to obtain public benefits has an enormous economic impact. Medical care will add several hundred dollars per month to their incomes. There would be a lot more homeless seniors if they did not receive help with their housing and public benefit issues. There would be more requests made to cities and they wouldn't really get the help they need.

The elder abuse program helps seniors fight against both physical and financial abuse – almost always at the hands of a family member or caregiver. The program helps police departments by identifying situations and mediating. Often cases of seniors as victims of elder abuse lack sufficient evidence for prosecution. LSS' civil action can recover losses for seniors without meeting the higher burden of proof required by criminal cases, which cost taxpayers money.

Assisting people to get fair results in disputes with merchants and service people is an economic benefit to the senior. It also benefits the whole community by saving others from suffering at the hands of an unscrupulous person if he is put out of business because of bad practices or persuaded to change those practices.

The cost? \$45 per hour compared to \$200 for a private





## The Multiplier Effect

The discussion of the data so far has been limited only to the direct economic effects of the activity of nonprofit organizations in the local economy, and does not account for the multiplier effects that this activity on other businesses in the county, and statewide. The \$825 million in nonprofit expenditures, including the \$213 million spent on payroll, reflects only a portion of the economic impact of nonprofit organizations on the local economy. Like all other businesses, nonprofit organizations spend money in the local economy to buy the goods and services they need to provide their services. This nonprofit spending benefits the for-profit businesses in the community.

In addition, nonprofit payroll expenditures paid to employees is also spent in the local community on the goods and services every household needs—which further benefits the local economy. The impact is magnified even further, since a portion of these expenditures are ‘recycled’ (or re-spent) through the local economy over and over again with each subsequent transaction downstream from the initial expenditure. The total degree to which output, employment, and earnings are magnified as a result of a particular industry’s economic activity is what economists refer to as the multiplier effect.

Regional economic multipliers, such as those used in this analysis, are derived from a regional accounting framework (the input-output table), and reflect the relationship between output, income, and employment patterns among various industries.<sup>10</sup> The multipliers estimate the change in an industry’s output, income, and employment, based upon final demand (consumer’s purchase of goods and services).

To calculate the total economic impact of the nonprofit industry we utilized multipliers reported for Monterey County and California industries, and applied them to economic data we obtained for local nonprofits.<sup>11</sup> When we include the multiplier effects of spending by nonprofits in the local economy we find that the estimated indirect impact is over \$654 million—which nearly approaches the direct impact (\$824 million).<sup>12</sup> When combined, the total direct and indirect economic impact of the nonprofit sector in the Monterey County economy is an estimated \$1.5 billion per year.

If we expand the analysis beyond the borders of Monterey County, and consider the total impact of the economic activity of Monterey County nonprofits statewide, the impact is approximately \$2 billion per year.<sup>13</sup>

### UNDERSTANDING ECONOMIC MULTIPLIERS

Economic multipliers are always greater than 1.0 – which represents the direct effect. The increment above 1.0 represents the indirect effects from the initial spending. To illustrate, an output multiplier of 1.8 indicates that a \$1 increase in final demand for a particular industry will result in \$1.80 in demand for goods and services throughout the economy (\$1.00 direct + \$0.80 indirect).

The magnitude of the economic multiplier (how much greater than 1.0) depends upon the particular mix of industries in a specific region and the patterns of economic exchange between the various firms in the region (in other words who buys what from whom). Certain industries have higher or lower indirect effects based upon the impact of that industry’s on other economic activity.

Larger geographic regions of study will have larger multipliers since fewer dollars ‘leak’ from that region (or more dollars stay in that region). Large urban areas tend to have higher multipliers than rural areas. Accordingly, the economic multipliers for Monterey County will be lower than for California.

ECONOMIC IMPACT OF MONTEREY COUNTY NONPROFIT ORGANIZATIONS				
MONTEREY COUNTY				
ECONOMIC MEASURE	DIRECT IMPACT	REGIONAL MULTIPLIER	INDIRECT IMPACT	TOTAL IMPACT
OUTPUT (millions \$)	\$825	1.79	\$655	\$1,480
INCOME (millions \$)	\$213	1.52	\$111	\$324
EMPLOYMENT	7,694	1.57	4,386	12,080
CALIFORNIA				
ECONOMIC MEASURE	DIRECT IMPACT	REGIONAL MULTIPLIER	INDIRECT IMPACT	TOTAL IMPACT
OUTPUT (millions \$)	\$825	2.41	\$1,168	\$1,993
INCOME (millions \$)	\$213	1.93	\$198	\$411
EMPLOYMENT	7,694	1.85	6,540	14,234

The total impact of the nonprofit industry on personal income and employment is similar to the impact on output. The direct effect of nonprofits on local income (wages & salaries) of \$213 million in 2002 had indirect effect of an additional \$111 million in income, yielding a total county level impact of \$324 million. Statewide, the indirect effect on income was an estimated \$198 million, for an estimated total impact of \$411 million.

In addition to the approximately 7,700 persons employed directly by the nonprofit industry, it supports an additional 4,400 jobs locally—or a total employment impact of nearly 12,100 jobs. The impact of local nonprofits on employment statewide exceeds 14,000 jobs.

This economic impact analysis considers only the downstream (multiplier) effects of direct spending by nonprofit organizations—it does not include the impacts of visitor spending associated with nonprofit events in Monterey County.<sup>14</sup> For example, the purchase of tickets to a cultural event sponsored by a local nonprofit organization will be included in the economic impact analysis as revenue for that nonprofit, but the economic impact of the visitor's spending on transportation, food, and lodging associated with the event is not included.

Two recent local studies demonstrate the impact of this kind of economic activity in Monterey County. First, a report prepared in 2002 by the Cultural Council of Monterey County estimated that the economic impact of local arts institutions (7) and their audiences in Monterey County was \$14.2 million, and \$5.9 million for selected (19) arts organizations in the county.<sup>15</sup> This activity supported an estimated 459 and 191 full-time equivalent jobs respectively. Combined, these 26 arts institutions and organizations generated \$21 million in direct economic impact and supported an estimated 650 full-time equivalent jobs in the county according to their analysis.

Another recent study (2004) by the Monterey Bay Aquarium reported visitor spending of \$66 million, which, when including indirect economic impact translates into a \$173 million impact in Monterey County and \$250 million impact statewide.<sup>16</sup> This same report indicates that the Monterey Bay Aquarium supports 930 jobs in the local economy.

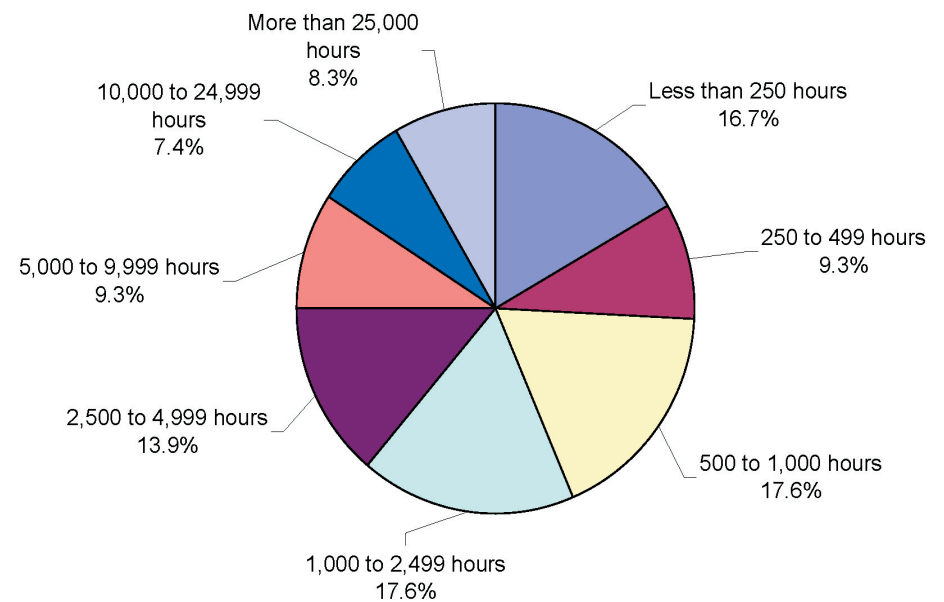
## Volunteerism

Nonprofit organizations rely upon a substantial base of volunteers to assist them in completing their work in support of the public good. Volunteers are an important element in the success of the nonprofit community, a key reason why nonprofits are able to do more work with fewer dollars than either the for-profit or public sectors. Nonprofit Economic Survey respondents, although representing only a sample of all local nonprofits, reported an estimated 15,243 volunteers to their organizations in 2003-2004.<sup>17</sup> The combined Nonprofit Economic Survey results indicate in excess of 1.3 million hours of volunteer service contributed to Monterey County nonprofits in 2003-2004. For the typical nonprofit in Monterey County this translates into approximately 1,600 hours of volunteer service a year. If we to assign a value to volunteer service of \$17 per hour, as suggested in other research, this constitutes an additional \$20 million in support to the nonprofit community. Assuming the NES survey results capture 60% of nonprofit economic activity, then industry-wide this represents an estimated 2.2 million hours of volunteer service (or 1,100 additional full-time jobs).

The NES-L survey also asked local nonprofits to estimate the value of in-kind contributions of goods and services, not including volunteer hours, to their organizations. In-kind contributions refer to non-monetary donations of goods and services. This would include, for example, donations of computer equipment and software, and pro-bono legal or accounting assistance. While only 61 organizations responded to this survey item, they reported in-kind support totaling nearly \$11 million in 2003. For the typical nonprofit, this means in-kind contributions of \$24,000. Again, estimated industry-wide, in-kind support to nonprofits exceeded \$18.3 million in 2003. Together, the estimated value of time and in-kind support by volunteers to nonprofits was over \$50 million in 2003.

One significant way in which community members volunteer their time to nonprofit organizations is as members of Boards of Directors. In contrast to the for-profit business sector, members of nonprofit Boards of Directors are not compensated for their Board service. Not a single respondent to the Nonprofit Economic survey reported compensating Board members for their service. In fact, quite the opposite is true—nonprofit Board members typically are financial contributors to the organizations they govern. Survey results indicate that 64% nonprofits have all members of their Board of Directors contribute financially to the organization. Moreover, nearly one-half (43%) of nonprofit organizations reported that they have a financial conflict of interest policy for their organization that prohibits Board members from benefiting financially from doing business with the organization.

NUMBER OF HOURS CONTRIBUTED BY VOLUNTEERS



Source: Nonprofit Economic Survey, 2004



# Getting Veterans on Track

## Veterans Transition Center

The Veteran's Transition Center helps homeless veterans reclaim their lives by providing transitional housing for veterans and their families for up to 2 years.

"Most of our folks are college grads, but circumstances related to post-traumatic combat stress, drugs and alcohol led to their fall."

The objective is to help them get financially stable, healthy, with skills to re-enter the work force and locate permanent housing. Without this support, many end up in jail. Homeless women traditionally have a tendency not to come forward for services

because they are afraid their children will be taken away. Other homeless people often abuse them. But, if they are veterans, they feel camaraderie with other veterans and do come forward so we can help them.

The Center receives federal funds in the amount of \$21 per person.

"This is a small price compared to the benefit to society from veterans going back to work. They earn a wage, pay rent, their children attend local schools, and those schools receive funds based on attendance. We had a Lt. Colonel who came into the program and when he got back on his feet, he got a \$90,000 per



## Program and Services

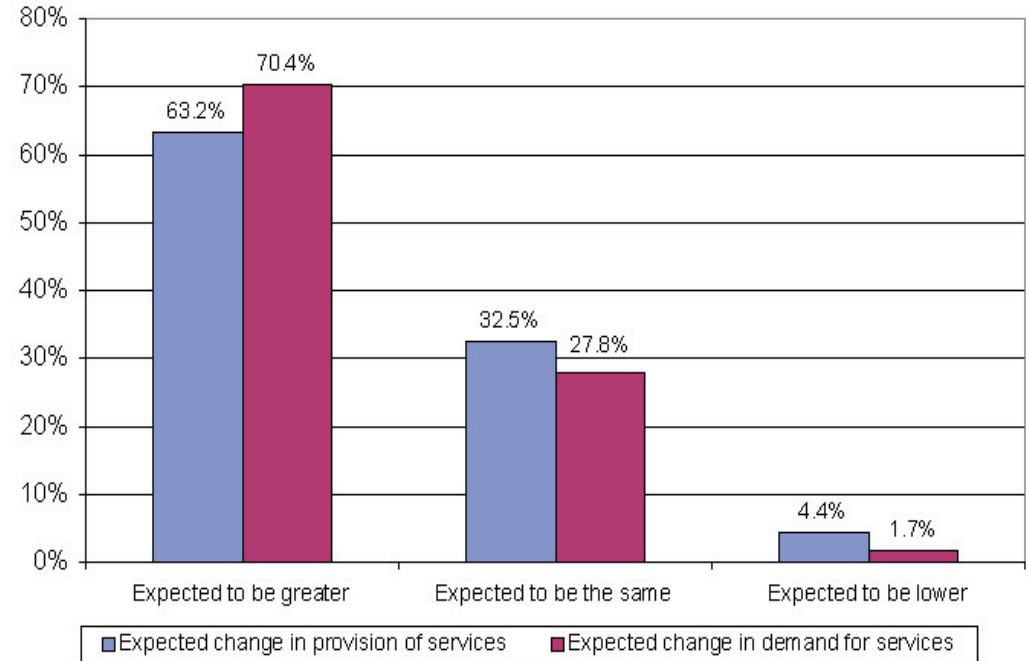
Collectively, respondents to the Nonprofit Economic Survey reported providing direct service to over 3 million persons during the 2003-2004 fiscal year. While this is obviously a duplicated count, and we know that the volume and level of service provided varies tremendously from organization to organization, it underscores an important point—nonprofits serve virtually everyone in our community (and many outside of our community as well).

The NES survey results indicate that the typical nonprofit organization served approximately 1,700 persons in 2003-2004. Among the NES-L survey respondents the number of persons served was even higher—about 2,750 for the typical nonprofit respondent. This represents a significant increase compared to 1998, when the typical nonprofit respondent reported directly serving 1,500 persons a year. Local nonprofit managers see this trend of growth in service delivery to continue.

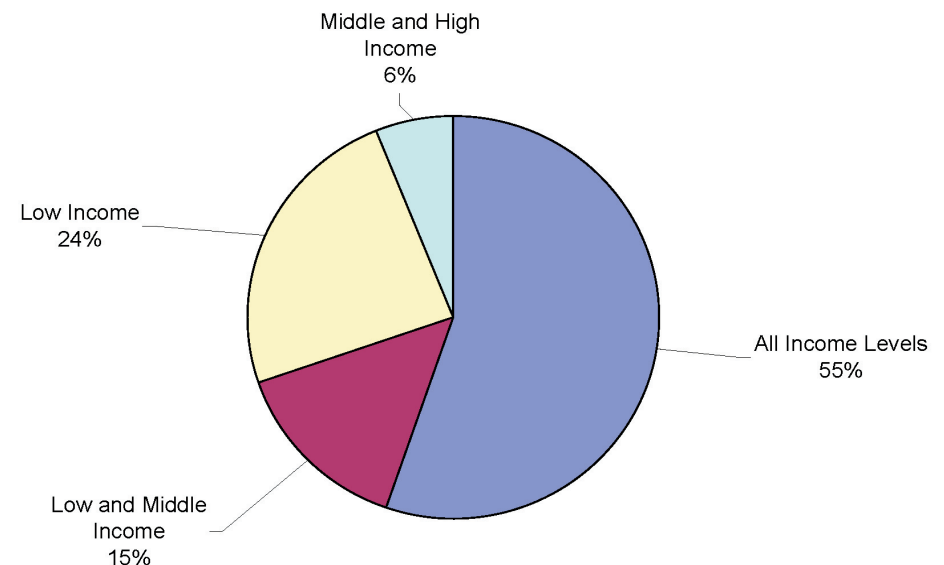
The nonprofit community expects the demand for their services to grow in the next two years, and nonprofits are planning on expanding direct service to meet this demand. In the next two years, 63% of nonprofits reported that they anticipate reaching more people with their services, and 70% reported that they anticipate demand for their services to increase. Very few nonprofit organizations anticipate reaching fewer people (4.4%) in the near future, and even fewer nonprofit organizations expect the demand for their services to be lower (2%) during this time.

As we established at the beginning of the report, nonprofits serve a variety of functions in Monterey County. Their mission is not simply to provide 'safety-net' services or to care for just low-income persons in our community. In fact, only 21% of NES survey respondents indicated they were a safety-net service provider. Moreover, more than one-half (55%) indicated that they primarily serve all income groups. Only 24% of nonprofits reported that they primarily served low-income economic groups.

EXPECTATIONS FOR CHANGE IN PROVISION OF SERVICES  
AND DEMAND FOR SERVICES IN THE NEXT TWO YEARS



PRIMARY ECONOMIC GROUPS SERVED





## Conclusions

This study offers the first in-depth examination of the size, scope, and impact of Monterey County's nonprofit industry. While many of us have associations with a limited number of specific nonprofits, few people appreciate (or realize) the overall magnitude of the nonprofit sector. Our findings demonstrate that nonprofits, by any measure, are a significant economic force in the county. This industry directly generates revenues of nearly \$1 billion a year, brings in almost \$200 million a year from sources outside the county, employs 8,000 people, supports a payroll of over \$200 million, and provides valuable services that impact virtually every resident.

Beyond the impact in quantitative terms, the community benefits from a thriving nonprofit industry because the work of nonprofits supports the viability of business and the effectiveness of government. Nonprofits provide vital services and activities that benefit local employers and their employees: low-cost healthcare, affordable housing, enriching childcare, assistance for seniors, and after-school programs empowering youth. Nonprofits also do the work of creating and preserving the quality of life in the community that makes it attractive to employers and employees: art museums, theaters, music festivals, and environmental and wildlife preservation. Nonprofits play a fundamental role in educating the public sector through its advocacy for the needs and interests of the diverse constituencies in our community. They support the public sector by providing services that the community would otherwise expect from government—and do so at considerably lower cost. Nonprofits play a significant role in private and public sector collaboration. For example, Children's Services International, a nonprofit childcare agency, contracts with government to administer funding for subsidized child-care that pays private entities (both for-profit and non-profit) to provide the actual care.

The nonprofit industry is fueled by volunteerism. In fact, the nonprofit sector is unique in that it affords citizens an opportunity to direct their personal resources (time and money) towards addressing those issues/conditions that they see as priorities in their community. Nonprofit organizations offer all community members the opportunity to have their interests represented, to let them focus on the issues they care about, and to work towards the kind of change they want to see in their community. For example, the Community Foundation for Monterey County, through its 'Donor-Advised Funds,' provides individuals a participatory role in directing their contributions to specific community projects and initiatives by connecting them to organizations that provide services in their area of interest. The opportunity for this form of participation is in sharp contrast to the public sector where individual citizens frequently feel disconnected from the decision-making processes (how their tax dollars are spent), and the for-profit business sector that is not "mission-driven".

The nonprofit industry is entrepreneurial by nature, and it consistently demonstrates the flexibility and adaptability required to meet the changing needs of the community. However, the nonprofit industry is not without its challenges, and it is imperative that nonprofits

seek opportunities to partner with the other economic sectors to confront these challenges. One such challenge concerns nonprofit viability at a time when the public sector is reducing its funding for safety-net services (food, shelter, basic healthcare). The impact of this shift in fiscal priorities is amplified through the nonprofit sector. The immediate consequence is a greater reliance on nonprofit organizations to provide the safety-net needed to support the most at-risk members in our community. Nonprofits frequently answer this call and provide the services needed—often times without receiving additional funding. However, the impact of diminishing public sector funding is not limited solely to the nonprofits providing safety-net services. The unintended consequence is that many of the traditional funding sources for nonprofits decide to divert their resources to support safety-net services instead of the full spectrum of community programs. In other words, the result is often less support for the youth development, recreation, arts, and environmental programs.

Nonprofits are resilient, but there are limits to their capacity, and our analysis suggests that the limits of this capacity will soon be tested. The results from recent surveys of nonprofits in Monterey County provide evidence of this impending challenge. In the near future nonprofits expect the demand for services to continue to increase, and accordingly, they anticipate serving more people. However, the demand side of the equation is not in balance with the supply side of the equation. Survey results also indicate that most nonprofits do not anticipate adding additional employees or receiving increased funds to expand their capacity. Nonprofits are already expressing concerns with retention/turn-over and 'burn-out' among employees at the current levels. Further attempts to stretch current capacity will undoubtedly result in a reduction in the amount, quality, or effectiveness of services as nonprofits.

It is evident that the role nonprofits play in local policy development is not commensurate with its economic stature. Bringing the status and role of nonprofits into alignment should be a priority not only for nonprofits, but for-profit business and the public sector as well—since building and sustaining a strong community requires all three sectors working in concert. Ensuring full participation for all sectors of the economy in the policymaking process is a necessary first step towards ensuring the community is successful in creating a high quality of life for all its residents. The foundation for such partnership and collaboration among the economic sectors is in place as evidenced by the examples cited, and the others that exist in our community. The challenge ahead is to further tap into its potentialities in order to build the community we envision. It is our hope that this project serves as a call to action for all county residents, to raise their voices on behalf of the value and impact nonprofits have on all our lives.

"Non-profits are like a tapestry. When you pull one organization out, it is like pulling a thread that leads to the weakening of the whole community. Removing 10% doesn't leave 90% behind – it leaves a much bigger hole."

## Endnotes

<sup>1</sup> More detailed information about the NCCS Core (2002) dataset is provided in the appendix.

<sup>2</sup> This number is based upon the Internal Revenue Service, Business Master File, April 2004, and includes an unknown number of organizations that have obtained an IRS ruling but that no longer exist.

<sup>3</sup> The number reflects the 433 501(c)(3) public benefit organizations contained in the NCCS Core data file 2002.

<sup>4</sup> NCCS Core file, 2002.

<sup>5</sup> This estimate is derived by multiplying the total revenue (\$875 million) reported in the NCCS Core file by the median percentage of revenue from external sources (20%) reported in the NES survey:  $(.20) * (\$824\text{m}) = \$175\text{m}$

<sup>6</sup> The NCCS Core file contains few expenditure categories—likely a due the original source being income statements submitted to the IRS. With respect to the NES-L survey data, it is difficult to generalize the results for the survey items related to the expenditure detail given the sample size and the variability in respondent interpretation of the listed expenditure categories.

<sup>7</sup> “Monterey County Nonprofit Survey 2003”. Tellus/Díganos Center for Community Research. This on-line survey was conducted in May 2003, and inquired about issues related to service population and capacity, funding changes, organizational challenges, and interest in collaboration with other nonprofit organizations. Responses were received from 136 nonprofit agencies in Monterey County.

<sup>8</sup> California Nonprofit Employment Study, California Association of Nonprofits

<sup>9</sup> “Monterey County Nonprofit Survey 2003”. Tellus/Díganos Center for Community Research.

<sup>10</sup> For further explanation, see “Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMS II)”, March 1997, U.S. Department of Commerce, Bureau of Economic Analysis, Washington, DC

<sup>11</sup> For Monterey County the multipliers were obtained from the economic analysis in a report titled “Monterey County General Plan Update” conducted by Applied Development Economics. The multipliers for California were derived from “Using Multipliers to Measure Economic Impacts” by the California Technology, Trade and

Commerce Agency, Economic Strategy and Research”.

<sup>12</sup> The multiplier for output (spending) for all nonprofits in the county was 1.79 (1.00 direct, 0.79 indirect). The estimates used here are derived from industry cluster specific estimates for Health Services (1.75) and Education (1.86). All other sectors were estimated using the multiplier for education, which is part of the broader standardized industry classification “77B: Educational and social services, and membership organizations”.

<sup>13</sup> The output multiplier for the statewide impact used industry specific multipliers for Health (2.35), Education (2.50), and Religion (2.32); all others were estimated using the multiplier for Social services not-elsewhere-classified (2.54).

<sup>14</sup> The economic impact analysis presented here only captures spending that results in revenue for a nonprofit organization. Visitor spending on food, lodging, and other goods and services from for-profit businesses while attending a non-profit event is not included.

<sup>15</sup> “Economic Value of Monterey County’s Arts & Culture”. Cultural Council of Monterey County, 2002.

<sup>16</sup> The economic impact data for the Monterey Bay Aquarium was reported in the Salinas Californian on December 14, 2004. “Aquarium benefits county business, study finds”, by Victor Calderon.

<sup>17</sup> This question was only on the Long Version of the Nonprofit Economic Survey, and includes 72 responses.

# Developing New Leaders

## Girl Scouts of Monterey Bay

“Because of the nature of the leadership qualities we bring to the youth we serve, they become more engaged, have a concept and value of giving back, have opportunities to participate in leadership roles and work together as a team. When you give kids those kinds of experiences, they tend to engage in activities in school, church and community in a way they wouldn’t ordinarily do.”

Girl Scouts provides informal education programs for girls, 5 – 17, organized in small groups and troops or individual activities, like camps and trips. Given the cutbacks in enrichment activities, they provide programs that were once a part of the schools. In Salinas, for example, they offer girls soccer teams because there aren’t many opportunities for girls to participate in sports.

One girl, who was developmentally disabled, joined the Scouts in the sixth grade – later than most girls. Her mother says that it was the first time her daughter had ever been accepted for herself. Another applied to Rotary Club and traveled to Argentina to a very poor village. She writes that she loves her host family and really appreciates the culture and struggles of those in her village. Being in Girl Scouts has helped her develop the strength to adapt to these new and unfamiliar surroundings.

Volunteers provide 75% of programs, with cost savings of hundreds of thousands of dollars each year.

— Brenda Whitsett, former Executive Director





## Appendix: Data Sources

### NCCS Core file (2002)

The NCCS Core files are based on the Internal Revenue Service's annual Return Transaction Files (RTF). They contain data on all 501(c)(3) organizations that were required to file a Form 990 or Form 990-EZ and complied. It excludes those organizations that filed a Form 990 with less than \$25,000 in gross receipts. The IRS enters no financial data for these organizations.

The first step NCCS takes when creating a Core file is to verify the financial data in the RTF on which the Core file will be based. The next step in creating a Core file is to match records from the IRS Business Master File (BMF) to records in the RTF. Because the Return Transaction Files do not contain descriptive information such as name and address, combining BMF with RTF presents more information on the organizations in the files.

Next, NCCS enhances the data by adding several useful fields. NCCS classifies the organization using the National Taxonomy of Exempt Entities Core Codes (NTEE-CC). Also, through a zip code-to-county crosswalk, state and county codes are assigned for approximately 90% of the organizations. A number of financial variables are then appended by NCCS to aid researchers in using the data. For all years total revenue is calculated from various income items (the IRS started including it after 1997). Codes are also added to indicate the levels of gross receipts, total revenue, expenses and assets of each organization. Finally, NCCS includes variables resulting from its analysis of the internal and external consistency of each return.

### Nonprofit Economic Survey (NES, NES-L)

In September and October of 2004 the ACTION Council conducted a survey of nonprofit organizations in Monterey County on economic, financial, and program service issues. Responses were received from a total of 124 nonprofits in the county—73 organizations completed the long version (NES-L), and 51 organizations responded to the short version of the survey.

The survey developed for use here in Monterey County is a modified version the instrument created by Public Sector Consultants used in

### NONPROFIT ORGANIZATIONS BY INDUSTRY TYPE AND DATA SOURCE

INDUSTRY	REGISTERED NOPROFITS		NONPROFITS WITH IRS 990 FILINGS		ECONOMIC SURVEY RESPONDENTS	
Arts, Culture, Humanities	120	9.9%	74	17.1%	13	11.2%
Education	133	11.0%	68	15.7%	15	12.9%
Environmental Quality, Protection, and Beautification	25	2.1%	15	3.5%	*	
Animal-Related	21	1.7%	11	2.5%	5	4.3%
Health	29	2.4%	24	5.5%	12	10.3%
Mental Health, Crisis Intervention	22	1.8%	14	3.2%	4	3.4%
Diseases, Disorders, Medical Disciplines	12	1.0%	9	2.1%	*	
Medical Research	5	0.4%	4	0.9%	*	
Crime, Legal Related	17	1.4%	8	1.8%	*	
Employment, Job Related	4	0.3%	2	0.5%	*	
Food, Agriculture, and Nutrition	10	0.8%	8	1.8%	5	4.3%
Housing, Shelter	27	2.2%	17	3.9%	9	7.8%
Public Safety	10	0.8%	6	1.4%	*	
Recreation, Sports, Leisure, Athletics	70	5.8%	42	9.7%	4	3.4%
Youth Development	34	2.8%	19	4.4%	7	6.0%
Human Services - Multipurpose and Other	75	6.2%	40	9.2%	*	
International, Foreign Affairs, and National Security	10	0.8%	4	0.9%	*	
Civil Rights, Social Action, Advocacy	4	0.3%	2	0.5%	*	
Community Improvement, Capacity Building	29	2.4%	15	3.5%	4	3.4%
Philanthropy, Voluntarism, and Grantmaking Foundations	84	6.9%	24	5.5%	6	5.2%
Science and Technology Research Institutes, Services	12	1.0%	6	1.4%	*	
Social Science Research Institutes, Services	3	0.2%	3	0.7%	*	
Public, Society Benefit - Multipurpose and Other	5	0.4%	2	0.5%	4	3.4%
Religion Related, Spiritual Development	58	4.8%	11	2.5%	*	
Mutual/Membership Benefit Organizations, Other	1	0.1%	1	0.2%	*	
Unknown	392	32.3%	4	0.9%	21	18.1%
<b>TOTAL</b>	<b>1212</b>	<b>100.0%</b>	<b>433</b>	<b>100.0%</b>	<b>116</b>	<b>100.0%</b>

\* Frequency counts for response categories with fewer than 4 respondents from the Nonprofit Economic Survey were suppressed to maintain confidentiality. The frequencies and percentages reported are based upon the 116 responses provided for this question, and does not include the 6 respondents that did not answer this question.

SOURCES: IRS Business Master File, April 2004; NCCS CORE Data 2002; Monterey County Nonprofit Economic Survey, 2004

a study of the nonprofit sector in the state of Michigan. Using the PSC/ Michigan survey as a model, the ACTION Council worked in collaboration with a subcommittee of the Nonprofit Alliance of Monterey County to revise, adapt, and add questions to fit the specific research needs for this study.

The long version of the study was conducted entirely on the internet using Zoomerang Online Survey services. In advance of the survey launch, all registered nonprofit organizations in the county were mailed a postcard advising them of the survey response window (September 15-October 15, 2004) and instructions on how to access the survey online.

In addition, with assistance from the Nonprofit Alliance of Monterey County, an email message was distributed to those organizations for which email addresses were available to inform them of the purpose of the survey, the survey launch date, and encouraging them to respond.

The long version of the survey was completed by 73 organizations. In order to improve the response rate, and to collect information from a wider sample of organizations, a short version of the survey was mailed to those organizations listed in the NCCS Core data file that had not responded to the online version of the survey. The short version of the survey was distributed on October 22, 2004, and nonprofit organizations were asked to submit their responses (either by fax or mail) by November 15, 2004. This follow-up strategy allowed us to collect data from an additional 51 nonprofit organizations in Monterey County. A complete copy of the survey is provided below.

The items that appeared on both the long and short versions of the survey are identified in bold.

NON-PROFIT ALLIANCE OF MONTEREY COUNTY  
NON-PROFIT INDUSTRY ECONOMIC SURVEY: SEPTEMBER 2004

SECTION 1: Organization Information

1. Name of your non-profit organization: \_\_\_\_\_
  - a. Federal Employer Identification Number \_\_\_\_\_
  - b. Main Office Location: City \_\_\_\_\_ Zip \_\_\_\_\_
2. Name of person completing the survey: \_\_\_\_\_
3. What is your position with the organization? \_\_\_\_\_
4. Please indicate which IRS Form you are using to fill out this survey:  
990 \_\_\_\_\_ 990-PF \_\_\_\_\_
5. What year's data are you using for this survey (2003 preferred)? \_\_\_\_\_
6. Is your organization a safety net service provider?  
Yes \_\_\_\_\_ No \_\_\_\_\_
7. Which category best describes the primary economic group you serve:
  - Low income \_\_\_\_\_
  - Low and Middle income \_\_\_\_\_
  - Middle and High Income \_\_\_\_\_
  - All income levels \_\_\_\_\_
8. What is the primary category that best describes your non-profit organization? (Select one)
  - a. Animal related
  - b. Arts, culture, and humanities
  - c. Civil rights, social action, advocacy
    - d. Community improvement, capacity building
    - e. Crime, legal related
    - f. Disease, disorders, medical disciplines
    - g. Education institutions and related activities
    - h. Employment, job related
    - i. Environmental quality, protection, beautification
    - j. Food, agriculture, and nutrition
    - k. Health (general and rehabilitative)
    - l. Housing, shelter
    - m. International, foreign affairs, and national security
    - n. Medical research
    - o. Mental health, crisis intervention
    - p. Mutual, membership benefit organizations, other
    - q. Philanthropy, volunteerism, and grant-making foundations
    - r. Public safety, disaster preparedness, and relief
    - s. Public, society benefit – multipurpose and other

# Promoting Senior Wellness

## Meals on Wheels of the Monterey Peninsula

MOW delivers 3 meals a day to 250 elderly, frail and disabled people, hosts a “dine-in” lunch program at their center, provides bulk food to 5 other Peninsula sites and operates an “Active Living Center” which offers classes, activities and services to adults.

“We try to offer something that will “stir their passions.”

The agency’s focus is on health and wellness for people in the 2<sup>nd</sup> half of life, providing respite and support for families and keeping people independent in the comfort of their own homes. Through good nutrition and physical activity, they strive to keep people healthier, in the job market and out of hospitals or institutional care. Participants receive tremendous social benefits as well – a retreat from isolation and loneliness. Seniors who are actively engaged strengthen the community as a whole.

One woman, who had recently lost her husband, relocated to this area and was dealing with extreme depression. She became a home-delivered meal client. MOW drivers are trained to work with seniors who are isolated in their homes and he encouraged her to have lunch at the center. She came and after a while started volunteering. Then, she met a man. They married. Now they come to lunch together and participate in center activities.



- t. Recreation, sports, leisure, athletics
- u. Religion related, spiritual development
- v. Science and technology research institutes, services
- w. Social science research institutes, services
- x. Youth development
- y. Not sure / Other (specify) \_\_\_\_\_

## SECTION 2: Employment Information

9. Number of full-time employees? \_\_\_\_\_
10. Number of part-time employees? \_\_\_\_\_
  - a. 20 or more hours per week (but not full-time)? \_\_\_\_\_
  - b. Less than 20 hours per week? \_\_\_\_\_
11. Total number of volunteers (including Board and committee members and other volunteers)? \_\_\_\_\_
12. Total number of hours contributed by your volunteers in the 2003/2004 fiscal year: \_\_\_\_\_
13. Looking back, what was the approximate number of full-time and part-time employees in your organization in 1998?
  - a. Full-time \_\_\_\_\_
  - b. Part-time (20 or more hours per week) \_\_\_\_\_
  - c. Part-time (less than 20 hours per week) \_\_\_\_\_
14. How many employee positions do you plan to add or eliminate in the next two years?
 

Added positions:		Eliminated
positions:		
Full-time ____	Part-time ____	Full-time ____ Part-time ____

## SECTION 3: Financial Information

## Expenditures

15. Types of expenses incurred by your organization in 2003
  - a. Grants and allocations to other agencies  
\$ \_\_\_\_\_
  - b. Specific assistance to individuals \_\_\_\_\_ \$
  - c. Salaries and wages  
\$ \_\_\_\_\_
  - d. Compensation paid to officers, directors, etc.  
\$ \_\_\_\_\_
  - e. Employee benefits (including pension contributions)  
\$ \_\_\_\_\_
  - f. Contracted Professional fundraising expenses  
\$ \_\_\_\_\_

- g. Contracted Professional Accounting expenses  
\$ \_\_\_\_\_
- h. Contracted Professional expenses – Other \_\_\_\_\_ \$
- i. Supplies, telephone, postage, and shipping \_\_\_\_\_ \$
- j. Occupancy (rent and utilities)  
\$ \_\_\_\_\_
- k. Equipment rental and maintenance  
\$ \_\_\_\_\_
- l. Printing and publications \_\_\_\_\_ \$
- m. Travel, conferences, trainings, and meetings  
\$ \_\_\_\_\_
- n. Interest  
\$ \_\_\_\_\_
- o. Depreciation, depletion, etc.  
\$ \_\_\_\_\_
- p. Other (specify)  
\$ \_\_\_\_\_

16. Total expenses for your organization from IRS Form 990 (line 17 or line 26 on 990-PF): \$ \_\_\_\_\_
17. Looking back, what were your approximate total operating expenditures in 1998?  
\$ \_\_\_\_\_
18. Please estimate the total capital expenditures (such as for computers, land, and equipment) for your organization in the last year: \$ \_\_\_\_\_
19. Please estimate the total capital expenditures (such as for computers, land, and equipment) for your organization in the last 5 years:  
\$ \_\_\_\_\_
20. Approximate percentage of your 2003 total expenditures (excluding wages and salaries) spent on the purchase of goods and services from Monterey County individuals, businesses, and organizations: \_\_\_\_\_%
21. Total assets of your organization (line 59 on Form 990 and line 16 on 990-PF): \$ \_\_\_\_\_
22. Approximate amount of any endowments or investments from which your organization drew income in 2003: \$ \_\_\_\_\_



## Revenue

23. Gross revenue for your organization (line 12 on Form 990 and 990-PF):  
\$ \_\_\_\_\_
24. Please identify your organization's sources of revenue (refer to Form 990 or 990-PF) from:
- Contributions, grants, gifts, donations from non-gov't sources  
\$ \_\_\_\_\_
  - Grants or contract payments from government sources  
\$ \_\_\_\_\_
  - Program services revenue  
\$ \_\_\_\_\_
  - Membership dues and assessments  
\$ \_\_\_\_\_
  - Investment income  
\$ \_\_\_\_\_
  - Special events and activities (fund-raising) \$ \_\_\_\_\_
  - Other major sources (specify): \_\_\_\_\_ \$ \_\_\_\_\_
25. Please estimate the approximate value of in-kind goods and services provided to your organization in 2003. \$ \_\_\_\_\_  
Don't know \_\_\_\_\_
26. What percentage of your organization's income is from sources outside of Monterey County? (This includes all sources of income including grants, donations, program service fees, and revenue event attendance)  
\_\_\_\_\_ %
27. How has your organizations revenue changed compared to 1998? +/-  
\_\_\_\_\_
28. What percentage of your Board of Directors makes financial contributions to your organization? \_\_\_\_\_ %
29. Are members of the Board of Directors compensated for their service on the Board? Yes \_\_\_\_ No \_\_\_\_
30. Does your organization have a financial conflict of interest policy restricting members of the Board of Directors from conducting business with the organization?  
Yes \_\_\_\_ No \_\_\_\_

## SECTION 4: PROGRAM ACTIVITY INFORMATION

31. How many individuals did your organization reach through direct program activities in 2003? \_\_\_\_\_
32. How many individuals did your organization reach through direct program activities in 1998? \_\_\_\_\_

33. In the next two years, do you think your organization will reach more, fewer, or about the same number of individuals as now? \_\_\_\_\_
34. In the next two years, do you think the demand for your organization's programs will be greater, lower, or about the same as now? \_\_\_\_\_
35. Geographical area served by your organization (select all that apply): \_\_\_\_\_
- All Monterey County  
☐ Monterey Peninsula  
☐ North Monterey County  
☐ Salinas area  
☐ South Monterey County,  
☐ Specific cities in Monterey County (specify) \_\_\_\_\_  
☐ Areas outside Monterey County (specify) \_\_\_\_\_
36. In your own words, please describe the kind of program activities provided by your organization.
37. Again, in your own words, what do you believe is the primary benefit your organization provides to the community it serves?

## COST-EFFECTIVENESS OF SERVICES

The following set of questions are optional, and will help us describe the impact of non-profit organizations in greater detail. We recognize that this information regarding the economic impact of your program may not be available or possible to estimate. However, if you do have this kind of information, please answer the questions below.

1. What are the 3 programs/activities that use the greatest portion of your organizations resources, and what is the average cost per individual reached?

#1 service \_\_\_\_\_  
 Cost per individual \$ \_\_\_\_\_

#2 service \_\_\_\_\_  
 Cost per individual \$ \_\_\_\_\_

#3 service \_\_\_\_\_  
 Cost per individual \$ \_\_\_\_\_

2. Please provide any examples of how the programs/services your organization provides save the expenditure of dollars by government and/or the private sectors, either now or in the future.

3. Please provide any examples of the economic and/or social benefits of your program activities on the individuals you reach and/or the community-at-large.



# Coordinating Homeless Programs

## Coalition of Homeless Services Providers

The Homeless Coalition, by design, provides no direct services to the public. The reason is to avoid duplication of services and to minimize competition for scarce resources. Instead this agency concentrates on coordinating the efforts of its 20+ member agencies to address homeless issues in a comprehensive, collaborative manner.

In most California communities, local government has the sole responsibility for coordinating local homeless efforts – and since these are public agencies, the overall operating cost can be quite high. As a private non-profit agency, the Coalition's operations cost one-third to one-half what it would cost if the county undertook the same level of activities – saving taxpayers a sizable amount of money.

Since it's incorporation in 1994, the Coalition has helped with the transfer of approximately \$11 million worth of property at the former Ft. Ord to local non-profits for homeless programs.

With the 2004 U.S. Dept. of Housing and Urban Development (HUD) award of over \$2 million, the Coalition has had primary responsibility in raising \$17 million for local countywide homeless programs in the last decade. Over the last 10 years, this type of collaboration has essentially built the infrastructure and raised the funding needed to help thousands of individuals and families escape the deprivation and suffering caused by being homeless.

— Tom Melville, Executive Director



Acknowledgements

As is the case with any community-based research project, this study would not have been possible if not for the support of a great number of people and organizations. The idea for this study emerged from discussions between members of the Nonprofit Alliance of Monterey County (NAMC) Core Leadership group. This dialogue led to the development of a grant proposal, which the Harden Foundation, a founding member of NAMC, funded. The Community Foundation for Monterey County, the ACTION Council of Monterey County, and Sun Street Centers, also provided in-kind support for this project.

Beyond providing the initial inertia for this study, we would also like to thank the NAMC Core Leadership who contributed their time and effort to this report in so many ways—project concept, survey development, encouraging community participation, event planning, and moral support.

NAMC Core Leadership

Mary Adams	Beverly Meamber
United Way of Monterey County	Salinas Chamber of Commerce
Kathleen Adamson	Tom Melville
Gateway Center	Coalition of Homeless Services Providers
Denika Dallimore	Elsa Quezada
Central Coast Center for Independent Living	Central Coast Center for Independent Living
Anna Foglia	Kaki Rusmore
Hope Services	Community Foundation for Monterey County
Joe Grainger	Linda Sanchez
Harden Foundation	Sun Sstreet Centers
Laurel Lee-Alexander	Tedwilliam Theadore
Monterey Peninsula Foundation	Thunder Valley Associates
Ricki Mazzullo	
ACTION Council of Monterey County	

We also extend our gratitude to our colleagues in the nonprofit community that gave generously of their time and responded to the Nonprofit Economic Survey (NES). This survey enabled us to collect a great deal of information on the non-profit community in Monterey County that was otherwise unavailable. Lastly, we are indebted to those who have conducted similar studies in other communities around the country, whose efforts have helped inspire and shape the form and content of this study. We learned a great deal from their example, and we hope, as a result, that we have made a meaningful contribution to this developing area of nonprofit research.

About the ACTION Council

Advocacy • Community Transformation • Incubation • Organizing • Networking

The ACTION Council of Monterey County, Inc. (formerly Charitable Council) was created in 1994 to address the reduction in government funding for health and human services for low-income and vulnerable people. Its commitment is to build upon existing assets, while initiating creative, community-based solutions that address the root causes of societal problems and promote systems change. The ACTION Council has four areas of focus:

1. Fiscal Sponsorship: ACMC sponsors the work of 22 coalitions of individuals who provide valuable services, which are often not available through traditional community resources. Under its fiscal umbrella, these groups are eligible to receive tax-deductible donations and program grants, which enable them to have a significant impact on those they serve. The Non-Profit Alliance of Monterey County is an example of a group for which the Council provides fiscal management.
2. Program Incubation: Based on community assessments over the past 10 years, the ACTION Council has initiated several programs to meet identified community needs. These programs include: the Children’s Mobile Dental Center, Girls Incorporated of the Central Coast, the Breastfeeding Promotion Project and the CHERISH Project (a major re-design of the county’s child welfare system.)
3. Research, Evaluation & Assessment Program: ACMC recently completed the 2005 Homeless Census and the Non-Profit Economic Impact Study; Infant Feeding and Childhood Obesity studies are in progress. REAP plans to work with foundations and community agencies to help them develop program and organizational evaluation tools.
4. Convening: CCMC has initiated community-wide forums on such issues as the status of women and girls and the effects of the economic downturn on non-profit organizations.

ACTION Council Board of Directors

Tom Melville, President	Frank Hespe
Karl Zalazowski, Vice President	Beth Jones
Laurie Hall, Secretary	Merilyn Mancini
Dan Green, Treasurer	Jane B. Parker
Susan Freeland	Elsa Quezada
Leon Gilmore	Judith Sulsona
Patsy Hernández	Dan Tibbitts

Study Researcher/Author: Larry Imwalle, ACMC Research Coordinator  
Interviews/Editing/Layout: Ricki Mazzullo, ACMC Executive Director



# For the Common Good



Advocacy Community Transformation  
Incubating Organizing Networking

369 Main St., Suite M, Salinas, CA 93901 831-783-1244 [www.actioncouncil.org](http://www.actioncouncil.org)