

California Black-led Organizations: **Strengthening California's Economy & Communities Survey**

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Commissioned by: **Black Equity Collective**
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Executive Summary

This research and report are rooted in the principles for Black equity: Truth, Strength, Strategic Disruption, and Love.

California's Black-led and Black-empowering nonprofit organizations (BLOs) are leading the way toward Black permanency. In addition to providing essential services, often on behalf of government funders, these organizations provide valuable economic benefits to local communities and the state. This report seeks to capture the economic value created by BLOs in California, and to show where government and philanthropic funding can further unleash BLOs' full potential to create sustained community wealth and well-being.

BLOs vary by size, sector, geography, and age of organization, but are united in their devotion to their communities and their creativity and resilience. As this report shows, this resilience is too-often taken for granted by funding that constrains their potential impact and falls short of covering full costs and providing a living wage.

Key themes in this report

- BLOs are vital lifelines in their communities and make direct economic contributions locally and to the state by paying salaries, payroll taxes, local businesses, and more.
- BLOs are deeply invested in their communities and in racial equity beyond their specific issue area. They maximize their suite of resources to support community wealth and well-being while continuing to face funding and other systemic barriers to meeting the demand for their work.
- If properly funded with both public and private dollars, the impact of BLOs would be exponential.

Key recommendations for funders

- For all funders: Work strategically to value the economic contributions that BLOs provide.
- For philanthropy: Support and invest in key areas BLOs need to achieve a shared vision for even greater community impact.
- For government funders: Create the conditions for BLOs to partner effectively with you on shared community impact goals.

Foreword

I often say, *research lags lived experience*. Surveys like this are designed to capture lived experience and convert it into an aggregation of data that tells a story. Our story is that Black-led and Black-empowering organizations (BLOs) not only hold the soul of their community and serve as community first responders, but also serve as a driving force of economic vitality. They are employers *and* customers, taxpayers *and* community benefit enterprises. When we talk about BLOs, we often hear deficit-framed narratives. We hear more about what they lack than what they contribute. But this report reframes those narratives and, as my friend and colleague Rev. Ben McBride says, recognizes BLOs as *leaders, not needers*.

When we launched the Black Equity Collective (BEC) in 2021, our goal was to provide a home for BLOs where their work would be celebrated, their contributions named, and their sustainability prioritized. Our mission – to join funders and communities as partners in strengthening the long-term sustainability of Black-led and Black-empowering organizations in Southern California – is rooted in a vision of Black permanency cultivated by a culture of Black possibilities. Our work is more than a moral endeavor to repair the harm of structural neglect in philanthropy: It is a spiritual calling to do justice on earth. To share facts and tell the truth. To fuel the pursuit of community well-being and social change through relational and organizational power. To inspire our sector to live into its own possibilities.

In four short years, the BEC has **more than doubled** our initial membership goal. We've provided almost **1,400 hours** of technical assistance and peer coaching to our members through expert consultants and **regranted close to \$7 million** to nearly 40 organizations. We've commissioned **three reports; hosted 16 Funder Learning Labs, three annual symposiums** with over 120 attendees, and **three fireside chats** with cultural and political leaders; and **pioneered new models** in the field that center community co-design in programming, grantmaking, and policy advocacy. What does it all mean? It means we have a body of work, including this report, that affirms the value of Black permanence.

As you read through the findings and recommendations, I hope you see what we see: **BLOs are essential to a thriving California.**

I'd like to thank Nonprofit Finance Fund for leading this work and for proudly standing with us to advance a more just and equitable sector. Thank you to the funders who supported this study and, most of all, to the leaders who helped shape it.

In community,



Kaci

Kaci Patterson
Founder and Chief Architect
Black Equity Collective



Introduction

In California, Black-led and Black-empowering nonprofit organizations (BLOs¹) lead the way towards Black permanency while creating valuable economic benefits to local communities and the state.

The Black Equity Collective (BEC) is a network of funders and nonprofit leaders that are committed to investing in the long-term sustainability of BLOs in Southern California because of the impact they have on equitable prosperity.

BEC has long known from directly working with its members how much BLOs contribute to the state of California's economy, despite deeply ingrained funding inequities. In 2024, BEC commissioned Nonprofit Finance Fund (NFF) to conduct primary research and analysis to understand and shine a light on the economic value created by Black-led and Black-empowering nonprofit organizations in California. BLOs are economic drivers that promote practices to repair and regenerate communities. They offer services that improve health, reduce government costs, and meet urgent community needs. BLOs also create and expand programs that share power and wealth, giving communities more control and influence. These efforts can greatly help advance fair and widespread prosperity.

The research sought to capture how BLOs positively contribute to the state economy and local economies through their purchasing power and by providing jobs in their local communities that enable stability and wealth building, including for individuals facing historic employment barriers. This report uplifts data on BLOs' economic contributions to encourage those holding wealth to invest in BLOs as beacons of the change they seek to foster.

1. For purposes of brevity in text, this report references Black-led and Black-empowering organizations as "BLOs."

Defining Black-led

Both have to be true in order for an organization to be Black-led:

- A plurality of the Board is Black.
- Executive Director is Black, or the Executive Leadership/Organizational Lead is majority Black.

Black people must be in positions of power that influence organizational culture, make strategic decisions around programming, operations, and use of funds and have responsibility for the successful execution of the mission and vision.

Defining Black-empowering:

The organization demonstrates an institutional commitment to justice and liberation for Black people, evidenced by one or more of the following:

- Developing a constituent base working to advance structural and systemic changes that improves the material conditions for Black life.
- Embedding Black voice and the lived experiences of Black people as critical expertise that guides the fabric of the organization's mission, vision, values, programs and services, such that organizational stakeholders are intentional about developing both individual agency and community capacity to advocate for conditions that enable Black people to thrive.

Methodology

1. Online Survey of BLOs

How the survey was conducted: NFF developed the survey questions with key input from Black Equity Collective, an advisory committee of four CA BLO leaders, and EVITARUS, who served as the survey instrument administrator. NFF engaged EVITARUS, a leading public opinion research firm based in Los Angeles, CA, to collect the survey data using their online platform. Respondents remained anonymous unless they chose to identify themselves.

Survey questions: The survey contained 57 questions and included mandatory, optional, branch, multiple-choice, and open-ended items. The survey gathered data on how BLO respondents:

- Contribute to the state and local economies through expenditures on salaries, vendors, taxes, etc.
- Contribute in other ways to their communities through service provision, sharing of non-financial resources such as facilities, etc.
- Face and navigate systemic financial challenges in the nonprofit funding system.

Timeframe: The survey was open from July 9 – August 16, 2024.

Target population and methods of outreach: Survey respondents were from Black-led and Black-empowering organizations (BLOs) headquartered in California. The survey and this report uses “BLO” to refer to Black-led and Black-empowering organizations. While all responses were from Black-empowering organizations in accordance with BEC’s definition, 11 were not Black-led. NFF partnered with BEC to widely distribute the survey via email and social media to CA networks focused on Black-led and Black-serving organizations.

Survey respondents and limitations to the data analysis: The survey had 217 valid responses from across the state of California. NFF used a nonprobability selection method to invite BLO leaders to complete the survey, and results therefore reflect the responses of BLO leaders who heard about the survey and elected to respond.

Analysis: Because of conditional (branching) questions and question-level nonresponse, the number of responses (N) varies by question. Calculations use as N the number of respondents for each individual question item as appropriate. For instance, a single question about employee benefits includes separate Ns for each benefit listed (e.g., health insurance, dental insurance). Respondents could select more than one answer to certain questions: in those cases, the resulting percentages sum to more than 100 percent.

Equitable community data-gathering:

- Co-design: NFF and BEC greatly value the expertise of BLO leaders and prioritized their lived experience in survey design, through the advisory committee. Their input on questions and language shaped the survey, enabling it to be well-received by respondents, and their relationships and guidance were pivotal in meeting outreach goals.
- Compensation for survey respondents: NFF and BEC believe that nonprofit leaders should be compensated for their time and expertise. This project provided \$75 gift cards for the first 200 complete and valid survey responses and also provided participation stipends to the advisory committee members.
- Sharing findings back with respondents: NFF and BEC are sharing this report with all respondents who provided their contact information, and they will be invited to presentations of findings. We are also making this report publicly available via the NFF and BEC websites.

2. Funder Engagement

NFF led a funder feedback session in mid-November 2024 to share early findings with philanthropy representatives and collect their aggregated feedback and recommendations on how the data could influence funders and their investments in BLOs. Representatives from 11 philanthropic grantmaking organizations were invited by BEC and NFF to attend the feedback session and their contributions helped to refine the recommendations of this report.

Respondent Snapshot

Who Took the Survey?

Leadership identity of survey respondents

- 95% have a Black or African American CEO/ED.
- 80% have half or more of their board members who identify as Black.
- 70% have three-quarters or more staff who identify as Black.
- 67% have a female CEO/ED.
- 55% have a CEO/ED who has been in their position for over 5 years.
- 28% have a CEO/ED who has lived experience of one or more of the communities they serve.

“...I witnessed firsthand the disparities in educational opportunities and the profound impact of systemic inequities on my community. ... I’ve seen many of my peers struggle and end up in the juvenile justice system, including my own sibling. I lost my cousin to gun violence, and many other close friends. These experiences left a lasting impression on me, motivating me to become an advocate for change in my community.”

Survey respondent²

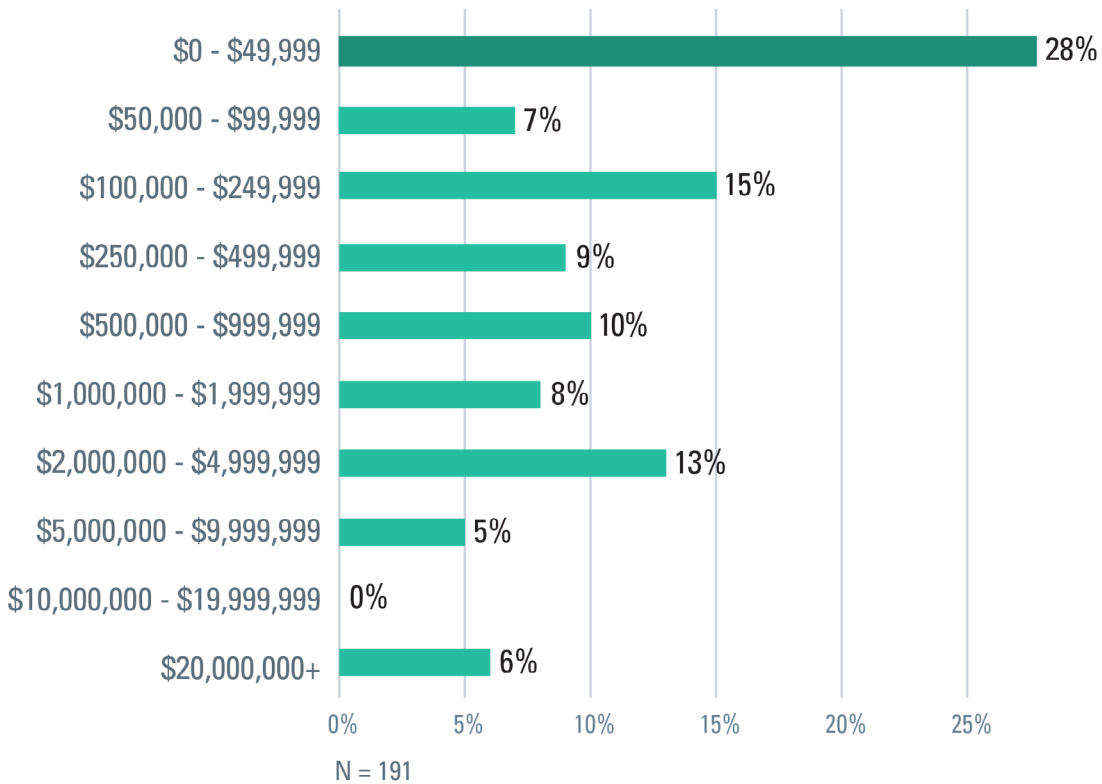
Respondents spanned different sectors, geographies, and organizational sizes

Survey data demonstrates that while many respondents have been in operation for years, their budgets are small and not growing, and they operate with few full-time employees. Many are unable to scale despite growing demand. Some key demographic information:

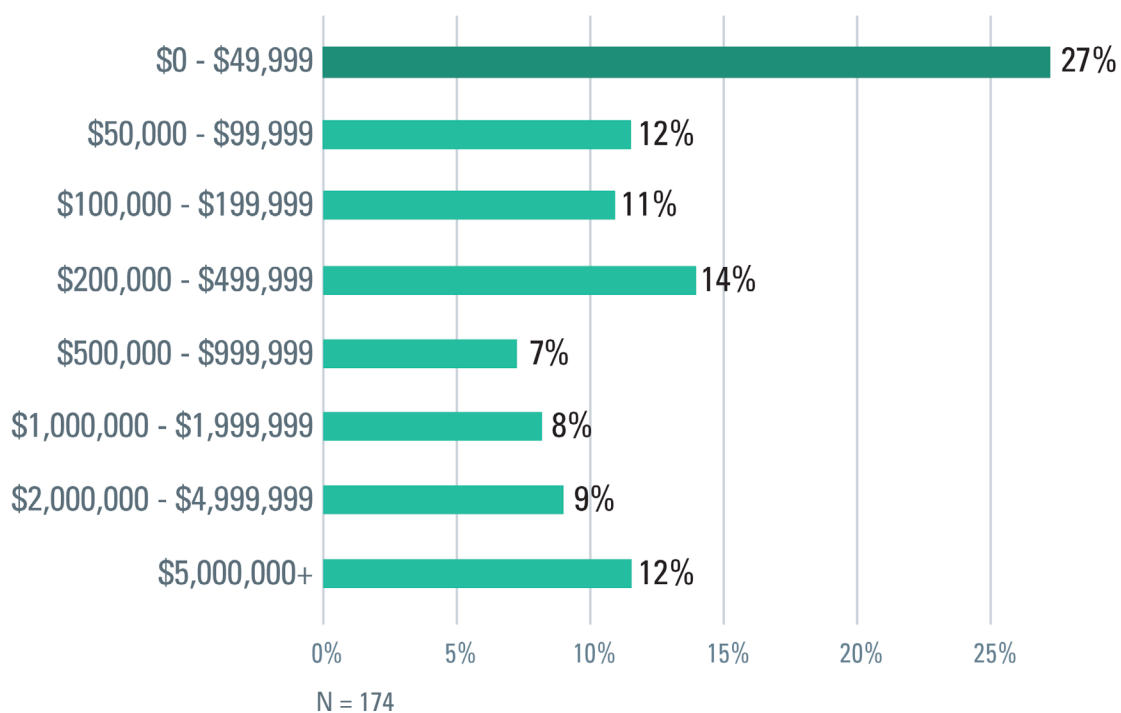
- Nearly 80% were established 5+ years ago.
- Half had 2023 operating expenses under \$250,000 and net assets under \$200,000.
- Six in ten have 5 or fewer full-time staff members.
- 63% of respondents primarily served LA County and the remaining serve across 12 other counties.
- Nearly all (92%) serve in urban areas.
- Government was the largest source of revenue for over 40% of respondents, and foundations were the largest source for one-quarter of respondents.
- Top three respondent sectors include youth services (21%), health and wellness (10%), and social justice/civic engagement (10%).
- Seven in ten have racial equity as a major focus area, with building the economy in various ways also a strong focus for many.

2. This report includes anonymous direct quotes from respondent open text submissions.

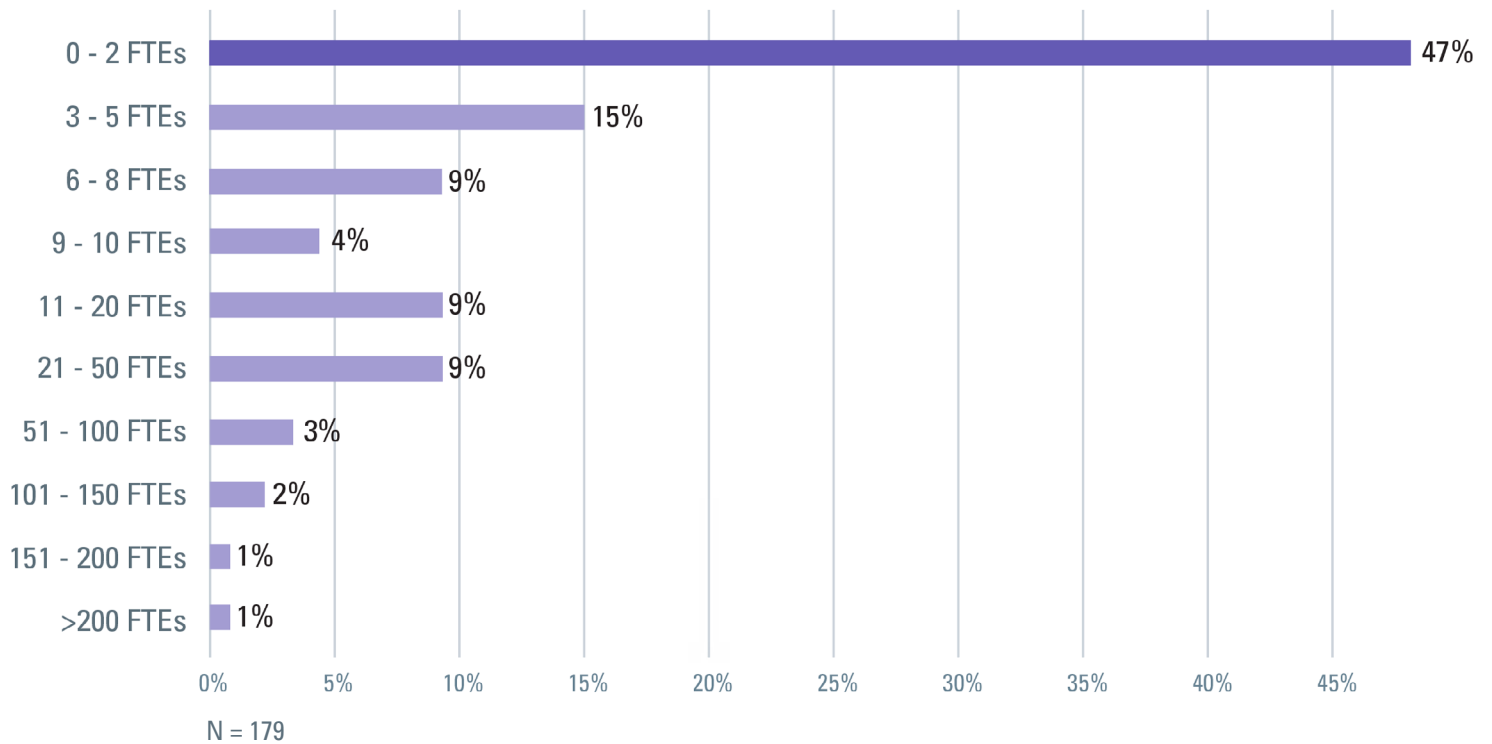
FY 2023 OPERATING EXPENSES



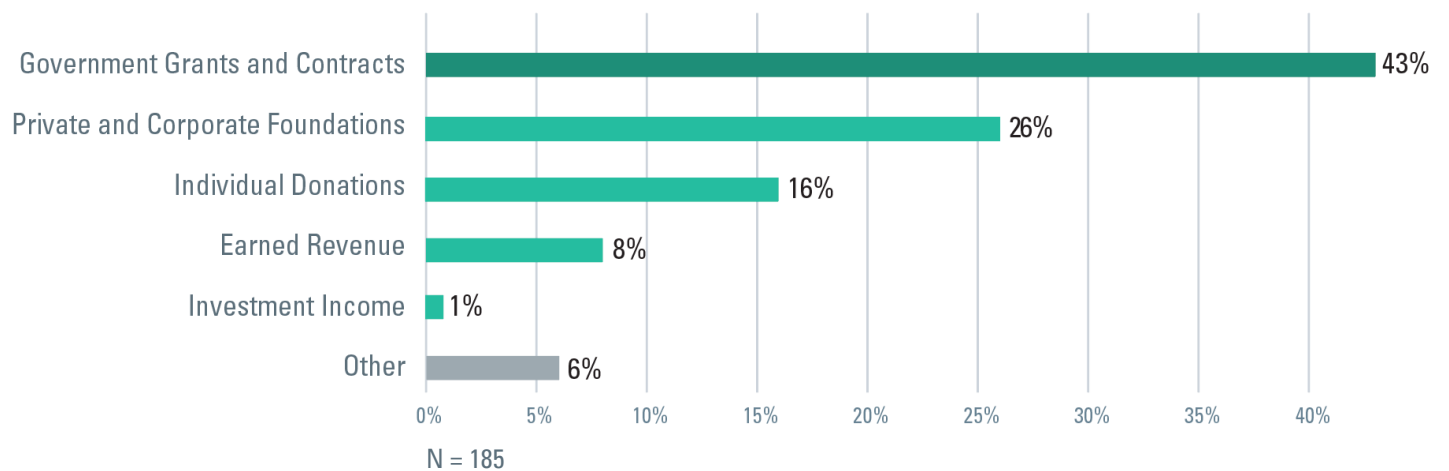
FY 2023 NET ASSETS



NUMBER OF FY 2023 FULL-TIME EQUIVALENT EMPLOYEES



FY 2023 LARGEST REVENUE SOURCE



KEY AREA OF WORK

	Total #
Anti-racism/Racial Equity	5
Arts/Culture	10
Community Development	14
Crime and Violence Prevention/Community Safety	9
Economic & Workforce Development (including Employment Services)	11
Education (Early Childhood)	3
Education (Other than Early Childhood)	15
Environment/Environmental Justice (including Conservation)	4
Faith-based/Religion	5
Food/Agriculture/Nutrition	2
Health & Wellness	21
Housing/Shelter	18
Maternal & Child Health	4
Restorative Justice	6
Science and Technology (including Internet Access)	2
Social Justice/Community Organizing/Civic Engagement/Racial Equity	21
Youth Services	45
Other*	20

N = 217

*Included in "Other" are: Immigration Services, LGBTQ+ Services, Philanthropy or Grantmaking, Reproductive Health, and Senior Services (including Eldercare and Independent Living).

Key Findings

Strengthening Communities, Colleagues, and California's Economy

BLOs are not typically recognized for their economic contributions, yet this analysis demonstrates that they are maximizing their available resources to strengthen communities, colleagues, and the economy through their work and financial activities. They create community wealth through the jobs they provide to local community members, the local businesses they support with their buying power, and the resources they share with other community groups. Additionally, their investment in building the next generation of Black leaders provides a trajectory for future growth.

BLOs contribute to California's Economy and Employ Community Members Who Historically Face Employment Barriers

In FY 2023, BLO respondents:

- Employed over **4,000 people**.
- Provided over **\$335 million** in salaries.
- Paid over **\$22 million** in payroll taxes.

Given that the survey respondents represent about one-third of the BLOs in the state, the total statewide employment and economic contributions are likely even higher than this.³

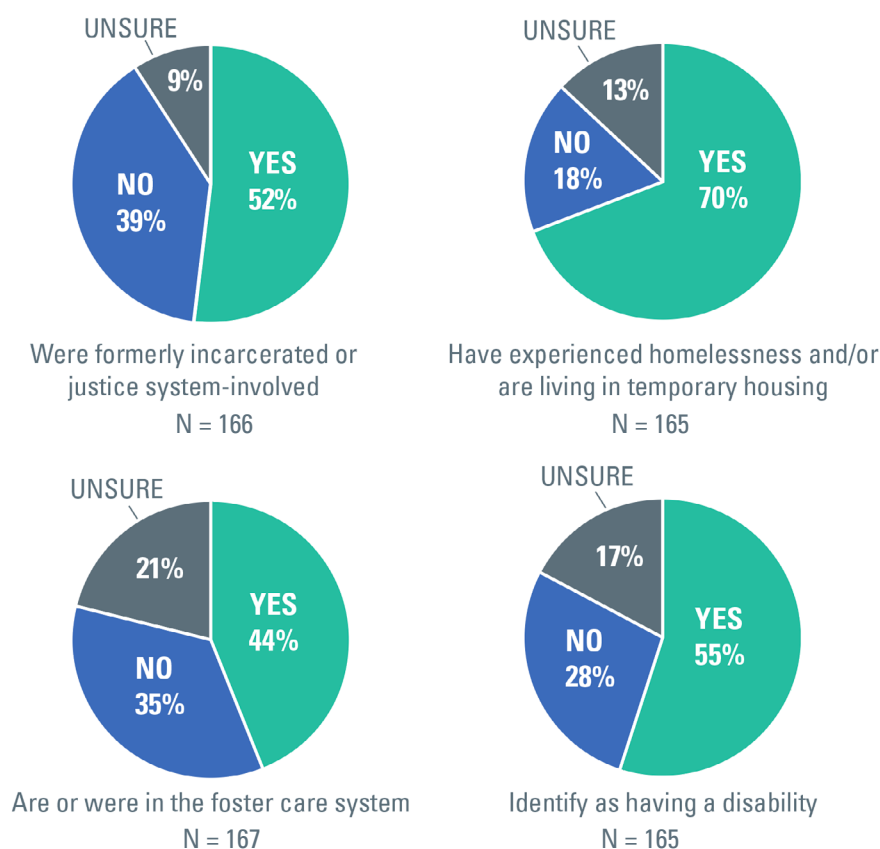
As employers, BLOs hire with intention: Many employ individuals that have lived experience that have historically caused barriers to employment, such as being formerly incarcerated or homeless. Seven in ten respondents currently employ staff who have experienced homelessness and/or are living in temporary housing, and three quarters of respondents have more than half of their staff with lived experience as members of the populations they serve.

“ Our organization's economic contributions to the community are significant and multifaceted, focusing on fostering economic stability, growth, and empowerment among formerly incarcerated individuals and their families. ”

Survey respondent

3. 217 BLO respondents represent about one-third of the number of BLOs that are registered with Mapping Black California's database found at <https://experience.arcgis.com/experience/22e92da51ce94567b114b0563b959fb0/>.

EXPERIENCES OF CURRENT BLO STAFF



Financial Activities Create a Multiplier Effect in Local Communities and Stimulate Broader Economic Activity

Entire communities benefit economically from BLOs, not just the people they directly serve.

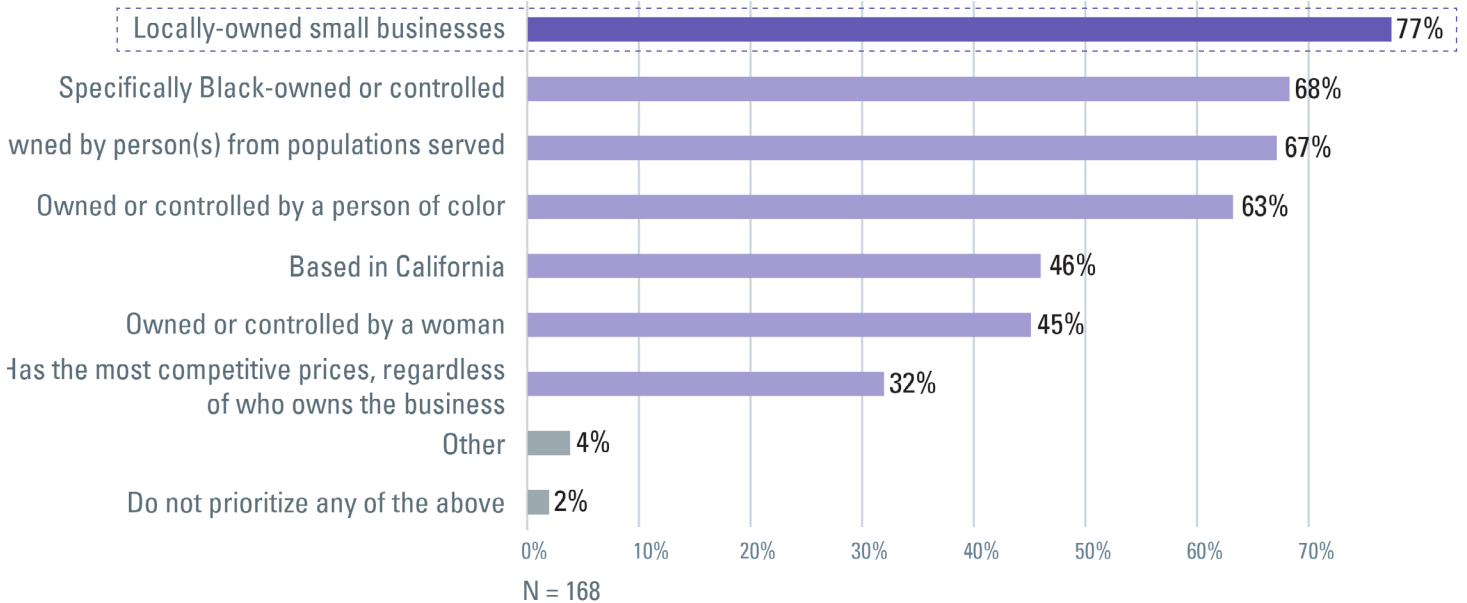
BLOs responsibly and intentionally use their financial resources to spur local economic growth, understanding that this strengthens their local community. They seek out local vendors. They bank locally. Their staff live in and spend money in their community. Given that BLOs are situated in communities of color, data shows a deep commitment to their local economies that are more than likely to be represented by a majority of businesses owned and operated by Black people, other people of color, and women.

- 77% of respondents prioritized locally owned small businesses for their purchases; one in four respondents spent over \$100,000 on local vendors in FY 2023.
- 66% of respondents have three-quarters or more of their staff living (and spending money locally) in one of the geographic communities they serve.
- Over 40% have money deposited with a regional bank or credit union.

“ We hire people directly from the communities we serve. We hire vendors/small business owners that are Black-owned. We recommend vendors to other partners/organizations to grow their revenue.”

Survey respondent

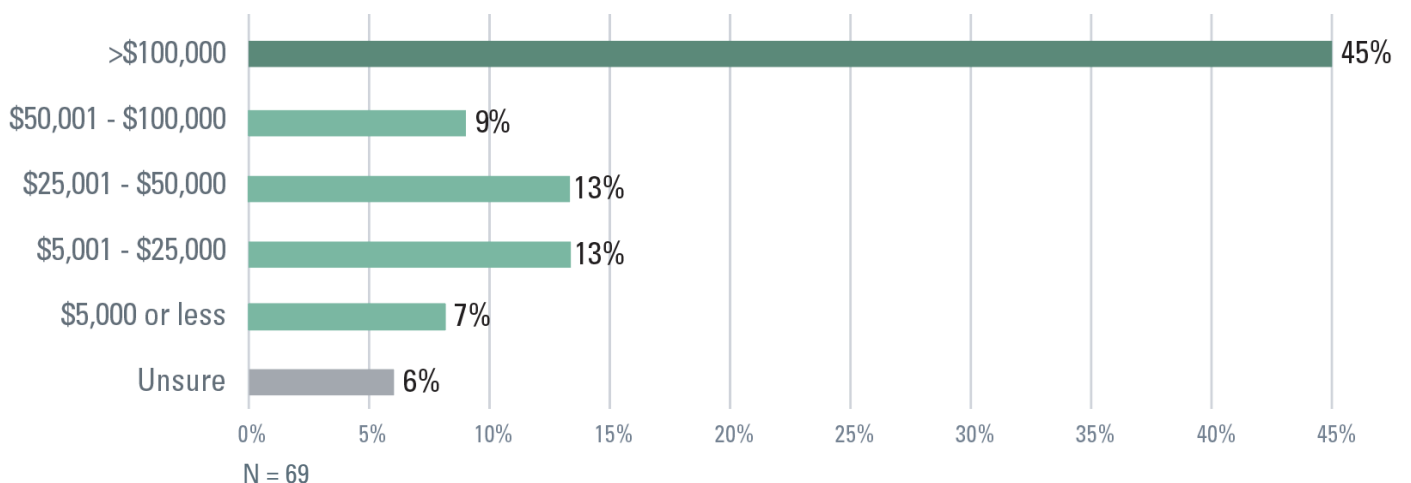
CHARACTERISTICS OF VENDORS THAT BLOS PRIORITIZE FOR PURCHASES



“ Our organization is interested in keeping money in the Inland Empire and Black communities and other minority communities, especially people affected by sickle cell disease, because people with sickle cell disease face economic challenges due to the manifestations of the disease. We support local business owners for our events, any contractors, and other services, and we often seek to find the most talented individuals, many of whom are primarily of minority backgrounds. We believe investing in the community helps create a tide that lifts all ships. ”

Survey respondent

FUNDS DEPOSITED WITH A REGIONAL BANK OR CREDIT UNION

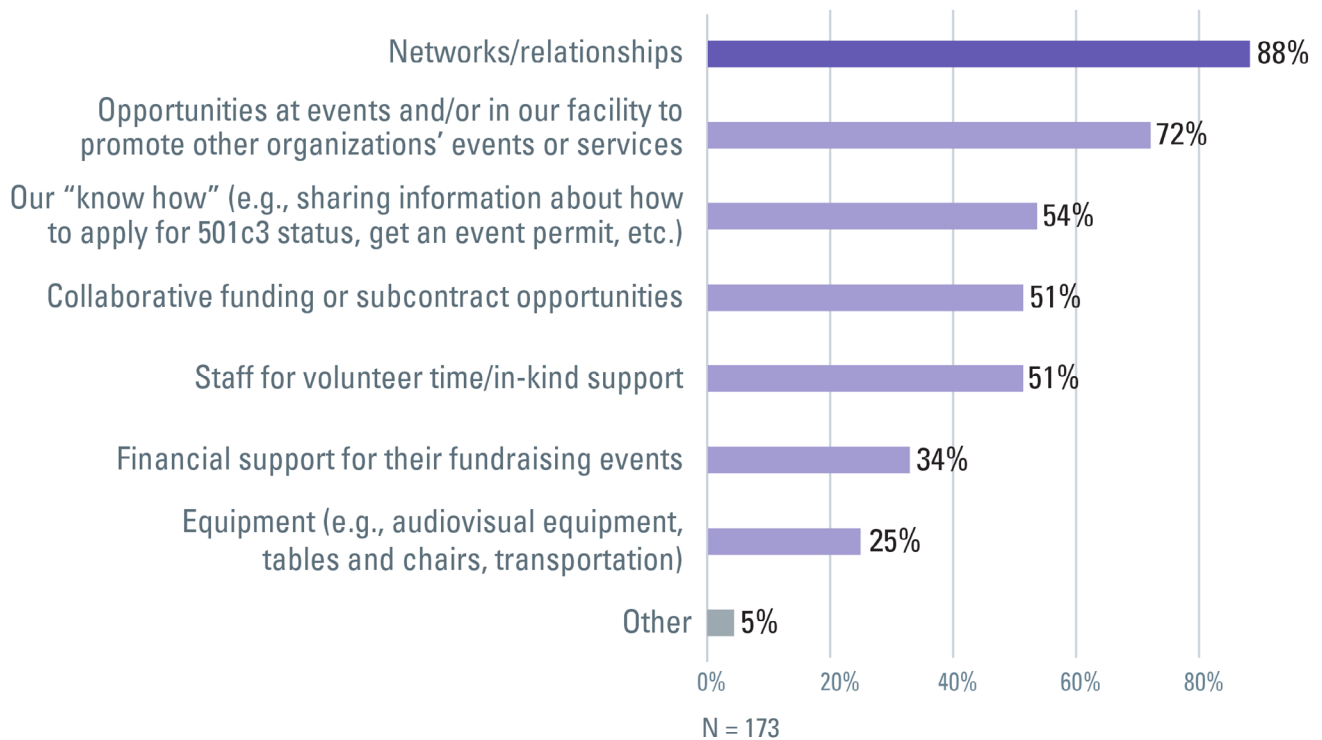


Creatively Contributing Available Resources to Support Other Local Groups and Community Nonprofits

Despite resource challenges (as described later in this report), BLOs take every opportunity to uplift other community efforts, often taking leadership with supportive actions that require time or non-monetary costs. For example:

- 50% of respondents offer their physical space to be used for free or for a nominal fee by other local organizations and community groups.
- 88% of respondents share their network and relationships with other local groups.

RESOURCES THAT BLOS SHARE WITH OTHER COMMUNITY ORGANIZATIONS, PROJECTS, OR LEADERS



Building the Next Generation of Black Leaders

BLOs understand that the work they are doing is long-term, and they are eager to support young Black leaders to help them be successful.

- 73% of respondents provide mentorship.
- 69% open up networks to young leaders.
- 67% provide professional development opportunities.

“ We are a group of individuals who were mentored by a teacher and implemented what we learned into the creation of a nonprofit that is authentically created by youth and led by youth. The alumni of the organization are board members and now executives.”

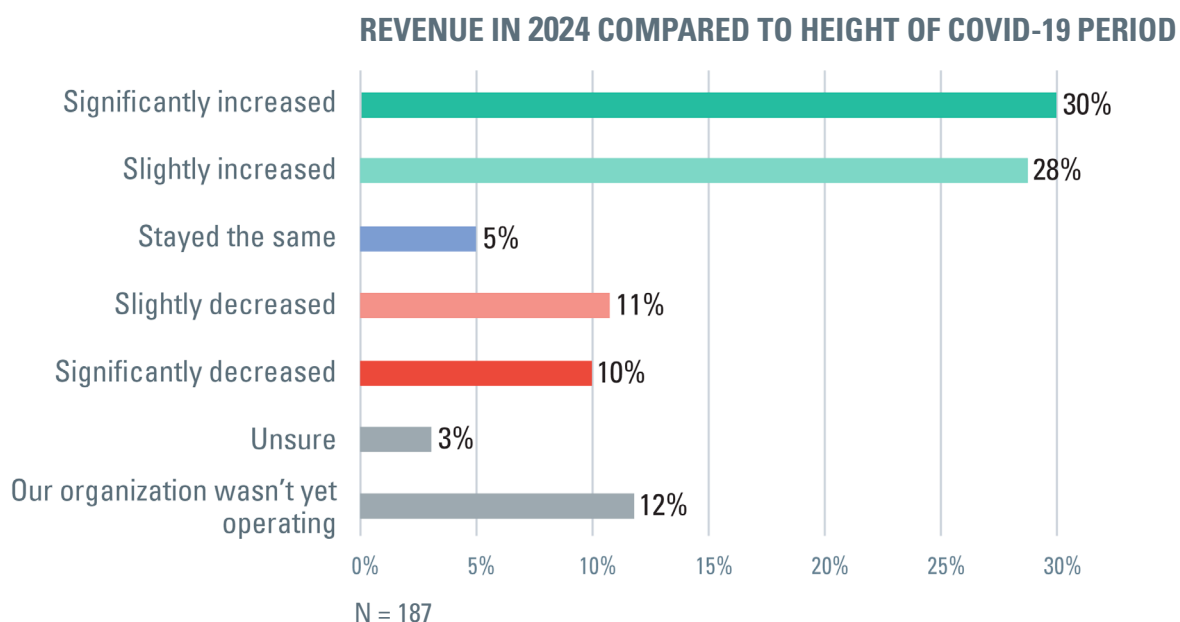
Survey respondent

Responding to Increasing Service Demand while Navigating Staff Compensation Challenges

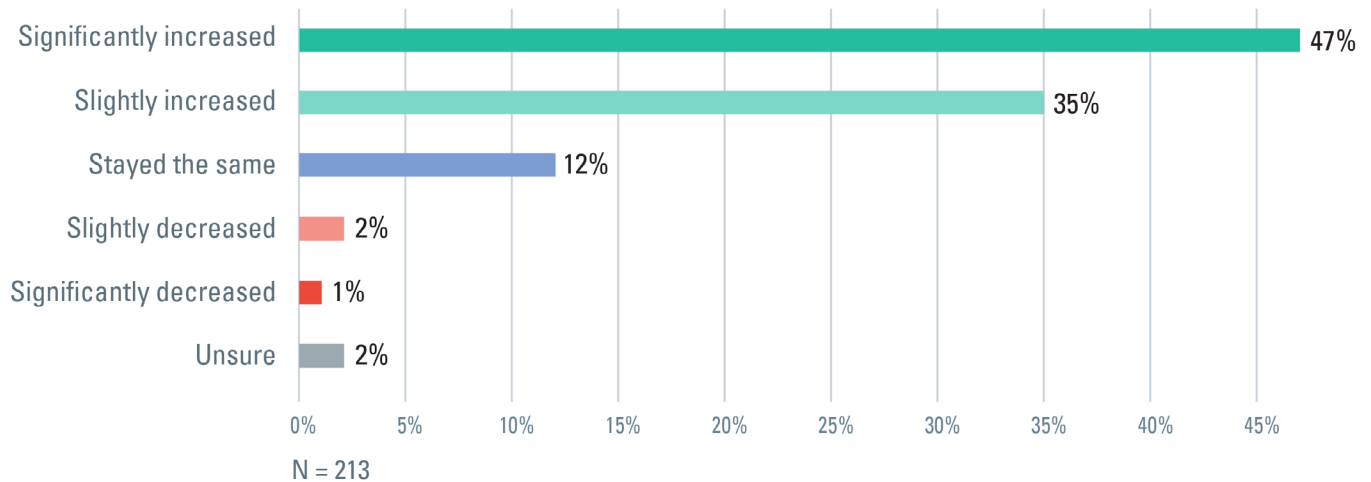
BLOs are trusted community institutions that provide critical services, and their staff are key for ensuring those services address individual and community needs. BLO staff have expertise in their service areas, often paired with lived experience relevant for those they are serving, which helps them to make meaningful connections and measurable impact. While demand for services rises, BLOs face challenges with retaining and attracting the staff needed to keep up with the pace of increasing demand.

Service Demand Increases Outpaced Revenue Increases

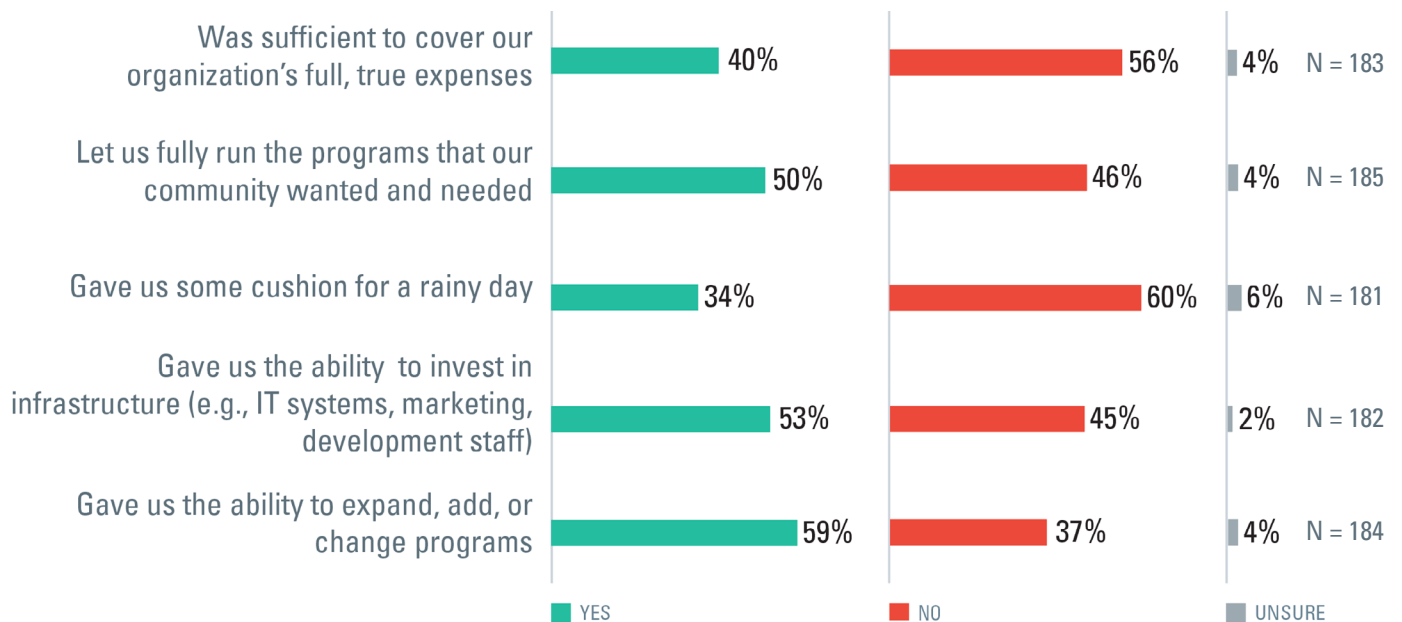
2024 revenue was higher than it was during the height of the COVID pandemic for 58% of respondents. The rise in service demand for an even greater percentage of organizations (82%) highlights that revenue may not be fully supporting the programmatic needs of organizations. This may become more challenging, as 92% of respondents anticipated that service demand would go up again in 2025. Additionally, we see in the chart below that for many organizations, the financial support they received in FY 2023 didn't cover their full costs of service delivery, or other core organizational investments.



CHANGE IN SERVICE DEMAND FROM 2023 TO 2024



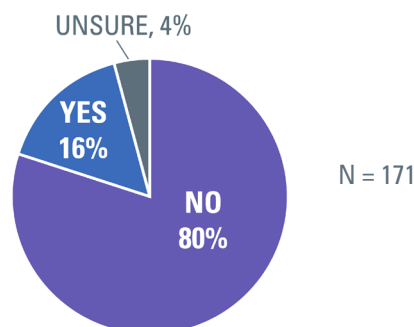
IMPACT OF FINANCIAL SUPPORT IN FY 2023



BLO Staffing is Not Sufficient to Meet Organizational Needs

Although 47% of respondents reported significantly increasing their revenue since the height of the COVID-19 pandemic, 80% of respondents reported that their current staff level is insufficient to meet their organization's needs.

IS YOUR CURRENT STAFF LEVEL SUFFICIENT TO MEET ORGANIZATIONAL NEEDS?



Financial Support Has Not Enabled Organizations to Attract and Retain Staff

The survey identified two driving reasons for the insufficient staff levels: organizations do not have enough revenue to pay for the additional critical staff that they need, and that they cannot pay enough to attract and retain employees. Respondents shared the challenges of paying living wages, which is the bare minimum needed to meet basic needs, in addition to the challenges of providing benefits.

- **95% of respondents agreed that paying a living wage is a major priority** for their organization, although only 28% of them are able to provide living wages to all of their staff.

BLOs recognize that employee benefits are essential for overall health and wellness – particularly in Black communities where access to healthcare and economic security has historically been limited. Respondents provide a range of benefits to their staff. However, they were mostly likely to provide employee benefits that do not require a cash expense, as they do not have the financial resources to provide many benefits. Across all respondents:

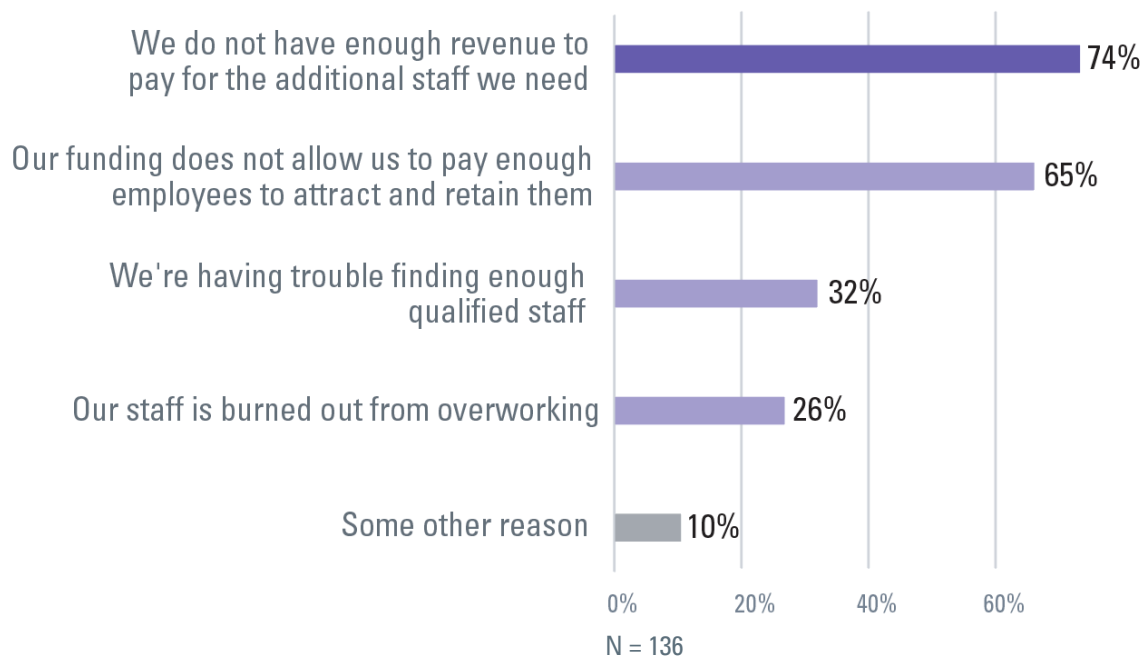
- 61% provide professional development.
- 57% provide a flexible work schedule.
- 46% provide health insurance benefits.
- 33% provide retirement fund contributions.
- Volunteers support the work of over 90% of respondents. Among those, 30% rely on in-kind (pro-bono) services valued at over \$50,000 a year.

Living Wages Are Not Thriving Wages

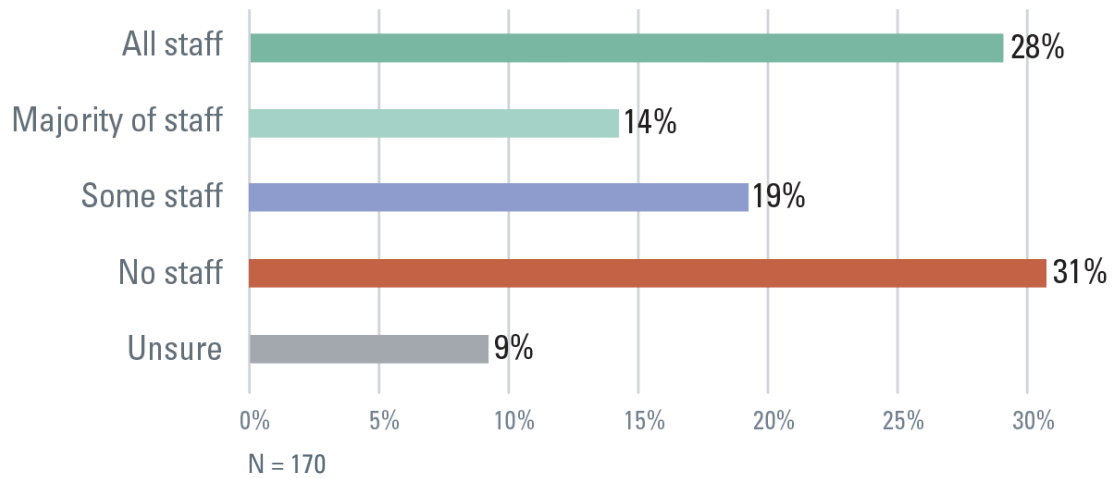
This survey asked respondents about their ability to pay a “living wage.” A living wage is what one full-time worker must earn to cover the cost of their family’s minimum basic needs where they live while still being self-sufficient. MIT’s Living Wage Calculator: <https://livingwage.mit.edu>.

LWC calculates the baseline wage needed to support basic needs, such as food, housing, transportation, medical care, childcare, and taxes; it does not include savings, debt repayment, leisure activities, or large emergency expenses. A thriving wage would be a stronger benchmark as it allows employees to repay debt and have discretionary funds, but there is not currently a localized calculator for a thriving wage.

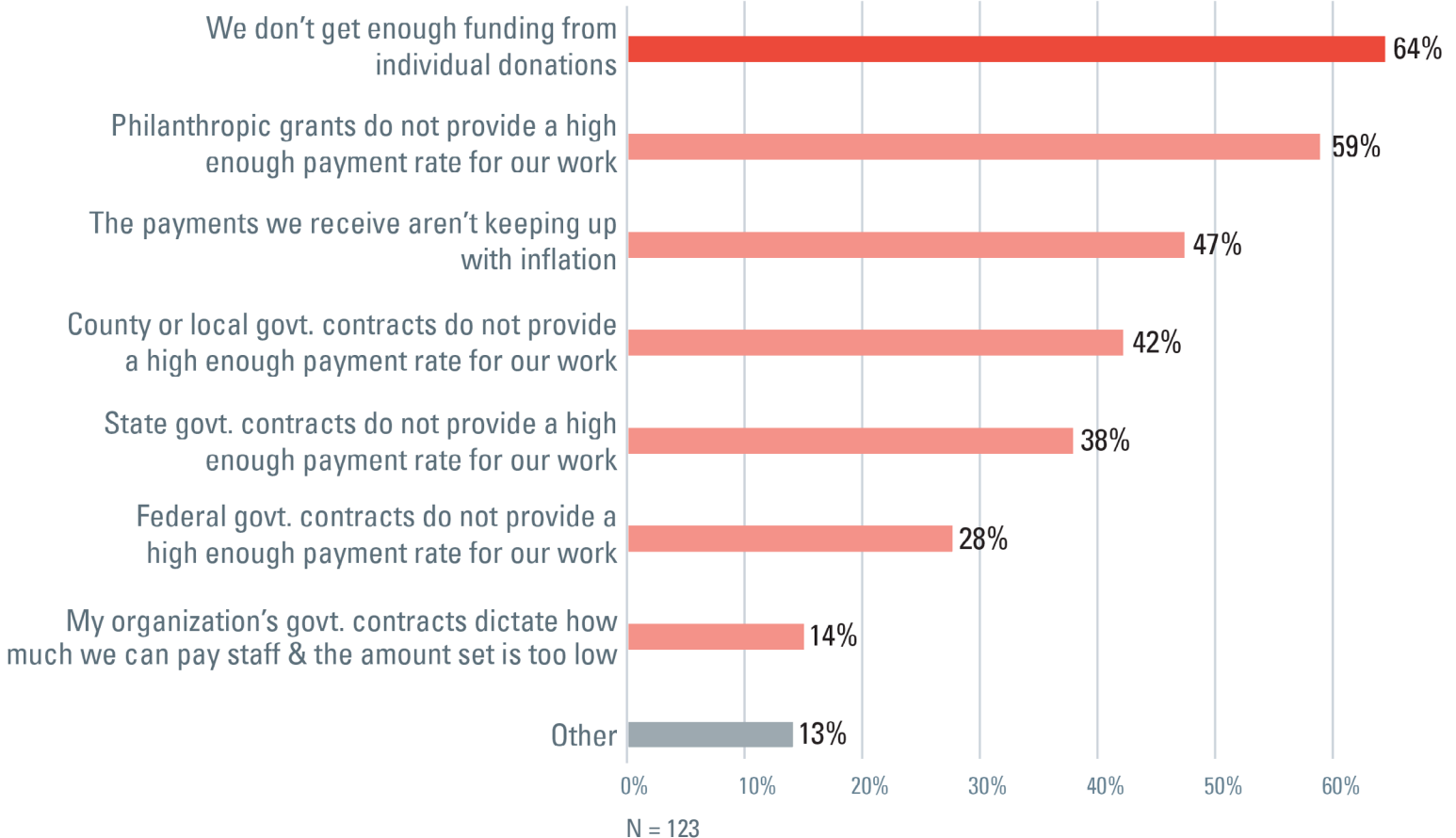
REASONS WHY STAFFING IS INSUFFICIENT TO MEET ORGANIZATIONAL NEEDS



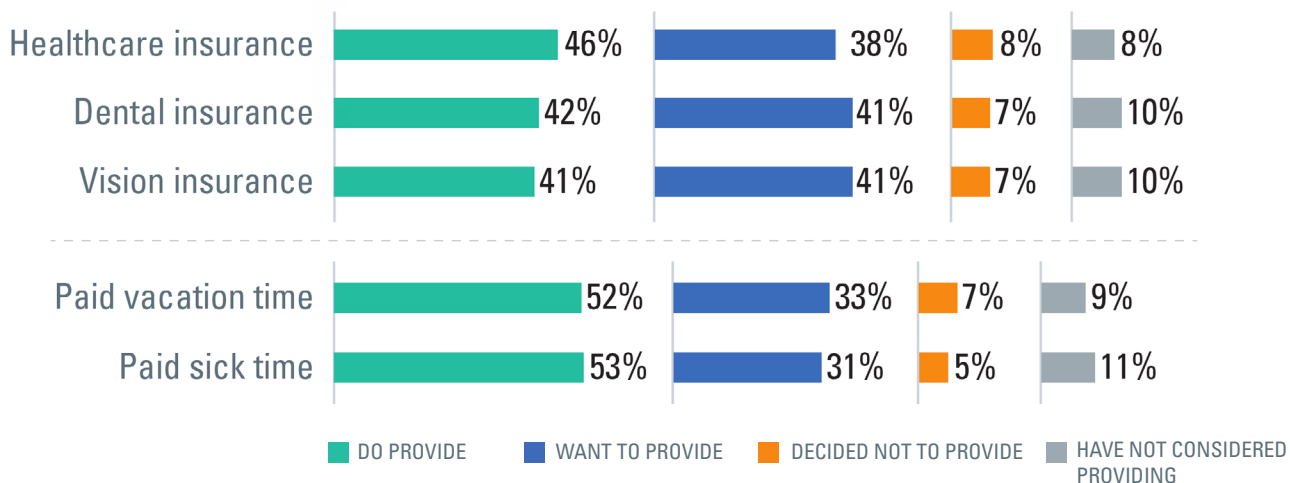
PROPORTION OF STAFF EARNING A LIVING WAGE



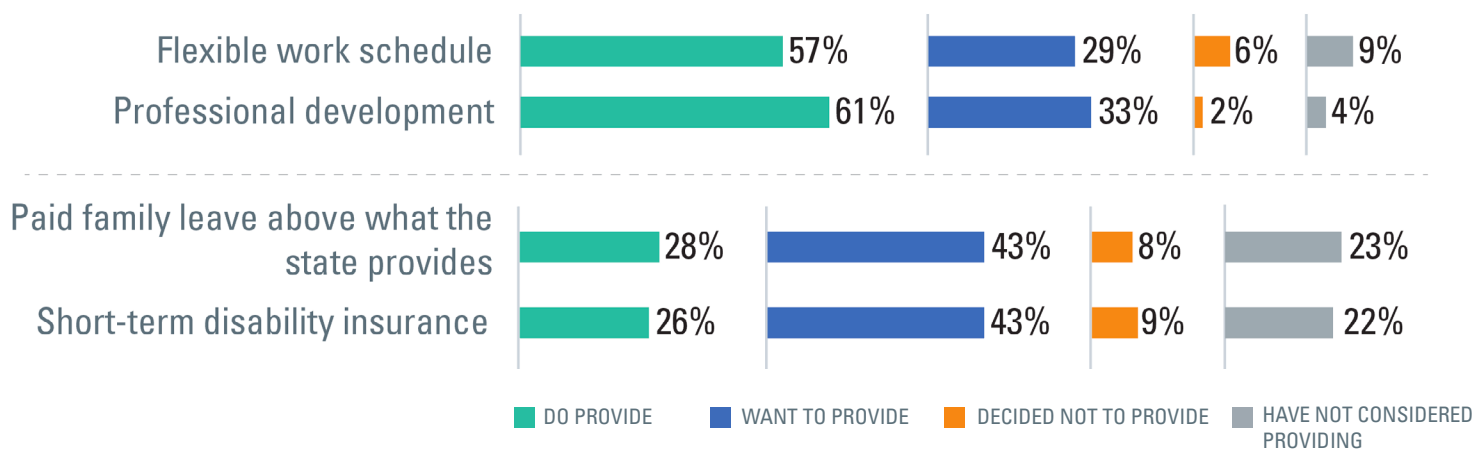
STRUCTURAL BARRIERS TO PAYING A LIVING WAGE



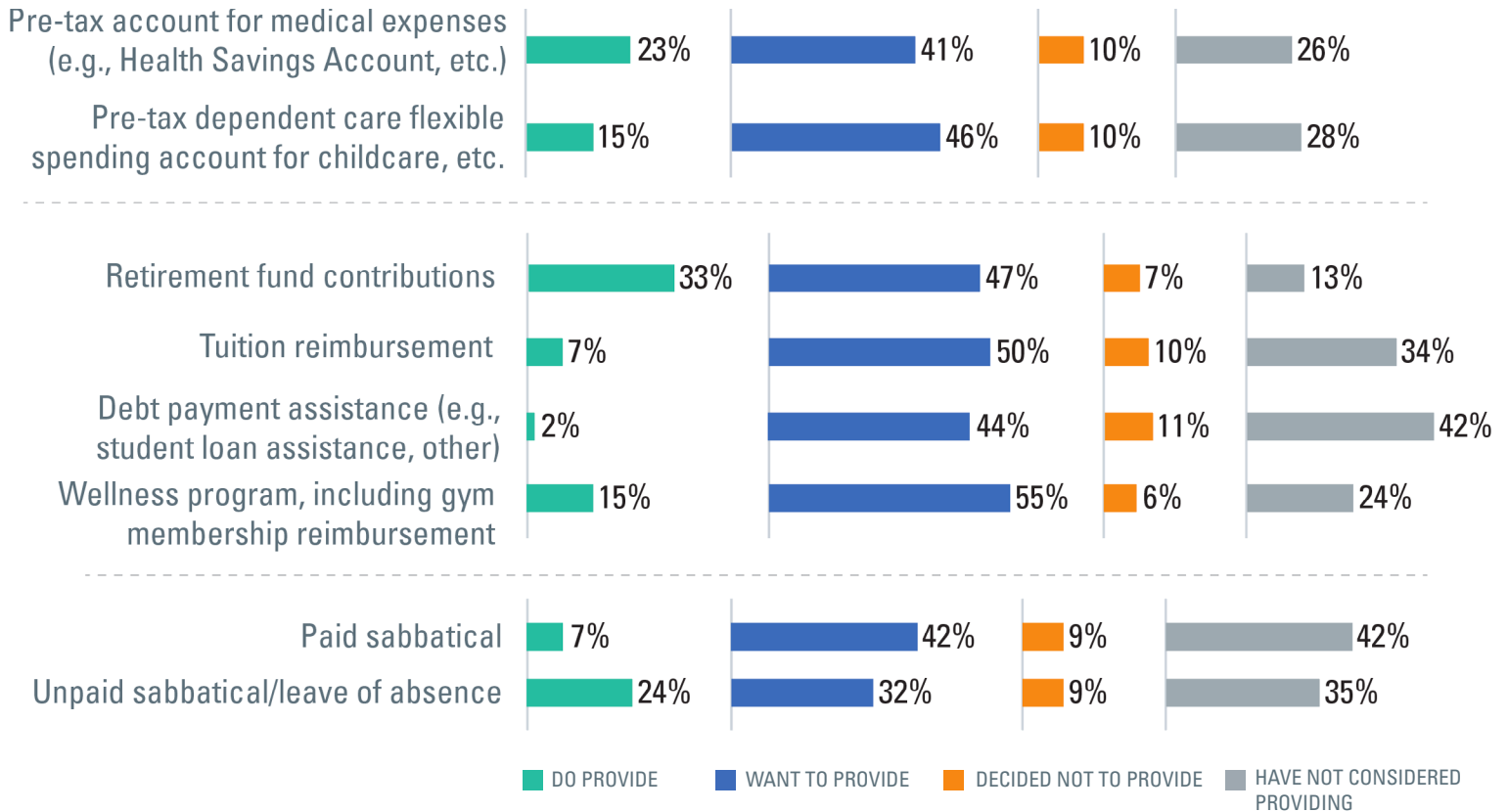
BASIC HEALTH AND TIME OFF COMPENSATION BENEFITS PROVIDED



ADDITIONAL BENEFITS PROVIDED



ADDITIONAL BENEFITS PROVIDED CONTINUED



Budget Size Matters for Attracting and Retaining Staff

When the data is disaggregated by budget size, we see some significant distinctions. One of the most staggering differences between small- and large-budget respondents was the provision of living wages and benefits.

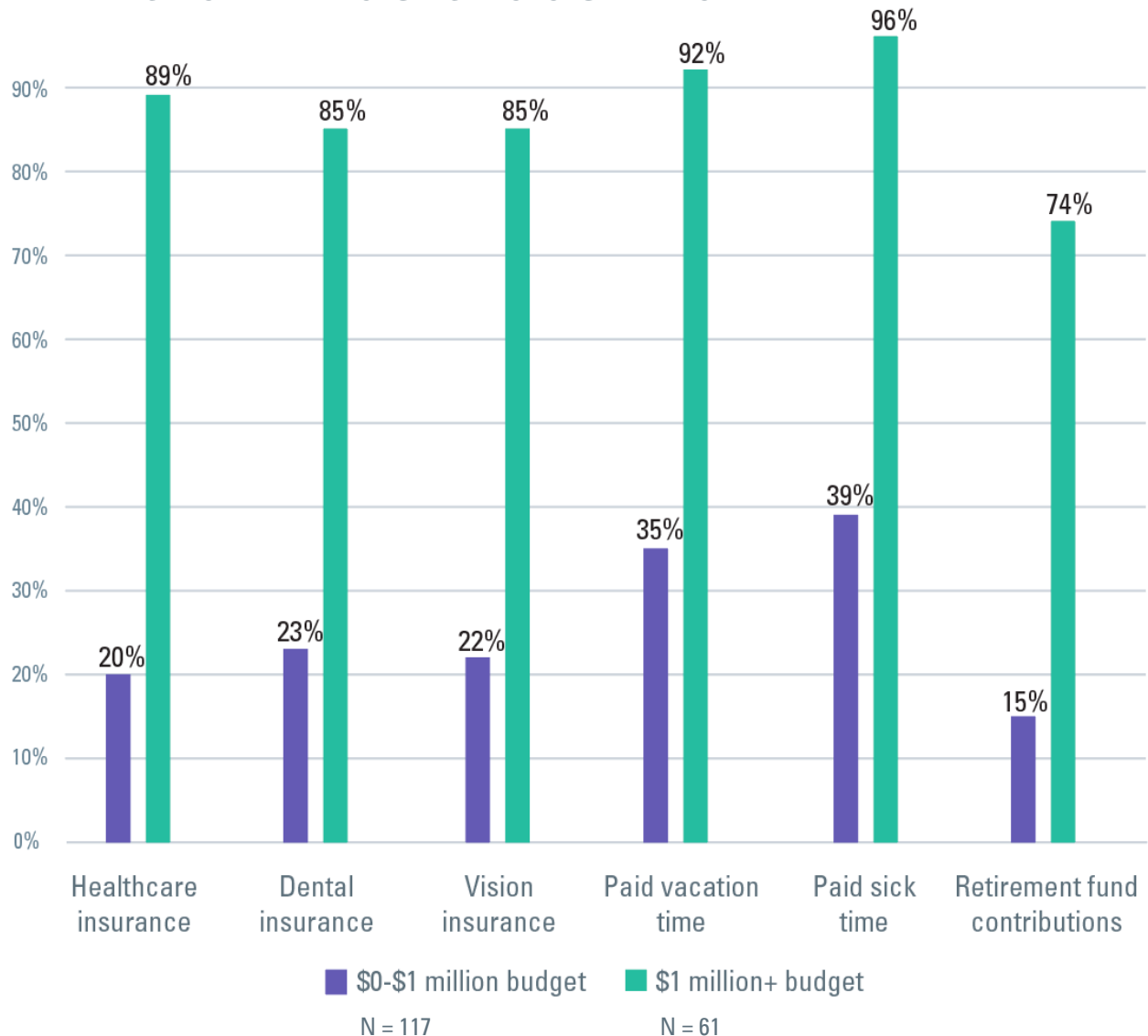
- Only 2% of organizations with a budget over \$1 million had “no staff that were paid a living wage,” versus 42% of organizations with a budget less than \$1 million.

Larger budget organizations also provided benefits at a far higher level than smaller budget organizations, which demonstrates that smaller budgets not only mean fewer resources to support services but also fewer resources to support the health and wellness of employees.

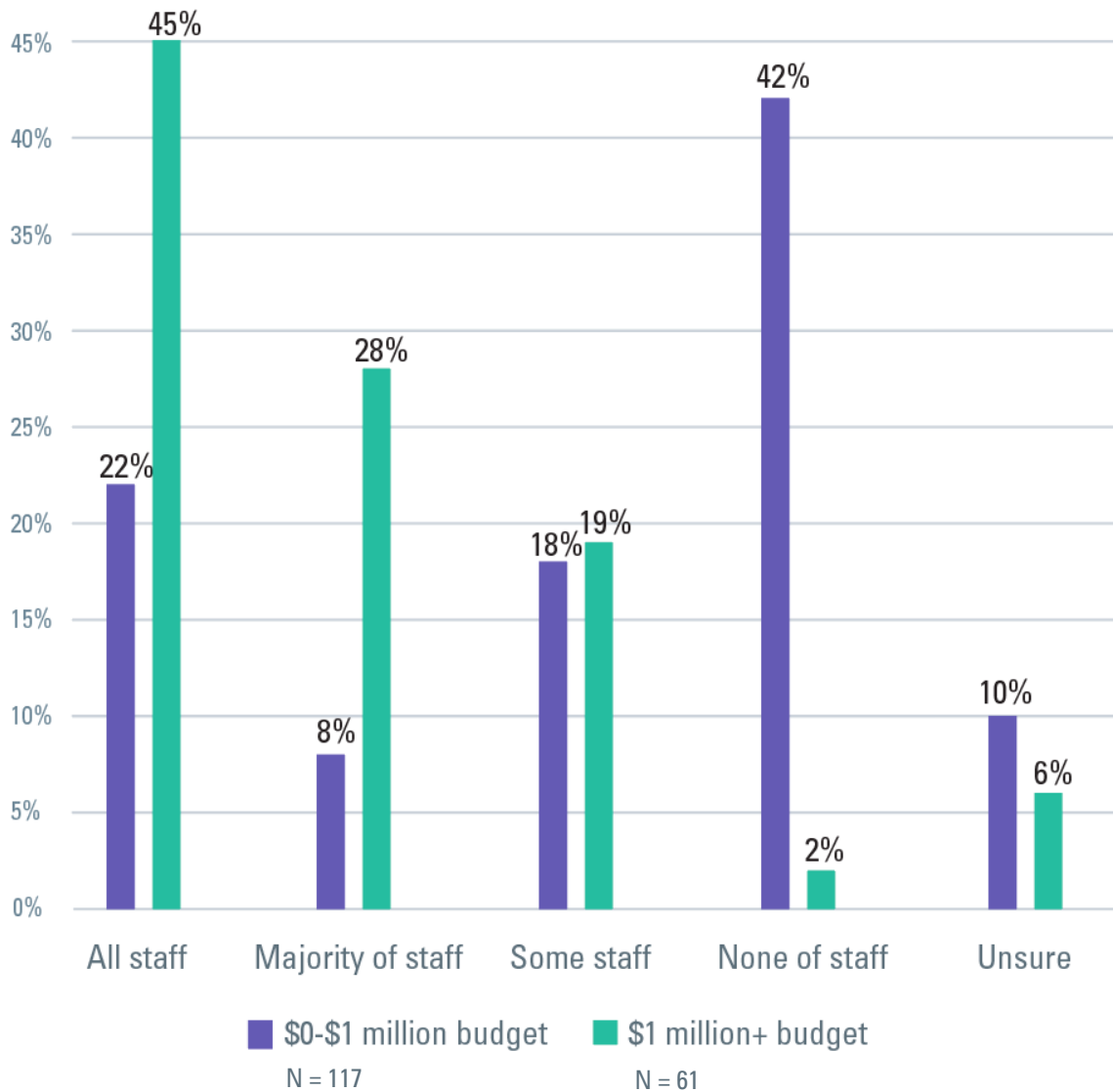
While we see that for the whole sample 46% of organizations provided healthcare insurance, disaggregating the data by budget size shows a different picture.

- 89% of organizations with a budget over \$1 million provided healthcare insurance to their employees, compared to only 20% of organizations with a budget less than \$1 million.

BENEFITS PROVIDED BY BUDGET SIZE OF ORGANIZATION



ABILITY TO PAY A LIVING WAGE BY BUDGET SIZE OF ORGANIZATION

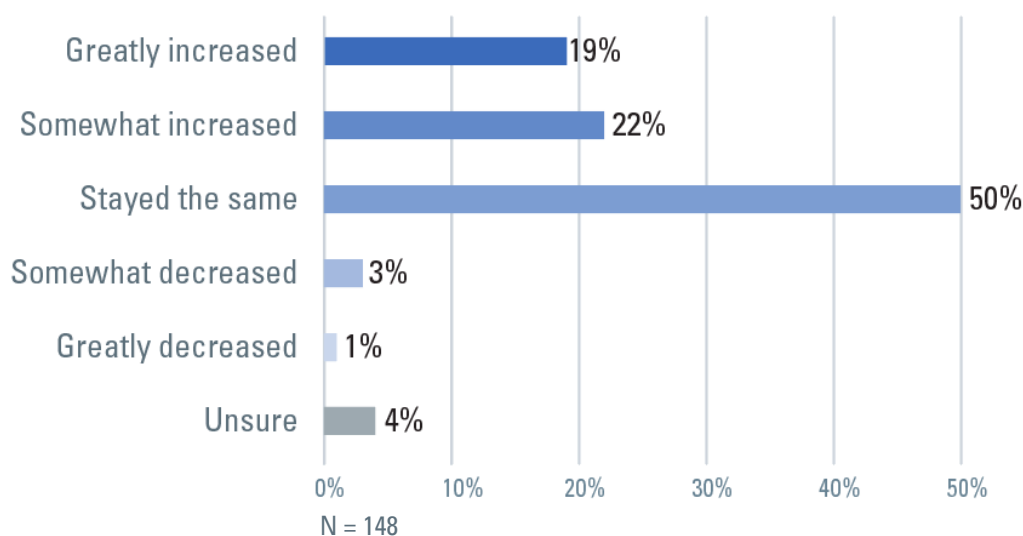


Standing Firm in Their Commitment to Racial Equity

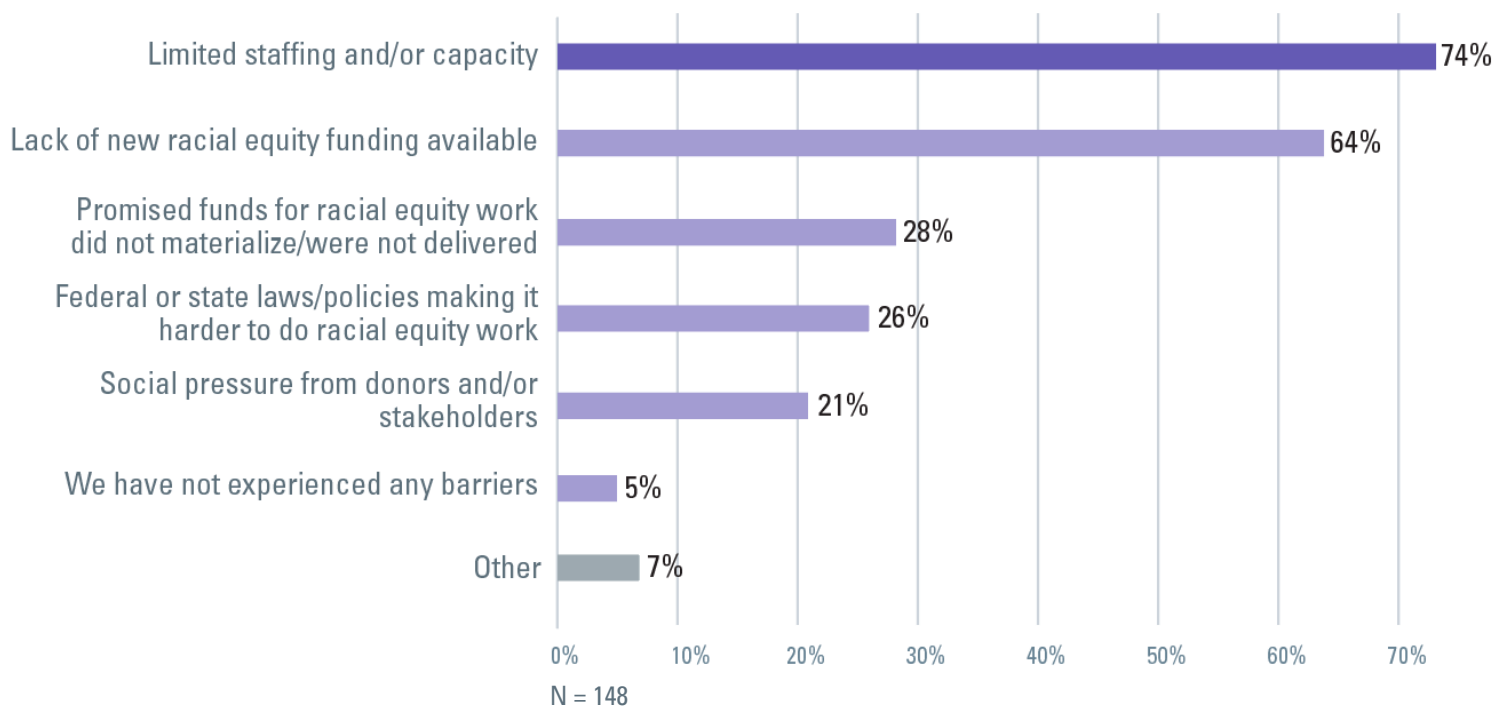
During the time of this report's survey data collection period in the summer of 2024, BLOs were navigating a difficult period of legal challenges to affirmative action and race-based programs that threatened their missions and work. Despite these risks to their work at that time, BLOs remained committed to their focus on advancing racial justice, with 92% of respondents staying the course with their commitment or increasing it.

This commitment continued despite the barriers they face in doing this work. At the time of this survey, the main barrier that leaders shared was limited staffing and capacity, followed by a lack of new racial equity funding available.

ORGANIZATIONS' FOCUS ON RACIAL EQUITY SINCE THE US FEDERAL COURT SYSTEM'S RECENT RULINGS ON AFFIRMATIVE ACTION



BARRIERS TO ADVANCING RACIAL EQUITY



Leading on Innovative Solutions to Community Needs

Respondents not only identify as Black-led, but also as Black-empowering. They provide innovative solutions to the needs of communities. Many BLOs led the way in pioneering community-driven solutions. Yet respondents shared that they are underfunded for their innovative work, while larger institutions replicate their program models and benefit from their innovations without reinvesting in Black-led solutions. Some examples of innovative community solutions they conceptualized include:

- **Service delivery**
 - Accessible art and therapy for students with disabilities: Organizations providing and prioritizing students with disabilities.
 - Mental health and healing-centered approaches: Innovative healing models that integrate cultural identity, hip-hop, and trauma-informed care.
 - Black girls and survivor-centered services: Services specifically designed for sexually exploited youth.
- **Health and wellness initiatives influencing policies and expanding services**
 - Pioneering Black health advocacy: Sickle cell disease medical clinics became a model for other chronic disease programs.
 - Integrating culturally relevant health services: Acupuncture as a standard part of prenatal care for Black women to receive relief from symptoms that are often dismissed until they begin to cause fetal distress; this model has now been adopted by other birth workers.
- **Community safety and violence prevention**
 - Community violence interruption programs: Teams of trained violence interrupters working proactively in communities impacted by high rates of violence. Combined violence prevention with reentry support, addressing the root causes of violence through a multifaceted strategy.
 - Alternatives to policing: Programs using peer-led security models instead of traditional law enforcement.
- **Driving policy change and expanding racial justice initiatives**
 - Reparations and housing justice: Groups securing reparations for housing discrimination victims in historically redlined areas.
- **Ensuring that Black culture, history, and identity remain central in services and programming**

Digging Deeper In Los Angeles

In addition to looking at the entire sample, we also dove deeper on the largest geographies represented. Respondents serving LA County made up 62% of the responses. Below are some of the meaningful findings when looking at organizations serving LA County versus those serving all other CA counties.

Organizations in LA County versus all other CA counties:

As compared to during the COVID-19 pandemic, revenue has increased for more BLOs serving in LA County (68%) than for those serving other counties (44%).

- BLOs primarily serving LA County are more likely to be new: 48% of BLOs serving outside of LA county were established since 2020, as compared to 53% of LA-serving ones.
- Six out of ten (61%) LA County BLOs said that racial equity is a major focus for their organization; nearly eight out of ten (77%) of those serving all other counties said the same.
- For those who indicated they saw barriers to advancing racial equity, we saw some differences in the challenges faced.

Barriers to advancing racial equity	Serving all other CA counties	Serving LA County
Limited staffing and/or capacity	82%	69%
Promised funds for racial equity work did not materialize/were not delivered	20%	31%
Lack of new racial equity funding available	70%	56%

Digging Deeper In Inland Empire

NFF also examined the data for BLOs serving the Inland Empire region of Riverside and San Bernardino counties. While much of the data showed similar trends to BLOs across the state, there were some notable differences for BLOs serving the Inland Empire, which made up 17% of the responses.

Organizations in Inland Empire versus all other CA counties:

- As compared to organizations serving outside of Inland Empire, BLOs primarily serving Inland Empire were more likely to have lower budgets and smaller asset sizes. 78% of Inland Empire organizations had less than \$250,000 expense budgets compared to 42% of their peers serving all other counties, and 84% had less than \$500,000 in total net assets compared to 62% of their peers serving all other counties.
- BLOs primarily serving Inland Empire were more likely to access individual donors than foundations for revenue. They had their primary revenue sources as government (41%), individual donors (27%), and foundations (18%), as compared to organizations serving all other counties, which had government (44%) and foundations (28%) as primary sources.
- Staffing support is constrained for Inland Empire BLOs. 57% of Inland Empire BLOs had less than 2 full-time equivalent staff supporting their organization, while 46% of organizations serving all other counties had the same level. Additionally, 43% of IE BLOs paid \$0 in staff salaries compared to 20% of their peers serving all other counties.
- Close to 90% of Inland Empire BLOs shared that paying living wages to their staff is a major priority. The table below shows that despite how they value supporting staff, they face challenges providing support to staff.

Wages and benefits	Serving all other CA counties	Serving Inland Empire
Majority or all staff paid a living wage	44%	22%
Providing healthcare benefits to staff	49%	26%
Providing paid sick time	55%	36%
Providing paid vacation time	55%	32%

Recommendations for Funders

Funders hold an important role in sustaining and supporting the impactful work of BLOs and amplifying the economic impact they can have in their communities as local employers and service providers. In the current political climate where racial equity, community-driven solutions, and funding for historically disinvested organizations face increased threats and scrutiny, it is more important than ever for funders to remain steadfast in their commitments. BLOs are not only providing essential services to communities, but are also economic drivers – creating jobs, strengthening local economies, and fostering community resilience.

Funders: Double down on your support with long-term investments in inclusive funding strategies. This will safeguard and expand the progress that has been made, ensuring these organizations can continue their missions. By taking the following actions, you can help BLOs deepen the impact they have on the lives of those they employ and serve.

For all funders (philanthropy and government): Work strategically to value the economic benefit that BLOs provide.

Fund organizations so that they can pay their staff thriving wages and fully cover their costs to continue to strengthen California's economy.

- BLO staff are both of the communities they serve and also critical to making a deep impact with those they serve. Funding them so they can thrive will directly provide an economic benefit.
- As demand for BLO services continues to increase, the rising cost of providing those services needs to be covered for BLOs to make their optimal impact.
- Recognize the broader economic impact of your funding on job creation, community wealth-building, resource sharing, and sustaining a strong tax base for local and state governments.
- Celebrate and bring greater visibility to the economic impact of BLOs by including these facts in the stories you tell about outcomes and success.

Incorporate and align cross-sector partners.

- Proactively partner across government agencies, philanthropy, BLOs, and communities when designing programs with the same focus in order to create more coordination towards impact.
- Connect BLOs across the partners you work with. BLOs' experiences will inform better cross-sector work, and access will help them identify and leverage additional resources and opportunities.
- Help BLOs to achieve their salary and benefits goals by allowing them to set salary rates against thriving wages as well as philanthropic and government sector benchmarks. Recognize that oftentimes BLO staff are attracted to these adjacent sectors because of their higher pay, and they are recruited, in part, for the value of their lived experience.

Repair fractured relationships and rebuild trust. Take accountability for understanding your institution's role in perpetuating inequities.

- The challenges BLOs and their communities face arose in a specific context. Investigate the history of your institution to identify whether past decisions have contributed to the harms experienced by BLOs and the constituents your institution serves. Take accountability for those harms and engage in discussions with those affected about what meaningful healing and repair looks like.
- Explore investment portfolios to understand whether they include corporations or industries that run counter to equity goals; take corrective action accordingly.
- Our research shows BLOs can do much more for their clients and communities if they have adequate funding. Consider whether your funding practices (amounts, timelines, procedures) are requiring BLOs to play small in an era where we need big ideas and collaboration across movements and systems.
- Recognize that BLOs bear the brunt of risk burden due the public-facing nature of their equity-focused work. Support them in their missions wholeheartedly.

For philanthropy: Support and invest in key areas BLOs need to achieve the shared vision for even greater community impact.

Work collectively to deepen investments in community-led collaborative efforts and power-building.

- Partner with other funders to identify funding gaps and align strategies to collectively shift practices so that the funder ecosystem is leveling the playing field for BLOs to operate and access funding that covers the full cost of their work.
- Assess the impact that government budget cuts have on BLOs and provide resources for organizations to engage in effective local and state budget advocacy. For example, funders can leverage their political power and relationships to lift up the impact of budget cuts on programs that grantees deliver.
- Empower local organizations to lead and define what successful outcomes look like for their work.

Provide resources for BLOs to shore up their infrastructure against organizational threats.

BLOs are operating in an environment destabilizing to their work. Funders should support BLOs by funding them to maintain services and their advocacy efforts.

- Acknowledge that reducing funding to avoid “risk” to the foundation only puts nonprofits at even greater risk, which has broad justice and economic effects that ripple through communities.
- Provide funding that supports BLOs to cover infrastructure costs such as audits, finance staff, legal advice, data systems, and safety provisions.
- Fund reserves that give organizations a safety net for unexpected risks.

- Fund efforts to reverse the silent harm of erasure. Invest in institution-building efforts that allow BLOs to tell their stories, amplify their success, collaborate together and with other people of color-led groups, and secure the respect they've earned.
- Foundations seeking to operate in perpetuity can do so because they have a long-term resource base, recognizing that justice is a multi-generational endeavor. BLOs operating on the frontlines of multi-generational justice should also have the benefit of permanence, yet many are unable to hire appropriate staff to meet growing needs. Seed BLOs with flexible endowments to ensure they can secure a long-term resource base and contribute to impact investing in the same way foundations do.

Support staff capacity and time for planning and designing.

- Work toward covering BLOs' full costs and invest in their long-term success by funding staff capacity outside of direct program delivery, for things such as: Identifying community priorities, planning projects, developing partnerships, applying for funding, and managing compliance requirements. The costs of these necessary functions are often currently absorbed by BLOs. This longer-term support will ensure they can effectively serve community needs, secure funding, and implement projects that build resilience.
- Provide multi-year general operating support (GOS) and flexible funding for back-office capacity.

Engage stakeholders in critically evaluating your current grantmaking practices.

- Follow BLOs' lead in committing to equity broadly. Evaluate the composition of applicant and grantee pools to identify any equity gaps in who is applying for and receiving funding. Develop strategies to close the gap.
- Engage a neutral evaluator to solicit and aggregate anonymous feedback from applicants, grantees, and groups underrepresented in your applicant and grantee pools.
- Compensate people for the time commitment involved in providing feedback, and communicate with participants about findings, recommendations, and any decisions being made as a result of this process.

Offer resources to address financial risks borne by public funding recipients at this time.

- Provide grants that supplement public funding.
- Provide recoverable grants or no-cost program-related investments (PRIs) to support an organization's working capital needs while awaiting payment.

- Provide matching funds when public programs require them.
- Cover the cost of interest rates if public grant recipients must use debt to support working capital bridge needs stemming from reimbursement-based contracts.
- Deepen relationships with government funders to better align philanthropic investment with government funding programs.

For government funders: create the conditions so that BLOs can partner effectively with you on shared community impact goals.

Fully accept and apply Negotiated Indirect Cost Rate Agreement (NICRA) in grant agreements.⁴

More than half of organizations surveyed stated that financial support in 2023 was insufficient to cover their true expenses. NICRA is an invaluable tool for covering BLOs' full cost of doing business.

- Recognize an organization's federally approved NICRA and allow full reimbursement of indirect costs at the negotiated rate.
- Proactively inform and train agency contract decision makers on NICRA importance, application, and implementation to reduce misunderstandings and barriers.
- Ensure equitable access to NICRA training and application process assistance. Black-led and smaller organizations have challenges securing NICRA due to resource constraints and historical underfunding.

Make advance payments available and pay invoices on time.

Previous research by NFF [has shown](#) that the majority of LA nonprofits are not paid on time by their government funders while also having limited cash on hand, which hampers their ability to do the work.

- Pay reimbursements on time. BLOs are not banks. Don't put them in a position of continuing to pay expenses while their reimbursements are delayed which could be considered short-term, interest-free loans. Late payments pose a significant financial burden and risk to resource-limited BLOs.
- Provide upfront payments that supports organizations to have a strong start to their programs and not have to spend their own resources to get a new program running.
- Consider structural changes – such as nonprofit contracting liaisons, an office of nonprofit contracting, or other strategies – to ensure accountability and consistency in processing nonprofit payments on time and support nonprofits in navigating complex state funding requirements.
- Consider deliverable-based rather than cost-based reimbursement contracts to reduce the burden of time and cost-intensive reporting requirements that don't materially affect community impact.

4. In 2024, Office of Management and Budget adopted new Uniform Guidance that raised the de minimis rate for indirect costs from 10% to 15% of modified total costs. More information can be found here: <https://www.councilofnonprofits.org/trends-and-policy-issues/omb-uniform-guidance>.

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