

the
Community Foundation
of Santa Cruz County

2010 Santa Cruz County
Nonprofit Landscape Study

Sector Profile Report

Acknowledgements

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Introduction and Overview

The *2010 Santa Cruz County Nonprofit Landscape Study* is the third of its kind commissioned by the Community Foundation of Santa Cruz County. Similar to the 2005 study that profiled a nonprofit sector in the aftermath of the dot com bust, the following report captures organizations in the midst of an even more dire economic crisis. This report provides a profile of the county sector, examines how these nonprofits have been affected by the current recession, and looks at the strategies they have developed to continue providing services to the community during a time of growing demand and increasingly limited resources.

This report draws on a comprehensive organizational survey of 162 nonprofit organizations in Santa Cruz County—from a list of 282 organizations¹ for an overall 57% response rate. The survey was conducted in October 2009 by LFA Group² (Learning for Action), an independent research, strategy development and evaluation firm serving social-sector organizations that is based in San Francisco, California. Additional details on the survey methodology are provided in Appendix A at the end of this report. The survey instrument is included in Appendix B.

Wherever possible, data from the 1999 and 2005 surveys are used to examine trends in the sector over the last decade. Please note, that at times comparisons are only made between 2005 and 2010, either because these were the only two time periods for which data are comparable or because comparisons were most relevant for these two time periods both characterized by a challenging economic climate.

This report highlights key findings and implications and suggests possible action items for nonprofit staff and board members, public agency leaders, funders, policymakers, and the business community to take in support of the Santa Cruz County nonprofit sector. Given the severely difficult economic environment in which this study was conducted, special attention is paid to the impact of the recent economic crisis on changes in nonprofits' financial solvency and strategies used to manage the current crisis.

¹ The survey was sent to 282 active nonprofit organizations on a list compiled from various databases including the Urban Institute's National Center on Charitable Statistics (NCCS) and IRS Publication 78. For the purposes of this study, the nonprofit sector is defined as community-based nonprofit 501(c)(3) organizations, excluding hospitals, educational institutions, religious groups, business associations, and sports leagues. For more details on methodology and the population from which the sample was drawn, please refer to Appendix A.

² Formerly LaFrance Associates, LLC.

Economic Context and Community Value

Santa Cruz County relies on the nonprofit sector to provide an array of services and programs to the community, from housing development to after school programs. These organizations face daily challenges that have been aggravated by the economic downturn. Many organizations may not be able to weather a prolonged recession. Because nonprofits provide services and programs, and add culture and other value to the community—a role that is only more critical during an economic recession—the impact of the sector’s financial instability will be felt broadly. This chapter provides an overview of the economic environment in Santa Cruz County and the value that nonprofits add to the communities they serve.

Since the *2005 Santa Cruz County Nonprofit Landscape Study*, two major shifts in the economy have affected the nonprofit sector: the global economic recession and the California state budget crisis. The current recession has greatly impacted nonprofits in Santa Cruz County. Cuts in public and private funding have forced nonprofits to make difficult choices about their programming and organizational structures. The economic downturn has simultaneously increased demand for services and programs traditionally provided by nonprofit organizations and constrained the capacity of both individual and institutional funders to support the sector.

One the one hand, it’s alarming to consider the trends many area organizations are going through. How long can we all last with on-going organizational financial pressures, and, on an individual level, with increased workloads with discrepant pay and benefits? The other side, however, is considering how remarkable the staff, boards and volunteers are who keep our many organizations afloat, sometimes even thriving.

Greg Pepping
Executive Director, Coastal Watershed Council

California’s fiscal situation continues to have a large impact on the nonprofit sector. At the end of 2008, the Governor signed a budget calling for over \$7 billion in cuts to close a projected \$15 billion shortfall. Many state contracts were frozen and in the process, many programs were severely cut or defunded altogether.

Santa Cruz County has already made significant reductions for fiscal year 2009-2010 and is bracing for a projected fiscal year 2010-2011 budget deficit of nearly \$20 million.³ In Santa Cruz County, certain subsectors were hit particularly hard by decreases in government funding. Large proportions of organizations in the health (67%), youth development and education (67%), and

³ Community Programs Funding Task Force Presentation to the County of Santa Cruz Board of Supervisors, February 2, 2010

human service (58%) subsectors reported decreases in government funding. More than one-quarter (29%) of health organizations reported that the decrease has been more than 20%.

We have to think about doing things differently. Our economy is in transition and we have to think about what kinds of businesses, what kinds of employment we need for our children and grandchildren to succeed.

*Dori Rose Inda
Executive Director & Attorney, The Watsonville Law Center*

Overview of Key County Demographics

Santa Cruz County is the second smallest geographic county in the state of California. Situated about 65 miles south of San Francisco, between Monterey Bay and Silicon Valley, Santa Cruz County features natural beauty and high quality of life. Residents say that scenery, geography, and climate are the primary factors contributing to quality of life in Santa Cruz County.⁴ Residents are relatively well-educated and affluent. More than one-third (40%) of residents has a bachelor's degree or higher⁵ and the county boasts two four-year universities and one community college. The median family income is \$83,800 (see Exhibit 1), higher than the state (\$70,400) or national (\$64,000) figures.⁶

However, the cost of living in Santa Cruz County is high and imposes a significant economic burden on its residents. Only 51% of homes are affordable for median income families, compared to 73% nationwide. More than half of residents spend more than 30% of their total take-home pay on rent or housing costs. Notices of default, the first step in the foreclosure process, have increased over 350%, from 418 in 2006 to 1,537 in 2008.⁷

In addition, the unemployment rate has been steadily rising since 2006. Although the countywide 2010 figure of 15% is only slightly above the state average rate of 12%, unemployment is unevenly distributed throughout the county and certain communities are experiencing extremely high rates of unemployment. In Watsonville, for example, unemployment has reached 27%.⁸

The poverty rate in Santa Cruz County has worsened. In 2008, 14% of families and 18% of children under the age of 18 in the county were living below the federal poverty level.⁹ Santa Cruz County's Community Assessment Project Telephone Survey found that one in six respondents

⁴ Santa Cruz County Community Assessment Project, Year 15, 2009 Telephone Survey

⁵ Santa Cruz County Community Assessment Project, Year 15, 2009

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ Census Bureau 2008 American Community Survey

reported having gone without basic needs (such as child care, health care, food, or housing) in any given month in 2009.¹⁰ This translates to roughly 28,000 adults in the county whose basic needs are not being met. Another clear indicator of increased need is the number of people suffering from food insecurity. The Second Harvest Food Bank of Santa Cruz County served 48,161 people in 2008, compared to 32,618 in 2003.¹¹

Exhibit 1

Key Santa Cruz County Demographics	
	Santa Cruz County
Average Household Size, 2000 ¹²	2.71 persons
Median Family Income, 2009 ¹³	\$83,800
Percent of Homes Affordable for Median Income Families, 2009 ¹⁴	51%
Unemployment Rate, December 2009 ¹⁵	14%
Percent of Families Below the Federal Poverty Level, 2008 ¹⁶	14%
Percent of children under 18 living under the federal poverty level, 2008 ¹⁷	18%

Many nonprofit organizations serve the most vulnerable populations in the county. As streams of funding dry up and demand increases, nonprofits and the communities they serve are pushed closer to the edge of survival.

The Social Value of the Nonprofit Sector in Santa Cruz County

The nonprofit sector in Santa Cruz County provides a vehicle for residents to act on their desires to improve the community. Organizational missions range from meeting the most basic human needs related to hunger and health to providing creative outlets for arts, cultural expression and entertainment. The vitality and diversity represented in Santa Cruz County is a direct reflection of the passion of its residents.

¹⁰ Santa Cruz County Community Assessment Project, Year 15, 2009 Telephone Survey

¹¹ Ibid.

¹² 2000 Census and Census Bureau 2007 American Community Survey

¹³ U.S. Department of Housing and Urban Development, HUD User, Policy Development and Research Information Services, *Income Limits*, 2009

¹⁴ National Association of Home Builders, *NAHB – Wells Fargo Housing Opportunity Index (HOI), 1st Quarter, 2009*

¹⁵ Community Programs Funding Task Force, Presentation to the County of Santa Cruz Board of Supervisors, February 2, 2010, Ellen Timberlake, Deputy Director, Human Services Department

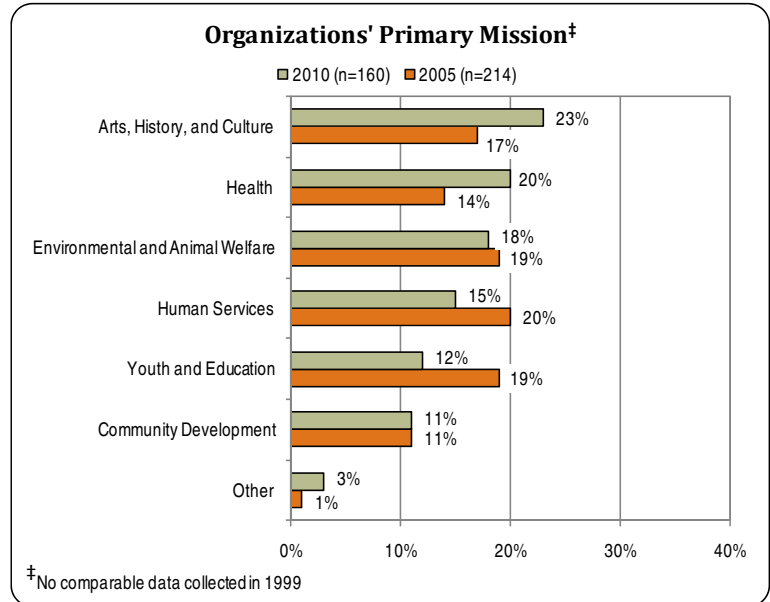
¹⁶ United States Census Bureau, American Community Survey, 2009

¹⁷ Ibid.

Organizational Missions

Nonprofits in Santa Cruz County constitute an invaluable and diverse resource for the community, existing to achieve a broad array of purposes¹⁸. Organizational missions range from arts, history, and culture to health and human services. Among the mission areas reported by Santa Cruz County nonprofits, three areas emerge as most prevalent: arts, history, and culture; health; and environmental and animal welfare (see Exhibit 2). Santa Cruz County nonprofits meet some of the most basic needs in the community. More than one-third (35%) of nonprofits in the county are health or human service organizations.

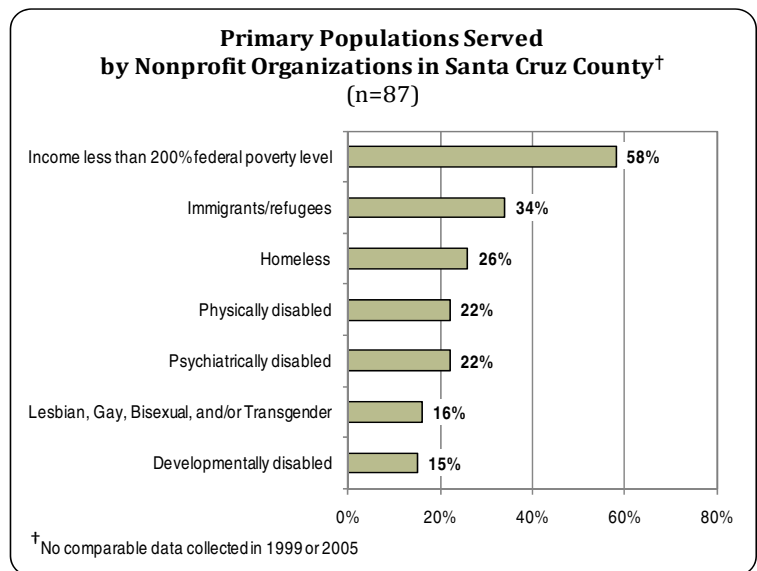
Exhibit 2



Populations Served by Nonprofits

Many nonprofits exist to meet the educational, social service, and health care needs of the most vulnerable populations in the county. More than half (58%) of Santa Cruz County nonprofits primarily serve low-income (defined as less than 200% of the federal poverty level) populations (see Exhibit 3).¹⁹ Approximately one-third (34%) serves immigrants and refugees, and about one-quarter serves the homeless (26%), and the physically (22%) and psychiatrically (22%) disabled. Organizations also reported

Exhibit 3



¹⁸ See Appendix C for a list of responding organizations.

¹⁹ Figures reported here represent results aggregated across all subsectors of nonprofits represented in the sample. The percentage of organizations primarily serving specific populations varies across subsectors. For additional details, please go to www.cfsc.org to download the *2010 Santa Cruz County Nonprofit Landscape Study: Subsector Briefs Report*.

community along with the public and philanthropic sectors, to sustain the health and wellbeing of the sector and the community as a whole.

Key Findings: Sector Profile

This chapter provides a profile of the nonprofit sector in Santa Cruz County. Wherever possible, comparative data from the past five or ten years are used to identify trends over time.

“Typical” Santa Cruz County Nonprofit Organization: 2005 Compared to 2010

Similar to the results of the 2005 study which revealed how the nonprofit sector in Santa Cruz County was coping with the aftermath of the dot com bust, the 2010 study profiles a nonprofit sector struggling in the midst of even more dire economic times. The 2010 study shows both similarities to what was found in 2005 as well as some notable differences in key areas.

Median values²⁰ from the 2010 survey reveal a profile of the “typical” nonprofit in Santa Cruz County. This profile is particularly interesting when compared to the “typical” Santa Cruz County nonprofit in 2005. In many respects, the “typical” Santa Cruz County nonprofit organization in 2010 mirrors results from the 2005 study, though there also are meaningful differences. The “typical” nonprofit in both 2005 and 2010 was founded in the mid-1980s with a small staff size. Roughly two-thirds (68%) of organizations in 2010 (compared to 60% of organizations in 2005) operate in the black with modest cash reserves, which is less than the national figure of 78% in 2010.²¹ Though it seems promising that the percentage of organizations with cash reserves has increased, analyses presented in subsequent sections of this report show that over one-quarter (26%) of organizations in the county had operating deficits in 2010, an increase from 2005. Moreover, the average deficit is more than ten times greater than the average surplus.

Exhibit 4 below also reveals that the median staff sizes and annual operating budgets have grown since 2005. Median staff sizes increased by 58% and median operating budgets increased by 74% from 2005 to 2010. Analyses not depicted here indicate that most of the growth in budget and staff size has occurred among larger organizations that already had sizeable budgets and staff. Nonprofit organizations continue to rely heavily on the efforts of volunteers, with a dramatic increase from 2005 to 2010 in both the median number of volunteers involved in the organization and the number of hours that those volunteers are contributing.

²⁰ Median values were calculated with outliers removed. For this analysis, an outlier is defined as any value reported that is greater than three standard deviations from the mean. Note that median values, while useful measures of central tendency, can obscure trends within subgroups of the sector.

²¹ Nonprofit Finance Fund *2010 State of the Sector Survey*

Exhibit 4

Key Changes in Nonprofit Organizations in Santa Cruz County:		
	2005	2010
Median Annual Operating Budget	\$150,000	\$261,462
Median Paid Staff Size (FTE)	1.9	3.0
Median Volunteer Staff Size	32	40
Median Volunteer Hours Per Year	1,920	3,840
Percent of Organizations with a Cash Reserve	60%	68%

Sustained Sector Growth

The overall growth of the nonprofit sector in the county has slowed, and there are signs that it is “maturing.”

Age of Organizations

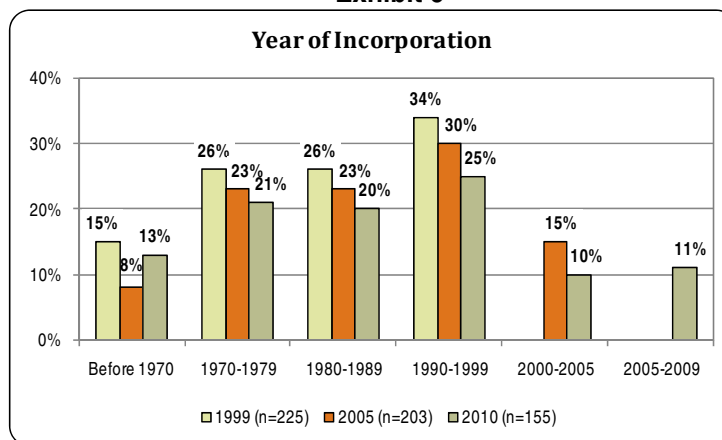
Santa Cruz County nonprofits range in age from over one hundred years to less than one year. The nonprofit sector experienced a boom in growth in the number of nonprofits incorporated in the 1970s. That growth has been sustained over the past three decades, with an increase in growth in the 1990s. One-fifth (21%) of organizations were founded in the past ten years (see Exhibit 5).

As would be expected, compared to older organizations, nonprofits formed in the last ten years are more likely to be entirely volunteer-based organizations with no paid staff: 48% of younger organizations (founded in the last ten years) rely solely on volunteers versus 25% of organizations overall (not depicted).

The founding of new health and human service organizations has slowed. The proportion of new organizations with health-related missions has decreased from 37% in the 1990s to 20% in the 2000s. Growth of human service organizations has also slowed, decreasing from 13% in the 1990s to 9% in the 2000s (not depicted).

Community development nonprofits (accounting for 11% of nonprofits in the county in 2010) continue to emerge at a steady pace, representing 24% of the organizations formed in the 1990s and in the 2000s. Environmental and animal welfare organizations make up the largest percentage

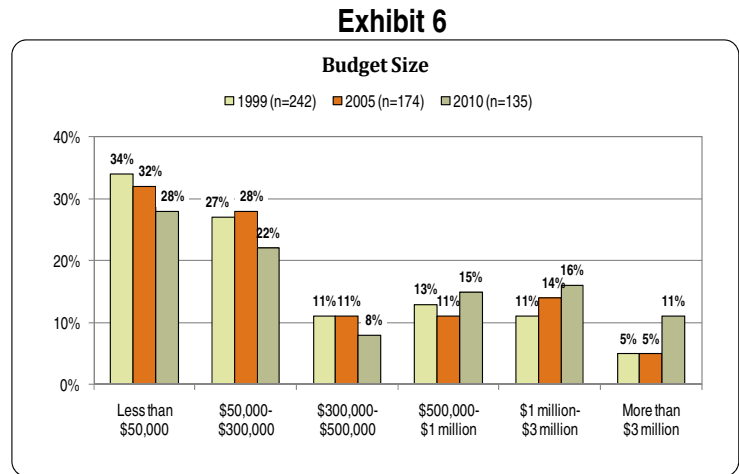
Exhibit 5



of organizations formed in the last ten years; accounting for one-third (33%) of the organizations formed in the 2000s, compared to 22% in the 1990s (not depicted).

Budget Size

Santa Cruz County nonprofits tend to have small operating budgets. Though budget sizes range from \$0 to over \$23 million, 28% of nonprofits in the county fall on the lower end of that range, with operating budgets of less than \$50,000 in 2010. Results from a nation-wide survey of nonprofit organizations in 2009 highlight the concentration of small nonprofits in Santa Cruz County. More than one-half (58%) of nonprofits in Santa Cruz County had budgets of \$500,000 or less, compared to about one-third (38%) of organizations in the national survey.²²



On the whole, annual operating budgets of nonprofits in Santa Cruz County have grown since 1999. In 1999 and 2005, over two-thirds (72% and 71%, respectively) of organizations had operating budgets of less than \$500,000, compared to only 58% in 2010 (see Exhibit 6). There has also been growth in the proportion of large nonprofits, with over one-quarter (27%) operating with budgets of over \$1 million and 11% operating with budgets over \$3 million in 2010.

Organizational Leadership and Staffing

This section identifies trends in leadership and staffing at nonprofit organizations in Santa Cruz County. Though more nonprofits are operating without executive leadership, the executive directors in place at more organizations than ever before are experienced in their roles. Staff sizes have shown modest growth. The story regarding staff sizes is complex: looking at the full dataset of responding organizations, there appears to have been some growth overall; however, examination of subgroups reveals a more nuanced picture, as detailed below.

²² Nonprofit Finance Fund 2010 State of the Sector Survey

Executive Leadership

2010 data on executive leadership in Santa Cruz County nonprofits reveal that almost half of nonprofits operate without a full-time executive leader (not depicted).

The percentage of organizations without an executive leader has increased steadily since 1999. While half (51%) of organizations currently have a full-time executive leader, over one-third (36%) of nonprofits have no executive leader, compared to 27% with no executive leader in 2005, and 15% in 1999 (see Exhibit 7).

As expected, nearly two-thirds (63%) of newer organizations (incorporated in the last ten years) do not have an executive leader compared to 36% of nonprofits without executive leadership overall (not depicted).

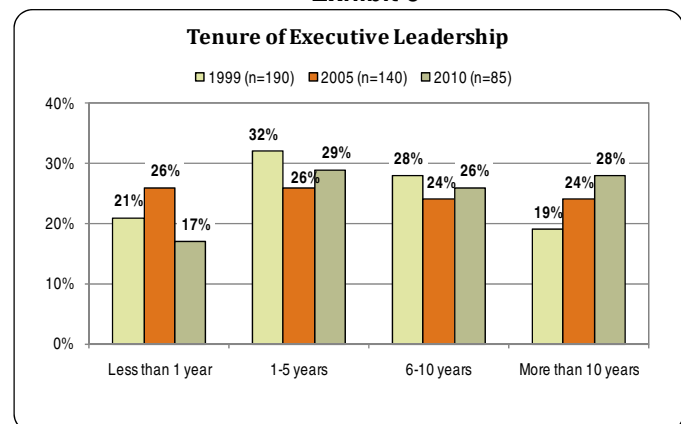
Since 1999, the executive leadership retained by the sector has increased. In 2010, more than one-quarter (28%) of executive leadership had been in their current positions for 11 or more years, an increase from 24% in 2005 and 19% in 1999 (see Exhibit 8). At the time of the 2010 survey, the sector's executive

leaders have been in their current positions from anywhere from one month to 37 years. The average length of time executive leaders have been in their positions has increased only by one year since 1999; the average executive leader tenure in 2010 was 7.9 years, compared to 7.7 years in 2005 and 6.0 years in 1999.

Exhibit 7



Exhibit 8



We're going to be facing unprecedented challenges as nonprofit leaders. We need a strong support system for sustaining leaders with a renewed focus on leadership development and mentorship, and an emphasis on leadership development for people of color and other groups representative of the populations and communities we serve.

Laura Segura
Executive Director, Women's Crisis Support-Defensa de Mujeres

Staff Size

Santa Cruz County is home to many small nonprofits, although staff size in the aggregate sample of organizations in the study are on the rise. Following a boom in the number and size of nonprofits in the 1990s, organizations contracted in size leading up to 2005, with about one-third (32%) of organizations staffed solely by volunteers and another third (35%)

staffed with fewer than five full-time paid employees (see Exhibit 9). In 2010, when looking at the full dataset, staff sizes showed modest growth with 41% of organizations with five or more full-time paid staff. The 2010 median staff size was 3.0 FTE, compared to 1.9 FTE in 2005.

At the same time, some nonprofits have had to scale back their staff size to save on costs, while for others staff sizes have stabilized somewhat since 2005. From 2008 to 2010, more than half (55%) of organizations were able to maintain stable paid staff sizes, and about one-fourth each saw increases (21%) and decreases (24%) in paid staff size (see Exhibit 10).

Medium (5-19 FTEs) and large (20 or more FTEs) organizations are more likely to have decreased staff sizes than small (1-4 FTE) or all-volunteer organizations. Nearly half (46%) of medium and one-third (33%) of large organizations have decreased staff sizes in the last two years, compared to only 18% and 9% of small and all-volunteer organizations, respectively (not depicted).

Exhibit 9

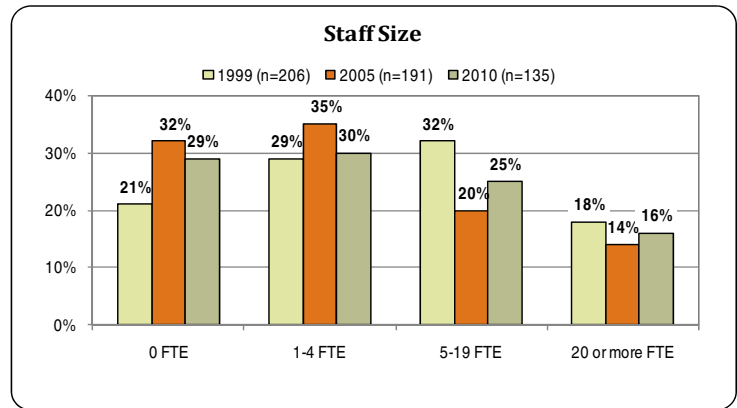
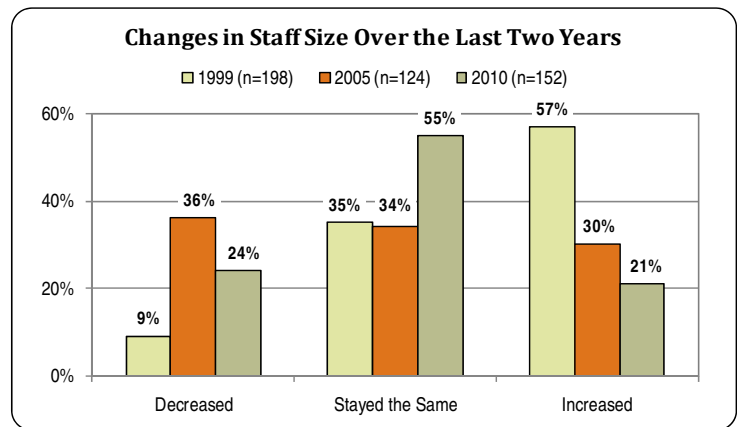


Exhibit 10



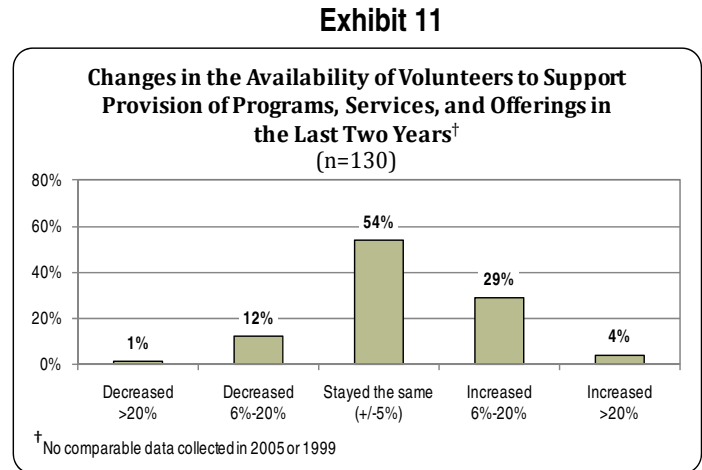
Staff cuts make it impossible to meet reporting deadlines. Due to these late reports, we are now ineligible for continued funding from at least one source.

Survey Respondent

Though decreases in staff size can result in cost savings, the loss in capacity can have a long-lasting impact. Not only do smaller staff sizes constrain the ability of organizations to meet the community’s need for services and programs, it also makes it difficult to identify, pursue, and maintain funding opportunities.

Volunteers

Since 1999, the proportion of organizations operating on an all-volunteer basis has increased. In 1999, one in five organizations was staffed solely by volunteers. The prevalence of all-volunteer organizations grew to 32% in 2005 and has remained somewhat steady in 2010 at 29% (not depicted). With increased workload and decreased income and staff size, there is understandably an increased reliance on volunteers. All-volunteer organizations and other organizations that rely heavily on volunteers are impacted by the availability of volunteers. In 2010, over half (54%) of organizations reported that the availability of volunteers has remained constant, and one-third (33%) reported an increase in the availability of volunteers (see Exhibit 11).



I have been heartened by a surge in the number of people interested in volunteering with CASA during these difficult, stressful times. Volunteers mean an organization must make a thoughtful investment of training, oversight, and appreciation. The benefits are huge!

Nancy Sherrod
Executive Director, Court Appointed Special Advocates (CASA) of Santa Cruz County

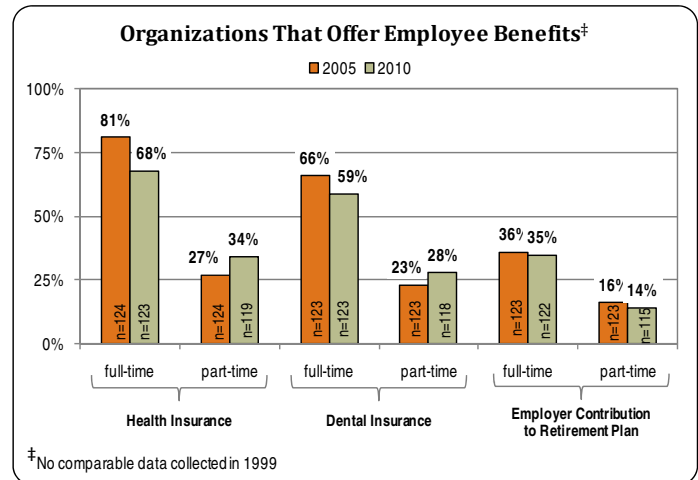
Benefits, Wages, and Workload

This section examines the benefits, wages, and workloads of nonprofit staff in Santa Cruz County. While it is all too common for nonprofit staff to be overworked and underpaid, data from the last decade indicate a trend of steady increases in workloads unaccompanied by commensurate increases in salary.

Employee Benefits

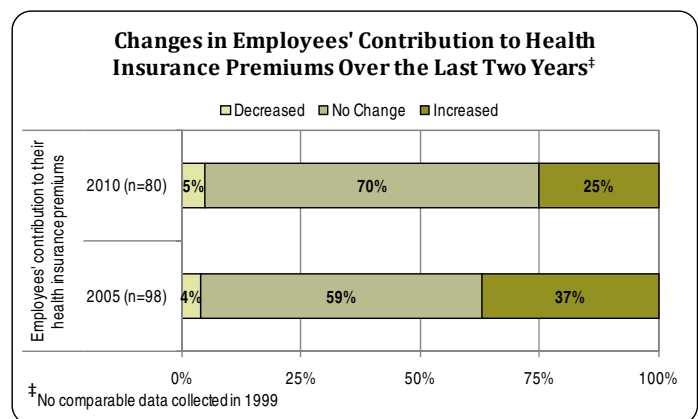
In 2010, a smaller percentage of organizations offered health and dental benefits to full-time staff, compared to 2005. This decrease has been accompanied by slight increases in the percentage of organizations offering benefits to part-time staff. In 2010, approximately two-thirds (68%) of organizations offered health insurance to full-time staff, and one-third (34%) offered health insurance to part-time staff (see Exhibit 12). A slightly smaller proportion offered dental benefits, with 59% and 28% of organizations providing this benefit to full-time and part-time staff, respectively. Employer contribution to retirement plans has also remained steady, with a little over one-third (35%) of organizations contributing to full-time employees' retirement plans in 2010, compared to 36% in 2005.

Exhibit 12



For employees who do have access to health insurance, the cost of contributing to the premium is often burdensome. From 2005 to 2010, employees' contributions to health insurance premiums have mostly remained the same or increased. In 2010, one-quarter of organizations have increased employees' contribution (see Exhibit 13). The rising cost of premiums and steady or increased employee contribution to health insurance premiums mean that employees are bearing the brunt of the increased cost of health care coverage.

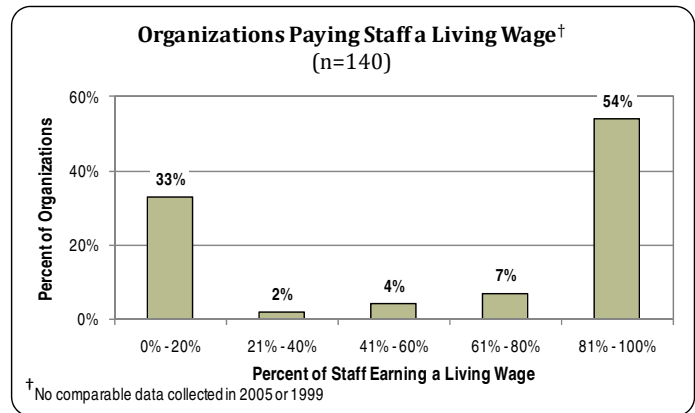
Exhibit 13



Nonprofit Staff Earning a Living Wage

For the first time in 2010, the survey included an item on the percentage of staff earning a living wage. The living wage in Santa Cruz County is currently \$13.58 per hour (when employer benefits are available) or \$14.27 per hour (when employer benefits are not available). Organizations with higher percentages of staff that earn a living wage are slightly less likely to offer certain employee benefits. Organizations at which all staff earn a living wage are slightly less likely to contribute to retirement plans or offer health or dental insurance to full-time staff (not depicted).

Exhibit 14

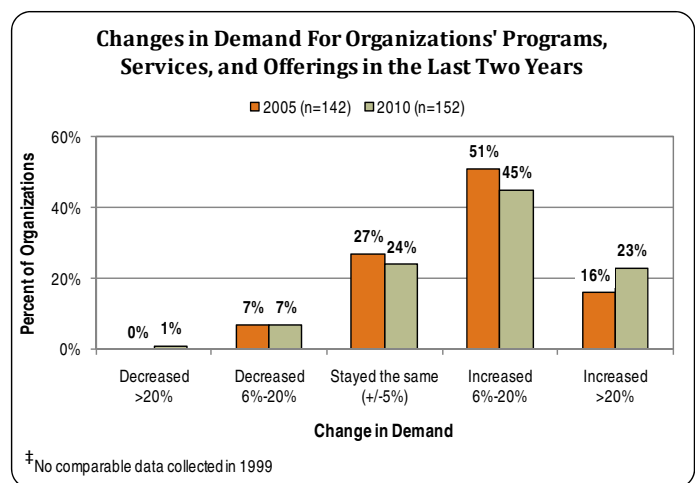


On average, nearly two-thirds (62%) of staff at nonprofits are earning a living wage. The distribution of proportions of staff earning a living wage is bimodal, with one-third (33%) of organizations paying one-fifth or less of staff a living wage and more than half (54%) paying at least 80% of staff a living wage (see Exhibit 14). It is worth noting that 29% of organizations report that no staff earn a living wage and 46% of organizations report that all staff earn a living wage (not depicted).

Fewer Staff, Increased Demand

Nonprofit staff are often overworked and underpaid and data from 2010 indicate that the situation has worsened compared to previous studies. As discussed above, paid staff sizes are smaller as organizations are relying more heavily on volunteers to meet increases in demand for services and programs.

Exhibit 15

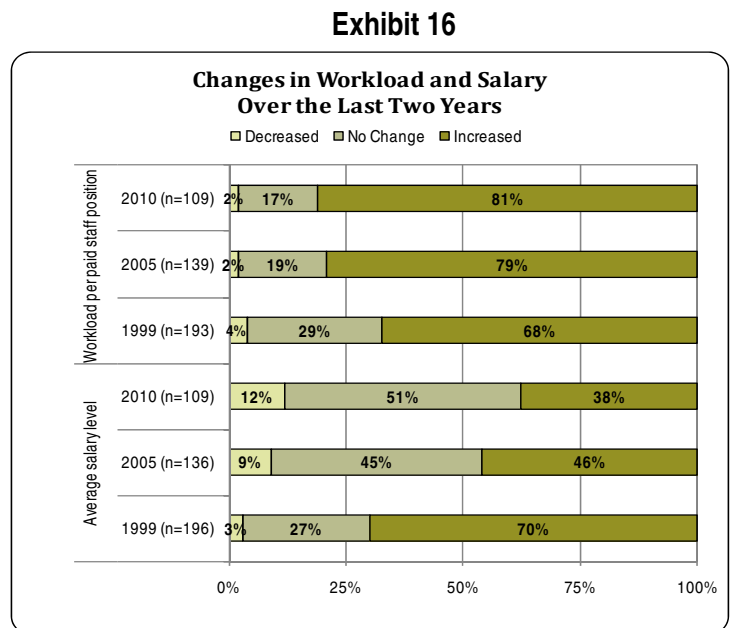


More than two-thirds (68%) of organizations reported an increased demand for their programs, services, and offerings. The increase in demand has grown since 2005 when 16% of organizations reported large increases of more than 20% (see Exhibit 15). In 2010, nearly one-fourth (23%) of organizations reported increases in demand of more than 20%.

Analyses not depicted here reveal that increases in demand are concentrated in certain subsectors. More community development, health, and human service organizations have experienced increases in demand and a loss in staff, compared to other subsectors. Over three-quarters of community development (88%) and health (84%) organizations have experienced increases in demand, compared to 68% of organizations overall. In addition, larger proportions of human service (41%), community development (35%), and health (32%) organizations have experienced a loss in staff, compared to other subsectors. The combination of increased demand and decreased capacity in the subsectors that provide services and programs to meet the most basic needs of the community indicates a worsening situation for both the sector and the community.

Workload and Salary

With fewer staff facing increased demand from the community, it is not surprising to see a trend toward increases in workload. The percentage of organizations reporting increases in workload per paid staff member has jumped from 68% in 1999 to 81% in 2010 (see Exhibit 16). Moreover, salaries have not kept pace with workloads. The percentage of nonprofits able to offer salary increases has steadily decreased from 70% in 1999 to 38% in 2010. Stagnant salaries should be understood as a *decrease* in income, since salaries are remaining flat as the cost of living continues to rise.



Analyses not depicted here indicate that increases in workload are highest among organizations in the following subsectors: health; human services; arts, history and culture; and youth development and education.

Financial Health

Since 1999, Santa Cruz County nonprofits have weathered two significant downturns in the economy. Data from 2010 raise questions about the sector's ability to continue to withstand the financial pressures. Depleted financial safety nets and decreases in principal streams of revenue suggest that nonprofits will face even greater challenges in the coming years.

Financial Safety Nets

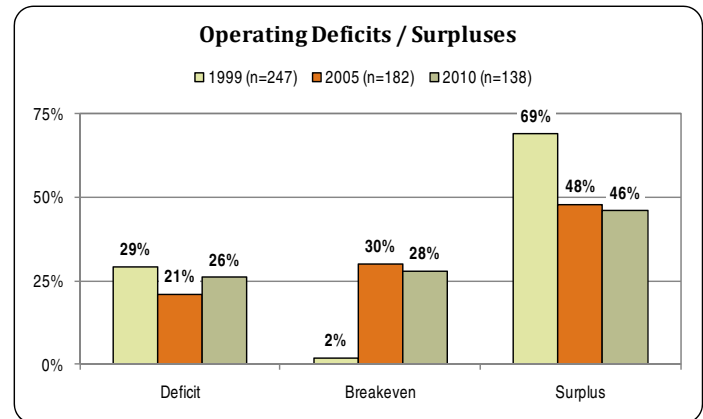
Since 1999, nonprofit organizations in Santa Cruz County have weathered not one but two economic recessions. While organizations lost some financial ground between 1999 and 2005, data on budgets in 2010 show similarities to 2005, suggesting that many organizations are finding ways to stabilize their operating budgets and cash reserves. Compared to nonprofits nationwide, a smaller proportion of Santa

Cruz County nonprofits have an operating deficit (26% in Santa Cruz County compared to 36% nationally²³). However, the proportion of Santa Cruz nonprofits with operating surpluses has shrunk from over two-thirds (69%) in 1999 to less than half in 2005 and 2010 (48% and 46%, respectively) (see Exhibit 17). And, about one-quarter (26%) of organizations in the county had operating deficits in 2010, up from 21% in 2005. Most significantly, at \$56,339, the average deficit dwarfs the average surplus of \$5,589 (not depicted). The small size of the average surplus suggests that many of the organizations that are able to maintain a surplus are in fact barely breaking even.

Further analysis indicates that the deficits are concentrated in certain subsectors. For example, 36% of community development organizations are reporting operating deficits and 50% reporting a decrease in income (not depicted). Fifty-seven percent of human service organizations experienced decreases in income over the past two years. Nearly one in five (19%) of these organizations reported large decreases in income of 20% or more.

Although there has been a slight increase in the proportion of organizations with operating deficits, there has been an increase in the proportion of organizations with access to a modest cash reserve (that, according to the median value, would cover three months of expenses in 2010, as was the case in 2005). After decreasing from three-quarters (74%) in 1999 to 60% in 2005, the percentage of organizations with cash reserves increased to 68% in 2010 (not depicted).

Exhibit 17



²³ Nonprofit Finance Fund 2010 State of the Sector Survey

Changes in Income

In terms of changes in overall income in the past two years, nonprofits in Santa Cruz County are doing worse in 2010 than they were in 2005. In 2005, organizations were relatively evenly distributed, with about one-third each experiencing decreases, no change, and increases in income. In 2010, this distribution has become skewed, reflecting a greater proportion of organizations experiencing decreases in income. Over the last two years, most organizations have experienced static (35%) or decreased (44%) income, and 15% of organizations report experiencing income decreases of more than 20% (see Exhibit 18).

About half of nonprofits reported decreases in revenue from government grants and contracts (55%); investments, endowments, and bequests (54%); and foundation and corporate grants (48%); and foundation and corporate grants (48%; see Exhibit 19). Increases in revenue are primarily from individual contributions and fees for services and programs, but fewer nonprofits reported these increases than in 2005. Increases from individual contributions and fees cannot make up for what is lost in government, foundation and corporate grants. Organizations that have relied predominately on government contracts and large grants will find it difficult to make up for these losses with individual contributions.

Exhibit 18

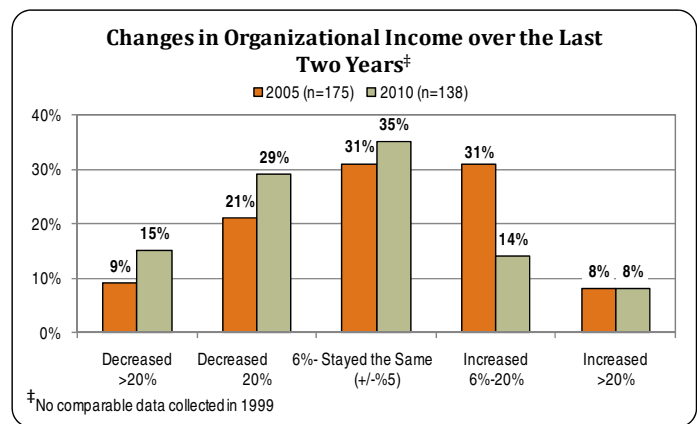
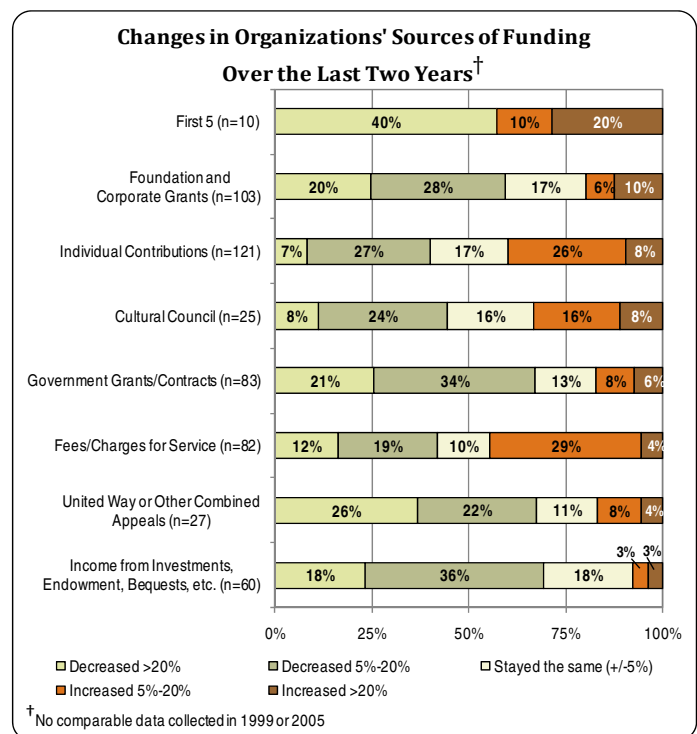


Exhibit 19



Responding to the Financial Crisis

Nonprofit organizations in Santa Cruz County are taking a variety of steps to respond to the current recession and financial crisis in which they find themselves. Organizations are working to cut costs and improve fundraising. To enhance fund development, 41% of responding organizations have dedicated more staff time to fundraising activities (see Exhibit 20). To save on costs, over half (59%) of organizations have reduced non-personnel expenses, and over one-third have reduced staff hours (35%) and decreased services and programs (35%). On the other hand, 29% of organizations report that they have increased services to meet increases in demand.

One of our goals is to be very calculated about providing more services without adding to or expanding our budget beyond our means. In spite of the dire economic outlook in the state and the country, we are encouraged by the interest in and support of our programs and are determined to stay healthy and strong.

Gail Harlamoff

Executive Director, Life Lab Science Program

Nonprofit organizations are working together to meet increased demand with increasingly limited resources. More than one-third (41%) of respondent organizations have developed strategic collaborations with other organizations for space, programs, and outreach. In addition, 29% of Santa Cruz County nonprofits have created alliances with other organizations to deliver services or programs or handle administration. Survey respondents also reported taking other steps to weather the financial crisis, such as freezing salaries, reducing health benefits, and finding innovative ways to fundraise. Other strategies included scaling back or halting some or all services and programs. It is important to note that, in the face of reductions in salaries and benefits, nonprofit staff continue to value the opportunity to learn. More than half (54%) of nonprofits in the county are interested in participating in local workshops or training opportunities (not depicted).

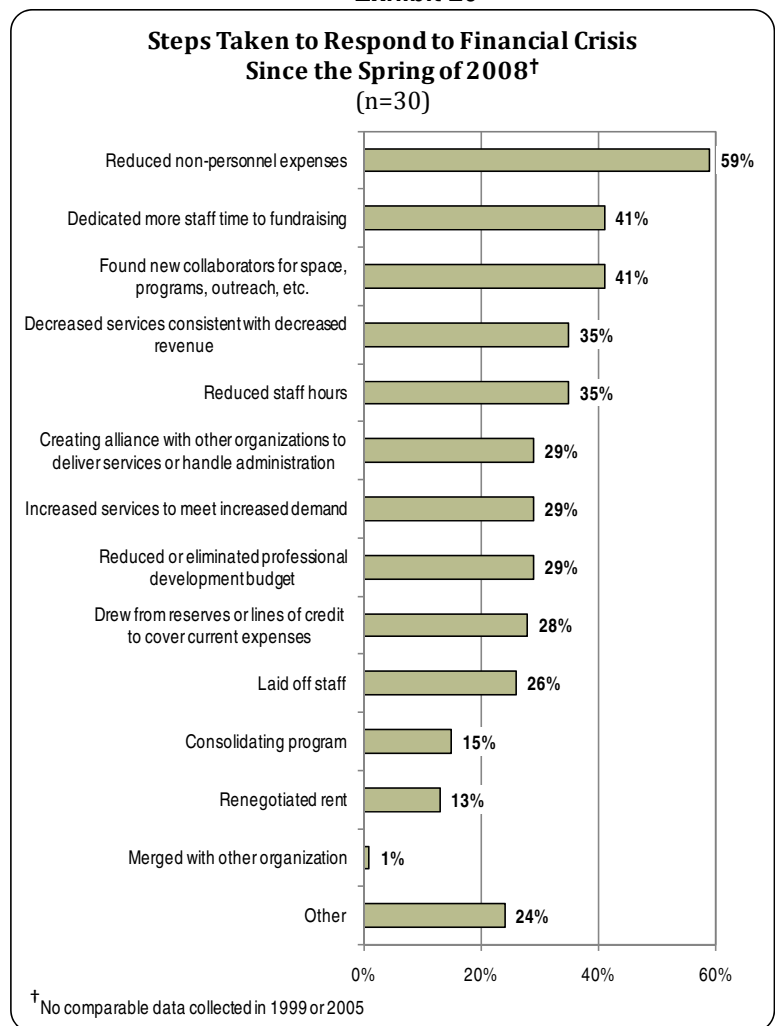
It's amazing to consider how challenging it is to make up for the lost funding from foundations, government and corporations through individual contributions.

Greg Pepping

Executive Director, Coastal Watershed Council

Strategies for responding to the financial crisis varied by organizational age and size. New organizations (founded in the last ten years) tended to partner or collaborate with other organizations. More than half (57%) of older organizations increased services and programs to meet increased demand, and/or reduced staff hours (not depicted). Compared to smaller organizations (with a staff size of 4.0 FTE or fewer), a higher percentage of larger organizations increased services and programs to meet demand, laid off staff, reduced non-personnel expenses, decreased professional development budgets, and reduced staff hours. Smaller organizations may have less of these “cushions.” That is, smaller organizations may be less likely to have a professional development budget and have fewer staff to begin with.

Exhibit 20



Anticipated Challenges

Survey respondents were asked to select the biggest challenges they anticipate facing in the 2010 fiscal year in each of several capacity areas. Results are presented in Exhibit 21 below and reflect concerns in weathering the financial crisis. The greatest concern across all capacity areas is with fundraising. More than half (60%) of nonprofits anticipate challenges with developing a fundraising plan to diversify their funding base. Over one-third (39%) expect to face challenges in increasing board member involvement in fundraising.

How is this sustainable? How can we provide even more services to the community when our funding from previous years has been cut or reduced from the prior year? Our hope is that we will be able to gather support from the community to help us continue to provide the essential programs that we are running. We are doing this by increasing the quality and quantity of volunteers and we also hope to do this by increasing financial commitments from our individual and business donors in the community.

*Laura Kasa
Executive Director, Save Our Shores*

Another great concern among nonprofit organizations is meeting client and community needs (27%). Nonprofit staff sense the increasing need in the community but financial solvency may hinge on cost-cutting measures that reduce services and programs for the community and compensation for themselves. The confluence of these particular challenges suggests that it will become increasingly difficult for nonprofits to do more with less.

Exhibit 21

Biggest Challenges Organizations Anticipate Facing in FY 2009-2010	
Capacity Area	Greatest Challenge
Finances / Fund Development	Developing a fundraising plan to diversify the funding base (60%)
Board Governance	Board involvement with fundraising (39%)
Programs, Services, Offerings	Meeting client / community demands (27%)
Information Technology	Using Web 2.0 and social media tools to communicate and fundraise (25%)
Human Resources	Maintain fair salary level for employees (24%)

From Learning to Action

The following recommendations offer a way to move the learning in this report into action. These are intended to inform nonprofit leaders, public and private donors who support the sector, and residents who benefit from its programs, about the value and needs of the county's nonprofit organizations.

Let's reassess our work. Nonprofits need to understand and communicate what they do best and what that work really costs. With continued pressure to "do more with less," it is important to sustain healthy, well-managed organizations and workforces that are mission-focused. The nonprofit sector generally operates under an ethos that encourages serving the community at all costs. While this is honorable, it may not be sustainable, particularly in the current economy. The current recession has forced many nonprofits to carefully consider what they do best and what is necessary, not only for organizational survival, but also for the people working in these organizations. Leaders should be asking, "what are the *most critical* services and programs that we need to continue providing?" For another perspective, see "And Now for Something Different About Nonprofits and the Economy" by Jan Masaoka in *Blue Avocado*.²⁴

We certainly found it to be true that much can be gained by asking the difficult question of "what can and cannot be done? It can be painful, but it gets an organization to a basic core of services. With a focus on keeping that sustained and healthy, the organization can weather challenges and is then poised to grow around that core when opportunities present themselves.

Greg Pepping
Executive Director, Coastal Watershed Council

Give greater attention to collaborations and partnerships. Collaboration takes many forms, from sharing mailing lists or facilities to jointly providing information and services. While joint ventures require upfront and ongoing investments of time and dollars, partnerships can often lead to greater reach and impact than one organization could do alone. A positive note is that collaboration between organizations in Santa Cruz County is already common: 41% of organizations have found new partners for space, programs, and outreach as a strategy for responding to the financial crisis. Other opportunities exist for joint prospecting for grants, sharing technology, jointly providing information and referral services, and engaging together in advocacy efforts.

²⁴ <http://www.blueavocado.org/content/and-now-something-different-about-nonprofits-and-economy-1109>

In our sector we partner with public agency partners and we're very fortunate to work in a place where that happens. The economic environment has definitely increased the need to collaborate even outside of the sector boundaries.

Kirsten Liske

Vice President, Ecology Action, Pollution Prevention and Zero Waste Groups

In Santa Cruz County, where there are hundreds of small and medium-sized nonprofits, the consolidation of administrative and back-office functions like payroll, bookkeeping and benefits administration can result in long-term savings, improved operating efficiency and more resource for programs.

Invest time to work together and learn about available resources. Although resources appear to be scarce, there is funding that could be tapped and leveraged by thinking creatively. As Cecilia Espinola, director of the Santa Cruz County Human Services Department put it, "How do we leverage the opportunities we have when we come into contact with people who are in need of services to maximize taking advantage of what is already available? Are we drawing down as much as we can from state and federal resources?"

One way we have dealt with increased need and reduced resources is to much more closely partner with other organizations. We've been able to accomplish things we've never been able to do on our own. It's rewarding but there's also a cost to it so some funding is needed even for those kinds of things. [...] But it doesn't cost anything nearly as much as what it would cost to do all the work ourselves.

Dori Rose Inda

Executive Director & Attorney, The Watsonville Law Center

In the area of workforce development, Workforce Investment Act funds are available to fund training scholarships for people who are job seekers or who have been laid off from jobs. There also are federal dollars coming to states and localities that can be used for health, education, and other services and programs through the American Recovery and Reinvestment Act (ARRA) as well as funds that will become available through the new federal Office of Social Innovation (such as those allocated for the Promise Neighborhoods initiative).

A local example of leveraging existing resources is an innovative public/private partnership to fund and permanently house the Volunteer Centers of Santa Cruz County and Live Oak Family Resource Center. The Santa Cruz County Redevelopment Agency is covering the cost of a new \$10

million state-of-the-art facility that will transfer to the Santa Cruz County Human Services Department (HSD). The HSD will offer a renewable 30-year lease of the building to the Volunteer Centers and Live Oak Family Resource Center at no lease cost to either one, contingent upon a \$1 million fundraising campaign to provide for long-term maintenance of the facility.

This is a perfect example of recognizing organizations that have been in the community for a long time, seeing them as a permanent presence, through an innovative partnership that takes advantage of community redevelopment funds.

David Lundberg
Director, Workforce Investment Board of Santa Cruz County

Strengthen volunteer programs. Volunteerism in the county is on the rise and gaining attention. There are talented people in the county with time, energy and skills to share. Now is a perfect time to focus on working together with other organizations to figure the most effective and cost-efficient way to recruit, train, deploy and recognize volunteers. As Christina Cuevas, program director at the Community Foundation notes, “You want people to be able to channel their energies into something that’s productive, but to do so in an organized and systematic way that builds upon existing efforts.”

Volunteering is a way for people to feel needed while they’re unemployed and a way to combat depression, build skills, and give back to the community. How do we begin to work more with our local volunteer center as a way to help nonprofits?

Cecilia Espinola
Director, Human Services Department of Santa Cruz County

Invest in technology and internet communications. People are moving to a new way of communicating, engaging each other and doing business. Nonprofits need to make use of modern technology and learn how to be a part of our changing e-world. Although the investment of time and money can often seem daunting, low cost options for hardware, software and training exist and should be utilized.

When organizations don’t invest in technology, they pay the price in a lot of other ways.

Dori Rose Ina
Executive Director & Attorney, The Watsonville Law Center

Among health and human service organizations, significant amounts of staff time is devoted to providing information and referral services. To support streamlining the cost of providing these services, the United Way of Santa Cruz County is spearheading an effort to establish a 211 phone

referral service. The free call-in service would operate 24 hours a day, seven days a week and would connect people to health and human service assistance, similar to how a 911 call connects people to emergency assistance. The Santa Cruz Sentinel writes, “The cost is negligible, considering the services offered - \$142,000 annually.” Another idea generated over the course of the research for this study was to use technology to create a common calendar for arts and culture organizations that can be posted publicly to encourage participation and support tourism at the same time.

Invest in nonprofit leadership and staff. Strong and thoughtful leadership is needed to guide the sector through these challenging times. Many local nonprofits, however, do not have executive directors, and many of the current executives are nearing retirement age. Furthermore, as organizations cut salaries for staff, more experienced people will be lost from the sector. How can we develop and retain leadership for the sector? What training is available or needed to prepare future leaders? Now more than ever, strong leadership is needed to bring the sector through these turbulent times.

Investing in human capital, the development of people to their potential, shows our most enlightened selves. Yet, the staff people providing care and education for low-income people are bearing the load of increased workload and demand for services exacerbated by no change or decrease in salary...We want to reverse this trend and demonstrate our deepest values.

*Ellen Murtha
Program Manager, Santa Cruz Community Ventures*

Be flexible when giving to the sector. Fundraising is a perennial concern for all nonprofit organizations. In difficult economic times, devoting resources to fundraising is even more critical, yet raising every dollar takes more time than when the economy is flourishing. It benefits us all to support our nonprofit sector, so local nonprofits can continue to provide the many services we depend on. In these times, when giving to a nonprofit allow flexibility in how the resources are used.

I think more willingness toward general operating expenses would allow us to fill gaps in other programming that are going to appear as the fabric of our social services tears apart.

*Elizabeth Schilling
Co-Director, Live Oak Family Resource Center*

Trust nonprofit leaders to allocate the dollars as needed, whether it is to fill in gaps in operational expenses or to support programs and critical services.

Appendix A: Study Methodology

The *2010 Santa Cruz County Nonprofit Landscape Study* is the third comprehensive survey of nonprofit organizations in Santa Cruz County. Previous surveys were conducted in 1999 and 2005. The following section describes the study methods, including research questions, data collection instruments, and analysis procedures.

Research Questions

The following overarching research questions guided the 2010 study of the nonprofit sector in Santa Cruz County:

- How has the nonprofit sector in Santa Cruz County changed since 2005 (and 1999)?
- What is the impact of the current economic downturn on nonprofits in Santa Cruz County?
- How are nonprofits responding to the current economic downturn?

This report provides an assessment of the questions above and the related trends in the nonprofit sector.

Instrument and Data Collection

The *2010 Santa Cruz County Nonprofit Landscape Study* collected data from the following sources:

- A comprehensive organizational survey of 162 nonprofits in Santa Cruz County;
- Benchmark comparisons with the 1999 and 2005 Santa Cruz County Nonprofit Landscape Studies; and
- A literature review and collection of comparative statistics.

LFA Group administered an electronic survey in October 2009²⁵. The web-based survey was sent to a list of 282 nonprofit organizations compiled by Community Foundation of Santa Cruz County from various databases.²⁶ Survey responses were received from 162 organizations for a response rate of 57%. Interviews with public and nonprofit sector leaders provided additional context.

The survey was designed to characterize nonprofits in Santa Cruz County and assess trends over time in the areas below:

- Service areas
- Clients, audiences, and constituents
- Organizational leadership, staff, and volunteers
- Budget and financial information
- Organizational capacity

A copy of the survey instrument is included in Appendix B.

²⁵ Data reflects nonprofits' experience in fiscal years 2007-2008 and 2008-2009.

²⁶ The survey was sent to a list of nonprofit organizations compiled by the Community Foundation of Santa Cruz County from various databases including the Urban Institute's National Center on Charitable Statistics (NCCS) and IRS Publication 78.

Organizations Included in the Study

Using the legal definition of “nonprofit” (designated by the IRS with 501(c)(3) status) there are approximately 1,098 nonprofits in the county. This includes hospitals, educational institutions, religious groups, business associations, and sports leagues. Although these groups play an important role in community life, they are excluded from this study due to the difficulty of comparing organizations of such variable size and purpose.

For this study, the nonprofit sector is defined as those community-based nonprofit organizations that serve in the fields of arts, history and culture, community development, environmental and animal welfare, health, human service, and youth development and education. According to the IRS database, there are approximately 740 nonprofits in Santa Cruz County that fit this profile.

Appendix B: Survey Instrument

SURVEY OF NONPROFIT ORGANIZATIONS

SANTA CRUZ COUNTY

2010

Thank you for participating in the 2010 Survey of Nonprofit Organizations in Santa Cruz County, undertaken by the **Community Foundation of Santa Cruz County**. This survey will take approximately 20 minutes to complete.

This sector-wide survey is designed to apply to a broad array of nonprofit organizations in the county. We have done our best to make all questions broadly relevant to the diverse types of nonprofits that exist. If you have any questions of clarification or concerns about this study, please contact Laura Bekes at LFA Group (Laura@LFAgroup.com) or call (415) 392.2850 ext. 320.

This survey is completely confidential. It is being conducted by the independent evaluation firm of LFA Group (formerly LaFrance Associates). Only aggregate data will be reported. No one other than the researcher tabulating the survey results will have access to individual responses.

The best person to complete the survey is your agency director. We recommend that the agency's annual budget and program data be nearby as they will be useful in answering survey questions. If you do not have precise answers for a set of questions, please use estimates.

Thank you for your time! By completing the survey you will automatically be entered into a drawing for an opportunity to win a gift certificate for one of the following:

- Bookshop Santa Cruz and Capitola Book Café (Ten \$25 gift certificates will be given away)
- Scholarship toward a Community Foundation-sponsored workshop (Five \$25 scholarships will be awarded)

Please Complete this Survey by
October 30, 2009

Your agency counts!

Thanks

The Community Foundation of Santa Cruz County

About Your Organization

1. In what year was your organization incorporated? _____
2. In what ZIP Code is your organization's **headquarters or primary office** located? _____

3. Check the category that best describes your organization's primary mission. (Check one)
We know many nonprofits work in several areas and that there may be no single category that describes your organization's work. But, by choosing **one** category that **best** describes your organization's **mission**, you will help us paint a broad picture of the nonprofit sector in the county overall.

Arts, History and Culture

- Historic preservation
- Literary Arts
- Media
- Performing Arts
- Visual Arts

Community Development

- Citizenship Preparation
- Civic Participation
- Community Organizing
- Conflict Resolution and Mediation
- Housing Development
- Legal Assistance
- Social Justice/ Human Rights

Environment and Animal Welfare

- Agriculture
- Animal welfare
- Climate change
- Land Resources
- Public Awareness/ Advocacy
- Standards-based Environmental Education
- Transportation
- Watersheds/ wetlands/Water Quality

- Other

Health

- Abuse/Violence Prevention/Treatment
- Behavioral Health
- Drugs/Alcohol Prevention and Treatment
- Health Care Services
- HIV/AIDS prevention and service
- Hospice/End of Life
- Independent Living Skills/Advocacy for the Disabled
- Public Health Promotion/Education/Advocacy
- Reproductive Health

Human Service

- Disaster Preparation and Response
- Family Support
- Food Security
- Housing, Shelter
- Information and Referral
- Multi service agency
- Economic Development or Employment Training

Youth and Education

- Youth Development/out of school
- Academic Enrichment/out of school
- Education/in school programs
- Childcare
- Recreation, Sports

About Your Organization's Clients/Audience/Constituents

As illustrated by the diverse list of possible responses to the question above regarding organizational mission, we understand that organizations in the nonprofit sector can have a variety of target audiences, populations, and/or constituent groups. The next set of questions asks about the people or organizations who participate in or benefit from the work of your organization.

4. Does your organization track the number of people or organizations who participate in or benefit from the programs, services, or offerings your organization provides each year? (*This includes audience members, organizations and businesses served, recipients of social or other services, and other ways you may define your constituents.*)
 Yes No (Skip to question 8)

For the following questions, please provide answers to the best of your ability. **Estimates are okay.**

For questions 5 through 7, your responses should add up to 100%. If you are unable to provide reasonable estimates, please check the "Don't Know" box.

5. Of the people or organizations who participated in or benefited from your organization's programs, services and offerings, please estimate the percentage who are in each of the following categories **during your most recently completed fiscal year.** (Responses should add up to 100%.)

_____ %	Infants / pre-school (0 – 5 yrs)	_____ %	Adult (18 – 59 yrs)
_____ %	Children (6 – 12)	_____ %	Senior (60+ yrs)
_____ %	Youth (13-17)	_____ %	Don't Know

6. Of the people or organizations who participated in or benefited from your organization's programs, services and offerings, please estimate the percentage who are in each of the following categories **during your most recently completed fiscal year.** (Responses should add up to 100%.)

_____ %	African American	_____ %	White
_____ %	Asian/PI	_____ %	Mixed Heritage
_____ %	Latino	_____ %	Don't Know
_____ %	Native American		

7. Of the people or organizations who participated in or benefited from your organization's programs, services and offerings, please estimate the percentage who are in each of the following categories **during your most recently completed fiscal year.** (Responses should add up to 100%.)

_____ %	Male	_____ %	Female
_____ %	Transgender	_____ %	Don't Know

8. **During your most recently completed fiscal year,** approximately what percentage of the people who participated in or benefited from your organization's programs, services and offerings communicated with your staff in each of the following languages?

_____ %	Communicate in Spanish	_____ %	Communicate in a language other than English or Spanish (e.g. Mixteco, Tagalog, etc.)
_____ %	Don't Know		

9. Does your organization **primarily** serve/reach/benefit any of the following populations? *Please check all that apply.*

<input type="checkbox"/>	Developmentally disabled	<input type="checkbox"/>	Homeless
<input type="checkbox"/>	Physically disabled	<input type="checkbox"/>	Lesbian, Gay, Bisexual, and/or Transgender
<input type="checkbox"/>	Psychiatrically disabled	<input type="checkbox"/>	Income less than 200% federal poverty level
<input type="checkbox"/>	Immigrants/refugees	<input type="checkbox"/>	Other (please specify) _____

10. How has demand for your organization's programs, services or offerings changed over the last two years?

Decreased more than 20%	Decreased between 5% and 20%	Stayed the same (within plus or minus 5%)	Increased between 5% and 20%	Increased more than 20%
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. How do people seeking your programs, services or offerings typically find out about your organization? *Please check all that apply.*

<input type="checkbox"/>	Web site/internet	<input type="checkbox"/>	Family Resource Center
<input type="checkbox"/>	Brochure or other media	<input type="checkbox"/>	Friend or relative
<input type="checkbox"/>	Public library database	<input type="checkbox"/>	Other service provider
<input type="checkbox"/>	Eco Cruz	<input type="checkbox"/>	Other (please specify) _____

12. *If relevant*, does your organization currently have a waiting list for services?

- Yes No Not Applicable

13. *If you answered yes to the question above*, approximately how long would someone put on the waiting list today need to wait to receive services?

- Less than 2 weeks 3 to 6 months
 2 weeks to 1 month 6 months to 12 months
 1 to 3 months Over 12 months

About Your Volunteers

14. How many individuals (including board members) volunteered time at your organization over the past twelve months?

_____ Total number of volunteers (**Estimate is okay.**)

15. What is the average number of hours contributed per volunteer each month?

_____ hours (**Estimate is okay.**)

16. If your organization relies heavily on volunteers, how has the availability of volunteers to support provision of programs, services, or offerings changed over the last two years?

- Decreased more than 20% Decreased between 5% and 20% Stayed the same (within plus or minus 5%) Increased between 5% and 20% Increased more than 20%
-

About Your Organization’s Staff

Please note that in the following questions “full-time” is defined as staff working 35 hours per week.

17. Excluding independent consultants, what is the total full-time equivalents (FTEs) currently employed by your organization?

_____ FTEs

18. To what degree does the diversity of your staff and board reflect the diversity of the population(s) that your organization serves/reaches?

	Does Not Reflect Diversity		Partially Reflects Diversity		Reflects Diversity Very Closely	NA
Diversity of Management Staff	1	2	3	4	5	NA
Diversity of Line Staff	1	2	3	4	5	NA
Diversity of Board	1	2	3	4	5	NA

19. In the last two years, has your total staff (FTE):

- Stayed the same
 Increased *Please specify amount:* _____ FTEs
 Decreased *Please specify amount:* _____ FTEs

20. In the last two years, how many **temporary** positions (FTE) have been created in your organization (new positions do not include replacing staff)?

_____ FTEs

21. The living wage in Santa Cruz County is currently \$13.58 per hour (when employer benefits are available) or \$14.27 per hour (when employer benefits are not available). What percentage of staff earn a living wage or higher?

_____ %

22. On a scale of 1 to 3, please indicate whether your organization has experienced changes over the past two years in the following areas:

	Decrease	No Change	Increase	Not Applicable
Workload per paid staff person	1	2	3	NA
Average salary level	1	2	3	NA
Employees' contribution to their health insurance premiums	1	2	3	NA

23. Does your organization offer the following benefits to staff?

	Full-Time Staff		Part-Time Staff	
Health Insurance	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Dental Insurance	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Employer Contribution to Retirement Plan (such as a 401K)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No

About Organizational Leadership

24. Does your organization have a **paid** Executive Director / Chief Executive Officer? (If "No," skip to question 26)

- Yes, full time
- Yes, part time
- No

25. How long has your organization's Executive Director / CEO been in that position?

Years _____ Months _____

26. Approximately what percentage of your board makes a personal donation to your organization?

_____ %

27. Does your organization provide new board members with a formal orientation and training?

- Yes
- No

28. Does your board of directors engage in a regular (i.e., annual or on some other regular schedule) assessment of its strengths and areas for development?

- Yes
- No

About Your Organization's Finances

When responding to these next questions, please use your best estimates given available information.

29. What was your organization's **operating budget (expenses)** for the most recently completed fiscal year:

\$ _____

30. At the end of your organization's last fiscal year, did your organization have:

- An operating surplus
- An operating deficit
- Neither

31. For the organization's last fiscal year, what was the amount of the surplus/deficit? \$ _____

32. Over the last two most recently completed fiscal years (2007-08 and 2008-09), how has your organization's income changed?

- | | | | | |
|--------------------------|------------------------------|---|------------------------------|--------------------------|
| Decreased more than 20% | Decreased between 5% and 20% | Stayed the same (within plus or minus 5%) | Increased between 5% and 20% | Increased more than 20% |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

33. Has your organization seen an increase or decrease in income from the following sources over the last two most recently completed fiscal years?

Source of Revenue	Percentage Change from Two Years Prior (FY 2007-08 and FY 2008-09)					NA
	Decreased more than 20%	Decreased between 5% and 20%	Stayed the same (within plus or minus 5%)	Increased between 5% and 20%	Increased more than 20%	
Government Grants/ Contracts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foundation and Corporate Grants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Individual Contributions (including fundraising events)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
First 5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
United Way or Other Combined Appeals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cultural Council	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fees/Charges for Services (including ticket sales and other earned income)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Income from Investments, Endowment, Bequests, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

34. Does your organization have an operating cash reserve?

- Yes No

35. If yes, how many months of operating expenses will it cover?

Months _____

About Your Organizational Capacity

36. What steps has your organization taken to respond to the financial crisis since spring 2008? *Check all that apply.*

- Created an alliance with other organization to deliver services or handle administration
- Consolidated program sites
- Decreased services consistent with decreased revenue
- Dedicated more staff time to fundraising
- Drew from reserves or lines of credit to cover current expenses
- Found new collaborators for space, programs, outreach, etc.
- Increased services to meet increased demand
- Laid off staff
- Merged with other organization
- Reduced non-personnel expenses (e.g. travel, supplies)
- Reduced or eliminated professional development budget
- Renegotiated rent
- Reduced staff hours
- Other: _____

Over the past several years, most nonprofits have been affected by changes in the economy, advancements in technology, and personnel changes that still continue to impact capacity to deliver programs, services, and offerings.

37. What are the biggest challenges your organization will face in Fiscal Year 2009-2010 in each of the following capacity areas? **Please select the one single greatest challenge in each of the following areas.**

Board Governance – What is your organization’s single greatest challenge?	Check one.
a. Understanding basic governance roles & responsibilities	<input type="checkbox"/>
b. Board involvement in fund raising	<input type="checkbox"/>
c. Board/Staff relations	<input type="checkbox"/>
d. Recruiting and developing new board members	<input type="checkbox"/>
e. Developing a realistic organizational plan with clear goals and measurable objectives	<input type="checkbox"/>
f. Other: _____	<input type="checkbox"/>

Human Resources – What is your organization’s single greatest challenge?	Check one.
a. Hiring & retaining qualified staff	<input type="checkbox"/>
b. Recruiting & retaining qualified volunteers	<input type="checkbox"/>
c. Diversifying staff composition to reflect people served	<input type="checkbox"/>
d. Handling employee morale during difficult times	<input type="checkbox"/>
e. Maintaining fair salary levels for employees	<input type="checkbox"/>
f. Affording rising cost of employee benefits	<input type="checkbox"/>
g. Planning for executive transition	<input type="checkbox"/>
h. Other: _____	<input type="checkbox"/>

Finances/Fund Development – What is your organization’s single greatest challenge?	Check one.
a. Developing a fundraising plan to diversify the funding base	<input type="checkbox"/>
b. Using up to date financial management systems	<input type="checkbox"/>
c. Managing cash flow issues (meeting payroll)	<input type="checkbox"/>
d. Managing reporting requirements for different funders	<input type="checkbox"/>
e. Identifying options to outsource administrative tasks	<input type="checkbox"/>
f. Other: _____	<input type="checkbox"/>

Programs, Services, and Offerings – What is your organization’s single greatest challenge?	Check one.
a. Staying up to date on client/community needs	<input type="checkbox"/>
b. Designing and developing programs to meet needs	<input type="checkbox"/>
c. Meeting client/community demands	<input type="checkbox"/>
d. Collecting data on program activities, client demographics	<input type="checkbox"/>
e. Assessing program outcomes	<input type="checkbox"/>
f. Identifying opportunities for collaboration to maintain or strengthen programs	<input type="checkbox"/>
g. Other: _____	<input type="checkbox"/>

Information Technology – What is your organization’s single greatest challenge?	Check one.
a. Keeping equipment and software up to date	<input type="checkbox"/>
b. Developing and implementing a communication strategy that has clear messages for target audiences	<input type="checkbox"/>
c. Using Web 2.0 and social media tools to communicate and fundraise	<input type="checkbox"/>
d. Accessing tech support to maintain equipment	<input type="checkbox"/>
e. Planning for technology upgrades	<input type="checkbox"/>
f. Training staff on technology	<input type="checkbox"/>
g. Other: _____	<input type="checkbox"/>

38. If your organization could have access to capacity-building assistance, which of the following formats would you be most interested in or would work best for your organization? *Check all that apply.*
- Local workshop or training opportunity
 - Scholarship for professional development out of the county
 - Interest area convening on a topic of interest
 - Other: _____

39. Are there any final comments you would like to share about changes your organization is experiencing, trends in the sector, or types of support your organization could use to strengthen its capacity?

Thank You for Your Time!

Appendix C: Responding Organizations

The following organizations responded to the 2010 Survey of Nonprofit Organizations in Santa Cruz County:

Above the Line - Group Home Society
Action Pajaro Valley
Actors' Theatre
Advocacy, Inc.
American Red Cross Santa Cruz County Chapter
Animal Shelter Relief Rescue
Big Brothers Big Sisters of Santa Cruz County
Boulder Creek Historical Society - San Lorenzo Valley Museum
Boys and Girls Club of Santa Cruz
Cabrillo College Foundation
California Certified Organic Farmers
California Grey Bears, Inc.
Campaign for Sensible Transportation
Casa de la Cultura
Catholic Charities of the Monterey Diocese
Center for Animal Protection & Education (CAPE)
Center for Community Advocacy
Center for Employment Training
Children's Art Foundation - Stone Soup Publishing
Children's Hospice and Palliative Care Coalition
Citizens for Responsible Forest Management
Coastal Watershed Council
Community Action Board of Santa Cruz County
Community Bridges
Community Housing Land Trust of Santa Cruz County
Community Television of Santa Cruz County
Companion for Life
Computer Kitchen
Conflict Resolution Center of Santa Cruz County
Court Appointed Special Advocates (CASA) of Santa Cruz County
Cultural Council of Santa Cruz County
Dientes Community Dental Care
Diversity Center
Ecological Farming Association
Ecology Action
El Pajaro Community Development Corporation
Empowerment Today Inc.
Familia Center
Families in Transition, Inc.
Friends of Long Marine Lab - Seymour Center
Friends of Olympia Station
Friends of Santa Cruz County Animals
Friends of Santa Cruz State Parks
Friends of the Santa Cruz Public Libraries
Friends of the UCSC Library
Front St. Behavioral Health Services
Girl Scouts of California's Central Coast
Goodwill Industries of Santa Cruz, Monterey & San Luis Obispo Counties
Great Questions Foundation
Hand in Hand Foundation
Haven of Hope, Inc.
Health Improvement Partnership of Santa Cruz County
Health Projects Center
Homeless Garden Project
Homeless Services Center
Hospice of Santa Cruz County
Hub For Sustainable Transportation
Imagine Supported Living Services
Institute of HeartMath
Jacob's Heart Children's Cancer Association
Janus of Santa Cruz
Japanese Cultural Fair
Jazz Society of Santa Cruz County
KnowledgeContext
KUSP-FM
Kuumbwa Jazz Center
Land Trust of Santa Cruz County
Life Lab Science Program
Loaves and Fishes
Lompico Watershed Conservancy
Media Watch
Mental Health Client Action Network (MHCAN)
Monterey Bay Master Gardeners
Monterey Bay Search Dogs
Mountain Community Resources
Mountain Parks Foundation
Museum of Art and History at the McPherson Center
Narconon of Northern California

National Alliance for the Mentally Ill (NAMI) of Santa Cruz County
 Native Animal Rescue
 New Life Community Services
 New Music Works
 New Path Healing Center Inc.
 New Teacher Center
 No Voice Unheard Inc.
 Nonviolent Communication Santa Cruz
 Ohana De Watsonville
 O'Neill Sea Odyssey
 Outdoor Science Exploration
 Pacific Rim Film Festival
 Pajaro Valley Arts Council
 Pajaro Valley Ohlone Indian Council
 Pajaro Valley Performing Arts Association
 Pajaro Valley Quilt Association
 Pajaro Valley Shelter Services
 Parents Center of Santa Cruz
 Pisces Moon Productions, Inc.
 Planned Parenthood Mar Monte
 Poetry Santa Cruz
 Project Purr
 Project Scout
 Resource Conservation District of Santa Cruz County
 Responsible Hospitality Institute
 Salud Para La Gente
 Santa Cruz AIDS Project
 Santa Cruz Art League
 Santa Cruz Baroque Festival
 Santa Cruz Chamber Players
 Santa Cruz Community Counseling Center
 Santa Cruz Community Ventures
 Santa Cruz County Fair Heritage Foundation
 Santa Cruz County Symphony
 Santa Cruz County Veterans Memorial Building
 Santa Cruz Film Festival
 Santa Cruz Indian Council
 Santa Cruz Jazz Festival
 Santa Cruz Mountains Art Center
 Santa Cruz Museum Association
 Santa Cruz Neighbors
 Santa Cruz Performing Arts
 Santa Cruz SPCA
 Santa Cruz Women's Health Center
 Save Our Agricultural Land
 Save Our Shores
 Scotts Valley Educational Foundation
 Scotts Valley Performing Arts Association
 Sealife Conservation Inc.
 Second Harvest Food Bank
 Second Saturday Network
 Senior Citizens Legal Services
 Senior Citizens of San Lorenzo Valley
 Senior Computer Center of Santa Cruz
 Senior Network Services
 Seniors Council
 Shadows Of The Past
 Shared Adventures
 Society For Advancement Of Chicanos & Native Americans In Science
 Special Parents Information Network (SPIN)
 Survivors Healing Center
 Tech As Art Collaborative
 The Center for the Future of Teaching and Learning
 The Watsonville Law Center
 Trichotillomania Learning Center
 UC Santa Cruz Foundation
 United Services Agency, Inc.
 Valley Women's Club
 Vista Center, Santa Cruz
 Volunteer Centers of Santa Cruz County
 Waddell Creek Association
 Walnut Avenue Women's Center
 Watsonville Taiko
 Watsonville-Santa Cruz Japanese American Citizens League - JACL
 White Hawk Indian Council
 Wild Farm Alliance
 WomenCARE
 Women's Crisis Support - Defensa de Mujeres
 YES! Helping Outstanding Young Leaders Build a Better World
 YWCA of Watsonville

the Community Foundation *of* Santa Cruz County

About the Community Foundation of Santa Cruz County

The Foundation was founded in 1982 to promote philanthropy by connecting people to the causes they care about. In 2008 and 2009, the Foundation awarded a combined total of over \$9 million in Santa Cruz County and beyond. Periodic surveys like this provide tools for nonprofits, our donors and their professional advisors and add to our knowledge base. We are here to help you make good things happen. For more information, please visit www.cfsc.org.



Confirmed in Compliance
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U.S. Community Foundations

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