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2023 State of Nonprofits and Philanthropy Annual Report

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Tinkler, Tessa; Meschen, Connelly; Durnford, Jon; Deitrick, Laura; and Young, Emily, "2023 State of Nonprofits and Philanthropy Annual Report" (2023). *State of Nonprofits in San Diego*. 20.
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ANIMALS



**ARTS, CULTURE,
AND HUMANITIES**



ENVIRONMENT



EDUCATION



FOUNDATIONS



HEALTH



HIGHER EDUCATION



INTERNATIONAL



HOSPITALS



RELIGION



**MUTUAL, PUBLIC &
SOCIETAL BENEFIT**



HUMAN SERVICES

ANNUAL REPORT

STATE OF NONPROFITS & PHILANTHROPY

IN SAN DIEGO

OCTOBER 2023



University of San Diego®
**SCHOOL OF LEADERSHIP
AND EDUCATION SCIENCES**

The Nonprofit Institute



About The Nonprofit Institute

Mission: At The Nonprofit Institute (NPI), we partner with and advocate for the community through research, training and education to develop values-driven leaders and strengthen nonprofit organizations working towards transformational impact.

Vision: The Nonprofit Institute envisions a world where courageous and compassionate changemakers work together for a more equitable, just society and healthy planet.

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Cite As

Tinkler, T., Meschen, C., Deitrick, L. & Young, E. (2023). *Annual Report: State of Nonprofits and Philanthropy in San Diego*. San Diego, CA: The Nonprofit Institute, University of San Diego.

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EXECUTIVE SUMMARY

San Diego County is home to a growing and dynamic nonprofit sector working on the frontlines to serve families and communities while also advancing innovative solutions to the region's most urgent challenges. To support our community and regional leaders to be informed partners with the nonprofit sector, this annual report provides relevant and current information on the health and impact of the sector. This report draws from a variety of data sources, including:

- Quarterly polls of San Diego residents, in partnership with Luth Research
- Annual survey of nonprofit leaders
- A first-of-its-kind survey of local foundation leaders, developed in partnership with Catalyst of San Diego and Imperial Counties
- Nonprofit and Private Foundation financial data from the IRS
- Nonprofit employment data from the California Employment Development Department (EDD)
- San Diego County trend data on indicators of quality of life from the Equinox Project's Quality of Life Dashboard
- San Diego County data on nonprofit job postings and wages from NPWorks.org

Collectively, these data document a thriving nonprofit sector that is very much in need of ongoing support to sustain and enhance its capacity to address the pressing problems facing our region. Some noteworthy developments highlighted in this year's report include the following:

Nonprofits play an essential role in uplifting residents across the region. In this latest research, most San Diegans report that they have benefitted from nonprofit services, ranging from the arts to education to health to protecting clean air, clean water, and vibrant natural areas. While the data indicate San Diegans do not fully understand the role of nonprofits in improving community well-being, public confidence in the region's nonprofits to act on the public's behalf remains higher than their confidence in corporations or government to do the same.

Many San Diegans are questioning if they can remain in San Diego County due to the lack of affordable housing, inflation, and the related high cost of living. The housing crisis is forcing residents – including those who work in the nonprofit sector – to rethink staying in San Diego. Likewise, the high cost of living is increasing demand for nonprofit services as the need for basic support services grows. Inflation is driving upward pressure on wages while depressing the value of charitable gifts and assets, threatening the financial stability and strength of the nonprofit workforce.

Nonprofits are collaborating. For years, funders, government, and the public have called on nonprofits to increase efficiency and impact by collaborating more. Our research shows clear evidence that nonprofits are collaborating in numerous ways. Many organizations are participating in coalitions, partnering to deliver programs, and, in some cases, even formally merging. These collaborations are happening with government, bi-nationally, and across tribal groups. Most promising is the finding that nonprofit leaders believe these collaborations are improving outcomes for communities.

Increasing diversity in leadership continues to be a focus for nonprofits and philanthropy, but progress is slow. While organizations have enacted practices to increase diverse representation in staff and board leadership, the data indicate that leadership at nonprofits and foundations is still predominantly white. The smallest organizations tend to have more diverse leadership than larger

organizations. In terms of gender equity, nonprofit CEOs are more likely to identify as a woman than a man, transgender or non-binary/non-conforming, but the largest organizations are more likely to be led by a man.

Increasingly, nonprofits and funders alike recognize the far-reaching impacts of climate change on the San Diego region's quality of life. Many nonprofit organizations are making changes to their operations to reduce their polluting emissions and enhance resilience to our changing climate. Likewise, some nonprofits and funders are factoring climate change into their decision-making, as well as engaging in advocacy and collaboration efforts.

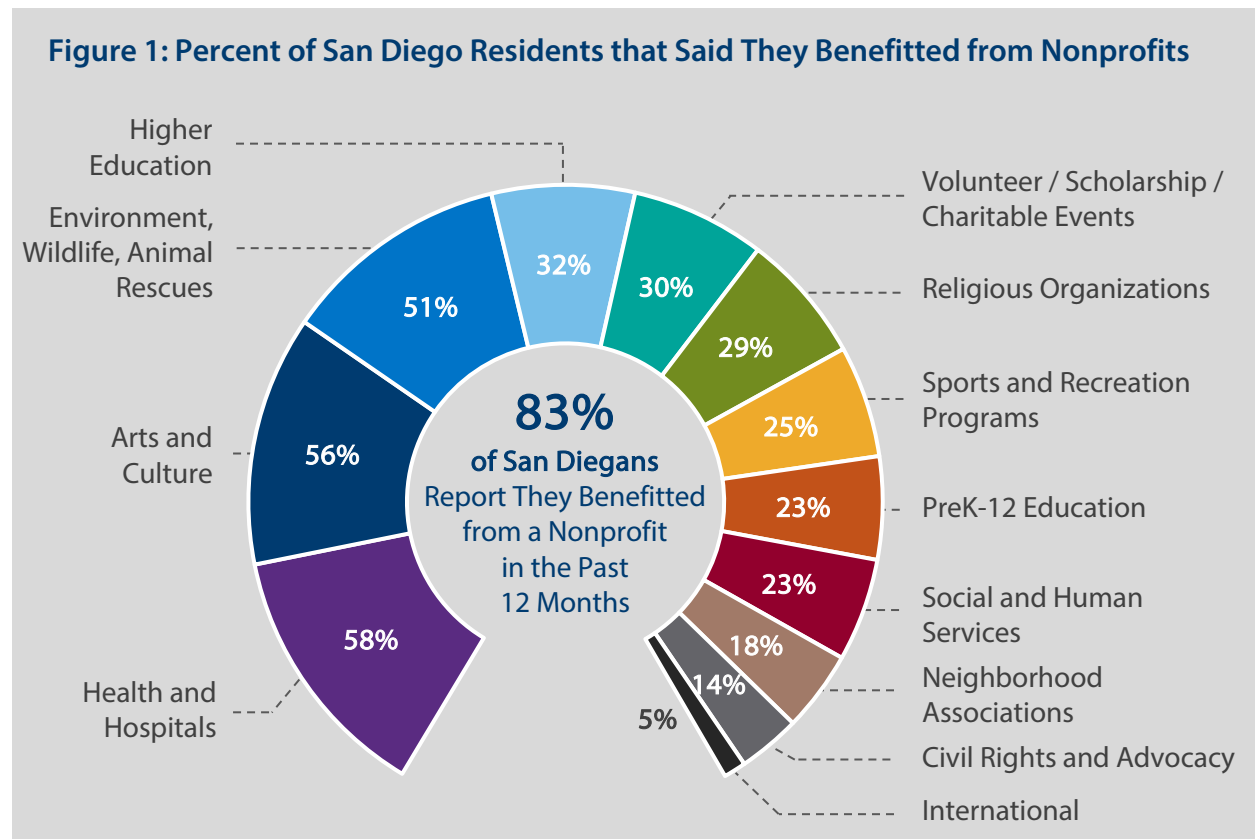
Nonprofit leaders recognize many foundations are enacting desired practices. These practices include providing unrestricted funding and multi-year support; reduced application and reporting burden; greater transparency; and listening to community needs. However, funders are still primarily funding well-established organizations, making it difficult for smaller, grassroots organizations to compete.

NONPROFIT SECTOR UPLIFTS COMMUNITIES

We All Benefit from Nonprofits

Nonprofit organizations play a critical role in benefiting society by enriching our quality of life and addressing a wide array of community challenges. Nonprofits often address critical needs that the private and public sectors either cannot or will not meet. Moreover, they foster a sense of community and collaboration, mobilizing volunteers, donors, and stakeholders to work together for common goals.

In a 2023 quarterly poll of San Diegans, conducted in partnership with Luth Research, 83 percent reported having benefitted from services provided by nonprofits in the past 12 months. Figure 1 shows that more than half of San Diegans benefitted from nonprofits that focus on improving our health, connecting us to the arts, and protecting our environment and the well-being of our animals.

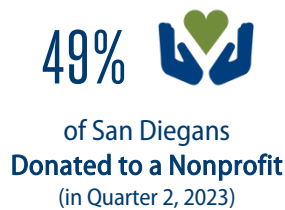
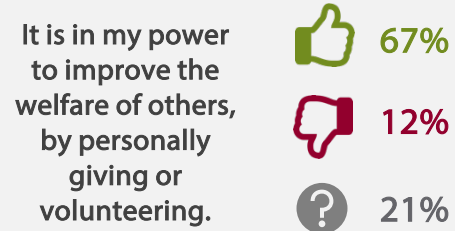


In addition to the direct benefits nonprofits provide the public, they also work with government and private partners to advocate for policy improvements and systems change efforts that promote economic resilience, increase equity in our living conditions, inform and educate our children and the public, and protect clean air, clean water, and our natural habitat.

Individual Contributions to the Nonprofit Sector

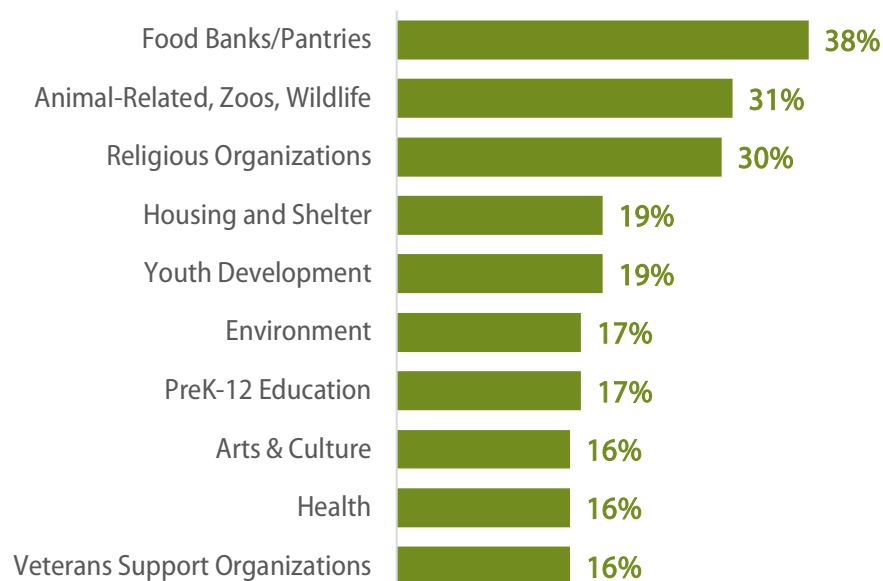
Given we all benefit from nonprofits, we also share in the responsibility to support them. Based on our quarterly poll of San Diego residents, Figure 2 shows that most San Diegans (67%) believe they have the power to make a difference in their communities by personally giving to or volunteering for nonprofits. Ten years of polling indicate that San Diegans consistently show up to volunteer their time and donate to causes that are important to them.

Figure 2. San Diego Residents' Belief in Ability to Make a Difference



As Figure 3 shows, food banks, animal-related causes, and religious organizations were at the top of the list of causes people donated to in 2023. Despite concern about climate change and homelessness, fewer San Diegans reported donating to these organizations that address these issues.

Figure 3. Causes San Diegans Donated To, 2023



Public Trust in Nonprofits to Address Community Challenges

Through many years of quarterly polls, we have demonstrated that San Diegans lack awareness about what constitutes a nonprofit and the role they play in society. Despite this knowledge gap, San Diegans trust their local nonprofits to improve the welfare of all San Diegans.

Institutional Ability to Make a Difference

Public confidence in San Diego's nonprofits has historically been high, particularly in comparison to corporations and government. However, Figure 4 indicates that confidence in all three sectors among San Diego residents has declined gradually over the past four years. This will be important to continue to track as nonprofit confidence is correlated with increased volunteering and giving.¹

Figure 4. San Diego Residents' Confidence in Local Institutions

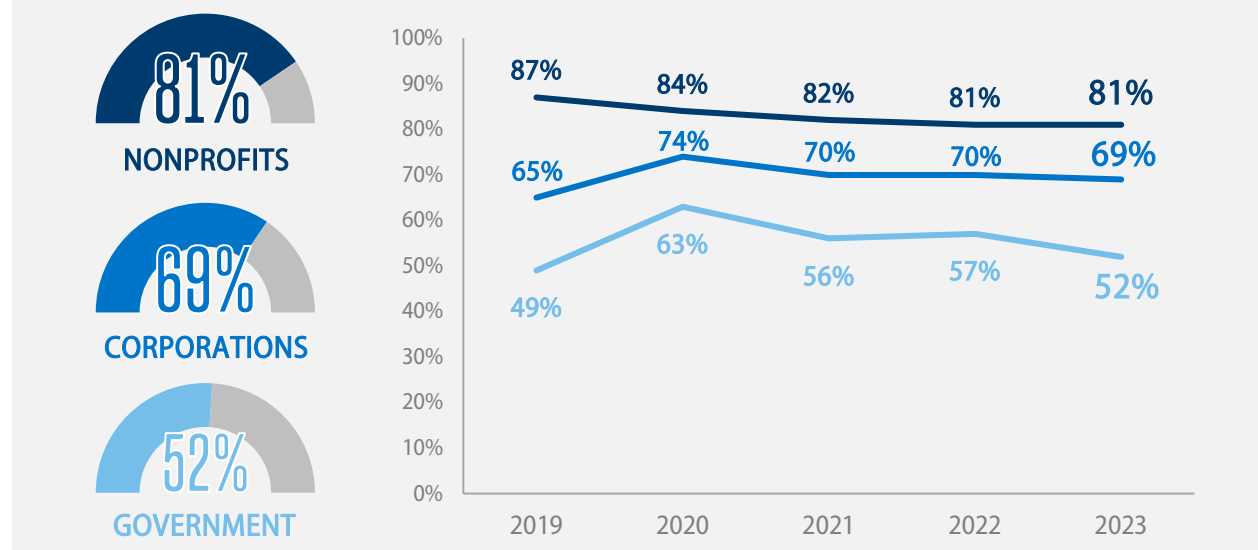
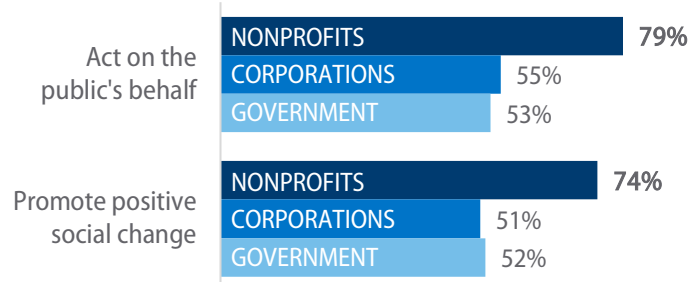


Figure 5 illustrates, compared to local government and businesses, nonprofits are the institutions most trusted by the public to act on their behalf and promote positive social change. As a key partner with government that supports their primary role of acting on behalf of the public, it is important for nonprofits to have a high degree of public trust.

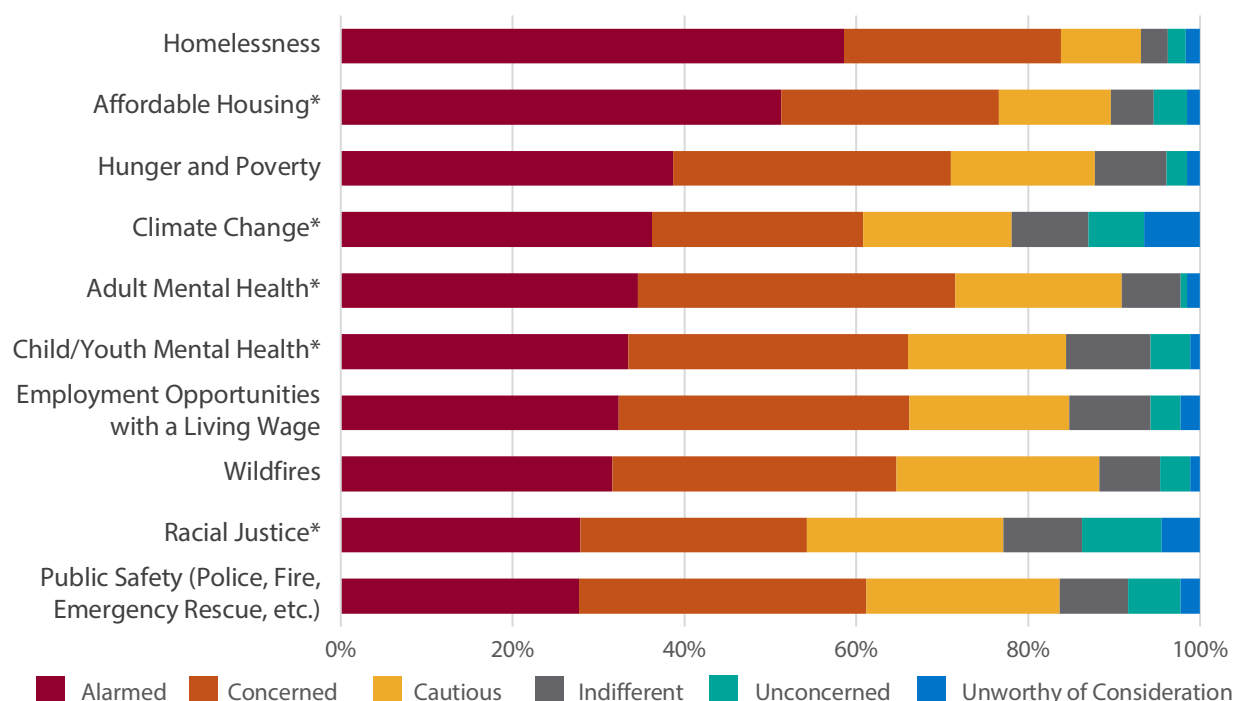
Figure 5. San Diegans Rank Nonprofits Highest at Addressing Community Needs



Growing Concerns in the Region

San Diego County residents are living in a time of dynamic change, making it more important than ever that our nonprofit sector is economically stable and supported so they can continue to provide the wide-range of essential services that our community depends on to weather these changes. The lasting effects of the Covid-19 pandemic, economic volatility, climate change, and political polarization have contributed to uncertainty in our work and personal lives. In our quarterly polls of San Diego County residents, we have found that people are growing increasingly alarmed about many issues. As Figure 6 shows, homelessness, housing, hunger and poverty, climate change, and mental health are primary areas of concern for residents. As denoted by an asterisk, San Diegans have an elevated level of concern for many of these issues in 2023 compared to 2022.

Figure 6. Top Ten Issues San Diego Residents are Concerned about in 2023



*Elevated concern in 2023 compared to 2022. Note, 'Homelessness' and 'Hunger and Poverty' are new survey questions.

According to the same polls of San Diego residents, these issues are leading many San Diegans to consider whether they want to or can remain in San Diego County. Figure 7 shows that **nearly two-thirds of San Diegans are considering moving out of San Diego County.**

Figure 7. Percent of San Diegans Considering Moving Out of San Diego



Quality of Life Challenges for the Region

At The Nonprofit Institute, we track 16 economic, environmental, and equity indicators of quality of life in the region through the Equinox Project Quality of Life Dashboard. Our data show that San Diegans have reason to feel the elevated level of concern demonstrated in the previous table. The following data points from the Quality of Life Dashboard highlight the region's increasingly unsustainable high cost of living - largely due to the lack of affordable housing, persistent income inequality across ethnic/racial lines, and threats to our historically mild climate, beautiful beaches, and natural areas.

Quality of Life Challenges for the San Diego Region



HOUSING

The percent of residents who can afford to purchase a home in San Diego County is half of what it was 10 years ago. In 2022, only **19% of residents could afford to purchase a median-priced house.**



HOMELESSNESS

The number of individuals experiencing homelessness has increased. According to the San Diego County Point-In-Time Count, the number of has **increased from 7,638 in 2022 to 8,425 in 2022**



SELF-SUFFICIENCY STANDARD

The self-sufficiency standard (defined as the annual income people need to meet their basic necessities) has been steadily increasing since 2011. In 2021, the **self-sufficiency standard for a family with two adults and two school-age children was \$94,895.**



RACIAL INEQUITIES

The median household income for **Black residents was roughly \$40,000 less** and for **Latinx residents was \$28,000 less than White residents.**




CLIMATE CHANGE

In the past decade, San Diego has seen the **five warmest years since 1895.** In the San Diego region, the **number of days where the air quality was rated as 'Unhealthy for Sensitive Groups' increased from 16 days in 2021 to 25 days in 2022.**

NONPROFITS IN ACTION TO MEET COMMUNITY NEED

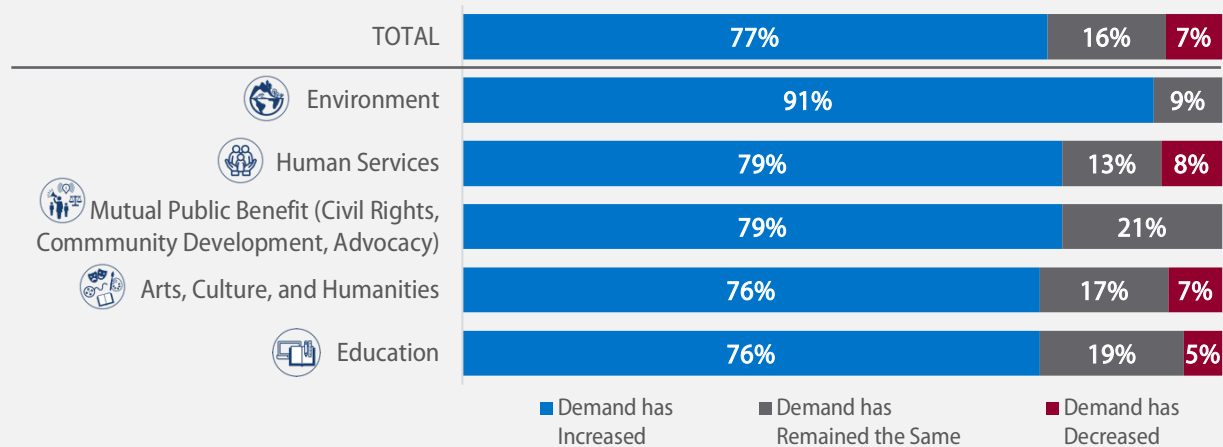
Nonprofits Face Increased Demand for Services

As Figure 8 shows, nonprofit leaders reported increases in demand for their services. Notably, 40 percent reported that demand has increased substantially and 38 percent reported it has increased moderately over the past 12 months. In particular, **environmental organizations reported the greatest increase in demand over the past two years, a sign that awareness about the impacts of climate change is growing.** Currently, nonprofits do not appear positioned to fully meet the needs of the community. Fifty-two percent of leaders reported having a waitlist for services and just 10 percent of respondents reported they have been able to meet all of the increased demand for their services this year.

10% 
Report Being Able to Meet
All of the Increased Demand

52% 
of Nonprofit Leaders Report
They Currently Have
Waitlists for Their Services

Figure 8. Demand for Services



Causes of Increased Demand for Services

According to nonprofit leaders, the causes of increased demand fell into two primary categories:

Increased community need due to social-economic challenges such as the lack of affordable housing, inflation, and increased mental health concerns

"Increase in the cost of living in San Diego, housing cost, and salaries have not increased proportionately."

- Human Services

Increased capacity on the part of nonprofits to improve awareness of their services and expand their reach

"We hired a new executive director who is both marketing-savvy and focused on our mission to the community. A good combo."

- Human Services

Collaboration and Partnership

Nonprofits meet increasing demand for their services through collaboration. Such partnerships take myriad forms running the gamut from loosely structured collaborations to tight alliances to formal mergers. As indicated in Table 1, this year, 78 percent of the nonprofits we surveyed reported being involved in a coalition or collaborative effort and 65 percent partnered with another organization to deliver services. More than one-quarter (28%) are formally tied to another organization. Nearly all have found that such partnerships improve outcomes for the communities they serve as illustrated in Figure 9.

40% of Organizations Collaborate with Indigenous-Led Groups or Tribal Governments

25% of Organizations Reported Collaborating Cross-Nationally with Mexico

"I am seeing more nonprofits looking at larger issues that affect more than just San Diego County (climate change, social justice, etc.). There also seems to be more collaboration (or perhaps that's what I hope). [There is] more work reaching across the border and acknowledging that we share many of the same issues."

- Arts, Culture, and Humanities

Table 1. Forms of Collaboration

Participated in coalitions, collaboratives, networks, or collective impact initiatives	78%
Worked with another organization to deliver a program but each organization has its own governance	65%
Worked with another organization and shares administrative functions	17%
Legally linked with another organization with shared governance and/or merged into a single organization	11%

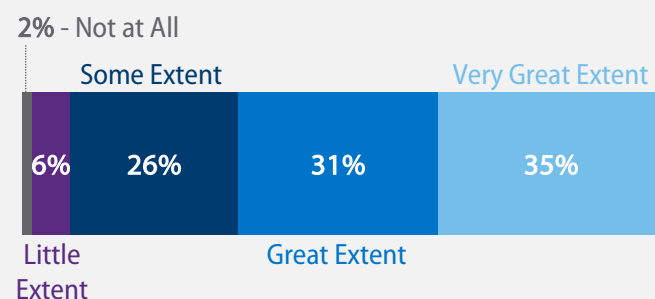
88% 

of Organizations Collaborated in at Least One Way and Many Collaborated in Multiple Ways

36% 

of Nonprofit Leaders Reported Wanting Support Collaborating with Others

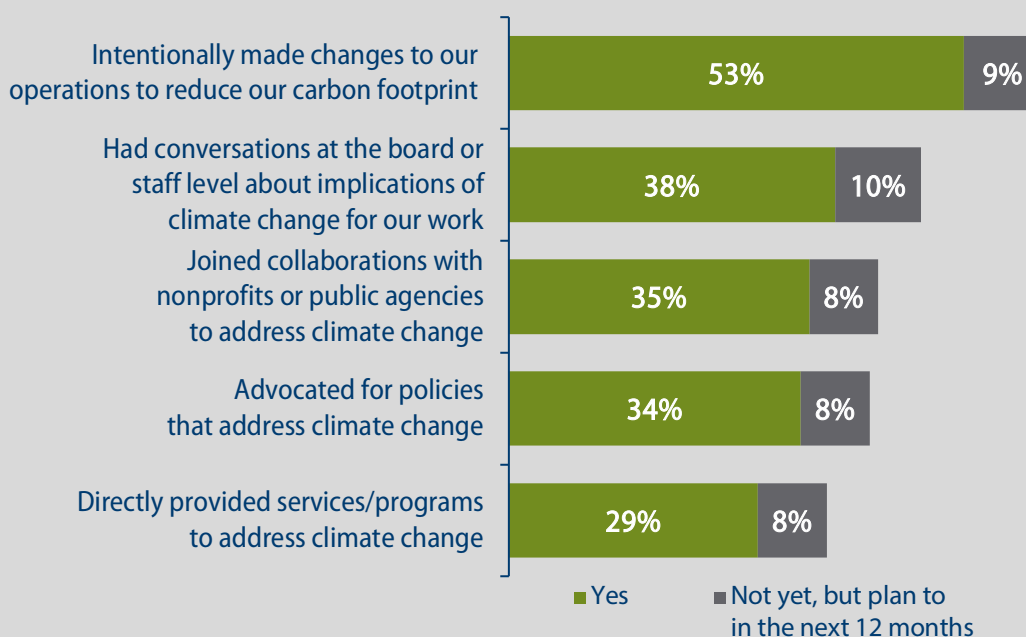
Figure 9. Extent to Which Nonprofits Perceived that Collaboration Improved Outcomes for Communities



Addressing Climate Change

Addressing climate change has become a high priority for nonprofit organizations. Similar to the San Diegans polled for this report, **nonprofit leaders recognized the effects of climate change on seemingly unrelated aspects of life like mental health, cost of living, and food security.** Nonprofits reported working to address climate change in numerous ways, and the majority were focused on making changes to their operations to reduce their organization's carbon footprint. As shown in Figure 10, approximately one-third of respondents were more actively engaged in working to address climate change by joining coalitions, advocating for policies, and providing direct programs. Interestingly, in a survey of local foundations, nearly half reported applying a climate lens to their funding decisions.

Figure 10. How Nonprofits are Adapting to Climate Change



Subsectors Most Doing this Work:



ENVIRONMENT



HUMAN SERVICES



EDUCATION,
OTHER



MUTUAL, PUBLIC, AND
SOCIETAL BENEFIT

43%

of Foundations
are Applying a
Climate Lens to
Funding Decisions
(Data from
Catalyst Funder Survey)

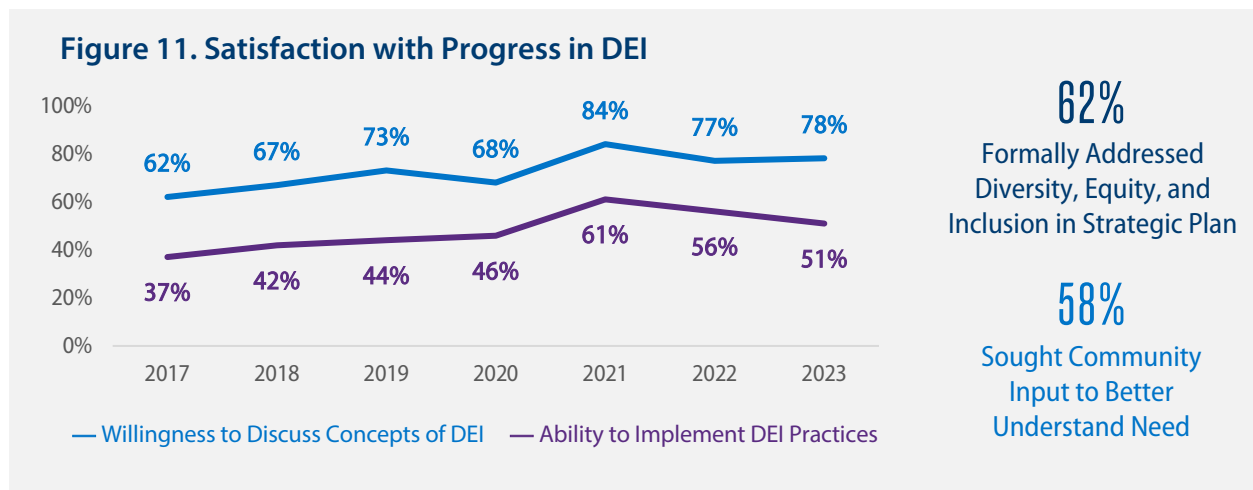
1 in 5

Respondents Said Their
Organization's Work Intersects with
Environment / Climate Even Though it
is Not Core to Their Mission

These organizations are much
more likely to have joined a
collaboration, advocated for
policies, and provided direct
programming.

Diversity, Equity, and Inclusion in the Nonprofit Sector

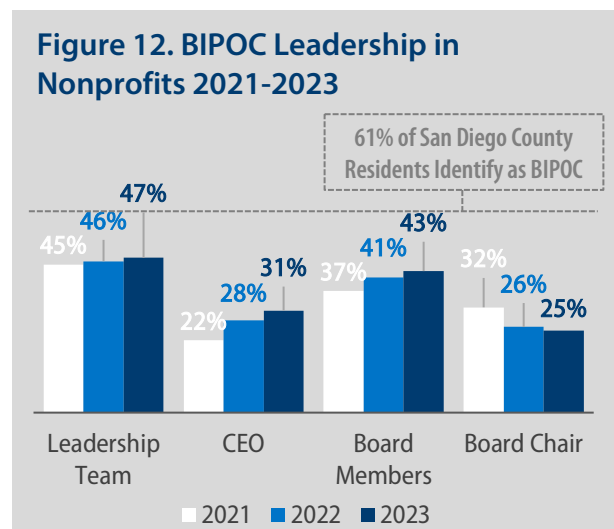
Improved diversity, equity, and inclusion (DEI) practices is another way local nonprofits can both improve their capacity to our region's greatest challenges and meet the needs of the sector as well. For the past seven years, we have documented the extent to which nonprofits are willing and able to address diversity, equity, and inclusion (DEI) practices within their own organizations. From 2017 to 2023, respondents to the nonprofit leader survey have expressed increased satisfaction in both their organization's *willingness to discuss* concepts related to DEI and their *ability to implement practices* to increase DEI, as illustrated in Figure 11. However, since 2021, when satisfaction peaked likely due to a renewed commitment to prioritize social justice and racial equity following the murder of George Floyd, there has been a slight decline in satisfaction levels, particularly in satisfaction with the organization's *willingness to implement* DEI practices. In terms of implementing DEI practices, 62 percent of leaders reported formally addressing DEI in their strategic plan and 58 percent have sought community input to better understand need.



Diversity of Nonprofit Leadership

A Close Look at Diversity Over Time

While 61 percent of San Diego County's population identified as Black, Indigenous, People of Color (BIPOC) in the 2021 U.S. Census, a far smaller percentage of nonprofit CEOs, board chairs, leadership teams, and board members identified as BIPOC. Figure 12 shows a comparison of demographic leadership data for a sample of 39 organizations in 2021, 2022, and 2023. The data suggest that there have been some small increases in BIPOC representation among nonprofit leadership. Most notably, there was a statistically significant increase in the percentage of BIPOC CEOs and board members between 2021 and 2023.



Racial/Ethnic Representation

Figure 13 shows that within the 2023 survey sample, the largest disparity exists for Latino/a/x leadership where 35 percent of the County's population identify as Latinx but only 15 percent of CEOs and 11 percent of board chairs identify as Latinx. Figures 14 and 15 show that diversity of leadership varies by subsector and organizational size. Arts and culture and environment nonprofits were less likely to report having a BIPOC CEO than other subsectors. Interestingly, **the smallest nonprofits (budget size <\$250,000) were more likely to report having a BIPOC CEO.**

Figure 13. Race / Ethnicity of Nonprofit CEO and Board Chair Compared to San Diego County Population, 2023

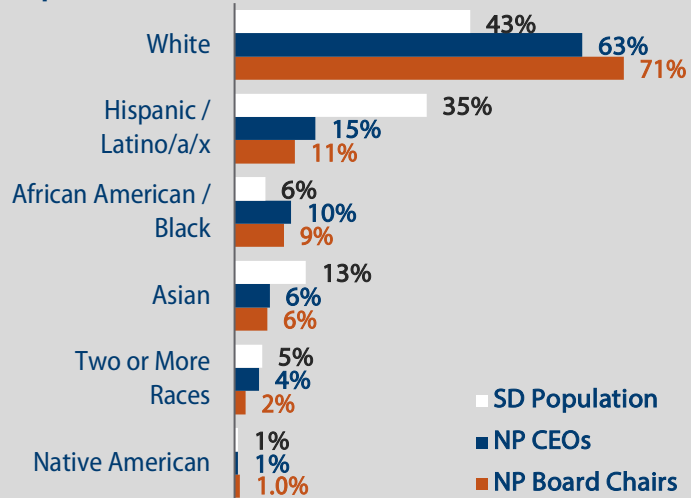


Figure 14. Percent of Organizations with a BIPOC CEO by Subsector

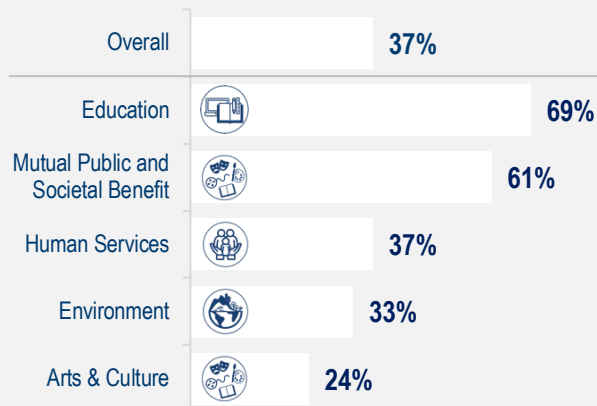
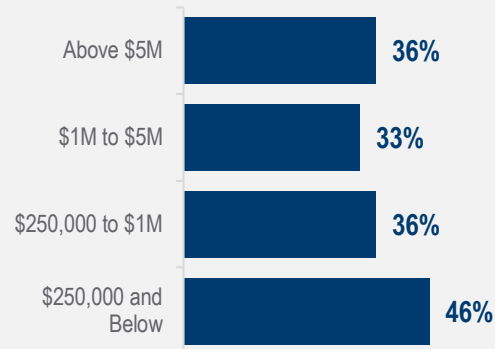


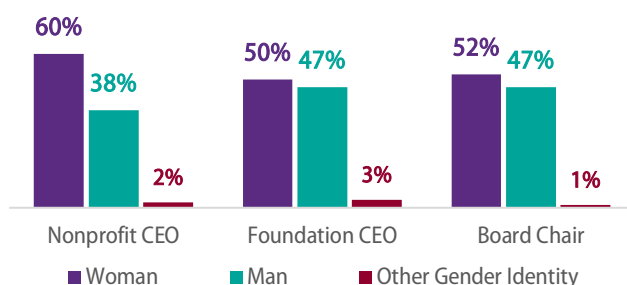
Figure 15. Percent of Organizations with a BIPOC CEO by Organizational Size



Gender Representation

Figure 16 illustrates that nonprofit CEOs and board chairs were more likely to identify as a woman than a man or other gender identity. This is in contrast to executive leadership in the private sector, where men are 2.5 times more likely than women to be executives.ⁱⁱ

Figure 16. Gender Identity of Nonprofit CEOs and Board Chairs



Nonprofit CEOs and Board Chairs most frequently identified as a woman.

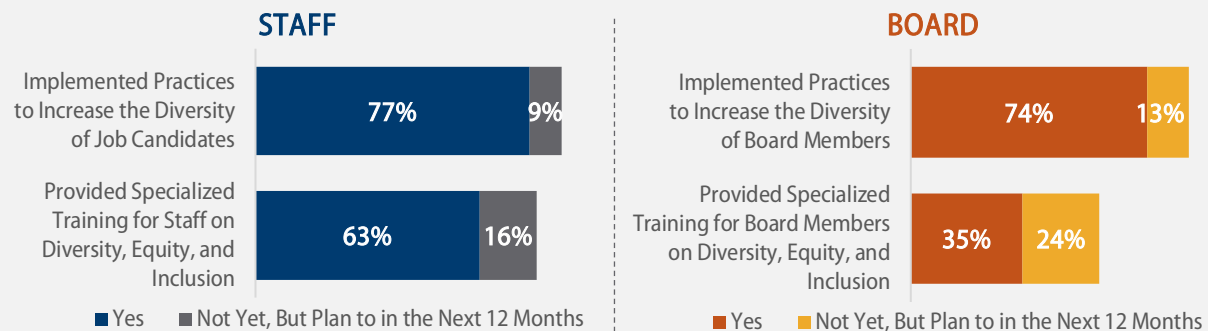
However, among nonprofits with an annual budget greater than \$5 Million, the opposite is true.

61% of CEOs identify as a man.

Implementations and Challenges to Diversifying Leadership

In an effort to better represent the community's needs, nonprofit leaders have also implemented practices to increase diversity, equity, and inclusion with their staff and boards. Figure 17 shows that three-quarters of organizations have implemented practices to increase the diversity of job candidates and board members. Nearly two-thirds of organizations have provided training to their staff and approximately one-third to their boards.

Figure 17. DEI Practices Implemented for Staff and Board



Challenges to Increasing Staff Diversity:

Low Turnover at Leadership Level

"Our senior leadership is where we most need to grow diversity. Lack of turnover in this area has stifled the changes in diversity hoped for among senior leadership."

– Human Services

Lack of Competitive Wages

"In the past 10 years, at least four diverse senior staff members have been recruited by other/larger organizations with packages we were not equipped to compete with."

– Human Services

Lack of Candidate Interest

"Finding qualified candidates who want to work direct service has been more challenging since Covid-19. We receive fewer applications, and it takes much longer to fill positions even though we are pushing our job announcements out to more places than we used to (including paying for postings and working with partners who have job boards to attract a diverse workforce)."

– Human Services

Challenges to Increasing Board Diversity:

Limited Access to Diverse Networks

"Limited access to networks of professionals to serve [on our board] that are from diverse backgrounds, specifically Asian, Native American, Middle Eastern and African American."

– Education

Board Policies

"Board terms make it difficult to make changes quickly."

– Human Services

Board Commitment

"For board members, we are reviewing our give/get policy to see if the language is a deterrent. We are also looking at times for board meetings to see if they pose a barrier."

– Human Services

Leadership Matters for Increasing Staff and Board Diversity

Increasing BIPOC leadership is important because, as Figures 18 and 19 show, within our survey sample, BIPOC-led organizations exhibited notably higher proportions of BIPOC individuals in both their leadership teams and on their boards. In organizations where the CEO was BIPOC, the leadership team had on average 16 percent more BIPOC members than in organizations where the CEO was White. Similarly, in organizations where the Board Chair was BIPOC, the rest of the board had on average 30 percent more BIPOC members than when the board chair was White.

Figure 18. Percentage of Leadership Teams Who Identified as BIPOC by Race/Ethnicity of CEO

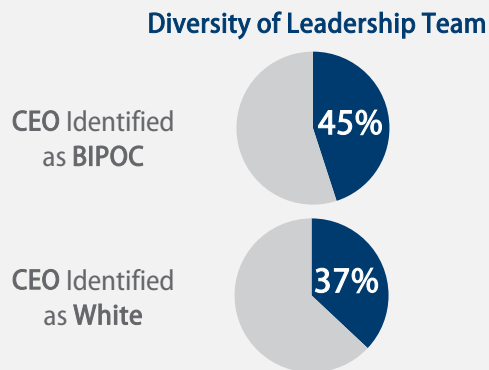
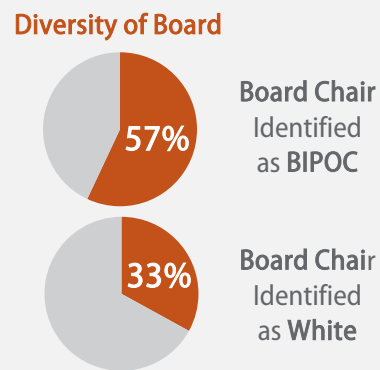


Figure 19. Percentage of Board Members Who Identified as BIPOC by Race/Ethnicity of Board Chair



Using Artificial Intelligence to Increase Efficiency

One of the major technological innovations over the past year, artificial intelligence (AI), has the potential to transform the way we accomplish our work and help nonprofits adapt to changing needs. Nonprofit leaders were asked to report if and how they are using AI technology, such as ChatGPT, in the workplace. As illustrated by Figure 20, at the time of this survey in the summer of 2023, 16 percent of nonprofits reported using AI in the workplace and an additional 21 percent planned on using it. Interestingly, arts and culture organizations most frequently reported using AI, and environment organizations most frequently reported planning to use AI. Of those that are using AI, the most frequent use was to support grant writing followed by external communications.



Figure 20: The Use of Artificial Intelligence (AI) Technology



AI Uses

External Communications	65%
Grant Writing	50%
Internal Communications	46%
Program Delivery	20%
Customer Service	13%
Other	19%

Improve General Writing

Lesson Plan Elements

Research

Illustrations / Graphics

Recruiting

Job Postings

Program Development

Data Generation

Presentations

Coding

CAPACITY OF THE SECTOR TO MEET COMMUNITY NEEDS

Financial Health of Local Nonprofits

For nonprofits to be able to meet community need in the ways addressed in the previous section, they need to be financially healthy. Based on our survey respondents, There is both promise and uncertainty in the financial picture of the sector. Prior to 2020, nonprofits typically reported having less than three months of cash reserves.ⁱⁱⁱ For the third year in a row, organizations of all sizes and types reported unprecedented cash reserves. As shown in Table 2, in 2023, **84 percent of the organizations we surveyed reported having more than three months of reserves**, with an average of eight months of reserves across all organizations surveyed. This may signify that the Covid-19 emergency funding had enduring impacts on the nonprofit sector, providing a vital cushion as nonprofits shifted to bringing in other revenue sources.

Table 2. Nonprofit Cash Reserves as of July 2023

Number of Months	2023
Less than 3 months	16%
3-5 months	21%
6+ months	63%

On Average,
Organizations Reported
 **8 Months of Cash Reserves**

Despite the higher-than-normal cash reserves, only 30 percent of nonprofit leaders assessed their financial health to be “very strong,” as illustrated in Figure 21. However, the majority of nonprofit leaders surveyed in 2023 were hopeful about the future, with 64 percent predicting better financial health in the coming 12 months. The perceived strength of an organization’s financial health varied by the budget size of the organization and its mission orientation. Figure 22 shows the status of financial health is positively correlated to organizational size, with **large organizations reporting stronger financial health than small organizations**. Human service nonprofits and philanthropic organizations reported the highest levels of current financial strength, as illustrated in Figure 23.

Figure 21. Organization’s Financial Health Today vs. Predictions for 12 Months from Now

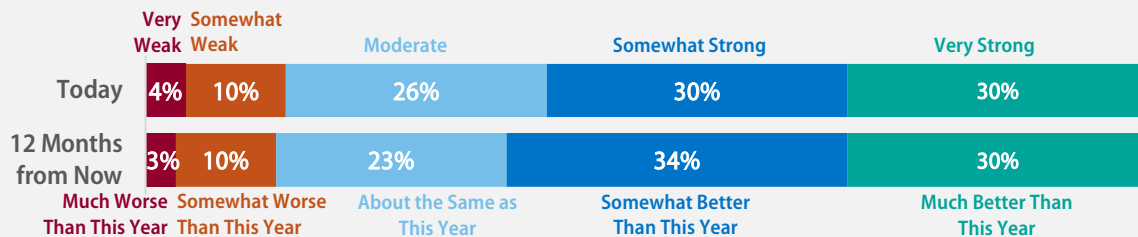


Figure 22. Somewhat or Very Strong Today by Budget Size

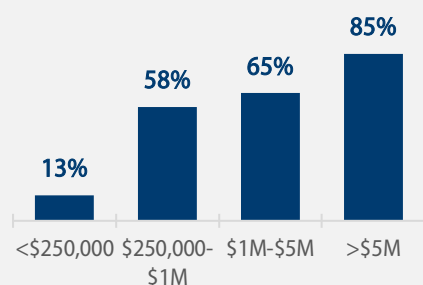
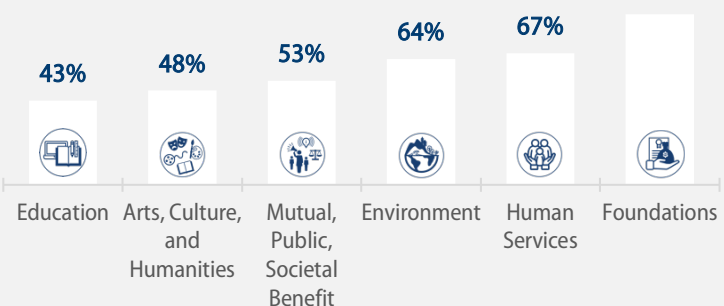


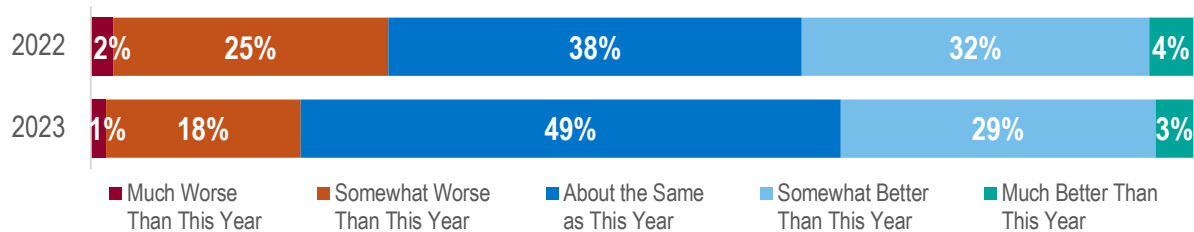
Figure 23. Somewhat or Very Strong Today by Subsector



Fundraising

Despite the compounding challenges of inflation and workforce shortages, nonprofit leaders are optimistic about the future as it relates to fundraising. Half of respondents believe their fundraising outlook will be about the same as this year and approximately one-third believe it will be better this coming year, as shown in Figure 24.

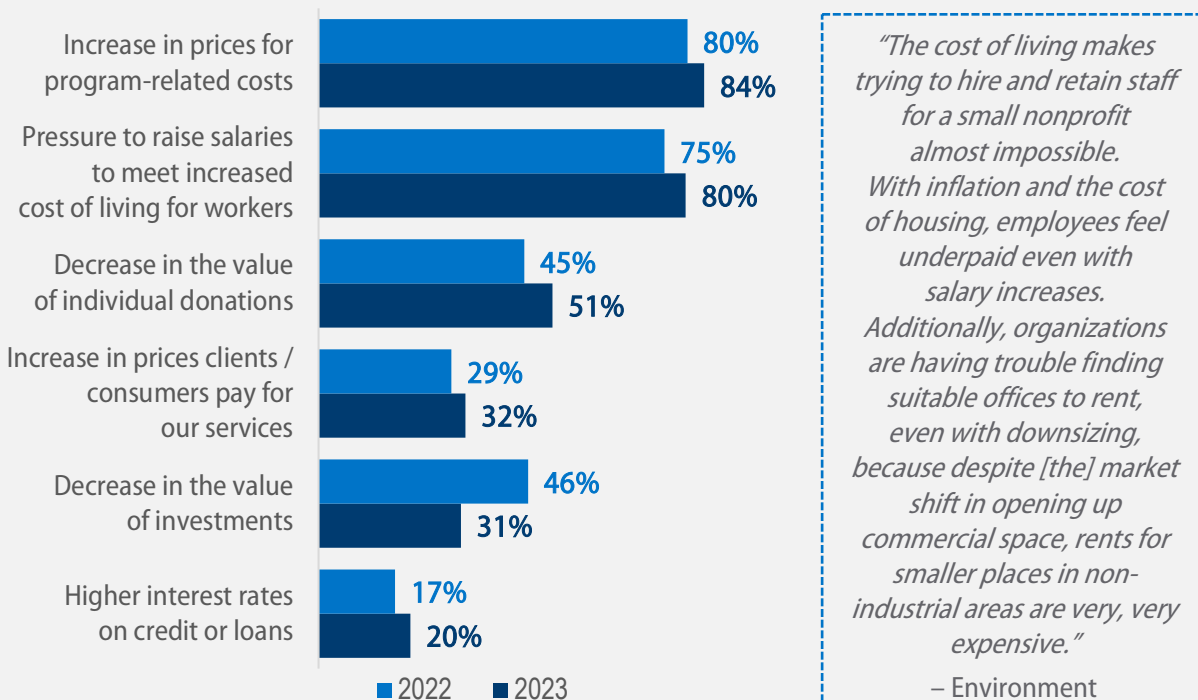
Figure 24. How would you describe the fundraising outlook for your organization in your next fiscal year compared to this fiscal year?



Effects of Inflation are Ongoing

While inflation has cooled compared to its 2022 peak, the effects of inflation on nonprofits have persisted, and in some instances, intensified in 2023. Inflation has not only escalated the operational expenses for nonprofits, as depicted in Figure 25, but our survey of nonprofit leaders shows that inflation continued to exert upward pressure on wages while diminishing the value of nonprofit assets and charitable contributions. Moreover, as the adverse impacts of inflation make it increasingly challenging for individuals to meet their financial needs, the demand for nonprofit services will rise.

Figure 25. Current Impacts of Inflation on San Diego Nonprofits



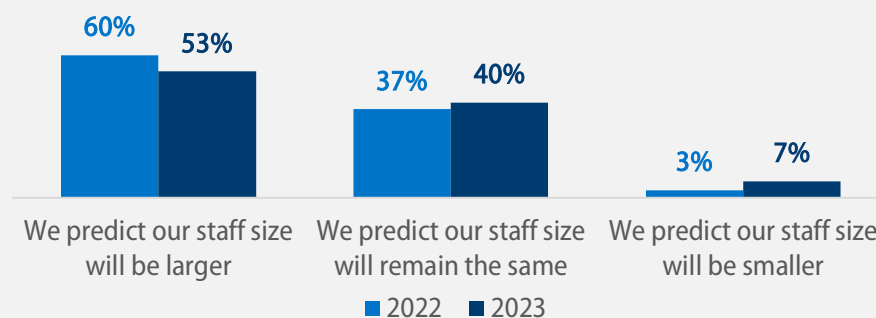
Nonprofit Workforce

A qualified workforce is as critical as funding is in supporting the capacity of nonprofits to meet community needs. One critical way nonprofits meet community needs is simply providing residents with employment opportunities. Nonprofits are the third largest employer in the U.S., and one out of ten workers is employed at a nonprofit.^{iv} Wages paid to nonprofit workers in San Diego County stimulate high levels of economic activity. In addition to regional economic benefits of nonprofit employment, a stable and talented nonprofit workforce is essential to providing the services to our community that ensure a high quality of life for all in the region.

Significant Workforce Fluctuations

The growing demands for nonprofit services in San Diego indicate this sector can and should grow. However, similar to other sectors of work, attracting talent to fill open positions is proving to be difficult as nonprofits often find themselves in fierce competition with for-profits for qualified employees. Figure 26 shows that despite 80 percent of nonprofits in our survey sample having created new positions in the past 12 months, 53 percent still plan to grow their workforce further.

Figure 26. Looking forward to the next 12 months how do you predict your staff size will change?



80%
of Organizations
Have Created New
Staff Positions



56%
of Respondents
Currently Have a
Vacancy



34%
of Organizations
Have Had More People
Leave than Typical

Job Vacancies

Again this year, nonprofits reported difficulty attracting talent due to an inability to offer competitive wages and benefits that keep pace with inflation and the lack of affordable housing for employees in San Diego County. More than half (56%) of respondents reported a current job vacancy. Of those that had job vacancies, 67 percent reported it negatively impacted their ability to deliver services.

67%
Report Job Vacancies
Have Negatively
Impacted Their Ability
to Deliver Services

Difficulty Hiring

Regardless of vacancy rate, **61 percent of all survey respondents reported it has been difficult to hire qualified employees.** As Figure 27 illustrates, two-thirds of respondents reported that it was most difficult to hire for mid-level positions. In terms of position type, Figure 28 shows that respondents cited hiring and retaining in fundraising/development, program/direct service, and administration/operations as the most challenging.



**Hiring has Been
More Difficult For:**

Human Services

Mutual, Public, and Societal Benefit

Organizations with Budgets
Over \$1 Million

Figure 27. Most Difficult to Hire Career Levels

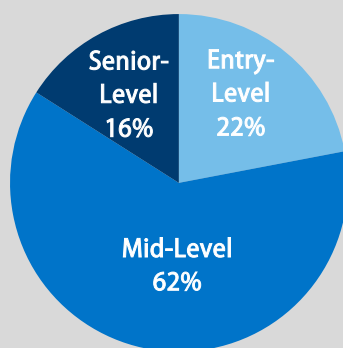
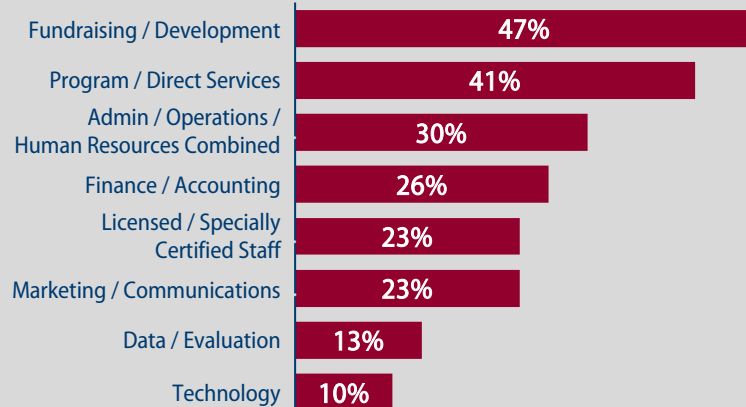


Figure 28. Position Types Most Difficult to Hire

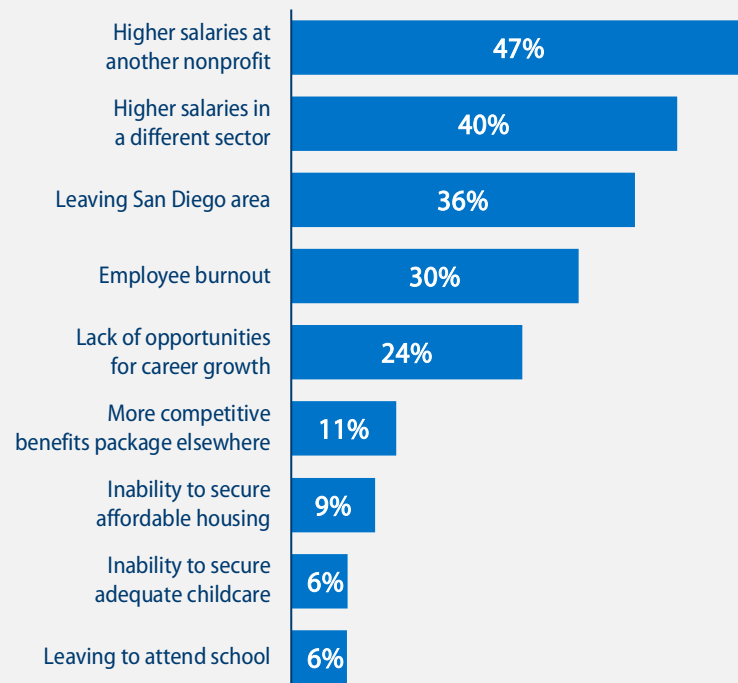


Primary Causes of Resignations

Most nonprofit leaders did not rate employee retention as a major challenge, but one-third reported that more people have left the organization in the past 12 months than is typical for their organization. Figure 29 shows the primary causes given for resignations. Not surprisingly given the very high cost of living in San Diego County, the most common cause is people leaving for better pay at another nonprofit or a different sector.

"The cost of living makes trying to hire and retain staff for a small nonprofit almost impossible. With inflation and the cost of housing employees feel underpaid even with salary increases."
- Environment

Figure 29: Causes of Employee Resignations



Job Postings

The data on job postings supports the self-reported data from nonprofit leaders regarding the greatest areas of staffing need and the pressure they face to increase wages. Table 3 lists the three most common job types out of 252 posted from April-August 2023 on NPWorks.org, a San Diego-based nonprofit job search website. In a comparison of 2022 and 2023 salary data, the median salary was slightly higher for program staff and development positions. The **majority of positions in 2023 were full-time (83%)**.

Job Postings:

59% In-Person

40% Hybrid

1.5% Remote

Table 3. Top 3 Categories of Nonprofit Job Postings (NPWorks.org – April-August 2023)

Job Title	Median Posted Salary 2023	Median Posted Salary 2022
1. Program Staff	\$44,720	\$39,520
2. Administrative / Operations / HR	\$54,080	\$54,080
3. Development / Fundraising / Grants	\$67,500	\$61,160
All Postings	\$64,480	

Compared to Self-Sufficiency Wage* in San Diego, Nonprofit Wages are Low

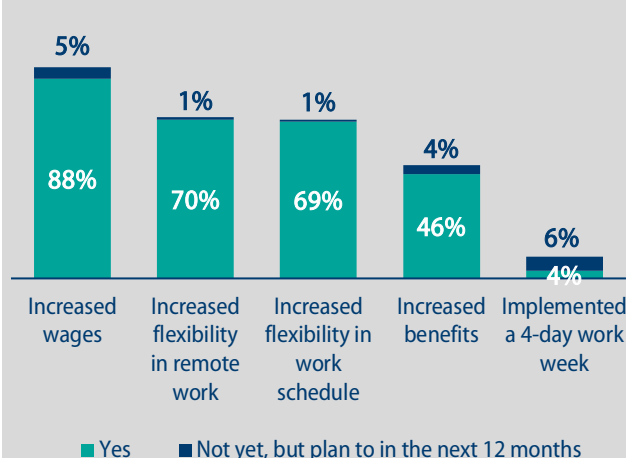
One Adult and One Child Self-Sufficiency Wage = \$68,534

**defined as the annual income needed to meet basic needs*

Retention: Nonprofits Respond to Emerging Needs of Staff

As Figure 30 shows, nonprofit leaders reported **multiple strategies** they have used in the past 12 months **to attract and retain staff**, including increasing wages and benefits and providing staff more flexibility in their work schedule and where they do their work. Many nonprofit leaders cited that they had already increased flexibility in remote work in previous years.

Figure 30. Actions Taken to Retain Employees Over the Past 12 Months



Additional Actions Taken to Retain Employees

Financial: Retention Bonuses, Promotions, Increase in Hours Worked

Benefits: Unlimited Vacation, Improved Family Leave Benefits, Offered Childcare In-House

Career Development: Training, Money for Professional Development of Staff's Choice

Work Life Balance: Staff Recognition, Self-Care and Wellness, No Meeting Fridays, Last Fridays Off

Remote Work in the Nonprofit Sector

On average, **73% of employees are working remotely at least part of the time**. Although most organizations did not indicate that hybrid work was presenting a major challenge for the organization, 53 percent identified challenges with remote work at least to some extent.

Remote Work Challenges:

44%

Employee demand for remote work did not align with the organization's needs

40%

Creating equity in remote work policies across all employees

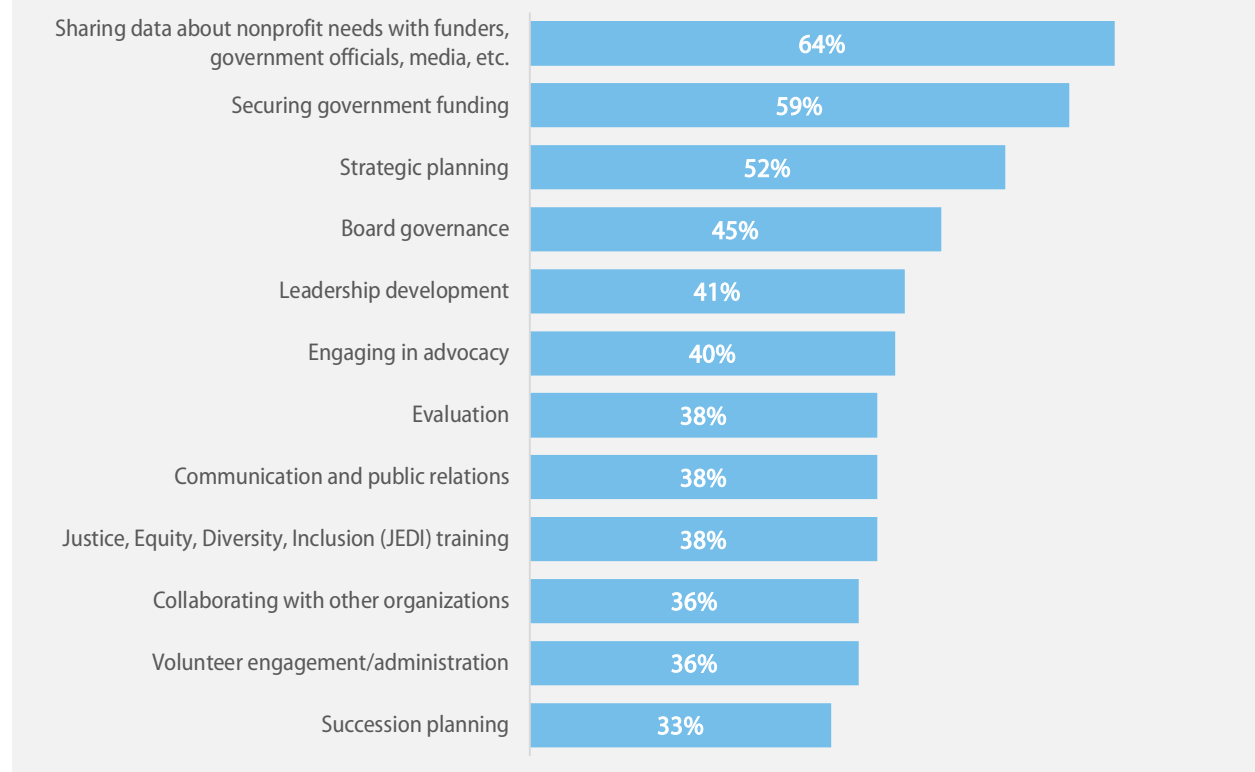
Other Responses

Affects workplace culture and ability to collaborate

Opportunities to Strengthen the Nonprofit Sector

In order for nonprofits to meet the increased demand for services, nonprofit leaders and staff must be supported to develop their organizations. Nonprofit leaders reported wanting assistance with telling their story and building their capacity. Respondents' highest priorities for support were sharing data about the nonprofit sector's needs with stakeholders, securing government funding, strategic planning, and board governance. For smaller organizations (budget less than \$1 million), the capacity needs were slightly different. In addition to the top four needs in Figure 31, a larger share of **small organizations cited needing support with communications and public relations and collaborating with other organizations**.

Figure 31. Ranking of Areas Where Nonprofits Want Support (Percentage ranked first or second)



ROLE OF PHILANTHROPY IN MEETING COMMUNITY NEED

Trends in Grantee-Funder Partnerships

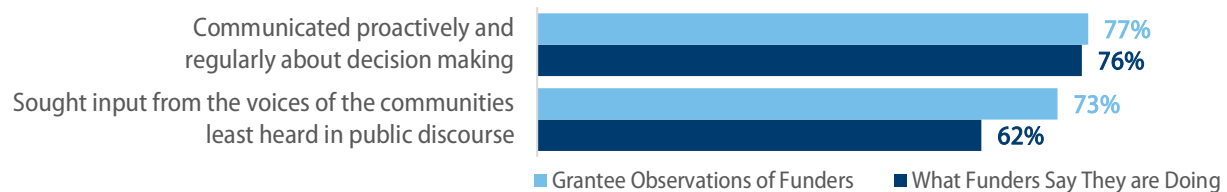
As we moved through the Covid-19 pandemic, funders who provide grants to nonprofits adjusted many of their traditional practices, making it easier to quickly deploy funding to meet growing and shifting needs in the community. In order to understand what the funding landscape looks like three years later, The Nonprofit Institute partnered with Catalyst of San Diego and Imperial Counties, a network of regional funders, to develop a funder survey that matched many of the questions we asked nonprofit leaders regarding philanthropy. The two data sources taken together paint a picture of a philanthropic sector that has engaged with nonprofits to better understand their needs and the needs of the community, and in many cases have adopted practices that reflect greater trust in nonprofits.

Communicating and Listening

Nonprofit leaders have observed and funders have confirmed that many foundations have taken concerted efforts to communicate more proactively with nonprofits and seek input from the voices of the community that are often heard less in public discourse as depicted in Figure 32.

Figure 32: Percent of Funders Who Reported Communicating and Listening to the Community Compared to Nonprofit Leaders' (Grantees') Observations

(Grantee Observations of Funders = "some" or "all have")

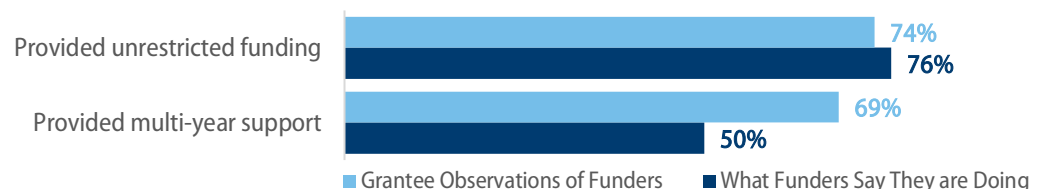


Providing More Flexible Funding

For decades nonprofit leaders have advocated for funders to provide access to more unrestricted multi-year funding, and it seems like funders may be responding. As shown in Figure 33, more than three-quarters of funder survey respondents reported providing some unrestricted funding and half reported providing multi-year support. According to the funder survey, it is still very uncommon to provide more than three years of support, and only five funders reported doing so. These practices have been observed by nonprofit leaders as well.

Figure 33: Percent of Funders Who Reported Providing Unrestricted Funding and Multi-Year Support Compared to Nonprofit Leaders' (Grantees') Observations

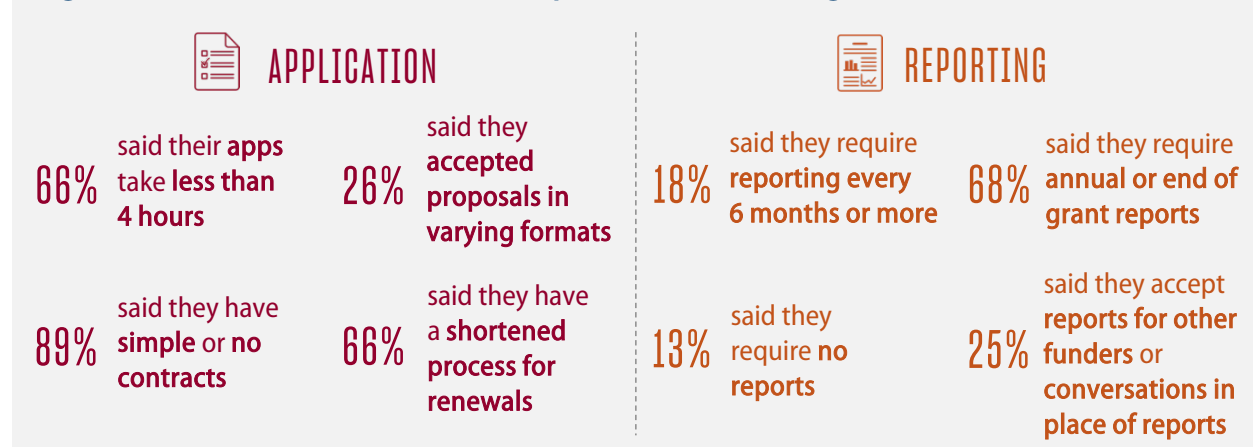
(Grantee Observations of Funders = "some" or "all have")



Reducing Burden in the Application and Reporting Process

Two-thirds of nonprofit leaders have observed that at least some funders have shortened their applications and 58 percent have observed reduced reporting requirements. This mirrors what funders reported in terms of their application and reporting practices, as shown in Figure 34.

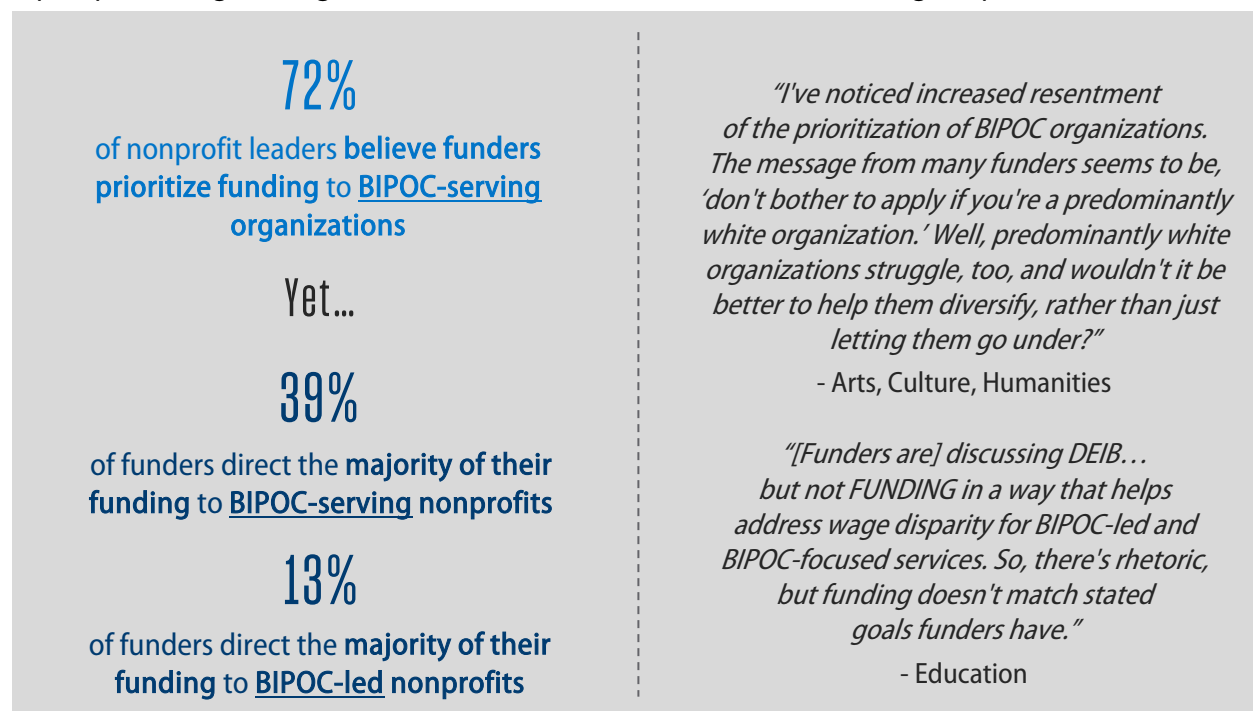
Figure 34. Percent of Funders Who Reported the Following Practices



Differing Perceptions of Priorities Between Funders and Grantees

Diversity, Equity, and Inclusion (DEI)

Though there have been improvements in communication and understanding between funders and grantees, there is still a lack of clarity among grantees in a few key areas. One area of confusion among grantees is regarding the role funders should play and are playing in leveraging funding to increase diversity, equity, and inclusion. There is a perception among nonprofits that many funders are prioritizing funding for BIPOC-serving and BIPOC-led organizations. While there are some funders that report prioritizing funding to BIPOC communities, the number is not as large as perceived.



Advocacy and Policy Change

Nonprofit leaders expressed also uncertainty about whether foundations fund advocacy efforts. Thirty-two percent of nonprofit leaders reported being unsure if funders funded advocacy and policy change.



Capacity Building

Another area of disconnect is around capacity building. Nonprofit leaders observed far fewer funders that fund capacity building than funders reported. This discrepancy may be due to a lack of clarity on what is defined as capacity building.



"There's a deep class divide in this region, which is also very much reflected in the dynamics between philanthropy and nonprofits providing service. In order for us to move forward in a way that truly centers human values and justice at its core, we need to start getting more brave and willing to get a bit uncomfortable."

- Environment

CONCLUSION AND RECOMMENDATIONS

Our region benefits in innumerable ways from the work of our nonprofit community. It is incumbent upon nonprofit leaders and boards, funders and policymakers, and all San Diegans to come together in supporting and strengthening the nonprofit sector.

For Nonprofit Leaders and Boards

- In light of rising costs and inflationary pressures, assess and strategically deploy reserves to secure future revenue.
- Engage in collaboratives among funders and nonprofits to secure more federal and state funding for the San Diego region.
- Deepen efforts to diversify and build more inclusive boards and leadership teams to advance equity and belonging within the nonprofit workforce.
- Raise awareness about and commit to ensuring competitive wages and salaries for nonprofit employees at all levels.
- Invest in professional development and enhancing the health and well-being of staff working at all levels of nonprofit organizations, to enhance their resilience and capacity to serve the community.

For Donors, Foundations, and Corporate and Government Funders

- Factor inflation and the high cost of living into your support for nonprofit organizations, including donations, grants, and reimbursement rates.
- Engage with and fund smaller, grassroots organizations that are operating closest to the needs of the communities they serve.
- Develop creative solutions to the housing crisis. This could include housing incentives for nonprofit workers as well as prioritizing funding for programs that keep people from falling into homelessness.
- Commit to general operating support and multi-year funding to ensure the stability and financial health of the nonprofit community.
- Support opportunities for funders and nonprofits to come together to develop strategies for co-learning and impact evaluation.

For the San Diego Community

- Advocate and provide financial support for the organizations working on the causes you care about.
- Volunteer and find other ways to get involved in nonprofit organizations serving our community.
- Consider working for a nonprofit.
- Champion the nonprofit sector as a vital partner for social good.



 **ANIMALS**



 **ARTS, CULTURE,
AND HUMANITIES**



 **ENVIRONMEN**



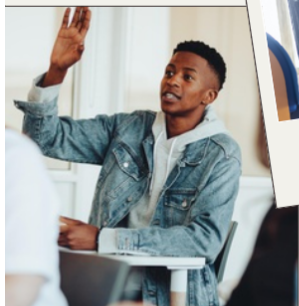
 **EDUCATION**



 **FOUNDATIONS**



 **HEALTH**



 **HIGHER EDUCATION**



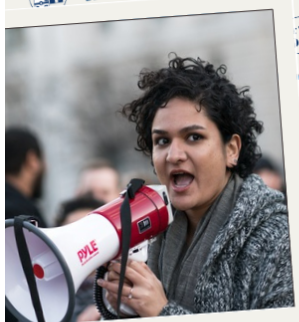
 **INTERNATIONAL**



 **HOSPITALS**



 **RELIGION**



 **MUTUAL, PUBLIC &
SOCIETAL BENEFIT**



 **HUMAN SERVICES**

State of Nonprofits and Philanthropy Snapshot

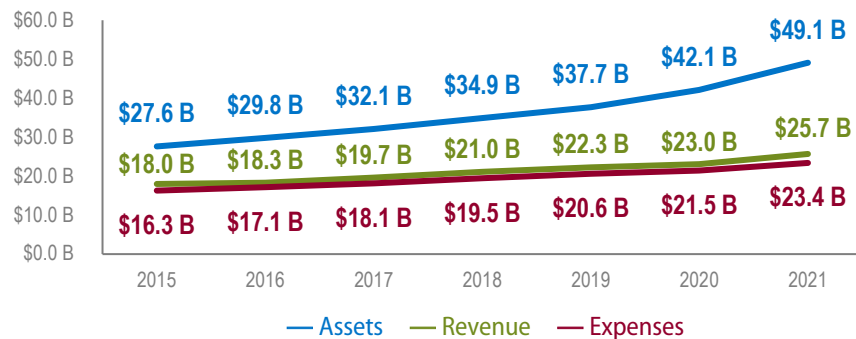
2023

SAN DIEGO COUNTY NONPROFIT SECTOR

12,851
NONPROFITS
Registered 501(c)(3)
Public Charities
in 2021

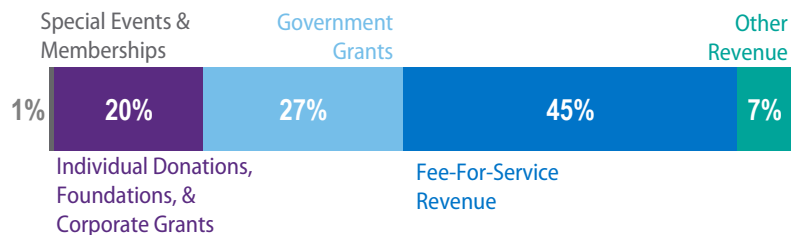
+20%
Growth in Number
of Public Charities
2015 to 2021

San Diego Public Charity Revenue, Expenses, and Assets (in Billions)
2015 to 2021 (IRS Tax Form 990/990EZ Filings)



Primary Nonprofit Revenue Sources, 2021

(IRS Tax Form 990/990EZ Filings: Excludes Hospitals and Higher Education)



2022 NONPROFIT EMPLOYMENT

3,035
Nonprofits
with Paid Staff

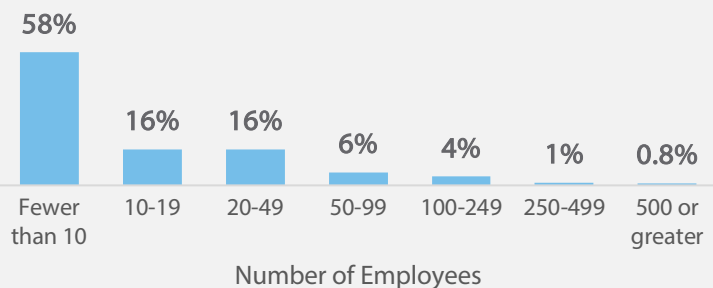
101,971
Paid
Employees

\$6.42B
Total
Wages

10%
of San Diego
Private
Employment

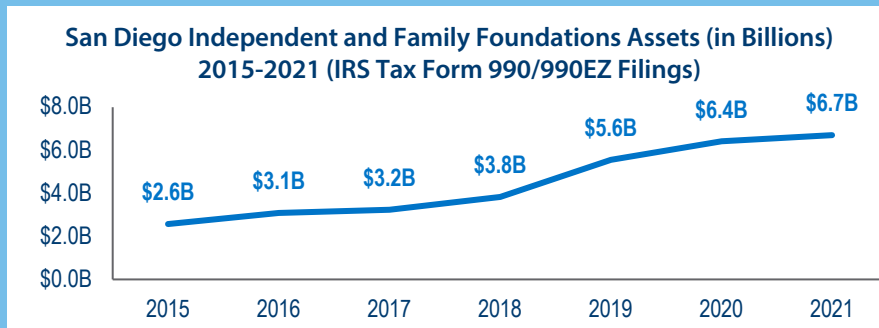
Percentage of Nonprofits with Paid Staff
Based on Number of Employees

(2022 California Employment Development Department:
Quarterly Census of Employment and Wages)



Nonprofit Subsector Profiles

INDEPENDENT AND FAMILY FOUNDATIONS*



895

FOUNDATIONS

+161% Growth in Assets
2015 to 2021

280

Paid
Employees

\$21M

Total
Wages

*Private foundations; does not include community foundations

ANIMAL-RELATED*

3%
of Total
Organizations

\$1.3B
Assets

\$516M
Revenue

\$429M
Expenses



*Paid employees and wages are excluded because California EDD data combines Animal and Environment

ARTS, CULTURE, AND HUMANITIES

10%
of Total
Organizations

\$1.6B
Assets

\$379M
Revenue

\$292M
Expenses

3,138
Paid
Employees

\$130M
Total
Wages



EDUCATION (OTHER*)

14%
of Total
Organizations

\$5.2B
Assets

\$1.9B
Revenue

\$1.6B
Expenses

13,243
Paid
Employees

\$726M
Total
Wages



*Does not include Higher Education / Universities

ENVIRONMENT*



3%
of Total
Organizations

\$389M
Assets

\$338M
Revenue

\$313M
Expenses

**Paid employees and wages are excluded because California EDD data combines Animal and Environment*

HEALTH (OTHER*)



8%
of Total
Organizations

\$4.9B
Assets

\$5.5B
Revenue

\$5.2B
Expenses

18,540
Paid
Employees

\$1.2B
Total
Wages

**Does not include Hospitals*

HIGHER EDUCATION



0.2%
of Total
Organizations

\$3.9B
Assets

\$1.6B
Revenue

\$1.6B
Expenses

7,654
Paid
Employees

\$463M
Total
Wages

HOSPITALS



0.1%
of Total
Organizations

\$22.5B
Assets

\$10.0B
Revenue

\$9.4B
Expenses

22,991
Paid
Employees

\$2.1B
Total
Wages

HUMAN SERVICES



25%
of Total
Organizations

\$4.2B
Assets

\$3.6B
Revenue

\$3.1B
Expenses

22,668
Paid
Employees

\$1.0B
Total
Wages

INTERNATIONAL



2%
of Total
Organizations

\$107M
Assets

\$179M
Revenue

\$181M
Expenses

291
Paid
Employees

\$16M
Total
Wages

MUTUAL, PUBLIC, AND SOCIETAL BENEFIT*



13%
of Total
Organizations

\$4.8B
Assets

\$1.4B
Revenue

\$1.1B
Expenses

4,187
Paid
Employees

\$307M
Total
Wages

**Includes Community Foundations*

RELIGION-RELATED*



22%
of Total
Organizations

\$348M
Assets

\$247M
Revenue

\$201M
Expenses

4,276
Paid
Employees

\$174M
Total
Wages

**Religious organizations are not required to file with the IRS; however, many do. These data represent religious organizations that have elected to file and are likely an undercount of true activity.*

DATA SOURCES, METHODS, AND DATA LIMITATIONS

Data in this report draw on multiple sources. Information that relies on IRS data have a significant time lag and are often incomplete. IRS data presented throughout the report are drawn from the most recently reported year. Due to rounding, some charts and tables may not add to 100%. Quotes have been edited for readability. For any methods or data questions, please contact The Nonprofit Institute at nonprofit@sandiego.edu.

Data Sources and Methods

California Employment Development Department (EDD)

Labor Market Information Division, California Employment Development Department (2016-2022) – San Diego Nonprofit Employment Statistics come from the Quarterly Census of Employment and Wages (QCEW) developed through a cooperative program between the states and the U.S. Bureau of Labor Statistics.

Catalyst of San Diego & Imperial Counties

Pulse of the Practice Survey of organizations and foundations whose funds help to support the San Diego region - This survey of 39 funders who provide funding in San Diego County was designed to complement data collected through the Nonprofit Leader Survey. The combined effort offers a first-of-its-kind comprehensive view of funding and nonprofit practices in the San Diego region. The survey was administered online in the fall of 2023. Respondents in the sample collectively gave more than \$1B in 2022, including over \$432M that came from foundations located within San Diego and Imperial Counties.

DataLake Nonprofit Research (datalake.net)

Data on nonprofit revenue and foundation assets come from 2021 IRS Form 990, 990PF, 990-EZ, and 990-Nelectronic (e-File) returns and exempt organization registration data archives. Data were compiled and analyzed by DataLake, LLC.

NPWorks, a service provided by NPSolutions

Nonprofit Job Postings in San Diego County – Data on job postings and median salaries come from a sample of jobs posted in San Diego County between April and August 2023. The data is compared to a similar sample of job postings in 2022.

The Nonprofit Institute

2017- 2023 Annual Nonprofit Leader Surveys – The 2023 annual survey of 193 nonprofit leaders collected information on nonprofits' demand for services, financial outlook, organizational capacity, leadership, and sector trends. The survey was administered online in July 2023 and is a convenience sample of the San Diego nonprofit sector. The survey is slightly overrepresented in Arts and Culture, Environment and Mutual Public and Societal Benefit nonprofits and slightly underrepresented in Education and Health nonprofits. The survey sample also has an overrepresentation of large nonprofits and an underrepresentation of the smallest nonprofits.

Equinox Project's Quality of Life Dashboard – Data on indicators of quality of life in San Diego County come from a website, regularly updated and maintained by the Nonprofit Institute, called the Equinox Project's Quality of Life Dashboard (<https://bit.ly/equinoxdashboard>). The dashboard measures and

benchmarks 16 environmental and economic trends throughout the region and calls attention to the ways in which local nonprofits, government and businesses are working together to ensure San Diego County is on a path to greater health, wealth, comfort and sustainability for current and future generations.

The Nonprofit Institute and Luth Research

2023 State of Nonprofits Quarterly Index - The Nonprofit Institute partners with Luth Research in the administration of a quarterly survey to gauge San Diegans' confidence in local institutions and to measure their giving and volunteering activities. The State of Nonprofits Quarterly Index is administered online to a panel of San Diego residents. The sample reflects the racial and ethnic distribution of the region.

END NOTES

ⁱ Deitrick, L., Strawser, C., Durnford, J. (2019). *Annual Report: State of Nonprofits and Philanthropy in San Diego*. San Diego, CA: The Nonprofit Institute, University of San Diego.

ⁱⁱ <https://corpgov.law.harvard.edu/2023/02/22/gender-diversity-in-the-c-suite/>

ⁱⁱⁱ Deitrick, L., Durnford, J., and Young, E. (2017). *Annual Report: State of Nonprofits and Philanthropy in San Diego*. San Diego, CA: The Nonprofit Institute, University of San Diego.

^{iv} Lester M. Salamon and Chelsea L. Newhouse, "The 2019 Nonprofit Employment Report," Nonprofit Economic Data Bulletin no. 47. (Baltimore: Johns Hopkins Center for Civil Society Studies, January 2019). Available at ccss.jhu.edu.



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