

BRIEFING PAPER: BOLSTERING BLACK-LED ORGANIZATIONS IN THE BAY AREA

JULY 2016

THE ISSUE: William “Bill” Merritt, President and CEO of the National Black United Fund, said it best: “Nonprofit organizations have served as vehicles for community empowerment and civic participation in the Black community by addressing issues of access and inequality. The lack of financial resources available to minority-led nonprofit organizations that promote the interests of their communities is a crisis.”¹ National IRS data reveals that over the last five years 428,743 registered nonprofits met their demise; closing their doors and/or losing tax exempt status.² The Bay Area, home to one of the highest concentrations of nonprofits in the country, has not been immune and is still recovering from a period of tightening, restructuring and closures. Although many nonprofit organizations are challenged to survive with limited resources, Black-Led Organizations (BLOs: registered nonprofit organizations with Black staff and/or Board leadership) who are on the front line serving low- and moderate-income communities of color, have not received the tailored support required to thrive. BLOs are under-researched, under-regarded and under-resourced leaving many unsustainable and at risk of closure.

“Over the past 5 years, Black organizations have decreased at an alarming rate. No one is concerned about this issue as we shrink in representation in all levels of services in Black communities.” – A BLO CEO

¹ Aziz Gueye Adetimirin, “Crisis in Black Nonprofits: Worries abound about leadership and funding,” *The Network Journal: Black Professionals and Small Business News* (August 2008).

² Chuck Mclean, “Vital Records: Births and Deaths in the Nonprofit Sector,” *Nonprofit Quarterly* Winter 2014 Edition (Dec. 2014).

THE REGION: The San Francisco Bay Area is one of the most diverse regions in the country with a majority of the population being people of color who are most in need of services provided by BLOs. Strong communities of color are necessary for economic growth and prosperity: More equitable nations and regions experience stronger, more sustained growth and regions with less race and income segregation and lower income inequality have more upward mobility.³ BLOs and the communities they serve, who were impacted disproportionately by the economic downturn, have unique concerns requiring unique solutions.

Although only 8% of the Bay Area population, black people are disproportionately affected by rising inequities and gentrification. While urban hubs such as Oakland (27% black) continue to have predominantly black neighborhoods, a Latino and Asian influx coincided with black displacement.⁴ Substantial black population growth has occurred in suburban cities such as Antioch, Pittsburg and Livermore, where services have not followed to meet the increased need. Other indicators of need and inequality in the Bay Area include:

- 22% of the black population lives in poverty as compared to 16% of Latinos and only 7% of whites.
- The black population in the Bay Area has the highest unemployment of all racial groups across all education levels at 15% from 2008-2012 (double white unemployment), a 50% increase from 1990.
- Income inequality, measured by the Gini Coefficient (0 is perfectly equal and 1 is

³ PolicyLink and PERE, “An Equity Profile of the San Francisco Bay Area Region,” April 2015.

https://www.policylink.org/sites/default/files/documents/bay-area-profile/BayAreaProfile_21April2015_Final.pdf

⁴ U.S. Census Bureau. 2010 & 2012. Geolytics.

perfectly unequal), increased 20% in the Bay Area since 1979 to 0.48.

- Median hourly wages have increased for all groups except blacks and Latinos. The wage is \$22 for black workers as compared to over \$30 for whites.⁵
- When graded on how students of color and low-income students are faring academically, Bay Area school districts perform very poorly with the Oakland Unified School District earning an F and both the San Francisco Unified School District and West Contra Costa Unified School Districts earning a D-. In these districts, black students' Academic Performance Index is not only below the state target but also below that of Latino and low-income students.⁶
- Although there has been some improvement in Bay Area crime statistics, Oakland's crime per capita ranks it as the third most violent city in the United States and the most violent in the Bay Area followed by Vallejo, San Pablo, San Francisco and Antioch.⁷

THE ACTIONS TO-DATE: On the heels of a BLO closure, a working group of advocates representing the Bay Area Black United Fund (BABUF), The California Endowment, The East Bay Community Foundation, The Kapor Center for Social Impact, The San Francisco Foundation, The Y & H Soda Foundation, The Brotherhood of Elders and Urban Strategies Council came together to find out why this organization, and many like it, have not survived. The working group set out to conduct a landscape analysis to inventory BLOs in four Bay Area Counties (Alameda, Contra Costa, San Francisco and Santa Clara), determine their current

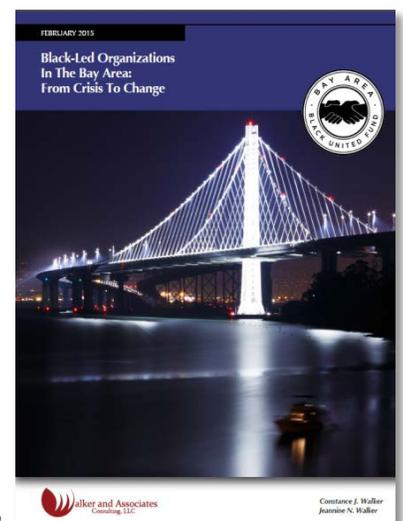
⁵ IPUMS. 1979, 1990, 2000 & 2008-2012.

⁶ The Education Trust-West. 2013 California District Report Cards Online. <http://reportcards.edtrustwest.org>.

⁷ FBI. "Crime in the United States." 2014.

state, as well as future goals and opportunities for capacity building. The following actions, including unprecedented quantitative and qualitative research, were taken to create a snapshot of the issues impacting BLO effectiveness and sustainability and move beyond crisis to change:

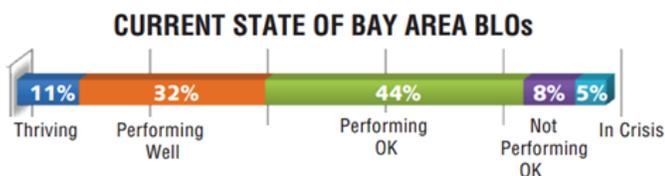
- A database of 125 BLOs across Alameda, Contra Costa, San Francisco and Santa Clara Counties (select BLOs in Marin and San Mateo Counties were also included) was compiled leveraging the network of the working group and additional investigation.
- BLOs were invited to participate in a survey probing their leadership profile and organizational assessment via multiple choice, rating, ranking and open-ended questions. The 57% response (71/125 BLOs participated in the survey) was strong given the survey's length and detail.
- Two focus groups were conducted with a representative sample of 20 leaders exploring challenges and strategies to invest in BLO sustainability and growth.
- The Bay Area Black United Fund released a report, written by Walker and Associates Consulting, *Black-Led Organizations in the Bay Area: From Crisis to Change* (Appendix A), highlighting the precarious state of many BLOs and proposing concrete solutions for sustaining these critical institutions.
- A press release – *Black-led Nonprofits Threatened: Increased Demands, Insufficient Resources New Report on Lifeline to Vulnerable*



Communities (Appendix B) – was issued by BABUF to bring greater awareness to the issue and spark conversations about the way forward.

THE LEARNINGS: As demands increase on BLOs to provide vital help to low- and moderate-income communities, the resources and capabilities of those organizations have not kept pace. Many BLOs are in a precarious state challenged by limited financial resources, small staffs, inadequate planning and marketing and only basic program evaluation. Leaders have a great sense of pride in their organization and passion for the work but are forced to wear so many hats that they can be overwhelmed, overworked and isolated without access to significant resources and meaningful connections. Additional key findings include:

- *Most leaders feel their organization is “performing OK” with great room for improvement and stabilization before they can truly thrive:* 44% of Bay Area BLOs state that they are just “performing OK” meaning that they are doing the best they can given limited resources. Many are recovering from periods of crisis and acknowledge that performance is tied to changes in the economy and funding environment.



- *Most of the Bay Area’s BLOs are mature organizations located in Alameda County:* 75% have operated for 11 or more years and 2/3 are located in Alameda County where Oakland is an important service hub.
- *Despite being mature organizations, BLOs remain small and stretched thin:* Financially, 47% have very small budgets of \$500,000 or less and 42% have no reserves or

endowments.

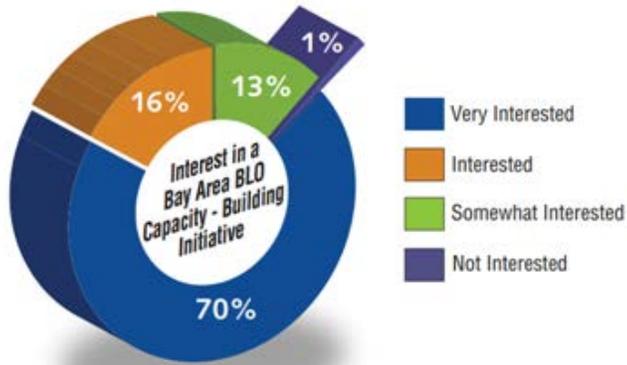
Organizationally, 62% have staffs of 10 or less and 84% have staffs of 20 or less while the average size of organizations in a national sample of nonprofits was 164.⁸



- *BLOs primarily serve black, Latino, low- and moderate-income and/or underserved populations with most focused on youth development, education and/or health:* On average, the ethnic composition of the population served by Bay Area BLOs is 59% Black and 23% Latino and 56% focus on youth development followed by education and health.
- *There is a lack of preparedness for the departure of long-term leaders:* 32% of the leaders responding to the survey have been at the helm of their organizations for more than 10 years and 63% are contemplating an exit within the next five years yet only 24% have a succession plan in place.
- *The three most pervasive pain points for BLOs are:* Isolation, a lack of community among leaders and a lack of funder transparency, acknowledgement and partnership in agenda-setting.
- *The three most critical resources needed for future BLO success are:* Additional revenue to support growth, best-in-class systems and training and leadership development for Boards and staff.
- *The level of interest in a collaborative capacity building initiative targeting Bay Area BLOs is very high:* 99% of respondents expressed interest with 86% being “interested” or “very interested” in dedicated support to bolster the

⁸ 2013 Nonprofit Employment Trends Survey, (Nonprofit HR Solutions and the Improve Group, 2013), 32.

effectiveness and sustainability of Bay Area BLOs. There is desire and hope for a clear, comprehensive (“focused on capital, capacity and connections”) and long-term solution: “A multi-year effort that provides measureable and sustainable impact to Black-Led Organizations and the Black community.”



THE WAY FORWARD: Recognizing that “performing OK” is not good enough for BLOs to effectively meet the needs of underserved low- and moderate-income communities of color, a subset of the working group, the Funders’ Collaborative (comprised of James W. Head, President and CEO of The East Bay Community Foundation; Fred Blackwell, CEO of The San Francisco Foundation; Cedric Brown, Chief of Community Engagement at The Kapor Center for Social Impact; Sandra Davis, Program Manager at The California Endowment; and Bob Uyeki, CEO of The Y & H Soda Foundation), committed to developing a work plan for a fresh and dynamic collaborative capacity building initiative that further develops the nonprofit sector by innovatively supporting the growth and sustainability of Bay Area BLOs. Thriving organizations are needed and to thrive they must be better connected to assets and resources. With the support of Walker and Associates Consulting and informed by best practice and BLO input, the Funders’ Collaborative has identified an effective governance structure and proposes a responsive program design with a pragmatic implementation timeline.

“The way nonprofit organizations serving vulnerable communities will become more sustainable is through these very organizations working together, not separately, in a concentrated, funded, collective effort. The effort must provide new tools and resources, as well as increased efficiency.”
James W. Head, President and CEO
East Bay Community Foundation

Best Practice

Before developing a custom capacity building solution for BLOs best practice and learnings from more traditional foundation-sponsored capacity building initiatives as well as new age accelerator programs – fixed-term, cohort-based mentorship and educational programs culminating in a pitch or demo day to secure additional investment – were considered. Capacity building benchmarks researched included: *Community Leadership Project* sponsored by the James Irvine Foundation, William and Flora Hewlett Foundation and David and Lucile Packard Foundation; *Minority-Led Organization Capacity Building & Leadership Development Program* sponsored by The California Endowment; and *Funders Collaborative for Strong Latino Communities* sponsored by Hispanics in Philanthropy. Accelerator benchmarks researched included for-profit accelerators such as [Y Combinator](#) and [Idea Village](#) and non-profit accelerators such as [Community Programs Accelerator at the University of Chicago](#) and [Fast Forward](#). Key learnings include:

- Effective capacity building must be: comprehensive, customized, competence-based, timely, peer-connected, assessment-based, readiness-based and contextualized.⁹

⁹ Carole J. DeVita and Cory Fleming. “Building Capacity in Nonprofit Organizations.” The Urban Institute. April 2001.

- Practices that enhance capacity building efforts include collaboration from the top, commitment to evaluation, having milestones, creating an exit strategy and pushing improvement in systems.
- Keys to success for accelerators include cohorts for efficiency and peer learning; program intensity with a balance of group and individual supports for maximum impact; and connected mentors, relevant speakers and strategically selected audiences for pitch/demo days.

Governance Structure

The East Bay Community Foundation will have primary responsibility for the administration of the BLO Capacity Building Initiative including receiving and disbursing funds on behalf of participating funders. All participating funders will have a voice in key decision-making including the selection of the lead agency, management consultant, evaluator and grantees. Other key components that will be critical to initiative operation and success include:

- An *Advisory Committee* – comprised of prominent and credible experts on education, youth development, race and equity, workforce and economic development and community health, including BLO representatives, policymakers and educators – will be formed to provide strategic advice and support.
- A *Lead Agency* will be selected to have primary responsibility for oversight of the day-to-day operations of the BLO Capacity Building Initiative, in accordance with the decisions of the Funders’ Collaborative, including: outreach and communications; maintaining a pool of pre-qualified, culturally appropriate consultants; coordinating the delivery of technical assistance, training and mentoring resources; and maintaining an online

community open to all BLOs to facilitate communication and sharing of resources and events.

- A *Management Consultant* will be retained to support the Funders’ Collaborative in carrying out their roles and responsibilities including: meeting management, developing requests for proposals, memorandums of understanding and grant agreements while maintaining clear lines of communication with all primary stakeholders.
- An *Evaluator* will be retained to design and implement a comprehensive evaluation system to capture and report results at all levels of the BLO Capacity Building Initiative.

Capacity Building Approach

It is important to the Funders’ Collaborative that the BLO Capacity Building Initiative focuses on nonprofit sector development with a lens toward race and equity and an innovative approach for maximum appeal, impact and learning. This capacity building approach is intentionally designed to provide a deep investment in community anchor institutions serving as cornerstones in their respective communities and selected based on their track record and potential to sustain and increase their long-term durability and impact. Resourcing the sustainability and growth of community anchors that provide increasingly critical programs and services will help ensure the long-term vitality of the organizations, and thus, the communities they serve. The approach is also designed to be unique, creating a fresh way to provide technical assistance, and replicable, so that it could be applied to organizations led by people of color with similar challenges once lessons have been captured. Participating BLOs must demonstrate their commitment to promoting equity and increasing impact; their willingness to take ownership and be

accountable for results; and an ability to provide feedback to the Initiative's governing body.

The Funders' Collaborative envisions a two-pronged model for program delivery: (1) a BLO Accelerator for innovative community anchors that have a vision for growth, promising ideas and a willingness to work in new ways to catalyze personal, organizational and community change and (2) a BLO Stabilizer for mature community anchors preparing for a departure-defined executive transition. Both components would serve a selected cohort of BLOs – within Alameda, Contra Costa, San Francisco and San Mateo Counties – across program or service areas within a range of life cycles and sizes. Key elements – such as an online community for peer networking and learning and access to certain workshops and speakers, including a conference – would be open to all BLOs. Once leaders have gone through the Accelerator or Stabilizer, they would be expected to remain connected to mentor future cohorts. The BLO Accelerator and BLO Stabilizer are described as follows:

BLO Accelerator



- Adapted from successful accelerators traditionally targeted to for-profit technology startups, the BLO Accelerator is an intensive six-month program designed to bolster the growth and sustainability of emerging, innovative community anchors that have a vision for growth, promising ideas and a willingness to work in new ways to catalyze personal, organizational and community change. Unlike traditional accelerators that are typically tech-focused and last only 12 or 13 weeks, the BLO Accelerator focuses on BLOs that are

nonprofit anchors and provides extended training being mindful of the time constraints and responsibilities of BLO leaders and the introduction of new ways of thinking and/or development of new skill sets as required. The BLO Accelerator is distinguished from traditional capacity building models by its focus on stimulating innovation and developing specific plans for mission-aligned investment in enterprise development or a capital project. The inaugural cohort will include five BLOs who will Learn, Develop, Connect and Thrive. Participants will receive:

- An initial \$25,000 grant to partially offset the cost (time and travel) of participating in the six-month accelerator;
 - Rigorous training via weekly sessions, online training and technical assistance focused on business planning, management, marketing, finance and innovation;
 - Peer learning to encourage collaboration, sharing and learning between cohort members;
 - Mentoring from a pre-qualified list of experienced nonprofit and/or industry experts who provide management, marketing and technology expertise and/or access to capital;
 - Network-building to identify and access the tools, processes and partnerships to nurture and expand their system of resources;
 - Hands-on support in the development of a bold idea for growth to be pitched to a targeted group of funders; and a
 - Post-Accelerator, three-year equity investment to assist with pre-development, working capital, start-up and/or project development costs.
- Phase I funding for the six-month BLO Accelerator is estimated at \$500,000 and Phase II funding, covering a three year equity investment, is estimated to be \$1,500,000. With another \$900,000 for training/technical assistance and \$600,000 for program management and evaluation, the total cost will be \$3,500,000 per BLO Accelerator.

BLO Stabilizer



- Designed to address the lack of preparedness for the departure of long-term leaders, the BLO Stabilizer is a 3-year program designed to minimize risk and guide organizations through transition by providing leadership development, board recruitment, advanced training and succession planning for established, mature BLOs preparing for a departure-defined executive transition. The inaugural cohort will include five BLOs who will receive support to plan an executive transition, recruit and train new board members and determine next steps for the organization and outgoing executive leading to stability through a period of change and long-term sustainability as they *Plan, Adapt and Thrive*.
- Core support for the BLO Stabilizer will be \$1,500,000 and the cost of consultants to assist with succession planning, strategic planning, mentoring and/or board recruitment is \$700,000. With another \$800,000 estimated for program management and evaluation over the course of the three-year program, the total cost will be \$3,000,000 per BLO Stabilizer.

Implementation Plan & Budget Summary

The BLO Capacity Building Initiative will be implemented according to the following timeline and budget:



*Seasoned and Retired BLO Executives will receive priority for mentoring and consultant opportunities

BLO Budget	Accelerator (2 Rounds)	Stabilizer (1 Round)	TOTAL:
2017	\$500,000	\$1,000,000	\$1,500,000
2018	\$1,000,000	\$1,000,000	\$2,000,000
2019	\$1,000,000	\$1,000,000	\$2,000,000
2020	\$1,500,000	<i>Round I Stabilizer BLOs begin Accelerator Round II in 2020</i>	\$1,500,000
2021	\$1,000,000		\$1,000,000
2022	\$1,000,000		\$1,000,000
2023	\$1,000,000		\$1,000,000
TOTAL:	\$7,000,000	\$3,000,000	\$10,000,000*

*Includes program management; evaluation; contracts with trainers, consultants, speakers, coaches and vendors; travel; and an online community and networking events for ~125 BLOs. This budget/timeline is preliminary and may change based on the level of actual commitments from funders/investors.

Resource Development Strategies:

Current members of the Funders' Collaborative have made lead commitments to provide a minimum of \$1,500,000. To fully fund this initiative, it is critical that other local, regional and national funders step up to close the gap and ensure that BLOs in the Bay Area operate in an equitable environment with greater access and opportunity to enhance their vitality. A convening will be held in the fall of 2016 to brief other potential funders on the BLO Capacity Building Initiative (BLO Accelerator and BLO Stabilizer) and attract commitments to provide partnership grants, sponsorships and/or in-kind contributions.

APPENDIX:

A: Report - [Black-Led Organizations in the Bay Area: From Crisis to Change](#)

B: Press Release - [Black-led Nonprofits Threatened: Increased Demands, Insufficient Resources](#)

“Running a non-profit is a joyous, daily challenge for which constant support is needed.

The landscape [for Black-led organizations] is in constant flux and help is needed to remain abreast and relevant.”

– A BLO CEO