

# **Report on Weingart Foundation's Grantmaking to Nonprofit Organizations Based in Santa Barbara County**

## **Executive Summary November, 2013**

### **Background**

In 2013, Weingart Foundation's Board of Trustees requested an in-depth report of the Foundation's grantmaking in Santa Barbara County as part of our regular process of examining its grantmaking in order to learn, improve and plan. This is a summary of a larger report presented to the Board, which assessed Weingart Foundation's role in the region in the context of local need, nonprofit capacity, and the philanthropic sector.

This information also supported the Board's larger discussion about how to most effectively allocate Weingart Foundation resources. Based on this review, the Board affirmed that the Foundation will continue to provide responsive funding in Santa Barbara County through both our Regular and Small grant programs, while maintaining our particular interest in supporting the capacity of nonprofit organizations in the northern part of the county.

### **Weingart Foundation's Grantmaking in Santa Barbara County**

Since 2006, the Foundation has made 156 grants to 95 organizations, totaling \$10.7 million in Santa Barbara County. This represents four percent of Weingart Foundation's total grantmaking for the same period. Dollars awarded have averaged \$1.38 million annually. Since the introduction of core support in 2009, the majority of grant dollars to the region (74%) have been unrestricted core support in both our Regular and Small Grant Programs, with the remaining to capital (19%), program development (7%) and capacity building (<1%). Sixty percent of grantees from Santa Barbara County in the Regular Grant Program have been small to medium sized, with a median budget size of \$2.1 million; when looking at core support grant recipients only, organizations in Santa Barbara County had a median budget size of \$1.8 million.

Since 2009, 100% of dollars awarded in Santa Barbara County have gone to organizations or programs predominately focused on low income and underserved populations, with the majority (86%) supporting health and human services agencies. Almost half of Weingart Foundation's dollars to Santa Barbara County since 2006 have gone to organizations either based in the north county or to county-wide human services organizations providing significant services in the region. Weingart Foundation also made multi-county grants to organizations serving both Santa Barbara and other counties, particularly Ventura, totaling \$1.9 million from FY 2006 through February FY 2013 and not included in the above totals.

### **Economic and Social Needs in Santa Barbara County**

Santa Barbara County has significant needs, with the pockets of affluence and tourism in the south county corresponding with a rise in low-wage service and domestic work. The north county, including Santa Maria and Lompoc, struggle with high unemployment, poverty and related issues. Agriculture plays a large role throughout the county, particularly in the north,

employing a large number of low-wage farmworkers and recent immigrants. The overall poverty rate in Santa Barbara County is 14%, compared to 11% in Orange County, 10% in Ventura County, and 16% in Los Angeles County. Poverty rates in the north county are higher, including 16.8% in Santa Maria and 19.4% in Lompoc.<sup>1</sup>

Given that the Federal Poverty Guideline for a family of four is very low (\$23,550), a more accurate marker of need in the county might be the percentage of children that qualify for the Federal Free and Reduced Priced Meal Program. Families must have a salary of up to 135% of the Federal poverty level (\$32,000 for a family of four) for free lunches and 185% (\$43,000) for reduced priced lunches. In Santa Barbara County, approximately 56% of children qualify for free or reduced priced lunches.<sup>2</sup> In Lompoc, 68% of children qualify for free or reduced lunch, and in the Santa Maria area, 83% of children qualify.<sup>3</sup> Particularly given the high cost of housing in the area, other studies have found that approximately 50% of children in the county are in families struggling to meet a basic standard of living, which includes adequate housing, child care, transportation, food and health care costs.<sup>4</sup> The population of Santa Barbara County totals 427,000, fairly evenly split between the north and the south, with 68% of the total population growth over the last 30 years in the north county.<sup>5</sup> And the Public Policy Institute of California estimates that 9% of the population in Santa Barbara County is undocumented, totaling 37,000 individuals.<sup>6</sup>

### **Weingart Foundation Grantees and the Nonprofit Sector**

Examining data about our grantees affirmed that they not necessarily the large, well-resourced nonprofits that one might expect in Santa Barbara. Rather, they are small to mid-sized, community-based organizations that face challenges similar to those we see in nonprofits elsewhere. Studies of the nonprofit sector as a whole in Santa Barbara County will often point to relatively high revenue by nonprofits per capita as an indicator of the sector's capacity and the resources available to it. However, this data includes large successful cultural organizations, higher education and hospitals. If we look more closely at the smaller human services and health organizations focused on underserved populations – the agencies in Santa Barbara County that Weingart Foundation funds – the picture is very different. Here we see organizations struggling to build their internal capacity and meet the demand they see in the community. This is particularly true in the north county.

In order to better understand the makeup of Weingart Foundation grantees in Santa Barbara County, we examined in detail 15 recent Weingart Foundation grantees, chosen to be generally representative of our grantmaking in the region. The review included areas such as agency assets, revenue streams, operating budgets, unrestricted funds and reserves. These grantees tended to not be particularly large or well-resourced, could be generalized to reflect the human services sector more broadly in Santa Barbara County, and faced challenges similar to Weingart grantees in other regions. Overall, demand continues to stress the capacity of Santa

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<sup>1</sup> US Census Data, 2010.

<sup>2</sup> Kidsdata.org, 2011, a program of the Lucile Packard Foundation.

<sup>3</sup> Percentage of children qualifying for free or reduced lunches in other areas: Santa Barbara elementary (59%), Carpinteria (58%), Goleta (42%), Guadalupe (87%), Cuyama (81%), LA County (65%), Ventura County (45%), California (57%).

<sup>4</sup> *Santa Barbara County 2010 Children's Scorecard*. County of Santa Barbara, UCSB, and the Kids Network, 2010, which also cites *Making Ends Meet: How Much Does It Cost to Raise a Family in California?* California Budget Project, 2010.

<sup>5</sup> *Santa Barbara's Changing Demographics and Housing Trends*. Coastal Housing Coalition, 2012.

<sup>6</sup> *Unauthorized Immigrants in California*. Public Policy Institute of California, 2011. Based on data prior to the 2010 census and based on a total population of 405,000.

Barbara's service providers, while private fundraising remains slow and government dollars are vulnerable. In terms of capacity building, local nonprofits report the same needs we see elsewhere, notably in the areas of fund development, board development and financial management.

These grantees also tended to have relatively low liquidity and cash operating reserves, further limiting their ability to build capacity and adapt. Significantly, only four of the 15 organizations had significant endowments. All of the organizations reported waiting lists or demand in the community that they were unable to meet. The organizations varied in terms of their revenue sources, but all organizations reported reductions in both government funding and private sources over the last five years. While several organizations have been very successful at cultivating individual donors, for most of the agencies, individual donors actually made up a relatively small portion of revenue. More than half of the organizations provided significant services in the north county. Even for organizations successful at accessing foundation support, there are often a limited number of foundations with which a given agency is aligned.

### **Philanthropic Sector**

Santa Barbara is frequently viewed as a community of great wealth among its residents and a relatively strong, well-established, and organized philanthropic community. And, to a degree, these views are justified. The region has its own association of grantmakers, the Foundation Roundtable, which has a twenty-year history and currently encompasses 27 members. There is also a separate, newly-formed Corporate Philanthropy Roundtable. Both groups meet regularly and benefit from a core group of active participants and leaders who work to shape the agenda and mobilize others when there is a perceived need for collective action on an issue of common concern. The Foundation Roundtable hosts a unique conference each year that brings nearly 500 funders and nonprofits together for a day of learning, sharing, and networking.

But when more closely examined, a more nuanced picture emerges. First, the foundation infrastructure outlined above for the most part describes only the southern part of the county. While some Roundtable members do fund countywide, and two have small offices located in the north county, almost all of the Roundtable's members are headquartered on the south coast and the majority of the funds stay there. Second, while it is true that the philanthropic community is robust, nonprofits continue to report fierce competition for the available dollars. This is particularly true on the south coast where there are hundreds of nonprofits going after the same foundations and individual donors. Many local nonprofits also reported having been impacted by shifts in the funding priorities of local foundations in recent years.

### **Weingart Foundation's Role in Santa Barbara's Philanthropic Sector**

Based on staff's review of Foundation grantmaking and the local nonprofit sector, it appears that Weingart Foundation plays a role in the region as a key provider of grant funding, while using and promoting strategies and practices that can contribute to its grantees' success. The Foundation is one of the only broad and responsive grantmakers that serves the *entire* county, with the majority of local foundations based in and focused on the south county. While local foundations do provide significant capital dollars, Weingart Foundation has long served as a strong capital funder for the region. And most recently, with the offering of core support, the majority of Weingart Foundation's grants to the region are now in the form of unrestricted

operating dollars. From FY 2009 through February 2013, Weingart Foundation provided a total of \$4.8 million in unrestricted core support from the Regular Grant Program to Santa Barbara County. Many grantees credit the grant they received from Weingart Foundation for being critical in their ability to weather the economic downturn, citing the timing of the grant, its size, immediate payout and lack of restrictions. Organizations now on their second core support grant tend to follow the trajectory we have seen more broadly in terms of using the unrestricted dollars to build core infrastructure, capacity and sustainability.

As part of the review of our grantmaking in Santa Barbara County, the Foundation sought feedback from local stakeholders, using a consultant to conduct the interviews in an effort to encourage interviewees to be as comfortable and candid as possible in sharing their opinions. The consultant interviewed local funders, nonprofit leaders, fund development professionals and several community members. A number of themes arose when stakeholders were asked about Weingart Foundation's role in the community. Overall, Weingart Foundation's funds to the region are seen as relatively significant, and the Foundation is known as a stable and consistent funder. This has been particularly noteworthy during the period of change and the unstable funding environment of the last five years. Weingart Foundation's funding strategies over the years (capital, core support, capacity building, multi-year funding) and its grantmaking process (responsive, access to professional staff) are perceived as a demonstration of a sincere commitment to its nonprofit partners and the communities it serves. Communication and clarity of guidelines were also rated high, as was the transparency and the objectiveness of the Foundation's review process. Nonprofit leaders and development professionals praised the Foundation's move to core support and the positive shift in the conversation this has brought, allowing organizations to be more honest about their needs. Many nonprofits expressed the wish that Weingart Foundation had a larger presence in Santa Barbara County. Some of the local funders said they would like to see Weingart Foundation more actively involved in local initiatives and funder collaboratives.

## **Conclusion**

The report summarized here was presented to Weingart Foundation's Board as a general assessment of the Foundation's grantmaking and role in Santa Barbara County, as well as an opportunity to provide additional information on the nonprofit and philanthropic sectors in the county. In many ways, Santa Barbara County is different from other counties Weingart Foundation funds: the county's population is smaller, it is further away from what is generally considered the greater Los Angeles area, and parts of the south county are visibly affluent. However, the need and poverty rates throughout the county are high, and the human services portion of the nonprofit sector working to address this need faces challenges similar to those in other counties.

The case studies of recent Weingart Foundation grantees confirmed that the human services and health organizations that Weingart Foundation funds in Santa Barbara County are no different than nonprofits the Foundation supports in other regions. Like many nonprofits serving low-income and other underserved populations, these Santa Barbara organizations struggle to build capacity and meet community demand. Fund development is a challenge, government dollars are unreliable and declining, and unrestricted dollars are difficult to raise. And nonprofits in the northern region have access to far fewer resources and philanthropic dollars than the southern part of the county.

In this context, Weingart Foundation plays an important role as a large, responsive and broad funder, and has helped to provide some stability during a period of flux in local philanthropy and the economic downturn. The Foundation is one of the region's largest providers of unrestricted core support, as well as an important source of capital funding. Geographically, the Foundation has helped to fill a critical need for philanthropic dollars in the northern part of the county, giving some of the area's largest grants. And overall, the Foundation has made a significant contribution to the segment of the nonprofit sector in Santa Barbara County working directly with low-income and other underserved communities, which make up a surprisingly high percentage of the region's population.

For these reasons, Weingart Foundation will continue our funding in Santa Barbara County through both our Regular and Small grant programs, while also continuing our particular interest in supporting the capacity of nonprofit organizations in the northern part of the county.