

# THE TIME IS NOW:

## A Data-Driven Discussion Addressing Community Well-being, Nonprofit Capacity-Building Needs and Funding Inequities in Southwestern Pennsylvania



FOUNDED IN 1968 at the end of the civil rights movement, **Program to Aid Citizen Enterprise** (PACE), supports the health of African American and other marginalized communities in greater Pittsburgh and beyond. Our mission is to advance a more equitable community by increasing the capacity of individuals, groups, and organizations that challenge injustice.

As a result of years of internal and external assessment, PACE is confident in our ability to support measurable increases in the organizational capacity of nonprofit organizations who spend multiple years in our various programs. However, we have grown increasingly concerned about the lack of significant improvement in the health, vitality and well-being of the communities in need served, in many cases, by small and mid-sized nonprofit organizations.

While celebrating our 50th year, we became aware of the groundbreaking work of data scientist Pete York of BCT Partners measuring the impact of nonprofit organizational capacity-building on communities. With the support of an Anonymous Donor, we commissioned Pete and began our journey examining the links between nonprofit effectiveness and the health of the communities in Southwestern Pennsylvania.

# STUDY METHODOLOGY



10-county region

BCT ASSESSED THE HEALTH of the nonprofit sector across a ten-county region of Southwestern Pennsylvania, using machine learning algorithms and big data from nonprofit IRS Form 990 and 990 EZs, foundation and government funding, zip code level economic data, and population demographics. The study assessed the business models of local and regional nonprofits, their effectiveness and impact on the health of communities served.

The study proves that nonprofits that engage in capacity-building improve their effectiveness more than those that do not. There is, however, a disturbing finding from the study: communities of color are significantly less likely to have access to effective nonprofits, in part because organizations closest to communities with the greatest need receive less funding overall and less support for capacity-building. This finding is additionally disturbing as Western Pennsylvania struggles with the impact of Covid-19 and its disproportionate effect on communities of color and the nonprofits working mightily to meet their needs.

# WHAT WE'VE LEARNED

## Capacity Building Investment by County

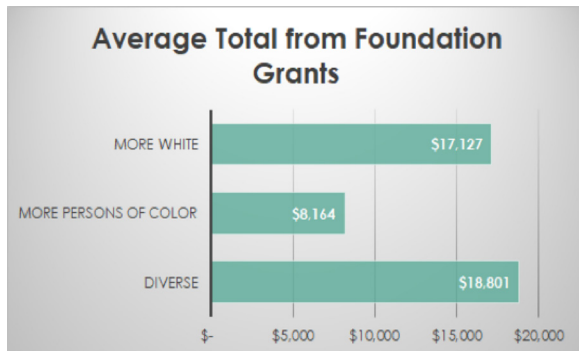
	Ideal Capacity Building Investment	Need More Capacity Building
<b>Region</b>	11%	66%
<b>Allegheny</b>	17%	60%
<b>Armstrong</b>	0%	65%
<b>Beaver</b>	3%	66%
<b>Butler</b>	2%	77%
<b>Fayette</b>	4%	73%
<b>Greene</b>	0%	80%
<b>Indiana</b>	2%	78%
<b>Lawrence</b>	0%	79%
<b>Washington</b>	1%	79%
<b>Westmoreland</b>	6%	75%

- Effective nonprofit organizations increase the well-being of the communities they serve.
- Capacity-building increases the effectiveness of nonprofits.
- Only 11% of the nonprofits in the region receive the ideal amount of capacity building, 66% need more and 23% receive more than they need.
- Specific kinds of capacity-building directly contribute to nonprofit effectiveness.
- Accountability and transparency required by government, foundations and boards increase effectiveness and sustainability.
- Mental health, arts and sports are important community assets and lead to well-being.
- Nonprofits who serve communities of color are funded inequitably when compared to white or mixed communities.

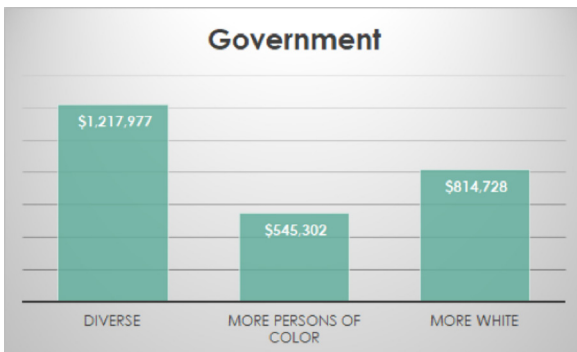
**\*Note:** Greene County has 5 organizations that file electronically. If there are other organizations they are most likely very small.

# IMPLICATIONS AND RECOMMENDATIONS

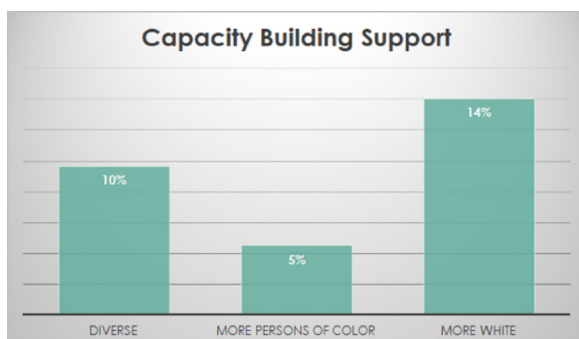
## Philanthropic Support by Community Diversity



## Government Support by Community Diversity



## Capacity Building Support by Community Diversity



## Philanthropic, corporate and government funders:

- Proactively identify communities of greatest need and then support effective or promising nonprofit organizations that are reasonably accessible to those communities
- Fund (10 to 25% of annual budget) capacity-building for under-resourced organizations serving African American and other marginalized communities
- Support community assets such as mental health, sports, and the arts to increase community well-being
- Increase application invitations to and constructive due diligence review of a greater number of nonprofits serving communities that are marginalized

## Nonprofits, charitable groups and social entrepreneurs:

- Focus on strengthening specific organizational capacity areas that lead to greater effectiveness and increase community well-being
- Incorporate the use of this study data in decisions to start, expand or discontinue services in a given community
- Continue to improve organizational governance practices
- Increase engagement of volunteers

## Community members:

- Begin or increase involvement in community-based nonprofits through financial or in-kind donations, volunteering and advocacy

## PACE and other Capacity-Builders:

- Increase access to capacity-building assistance for promising organizations who serve communities with the greatest need
- Focus services to strengthen organizational development in the specific content areas identified by the study that directly lead to increased nonprofit organization productivity and effectiveness
- Using this study as a base, reexamine changes in nonprofit effectiveness and community well-being every year

*For access to the webinar, slide deck, full report and frequently asked questions go to [www.pacepgh.org](http://www.pacepgh.org)*