2017 State of Tucson's Human Service Nonprofit Sector: Service Strengths, Gaps, and Changes in Funding

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Executive Summary

The Tucson nonprofit sector is a rich and vibrant community, with thousands of organizations working towards a common goal of improving and enriching the lives of Southern Arizona's population. Much of our regional identity is associated with charitable giving and providing aid to our most vulnerable groups. To better understand the dynamics of this diverse community of nonprofits, we conducted the first ever *State of the Tucson Human Service Nonprofit Sector Survey*. This white paper examines the characteristics of this charitable sector with particular attention towards the types of services being provided, which groups of people are receiving services, and how funding sources might be changing over time. The goal of this white paper is to identify any particular areas of service delivery or need where we might do better as a community to provide for.

While the nonprofit sector is quite diverse in terms of the causes pursued by all of the 501(c)(3) charitable organizations, we are particularly interested in those nonprofits providing human services. Since the Great Recession, the City of Tucson has been dealing with one of the highest regional poverty rates in the country. With 25% of all households and 33% of all children living below the federal poverty level, there is a constant and pressing demand to meet the needs of these low-income households and provide the necessary assistance and support to alleviate the social problems commonly associated with poverty. Furthermore, helping these individuals and families improve their overall wellbeing and earning capacity such that they are able to move out of poverty remains a massive endeavor facing Southern Arizona. The human service nonprofit sector plays an important role in providing immediate assistance and helping individuals and families find educational and employment opportunities.

In the spring of 2017, we obtained contact information for all 501(c)(3) organizations registered in the city of Tucson and attempted to reach them by phone or email to complete our survey. Of the approximately 500 active human service nonprofits, 113 completed our online survey and shared information on their organization, the services they provide, and the challenges they currently face. Based on these data, we identified key areas of unmet needs defined by frequent request for social services that the majority of nonprofit organizations are unable to provide.

One area of unmet service needs particularly stands out as a major challenge for the nonprofit sector: housing-related assistance. Help with affordable and stable housing was by far, the most common unmet need reported by the nonprofit organizations participating in our survey. Above all other reported needs, these organizations are receiving frequent requests for help in finding affordable housing, providing rental and utility assistance, and temporary shelter during times of crisis, as the figure below shows.

Areas of Unmet Need in Tucson's Service Provision
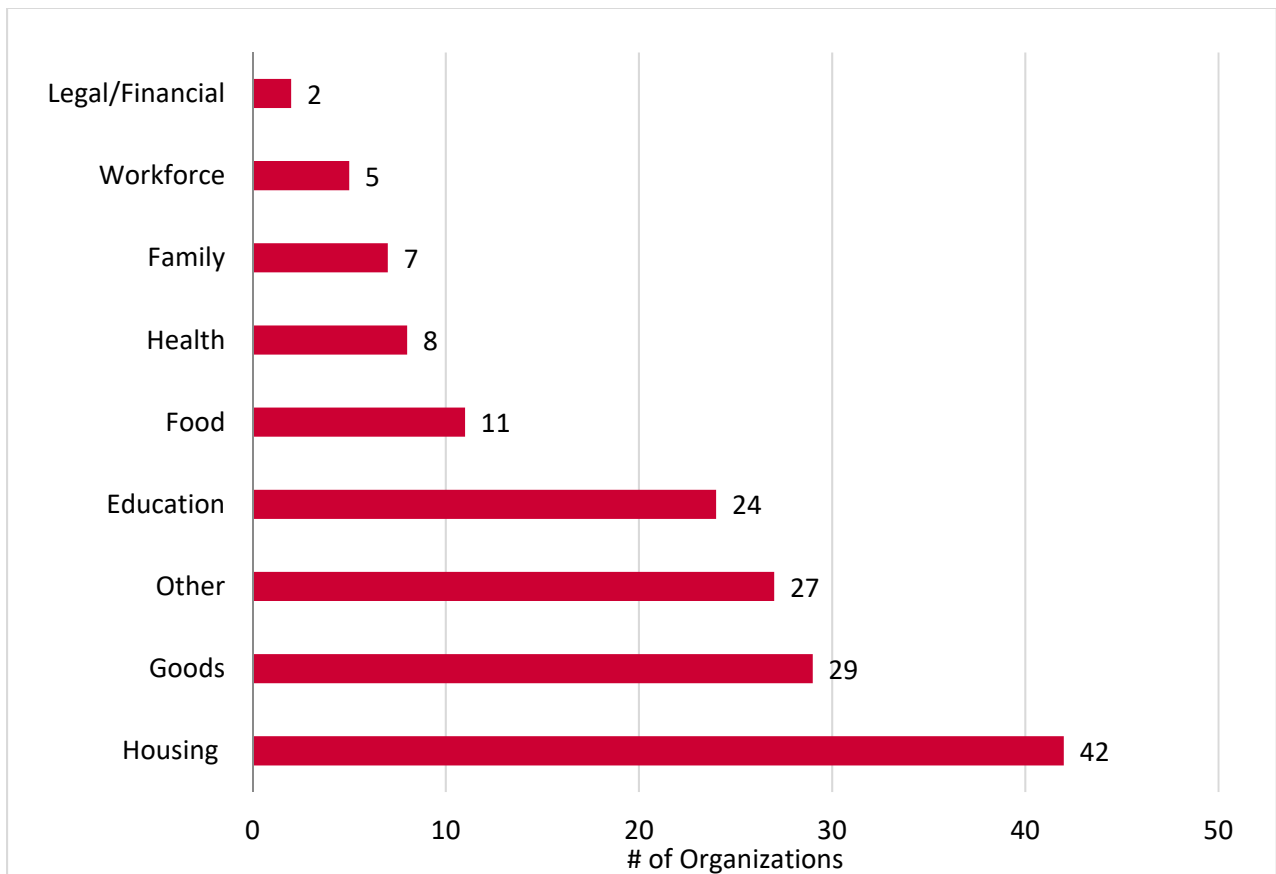
At the same time, housing assistance is also one of the least common forms of assistance that our nonprofit community currently provides, as the figure below shows. Out of the 113 organizations completing the survey, only 11 reported providing some type of housing assistance – suggesting that there remains much demand for assistance finding affordable and temporary housing across the city. Additionally, the provision of housing-related services has declined since we piloted this survey in 2016, where housing was the 4th most common form of assistance provided. In 2017, housing was the 6th most frequent, suggesting that the capacity to provide housing needs is becoming more challenging for Tucson's nonprofits.

Types of Services Provided
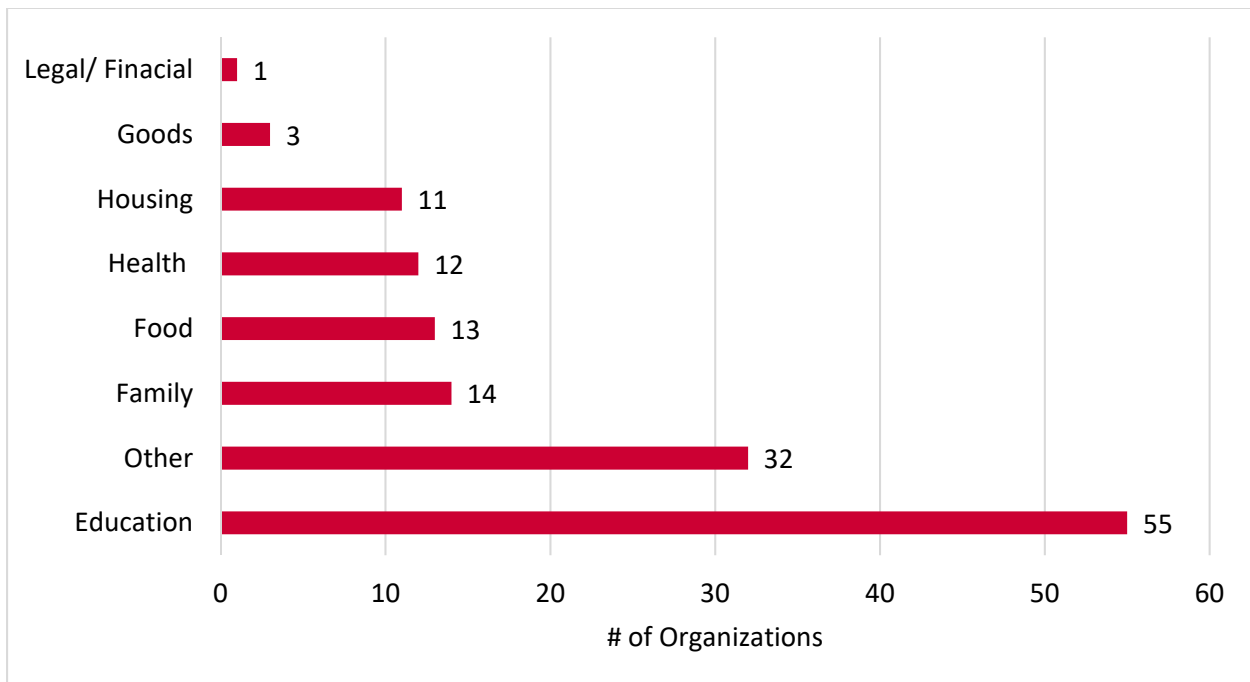
We also identified a potentially problematic trend in the funding sources most utilized by Tucson's human services nonprofit sector. Over time, more and more organizations have become less reliant on state-based funding as contracts for social service delivery have been reduced and more reliant on individual giving. While this certainly demonstrates the high level of commitment from the philanthropic sector for supporting the great needs here in Southern Arizona, with large changes to the federal tax code, many analysts are predicting less individual giving at least in the short term. Given then the large demand for services – particularly related to housing – securing long-term funding that has the potential to increase will be key to the health of the nonprofit sector.

In conclusion, the overall state of the Tucson nonprofit sector seems robust in terms of its size and variety of services provided. However, there is a clear pattern of Housing being a significant unmet need that is often referred out to the small number of organizations operating in this area. By comparison, the most common type of service provided in the 2017 is Education, despite the prevalence of requests for housing assistance. This disparity between supply and demand is indicative a serious service-gap that shows signs of continued growth with fewer organizations reporting providing any housing assistance in 2017 compared to 2016. When asked why housing was in such demand, nonprofits strongly indicated that persistent unemployment, job loss, and evictions are the most likely causes. Transportation also remains

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a significant obstacle to accessing many nonprofit's services, where many organizations report that their clients have limited and unreliable access to public transportation.

While the financial outlook for the nonprofit sector appears to be in some trouble, with many nonprofits reporting serious cuts in state-based funding, individual giving also seems to be on the increase. As Tucson's human service nonprofit sector enters into 2018 with many challenges and changes for sustainable financial support, attention should also be paid to their collective impact on the most pressing needs of our region's vulnerable population. Housing is a clear unmet need linked to Tucson's limited economic growth and employment opportunities that underlies many of the challenges we face today in improving the lives of thousands of chronically poor individuals and families in Southern Arizona.

Introduction

Since the Great Recession, the City of Tucson has been dealing with one of the highest regional poverty rates in the county. At just over 25% of all households and more than 33% of all children in Tucson currently living below the federal poverty threshold, there is a constant and pressing demand to address the needs of low-income individuals and families in Southern Arizona. Delivering the necessary services to meet these unmet needs presents serious challenges for local government agencies and regional nonprofit organizations. With looming budget cuts, many current anti-poverty efforts may fall more on the shoulders of the charitable and nonprofit community within Tucson. How ready and resilient is the nonprofit sector to absorb a potential increase in demand for services? What is the state of Tucson's nonprofit social services sector?

To address these questions, the Tucson Poverty Project (TPP) acquired a complete list of 501(c)(3) organizations listing Tucson as their primary addressed in their 2016 federal IRS 990 forms. We then contacted Tucson's nonprofit service providers and asked them to complete an online survey to learn more about the nature of charitable services related to poverty in Tucson. With support from the City of Tucson, the School of Sociology at the University of Arizona, and its students; the TPP surveyed 113 nonprofits about their organizational features, client characteristics, services provided, funding sources, changes in funding, areas of unmet need and challenges. We find that nonprofits reported shortages of services associated with affordable housing and transportation. These two service areas are funded primarily through Pima County and the City of Tucson, which are likely to experience funding shortages into the future.

Collective impact remains an oft-touted goal for solving complex social problems that remains difficult to coordinate and accomplish nationwide (Kania and Kramer 2011). Although nonprofit organizations have attempted to solve these complex social problems like poverty through new collaborations for decades, most lack the *right* combination of nonprofit, private, and public sector stakeholders over a sufficient commitment of time to successfully innovate and implement new and successful strategies. Tucson, like many other progressive communities facing systematic problems related to poverty, has a long history of developing new collaborations only to see the poverty rate largely unaffected. With this report, we hope to provide an initial analysis of a way forward by examining what areas of nonprofit social service delivery might be most in need by Tucson's most vulnerable populations, yet not currently being met by our diverse nonprofit sector. Given the sheer number of charitable organizations here in Tucson working in the social service sector, we fundamentally believe that there are opportunities to do better and achieve that collective impact that reduces the unequal burdens on low-income families and individuals and that improves our city's overall quality of life.

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The Nonprofit Sector

The nonprofit sector is traditionally understood as representing a range of private organizations that are generally exempted from federal, state, and local taxation on the grounds that they serve a public purpose (Salamon 2012: 6). The term nonprofit derives from federal restrictions on these organizations preventing them from distributing financial surpluses to its managers or operators; otherwise nonprofits can actually generate financial profit through their service delivery and operations (Hansmann 1980). Two broad types of organizations function within this nonprofit sector: the first representing *member-serving* organizations that provide some type of mutual benefit to their membership such as labor unions, business associations, or social clubs, and the second representing *public-serving* organizations that range in scale from hospitals and universities to smaller social service groups and homeless shelters. These types of public-serving organizations earn their tax-exempt status by function "exclusively for religious, charitable, scientific, or education purposes" under section 501(c)(3) of the Internal Revenue Code.

Today's nonprofit organizations trace their history back to public-giving philanthropists that sought to fill the gap between the needs of society's vulnerable populations and the ability of states to address those needs. Beginning in the 1940s and solidified by the 1960s, the federal government began looking to the nonprofit sector to provide expertise and guidance in the delivery of public services that the state could not provide itself (Hall 2006). By the 1960s, these public-private partnerships had come to define the bulk of the nonprofit sector and led to a great expansion in the size and character of charitable organizations (Salamon 2012). Though federal retrenchment of many social services in the 1980s caused the nonprofit sector to similarly retract, reinvestment in some programs throughout 1990s helped sustain many organizations through major welfare reform and into today's much more competitive private market for service delivery (Salamon and Abramson 1996). With this increase in competition for-profit firms, contemporary nonprofits face new challenges to provide efficiencies and capacities that set them apart and to keep them afloat.

As federal and state investment in many social services continues to decline nationally, much more today is being requested of the nonprofit sector. While meeting these escalating needs is challenging, there are also many opportunities for the sector to grow and flourish. In particular, Salamon (2012) observes several contemporary trends likely to benefit the nonprofit sector: first, the country's changing demographics – particularly the sharp increase in the number of the nation's seniors. Especially here in Tucson, where the population over age 65 makes up 23.3% of our population (compared to nationally at 14.%), demand for nursing home care, assisted living, and other elderly services is likely to rise. Likewise, as women's participation in the labor force continues to rise, there should be expected an increase in the demand for childcare and other household-related services. Other national and regional trends, such as the resettlement of international refugees, increases in substance abuse problems, and

immigration are all anticipated to increase demand for services commonly provided by the nonprofit sector.

Nonprofits in Tucson

Arizona's nonprofit sector consists of some 21,000 organizations that generate approximately 8% of the state's gross domestic product. A recent report produced by a partnership between ASU's W.P. Carey School of Business, ASU's Lodestar Center for Philanthropy and Nonprofit Innovation, the Alliance of Arizona Nonprofits, and the Phoenix Philanthropy Group estimate that this broad field of organizations represent the state's 5th largest nongovernmental employer and is directly and indirectly responsible for some 325,000 jobs across the state (see Ashcraft and Merrifield 2016). The majority (72%) of the $10.4 billion in revenue generated by the state's nonprofit sector comes from government contracts, fees for services, and earned income. This is significant contribution to the state's economic growth and indicative of the important role nonprofits play in providing key social services to the state's most vulnerable residents.

While the majority (57.4%) of these nonprofits in Arizona operate primarily in Maricopa County, the 3,766 organizations registered in Pima County in 2015 represent a fairly high ratio of nonprofits per capita of 265 individuals for each nonprofit, which is higher than Maricopa County's 344 individuals per nonprofit (Ashcraft and Merrifield 2016). By far the most common kind of nonprofit organization in Pima County are social welfare organizations, with the region's multiple nonprofit hospitals representing the largest entities in terms of both revenue and employees, followed by University of Arizona Foundation, the Community Food Bank of Southern Arizona, and several mental healthcare providers. While there are several organizations operating in Pima County with multimillion-dollar budgets, the vast majority of nonprofits are smaller groups with budgets in the hundreds of thousands or less.

While the Lodestar Center at ASU has created multiple reports on the nonprofit sector across the state, we are unaware of any such reports specifically examining those located here in Tucson that focuses on service delivery. The Lodestar Center does provide excellent information on the different types of nonprofit organizations in Arizona and their NTEE service category, with the ability to examine total revenue and assets down to the county level.[1] For our purposes however, we are interested in learning more about the delivery of key social services and the potential gaps and overlaps across the Tucson human services nonprofit sector. While the delivery of social services is fundamentally linked to the financial health of the sector, there are other aspects informing the delivery of services that we explore here.

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[1] ASA Lodestar Center for Philanthropy & Nonprofit Innovation, Scope of the Arizona Nonprofit Sector: https://www.asu.edu/copp/nonprofit/scope/interactive.html.

Data and Methods

The goal of this research project is to assess the state of the nonprofit sector in Tucson providing social services in 2017. We were interested in the size of the overall nonprofit sector, its diversity both in terms of the types of services provided and the groups of individuals being served, and any changes the sector might be experiencing in terms of funding. While multiple directories are available with names, locations, and categories of many nonprofits, it is not clear how exhaustive these directories currently are, nor how reliable and current that information might be.

To develop our survey, we reviewed the literature on the nonprofit field and identified key organizational characteristics that we wished to identify within the Southern Arizona nonprofit field. In addition, we outlined the range of potential services provided, clientele served, and funding sources and developed our series of questions on these subjects. Each question included an open option for 'other,' where respondents could provide their own answers. In most cases, answers provided in this fashion provided only additional information and did not deviate from the provided list of choices. We designed our survey to provide potential respondents with a substantial list of choices regarding the types of services they provided, clientele the surveyed, and funding they accessed, but did not allow for completely open responses in order to keep the survey as simple and short as necessary as to not overburden our participants. Questions were developed and piloted with several nonprofits in Tucson in 2016 to determine their effectiveness in measuring the outcomes of interest and that they were unbiased and understandable by a wide audience. While some specificity may have been lost in comparison to annual reports nonprofits likely develop for their boards and funders, we wanted to include organizations of all sizes and experience.

To identify nonprofit organizations in Tucson, we first purchased a complete state registry of 501(c)(3) organizations for the entire state of Arizona from GuideStar, an online 501(c)(3) organization itself that collects and organizations data on the nonprofit sector. Data included in this state list include an organization's Employment Identification Number (EIN), income, address, telephone number when available, and National Taxonomy of Exempt Entities Code (NTEE) based on IRS records include Form 990s and potentially information provided directly to GuideStar if an organization opted to. From this entire state list, we selected only nonprofits registered in the city of Tucson to produce an initial list of a potential 2,955 organizations to participate in the survey. From there, we eliminated any organizations reporting less than $25,000 in the past 18 months, which reduced our list to 1,591 providers. Finally, we sorted the remaining nonprofits by NTEE code to identify organizations working in the social welfare sector, leaving us with a final sample of 514 501(c)(3) organizations working to deliver some form of social service.

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Although the GuideStar dataset did include many phone numbers, we felt it necessary to collect additional contact information from the potential 514 organizations prior to delivering the survey. To increase our survey response rate, multiple research assistants were employed to contact the sample of nonprofits via telephone and email. In contacting the organizations directly, our goal was to identify the correct organizational representative to receive the email link to the survey and to explain the nature and goals of the survey through a conversation and thereby increase the likelihood each organization would respond (Dillman 1986). This personal touch has been shown to significant increase response rates above the traditional approach of sending emails or mailed fliers to provide information about a survey. Over the course of three months, the undergraduate research assistants utilized the provided GuideStar information, the internet, and referral networks to identify phone numbers and to call the organizations to identify the best email address to send the online survey link to. Of the 514 potential organizations in our sample, we were able to obtain 276 unique emails.

The online survey was launched in the beginning of October 2017. Respondents were sent an email invitation to complete the survey with a unique link to the survey through the Qualtrics online system (Qualtrics 2017). In following the link, respondents were provided with a general description of the survey and informed about the nature of the questions and the approximated 15 minutes necessary to complete it. If the respondents did not complete the survey within two weeks, they received a follow-up email again requesting their participation. If the respondent had again not completed the survey after an additional two weeks, they received a second and final reminder. Of the 276 nonprofits that we obtained email information from, 119 responded to our survey – producing a response rate of 43%. However, if we include the full 514 possible organizations with income over $25,000 and with NTEE codes related to social welfare, we were able to reach only 22% of these. From our perspective, if an organization was unable or unwilling to respond to multiple telephone calls and surveys, the likelihood of them participating in *any* survey would be quite low to begin with and in fact, brings into question how active they might be in the nonprofit sector without an available telephone or email contact.

Findings

Based on our analysis of the 119 completed surveys, we next present results examining the nonprofit human services sector's organizational characteristics, service provision areas and gaps, perceived challenges to accessing services, and funding sources. Overall, we find a pattern of diversity both in size and types of services provided, but also a fairly clear gap in service delivery related to housing and perceived challenges to accessing services due to limited public transportation.

Organizational Characteristics

The nonprofit sector in Tucson is quite diverse, representing a wide range of types of organizations in terms of size, service delivery, and clientele served. In order to better understand something about the size of the organizations working in the nonprofit sector, we asked about the number of full- and part-time employees within each organization. Although the GuideStar data provided financial information for the majority of the nonprofits, we chose to rely on primary data collected directly from our survey as there were multiple errors in the income data. The literature on nonprofits suggests that the number of employees is a reasonable proxy for operational budgets. Furthermore, our pilot data and consultations with leaders in the Tucson nonprofit sector revealed that asking financial questions directly tended to reduce our completion rate. Therefore, we rely on the number of employees here to tell us about the variation in the size of organizations constituting Tucson's nonprofit sector.

On average, nonprofit organizations in Tucson employ 50 full-time employees and 23 part-time employees. However, the range of the number of employees varies quite widely, from several nonprofits employing no full-time employees and only a few part-time employees to the largest nonprofits employing over a thousand full-time workers. Figure 1 below presents the pattern of organizational size in percentiles, where a large majority (70%) of organizations employ less than 40 full-time staffers. It is only at the 90th percentile that the larger organizations begin employing 100 or more individuals.

Figure 1: Organizational Size of Tucson's Nonprofits

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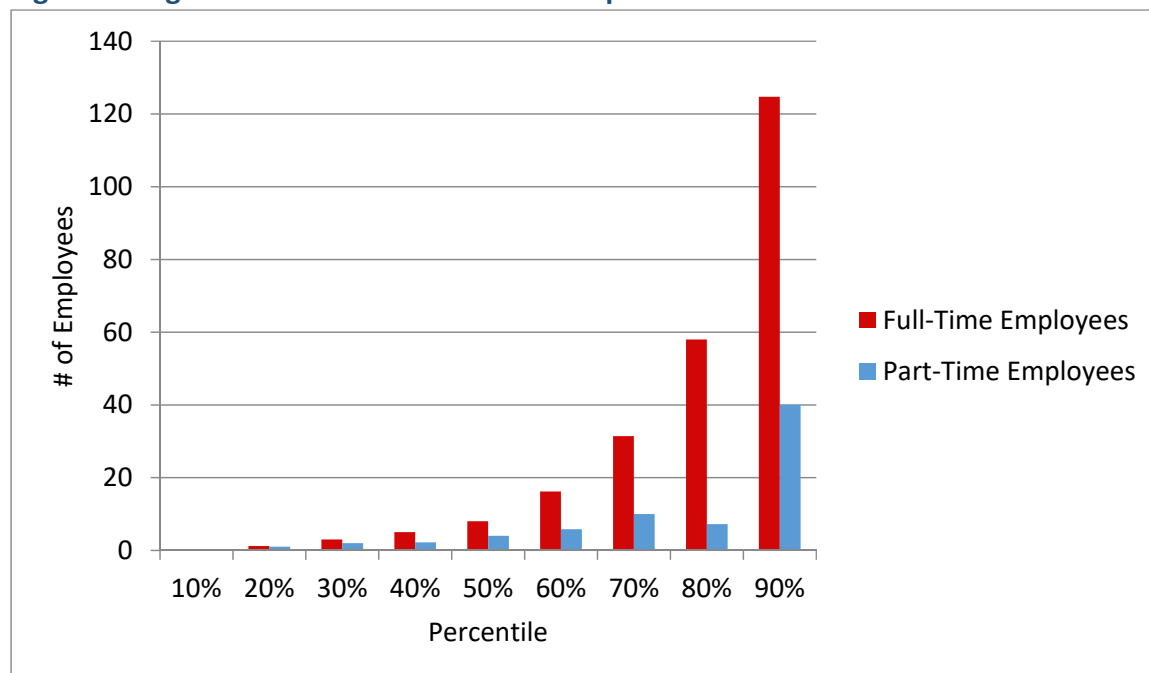
Overall, this tells us that most organizations in the Tucson nonprofit sector are smaller groups that only tend to employ eight people or less. This result is not surprising, as we initially identified 1,591 registered 501(c)(3) nonprofits with incomes greater than $25,000. If indeed, more than 1,500 organizations are currently operating within the city limits, we should expect to see a far greater visibility of the nonprofit sector and likely fewer unmet needs, which are discussed below. Instead, smaller organizations are likely to provide fewer services to a smaller clientele, which could potentially make collaboration around collective impacts more challenging. This should be a factor taken into consideration when defining the overall nonprofit sector and steps taken in the future to bring a larger number of organizations together to coordinate service delivery.

In terms of what services are currently being provided, we see greater convergence around certain types, or families, of services. Nonprofit organizations participating in the survey were given a list of 30 possible service areas, which were then condensed into the eight broad categories presented below. While many groups reported a broad array of services provided, we asked the organizational representatives to prioritize the top three services they provided and report on the primary service selected. Education-related services was the most frequently reported family of primary service provision with 55 of 113 (49%) nonprofits reporting that education was one of their primary areas in which they operated. Other services was the second-most frequently reported family of service provision (28%), followed by Family (12%), Food (11%), Health (10%), and Housing (10%) (See Figure 2, below). Within the category of 'Other' we include services such as coordinating volunteers, transportation, and spiritual guidance.

Figure 2. Types of Services Provided

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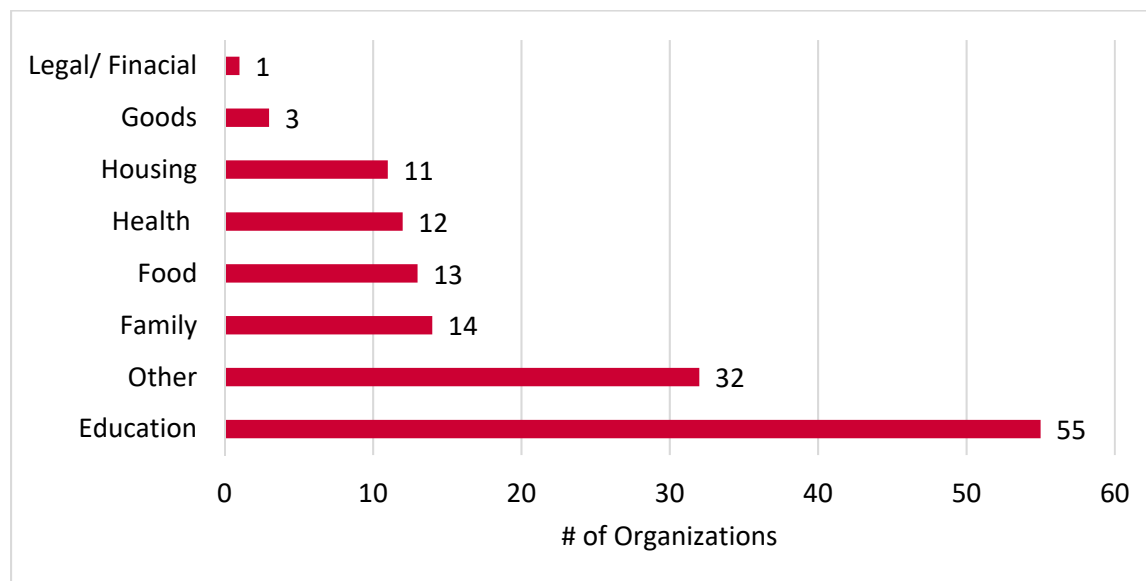
While the top ranking for family of education services top public charities here represents only the frequency of organizations listing it as their primary service area, the fact that we identified 55 nonprofits operating within the city of Tucson providing educational services reflects a strong perception that there is significant need for assistance in early childhood education, literacy, high school completion, and other education issues. With Arizona consistently ranking near the bottom of state rankings on educational expenditures per student, there is no doubt significant need for the nonprofit sector to contribute to the educational needs in Southern Arizona.

Absent from this list of service families is workforce development, a surprising omission given the strength of the state sector's investment in development employment assistance programs through programs such as Pima County Workforce Development, Pima County Community College's Workforce Development Programs, and others. While our sample size could be larger to completely represent the full variety of organizations in Tucson, the lack of organizations working to assist vulnerable individuals and families with finding employment and worker training deviates from findings from our pilot work in 2016 (see Appendix A). In our 2017 survey, only 10 out of the 119 organizations (8.4%) reported providing worker training as a service and out of those 10, only 1 listed it as one of their three primary services. Likewise, the number of organizations completing the 2017 survey that identified health-related services as a primary area is a marked reduction from 2016, where health was the leading service category. For example, only two organizations reported providing substance abuse-related services, and none marked this category as a primary area. While the major nonprofit hospitals did not respond to our survey requests, we did expect at least some portion of the smaller nonprofits to operate primarily in this area and are thus surprised at the omission.

Organizations were asked to identify the types of clientele that they deliver services to. Here we are interested in the demographics requesting and receiving services from the nonprofit sector. Organizations could identify multiple demographic groups that define an identifiable segment of their regular clientele. Figure 3, below, reports the number of nonprofits that provide services regularly to each type of client. As ranked below, nonprofits tend to serve Women (61%), Latino/Hispanic (54%), and Single-Parent Families (61%) most-often. However, Men (50%), Families (50%), and Children (49%) were not far behind.

Figure 3. Nonprofits' Client Demographics
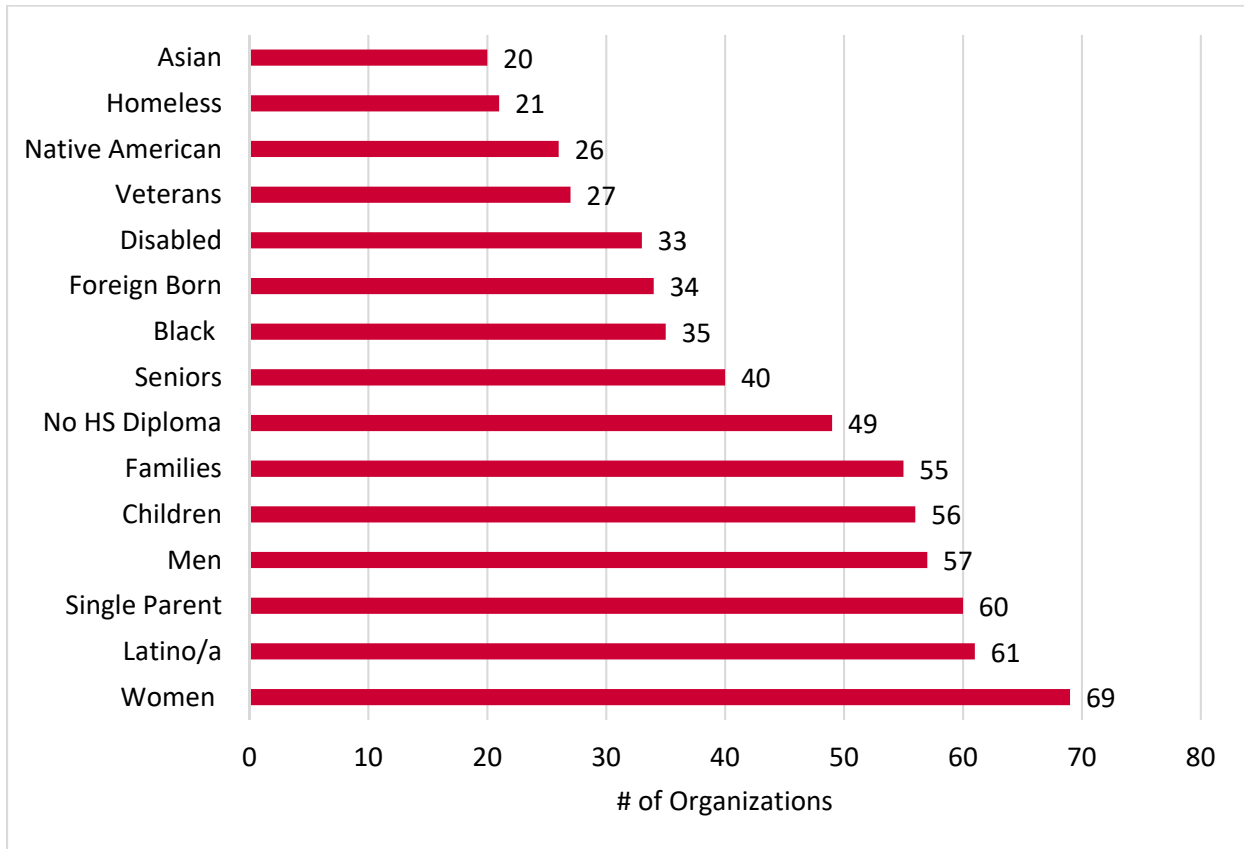
These demographics match up well with the broad literature on which segments of the population are most vulnerable to poverty and the regional population data available from the U.S. Census. On average, female-headed households have a higher rate of living below the federal poverty threshold (41% vs. 13%), which here could account for the categories of women, single parents, and families being among the most frequent groups served by Tucson nonprofits (Smith and Kenworthy 2014). Children as well, make up a larger share of the impoverished in southern Arizona, where 33% of all children live in households earning less than the poverty threshold. Hispanics also have a higher rate of poverty locally compared to non-Hispanic whites (30% vs. 18.5%) (U.S. Census 2017). Similarly, educational attainment is closely associated with reductions in lifetime risks of living below the poverty threshold, where locally those who failed to finish high school on average have a 35.4% chance of living in poverty compared to those who do complete high school (21.4%) and those completing a Bachelor's degree (8.9%). While seniors (age >65) have less than average poverty rate locally (12.8%), they have many specific needs that require assistance and thus are fairly commonly identified as a population regularly served by the nonprofit community. Overall, our data on the populations most commonly served by Tucson's nonprofit sector match population-level data on those groups most likely to require assistance.

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Unmet Service Needs

With the overall goal of improving the delivery of nonprofit services to Tucson's vulnerable populations, we are interested in potential service gaps. Are there families of particular social services that are in high demand that Tucson's nonprofit sector is currently unable to meet? In addition to asking what services each organization currently provides, we also included two key questions to identify potential service gaps: 1) what types of services are you most frequently asked about that you cannot currently provide and 2) what services are you most referring out to other organizations? Here, we are interested in what the nonprofit organizations are regularly being asked for, but are currently not able to provide directly. Using the same roster of potential services that organizations reported on providing directly, we again grouped services listed as unmet into families for simplification and interpretation. Participating organizations could select any number of services that their current clientele frequently request of them that are not currently being provided. We refer to these requested, but not currently being provided services as unmet needs.

When it comes to unmet needs, Housing is the most frequently cited family of services reported by Tucson nonprofits (37%), as indicated in Figure 4, below. This family of services includes requests for assistance paying rent, assistance paying utilities, assistance finding affordable housing, and assistance finding temporary shelter. Combined, they make up the largest category of unmet needs reported by the nonprofits in our survey. There is a large gap between Housing and the second and third most-frequent area unmet need (25.6%) 'Goods' and 'Other,' respectively. This is a troubling finding, as Housing is also an infrequently provided service, with only 11 organizations reporting providing this type of assistance. These organizations are, on average, slightly smaller than the overall pool (35 full time employees versus 50 employees), but this difference in averages as not statistically significant. Still, that 42 organizations report being asked for housing services and are unable to provide them reveals a significant disconnect between the current services being provided by the nonprofit community and the needs of their clientele.

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**Figure 4. Areas of Unmet Need in Tucson's Service Provision**
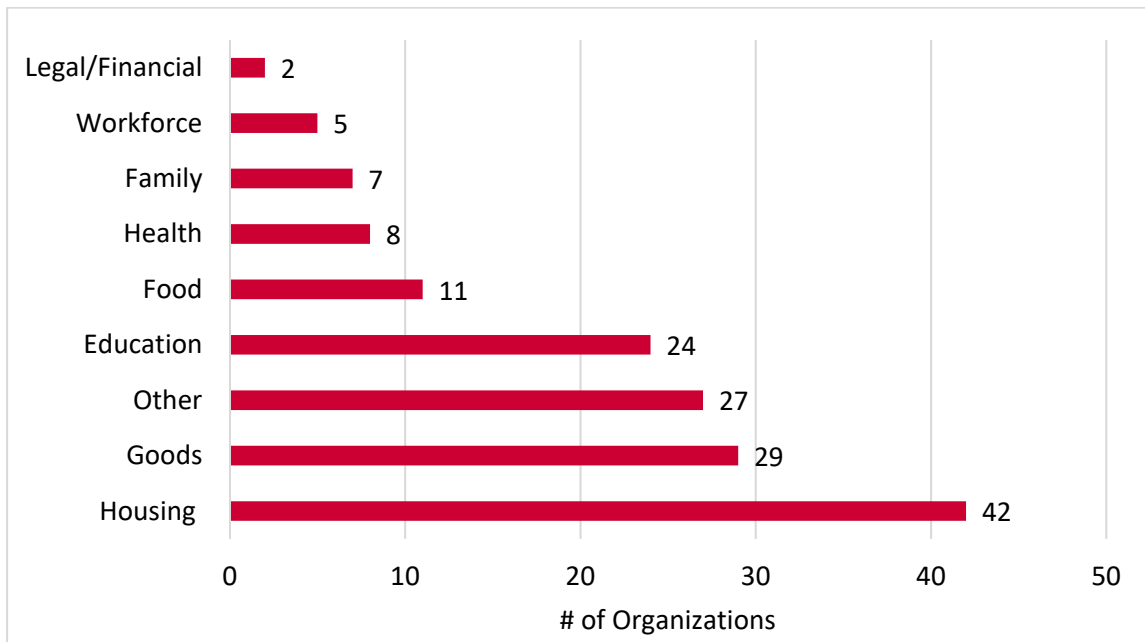
While Housing is clearly the largest category of unmet needs, both Goods and Education are also regularly requested families of services. 'Goods' include requests for clothing and durable household goods and the 'Education' family of services includes literacy programs, high school and GED completion assistance, school tuition assistance, and English as a Second Language programs. While the demand for Education seems to be matched well with the large number of nonprofit organizations currently providing this service (though 24 report being asked, yet unable to directly provide Educational services), requests for durable goods are comparably quite high given that only three organizations report providing this service as a primary area of provision.

When asked about requested services that are currently not being provided but that the answering organization could provide referrals to other nonprofits or state agencies, respondents provided a similar pattern. Consistent with the requests for services, Tucson's nonprofits tend to provide referrals in proportion to these areas of unmet need. As Figure 5 shows, clients are most frequently referred to other service providers for Housing (40.7%), Other (37.2%), Education (31.8%) and Goods (31%).

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Figure 5. Frequency of Referral by Service Family
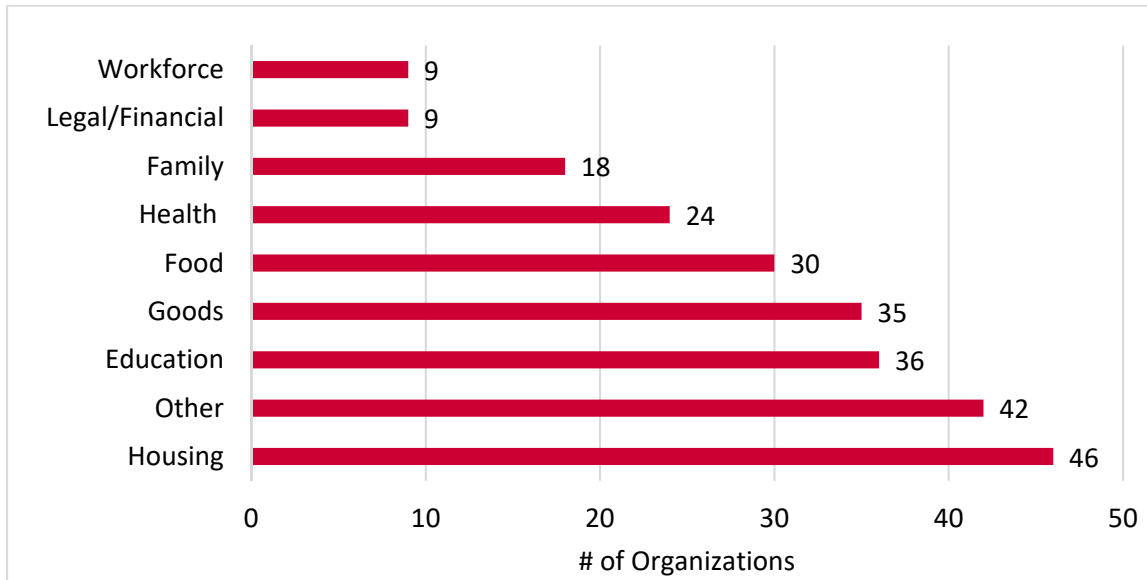
Consistent with findings from 2016, the figures above show that few of Tucson's nonprofits provide assistance with Housing needs (Figure 2), yet Housing is the greatest area of unmet need (Figure 4) where existing nonprofits cannot meet demand (Figure 5). But whereas Housing was the 4th most-frequent type of primary service provided to clients, it is now the 6th most-frequent, indicating the struggle to provide housing needs is becoming more challenging for Tucson's nonprofits.

To explore this phenomena further, we asked respondents to indicate the circumstances they associate with their clients' various Housing issues. If an organization identified Housing as an area of demand, the online survey included additional questions regarding potential circumstances linked to that demand for Housing services. Table 1 reports these frequencies as well as the average number of times each circumstance was selected. Eviction, Sudden Job Loss, and Unemployment are presented in bold because of their strong association with all or most housing issues. Substance Abuse, Landlord Issues, Cost of Living, and having Children are also associated with all or most housing issues, but to a lesser degree.

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Table 1. Frequencies of Circumstances Associated with Housing Needs

|	Assistance with Rent	Affordable Housing	Emergency Shelter	Paying Utilities
Ageism	1	1	1	0
Building Condemned	2	0	1	1
Children	12	7	9	9
Racial/ Ethnic Discrimination	2	4	2	1
Eviction	**17**	**14**	**15**	5
Foreclosure	3	3	3	0
Health Costs	10	5	8	10
Sudden Job Loss	**22**	**15**	**15**	**19**
Landlord Issues	10	7	8	5
Cost of Living	9	9	10	7
Mental Health	11	6	9	6
Policy Changes	5	3	5	4
Substance Abuse	11	10	9	10
Unemployment	**22**	**17**	**15**	**16**
Average	**9.2**	**6.9**	**7.6**	**6.2**

While sudden job loss and unemployment are likely to be circumstances linked to the need for most any of the services we inquired about, the strong association between Eviction and requests for Housing assistance is notable. Several studies have noted a regional increase in the number of evictions, placing Tucson among the most challenging cities for renters. Arizona Public Media recently observed a survey from an online rental website that lists Tucson as the 22nd highest city in terms of the number of evictions, where 4.5% of all renters have been evicted (Ziegler 2017). Access to affordable and safe housing is a vital need and one that seems to be in jeopardy here in Tucson. Many of our nonprofits report this as an unmet need linked to clearly defined issues, yet few of our many nonprofit organizations are able to provide these services directly.

Access Challenges

Another key finding from our survey reveals that transportation is a major obstacle for clients to receive services from the participating nonprofit organizations. When asked what obstacles these organizations perceive as inhibiting current or prospective clients from accessing their

services, nonprofits overwhelmingly answer with transportation. As Figure 6 demonstrates, service providers reported transportation challenges at twice the frequently (29 times) as the next most-frequent challenges of childcare (16 times) and work (14 times) – both time-related issues. While working in the field with low income households, the Tucson Poverty Project regularly hears about issues related to avoiding certain stigmas attached to receiving handouts or feelings that others are more deserving assistance than those completing our surveys, yet when we asked the nonprofit providers themselves, issues related to 'fear' such as Stigma, Domestic Violence, and Deportation only appear infrequently.

Figure 6. Access Challenges
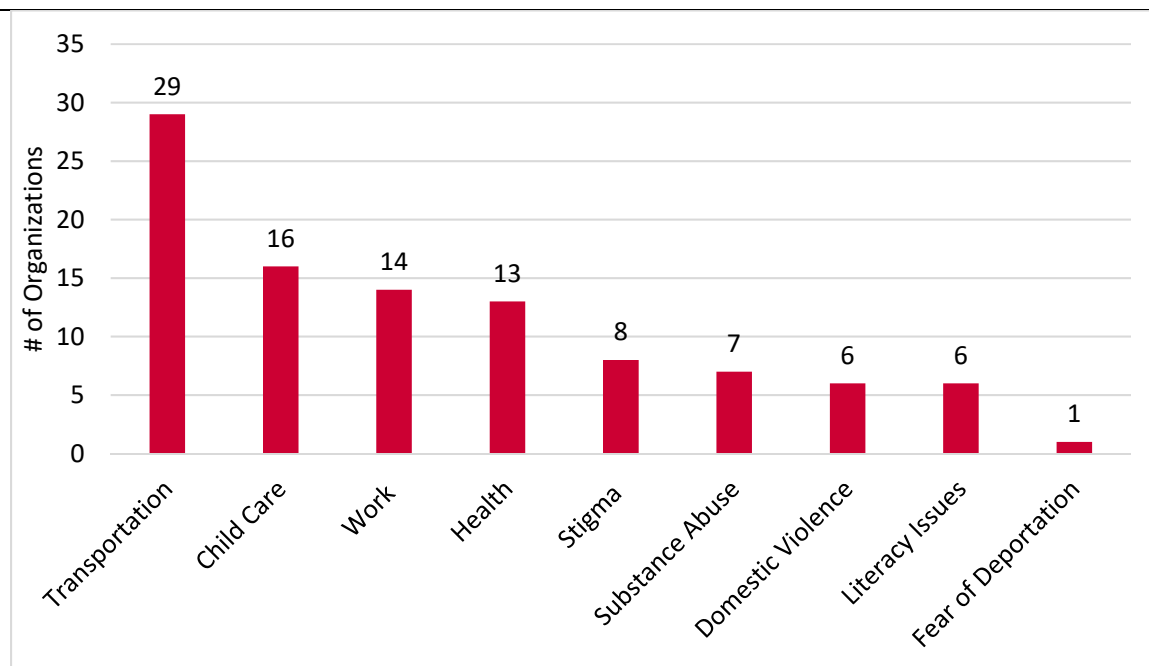
To investigate these reported challenges finding transportation to nonprofit locations further, we asked respondents what potential circumstances they associated with reported transportation challenges. As indicated in Figure 7, a lack of public transportation options (23) a perception of unreliable public transportation (21), and the time it takes to travel (20) are the primary obstacles to receiving services. Again, structural factors such as access to reliable public transportation and available time outweigh cultural factors such as language barriers and worries about safety. Future studies would be well served to investigate the spatial distribution of nonprofit service providers and their proximity to public transportation routes.
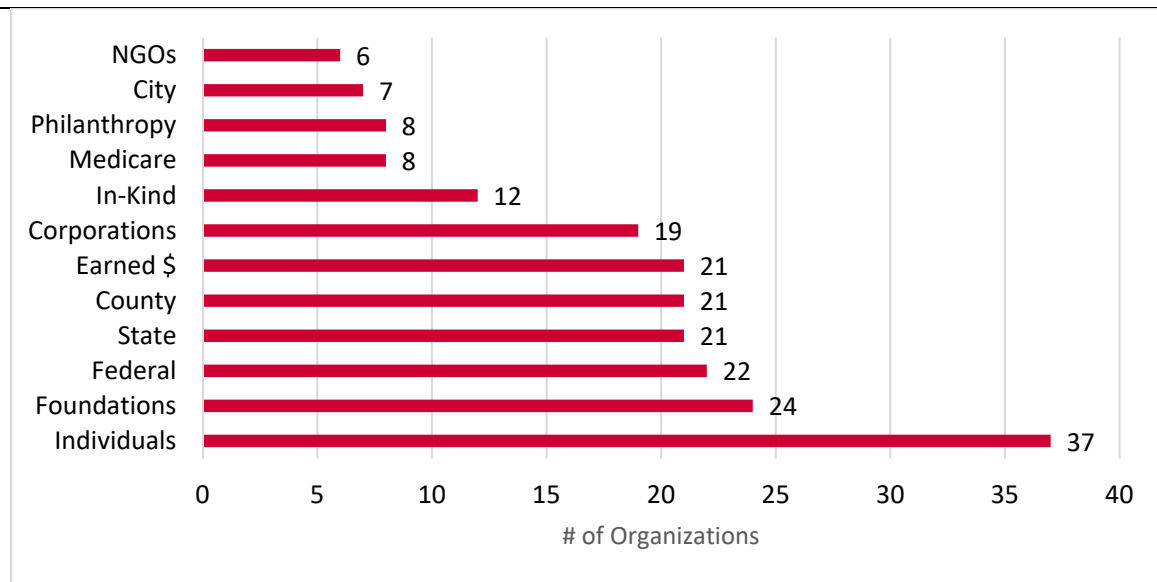
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Figure 7. Circumstances Associated with Transportation Challenges
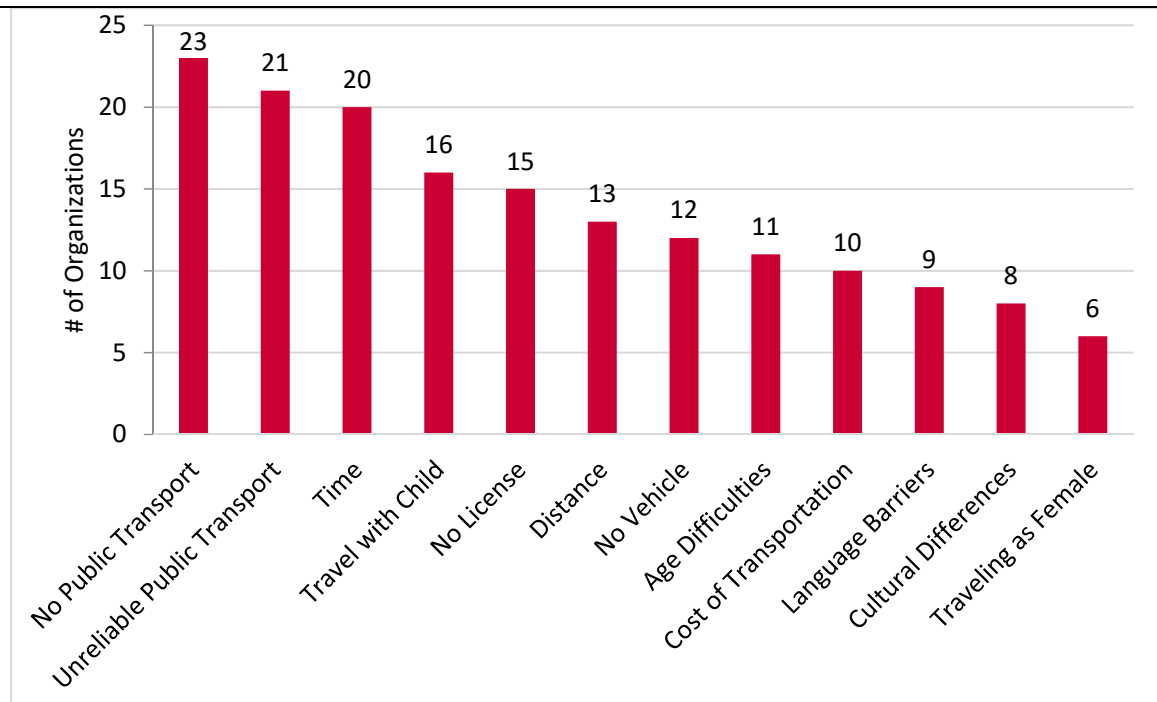

Sources of Nonprofit Funding

Is the mismatch between current services provided and the unmet demands perhaps due to a lack of funding in the nonprofit sector? To get a sense of service-providers' sources of funding, we asked respondents to indicate the percentage of their organization's funding from each of 13 sources. Responses were forced to total 100%. Figure 8, below, counts the number of organizations that received 10% or more of their funding from each type of source. Individuals' donations (31 organizations) were the most frequent source of funding (10% or more). In terms of frequency, there is a big gap between individuals' donations and the frequencies of donations from foundations (24), federal sources (22), and state (21), county (21), and earned income (21). Interestingly, state support fell from the third most-frequent funding source in 2016 to the fourth most-frequent funding source.

Figure 8. Nonprofit Funding Sources

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NGOs 6
City 7
Philanthropy 8
Medicare 8
In-Kind 12
Corporations 19
Earned $ 21
County 21
State 21
Federal 22
Foundations 24
Individuals 37

# of Organizations

We asked respondents how, if at all, funds from these sources have had changed recently. Specifically, we asked if these major sources of funding had increased, remained the same, or decreased in the past three years. By subtracting the number of reported decreases from the number of reported increases, we can represent general funding trends as reported by each organizations. These summary numbers are reported in Figure 9, below.

Figure 9. Changes in Nonprofit Funding

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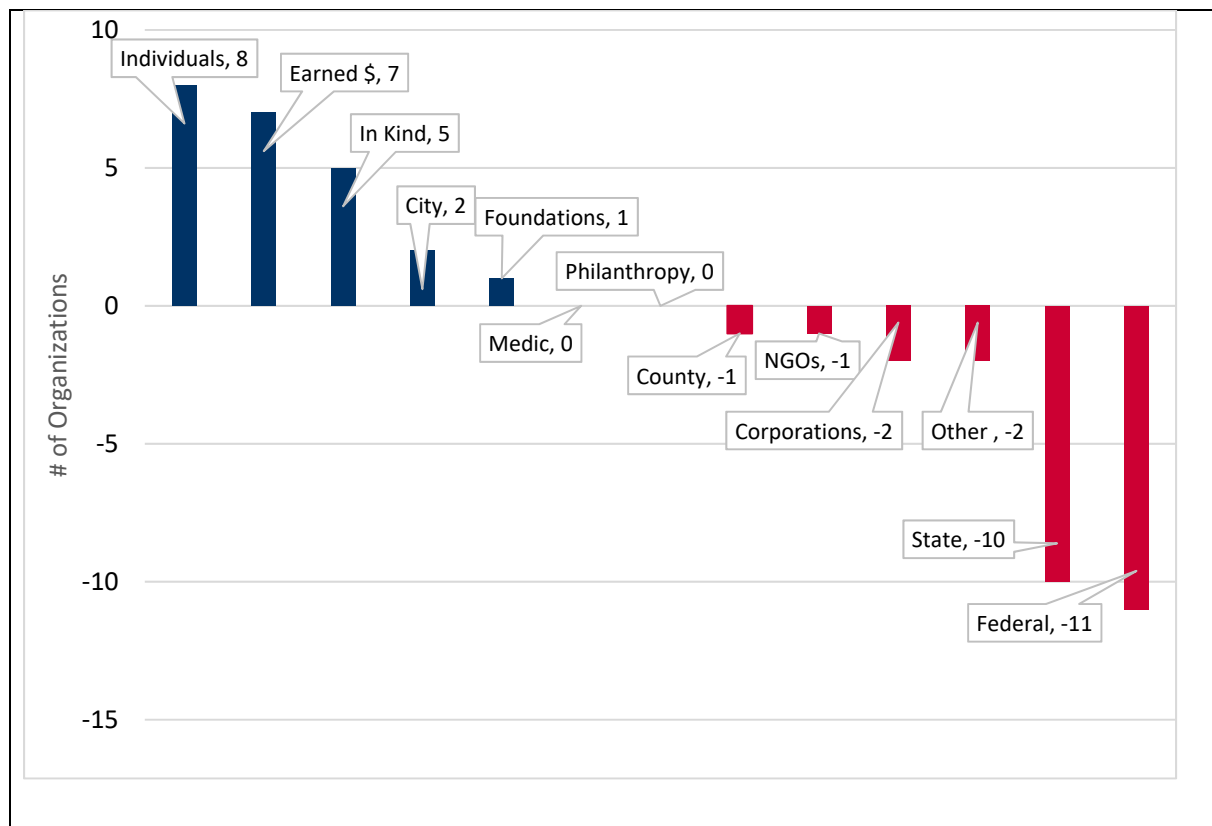
The bad news is that more funding sources (6) are perceived as decreasing their support for Tucson's service providers over the last three years than increasing support (5). Perhaps unsurprisingly, we see sharply notable decreases in federal and state funding, as well as slight decreases from private corporations and other nonprofits. Areas of funding that are increasing include individuals, earned interest, and in kind contributions of goods and services. Compared with figures from 2016, reductions from Federal and State funding sources appear to have become more widespread, yet funding from the City of Tucson is now perceived to have increased in 2017, on average.

This is a potentially troubling pattern to appear, especially as we noted that the nonprofit community across Arizona raises the majority of its funds from service delivery contracts from the state and *not* directly from individual contributions of cash or in kind goods and services. We are clearly moving away from that funding situation towards greater reliance on individuals and foundations for nonprofit support, which has the potential to change the overall landscape of service delivery. Furthermore, with the recent passage of major federal tax reforms, there are many reports that we should expect to see decreases in individual charitable giving due to the increases in the federal standard deduction (Carrns 2017; Rosenberg and Stallworth 2017). If we wish to work towards collective impact, the fragmentation of the funding landscape

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represents a new set of challenges that will have to be directly addressed to increase collaboration and coordination of service delivery.

Conclusions

While the overall state of the Tucson nonprofit sector seems robust in terms of its size and variety of services provided, there is a clear pattern of Housing being a significant unmet need that is often referred to other organizations. While the most common type of service provided in the 2017 data is Education, many organizations report receiving requests for Housing assistance that they are unable to directly provide. This indicates a significant service-gap. Unfortunately, it appears that this is likely to grow; fewer of Tucson' nonprofits appear to offer services associated with housing than in 2016. When we inquired about the circumstances associated with Tucson's housing need, respondents strongly indicated that persistent unemployment, job loss, and evictions are proximate causes.

Transportation challenges remain clients' biggest obstacles when attempting to access providers' services. These challenges are primarily associated with unavailable or unreliable public transportation and travel times. Additional data are needed to understand this issue in detail as it relates the locations of clients, service providers, and the existing public transportation infrastructure. However, as Figure 7 demonstrates, when our participants identified transportation as a barrier to accessing their services, they are most frequently referring to their clients' complaints about the lack of, or unreliable service from, Tucson's public transportation system. Therefore, if we wish to see the nonprofit sector reach a greater number of people in need of their services, addressing the design and accessibility of public transportation should be a prioritized goal at the city and county level.

Many groups reported serious declines in state and federal funds. While it appears that Tucson's nonprofit community's ability to provide services is becoming increasingly strained, sources associated with individuals, in-kind trade, and earned income continue to increase. Interestingly, the City of Tucson appears to support more nonprofit organizations; on average, this funding source shows a positive increase, in contrast to our earlier finding of a slight decrease over time.

We hope to collect addition data in the future with the aim to better understand the nature of clients' access challenges as well as Tucson's unmet housing needs. As we are better able to understand the dynamics of the nonprofit field, we expect our response rate of 22% of the financially active nonprofits to improve. While most external surveys such as ours produce an average response rate between 10% and 15%, we believe sharing this information can encourage more members of the nonprofit community to participate. These data will further enable us to identify potential gaps in the delivery of essential social services such as housing assistance.

For more information, contact Dr. Brian Mayer, director of the Tucson Poverty Project at brianmayer@email.arizona.edu or look for more information on our work at: https://sociology.arizona.edu/poverty-tucson-project.

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Tucson's Nonprofit Social Service Providers:

Priorities and Gaps for 2016

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Introduction

Since the Great Recession, the City of Tucson has been dealing with one of the highest regional poverty rates in the county. At just over 25% of all households and more than 33% of all children in Tucson currently living below the federal poverty threshold, there is a constant and pressing demand to address the needs of low-income individuals and families in Southern Arizona.

The Tucson Poverty Project (TPP) has been an ongoing research collaboration between City of Tucson, the School of Sociology at the University of Arizona, and its students. The purpose of this project is to provide policy-makers with a better understanding of the nature of poverty throughout Southern Arizona. As such, this project seeks to examine the forms poverty takes within Tucson, how low-income affects the well-being of some residents, and identify strategies that help alleviate poverty. To accomplish these ends, we engage students enrolled in the Poverty in Tucson Field Workshop in an ongoing social science research project. Students gain hands-on social research experience, an enhanced understanding of poverty-related issues, and real-world professional skills; Tucson's policy-makers receive summary data analyses.

## WHAT IS THE STATE OF TUCSON'S NONPROFIT SOCIAL SERVICE SECTOR?

To supplement the household survey work of the TPP, in 2016 with the support of the Community Foundation of Southern Arizona we developed a survey of nonprofit organizations to determine what anti-poverty services were currently being provided and in most demand. This survey, the Tucson Social Service Provider Survey, provides a glimpse into the current state of the nonprofit community and the challenges they face in providing assistance to those most in need.

Part One: Organizational Characteristics

Services Provided

Health-related programs were by far the most frequently reported families of service provision. 40 out of 93 organizations responding to this survey reported health as the primary area in which they operated, followed by education (27), and legal and financial services (26). Housing (24) and managing volunteer services (23) were also commonly reported areas (see Figure 1 below).
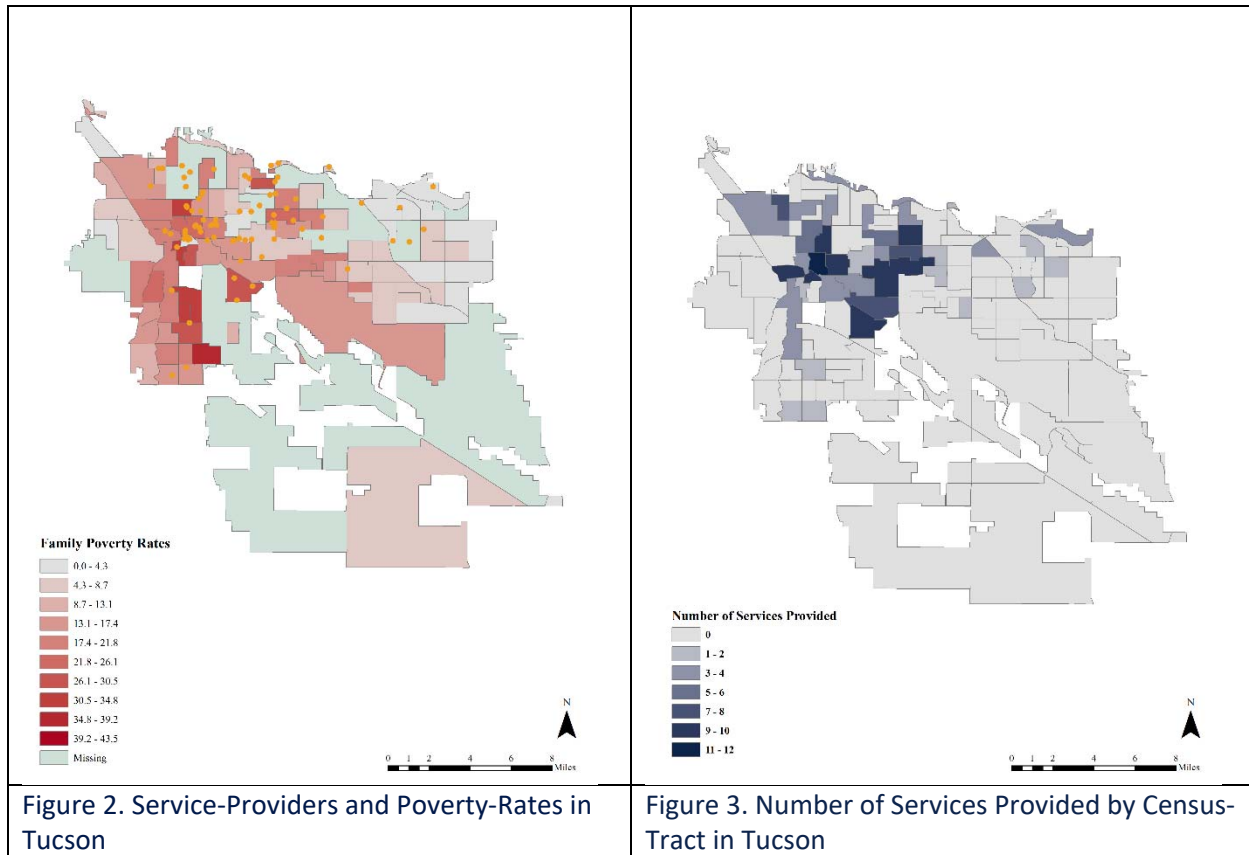
Figure 1. Frequency of Primary Service Provision
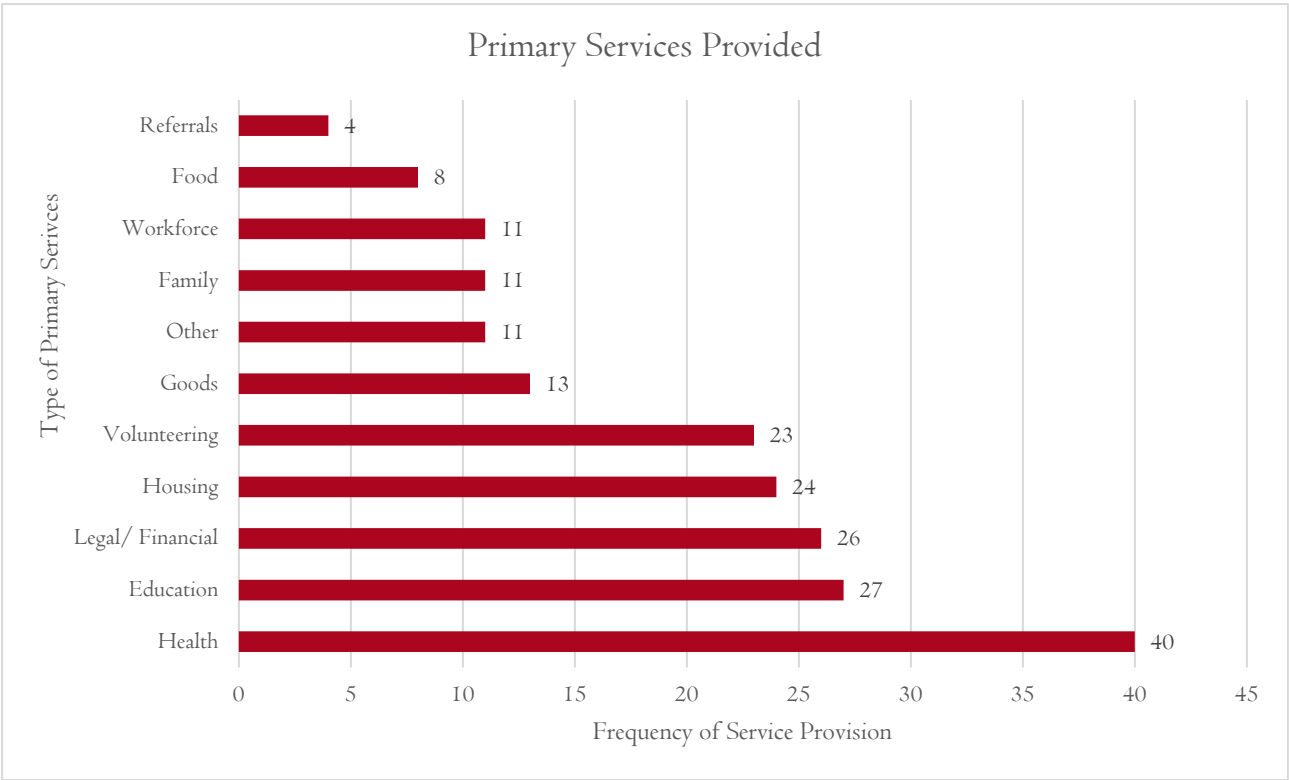
Location

Nonprofits responding to the survey were matched with their administration information provided by their 2015 IRS 990 forms, allowing us to identify their geographic location in Tucson. As shown in Figure 2, the distribution of nonprofit providers is particularly

concentrated in the downtown and midtown areas. While this correlates well with most of the concentrations of poverty in the city, few responding organizations were located in Tucson's South side.

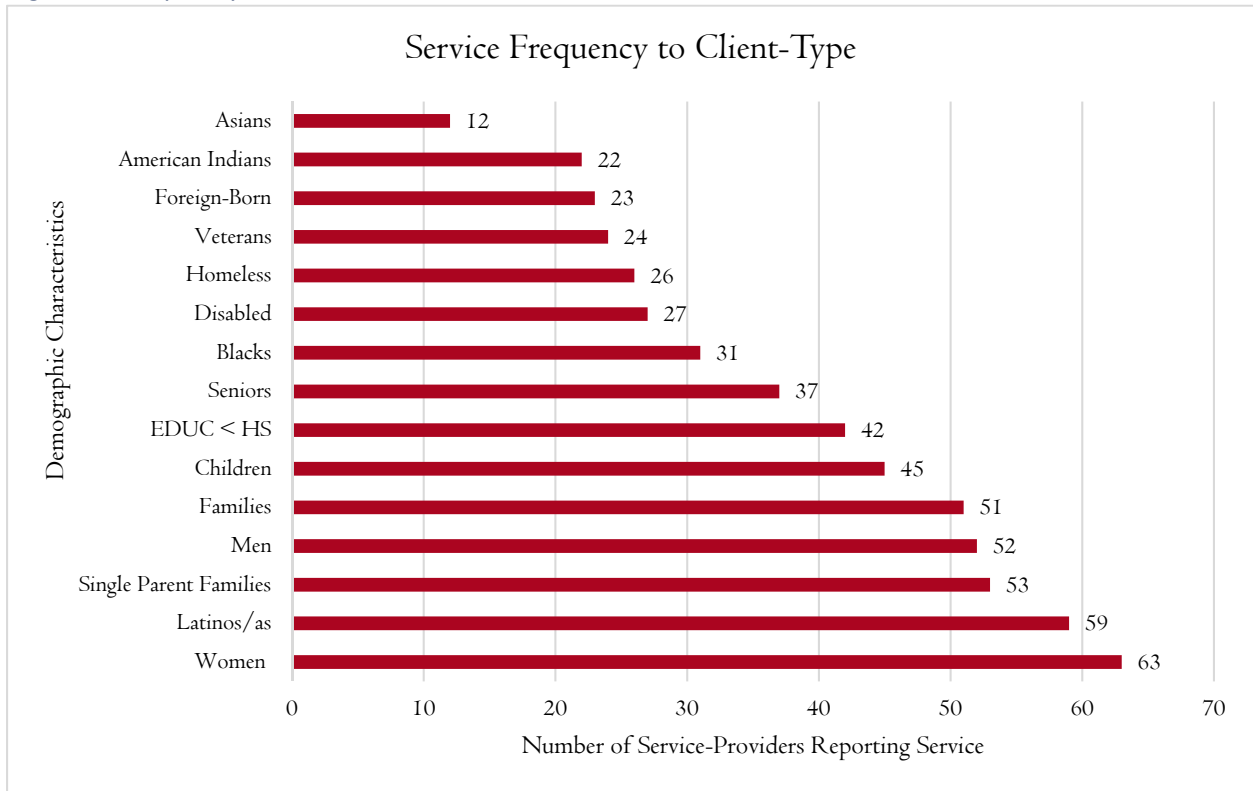| Figure 2. Service-Providers and Poverty-Rates in Tucson | Figure 3. Number of Services Provided by Census-Tract in Tucson |

There may be limits to these administrative data however, as the IRS forms are only reporting single addresses for each 501(c)(3) organization. These addresses may only be an organizational headquarters and not each and every location sponsored by a specific organization. Nonetheless, these locations are suggestive of potential service gaps and challenges that are reflected in other elements of the data – such as the primary challenges reported by current clientele being transportation related.

Clientele

The organizations responding to the survey were asked to identify potential populations of clientele that they would focus on. As listed in Figure 4 below, they tended to serve Women (63), Latino/as (59), and Single-Parent Families (53) most-often. However, Men (52), Families (51), and Children (45) were not far behind.
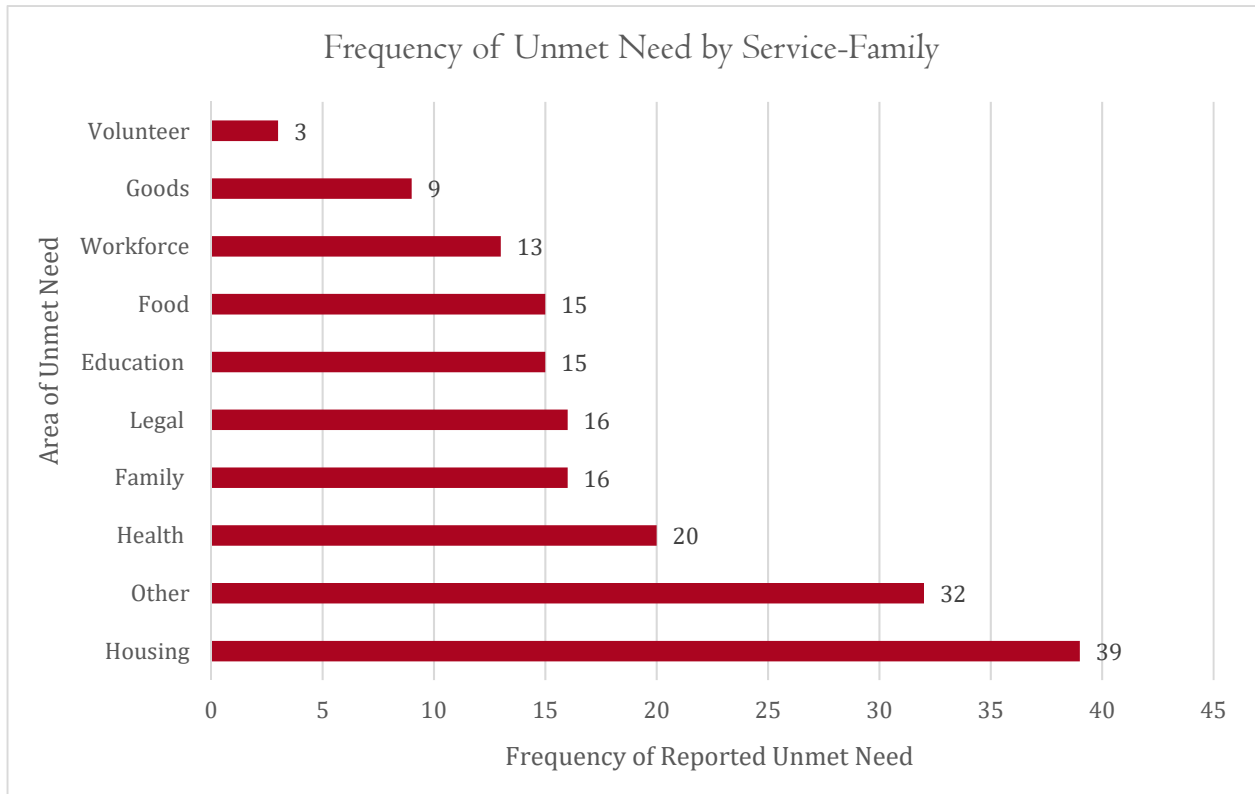
Figure 4. Frequency of Clientele Served

Service Frequency to Client-Type

Demographic Characteristics	Number of Service-Providers Reporting Service
Asians	12
American Indians	22
Foreign-Born	23
Veterans	24
Homeless	26
Disabled	27
Blacks	31
Seniors	37
EDUC < HS	42
Children	45
Families	51
Men	52
Single Parent Families	53
Latinos/as	59
Women	63

Part Two: Unmet Needs

In addition to asking what services each organization currently provided, we also asked two important questions: 1) what types of services are you most frequently asked about that you cannot currently provide and 2) what services are you most referring out to other organizations?

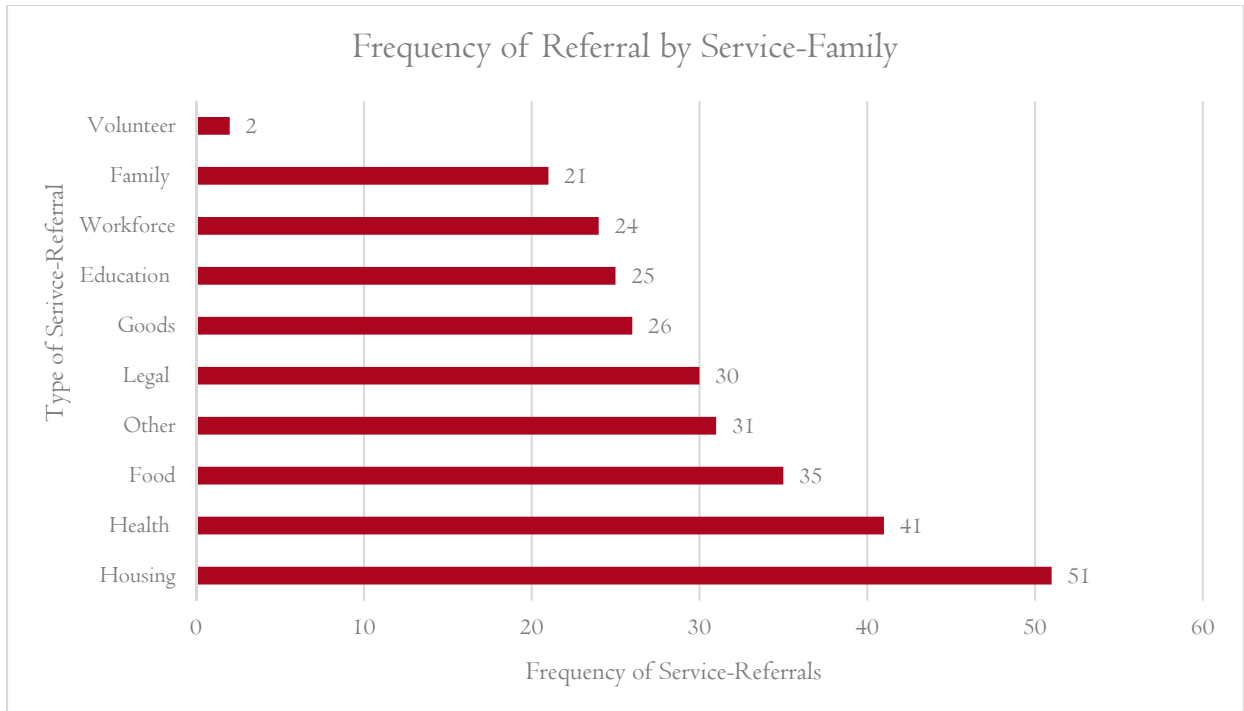When it comes to unmet need, Housing is the most frequently cited area of unmet need (39), as indicated in Figure 4, below. The second most-frequent area unmet need (32) is 'Other', which is comprised of emergency cash, spiritual guidance, computer services, voting registration, and transportation. There is a large gap between these two service-families and 'Health' the third most-frequent area of unmet need (20).

Figure 5. Areas of Unmet Needs in Tucson's Service Provision

Frequency of Unmet Need by Service-Family

Area of Unmet Need	Frequency of Reported Unmet Need
Volunteer	3
Goods	9
Workforce	13
Food	15
Education	15
Legal	16
Family	16
Health	20
Other	32
Housing	39

Consistent with the information in Figure 4, service-providers tend to refer their clients to other organizations most-often for services associated with Housing (51) and Health (41). (See Figure 5, below.)

Frequency of Referral by Service-Family

| Type of Service-Referral	Frequency of Service-Referrals
Volunteer	2
Family	21
Workforce	24
Education	25
Goods	26
Legal	30
Other	31
Food	35
Health	41
Housing	51

These two tables strongly suggest that there is much demand for housing-related services. Although Figure 1 reveals that housing-related services were the 4th most common area of services provided, that they are the highest in demand and unmet and the highest referred out to other organizations is striking.

Knowing that more than 36% of Tucson's households are defined by the Department of Housing and Urban Development as housing overburdened (spending more than 30% of income on housing), these unmet needs around housing are likely to burden low-income families and limit their ability to address other challenges related to poverty such as food security, educational attainment, and access to living wage jobs.
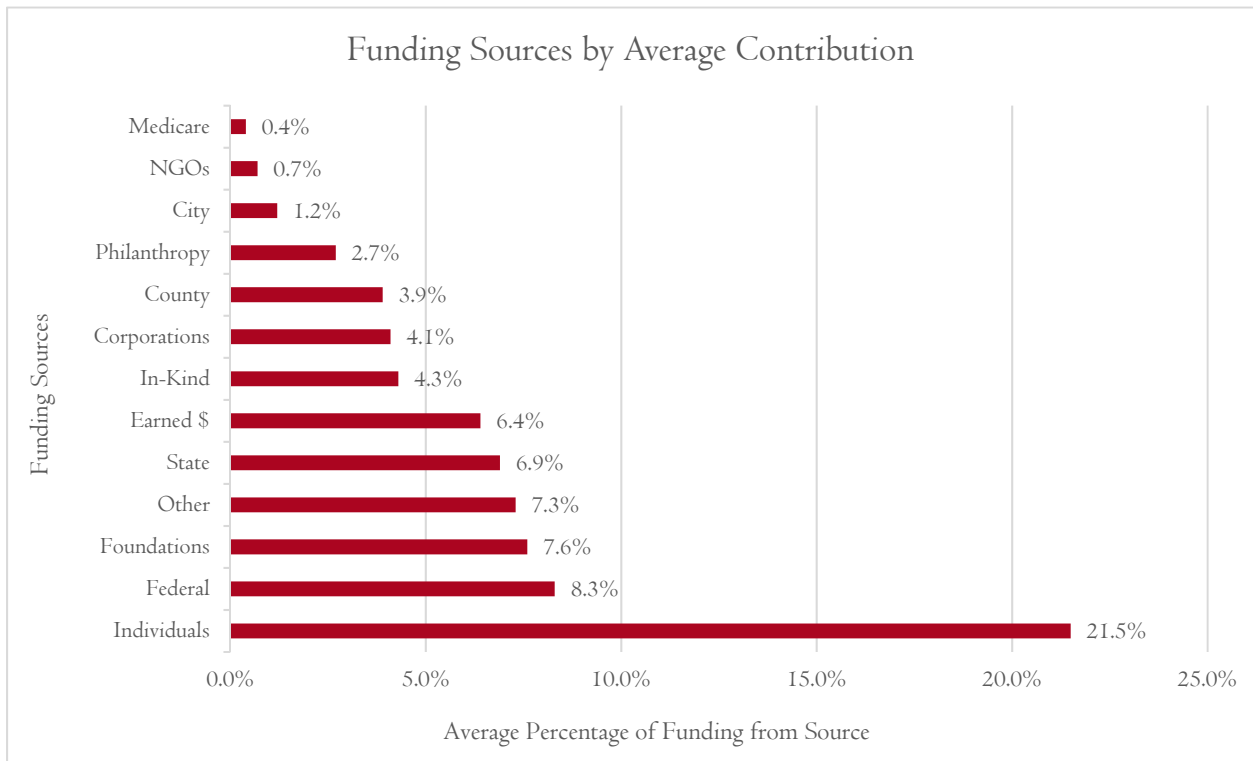
Part Three: Funding

To get a sense of service-providers' sources of funding, we asked respondents to indicate the percentage of their organization's funding from each of 13 sources. Responses were forced to total 100%. Figure 6, below, counts the number of organizations that received 10% or more of their funding from each type of source. Individuals' donations (41) were the most-frequent source of funding (10% or more). In terms of frequency, there is a big gap between individuals' donations and the frequency of donations from foundations (23), stage government sources (18), corporations (17), and the federal government (17).

Figure 6. Frequency of Funding Sources for 2015
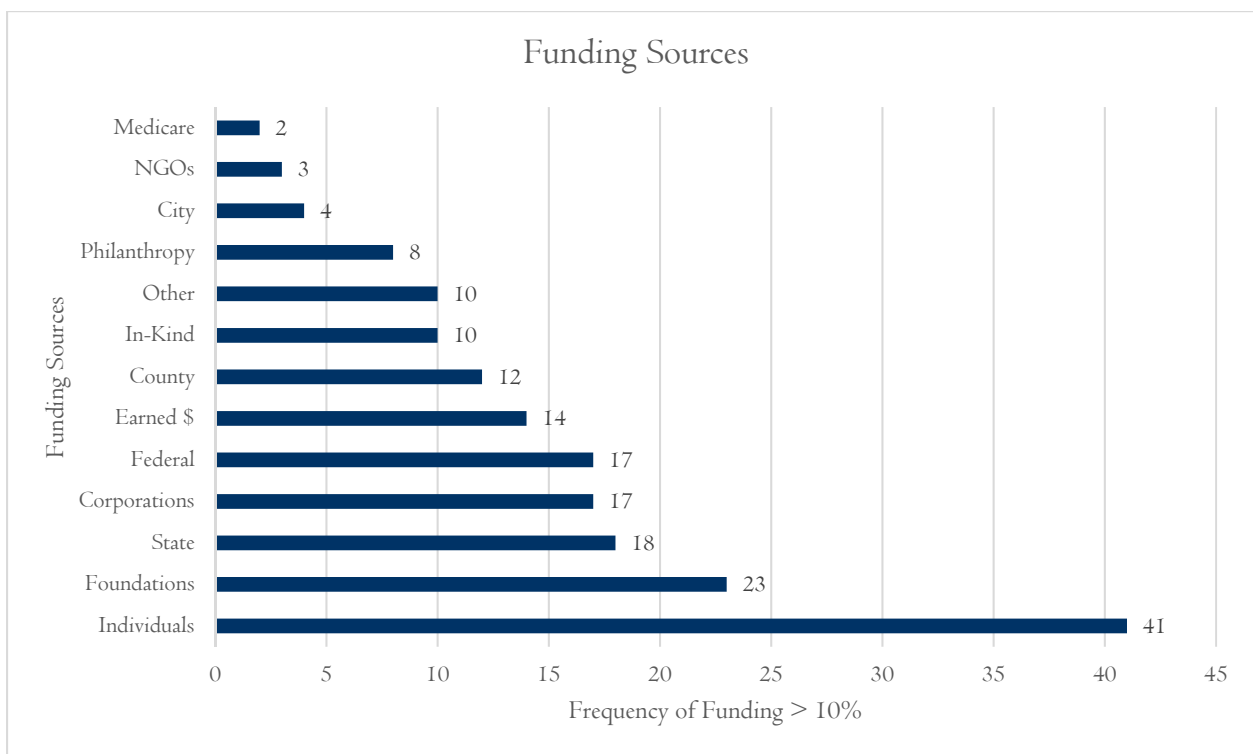
These frequencies do not always match the magnitude of funds from each source. When contribution magnitudes were averaged to better understand the magnitude of funds drawn from each source, as shown in Figure 8, individuals' donations were the largest source of funding (21.5%). However, Federal sources (8.3%), Foundations (7.6%), and Other sources (7.3%) were also comparatively generous. Federal sources, although less-frequent of a source than individuals' contributions, appear to contribute much money when they are utilized.
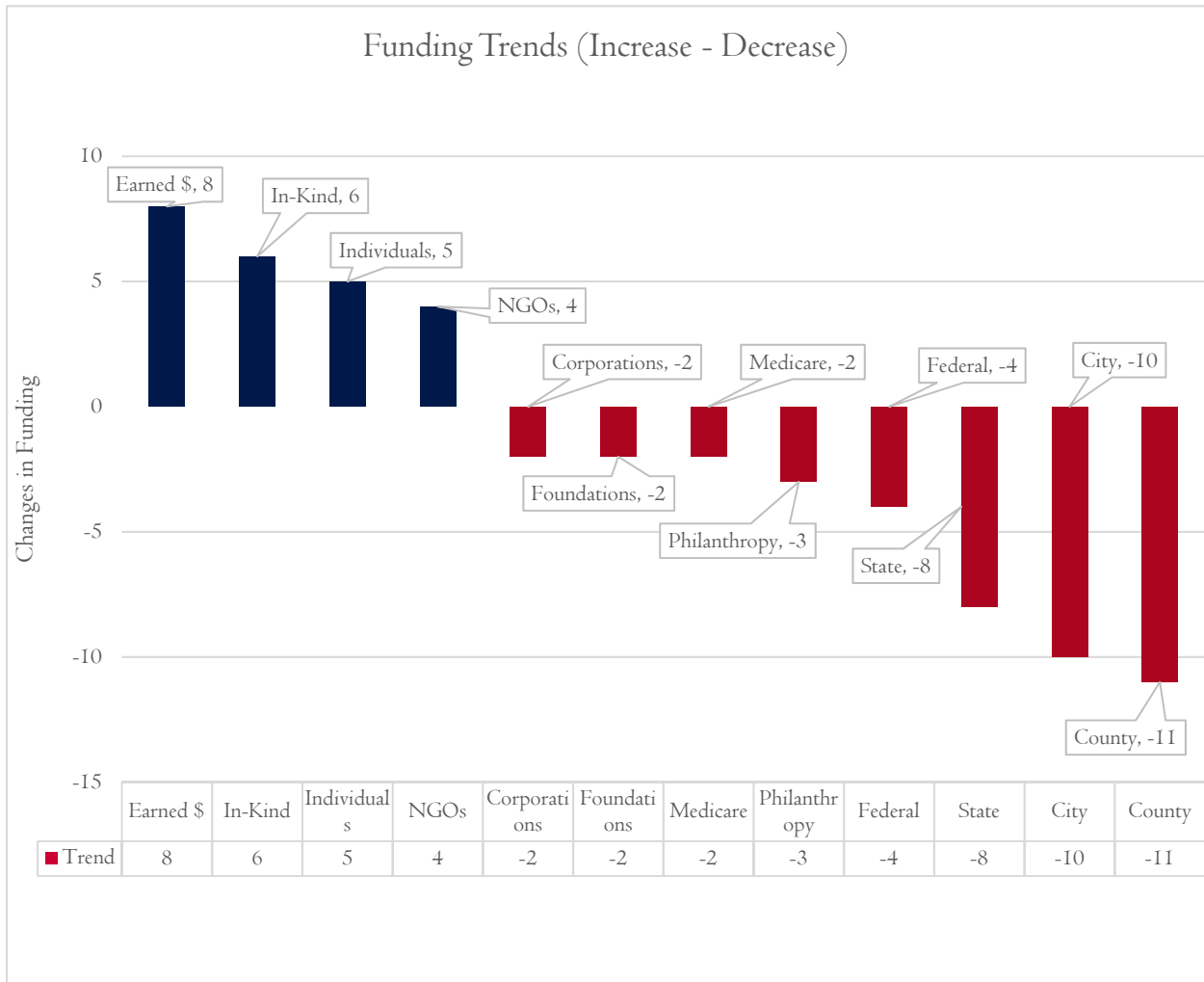
Figure 7. Average Contribution from Funding Source for 2015

Funding Sources by Average Contribution

Medicare — 0.4%
NGOs — 0.7%
City — 1.2%
Philanthropy — 2.7%
County — 3.9%
Corporations — 4.1%
In-Kind — 4.3%
Earned $ — 6.4%
State — 6.9%
Other — 7.3%
Foundations — 7.6%
Federal — 8.3%
Individuals — 21.5%

Funding Sources (y-axis)

Average Percentage of Funding from Source (x-axis): 0.0%, 5.0%, 10.0%, 15.0%, 20.0%, 25.0%

Having examined the sources of funding and the average contribution of each source, it seemed natural to ask respondents how, if at all, the funds from these sources had changed recently. Therefore, we asked respondents if the major sources of their organization's funding had increased, remained the same, or decreased over the past three years. By subtracting the number of reported decreases in funding from the number of increases in funding, we can gain a general sense of funding changes.

The bad news is that most (8) funding sources were perceived as decreasing their support to service-providers in Tucson (see Figure 8 below). The perceived decrease from all types of government sources is particularly sharp. The good news is that Individuals, the most-common and most-generous funding source, are reported as increasing their financial support of service-providers in Tucson. Interestingly, in-kind services and earned income, two moderately-generous funding sources, have also increased.

Figure 8. 3-Year Changes in Funding by Funding Source

Funding Trends (Increase - Decrease)

	Earned $	In-Kind	Individuals	NGOs	Corporations	Foundations	Medicare	Philanthropy	Federal	State	City	County
Trend	8	6	5	4	-2	-2	-2	-3	-4	-8	-10	-11

Conclusions

Thanks to Ben's Bells ubiquitous message to "be kind," to live in city of Tucson and to be kind to others go hand-in-hand. From this single example of Tucson's vibrant nonprofit community, we can quickly see that our commitment to charity and helping the most vulnerable is especially strong in Southern Arizona.

The Tucson Poverty Project hopes to help and enable our nonprofit community to better serve the needs of low-income households. This 2016 Tucson Nonprofit Provider Survey is our first attempt at a 'state of Tucson's nonprofits' and our efforts to provide high quality data on the current level of service provision and what gaps, if any, might need addressing.

In this first round of data collection, a pattern becomes quite clear – housing is a significant unmet need among Tucson's population experiencing poverty. To have so many organizations report that they are regularly asked for assistance related to housing and are currently unable to provide that assistance or make referrals out to the few groups that do is telling of a service gap.

With many groups reporting serious declines in state-based sources of funding, the nonprofit community's ability to continue providing the current level of service will likely be strained. Thankfully, many groups also reported that individual donations are up and are significant sources of funding. Potentially, some of those funds might be directed towards housing assistance.

We hope to collect additional data in the future – your help in responding to the surveys and encouraging others to also participate will help us provide a broader scope of information on how our nonprofit community is functioning.

For more information, contact Dr. Brian Mayer, director of the Tucson Poverty Project at brianmayer@email.arizona.edu or look for more information on our work at: https://sociology.arizona.edu/poverty-tucson-project.

Methodology

We focus here on public charities, which are nonprofit organizations that are designated by the federal government as public-serving organizations through the 501(c)(3) section of the Internal Revenue Code (IRS). These organizations range from nonprofits working in the Arts & Humanities, Religious Congregations, Education, Health & Human Services, and may more. There are more than 4,000 Arizona-based nonprofit organizations registered with the IRS.

For our purpose, to better understand how regional nonprofits are working to address needs related to Tucson's persistent poverty, we identified 501(c)(3) organizations listing Human Services and Public & Societal Benefit as their primary subsector. Using Guidestar, an online tool that collects data on nonprofits, including the information provided in IRS 990 and 990EZ forms, we obtained basic information, including address, approximate size, and some financial information, on approximately 2,000 nonprofits from the Tucson area in the Human Services and Public & Societal Benefit subsectors. Organizations with less than $1,000 in assets or $1,000 in income where not included.

Using the provided contacted information, we mailed these 800 nonprofits a brief flyer with information about the survey and a link to complete the survey online. With the help of several research assistants, we worked to obtain email contract information through an online search of organizational websites and professional listings such as LinkedIn and sent direct 273 email invitations when possible. Several large nonprofits such as the Community Food Bank for Southern Arizona, the Community Foundation of Southern Arizona, and Habitat for Humanity Tucson posted a link to the online survey through their social media sites.

The survey was launched in May 2016, with two additional mailings and email blasts providing links to the survey being sent out in throughout the month. In sum, 215 service-providers provided information about their:

- Organizational Characteristics including location, size, and mission
- Types of Services Provided
    - Current Demand for Services
    - Requests for Services not Provided
- Characteristics of their Clients
    - Current Volume
    - Demographics
    - Challenges Experiences by their Clients
- and Current Funding Sources
    - Changes in Funding
    - Funding Challenges