

# Resetting LA City to Meet Urgent Community Needs

## Nonprofit Action Recommendations for Mayor Bass



APRIL 2023



**COMMITTEE  
FOR GREATER LA**

WITH SUPPORT FROM

The Smidt Foundation



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# Introduction

Los Angeles City Mayor Karen Bass rightfully declared a state of emergency on homelessness as her first official act since being sworn into office. Solving the homelessness crisis requires strong nonprofit organizations working in partnership with government as they are on the frontlines of working with individuals experiencing homelessness.

Committee for Greater LA launched the Strengthening LA's Nonprofit Organizations project to develop a nonprofit-informed action agenda for the new Mayor that identifies the impactful steps she can take within her first year in office to reset how the City partners with nonprofits to solve the City's most urgent needs. This effort and the following report build upon the work of others who have long advocated for a more effective partnership between LA County and City government and the nonprofit sector.

In the last two years, nonprofit organizations were called upon to shoulder a significant amount of COVID-19 recovery efforts, particularly in communities where systemic racism has reduced access to resources. Nonprofits are relied on and valued as a source of trust, connection, and support. While city funding helped bolster nonprofits during the crises of the past few years, nonprofits continue to face burdensome bureaucratic challenges as they work on behalf of the City to address pressing issues – including increasing homelessness.

These bureaucratic challenges impact the lives of Angelenos that nonprofits are working with on critical issues like housing, education, and health. They are a barrier to those working on the frontlines of addressing homelessness. And they are systemically preventing the City from partnering with community-centered organizations that can effectively serve their local community needs.

One example of the impact of bureaucratic red tape: A family approaches an LA city nonprofit for help buying food amid increased food insecurity due to inflation. The nonprofit, however, is low on cash, and doesn't know when it will receive payment for work it completed and invoiced the City for four months ago. The nonprofit can't determine if it is "safe" to ramp up support for families who need food, without having to worry about overdrawing accounts. The payment delay from the City is hurting people.

**Addressing the urgent pain points facing local nonprofits presents an immediate, high-impact opportunity to improve the delivery of services to LA's unhoused residents.** It would support the new administration's strong commitment to this pressing issue and help to rebuild trust with the community partners on whom this work relies.

# Executive Summary

Committee for Great LA launched the Strengthening LA's Nonprofit Organizations project in fall 2022 to encourage the next Mayor of LA to reset how the City partners with nonprofits that deliver critical health, housing, employment and other services for millions of Angelenos. As part of the project, Nonprofit Finance Fund (NFF) interviewed over a dozen nonprofits with direct City contracts, former and current city administrators, and other subject matter experts in addition to analyzing 2022 State of the Nonprofit Sector data for LA City nonprofits to inform the recommendations in this report. Additionally, HR&A studied the regulatory, budgetary, programmatic, and appointment powers available to the Mayor and developed a playbook that recommends immediate steps the Mayor can take to address the nonprofit needs raised in this report. Below is a summary of recommended actions with detailed descriptions in the following pages.

## IMMEDIATE ACTIONS RECOMMENDED

### Reduce the burden on nonprofits:

- **Pay on time.** All departments and offices should process payments to nonprofits within 30 days.
- **Cut the red tape.** Expedite and fully fund the reform efforts of the Chief Procurement Officer to expedite and streamline contracting processes and accelerate development of the newer RAMP system.
- **Cover the startup costs of the work.** Ensure that all nonprofit partners can be paid upfront through an easy to manage process and provide startup grants.

## ADDITIONAL URGENT ACTIONS RECOMMENDED

- **Fund the full cost of nonprofit work.** Recognize the full cost of delivering essential services on the City's behalf by eliminating elective caps on administrative costs, providing multi-year and inflation-tied contracts, and increasing pass-through contract amounts to allow for services to be fully paid for.
- **Seek out and prioritize community-centered nonprofits led by people of color.** The City needs to take action to adjust compliance requirements and expand partnerships to include more community-centered nonprofits led by and serving people of color.
- **Co-design with nonprofits when planning City processes and programs.** Infuse the lived experience and expertise of community-centered nonprofits led by people of color into the planning of existing City programs, services, and processes.
- **Hold the City accountable to strengthening how it works with nonprofits.** Authorize a point of contact and establish a system of accountability to ensure that City departments are progressing in how they work with nonprofits.



**"Let's step away from providing TA [Technical Assistance] for a broken system and just fix the system."**

Intermediary nonprofit interviewee

# Findings

## Nonprofits Play A Critical Role In the LA City Economy and Workforce

Nonprofits are not only a key partner for the City to serve its citizens. They are also a major economic driver for the City of LA, responsible for 10% of Los Angeles' gross regional productivity. Research by HR&A demonstrates key economic impacts of LA nonprofits for the City and region. Strengthening the nonprofit sector impacts the people that nonprofits serve as well as those they employ.

### **Nonprofit jobs account for 23% of all city jobs (approximately 606,400 jobs).**

- Demand for youth, housing, and social services has spiked over the past decade, leading to a 368% increase in the number of workers delivering these services (from 37,423 in 2011 to 175,288 in 2021).

### **For every two nonprofit jobs added to LA's workforce, the region's total number of jobs grows by three.**

- This is because strong nonprofits purchase goods and services from other nonprofits and businesses, boosting the economy overall.

### **When nonprofit workers are financially insecure, a significant portion of LA's workforce is pushed closer to, and over the edge of, housing insecurity.**

- In 40% of all nonprofit jobs – accounting for 8.9% of LA's total workforce – the average pay of \$35,425 for nonprofit civic and social services workers isn't enough for two parents each earning that amount to raise a child in LA.



**“Nonprofits need less administrative and compliance burdens from government funders.”**

Healthcare nonprofit survey respondent

## NFF 2022 State of the Nonprofit Sector Survey

The State of the Nonprofit Sector Survey – NFF’s ninth – collects data about US nonprofits’ health and challenges and transforms it into an accessible, evidence-based illustration of nonprofits’ ability to help the communities we all serve.

In a sector with such a large power imbalance between who controls the money and who uses it, there are always financial challenges and inequities. NFF gathered data to compare the experiences of BIPOC-led (Black, Indigenous, and person of color) organizations with those of white-led organizations. Despite the many commitments to racial equity and to diversity, equity, and inclusion, long-standing inequities persist in the nonprofit funding system that favor white-led organizations. In the ensuing results, the report frequently points out the disparity between BIPOC and white-led organizations.

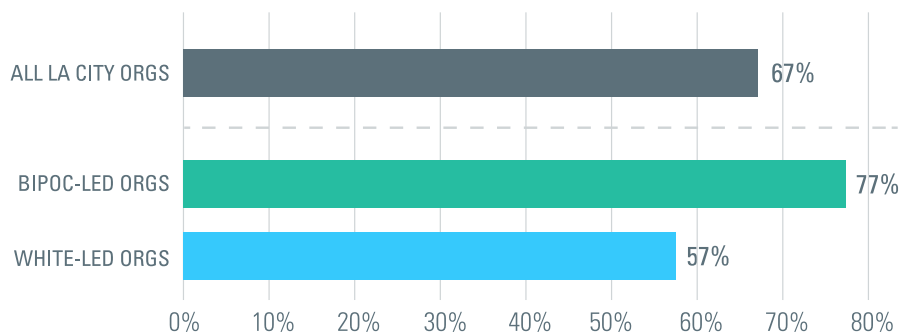
### Survey respondents for LA City:

All LA City: N = 137

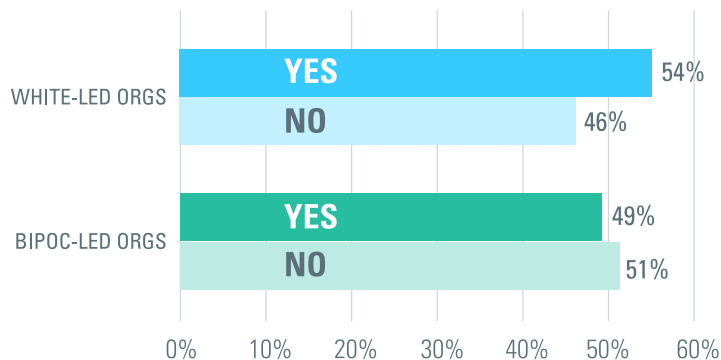
LA City BIPOC-led respondents: N = 73

LA City white-led respondents: N = 54

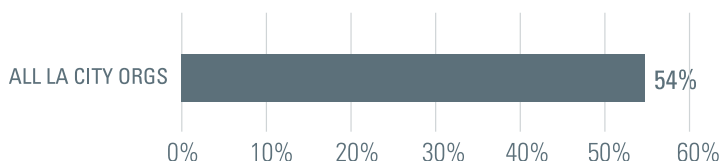
### SAW SIGNIFICANT INCREASE (>10%) IN SERVICE DEMAND BETWEEN FY2019 & FY2021



### ABLE TO MEET SERVICE DEMAND BETWEEN FY2019 & FY2021



### EXPECT SIGNIFICANT INCREASE (>10%) IN SERVICE DEMAND IN FY2022



[2022 NFF SURVEY DATA]

# Immediate Action Steps to Strengthen Nonprofit Impact in Communities

Nonprofits are not just vendors or contractors for the City. They are long-trusted community institutions, and city residents turn to them in times of need and vulnerability. Nonprofits connect with the most discriminated against and hardest-to-reach residents on behalf of the City.

Nonprofits have long endured barriers and challenges while helping the City accomplish its goals in communities with the most need. These challenges are well-known and they need to be addressed now so that the Mayor and her administration can accomplish their urgent goal of eliminating homelessness in the City of Los Angeles.

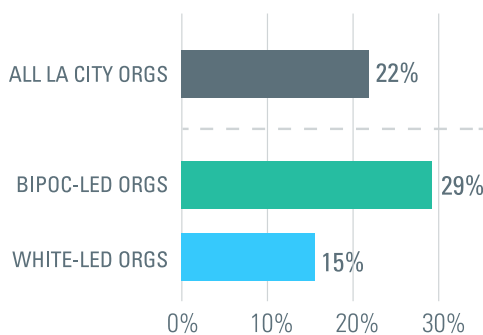
## IMMEDIATE ACTIONS RECOMMENDED TO REDUCE THE BURDEN ON NONPROFITS

### Pay invoices in a timely manner.

**All departments should process payments to nonprofits and nonprofit grant administrators within 30 days** and report on their timeliness to the Mayor, City Council, and the public. Any current outstanding invoices should be expedited immediately.

NFF's 2022 State of the Nonprofit Sector data shows that nonprofits – especially those led by and serving BIPOC communities – don't have much cash on hand. NFF survey data also found that government payments to LA nonprofits are generally more delayed than in the rest of the country, which creates a tenuous situation for nonprofits and prevents them from doing their most impactful work.

#### HAD 2 MONTHS OR LESS CASH ON HAND



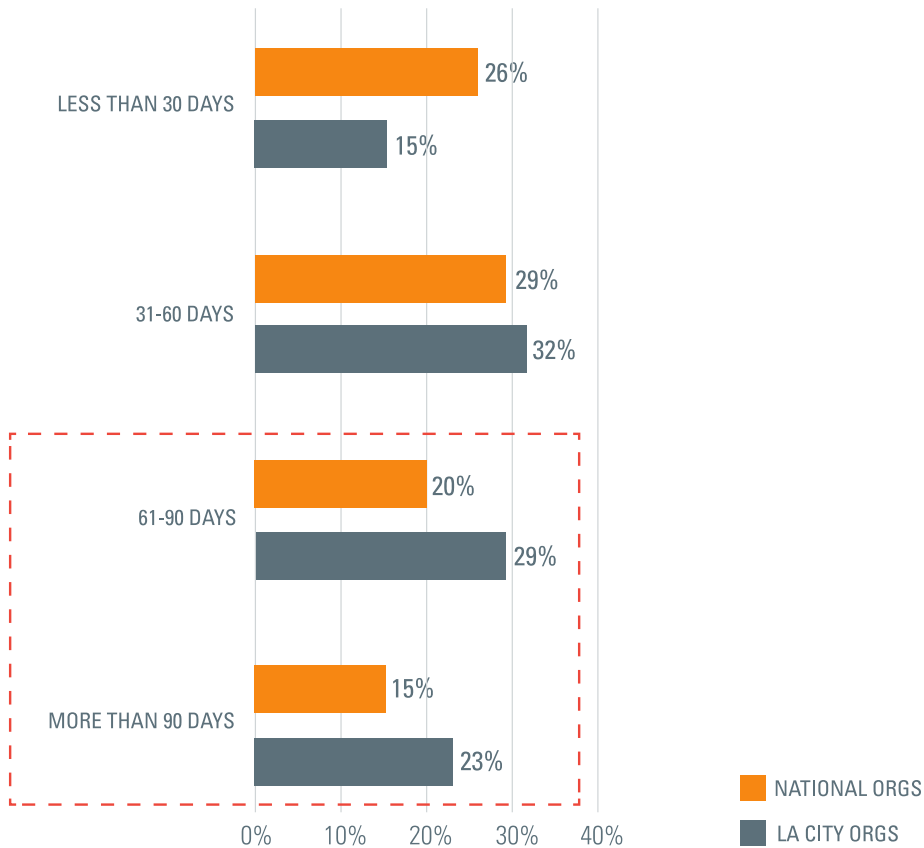
[2022 NFF SURVEY DATA]

- Learn from the Community Investment in Families Department that has committed to paying invoices within 15 days of submission and publicly shares their progress on this measure.
- Homeless services grant administrators, such as Los Angeles Homeless Services Authority (LAHSA), would directly benefit from this as the delays of City payments force them to delay their payments to nonprofit service providers. The City will alleviate the financial pressures that LAHSA grantees experience by paying their invoices within 30 days.
- Organizations highly value the mission and effectiveness of the Mayor's Office of Gang Reduction and Youth Development (GRYD) program; however, organizations face significant delays getting invoices paid (e.g., organizations experience 4-5 month delays in repayment). We recommend examining GRYD's financial processes to see how they can better align with other City departments.

**Reduce the complexities in reviewing and processing invoices** so that City staff can quickly move invoices to payment across all departments.

- A model to learn from is the Governor’s Office of Business and Economic Development that manages the Community Reinvestment Grants Program. They use quarterly check-ins to monitor accountability to the grant and quickly review invoices to ensure they are in line with expectations.
- Simplify the administrative burden on organizations for submitting monthly invoices. Some departments require organizations to submit monthly invoices with all back-up documentation attached in-person. This process is not only time-consuming but also creates feelings of untrustworthiness.

#### HOW LONG IT TOOK TO RECEIVE GOVERNMENT PAYMENT



[2022 NFF SURVEY DATA]



## Cut the red tape.

### **Reform redundant, burdensome, and unnecessary practices that take time away from serving the community.**

Partnering with the City is burdensome for nonprofits. Nonprofits spend a significant amount of time during application, contracting, and reporting phases. For example, a local nonprofit organization that provides youth, homeless, and workforce services estimated that staff spend 50% of their time on complex manual reporting requirements, which is time that could be spent meeting the needs of community members. Key burdens experienced by nonprofits can be alleviated through the actions recommended below.

**Expedite the efforts of the Chief Procurement Officer and prioritize simplifying the application, contracting, and reporting processes** that are difficult for nonprofits. The newer RAMP system has improved the accessibility and modernization of the City RFP database, but it has not reduced the work of submitting duplicate documents to apply for or comply with different City contracts. For example, one organization can have 6 or 7 contracts with the City, all of which have different reporting requirements and due dates.

- The fiscal year 2024 budget should expedite the roll-out of the RAMP system and the Chief Procurement Officer should leverage the RAMP system to create one centralized and easy-to-use technology that integrates data across City departments. It should provide comprehensive centralized contracting, compliance, and auditing processes, so nonprofits aren't spending unnecessary time submitting the same information to multiple agencies or adapting their materials to meet customized requirements from different departments.
  - For example, New York City fully adopted the PASSPort system as an end-to-end digital procurement platform that reduces redundancies for organizations contracting with any department in the City. PASSPort also provides public transparency on city contracting procurement processes.
- Have an agency's procurement team do the heavy lifting of meeting the requirements of multiple funding sources so that nonprofits can have the ease of one contract and process to do the services they do best (as demonstrated by the Master Service Agreement process of the County Department of Health Services).
- Consider using a "lock-box method" similar to Denver's Office of Nonprofit Engagement where organizations submit all the required contracted documents once and will only be asked to update documents when they expire or when changes have occurred.
- The Chief Procurement Officer should develop a public statement on the values that nonprofits working with the City can expect when partnering with the City and citywide guidance that applies to all departments.
  - Model NYC's Citywide Procurement Reform effort that developed the "Values for a Provider Bill of Rights" (see appendix for reference).

**Remove the requirement to close out a current contract before starting a new one if the organization is in compliance.** Organizations are often waiting for City departments to wrap up final reports in order to close their contracts. This can cause gaps in funding between the old contract and a new contract upwards of two months. The nonprofit is left covering costs, including staff salaries, during these gaps.

## Cover the startup costs of the work.

Nonprofits have the community relationships and trust that allow them to deliver impactful services, but many of the organizations closest to community do not have the flexible financial resources to invest in scaling up their programs. Similar to when for-profit businesses need to invest in the startup costs for new services, nonprofits need the same investment to be successful and sustainable.

**Provide flexible startup grants to nonprofits that are taking on new City contracts.** Nonprofits need flexible dollars to build up their administrative infrastructure, plan and prepare for managing new contracts, train staff to provide program services, purchase program supplies, and more.

**Consistently provide upfront payments** on contracts across all departments.

- The Chief Procurement Officer and the City Attorney should include nonprofit input as they explore how to simplify the process to pay nonprofits upfront. Currently, nonprofits that get cash advances experience significant administrative burdens from reconciling their contracts at the end of the year due to advances being treated similar to loans.
- Improve upon LAHSA's policy for pre-payments and ensure it is available to all nonprofits.
- The Chief Procurement Officer should add a check box to applications for nonprofit services that asks: "Do you want to be prepaid on your contract?" so that all organizations have an equal opportunity to seek advances and not just the ones who have the "know-how" or relationships to negotiate.



"It would be absolutely incredible if there could be a centralized database where we could upload a unified set of common grant proposal metrics and attachments at the beginning of our fiscal years, and have all the major foundations, government entities look at them, similar to a job search database or college application process."

Youth services nonprofit survey respondent

## ADDITIONAL URGENT ACTIONS RECOMMENDED

### Value nonprofits as a City partner.

During the pandemic, government agencies minimized cumbersome processes and overburdensome reporting, which allowed nonprofits to be nimble and responsive to community needs.

Throughout 2020, we also saw how nonprofits were able to be innovative, flexible, and strategic when trust-based philanthropy practices and unrestricted funding was provided to the sector – demonstrating the value of that support. Learnings from these practices need to be extended to how the City values nonprofits as a partner.



"We are partners in our mission to deliver services to our communities."

Social services nonprofit survey respondent

## Fund the full cost.

Paying the full cost of nonprofits' work is vital if they are to pay living wages to staff, manage inflation, and more. The nonprofit sector has an important workforce that is critical to meeting the City's needs. The City needs nonprofit partners with qualified staff to make an impact on the City's most pressing needs such as homelessness.

When the City doesn't pay the actual cost to deliver contracted services, nonprofits are left to subsidize them. This forces nonprofits to divert resources toward raising unrestricted funds from private sources instead of providing great services. Here are some steps the City can take:

- **Conduct a full cost analysis of nonprofit partners** in order to understand whether the funding for contracted services covers the full cost of implementation and service delivery. The findings of this analysis should be made public and should inform the Mayor's future budget proposals.
- **Accept costs that are required to run an effective organization.** For example, recruiting costs are necessary to find qualified staff who can make an impact on the City's most pressing needs, such as homelessness. Yet nonprofits often encounter discrepancies in what costs departments will reimburse, like recruitment.
  - Departments should institute practices that prevent discrepancies. As an example, CIFD's staff do an initial review of invoices before official submission to ensure as much draw down of funds as possible.
- **Eliminate elective caps on indirect/administrative costs.**
  - Departments should accept all federally allowed methods of presenting administrative costs (e.g., approved indirect cost rates, direct allocation of administrative staff, etc.); that will allow nonprofits to be reimbursed for the costs that support their programs.
  - Remove limits on indirect rates set at the discretion of individual City departments. These caps prevent organizations from investing in the infrastructure needed to support their services and impact in the community (e.g., data systems, fiscal compliance, technology, HR, etc.).
  - Encourage more departments to negotiate indirect cost rates directly with nonprofits that don't have a federally approved indirect cost rate and ensure that City departments accept the approved rate across contracts.

**Provide multi-year awards in newly procured contracts and allow for contract value to increase annually to meet inflation.** Organizations struggle to meet the ongoing needs of their communities when there is uncertainty with their funding from year to year. With predictable multi-year revenue that accounts for inflation, organizations can put more of their time toward service delivery and less toward seeking funding for the next fiscal year and/or contract renewal.

**Utilize the budget process as a spending plan, not as a tool to deny payment for legitimate costs.** Departments should allow organizations the flexibility to shift funding between budget line items throughout the term of the contract as long as outcomes are still met. Restricting the number, frequency, and timing of budget modifications does nothing to improve services. Instead, it creates administrative burdens and increases the risk of returning funds that were spent but were not in line with a budget projection made in the distant past.

- **Remove restrictions on making budget amendments to contracts.** Allow organizations to make amendments as needed given that they need the flexibility to respond to immediate community needs.

**Allow organizations to recoup the interest fees for lines of credit needed to manage delays in City payments.** When the City is late in paying their invoices, nonprofits sometimes need to take out debt to keep paying their bills while they wait to be paid. Organizations should not have to subsidize the costs associated with payment delays from the City.

- Interest fees are an allowable expense for New York State contracts when they are delayed in paying the nonprofits they contract with.

**Explore how to pass through more funding to nonprofit agencies that are doing the work.** For funding passed through the state to the City, less of each initial dollar allocated makes it to the actual service delivery because of the administrative costs of passing through funding. If 10% of a funding allocation goes to the state before it gets passed to the city and then 10% goes to the city before it goes to the organization actually doing the work intended for the initial allocation, then eventually the nonprofit providing the service gets very little of the initial dollar that was supposed to go to the service.

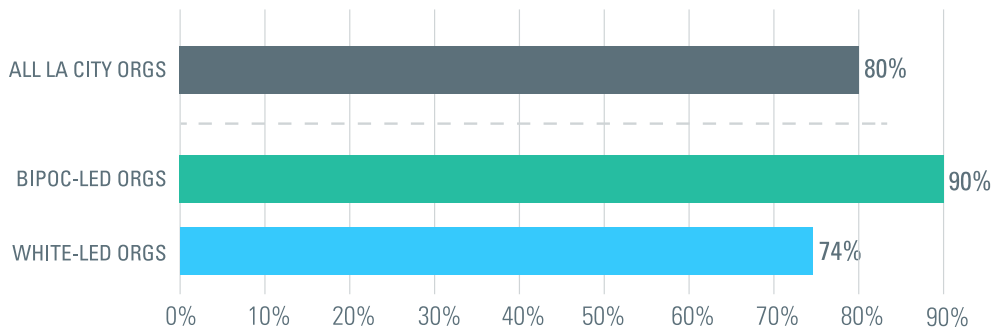
- The Chief Procurement Officer and the Mayor's point of nonprofit accountability should issue guidance to all City departments to reduce the amount of administrative fees taken by the City for funding allocations going to nonprofits by drawing from the General Fund to support those administrative costs.

**Create new citywide funding practices for managing federal government funding and proactively advocate for the City to receive federal funding.**

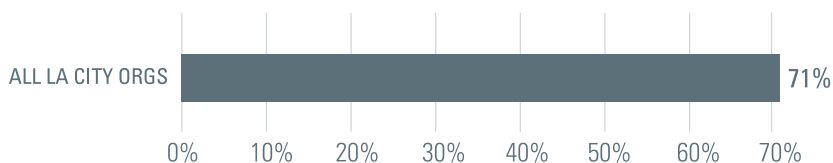
- Model after the prior Los Angeles Community Development Department and other departments that have established best practices and creative approaches for working with federal agencies to improve funding policies (e.g., indirect rates).
- Attract federal funding by collaborating with LA n Sync, an initiative of the California Community Foundation designed to spur innovation to address the critical needs of Los Angeles County. LA n Sync leads and pursues federal funding for LA City and County and has not had a consistent partnership with City of LA in pursuing opportunities. For example, LA n Sync partnered with the City, the Mayor's Fund of Los Angeles, and other partners to apply and successfully receive a federal Promise Zone designation that brought important financial resources to LA.

## TOP FINANCIAL CHALLENGES

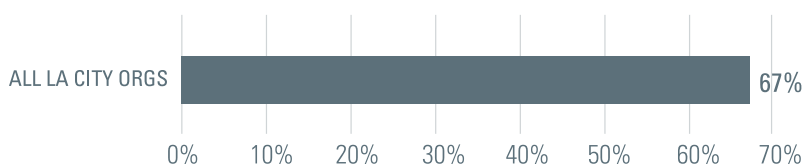
### ACHIEVING LONG-TERM FINANCIAL SUSTAINABILITY



### RAISING UNRESTRICTED REVENUE



### RAISING FUNDS THAT COVER FULL COSTS



[2022 NFF SURVEY DATA]

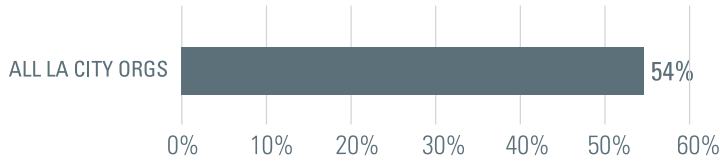


“While our funding has remained stable, the cost of doing business has increased significantly. We have to provide PPE and weekly testing; pay extensive overtime due to staff shortages; meet additional unfunded mandates such as increased sick pay; spend more on recruitment and training; pay raises; etc.”

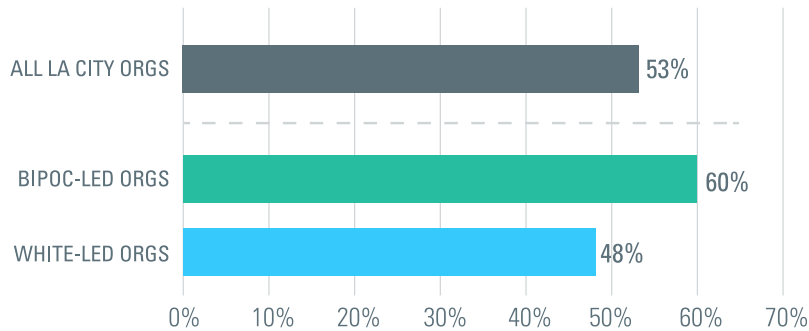
Human services nonprofit survey respondent

## TOP STAFF MANAGEMENT CHALLENGES

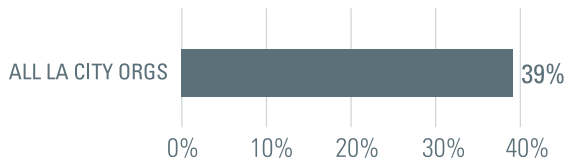
### OFFERING COMPETITIVE PAY



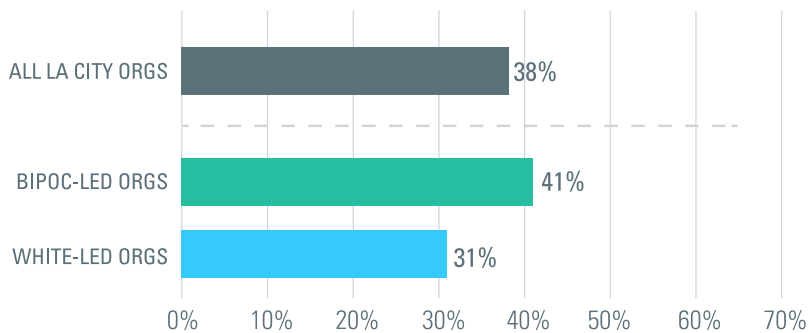
### EMPLOYING ENOUGH STAFF TO DO THE WORK



### HIGH COST OF LIVING



### STAFF BURNOUT



[2022 NFF SURVEY DATA]



**"We need funding to recruit and retain staff. Nonprofit work isn't sexy or appealing with low salaries in a high cost of living market like Los Angeles."**

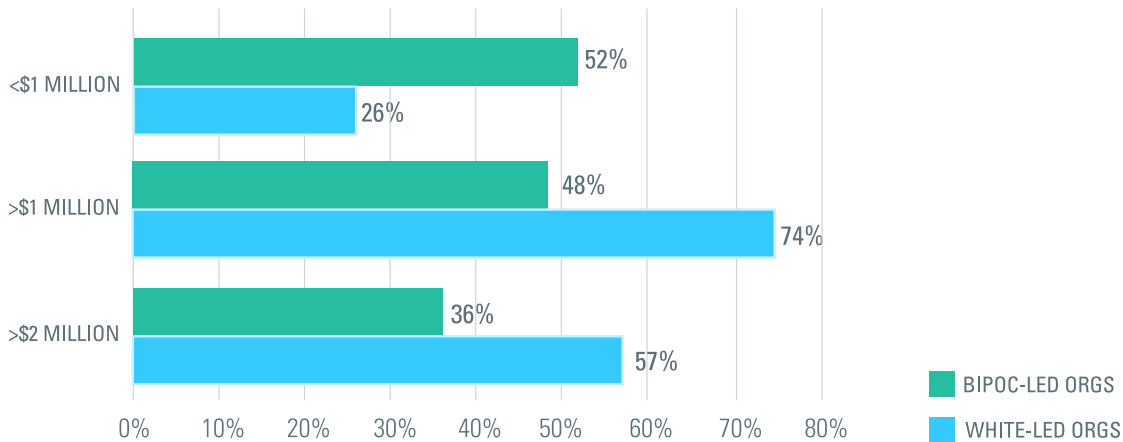
Human services nonprofit survey respondent

## Seek out and prioritize BIPOC-led organizations for funding and partnerships.

BIPOC-led organizations face systemic racism in the funding system, yet they bring much-needed revenue, jobs, and resources to communities throughout LA. BIPOC-led nonprofits in particular do not receive the funding they would need to support the administrative infrastructure required to manage City contracts. Historically, BIPOC-led organizations have disproportionately faced barriers in building up this administrative capacity, which in turn makes it much more difficult for the City to access the wealth of expertise and skills of smaller, grassroots organizations. The City needs to be accountable to the community on progress and outcomes on this.

The survey data below shows that more BIPOC-led organizations had smaller budget sizes than white-led organizations which is a barrier for current City contracting opportunities.

### BUDGET SIZE



[2022 NFF SURVEY DATA]

City departments should make an intentional effort to build relationships and access for these organizations through the following strategies:

#### **Offer less burdensome methods of meeting administrative requirements.** For example:

- Instead of requiring audited financial statements, allow for internal financial statements and Form 990s to demonstrate financial capacity. Audit requirements from the City place a huge financial burden on small organizations that do not meet the state financial thresholds to require audits. Organizations have to pay for audits that they can't afford.
- Reduce costly insurance requirements to amounts appropriate for the services being delivered. If organizations are unable to meet cost-prohibitive insurance requirements, provide subsidies to offset the cost of doing business with the City.
- Rather than requiring three years of experience managing government contracts, allow organizations to demonstrate their capacity in alternative ways, such as showing a certain number of years managing philanthropically funded programs or services.

**Expand partnerships with intermediary organizations that can take on the administrative burden of compliance with the City’s requirements.**

- Examples include the LA County Probation Ready to Rise program that was intermediated by California Community Foundation and Liberty Hill, the LAHSA Capacity Building program that was intermediated by United Way of Greater Los Angeles, the State Rental Assistance program that was locally intermediated by LISC and local partners, and the Mile High United Way in Denver that intermediated funds for the City.
- Ask departments to hold intermediaries accountable to the City’s best practices. Subcontracted organizations have gone unpaid or have experienced significant delays in payments from their intermediary without any way to hold them accountable.

**Fund the organizational infrastructure and capacity needs of organizations** so that they can grow sustainably and lead impactful work.

- Partner with philanthropy, including the Mayor’s Fund of Los Angeles, to support initiatives that build nonprofits’ capacity to partner with the City (e.g., financial capacity, technology upgrades, data systems, etc.).
- Model after the infrastructure grants provided by the Denver Office of Nonprofit Engagement and LAHSA’s capacity-building program administered by United Way Greater LA.

**Explore the creation of nonprofit hubs** embedded in communities spanning across LA. Hubs could be co-located with nonprofit partners or aligned with other regional efforts such as California Community Foundation’s “Sustainability Hubs.” Each hub should have a City representative who understands each neighborhood’s nonprofit landscape and builds relationships on behalf of the City. Hubs can also provide access to “City expeditors” that can help nonprofits navigate various city systems and address questions. They can serve as a central location embedded in the communities for resource and information sharing, navigation services, legal support, and connections to other networks.

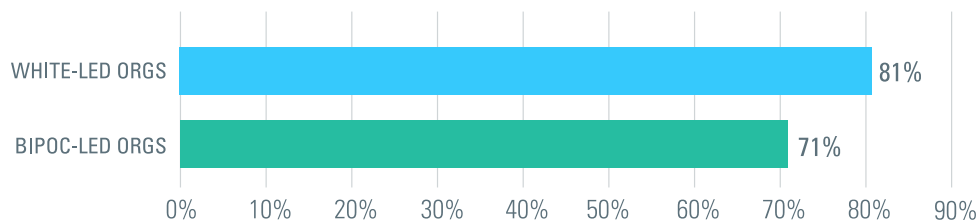
- This can be modeled after the local SBA offices where small businesses have a local SBA representative to support their success and navigation through various federal resources.
- An example of the “City expeditors” model is when real estate developers pay for consultants with development expertise to navigate City permitting processes to speed up their development processes.

**Provide tiered contract opportunities and allow collaboration on proposals** so that smaller nonprofits don’t have to compete against larger entities that usually are awarded the contracts. This will provide more opportunities for innovative, BIPOC-led organizations and for money to not continuously flow to the same organizations.

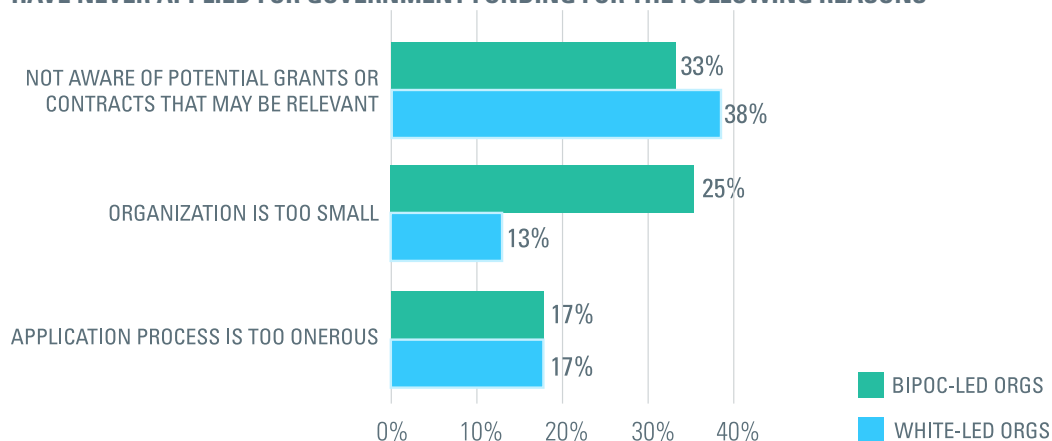
- Tiers for smaller grassroots organizations should include structures such as up-front payments on contracts without burdensome invoicing processes.
- Model proposal collaboration opportunities after other County departments that ask applicants if they are open to partnering with other contractors on a proposal and then connect those contractors with each other.



### HAVE APPLIED FOR AND RECEIVED GOVERNMENT FUNDING



### HAVE NEVER APPLIED FOR GOVERNMENT FUNDING FOR THE FOLLOWING REASONS



[2022 NFF SURVEY DATA]



“The restrictions and the complicated process to request the funds, require a lot of time on the part of the staff that we have. Likewise, the opportunities to access funds are often exclusive to larger organizations that have been established for many years, making it more difficult for us to grow and continue fulfilling our mission.”

Education nonprofit survey respondent

## Co-create and co-design with nonprofit service providers.

**Include BIPOC-led and community-centered nonprofits** when developing or refining City programs, services, and processes. Staff bring relevant lived experience and expertise working directly with community members

Community-centered nonprofits are closest to the needs of LA residents and understand how people want to engage with services (e.g., Family Source Center programs, Homeless Prevention Program, Guaranteed Basic Income, community beautification, gang reduction, etc.). They can ensure that programs are designed for success and are executed in a way that makes best use of community insights, resources, and relationships.

**Make nonprofits and community leaders co-designers in how to address the challenges the City prioritizes.** Including them early in government planning could help grow collaboration and the impact of City programs. As members of and experts in their communities, nonprofits can guide recommendations and provide feedback that sets everyone up for success.

- Include nonprofits in decisions about what and who to fund. For example, involving them in designing a new homelessness prevention initiative could help the program's application process reach and engage intended participants.
- Organizations should be compensated for their expertise and involvement to the extent legally possible.
- Modeled after the approach used in New York City, LA should convene the nonprofit community to inform program design and approach before competitive requests for proposals are released. This can be done in a way that does not create conflict-of-interest barriers for nonprofits who want to participate in the RFPs.

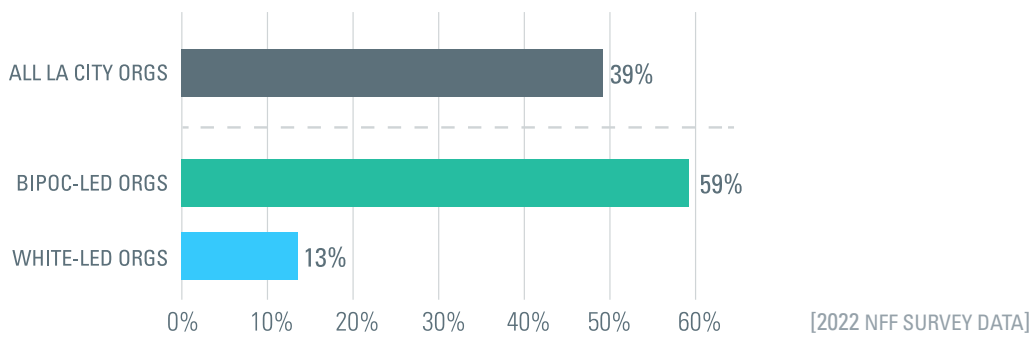
**Give nonprofits/social enterprise/community leaders a dedicated seat** for commissions, department advisory committees, and other spaces of decision-making and guidance, similar to how the County has dedicated seats for representatives with lived experience in the service area.

**Build on existing networks and strengths in the nonprofit community rather than starting something new.** For example, the network of Family Source Centers has a long history of trust with community members and has built a strong infrastructure in meeting shared goals. This infrastructure should be leveraged and strengthened to include more partnerships with smaller community-based nonprofits.

**Host town hall meetings** instead of surveying nonprofit organizations, allowing for two-way conversations and a more interactive process. Follow up with nonprofits.

- Consider modeling town halls after the inclusive nonprofit stakeholder listening that the City of New York did in its Procurement Reform project.
- Similar to New York City's Office of Nonprofit Services, develop a dashboard that measures progress toward discussed goals and outcomes.

## CEO/ED HAS LIVED EXPERIENCES REPRESENTATIVE OF COMMUNITIES SERVED



### Strengthen how the City works with nonprofits and establish a main point of contact for nonprofits.

Nonprofit staff are on the frontlines of serving Angelenos in need. Yet, nonprofits have not had a clear pathway to share feedback or know that their feedback is being incorporated by the City to ensure that they are well-equipped to provide critical services.

**Develop a system to hold departments accountable for meeting citywide targets**, such as a user-friendly automated public dashboard that reports on each department's compliance each month.

**Designate a point of nonprofit accountability that leads a newly created Office of Nonprofit Partnerships.** The leader of this office should have regional credibility and hold City departments accountable to the established values and expectations of how the City will work with nonprofits. The office should hold the following responsibilities:

- Ensure that departments utilize the user-friendly public dashboard to report to the Office on:
  - Their progress on benchmarks for timely and accessible procurement, contracting, and payments (e.g., % of invoices paid within 30 days, % of contracts going to BIPOC-led nonprofits, etc.).
  - Action plans for addressing gaps in meeting benchmarks (including how Office of Nonprofit Partnerships staff will work collaboratively with departments to ensure plans meet the needs of nonprofits and achieve benchmarks).
  - How they are addressing feedback from nonprofits and including nonprofit voices in their planning.
- Provide technical assistance to nonprofits navigating City processes.
- Partner with philanthropy and local efforts to provide funding for nonprofit capacity-building.
- Foster collaboration and two-way communication between City departments and nonprofit stakeholders.
- This office can be modeled after Denver's Office of Nonprofit Engagement and New York City's Office of Nonprofit Services.



**"You can have great systems, but you need people to pull the levers."**

Human services nonprofit survey respondent

**Report progress on nonprofit City benchmarks to the Mayor, City Council, all departments, and the public at least yearly.** The nonprofit community has seen many commitments to improving contracting processes by government but does not have committed and continued insight on accountability to those commitments. City leadership needs to hold themselves accountable to fixing the system for nonprofits that are critical to community impact.



**“Nonprofits need to be seen, treated, and valued as essential.”**

Education nonprofit survey respondent

## **The City Needs to Take Momentous Action to Make Progress on the City’s Pressing Homelessness Crisis**

The need in the City of LA is momentous and the challenge ahead for nonprofits to serve their communities is historic. Addressing the urgent pain points facing the City’s nonprofits presents an immediate, high-impact opportunity to improve the delivery of services to LA’s unhoused residents. It would support the new administration’s strong commitment to this pressing issue and help to rebuild trust with the community partners on whom this work relies.

# Appendix

## METHODOLOGY

These recommendations were developed through a partnership between NFF, HR&A, and the Committee for Greater LA. They build upon the advocacy work of others who have long been striving for a more effective partnership between LA County and City government and the nonprofit sector. The following input was collected by HR&A and NFF between October-December 2022 and used to develop and synthesize recommendations:

- Key informant interviews with 15 nonprofit organizations that have direct experience contracting and partnering with City departments
- Key informant interviews with 16 individuals with current or recent LA City administration experience and two interviews with other major cities undergoing nonprofit partnership strategies
- Feedback from Committee for Greater LA leadership
- Nonprofit feedback session on draft recommendations
- Data from NFF's 2022 State of the Nonprofit Sector Survey (137 respondents within LA City)

## NYC PROCUREMENT REFORM

During the New York City Human Services Convening on October 20, 2022, staff from the offices of Sheena Wright, Deputy Mayor for Strategic Initiatives, and Anne Williams-Isom, Deputy Mayor for Health & Human Services, shared updates on their New York Citywide Procurement Reform efforts.

Below is a sample of information shared on how they adopted shared values in response to the challenges and barriers nonprofits have experienced in their prioritization of a thriving nonprofit sector.

### *Citywide Procurement Reform: Values for a Provider Bill of Rights*

#### Potential provider expectations

<b>1 Equity</b>	We are treated as <b>trusted and valued business partners of the City</b> all on a leveled playing field, whether for a \$5K discretionary award or a \$50M competitive contract	
<b>2 Speed</b>	All steps of the process are <b>fast and clear</b> ; we know how long steps should take, and what it will take to resolve any barriers	
<b>3 Consistency</b>	We feel like we are doing business with <b>one City</b> across agencies and contracts, and that the City knows our nonprofit and the work we've done in the past	
<b>4 Reliability</b>	We can count on being <b>paid reliably and on time</b> to help the City deliver and sustain high quality services	
<b>5 Simplicity</b>	City systems are <b>simple and intuitive</b> enough for us to focus on delivering services rather than investing in navigating process	
<b>6 Professionalism</b>	We are met with <b>professionalism, ability, capacity and passion</b> that helps us deliver on our mission	



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