

STATE OF THE LATINO NON-PROFIT SECTOR IN MASSACHUSETTS

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THE MAURICIO GASTON INSTITUTE
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AND PUBLIC POLICY





Background

Latinos are one of the fastest growing ethnic groups in Massachusetts. Between 1980 and 2017, the Massachusetts Latino population increased by 475%, with many new arrivals coming from Central and South America. In Massachusetts, the top ten Latino subgroups by population size are: Puerto Ricans, Dominicans, Brazilians, Salvadorans, Guatemalans, Mexicans, Colombians, Cubans, Ecuadorans, and Hondurans. These varied national origins reflect the diversity of the state's Latino community and its breadth of strengths and needs.¹ **The Mauricio Gastón Institute for Latino Community Development and Public Policy** (Gastón Institute) estimates that by 2035, the Latino population will represent nearly 15.3% of the state's population, compared to 12.4% in 2019.² This growth will be due more to future Massachusetts births than to international migration.

In partnership with **Amplify Latinx**, Gastón Institute researchers gathered data about the current Latino non-profit organizations in Massachusetts. Our goal was to establish a benchmark that would allow us to assess the strengths of the specific services provided by these non-profits to Latino communities across the state. The data collection and analysis for this report occurred between June 2019 and February 2020 and therefore predates the effect of the 2020 COVID-19 crisis on the work and stability of Latino organizations. Yet, the COVID-19 crisis highlights the great urgency for policies and practices that can strengthen the ability of Latino organizations to respond to community needs.

Early studies of the COVID-19 crisis show a disproportionate effect on certain Latino communities across the state. For example, by July 10, 2020 the seven cities with the highest Latino populations (together comprising half all of all the State's Latinos) all had rates of positive COVID-19 cases higher than the state's average of 1,813 cases per 100k. These cities are Chelsea (7,846 per 100k), Lawrence (4,127), Lynn (3,633), Worcester (3,633), Lowell (2,503), Boston (2,037), and Springfield (1,814).³ In ad-

¹ Rivera, L. (2019) Latinos in Greater Boston: Migration, New Communities and the Challenge of Displacement. In Boston Foundation, Changing Faces of Greater Boston. Available at <https://www.bostonindicators.org/-/media/indicators/boston-indicators-reports/report-files/changing-faces-2019/indicators-changing-facesf2web.pdf>

² Granberry, P. & Mattos, T. (2019). "Massachusetts Latino Population: 2010-2035" Gastón Institute Publications. 241. https://scholarworks.umb.edu/gaston_pubs/241

³ Gaston Analysis of Massachusetts Dept. of Public Health at <https://www.umb.edu/gastoninstitute/research>

dition, the state’s prolonged lockdown has affected employment in the areas where Latinos are present in significant proportions. For example, about 55% of all Latinos in the state are employed in seven occupations severely impacted by the economic shutdown (cleaning and maintenance, food preparation, production, construction, transportation, personal care and service, and health care support).⁴ Similarly, there have been significant barriers to accessing remote learning, especially for English Learners, the majority of whom are Latino. The current crisis has amplified the gaps in health, education, housing and financial security within the Latino community, requiring many Latino non-profits to pivot and provide basic human services within their communities.

The Latino Non-Profit Sector Provides Valuable Community Services But is Deeply Under-resourced

We believe that a strong non-profit sector is essential to serving the Latino community’s needs, particularly during a health and economic crisis like the one we are experiencing now. Past research has shown that non-profit community-based organizations (CBOs) play an increasingly vital role in public-private partnerships with federal, state, and local government. These partnerships are needed to provide affordable housing, plan economic development projects, and offer social services and educational programming to low-income communities and under-resourced Latino populations.

Despite the dynamism and responsiveness of existing Latino organizations to support the needs of a rapidly growing community, we find that the size and scale of the Latino non-profit sector is much smaller than what the community needs. In our analysis of the Massachusetts Latino non-profit sector, we highlight three key findings.

1. The Latino non-profit sector has grown over the last 30 years but is still too small to meet the needs of the growing Latino population. According to our baseline research, existing Latino non-profits would need to increase their size and nearly 100 new non-profit organizations would need to be created to fill the current service and geographic gaps in ways that are proportional to the Latino share of the state’s population.

⁴ Granberry, Phillip, “Latinos in the Labor Force” (2020). Gastón Institute Publications. 248. https://scholarworks.umb.edu/gaston_pubs/248

2. Existing Latino organizations are struggling with financial stability as funding remains sparse with less than 2% of philanthropic dollars being directly invested in Latino-based organizations.⁵ While the population that Latino non-profits serve is swelling and requires more services, their funding is insufficient to meet the needs. We found that 97% of the total net assets of Latino organizations are concentrated in just six cities in Massachusetts (Boston, Chelsea, West Springfield, Lawrence, Holyoke, and Worcester).

3. Non-profit organizations are stretched thin and concentrated in a few areas, both geographically and by services. Suffolk County is home to just 23% of the Latino population but contains 50% of all Latino non-profit organizations. There is also an urgent need for diversification and expansion of health, employment, education, and legal services. For instance, Massachusetts has only two Latino non-profit organizations focused on health.

The implications of these findings are compounded by the disproportionate health and economic threats posed by COVID-19 for communities of color. Early research has shown the crisis has impacted Latino community organizations in at least three critical areas:

a. Latino organizations are redirecting their efforts and funds to provide direct assistance to families affected by unemployment created by the COVID-19 pandemic. This direct assistance has consisted of emergency food and housing services, cash assistance, provision of PPE and emergency childcare, which reduced the already strained resources these organizations need to sustain other necessary programs such as ESL instruction, workforce development, and education.

b. In the aftermath of the crisis, many Latino communities will require additional support for programs in K-12 education, technical education, workforce development, unemployment, mental health, housing/rental assistance, and other social services. These increased needs will require additional funding from the state and philanthropic foundations to enable Latino organizations to respond at the necessary scale.

⁵ Rendon, J. (2020, May 7). Nonprofits Led by People of Color Win Less Grant Money With More Strings (Study) <https://www.philanthropy.com/article/Nonprofits-Led-by-People-of-248720>

C. The COVID-19 lockdown has affected the state and local economies in ways that remain to be seen. However, we can predict a differential effect across the state: cities with a much-diversified economy, such as Boston, may be able to rebound faster than other less resourced cities. As many of the local Latino organizations depend on grants from state and local government, the crisis will not only increase the unequal distribution of funds for Latino and other community-based organizations, but also put at risk the very existence of some that were already on the verge of financial distress.

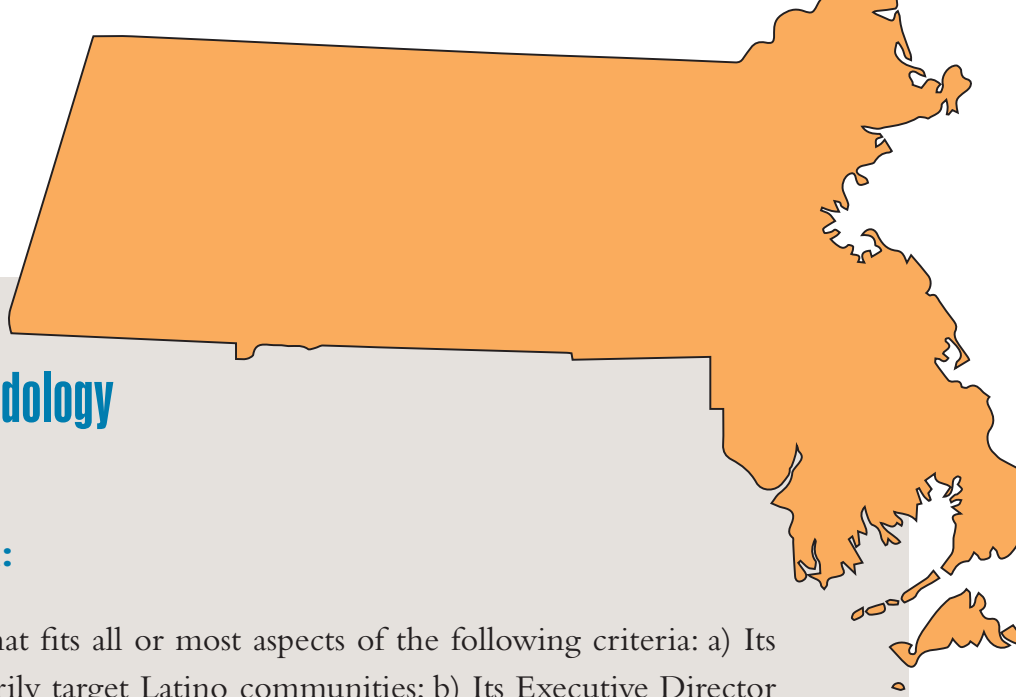
Latino Non-Profits Are Trusted Community Partners That Serve as First Responders in Crisis

Despite the difficulties created by the COVID-19 crisis, Latino organizations have been able to quickly create a support network to provide families with much-needed help. This is evidence of the resilience of these organizations and the important role that they play in their communities. As Massachusetts plans for recovery, the crisis pushes us to acknowledge the systemic inequities that have led to under-investment in Latino organizations, and the necessity for policies that equitably and sustainably fund the Latino non-profit sector.

Based on our research on the Latino non-profit sector we recommend that leaders, funders, policymakers, and other stakeholders adopt the following three key measures, which are further described in the recommendations section:

- 1.** Create an assets-based plan to strategically invest in the growth of existing Latino organizations and develop new organizations to provide the types of services required in growing Latino areas.
- 2.** Develop a coordinated, cross-sector partnering and policy strategy (government, business, and philanthropy) that advances Latino leadership and the financial sustainability and the capacity of Latino organizations.
- 3.** Conduct further research into the Latino non-profit sector to determine the gaps in resources and supports, as well as the baseline number of new Latino organizations needed to address the changing needs of the community.

These critical measures are needed to move toward more effectively serving the needs of the Latino population.



Definitions and Methodology

Latino organization:

A 501(c)(3) organization that fits all or most aspects of the following criteria: a) Its mission and services primarily target Latino communities; b) Its Executive Director identifies as Latino; c) Its Board of Directors has a majority of Latino members; d) Its organizational mission reflects a focus on Latino community needs; e) Its practice promotes cultural proficiency, bilingualism as an asset, and the equitable treatment of Latinos in all areas of life; and f) It could be classified as a community-based organization (CBO).

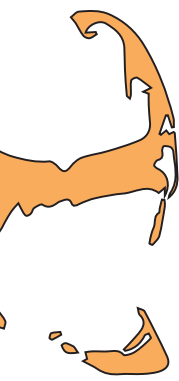
Data:

Information for each organization was obtained from online searches of publicly available data between March 2019 and December 2019. Information was validated through GuideStar (<https://www.guidestar.org>), the largest source of information on U.S. non-profit organizations. Between December of 2019 and January 2020, attempts were made to contact by phone the identified Latino organizations to confirm their organization type, leadership, and services offered. About 40% of organizations contacted provided feedback.

Methodology for classification of services offered by organizations:

The main service offered by each organization identified in this study was classified using codes from The National Taxonomy of Exempt Entities (NTEE)—core codes developed by the National Center for Charitable Statistics (NCCS). The NTEE system is used by the Internal Revenue Service to classify non-profit organizations (<https://nccs.urban.org/publication/irs-activity-codes>.)

Findings



Finding 1.

Latino organizations are distributed, though not equally, in cities across the state.

A total of 80 Latino non-profit organizations were identified in 25 Massachusetts cities (Figure 1). Boston is home to 37 organizations (46%), while 16 cities have only one Latino organization each. Seventy-one of the 80 organizations are Latino-led, i.e., those in which the Executive Director is Latino or Latina, representing about 89% of all organizations.

Finding 2.

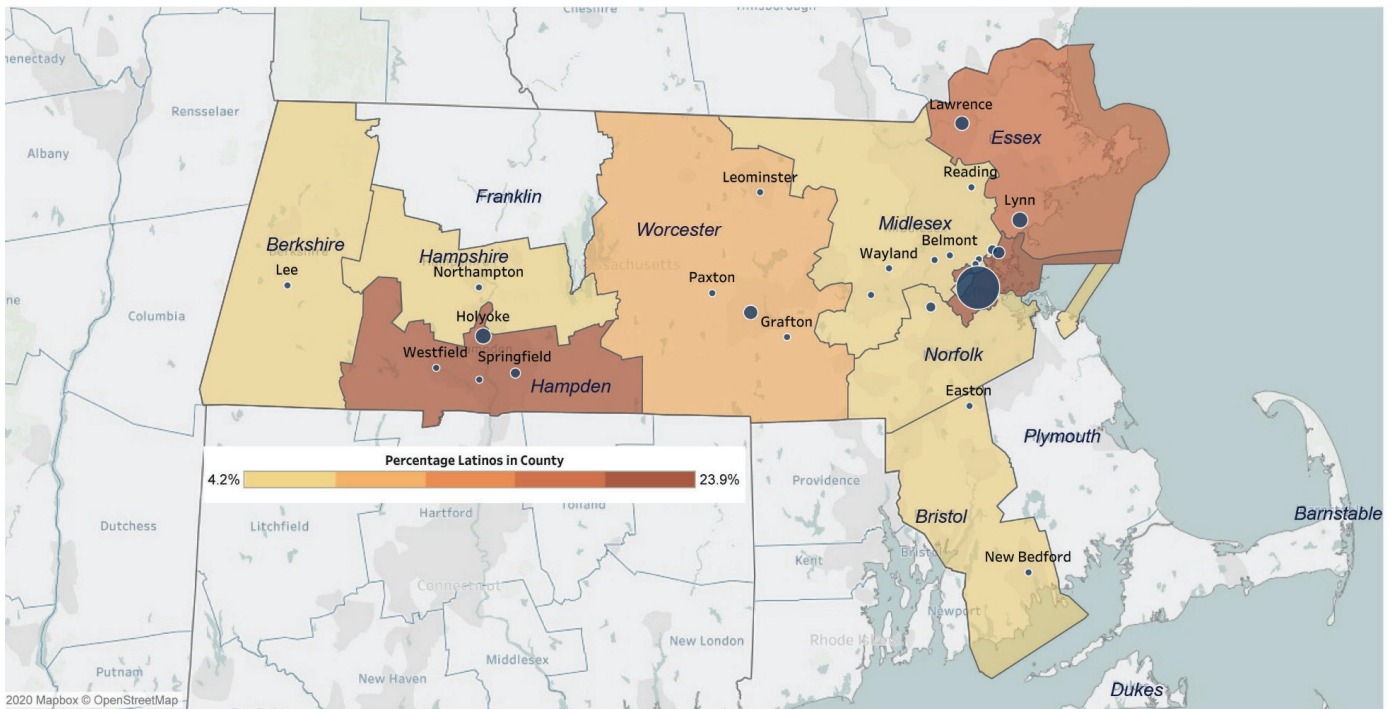
The Latino non-profit sector is too small to meet the needs of the growing Latino population.

The current 80 Latino organizations identified in this study constitute less than 1% of the state's 9,223 non-profit organizations identified in a 2014 inventory of all non-profits in Massachusetts.⁶ Latino non-profits are also heavily concentrated in one county, Suffolk. If every county had the same density of Latino non-profits in relation to its Latino population as Suffolk County does, there would be approximately 95 more organizations than currently exist. Figure 2 shows the distribution of Latino non-profits by county.

⁶ The People's Sector: A Look at Nonprofit Gains and Losses

Figure 1. Geographic distribution of Latino organizations across the state (Source: Gastón Institute Research)

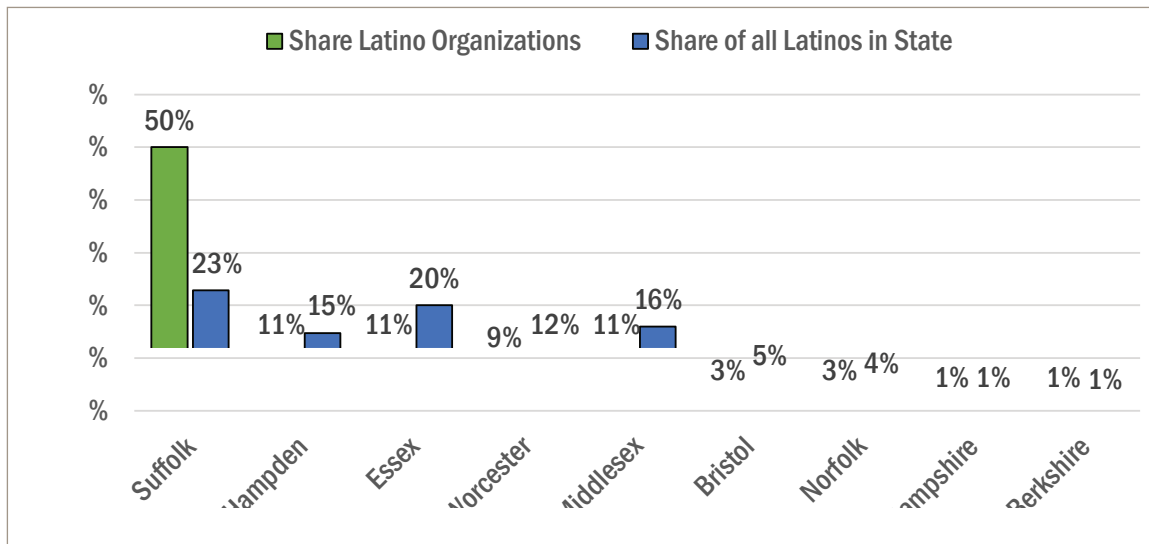
The map is colored according to the percentage of Latinos in the County. Circle sizes reflect the number of organizations in the city. The map displays the distribution of 80 Latino organizations in 25 cities. Only counties with at least one Latino organization are shown. Source: Gaston Institute Analysis and ACS 2013- 2017 data. Last Update: February 2019.



Link for Tableau Public mapping: <https://tabsoft.co/2Dy8Vq9>



Figure 2. Distribution of Latino Organizations by County (Source: Gastón Institute research and 2017 ACS)



Finding 3.

Services offered do not match all Latino community needs.

We used the National Taxonomy of Exempt Entities (NTEE) Common Codes developed by the National Center for Charitable Statistics (NCCS)⁷ and the IRS to classify the non-profit organizations and determine tax-exempt status. Figure 3 shows that Human Services, Community Improvement & Capacity Building, Arts, Culture, & Humanities, and Education are the most common types of organizational foci (63% of all organizations). Given the needs of the Latino community, the types of non-profit organizations that need further development across the state should center on youth development, mental health, civil rights, entrepreneurship and employment services.

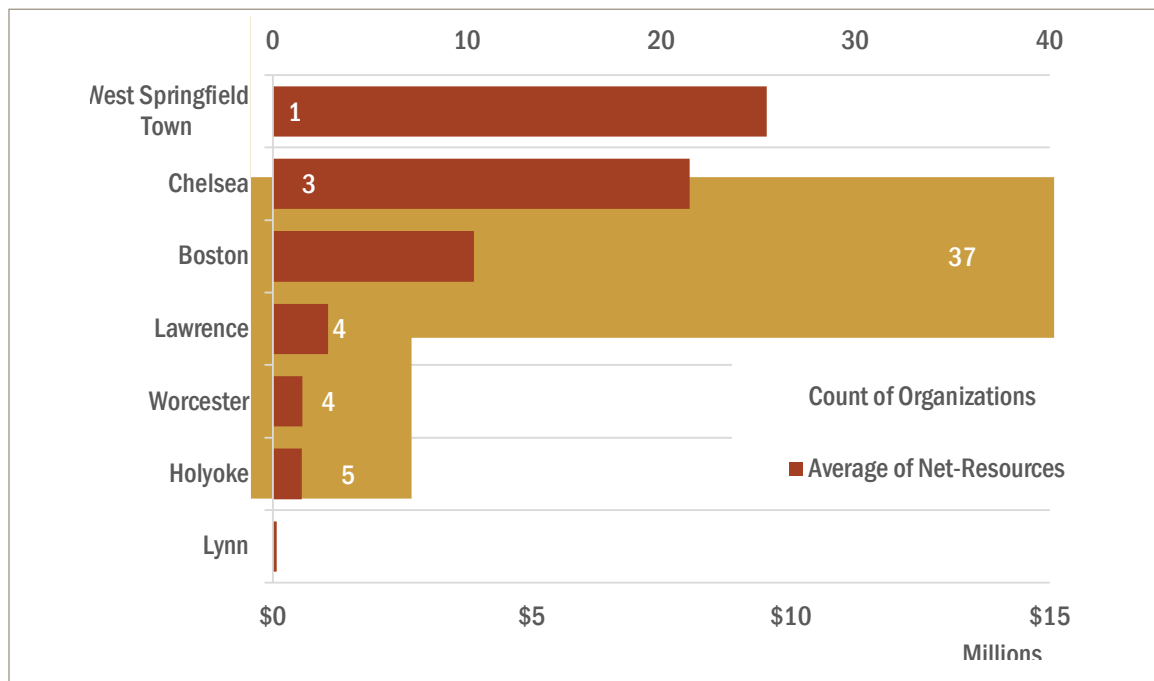
⁷ The National Taxonomy of Exempt Entities (NTEE) Common Codes were developed by the National Center for Charitable Statistics (NCCS) and the IRS to classify non-profit organizations and determine tax-exempt status.. (<https://nccs.urban.org/>).

Finding 4.

Net financial sustainability varies greatly across the state.

To analyze the financial sustainability of the Latino organizations, we use each organization's net resources, defined as its total resources (revenue plus assets) minus their expenses for a given year. Figures 3 and 4 display Latino organizations with above-zero net resources. We find that there is a large net-resources discrepancy across cities and across services for the Latino organizations. For example, across cities the average net resources amount to \$7,165,133 but the median is only \$301,282. Figure 3 shows that Latino organizations in West Springfield and Chelsea have the state's highest average net resources, a result which is skewed as these cities have only one and three Latino organizations, respectively.

Figure 3. Average Net Resources for Cities with Accessible Financial information (Source: Gastón Institute research)



The City of Boston has the largest number of Latino organizations (37), but the organizations' average of net resources is less than \$4 million. Other cities with a higher number of Latino organizations but low average net resources include Worcester, Holyoke, and Lynn.

A similar disparity appears when we consider the average net resources by services offered, as displayed in Figure 4. The categories associated with the highest funding levels include Housing, Employment, Mental Health, and Community Improvement—all with average net resources totaling more than \$6 million. There is a need to increase funding for Latino organizations focused on Human Services, Education, Civil Rights Advocacy, and the Arts.

Finding 5.

Most Latino organizations show precarious financial sustainability.

We define the financial sustainability of an organization as its ability to operate for a specific period (one, two, or three or more years) during times of financial distress with no new income. If an organization can potentially operate for one year in that circumstance, it is said to be sustainable; for two years, very sustainable; for three or more years, extremely sustainable. Figure 5 shows that under this simple criterion 52% of all Latino organizations are not sustainable.

Figure 4. Average Net Resources for Latino Organizations by NTEE Common Category (Source: Gastón Institute research)

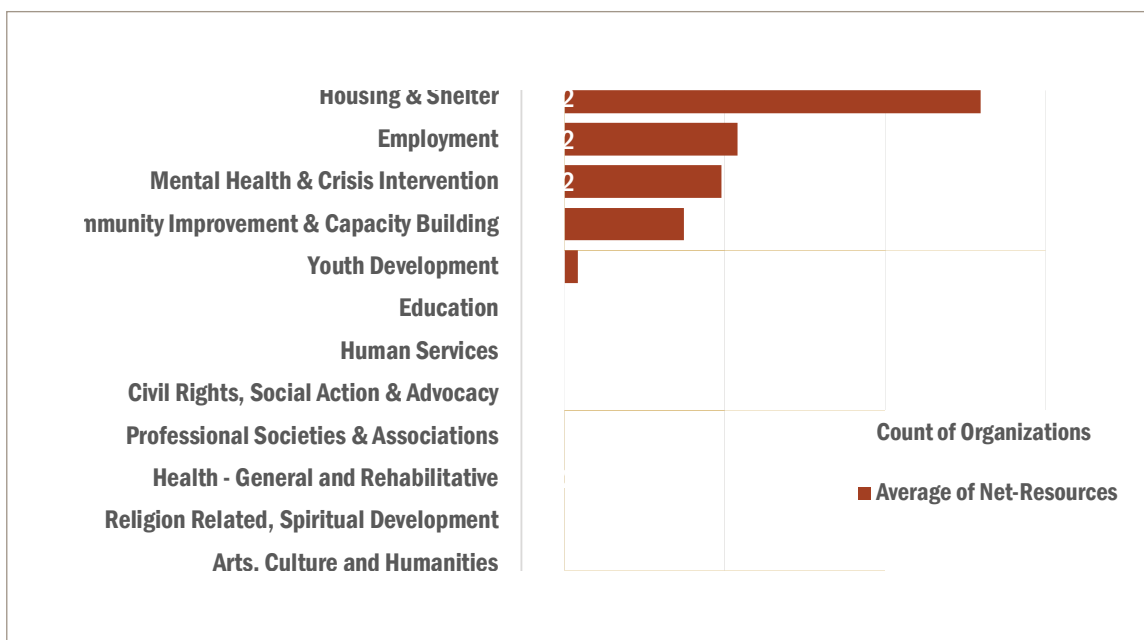
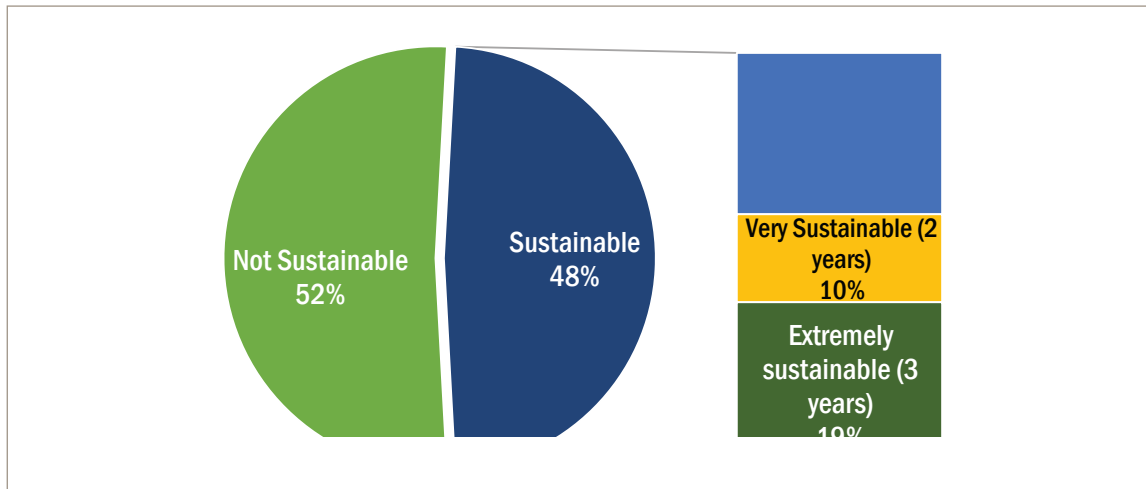


Figure 5. Sustainability of Latino Non-Profits In Massachusetts (Describes the ability of an organization to operate for 1, 2, or 3 years or more during times of financial distress. Source: Gastón Institute research)

research)



Recommendations

Non-profit organizations play an important role in the functioning of society, especially in low-income communities. They are designed to fill the gap between government policy and the private sector. However, this report finds that non-profit organizations in Massachusetts serving the Latino community have experienced underinvestment over the last 30 years.

In the past four decades, the Latino population in Massachusetts has increased nearly fivefold, growing by 475% since 1980. Latino organizations have been caught between these two trends: on one hand, the population that they serve needs more services, but on the other hand, funding required to provide these services is scarcer and more difficult to access for these organizations. The issue is compounded by health and economic effects of the COVID-19 pandemic and its disproportionate impact on communities of color, particularly the Latino community. Latino non-profits serving the most vulnerable communities in Chelsea, East Boston and Lawrence, for example,

have needed to quickly pivot in times of crisis to serve such basic community needs as emergency food, child care, and health care and providing language-accessible information to Latino residents.

We also find that Latino non-profit organizations are geographically concentrated in some regions of the state, making access to them difficult for the rest of the Latino population. Moreover, among the current Latino organizations, there are a small number addressing employment, education, health, and civil rights—issues that affect a majority of Massachusetts’ Latino population.

Based on these findings, this report makes the following recommendations:

Recommendation 1:

Create an assets-based plan to strategically invest in the growth of existing Latino organizations and develop new organizations to provide the types of services needed in growing Latino areas.

- **FUND GROWTH AND EXPANSION OF PROGRAMMING, SERVICES, AND CAPACITY OF EXISTING LATINO NON-PROFITS.**

In our analysis, we observe that the distribution of organizations does not align with the distribution of the Latino population. There is an urgent need to build the scope of services, capacity, and resources of existing organizations based on findings from an inventory of the existing assets in the region combined with an assessment of the areas in which there are gaps in services. We recommend developing an Assets-Based Mapping of the Latino non-profit sector in collaboration with funders, service providers, and the Latino community that looks at how to fill the gaps in services, geographical representation, and funding.

Transformative investment is necessary to create a thriving Latino non-profit sector that can effectively serve the needs of a rapidly growing and diverse Latino community. Presently, in the thick of the COVID-19 crisis, the Latino non-profit sector is stretched thin trying to provide for the needs of a growing Latino population that is disproportionately affected by the crisis especially in the areas of health, economic well-being, and access to education. Corporations, philanthropic organizations, the

state government, and local municipalities must take a leadership role and commit to better supporting existing Latino non-profit organizations and building the necessary infrastructure for new organizations.

- **SUPPORT THE LAUNCH OF NEW LATINO NON-PROFITS TO FILL GEOGRAPHIC AND SERVICES GAPS.**

In addition, new organizations are needed in more densely populated Latino areas to provide programming and services for growing Latino communities which skew younger in age. The Assets-Based Mapping would provide insights into where the service gaps exist and allow for the strategic development of new organizations and partnerships to best meet the needs of the Latino community. Based on our research, the types of non-profit organizations that need further development across the state should center on youth development, mental health, civil rights, entrepreneurship and employment services.

Recommendation 2:

Develop a coordinated, cross-sector partnering and policy strategy that advances Latino leadership and the financial sustainability and capacity of Latino organizations.

- **DEVELOP CAPACITY-BUILDING PARTNERSHIPS WITH CROSS-SECTOR BUSINESS ORGANIZATIONS, GOVERNMENT, AND OTHER NON-PROFITS.**

Latino organizations could increase their reach in the community and promote inclusion and sustainability by partnering and building coalitions with the business and philanthropic community and other organizations that serve the Latino community. Nevertheless, partnerships in themselves are not enough. These partnerships need to be developed strategically to focus on those aspects of capacity-building that support the longevity and stability of non-profits—bolstering essential overhead systems such as information technology systems, financial systems, skills training, and fundraising. For this reason, partnering with major employers in a given city/town could help ensure that services are efficiently utilized and performed.

- RECOMMEND AND IMPLEMENT STATE, CITY, AND FEDERAL POLICIES THAT WOULD ADDRESS THE UNDERFUNDING OF MANY LATINO NON-PROFIT ORGANIZATIONS.

There is extreme financial variability between Latino organizations across the state. The assets-based plan should recognize current policies and recommend future policies on city, state, and federal levels that would help support deep investment in Latino organizations to create financial stability of the sector. In our study, we find that fewer than half of the 60 organizations with available financial data are financially sustainable to some degree. This has a potential negative impact on the services that they can provide to the community, particularly with the additional burden of COVID-19 on their financial resources and those of the governments and donors that fund them.

- PROMOTE THE ADVANCEMENT OF LATINO LEADERS AND ANALYZE THE ROLE OF LATINO LEADERSHIP IN THE GROWTH AND SUSTAINABILITY OF LATINO NONPROFIT ORGANIZATIONS

Past research has highlighted the importance of community-based leadership in CBOs. Latino non-profit leaders are often under-resourced. They need additional supports and professional development opportunities that can open doors to strategic partners, funders, and advocates. However, more data and supports are needed to expand Latino leadership as a means of sustaining the growth of the present organizations. Underfunding in infrastructure, capacity, and staffing could stunt the effectiveness and growth of minority-based organizations. Leadership turnover is a major issue for many minority-based organizations as they cannot compete with the salaries and benefits of larger and better-funded organizations. Hence, CBOs are losing talented staff. There is an urgent need to study leadership turnover in these organizations, how new leaders can be groomed, and the best practices for leadership retention. Future research should focus on the role played by Latino leadership in the CBOs serving the Latino community.

Recommendation 3:

Conduct further research into the Latino non-profit sector to determine the gaps in resources and supports.

- IMPROVE THE BASELINE METRIC TO DETERMINE THE NUMBER OF LATINO ORGANIZATIONS NEEDED TO ADDRESS THE NEEDS OF THE LATINO COMMUNITY.

This research has identified a dearth of Latino non-profit organizations. Presently, no metric exists to determine the appropriate number of non-profit organizations for a population. We provide some crude metrics and estimate that 95 Latino non-profit organizations may need to be created to adequately help the community. Further research is needed to specifically look at the needs of the Latino population across the state and the number of organizations to support the population. Additionally, this research does not fully capture the role played by unincorporated grassroots organizations in serving the Latino community. Clearer understanding of the size and funding of these grassroots organizations, and the roles they play, is essential for a complete picture of the actors in the ecosystem serving Latinos.

- DEVELOP MECHANISMS FOR FUNDING FUTURE RESEARCH.

This research was an initial attempt to identify the state of Latino non-profit organizations. Future research is needed to better understand how Latino non-profit organizations develop and are sustained over time. If these organizations are to expand to meet the needs of the growing Latino community in the state, the needs of these organizations themselves should be better understood. Funding for ongoing research of Latino populations and the organizations that support them will be vital to identifying best practices, capacity-building strategies, and investment needs of the Latino nonprofit sector.

Bios

Fabián Torres-Ardila, Ph.D. is the current Associate Director of the Gastón Institute. He holds a PhD in mathematics from Boston University. Dr. Torres-Ardila diligently works to ensure that the institute supports the development of Latino community leadership through partnerships with local groups.

Phillip Granberry, Ph.D. is Senior Data Analyst at the Gastón Institute, and Senior Lecturer of Economics, at the UMass Boston College of Liberal Arts. He has published several articles on the accumulation and use of social capital among Latinos and the sexual health communication of Puerto Rican mothers with their children.

Krizia Valentino is a 2020 graduate from the Applied Economics program at UMass Boston. She has supported data collection and analysis for a wide range of projects during her tenure as a research assistant at the Gaston Institute.

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