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Upfront

For Richer, or For Poorer?

Low –income residents of poor towns are undeserved by nonprofits

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DEMOGRAPHICS

For Richer, or for Poorer?

Low-income residents of poor towns are underserved by nonprofits

There are more antipoverty nonprofits spending more money in poor cities than in wealthy ones. Yet individuals in the poorest areas are still underserved compared to those in wealthier cities.

This is the key finding in a new study of Los Angeles-area nonprofits by economist Pascale Joassart-Marcelli of the University of Massachusetts-Boston and geographer Jennifer R. Wolch of the University of Southern California.

“Although the number of institutions and the level of expenditure typically increase with poverty,” the researchers wrote in the March 2003 issue of the *Nonprofit and Voluntary Sector Quarterly*, “the strength of this

relationship is insufficient to guarantee even roughly comparable services to all poor individuals.”

In other words, poor people living in impoverished areas have to share nonprofit services with larger numbers of poor people – meaning that each person gets less personal attention.

The researchers drew on data from the 1990 U.S. Census, 1997 reports from the California State Controller, and 1996 IRS records provided by the National Center for Charitable Statistics, adjusting all values to 1996 dollars. They obtained data on 2,166 antipoverty nonprofits, from those focused on mental health to groups providing housing and shel-

ter, spanning 168 cities in five Southern California counties.

The researchers cross-referenced poverty rates in each city with the location and expenditures of antipoverty groups. They found, for instance, that in 1996, nonprofits in

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Los Angeles County, which has a poverty rate of nearly 25 percent, spent more than \$2 billion helping the poor. Nonprofits in Orange County, which has a poverty rate below 15 percent, spent more than \$385 million. But, while nonprofits in Los Angeles County spent \$235 per capita on antipoverty efforts, they only spent \$947 per poor person. Orange County nonprofits, on the other hand, spent less per capita (\$160) – but more per poor person (\$1,100). (Table, facing page.)

The analysis revealed that, generally, nonprofit activity in Southern California is concentrated in cities that are older, characterized by middle to high

incomes, such as Beverly Hills, Santa Monica, Pasadena, and West Hollywood. Alternatively, wealthy and recently incorporated suburbs with predominantly white populations, such as Manhattan Beach and Laguna Beach, and very poor cities with high immigrant populations, such as those southeast of Los Angeles, tended to be service-poor.

Joassart-Marcelli and Wolch ranked the cities into five groups, from poorest to wealthiest, based on poverty rates. They found that in 1996, antipoverty nonprofits in the wealthiest group spent \$1,693 per poor person, while those in the poorest spent \$780 per poor person. In the wealthiest group, each nonprofit served an average of 498 people; in the poorest group, each nonprofit served more than 1,900 people (See tables).

“Nonprofits tend to gravitate to areas where they can mobilize resources,” locations characterized by lower unemployment, a higher proportion of married families, and higher education, the authors wrote. “Although this is a rational behavior, this may have the indirect effect of physically separating antipoverty organizations from those most in need.”

Through statistical analysis, the authors found a significant relationship between public funding and nonprofit antipoverty activity. Where per capita public contributions are higher and where local governments spend more to combat poverty, the number of antipoverty nonprofits is significantly higher.

The authors wrote that this finding underlies the importance of collaboration between the public and social sectors, suggesting that government funding is often required to stimulate nonprofit activity. As an illustration, they cited antipoverty nonprofits in

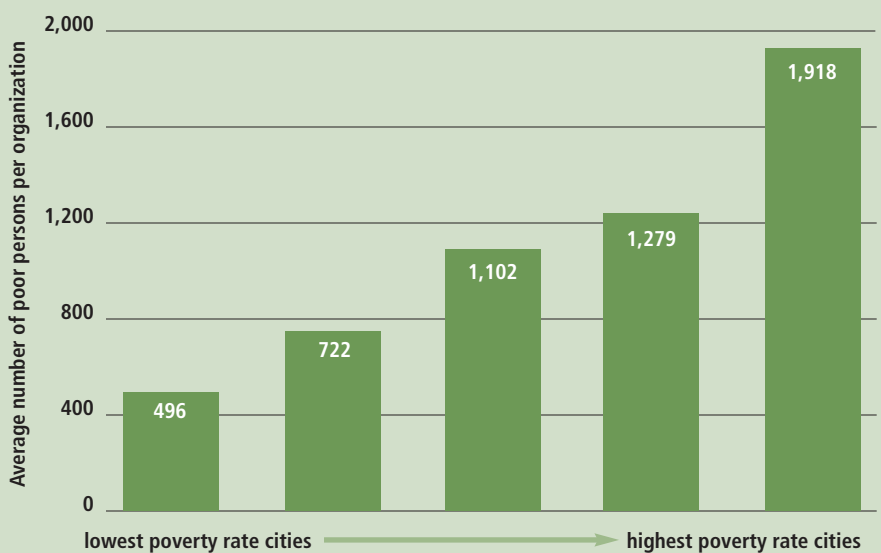
NONPROFIT ACTIVITIES IN TWO SOUTHERN CALIFORNIA COUNTIES, 1996

	Los Angeles	Orange
Antipoverty nonprofits	1,491	268
Public support to antipoverty nonprofits (in thousands)	\$1,088,798	\$100,954
Total spent by antipoverty nonprofits (in thousands)	\$2,084,469	\$385,620
Population	8,863,164	2,410,556
People below 150 percent of official poverty rate (%)	24.82	4.54
Per capita antipoverty nonprofit expenditure	\$235	\$160
Per poor person antipoverty nonprofit expenditure	\$947	\$1,100

the city of Bell, an impoverished, largely Hispanic city 15 miles southeast of Los Angeles, which receive 100 percent of their revenues from public support – mainly government grants.

“In some of the poorest areas,” Joassart-Marcelli and Wolch concluded, “services would not be provided at all if it were not for government contributions.” –Andrew Nelson

In Impoverished Cities, Poor Are Underserved



Nonprofits in poor cities serve more people, and have to make their resources stretch further.