

The Business of Doing Good

How Nonprofits Power
the Sacramento
Region's Economy

Stabilizing the organizations our communities rely on.
Supporting nonprofit leaders who are tired of doing this alone.

NonprofitActionNetwork.org



Nonprofits are not a cause. They are infrastructure.

And like all infrastructure, you don't notice them until they fail, by which point it's already expensive to fix.

\$9.2 billion The economic output of nonprofits in the Sacramento six-county region.

The Sacramento region runs on a \$9.2 billion economic engine that almost nobody is treating like one.

Policymakers talk about innovation ecosystems, infrastructure, workforce pipelines. Every single one of those priorities has a nonprofit somewhere in its delivery system.

Every one.

But here's the problem. Most people categorize nonprofits as recipients of generosity. Organizations we support because we should. Because it's good for the community. Because it's the right thing to do.

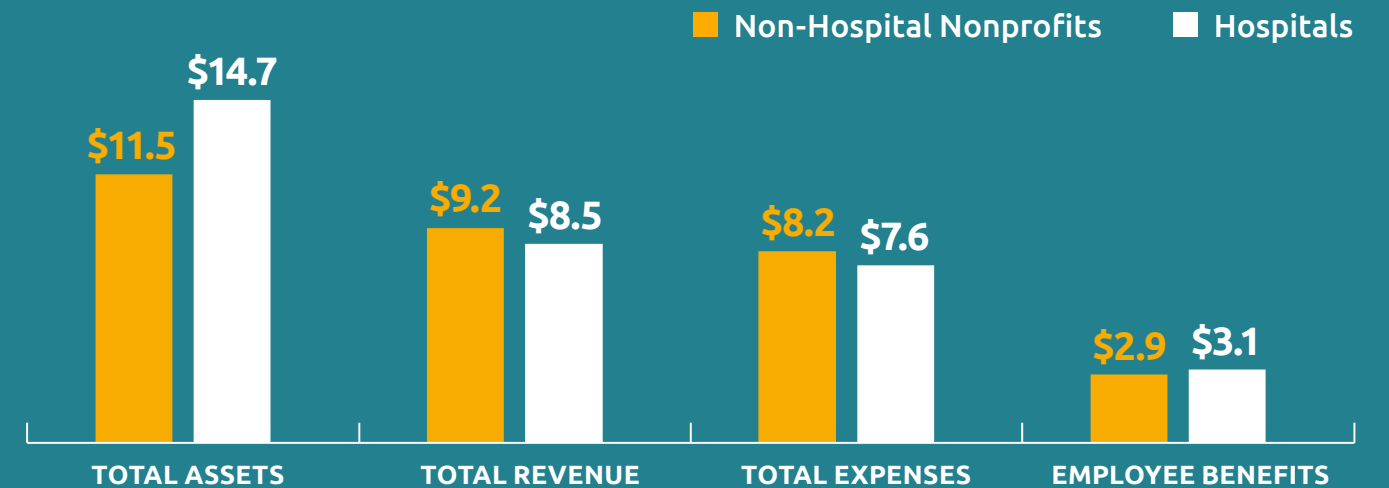
Not as generators of economic activity. Not as infrastructure. Not as something with a number that proves the nonprofit sector is an economic powerhouse in our region.

Nonprofits vs. Hospitals

A comparable economic engine

Sacramento Region

Latest Available Data



Source: National Center for Charitable Statistics' (NCCS) Core Series, which contains data processed from the IRS's Statistics of Income (SOI) extracts for Forms 990, 990-EZ and 990-PF for tax year 2021. This slide does not include 990-N data and thus excludes small nonprofits with gross receipts less than or equal to \$50,000 and does not include the Religious, Other, or University subsectors.

We chose hospitals deliberately. Not because hospitals are the competition, they're not. But because nobody needs to be convinced that hospitals are essential economic infrastructure. Nobody questions whether hospitals belong in the regional competitiveness conversation. Nobody treats hospital funding as generosity.

Look at the revenue line. \$9.2 billion versus \$8.5 billion.

The sector that gets treated as a charity case out-earns the sector we treat as critical infrastructure. Same region. Same economy. Completely different conversation.

Now look at benefits: employment benefits, the measure of how many people's livelihoods run through this sector. \$2.9 billion versus \$3.1 billion. Essentially identical.

The nonprofit sector in this region is one of its largest employers, paying wages, supporting families, anchoring neighborhoods.

This is not a feel-good sector. This is not a nice-to-have. This is an economic engine that we have systematically mislabeled.

The Workforce Behind the Numbers

In the Sacramento region, the nonprofit sector is not a charity. It is an employer, one of the largest in the region.



We've been talking about \$9.2 billion in revenue. Now let's talk about what that revenue pays for.

- 79,000 people. That is a major employer class in this region, with 2,097 nonprofit employers writing paychecks to nearly 79,000 workers totaling \$4.5 billion in wages annually.

To put that in context: those are wages subject to unemployment insurance.

These are real jobs with real tax implications, spending power in local economies, families making mortgage payments and buying groceries and contributing to the regional economy in every way that any other workforce does.

Sacramento County alone accounts for 53,000 of those jobs and \$3.09 billion in wages.

- That makes the nonprofit sector one of the largest employment sectors in Sacramento County, sitting alongside healthcare, government, and education as an anchor employer in the regional economy.

And Yuba County:

- 36 nonprofit employers
- 2,554 employees
- \$213 million in wages
- In a smaller, more rural county, that employment footprint is proportionally enormous.

Those are not marginal jobs. For many families in Yuba County, a nonprofit employer is the employer.

When we talk about government funding for nonprofits, we are not talking about grant money that disappears into program overhead. We are talking about the funding that sustains 79,000 jobs in this region. When that funding becomes uncertain, those jobs become uncertain. When those jobs become uncertain, that \$4.5 billion in wages becomes uncertain.

This is not a social services argument. This is a jobs argument. It is a wages argument. It is a regional economic stability argument.

SIDEBAR HEADLINE

SACRAMENTO

1,294 employers
53,006 employees
\$3.09 billion in wages

PLACER

347 employers
13,209 employees
\$712 million in wages

YOLO

202 employers
2,985 employees
\$101 million in wages

EL DORADO

165 employers
4,940 employees
\$314 million in wages

SUTTER

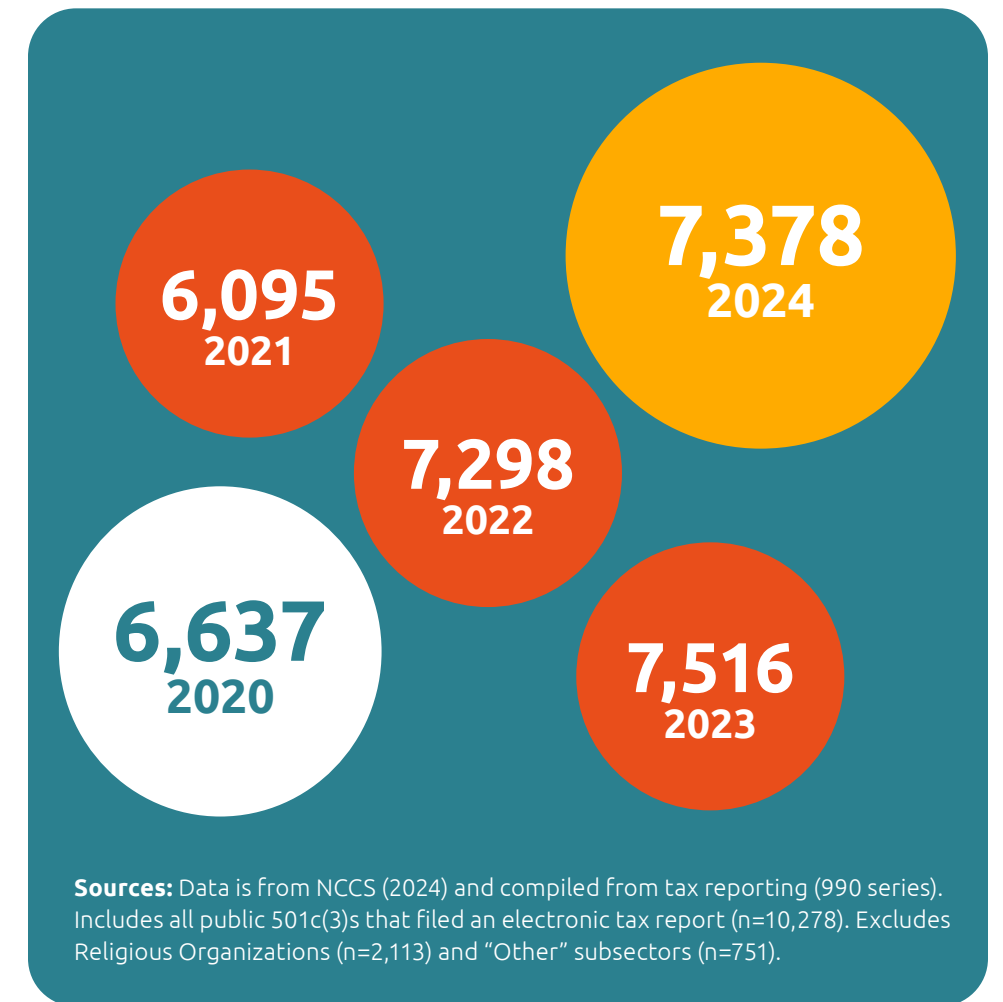
55 employers
2,061 employees
\$111 million in wages

YUBA

36 employers
2,554 employees
\$213 million in wages

11% Growth in Five Years

The number of public charities in the Sacramento Region increased 11% over the last five years.



Here's what that mislabeling looks like at scale:

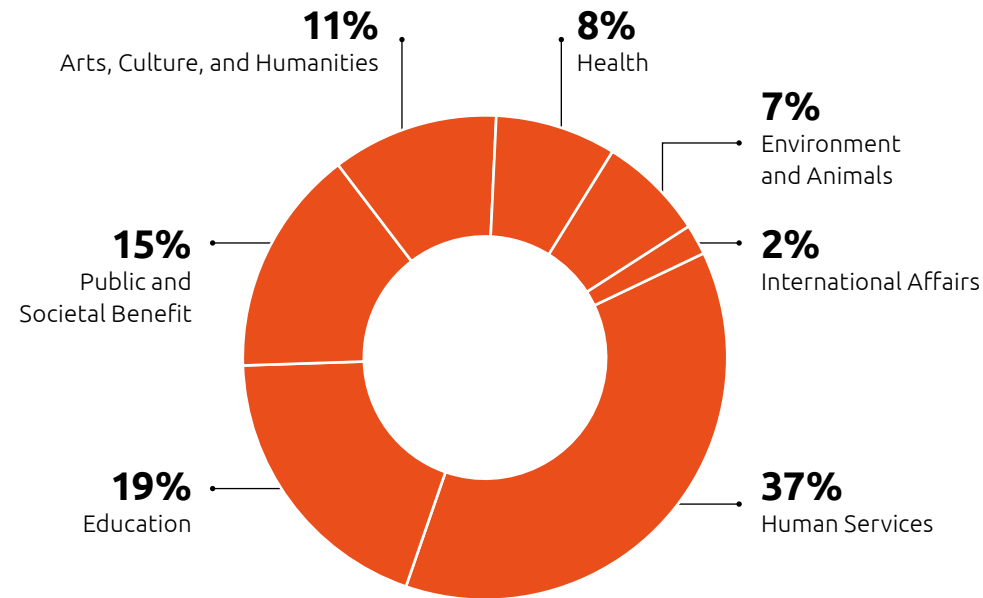
- Nearly 7,500 organizations.
- 11% growth in five years.
- A sector that is expanding because the need it serves is expanding.

And yet the funding structure holding it together is far more fragile than anything generating \$9.2 billion in revenue has any business being.

That's what we need to talk about next.

What This Sector Does in the Region

Who makes up the \$9.2 billion?



Sources: Data is from NCCS (2024) and compiled from tax reporting (990 series). Includes all public 501c(3)s that filed taxes (n=10,278). Excludes Religious Organizations (n=2,113) "Other" (n=751), Hospitals (n=15), and University (n=21) Subsectors

Let's make this concrete. Because \$9.2 billion is a big number and big numbers are easy to nod at and move past.

37% of this sector is Human Services.

That is not an abstraction. That is the organization running the job training program your entry-level pipeline depends on. The food bank keeping your hourly workforce from choosing between groceries and showing up. The housing navigation service that means the difference between someone getting to work tomorrow or not. The childcare provider that is, functionally, the reason a significant portion of your workforce can work at all.

19% is Education.

Not universities, those are counted separately. This is the workforce preparation layer underneath the workforce pipeline you are advocating for this week. Career readiness. Digital skills. Adult education. The organizations catching the people that the formal education system didn't. Put those two categories together and you have more than half of a \$9.2 billion sector delivering the foundational services that every other economic priority in this region sits on top of.

You would never walk into a congressional meeting and argue that we should defund the highway system while simultaneously advocating for workforce development and regional competitiveness. Those two things are obviously connected. The highway is how people get to work. The organizations in this chart are how people get to work too. They're just invisible in a way that highways aren't. That invisibility is the problem. And it's about to get a lot more expensive.

Think of one organization.

A workforce training program. A food bank. A housing navigation service. A youth development nonprofit. A senior center. A mental health provider.



You know an organization. Maybe you're on its board. Maybe your company sponsors its annual event. Maybe you've driven past it a hundred times without thinking much about it. Maybe it's the reason you've been able to hire, or retain, or operate in a neighborhood that works.

Think about what that organization does. Not its mission statement. What it does on any given afternoon. The people it serves. The gap it fills. The thing that would not happen if it didn't exist.

Now ask yourself: if that organization lost a third of its funding tomorrow, not all of it, just a third, what would you notice in six months? In a year?

The honest answer for most organizations in this region is: you wouldn't notice right away.

That's the point. Infrastructure failure is slow.

A water main doesn't announce itself before it breaks. A workforce pipeline doesn't send a press release when it starts to narrow. A senior services organization doesn't hold a press conference when it cuts its hours.

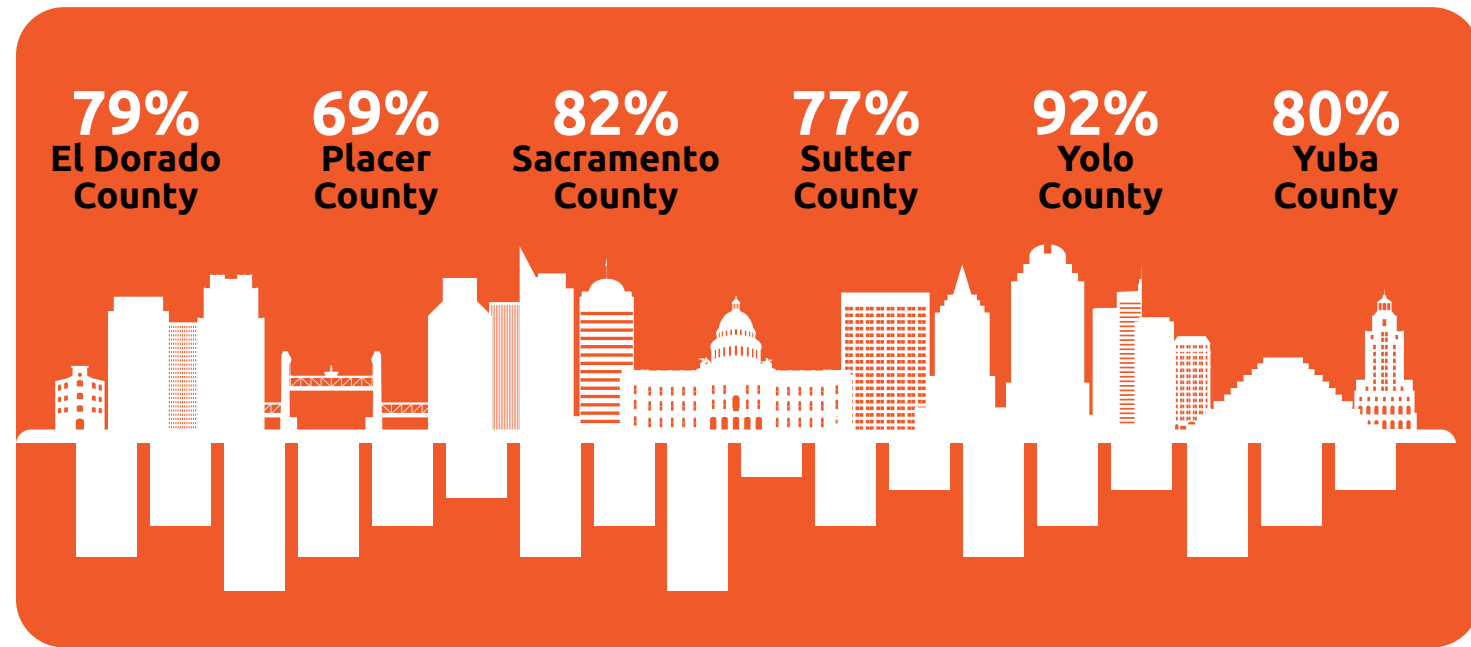
It just quietly becomes less. And the people who depend on it quietly have less. And eventually something that used to work doesn't work anymore and nobody can quite explain when it stopped.

That is the trajectory we are on right now in this region. And the reason we are on it is not because these organizations are poorly run or because the need has gone away. It's because the funding structure underneath them is more fragile than anyone is currently treating it.

Now let's talk about the math

We've talked about what this sector is worth. We've talked about what it delivers. But does it add up?

80.3% of Sacramento region nonprofits receiving government grants would run a deficit without that funding.



Sources: Urban Institute analysis of organizations reporting at least one government grant in IRS Form 990 in each tax year (2021-2023).

80.3%:

- That is not the share of organizations that are struggling.
- That is not the share that are poorly managed or financially irresponsible.
- That is the share of nonprofits in this region receiving government grants that would run a deficit.

Eight in ten. Across every county in this region.

This goes to 92% in Yolo County.

- Nearly every single nonprofit receiving government grants in Yolo County is one funding decision away from running in the red.

This is not a story about organizations that built their budgets recklessly. This is a story about organizations that built their budgets exactly the way they were told to by pursuing government contracts to deliver government-funded services to government-identified populations. They did what the system asked them to do. And the system is now uncertain in a way that puts 80% of them at risk simultaneously.

That is not an individual organizational failure. That is a system design problem. And system design problems require system level responses.

The financial cliff is real. But the damage begins before anyone goes over it.

Let's Walk Through What These Numbers Mean in Practice

3rd District | Rep. Kevin Kiley

182 nonprofits with government grants | \$430.5M in grant revenue | 76.9% at risk of deficit without funding | Margin with grants: +3.1% | **Without grants: -26.4%**

In Kevin Kiley's district, 82 nonprofits are currently operating with a combined +3.1% margin. That is not a healthy margin. That is a margin that leaves almost no room for anything to go wrong. Remove the government grants and that margin goes to -26.4%. That is not a funding gap you close with a bake sale or an emergency appeal to donors. That is organizations that do not exist in their current form.

4th District | Rep. Mike Thompson

218 nonprofits with government grants | \$409.8M in grant revenue | 84.9% at risk of deficit without funding | Margin with grants: +0.2% | **Without grants: -39.2%**

In Mike Thompson's district, the situation is more precarious. 218 organizations. A current margin of +0.2% — essentially breakeven with government support. Remove the grants and the margin goes to -39.2%. These organizations are not building reserves. They are not weathering uncertainty. They are operating on the thinnest possible edge of viability right now, today, while you are sitting in this room.

6th District | Rep. Ami Bera

158 nonprofits with government grants | \$1.63B in grant revenue | 84.8% at risk of deficit without funding | Margin with grants: +2.1% | **Without grants: -60.0%**

In Ami Bera's district, the numbers are the most striking in the region. \$1.63 billion in government grant revenue flowing through 158 organizations. Remove it and the operating margin goes to -60%. That is not a cliff. That is a canyon. And the organizations on the edge of it are delivering services to some of the most vulnerable populations in the Sacramento region.

7th District | Rep. Doris Matsui

210 nonprofits with government grants | \$685.1M in grant revenue | 80.1% at risk of deficit without funding | Margin with grants: +5.8% | **Without grants: -31.9%**

In Doris Matsui's district, 210 organizations, \$685 million in grant revenue, and a margin that swings from +5.8% to -31.9% without government support. The 7th District has the healthiest current margin in the region. It also has among the most to lose.

Action

In Washington

Connect the nonprofit argument explicitly to the priority already on the table in the meetings you're in.

Workforce. Housing. Infrastructure. Innovation. The nonprofit sector is in the delivery system of all of it.

Name it that way.

In Our Region

Look at the nonprofit relationships your organization already has and ask a different question.

Not "how much should we give?" but "what does it cost this region if this organization degrades?"

That is a risk management question that leads to different behavior.

When Talking About Our Region

The Sacramento story is an innovation story, an infrastructure story, a workforce story. It is also a community stability story.

The nonprofit sector is part of the regional brand. Treating it as infrastructure in how we talk about Sacramento, not just in how we fund it, changes the conversation in rooms we're not even in yet.



Takeaway

The nonprofit sector is not a cause this region supports. It is infrastructure this region depends on.

Right now, that infrastructure is at risk in ways that will cost this region far more to repair than to prevent.

The nonprofit sector in this region is not a charity layer sitting alongside the real economy.

- It is load-bearing infrastructure underneath it. It delivers the workforce pipeline.
- It provides the community stability that makes talent attraction and retention possible.
- It fills the gaps that make housing, healthcare, childcare, and economic mobility function at scale.
- And it does all of this at a lower cost than any government alternative.

That infrastructure is under serious, measurable, urgent strain right now.

- Not because of poor management.
- Because of a funding architecture that has made 80% of a \$9.2 billion sector structurally dependent on a single category of revenue that is actively uncertain.

When that infrastructure degrades, and it is already degrading, the costs don't disappear. They migrate.

- To emergency services.
- To healthcare.
- To lost workforce participation.
- To reduced regional competitiveness.
- To the slow erosion of the community conditions that make this region a place people want to live, work, and invest in.

The people in this room are here this week to advocate for Sacramento. This is part of that story. That is the business of doing good.



*What Is the Financial Risk
of Nonprofits Losing
Government Grants?*
Urban Institute, March 2026



NonprofitActionNetwork.org