



2010 Thrive Nonprofit Trends Survey – A Summary of the Effects of the Economic Downturn on Nonprofits in San Mateo County

Executive Summary

How are nonprofits thriving during this economic recession? Thrive sought to answer this question in San Mateo County by conducting a survey from January 27 to February 8, 2010.

The purpose of the survey was to find out what's working for nonprofits to circulate the good ideas as well as compiling data of nonprofit needs, challenges and successes. We had a 24% response rate from over 600 surveys sent out by email.

The survey started out by asking organizations what their greatest strengths or assets were and where they were continuing to get the most support. It went on to ask about new ways they were finding to raise revenues or make current revenues go further in five specific areas: Entrepreneurial Efforts, Collaborations, Fundraising, Belt Tightening and Advocacy.

Organizations were asked about their current funding compared to the previous year from various sources such as grants, government contracts and individual donors.

We are impressed that San Mateo nonprofits are remaining mostly positive and doing their best to continue to serve their clients in spite of difficult economic circumstances.

Key Findings

When asked about their extra efforts in the five key areas, it became clear that nonprofits have used a host of coping strategies.

Enhanced Communication – Half of the respondents are improving their marketing efforts and using social media more to engage key stakeholders.

New Collaborations – Now more than ever, they are forging alliances to meet community needs. Over 70% of responding agencies reported creating new collaborations with other nonprofits. About 25% are pursuing greater collaboration with business, government and schools.

Fundraising – Most respondents were seeking new funds from multiple sources. Almost 60% are reaching out more to individuals for funding. About half are increasing their efforts to get foundation funding. About 30% are seeking more corporate funding.

Belt Tightening – About a quarter of respondents had some staff lay-offs. Thirty percent are either doing nothing at this time or doing other things, from freezing and reducing salaries, benefits and hours to using interns and eliminating any discretionary spending. Reducing staff by attrition and instituting a hiring freeze were also used as a way to cut back without layoffs.

Advocacy – Over half of responders are reaching out to colleagues in other parts of the state to try to influence legislators. A third are also working with sub-sector coalitions or networking with elected officials to make their voices heard.

Funding Trends and Forecasts

Almost half of responding agencies reported that increases in donations are coming from individuals and foundations. Other increases were small and across the spectrum of funding sources.

Government Funding Current – More than half of the nonprofits responding receive no government money. Of those that do, about half reported a decrease of anywhere from 10% to over 30% in governmental funding compared to last year at this time. The biggest decreases came from the State and County, with smaller reductions from Federal and City Governments.

Government Funding Projected - About 60% of agencies anticipated a 10% to over 30% drop in government money for the next fiscal year, but most forecasts were in the 10% to 20% category. Only a few respondents expect their government funding to remain the same next year, and some think that it was too soon to tell. Not many expect an increase.

Overall Revenue – Most responding agencies lost revenue since last year at this time, but most are in the 10% to 20% category, not 20% to 30% or higher. Some agencies stayed the same in some categories of funding (such as business or foundations), while a few saw some increases, mostly from individual donors.

Projected Revenue – Many responders (over 25%) think it is too soon to tell about future funding sources across the board. Some project losses, but most predict revenue staying about the same. A large majority predict an increase in funding from at least one funding source.

Top Funding Sources – Almost 80% of respondents stated individuals as their top source of funding. Next are foundations, followed by fees and dues and then the various government sources.

What's Working & What Isn't

When asked whether the overall impacts of their extra efforts are positive, negative or neutral, most responses were generally positive.

What is working includes:

- NEW PROGRAMS
- MORE STRATEGIC PLANNING
- INCREASED COLLABORATIONS ACROSS SECTORS AND INTERNALLY
- STREAMLINING PROCESSES AND REVISITING POLICIES
- GREATER BOARD INVOLVEMENT
- FOCUS ON CORE MISSION
- INCREASED COMMUNITY OUTREACH AND INVOLVEMENT
- RETHINKING EVERYTHING
- MEETING THE NEEDS OF STAFF

Some issues have been difficult to resolve, including:

Cutting staff puts too much pressure on those remaining
Many short term solutions are not sustainable
Reliance on volunteers backfires in the long run
Data collection and reporting are too time consuming
Time spent fundraising detracts from serving clients
Merger with another agency may or may not pay off

Fundraising Trends

The industry fundraising trends include:

- Emphasis on individual donors, though fewer donors are giving smaller amounts
- High attrition rate of previous donors
- More grassroots efforts
- Much less funding of anything other than basic needs of food and shelter
- Foundations and corporations both giving less
- Fewer multi-year grants
- Foundations looking for deeper impact in fewer areas
- Harder to distinguish nonprofits from others
- Hard to break into foundations if not current grantee
- More focus on online fundraising with uncertain effectiveness
- Companies hesitant to provide volunteers
- Employees concerned about volunteering/job security
- Use of social events to raise funds
- Fundraising events – too much time, too little return

Assets & Strengths

Over 60% of respondents listed their staff as number one asset when asked what their greatest assets were during the past year, closely followed by their boards and executives. Nearly half also pointed to their positive spirit even during difficult times.

Who Responded?

Annual Budget - Most responding nonprofits have an annual budget of \$250,000 to \$1 million, followed closely by \$1 to \$3 million and over \$5 million. Many are under \$250,000, but few are in the \$3 to \$5 million category.

Clients Served – Over 50% of the agencies who responded reported serving over 1,000 clients per year. Almost 30% serve from 250 to 1,000 clients a year.

Size of Staff - Over 60% of respondents have a staff of 20 or fewer. Of those, 34% have a staff of 5 or fewer. Only 18% of responding agencies have a staff over 100.

Overall Impressions

Nonprofits are effective. Serving many clients and making a difference in the community with smaller budgets and staffs.

Nonprofits are resilient. In spite of hard times, most comments are positive and NPs are looking at the glass as half full.

Nonprofits are collaborative. Now more than ever, they are forging alliances to meet community needs.

Nonprofits are creative. Using a wide variety of tactics to raise funds and cut costs.

Nonprofits are efficient. Most of the extra effort is in the belt tightening area. And belts were already pulled pretty tight.

Nonprofits are optimistic. In spite of revenue cuts, there is still a strong belief that nonprofits will regroup and bounce back.

Nonprofits are resourceful. They are leaving no stone unturned in seeking new revenue streams.

Conclusion

The recession has had a considerable negative impact on nonprofits serving San Mateo County. Although this is a trend nationwide, it is particularly difficult in California due to the state budget impasse.

While the challenges are real and undeniable, nonprofits are putting forth their best efforts to raise funds and tighten their belts in order to survive.

Ultimately nonprofits strive to minimize the impact of these fiscal realities on those they serve. They continue to find new and innovative ways to maintain funding and achieve their missions. Many of these attempts have paid off, at least in the short run. What happens in the future remains to be seen.

Thrive is committed to lead and coordinate the valuable nonprofits serving San Mateo County so we are all thriving together.