

# The Effect of the Economy On the Nonprofit Sector

A June 2010 Survey



**GUIDESTAR®**

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A survey of public charity and private foundation employees was conducted online from June 14, 2010, until June 28, 2010. The purposes of the survey were to explore how charitable organizations fared during the first five months of 2010 and to try to gauge the effect of the downturn in the economy on the American nonprofit sector. There were 7,014 usable responses, 6,434 (92 percent) from public charities and 580 (8 percent) from private foundations.

It has been, and continues to be, a difficult financial environment for nonprofits. About 40 percent of respondents have seen further declines in contributions in the first five months of 2010 at the same time that a majority (63 percent) have seen an increase in demand for their services. Even organizations that have stopped the bleeding are concerned. “Having a measure of stability in 2010 is welcome, but we are comparing it to our organization’s worst [fundraising] performance in decades,” wrote Sherry Williams, president and CEO of the Ohio affiliate of the National Society to Prevent Blindness.

For the most part, the pain was pretty well spread among different types of organizations, although those involved in mental health and crisis intervention were more likely to report a decline in contributions (51 percent). Unfortunately, 78 percent of mental health organizations also reported an increase in demand for their services, well above average (with 42 percent reporting a “great” increase in demand). “The demand for mental health

services increased by 54 percent while the number of providers decreased,” said Doug Drake, executive director of Personal Counseling Services in Clarksville, Indiana. “The mental health insurance reimbursement disparities are huge and the working poor population is greatly increasing.”

A number of organizations that rely largely or in part on reimbursement for services from state and local governments were experiencing cash flow issues due to delays in payments, and were facing upcoming state budget cuts nervously. “Although we are stable at this time, we are concerned about the New Jersey state budget and how it will impact our agency in the coming year. We have already received notice that the money coming through our county will be cut by 20 percent,” said the executive director of a domestic abuse services organization.

One area that ran counter to the trend was food and nutrition organizations. Although most of them had also experienced an increase in demand, contributions were largely keeping up. Only 24 percent had experienced a decline, and 56 percent had experienced a modest or great increase. “We have done ok—we haven’t been able to give out as much food but we aren’t letting anyone go hungry,” said Debra Christian, executive director of the Auburn Food Bank in Washington State.

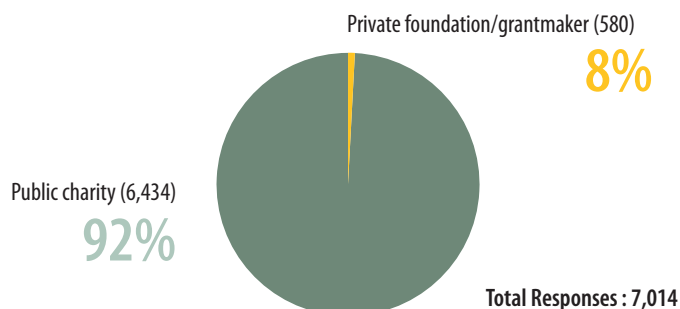
Complete results for the survey follow.

“It has been, and continues to be, a difficult financial environment for nonprofits.”

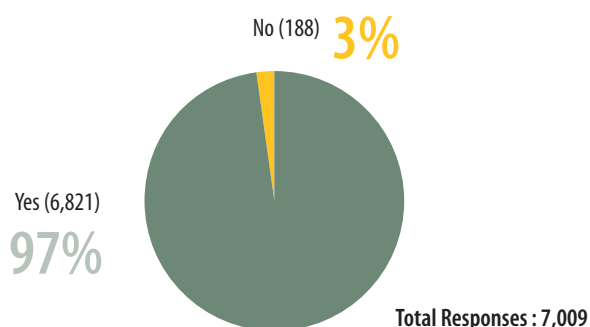
# GuideStar June 2010 Economic Survey

Percentages are based on number of respondents to each question unless noted otherwise and do not total 100 percent in questions that allowed multiple answers.

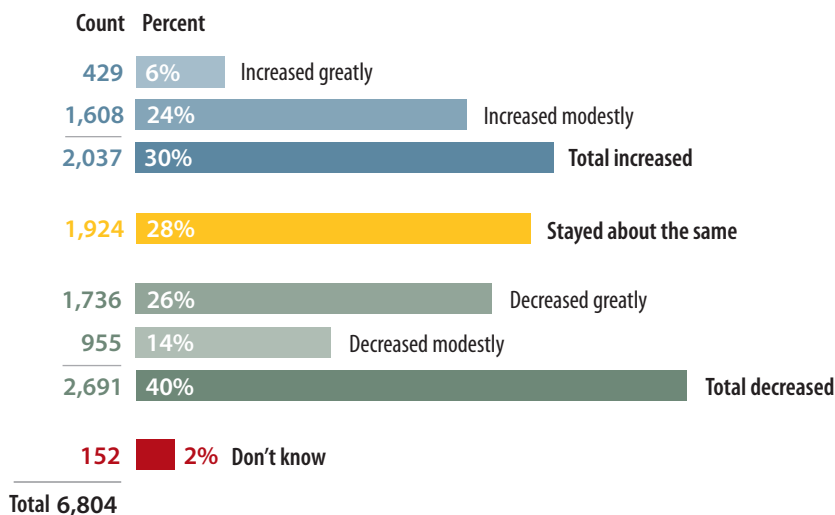
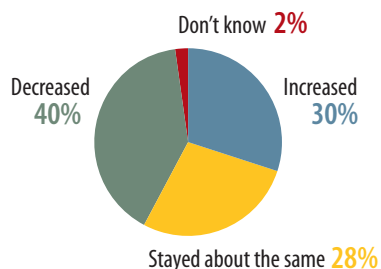
What type of nonprofit is your organization?



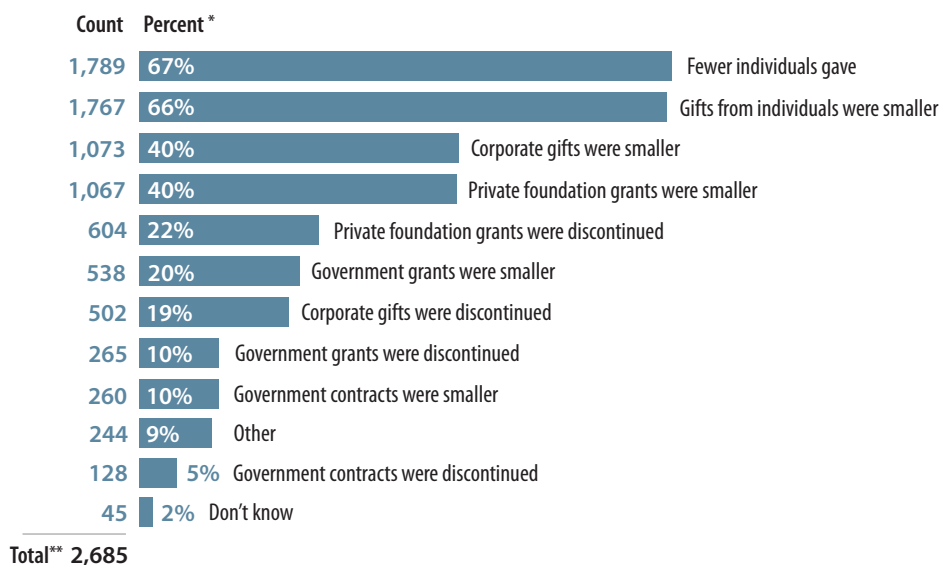
Does your organization accept contributions?



Did total contributions to your organization increase, decrease, or stay about the same between January 1, 2010, and May 31, 2010, compared to the same period a year earlier?



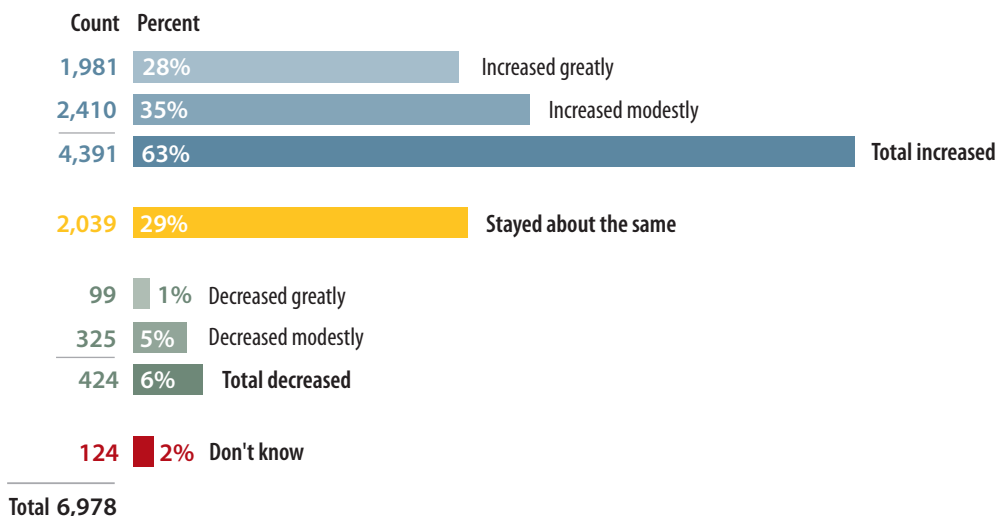
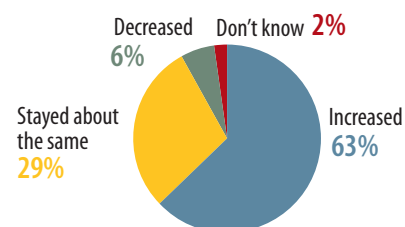
What factors caused total contributions to decrease?  
(Multiple responses selected)



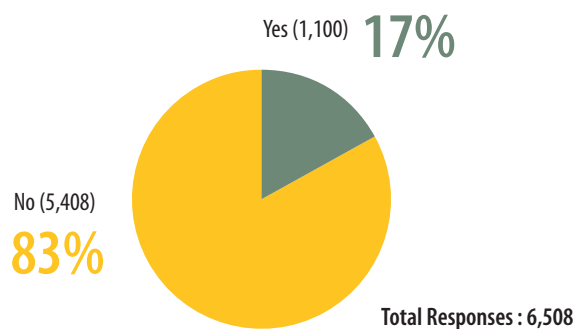
\* Percentages are based on the total number of organizations that responded to the question.

\*\* Total equals number of organizations that responded to question.

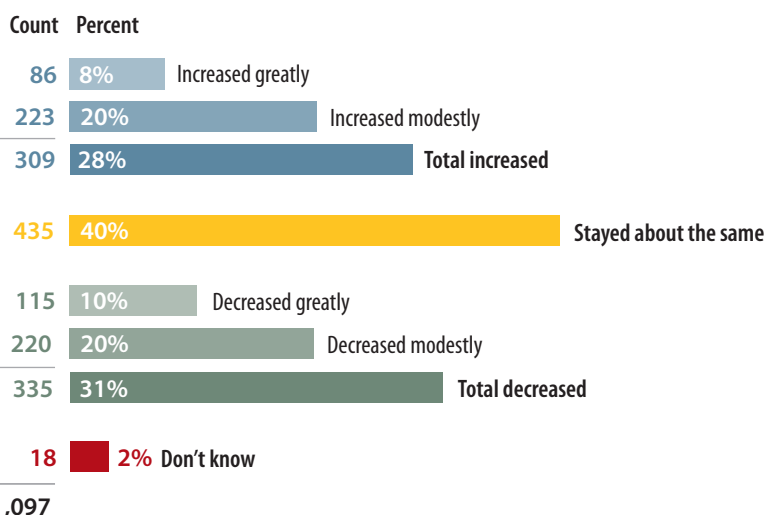
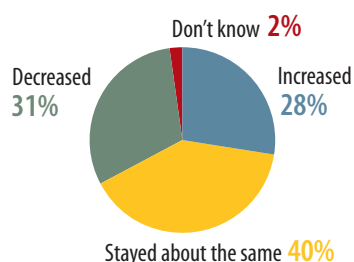
Did demand for your organization's services increase, decrease, or stay about the same between January 1, 2010, and May 31, 2010, compared to the same period a year earlier?



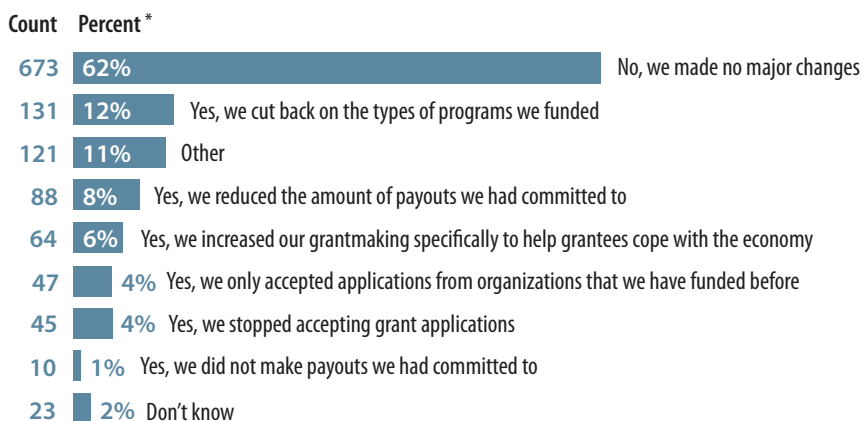
Does your organization award grants?



Did the total amount of money your organization awarded increase, decrease, or stay about the same between January 1, 2010, and May 31, 2010, compared to the same period a year earlier?



Did the economy cause you to change your grantmaking practices or guidelines between January 1, 2010, and May 31, 2010, compared to the same period a year earlier? (Multiple responses selected)

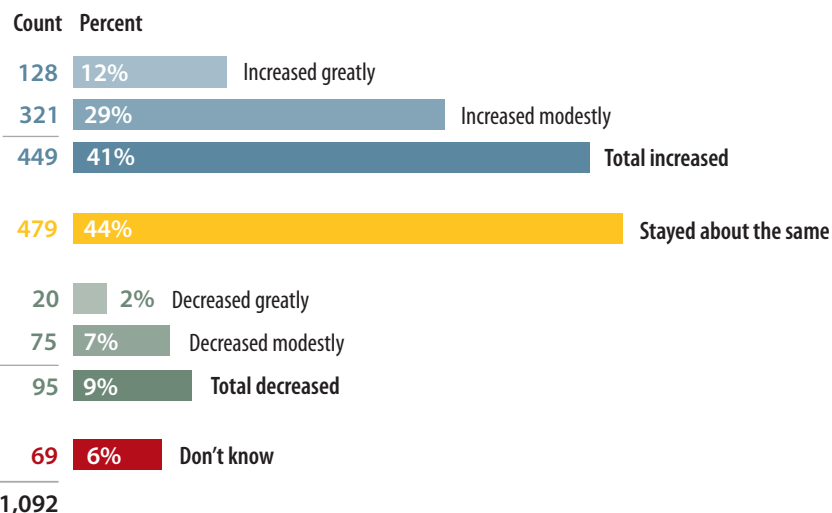
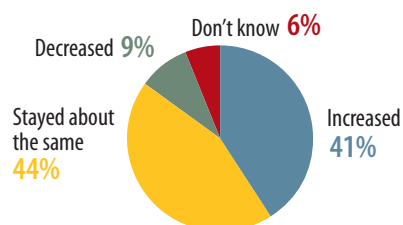


\* Percentages are based on the total number of organizations that responded to the question.

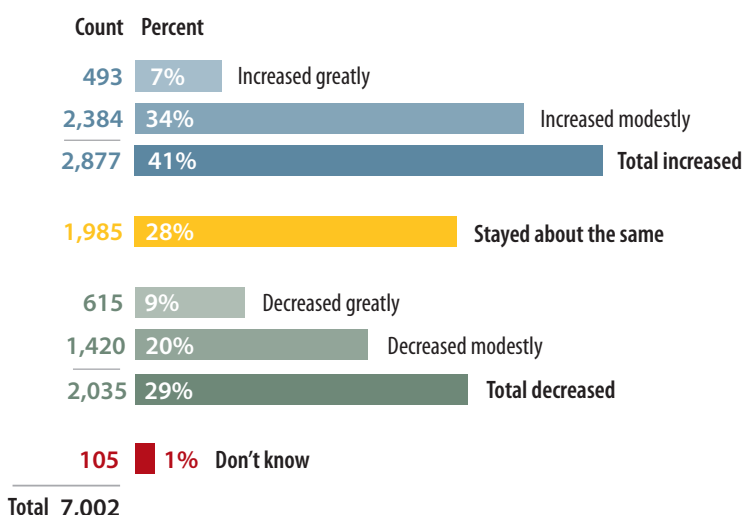
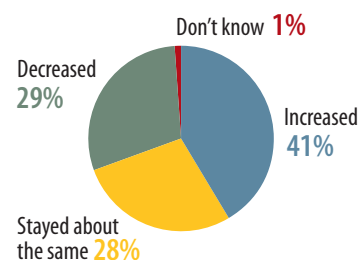
\*\* Total equals number of organizations that responded to question.

**Total\*\* 1,093**

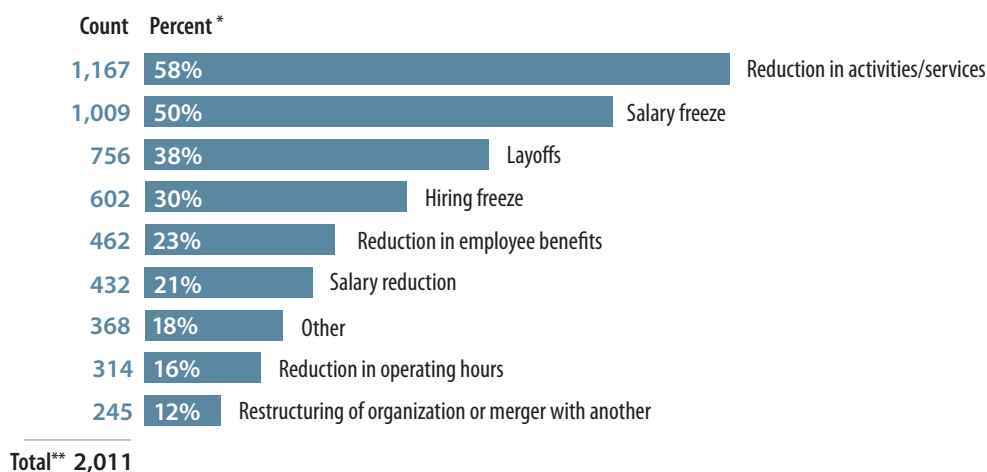
Did the number of funding applications/grant requests increase, decrease, or stay about the same between January 1, 2010, and May 31, 2010, compared to the same period a year earlier?



How does your 2010 annual budget compare to your 2009 budget?



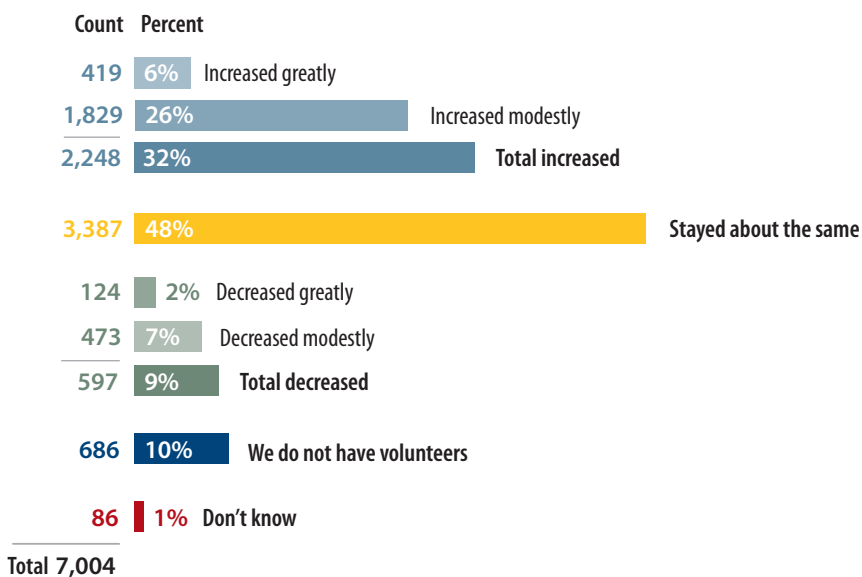
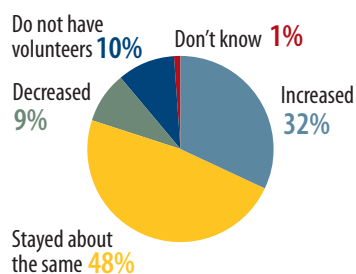
What measures have you used to reduce your budget?  
(Multiple responses selected)



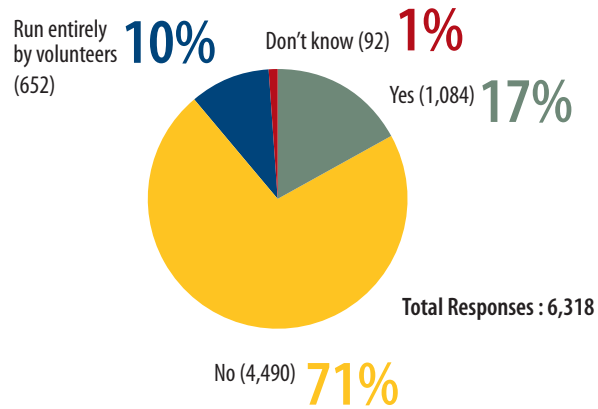
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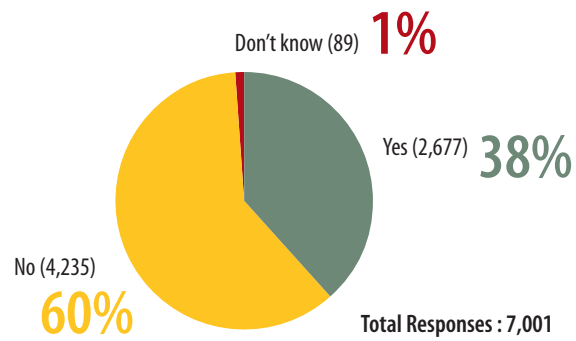
Has the total number of volunteers in your organization increased, decreased, or stayed about the same from January 1, 2010 to May 31, 2010, compared to the same period a year earlier?



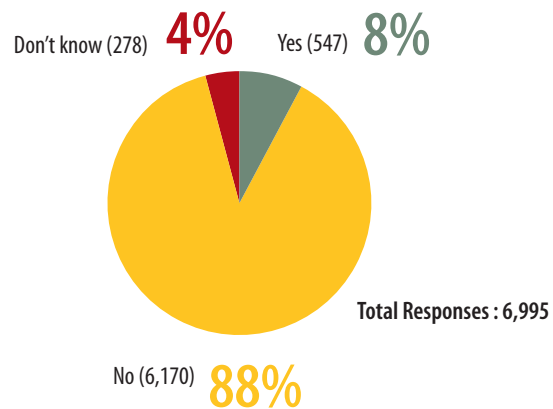
In the period January 1, 2010, to May 31, 2010, did you use volunteers in positions that were formerly paid positions?



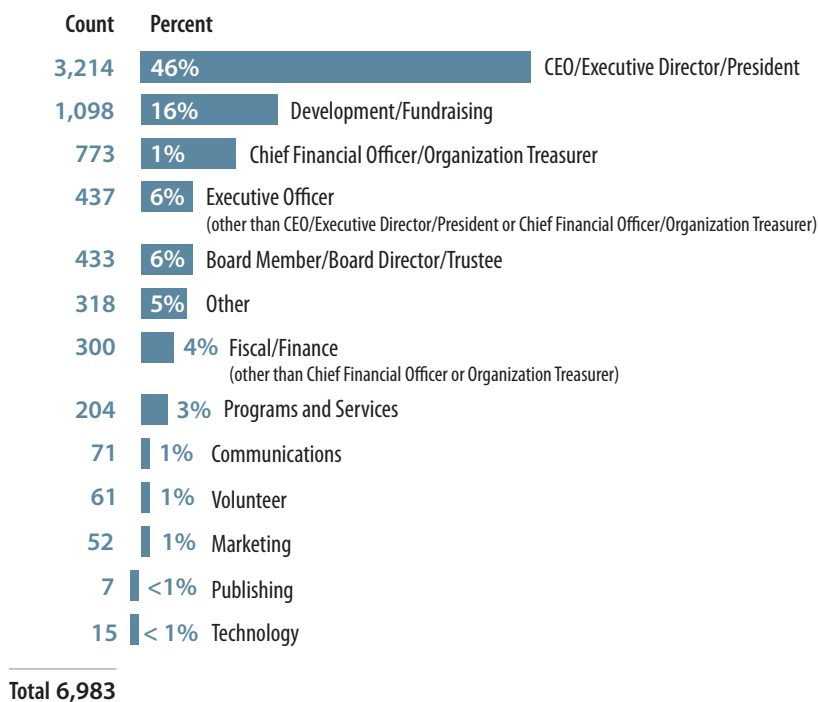
Did your organization receive any state or federal government grants or contracts from January 1, 2010, to May 31, 2010?



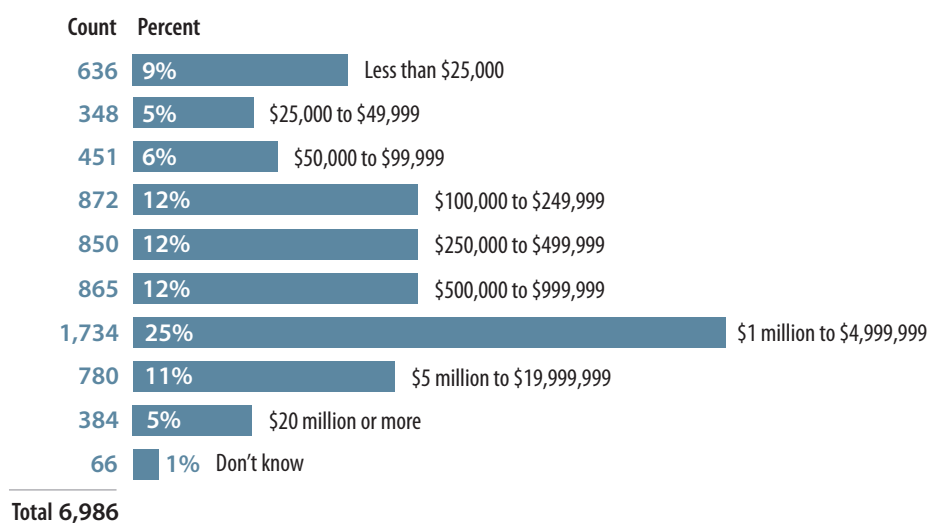
Is your organization in imminent danger of folding due to financial reasons?



For classification purposes, what is your PRIMARY responsibility with your organization?

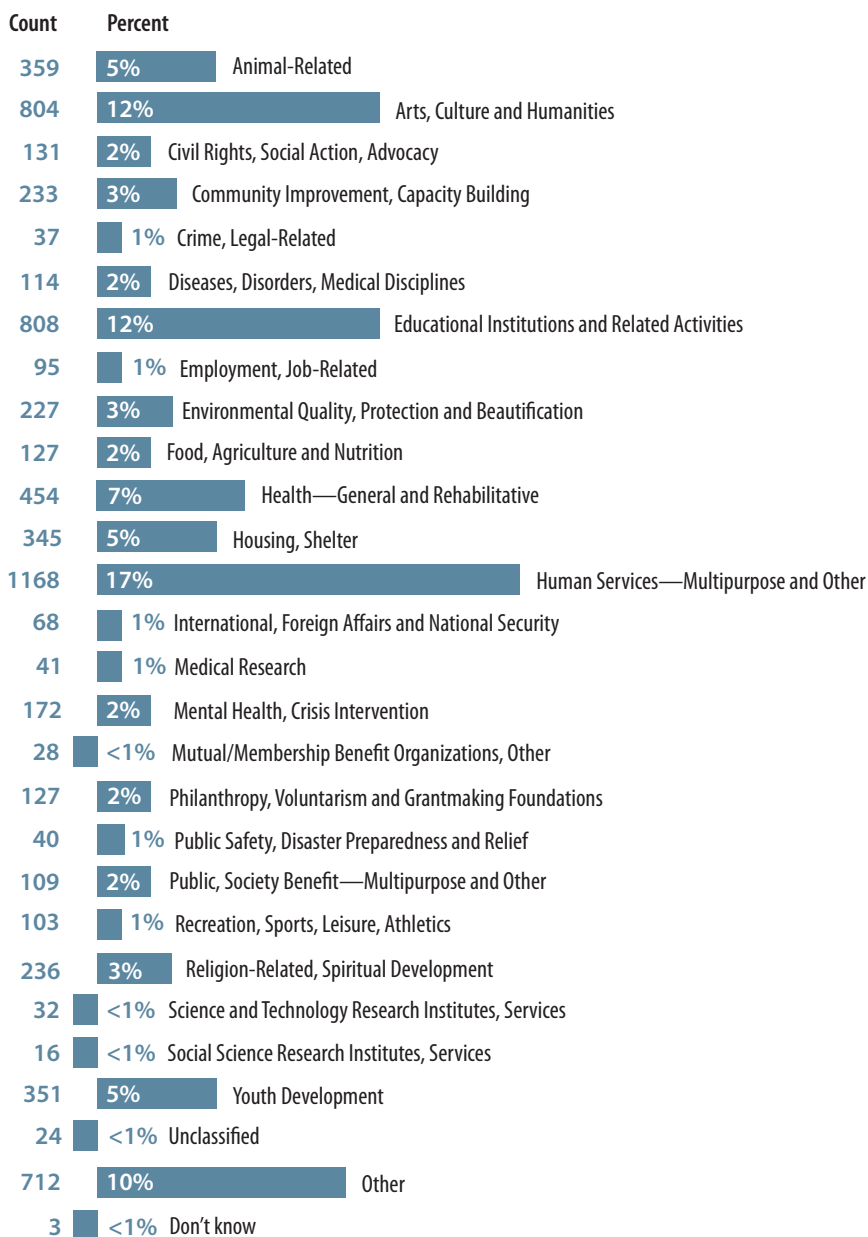


What is the size of your organization, based on total annual expenditures?



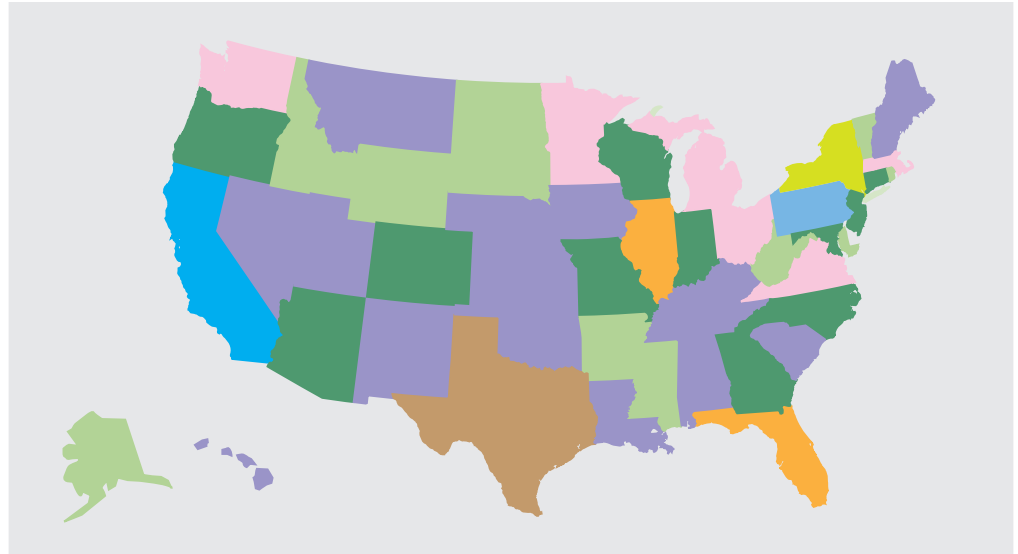


What is the PRIMARY subject category in which your organization works? (Choose only one)



Total 6,964

In which state is your organization located?



**12%**

California (813)

**7%**

New York (522)

**6%**

Texas (405)

**5%**

Pennsylvania (361)

**4%**

Florida (311)  
Illinois (264)

**3%**

Ohio (241)  
Massachusetts (221)  
Virginia (215)  
Michigan (208)  
Minnesota (204)  
Washington (193)

**2%**

North Carolina (172)  
Colorado (166)  
Georgia (166)  
Maryland (160)  
Indiana (159)  
Oregon (157)  
New Jersey (151)  
D.C. (147)  
Wisconsin (134)  
Missouri (125)  
Arizona (123)  
Other area (109)  
Connecticut (105)

**1%**

Tennessee (99)  
Oklahoma (85)  
New Mexico (840)  
South Carolina (69)  
Kansas (59)  
Kentucky (58)  
Maine (57)  
Alabama (55)  
Louisiana (47)  
New Hampshire (47)  
Nevada (45)  
Iowa (44)  
Nebraska (44)  
Utah (43)  
Hawaii (37)  
Montana (36)

**<1%**

Idaho (32)  
West Virginia (31)  
Arkansas (30)  
Alaska (26)  
Rhode Island (23)  
Vermont (22)  
Delaware (20)  
Mississippi (16)  
South Dakota (15)  
North Dakota (13)  
Wyoming (10)

**Total Organizations: 6,679**



**For more information**

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