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Presentation: Operating in Uncertain Times: How Economic Conditions Have Affected San Diego County's Nonprofit and Philanthropic Sectors

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UNIVERSITY OF SAN DIEGO

School of Leadership and Education Sciences
Caster Family Center for Nonprofit Research

OPERATING IN UNCERTAIN TIMES

How Economic Conditions Have Affected San Diego County's
Nonprofit and Philanthropic Sectors

January 2013

Caster Family Center
for Nonprofit Research



Introduction

- ▶ **Primary Questions:**
 - ▶ How has the economy affected nonprofit organizations and foundations in San Diego?
 - ▶ What are nonprofit leaders doing to manage in uncertain times?
 - ▶ What are the consequences for the nonprofit sector and for the San Diego community?

Research Methods

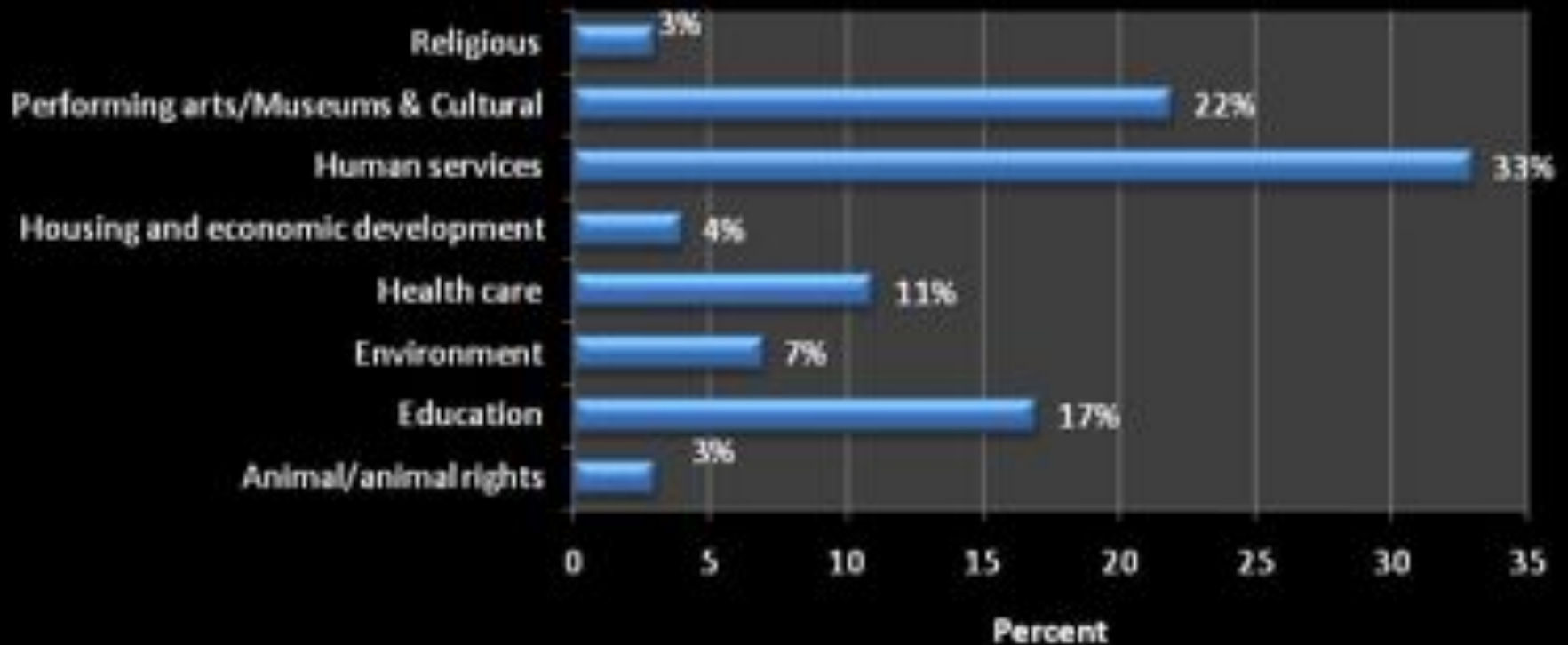
- ▶ Survey conducted December 2009
- ▶ Nonprofits with assets over 100K
- ▶ Nonprofit and Foundation executives in San Diego



Results from Nonprofit Responses

Profile of Respondents

Nonprofit Sub-Sectors Represented

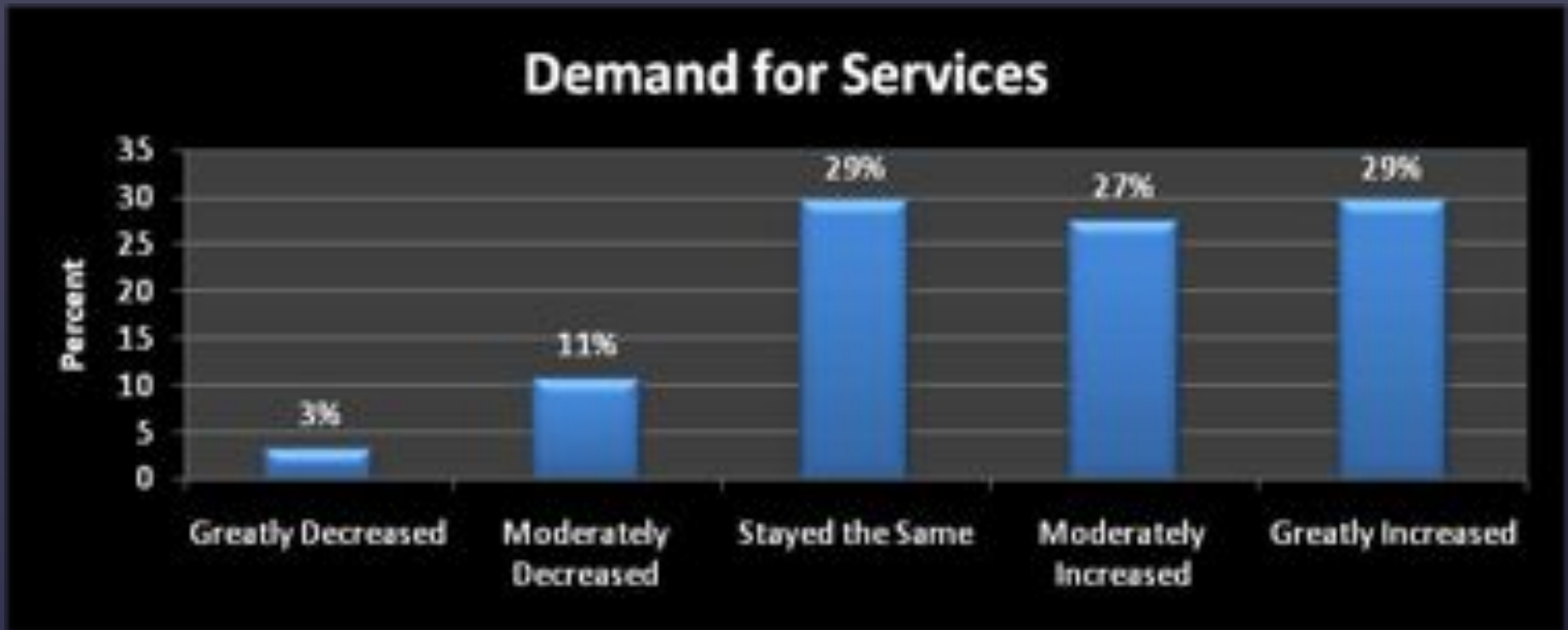


"In the past 12 months, please tell us how you believe that the economy has affected your organization."

Nonprofits and the Economy



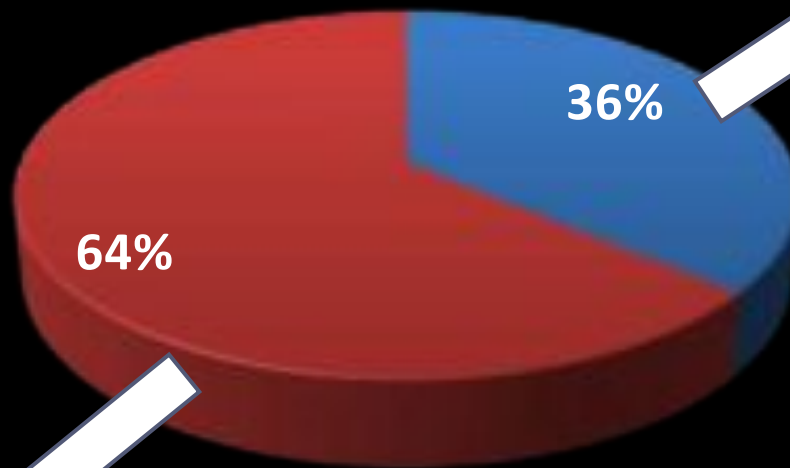
“In the past 12 months, has there been any change in the demand for your organization’s services?”



*Percentages add to 99% due to rounding.

“Thinking about the same time last year, how have your organization’s revenues changed?”

Revenue Change

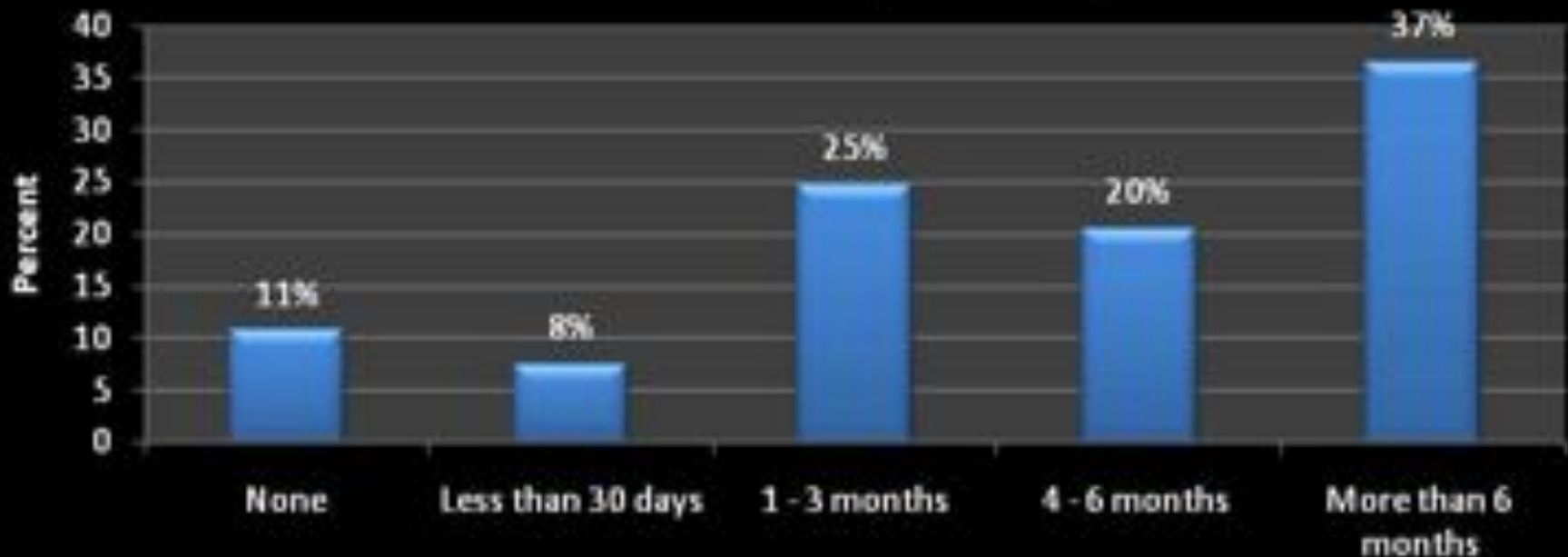


The majority report increases from 1-30%

The majority report decreases from 1-30%

"How much, if any, in unrestricted operating reserves does your organization currently have set aside?"

Amount of Unrestricted Operating Reserves



*Percentages add to 101% due to rounding.

“To what extent has income from the following funding sources changed for your organization over the last 12 months?”

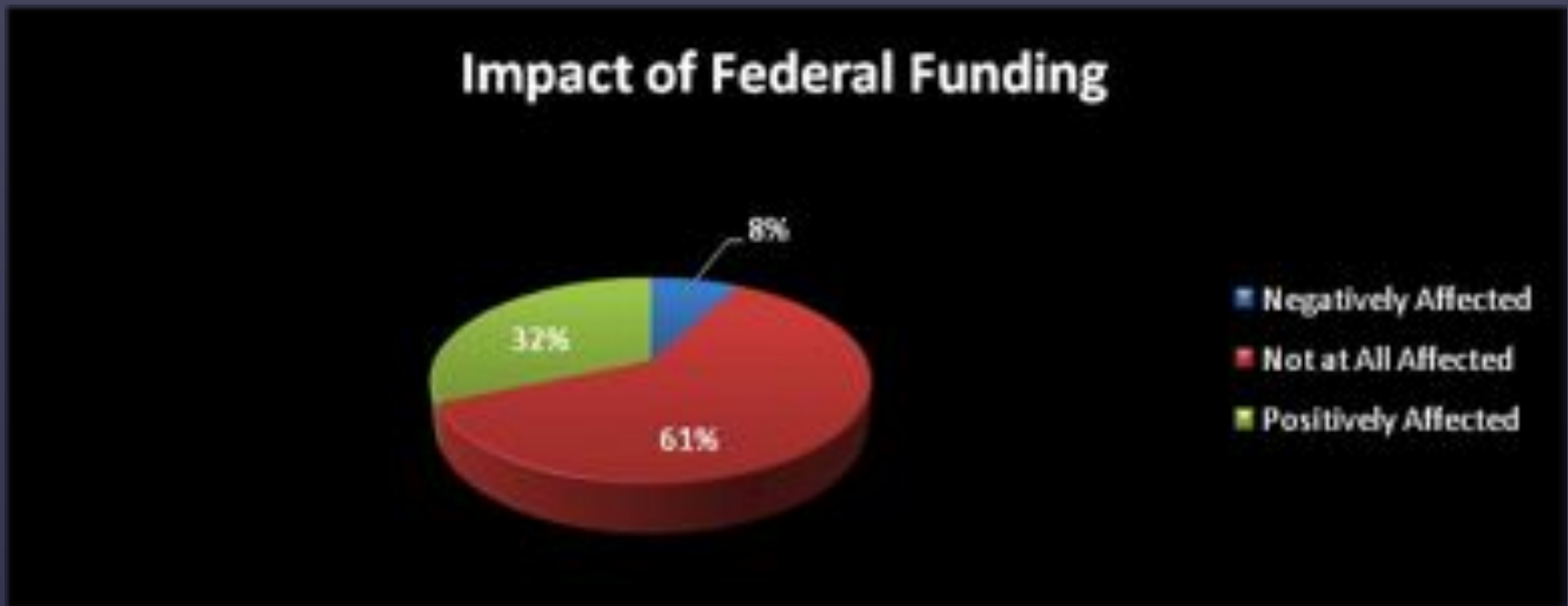
Funding Sources	% of Organizations Reporting Funding Decreased	% of Organizations Reporting Funding Stayed the Same	% of Organizations Reporting Funding Increased
Individuals	65	22	13
Corporations	65	20	15
Foundations	54	28	18
Federal Government	27	46	27
State Government	50	34	16
Local Government	54	30	16

“To what extent has income from the following funding sources changed for your organization over the last 12 months?”

Funding Sources	% of Organizations Reporting Funding Decreased	% of Organizations Reporting Funding Stayed the Same	% of Organizations Reporting Funding Increased
Fees for Services	32	41	27
Investment/Endowment Income	72	22	6
Bequests	26	51	23
Special Events	43	23	34
Earned Income (Related or Unrelated Ventures)	34	39	27

“In the past 12 months please indicate how, if at all, federal stimulus attempts have affected the ability of your organization to deliver programs or services.”

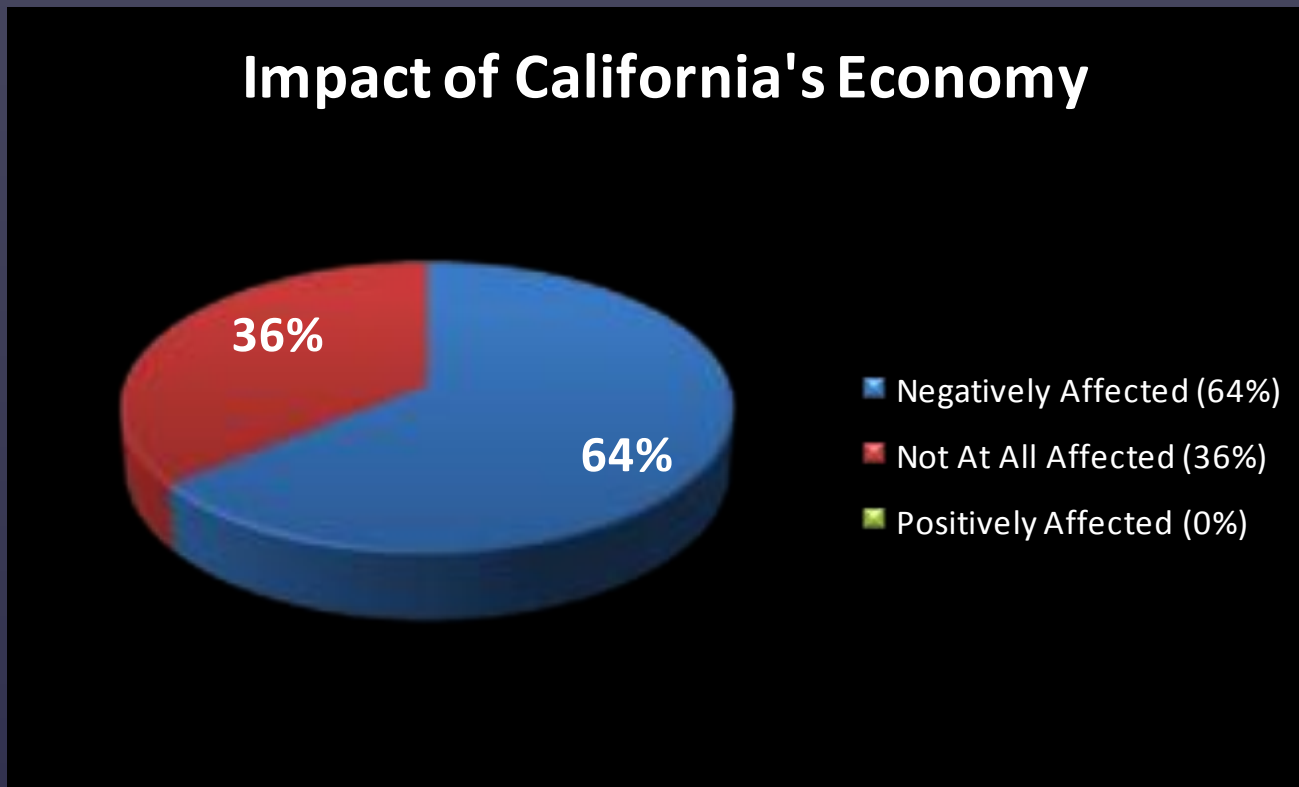
- ▶ 40% of respondents received federal funding



*Percentages add to 101% due to rounding.

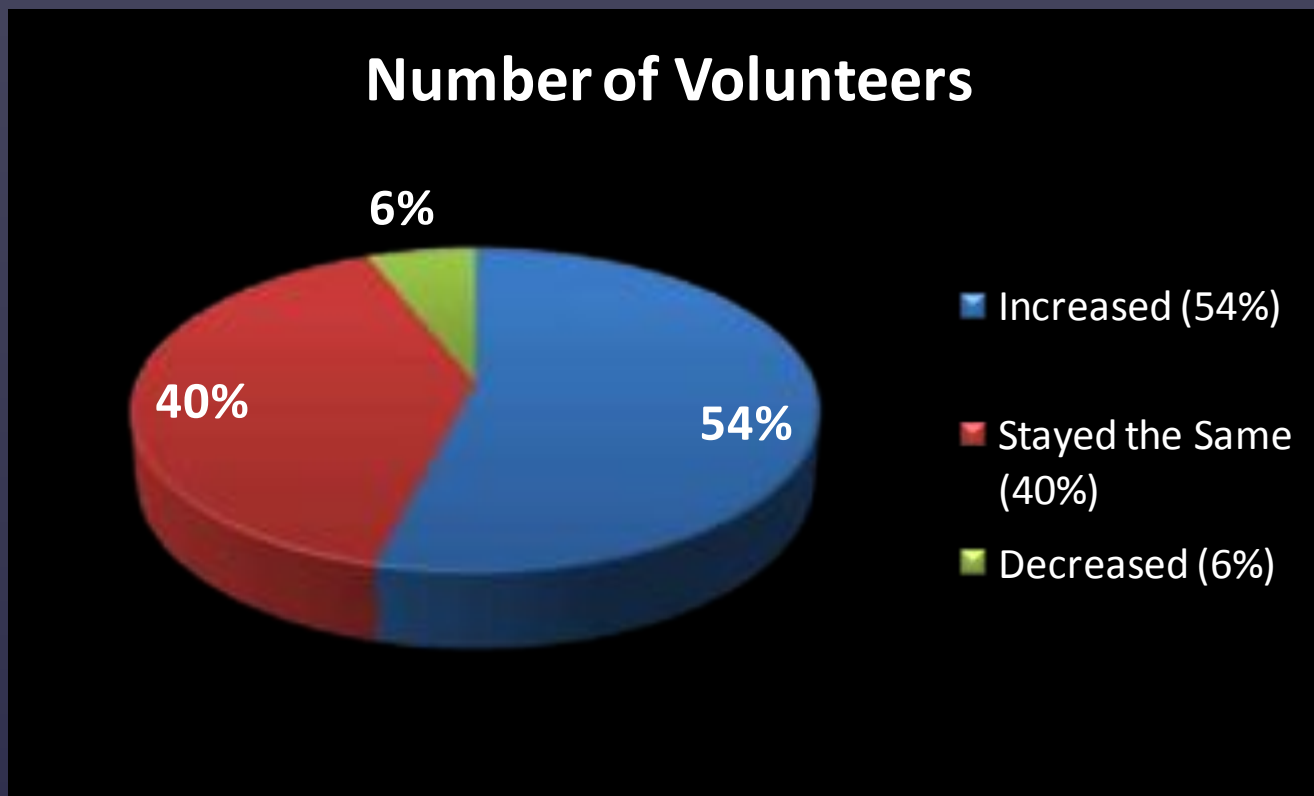
“In the past 12 months please indicate how, if at all, the California state budget crisis has affected the ability of your organization to deliver programs or services.”

▶ **33% received state funding**



“For your organization, how have the total number of volunteers changed over the past 12 months?”

- ▶ 82% of nonprofits surveyed rely on volunteers to achieve their missions

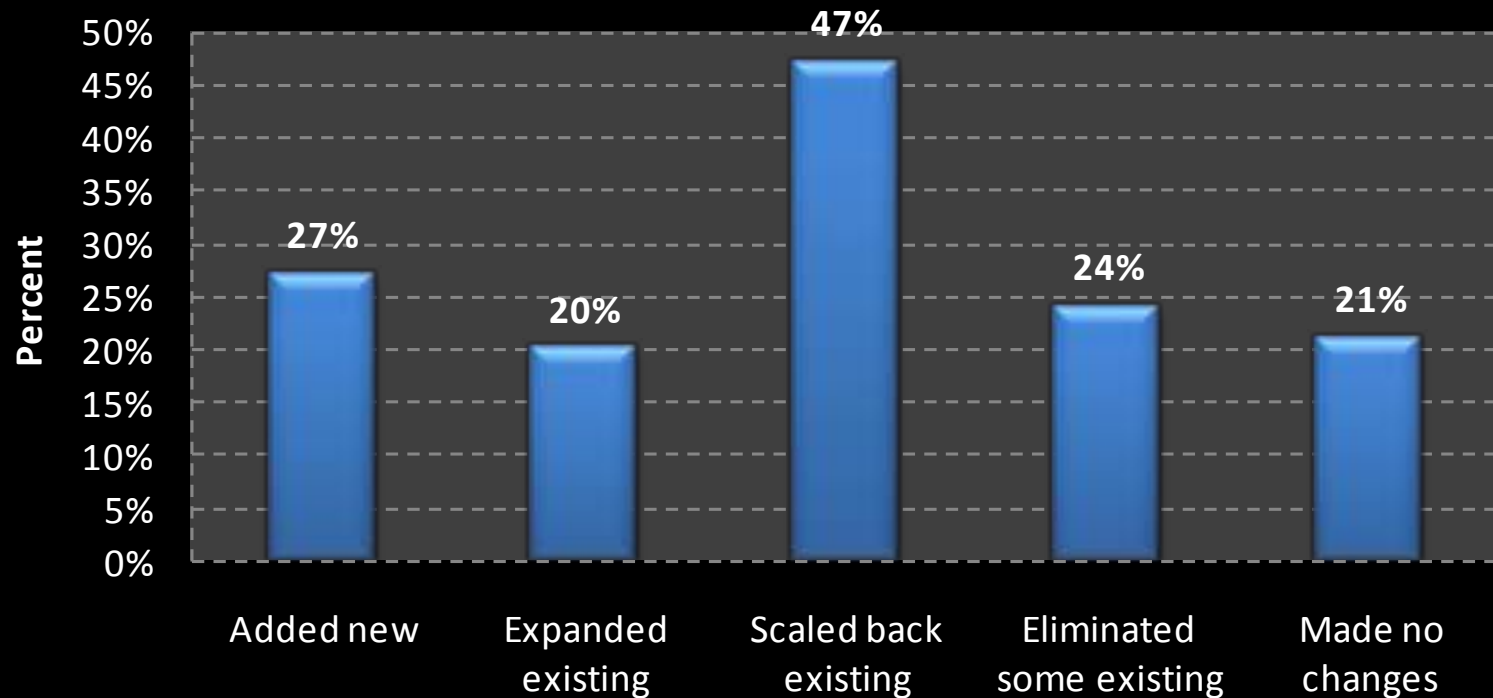


Approaches Taken

- ▶ Doing more with less
- ▶ Actions nonprofits have taken:
 - ▶ Changes to Programs/Services
 - ▶ Administrative
 - ▶ Operational
 - ▶ Fiscal

“Please describe any changes that have been made to your organization’s programs/services that you believe have occurred as a result of current economic conditions.”

Changes to Programs/Services



“In the past 12 months, has your nonprofit taken any of the following ADMINISTRATIVE actions in order to achieve a balanced budget?”

Administrative Actions

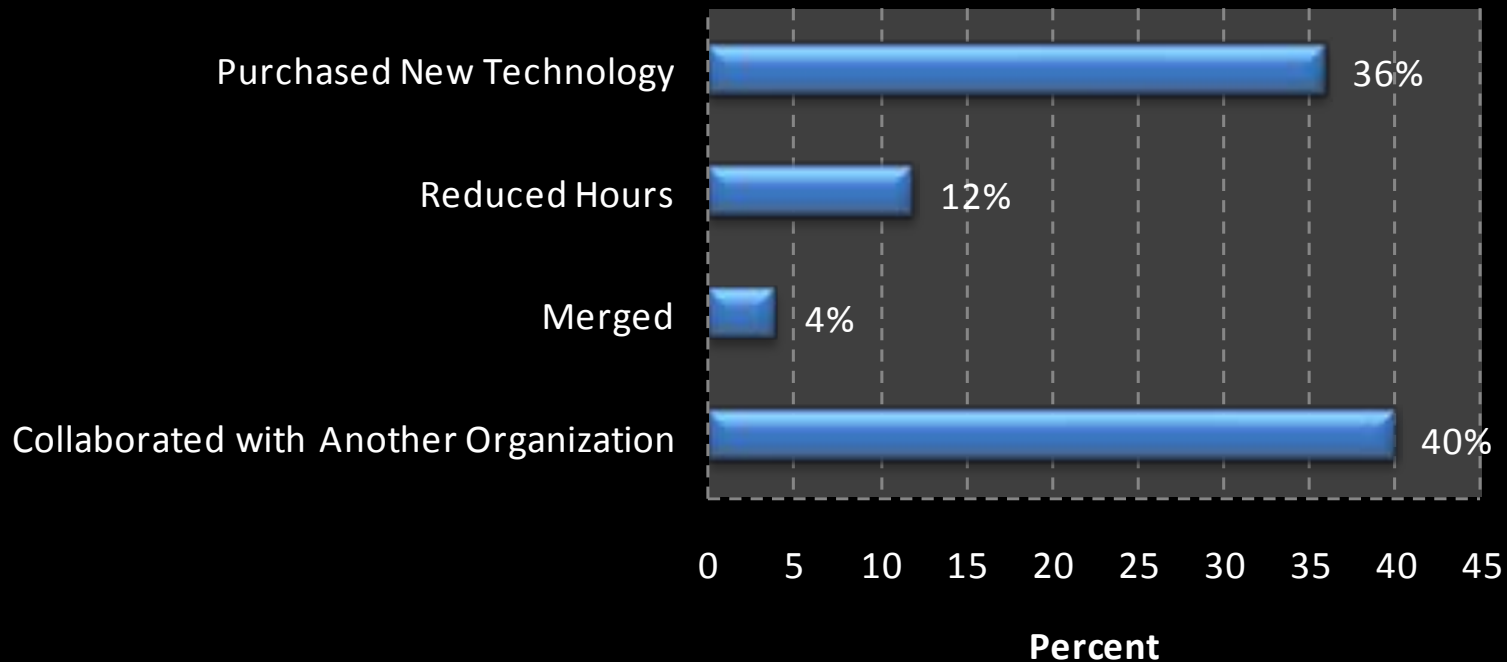


*Percentages do not add to 100% across categories because multiple responses were allowed.



“In the past 12 months, has your organization taken any of the following OPERATIONAL actions in order to achieve a balanced budget?”

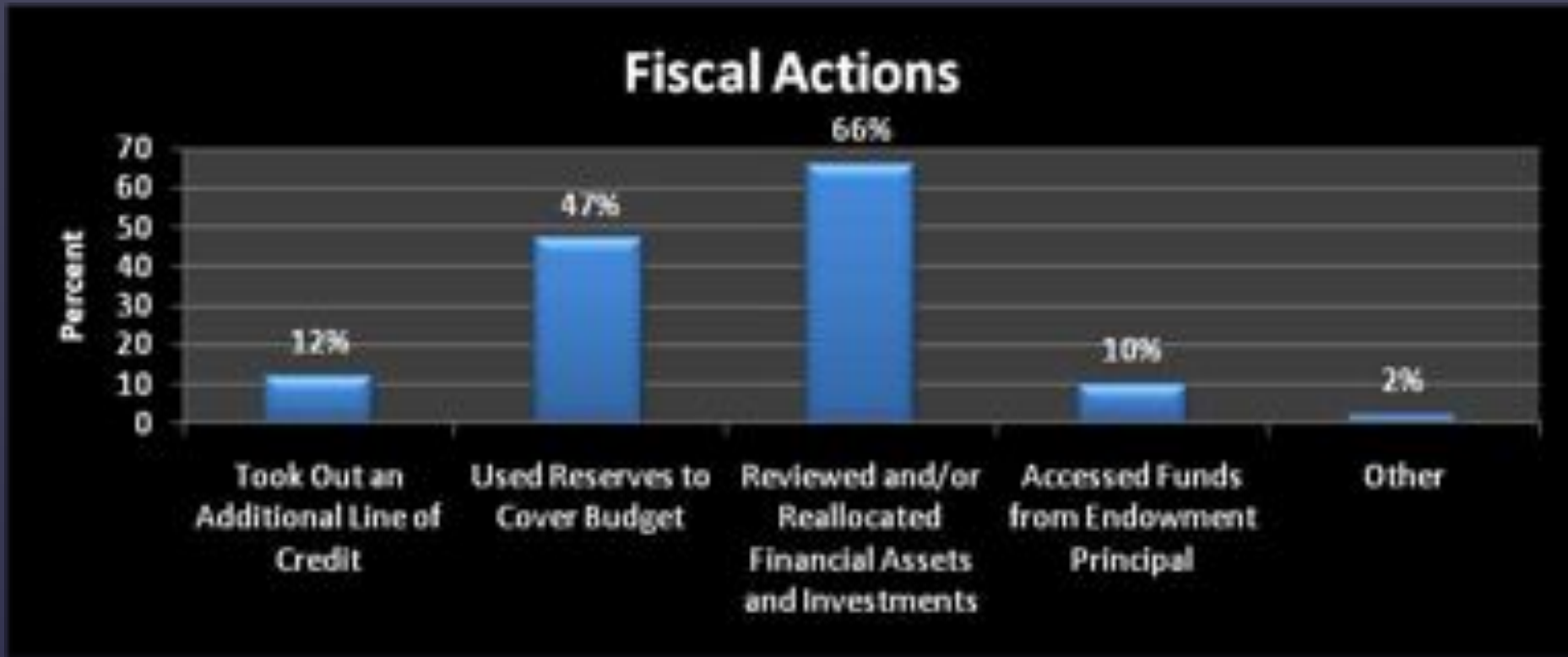
Operational Actions



*Percentages do not add to 100% across categories because multiple responses were allowed.



“In the past 12 months, has your organization taken any of the following FISCAL actions in order to achieve a balanced budget?”



*Percentages do not add to 100% across categories because multiple responses were allowed.

“We moved \$300,000 from investments to a money market account so there was more cash available if needed.”





Results from Foundation Responses

Geographical Grantmaking

Foundation Sample:

28% private independent foundations

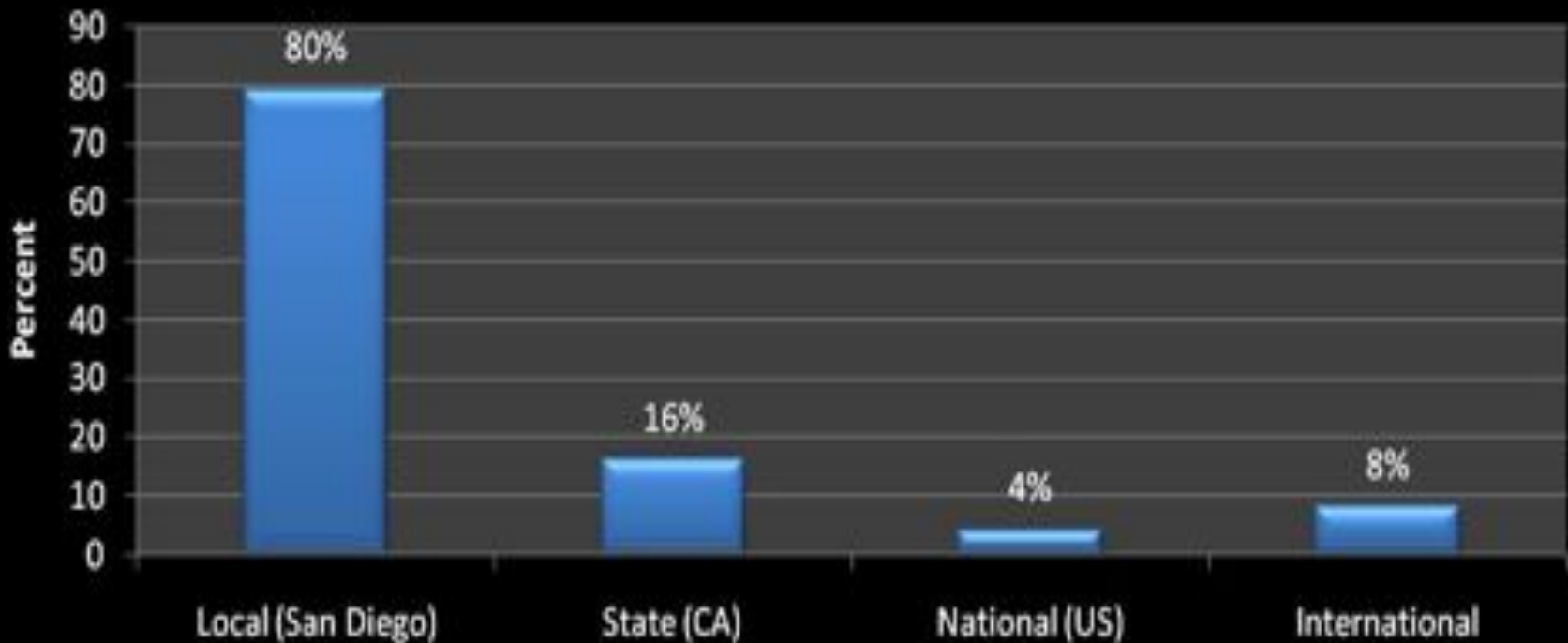
24% private family foundations

20% community foundations

28% other

$n = 25$

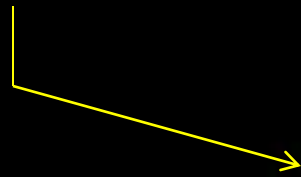
Geographical Distribution of



Economic Impact

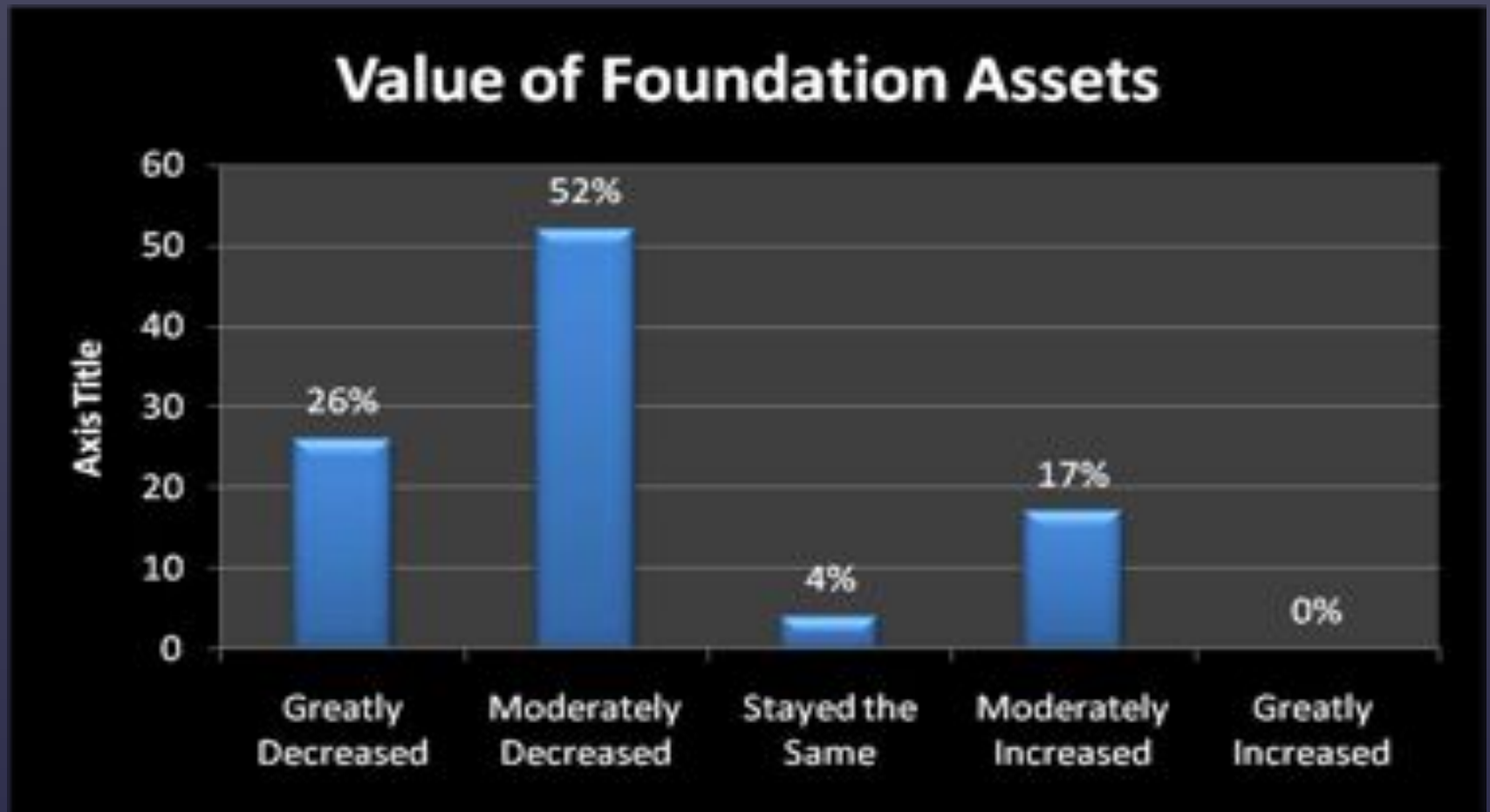
Foundations and the Economy

Smaller Foundations (<\$10 million in net assets)

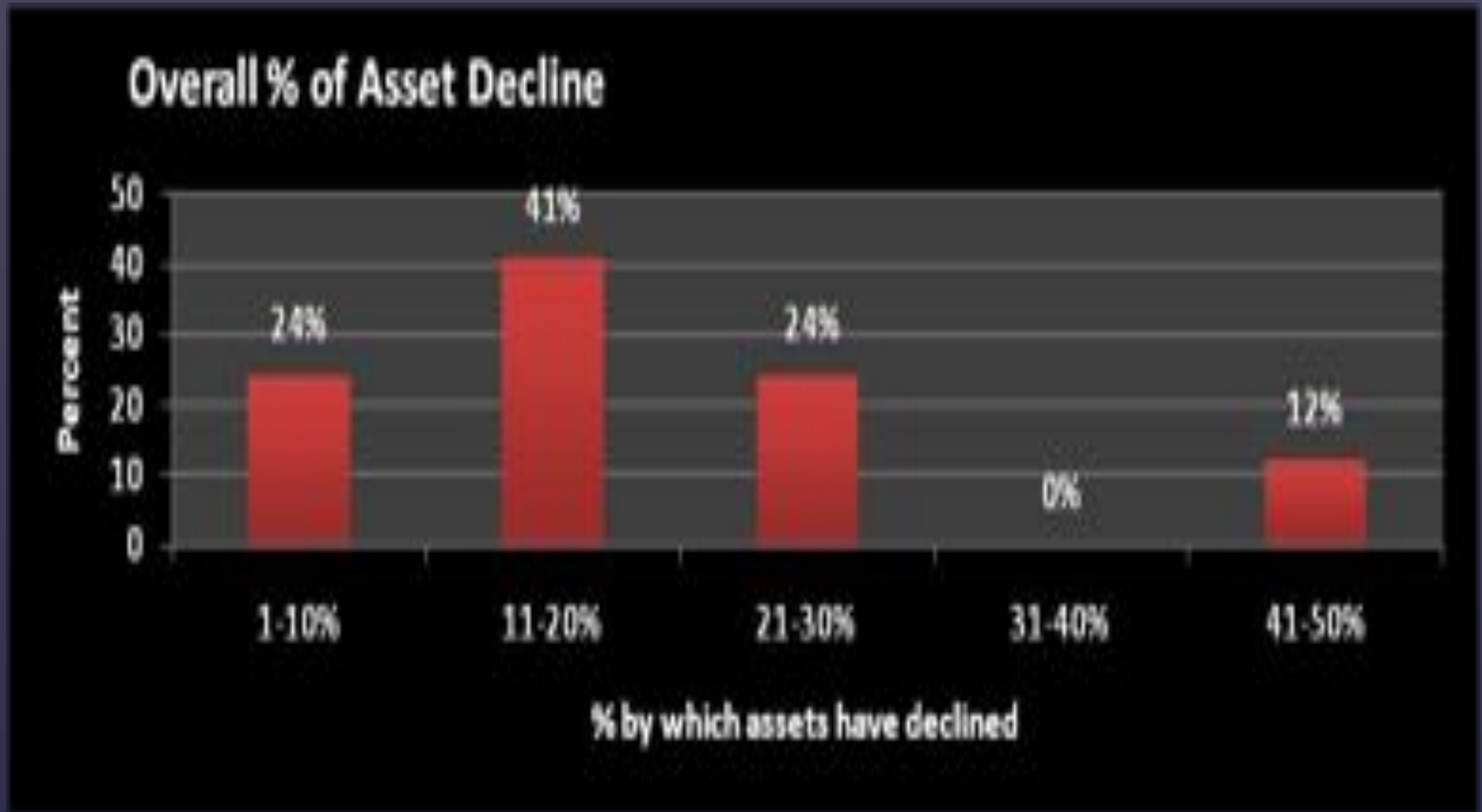


- Very Positively (0%)
- Somewhat Positively (0%)
- No Impact at All (0%)
- Somewhat Negatively (67%)
- Very Negatively (32%)

Net Assets

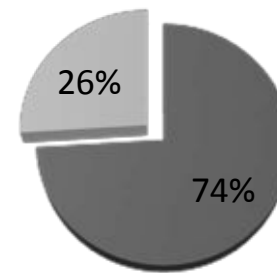


Net Assets



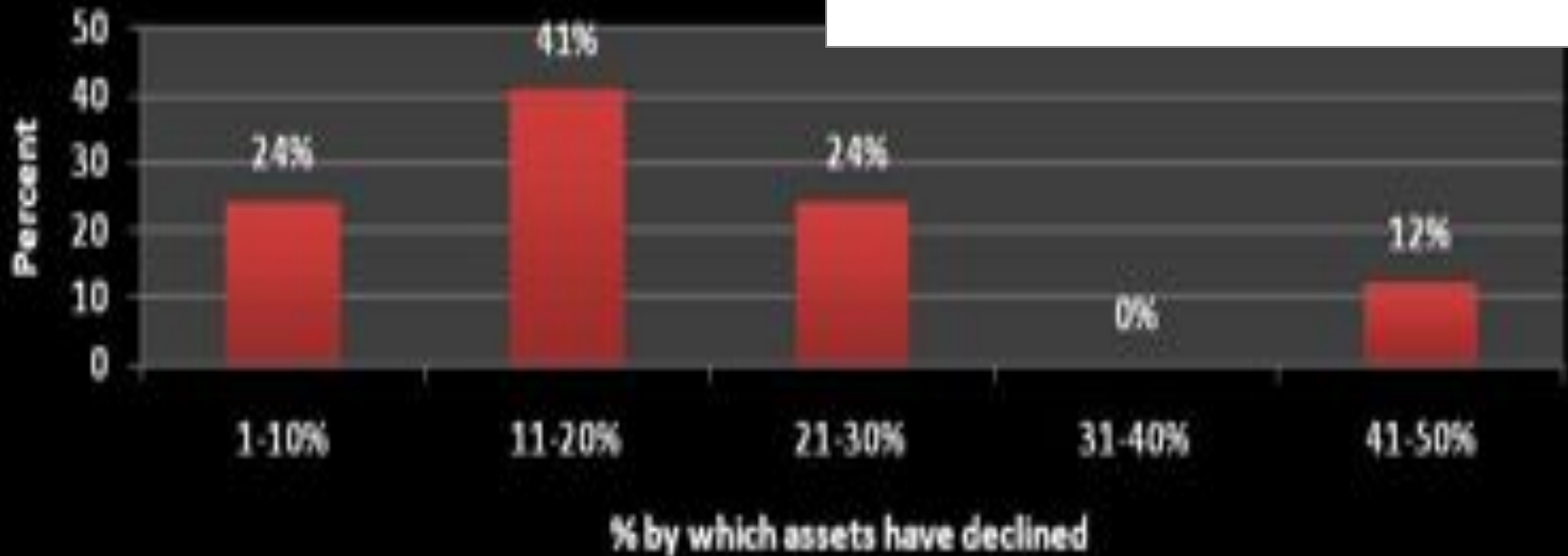
Net Assets

Reasons for Asset Declines

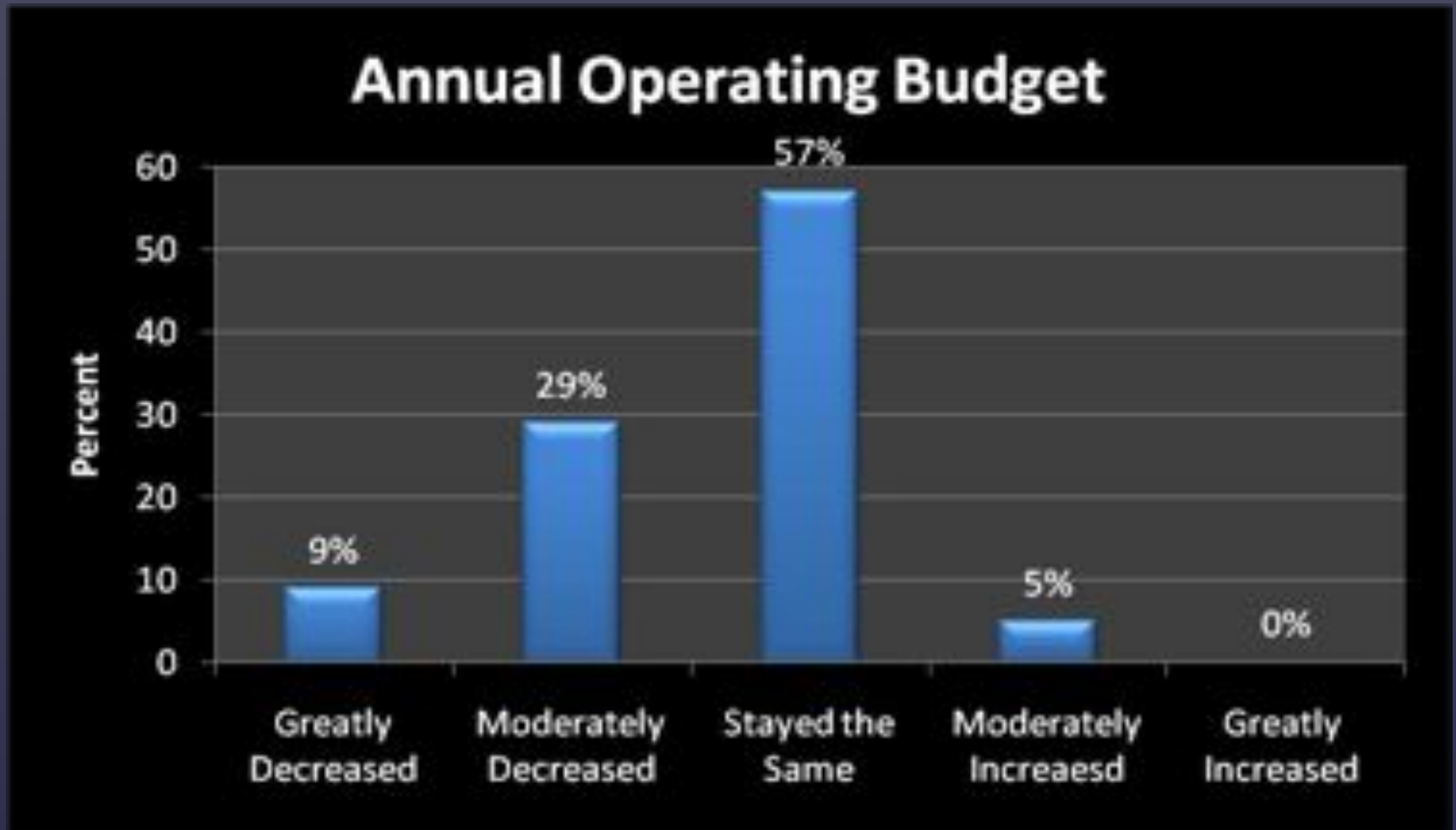


- Losses on Investment/Endowment/Revenue
- Decreased Donations/Contributions

Overall % of Asset Decline

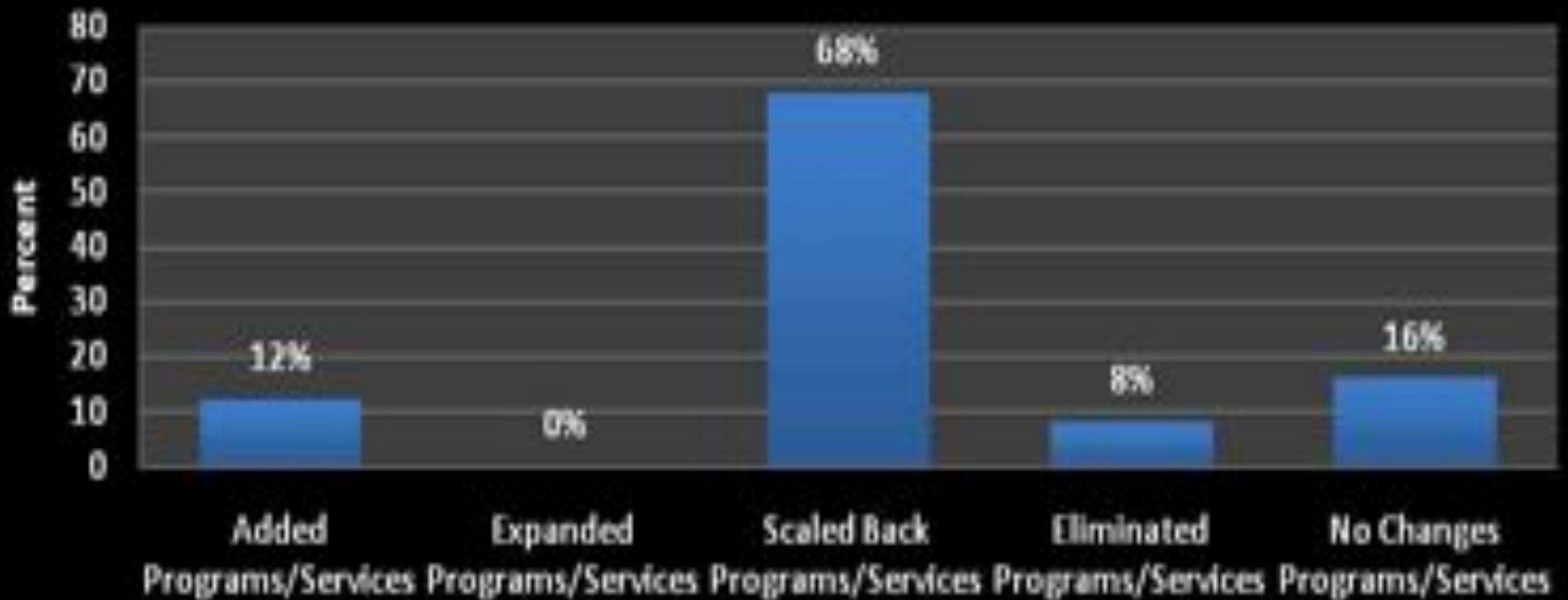


Operating Budgets



Program Changes

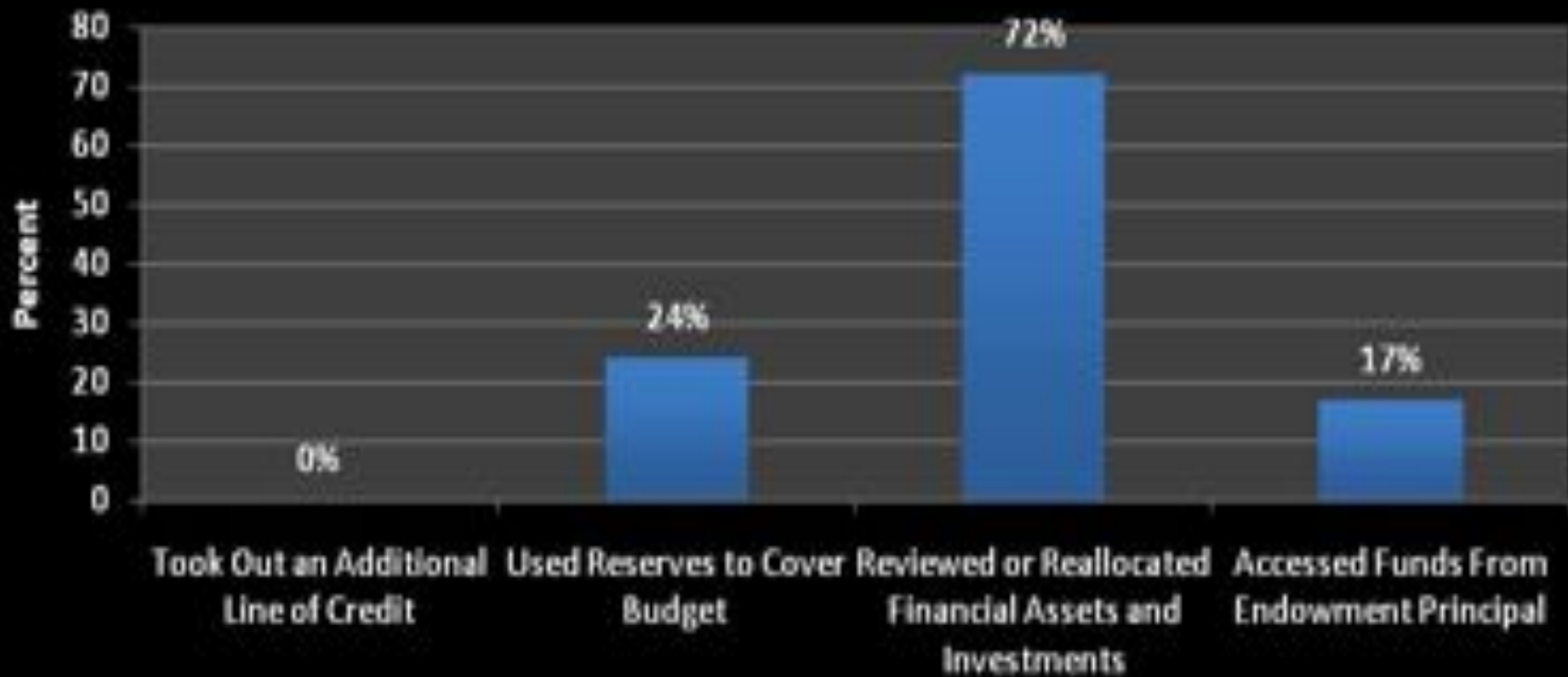
Changes in Programs and/or Services



Administrative Actions



Fiscal Actions



▶ How will all of this affect grantmaking?

Forecasting Grantmaking Priorities

Grantmakers that Support the Following Issue Areas:	% Expecting to DECREASE Funding Levels	% Expecting to INCREASE Funding Levels
Animals	33	0
Philanthropy & Volunteerism	20	0
Religious/Faith Based	50	0
Scientific Research	100	0
Arts, Culture, & Humanities	36	9
k-12 Education	44	11
Environment	67	17
Higher Education	30	20
Health	23	23
Human Services	14	29
Community Improvement/Development	20	33
Children & Youth	17	42

Forecasting Grantmaking Priorities

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Conclusions & Next Steps

Conclusions & Next Steps

- ▶ In these challenging times, we are seeing increasing demand, fewer resources
- ▶ Some successes have been reported
- ▶ The sector remains in a fragile state

Reasons for Concern

- ▶ San Diego nonprofits are stretched almost to the breaking point
- ▶ A workforce at risk
- ▶ Shifting funding priorities for San Diego foundations



Looking Forward

- ▶ Making the move back to strategic thinking
- ▶ Understand that for some the economic recovery in the nonprofit sector may lag that of the overall economy
- ▶ We need ways to capture and discuss the lessons learned



The Future

- ▶ Despite these tough times, respondents remain hopeful
- ▶ 62% reported that they are either somewhat or very optimistic about the future

Thank you!

