

United Way of Central and Northeastern Connecticut Summary of Results of 2008 Non-profit Pulse Survey October 2008

The United Way of Central and Northeastern Connecticut (UWCNCT) recently completed its Fifth Annual Non-profit Pulse Survey of UWCNCT partner agencies (funded and non-funded) and other non-profit organizations within its 40-town service area. This important longitudinal study relates broadly to health and human services.

A total of 420 surveys were sent electronically to the aforementioned three groups described. All of the 81 usable surveys returned were completed and submitted online, yielding an overall response rate of 19.3%. This compares to 399 surveys e-mailed for the 2007 study which resulted in a response rate of 21.3%.

According to the Connecticut Attorney General, Public Charities Unit, there are 6,873 charities in the state. Of those, 1,856, or approximately one out of four, are located in UWCNCT's 40-town service area. The number of charities both in the state and in Greater Hartford is up from a year ago (6,567 and 1,694 respectively).

The 2008 sample size results in a margin of error (at the 95% level of confidence) of +/- 9.8% for the entire sample. Response rates for each segment appear to be positively correlated with the level of affinity that UWCNCT has with each group. Total responses and response rates for each group are summarized below.

- Funded partners: n=37, (45.7%)
- Non-funded partners: n=30, (7.0%)
- Other non-profits: n=14, (17.3%)
- Total: n=81, (19.3%)

Brief Summary of Conclusions

For the first time since the inception of the study in 2004, respondents report an overall pessimistic attitude given current economic news and trends. Further, optimism about increased revenue . whether from individuals, corporations, foundations or total revenue . is tempered from prior year. Respondents are increasingly more likely to believe that revenue from all sources will remain flat, rather than increase, with one interesting exception, namely giving from individuals was expected to decrease by nearly one out of three respondents compared to less than one out of ten a year earlier. While study respondents have historically indicated an expectation of increased demand for service over the years, in 2008 this expectation was nearly unanimous with fewer new services added. Of concern is that one out of five respondents report that they may need to tap into reserve funds, the highest percentage reporting such since study's inception. Further there was an increase in those reporting depleting reserve funds to meet expenses. Not surprisingly, the study underscores the challenges and uncertainties non-profits are facing in the current economic climate amid an overwhelming demand for services.

Summary of Responses to Survey Questions

Descriptive results are summarized below and include weighted total scores for all three groups combined.

Annual Giving – Five-year trend

Individual Giving

Individual Giving (Total)	2004	2005	2006*	2007	2008
Decrease	42.5%	23.5%	18.7%	6.9%	29.4%
Stay the same	25.9%	37.9%	64.7%	44.2%	36.6%
Increase	31.4%	38.5%	16.6%	48.9%	34.1%

- While the majority of respondents indicated that revenue from contributions from individuals will remain flat or increase in the current fiscal year when compared to the prior fiscal year (70.7%), this is down considerably from a year ago (93.1%) and reverses the upward trend: 57.3% in 2004; 76.4% in 2005; 81.3% in 2006; 93.1% in 2007; and, 70.7% in 2008.
 - 29.4% of the respondents in 2008 indicated that revenue from individual contributions will decrease compared to 6.9% in the prior year.
 - 72.7% of the respondents reported that revenue from individual contributions is 20% or less of the organization's revenue, compared to 84.3% in 2007.
- * **Note:** Due to technical difficulty in the online survey tool for this question in 2006, we re-solicited the response to this question and received 30 responses versus 68 for the entire survey. The percentages shown are based on the actual number of responses received following re-solicitation.

Comments:

Contributions overall are down and number of donors has decreased as well.

Individual contributions have diminished in the last year.

Individuals and families continue to face tough economic times, contributions for services are declining.

These (individual contributions) are a small percentage, less than 1%.

We do not solicit individual contributions, this is not a measurable amount of our budget.

Very small amounts, few people can afford to.

Small agency with little infrastructure – hard to conduct organized fund development and cultivate donors.

Individual contributions are an area of focus for our agency. Our goal is to double the level of individual giving in the next three years.

Note: *Giving USA*, the annual compilation of American giving published by Giving USA Foundation, reports that individual giving, the largest single source of donations (74.8% of all giving in 2007), increased by 2.7% in 2007 (-0.1% when adjusted for inflation) compared to an increase of 4.4% in 2006 (1.2% adjusted for inflation).

Foundations/Corporate Giving

Fdn./Corporate Giving (Total)	2004	2005	2006 *	2007	2008
Decrease	48.5%	27.9%	20.4%	24.7%	28.8%
Stay the same	24.5%	40.6%	63.5%	26.8%	35.8%
Increase	27.0%	31.5%	15.8%	48.4%	35.3%

- 71.1% of all those surveyed report giving of this type to remain the same or to **increase** in fiscal year 2007/2008 when compared to 2006/2007 fiscal year. This is fairly consistent with last year (75.2%).
 - In 2008, respondents were less likely to report an increase in revenue from foundations and corporations (35.3% in 2008 compared to 48.4% in 2007)
 - Respondents in 2008 are more likely to believe that giving from foundations and corporations will **remain flat** (35.8%) than in the prior year (26.8%) when there was a greater expectation that giving from these sources would increase (48.4% in 2007 versus 35.5% in 2008).
 - 19.9% of respondents in 2008 indicated that their organization received no revenue from foundations or corporations compared to only 9.4% reporting no revenue in 2007.
 - 63.5% of respondents who indicated receiving revenue from foundations or corporations reported that this revenue is 50% or less of the organization's revenues in 2008 compared to 66.7% of respondents in 2007.
- * **Note:** Due to technical difficulty in 2006 the online survey tool for this question in 2006, we re-solicited the response to this question and received 30 responses versus 68 for entire survey. Percentages are based on actual number of responses received in re-solicitation.

Comments:

Community Foundation has been a loyal supporter. Corporations become more difficult every year.

Concerned with percent of revenues derived from these sources. Must seek diversification.

Not stable source of funding.

Foundation support this year fluctuated due to shifts in funding priorities at several funders.

Many foundation revenues are a challenge because of time limitations and re-application prohibitions.

The increase we have experienced has been a result of our being more aggressive in seeking out these funds.

We've been able to attract new funding for new efforts.

Note: The annual *Giving USA* study of charitable contributions in America for 2007 found that giving by foundations increased by 10.3% (7.3% adjusted for inflation) reflecting the increasing number of households or individual donors who, in recent years, have created foundations and are using them as vehicles for focusing their charitable giving and emphasizing certain types of organizations or programs.

According to *Giving USA*, corporate giving on the other hand increased only 1.9% in 2007 (a decline of 0.9% adjusted for inflation).

A separate study by the *Chronicle of Philanthropy* for 2007, found that the nation's largest companies increased their charitable contributions by 8% compared to a 6% increase in 2006. Of those companies that would predict giving in 2008, 65% said their giving would remain flat, 27% said giving would increase, and 8% said giving would decrease.

Closer to home, the *Chronicle* reports that Aetna Inc. and United Technologies Corporation project that their giving will remain the same in 2008 when compared to 2007.

The Foundation Center in New York reported in their annual report, *Foundation Growth and Giving Estimates: Current Outlook* (2008 Edition) that total giving by the nation's over 72,000 grantmaking foundations grew by an estimated 10% in 2007 (6.9% adjusted for inflation). Looking ahead to 2008, 54.3% of surveyed foundations expect their giving to increase.

Total Revenue

Total Revenue (Total)	2005	2006	2007	2008
Decrease	34.9%	52.7%	20.2%	28.6%
Stay the same	16.3%	15.0%	8.0%	28.2%
Increase	40.2%	32.1%	67.0%	42.9%

Note: This question new to the longitudinal study in 2005.

- The study finds that in 2008 three out of four respondents feel that revenue will increase or remain flat (71.1%) consistent with the response in 2007 (75%). However, in 2007 there is a shift to more respondents indicating that total revenue will remain the same than in 2007 (28.2% in 2008 compared to 8% in 2007).
- This is consistent with the more favorable feelings of flat or increased revenue from the sources cited above.
- Consistent with 2007, respondents cited the following as their revenue sources: public sector (federal, state, municipal); corporate or foundation contributions; and, individual contributions.
- Looking ahead from fiscal year 2008 to 2009, 71.4% of respondents project that total revenue will be about the same or increase compared to 79.4% in the prior year.

Overall Attitude

Overall Attitude (Total)	2004	2005	2006*	2007	2008
Optimistic	62.3%	61.3%	71.0%	78.8%	35.4%
Pessimistic	37.7%	38.7%	28.9%	21.2%	64.6%

- For the first time in the history of this study, respondents report an overall pessimistic attitude given current economic news and trends.
- Comments support survey results.

Comments:

I think that 2009 will be a very challenging year for many not for profits.

Fundraising is more difficult.

Our agency depends on community contributions – with the economy being depressed people do not have money to donate.

I'm afraid many of our clients will not be able to heat their homes this year especially the elderly and those who are still low-income but don't fit within the poverty guidelines. I don't think we are going to have enough funding to meet everyone's needs.

Rising costs in fuel and insurance and lower interest rates have affected our budget. Corporate philanthropy is tighter, also affecting our budget.

As costs continue to rise and resources spiral downward, organizations will need to limit and or reduce service availability.

There were some more optimistic comments:

Cautiously optimistic about this fiscal year as contracts are in place. Concerned about rescissions, however, VERY concerned about 2009/2010.

Current circumstances are complicated or confusing. We are hopeful, but it's tough to predict how this year will turn out.

We are in bad shape. It can only get better. We have more visibility and increased partnerships.

Demand for Services

Demand for Services (Total)	2004	2005	2006	2007	2008
Decrease	9.5%	2.3%	0%	4.7%	.2%
Stay the same	34.7%	33.5%	28.5%	25.5%	15.1%
Increase	55.8%	62.1%	59.0%	56.4%	84.6%
Not sure/no response	n/a	2.1%	12.6%	13.5%	0%

- 99.7% of respondents report that the demand for services remained flat or increased in the 2007/2008 fiscal year when compared to prior fiscal year.
- The significant shift is that 84.6% of respondents report increased demand versus 56.4% in the prior year.

Comments:

Significant increase in demand for foreclosure prevention and loss mitigation services, as well as free tax preparation.

The demand for services substantially increased due to the foreclosure crisis. We offer foreclosure prevention counseling and assistance.

In the last six months and especially the last three months we are seeing demand increase in the 25-50% range. We are also taking up slack where other agencies have cut their services.

Actually, demand has increased by 10-15%.

Higher demand, less funding.

Given resource availability, we are faced with the prospect of eliminating services that meet need, but not affordability.

As economy sours, as veterans are returning from Iraq and Afghanistan with multiple physical and psychiatric problems, and as our families increasingly need our service, we don't see a decrease any time soon.

Projection of Demand for Services or Programs

Projected Demand for Services (Total)	2005	2006	2007	2008
Decrease	4.5%	0%	4.8%	.4%
Stay the same	22.4%	15.0%	14.6%	7.9%
Increase	53.0%	59.2%	62.6%	91.5%
Not sure/no response	20.0%	25.4%	18.0%	.3%

Note: This question new to the longitudinal study in 2005.

- 99.4% of respondents project that demand for services will stay the same or increase compared to 77.2% in 2007.
- Overwhelmingly, respondents predict that demand for services will increase (91.5% in 2008 compared to 62.6% in 2007).

Comments (includes comments on shift in demand for one population):

I expect that we will provide service to more first-timers – those who have never had to ask for assistance.

Resources are already stretched, we've stretched as far as we can unless additional resources become available.

We are already seeing increased calls for services from families/individuals without benefits/employment. We are also see growing waiting lists.

More working family members are seeking help from our emergency food resources.

Hope to add more outreach and awareness programs.

Family literacy demands are increasing.

Demand for child care for younger children is increasing due to the economic necessity of two working parents. Programs for infants and toddlers are not self supporting and need outside funding which we do not receive.

We anticipate the need for food bank services and energy services to increase substantially this year.

More dislocated workers, low wage workers and youth.

There is tremendous need for more awareness and education around chronic disease.

We are initiating a new elderly transportation system and expect demand to be high for this currently unaddressed service area.

New Services

56.4% of the respondents indicate that they will be adding new services compared to 67.8% who felt this way in 2007.

Staffing levels

Paid Staffing Levels (Total)	2004	2005	2006	2007	2008
Reduced	24.7%	26.0%	15.5%	15.8%	41.6%
Unchanged	56.4%	44.4%	67.5%	36.4%	10.0%
Increased	18.8%	27.5%	17.1%	47.9%	48.5%
No response	n/a	2.1%	n/a	n/a	n/a

- 68.5% of the respondents indicate that staffing levels have remained flat or increased compared to 84.3% reporting same in 2007.
- In 2008, 41.6% of the respondents reported reducing staffing levels compared to 15.8% reporting reduced staffing levels in 2007.

Allocation of Staff Time for Fundraising or Resource Development

- 82.2% of the survey respondents indicate that they had made **no** changes to the way their agency allocates staff time for fundraising or resource development compared to 59.6% in 2007. In 2006 respondents were more likely to indicate that they had made changes to the way staff time was allocated for fundraising (54.8% indicated changes made).
- Comments do not support responses to survey. Changes in allocation of time reflected in past survey may indicate that these changes have already been made and that there are no further changes to be made given available resources.

Comments

All staff are required to "help" out with special events and other fundraising activities.

In process of recruiting fund development staff person.

Increased staff time devoted to developing partnerships.

More staff time is being allocated to fundraising and development. However, this is added to existing job descriptions. No new positions have been added for this purpose.

Significant additional focus on fundraising efforts.

We have more than doubled the amount of time spent on resource development.

Staff are being taken away from other duties to do fundraising which results in other portions of the program being affected.

Non-Monetary Support

- 91.4% of the respondents indicate that the volunteer and in-kind support their organization received in fiscal year 2007/2008 compared to 2006/2007 remained flat or increased. In the prior year, 80.5% of the respondents reported non-monetary support remained flat or increased.
- In 2008, respondents were more likely to indicate that non-monetary support was flat (54.9%) than in the prior year (45.9%). In both years, one out of three respondents indicated that non-monetary support increased (36.5% in 2008 compared to 34.6% in 2007).

Comments:

Our board in particular has been more engaged than ever.

In-kind contributions have been a life saver for our organization; professionals have donated their services and businesses have donated their products.

Our organization needs a volunteer coordinator.

These are difficult to maintain, as well, due to the strained economy and less time available for volunteerism due to many other pressing priorities in peoples' lives.

Our library volunteer came weekly and now has taken a full-time paid position elsewhere.

Reserve Funds

Reserve Funds (Total)	2004	2005	2006	2007	2008
Depleted reserve funds	10.9%	7.3%	.4%	.5%	6.7%
Not tapped . no plans	22.7%	28.5%	28.3%	47.4%	21.9%
Not tapped . may need to	12.7%	10.4%	14.4%	6.6%	20.6%
Have begun to tap	25.5%	23.1%	14.9%	10.5%	15.1%
Unable to tap	4.1%	2.7%	12.7%	.3%	.2%
No reserve fund	26.4%	21.4%	29.2%	34.7%	35.4%

- 20.6% of 2008 respondents indicate that they have not tapped their reserves but may need to in the coming months compared to 6.6% in 2007.
- Consistent with prior year results, one out of three respondents does not maintain a reserve fund. While consistent with the prior year, it does extend a three-year uptrend.
- 15.1% of 2008 respondents report that they have begun to tap reserves, reversing the trend of a decreasing percentage of respondents in each of the last four years reporting that they have tapped into reserves.
- 6.7% of respondents in 2008 report depleting reserve funds to cover expenses, up from less than 1% in each of the past two years.

Comments:

We have over the past few years used two-thirds of our reserve to support services.

Reserve funds are being tapped regularly to support operations. This trend cannot continue if our organization plans to remain viable into the future.

We are charged by our board with rebuilding the reserve not dipping into it again.

We are in the process of establishing a reserve fund.

Our board of directors mandates that we reserve three months of operating costs, which we have exceeded at this point.

Impact of Public Sector Budget

Changes in public sector funding affect non-profit	2004	2005	2006	2007	2008
Yes, it will	21.2%	49.1%	4.3%	58.4%	37.6%
No, it will not	71.0%	20.1%	36.5%	25.0%	14.4%
Not sure yet	7.8%	19.6%	48.2%	16.7%	48.0%
Did not respond	n/a	9.1%	11.0%	n/a	n/a

- Nearly one out of two respondents indicated that they were not sure yet if changes in this year's public sector budgets (federal, state and/or local) would affect their organization compared to 16.7% in 2007.
- A year ago, 58.4% indicated that there would be an impact on their organization as a result of changes in public sector budgets compared to 37.6% in 2008.
- 56.8% of those surveyed indicated that they receive more than half of their funding from public grants or contracts compared to 43.9% in 2007.

Comments:

Worried. Very worried.

Non-profits that deliver the same services as government are significantly under funded with no hope in sight for this to change.

We are concerned that state budget cuts could affect or disrupt our core functions.

No COLA from the state is the biggest hit, and the cost of health insurance.

State and federal funding is flat or decreasing, and municipal funding is remaining flat. Each year the risk is greater for further decreases or elimination of municipal funding.

With a new administration at the federal level, we are hopeful additional resources will be available.

Changing Attitudes about Non-profit Accountability

- Consistent with last year, more than one out of three respondents did not anticipate making any significant changes in light of changing attitudes about non-profit accountability.
- Ways in which respondents are changing include tracking results of programs (21.7% compared to 14.6% in 2007), tracking or reporting financial information (6.8% in 2008 compared to 14.8%), and the way beneficiary statistics are tracked (13.3% in 2008 compared to .3%).

Merger Considerations

Considered merging in last 12 months	2005	2006	2007	2008
Yes	15.2%	14.3%	14.9%	20.6%
No	78.3%	85.7%	85.1%	79.4%
No response	6.6%	n/a	n/a	n/a

Note: Question new in 2005.

- One out of five respondents (20.6%) considered merging with another organization in the past twelve months, up from 14.9 and 14.3% in 2007 and 2006 respectively. This is the highest level ever recorded for this metric.
- 79.4% of respondents indicate that they had not considered merging with another organization in the past twelve months, compared with the 2007 and 2006 studies (85.1% and 85.7% respectively).

Comments:

Mergers are a growing trend and should be considered more frequently.

Takes time and resources to explore opportunities and challenges and usually doesn't work out but still important to do.

Under the right circumstances expand and complement services, attract new funding, consolidate and achieve economies of scale can be very desirable.

They need to happen given the revenue climate and the need to serve customers more effectively with comprehensive services, while reducing administrative overhead.

We have the administrative infrastructure in place that can provide support to smaller non-profits.

This will remain a possible option in the future.

Description of Organizations Submitting Completed Surveys:

How would you categorize your primary area of service?

- Areas of service most often cited are as follows:

	2004	2005	2006	2007	2008
Arts	19.4%	13.0%	25.4%	4.9%	.5%
Education	14.2%	13.5%	13.9%	14.2%	7.1%
Children/youth	12.1%	17.7%	15.5%	33.4%	8.4%
Health	17.4%	12.1%	.9%	9.8%	14.2%
Human services	18.8%	23.3%	30.1%	26.9%	28.7%
Other	5.2%	13.6%	14.2%	10.4%	34.1%

- One out of four respondents categorized their primary area of service as human services.

How many full time staff does your organization have?

- 98.3% of respondents reported less than 50 employees (93.1% reporting such a number in 2007).

What is your organization's annual operating budget?

- 91.8% of those surveyed report budgets of less than \$5 million compared to 93.9% of all those surveyed in 2007.
- 62.6% of all those surveyed report budgets of less than \$1 million, compared to 72.7% in 2007.

What are your organization's total assets?

- 98.4% of those who responded to this question indicate total assets of less than \$5 million compared to 94.6% in 2007.
- 71.1% of respondents indicate total assets of less than \$1 million consistent with last year (72.8%).

What percent of your annual operating budget is for salary and benefits?

- 57.1% of those surveyed spend more than 50% of their annual operating budget for salary and benefits compared to 67.9% in the prior year.

Conclusions

- For the first time since the commencement of this annual survey, nearly two out of three respondents report an overall pessimistic attitude given current economic trends. The reversal of the trend toward optimistic is fairly dramatic given that only one out of five respondents last year reported a pessimistic attitude.
- Respondents in 2008 are not as optimistic about individual giving increasing in the current fiscal year as compared to a year ago.
- While more than two out of three respondents in 2008 believe that giving from corporations and foundations will remain flat or increase there is more of a shift to the belief that it will be flat from a year ago.
- Nearly 100% report demand for services increasing in the current fiscal year and project that this trend will continue into the next year, a significant increase from a year ago.

- Fewer respondents report instituting new services in 2008 probably due to decreased expectations for increased funding.
- It appears that adjustments made to staff time allocated to fundraising took place in 2006 as majority of respondents in past two years indicate making no adjustments to staff time for fundraising. Comments provided, however, do not support this finding.
- Nearly nine out of ten respondents indicated that non-monetary support was flat or would increase in fiscal year 2008 compared to the prior fiscal year.
- One out of five respondents indicate that they may need to tap into reserves, up from less than one out of ten in prior year. Further, there is an increase in those reporting depleting reserve funds to cover expenses.
- More uncertainty is evident regarding the impact of changes in public sector funding.
- There was a slight increase in the percentage of those respondents who indicated that they have considered merging with another organization in the past twelve months, however, it is still only one out of five.

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