

1-2010

# 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

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- ▶ **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

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

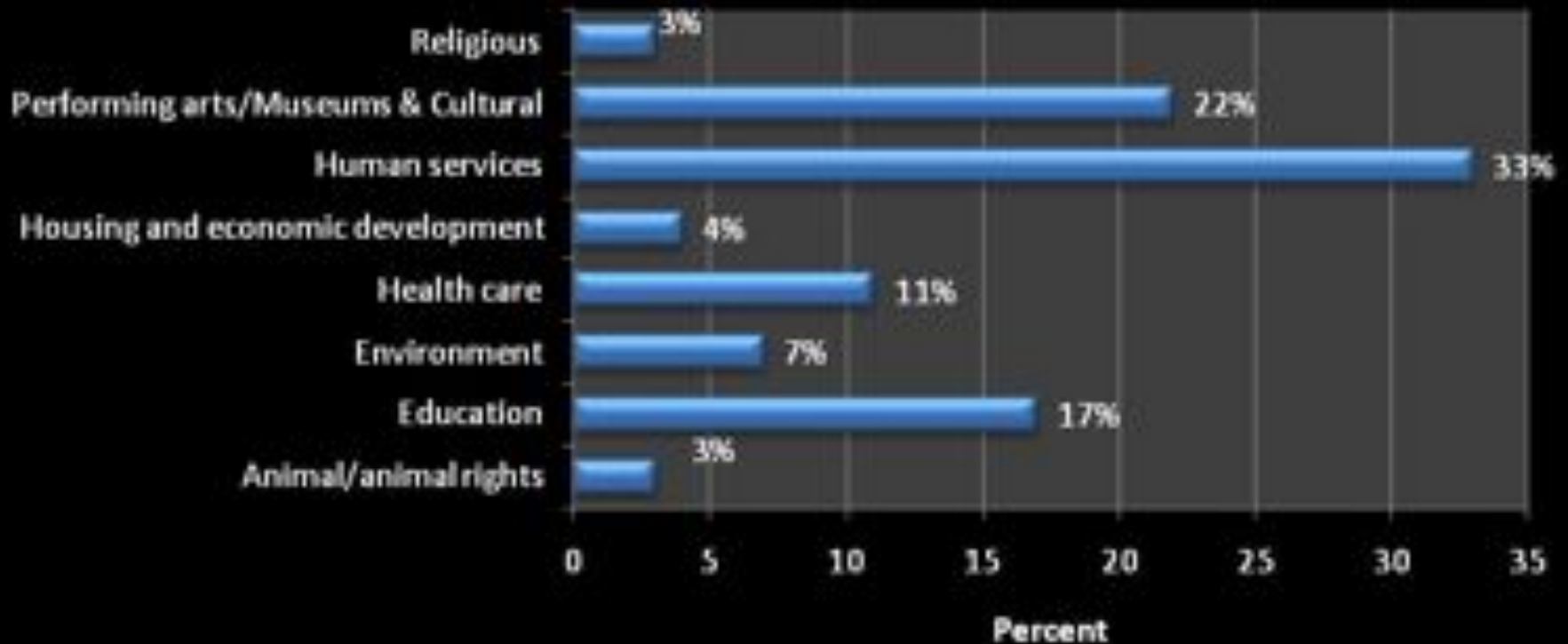


# Results from Nonprofit Responses

# Profile of Respondents

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## Nonprofit Sub-Sectors Represented



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

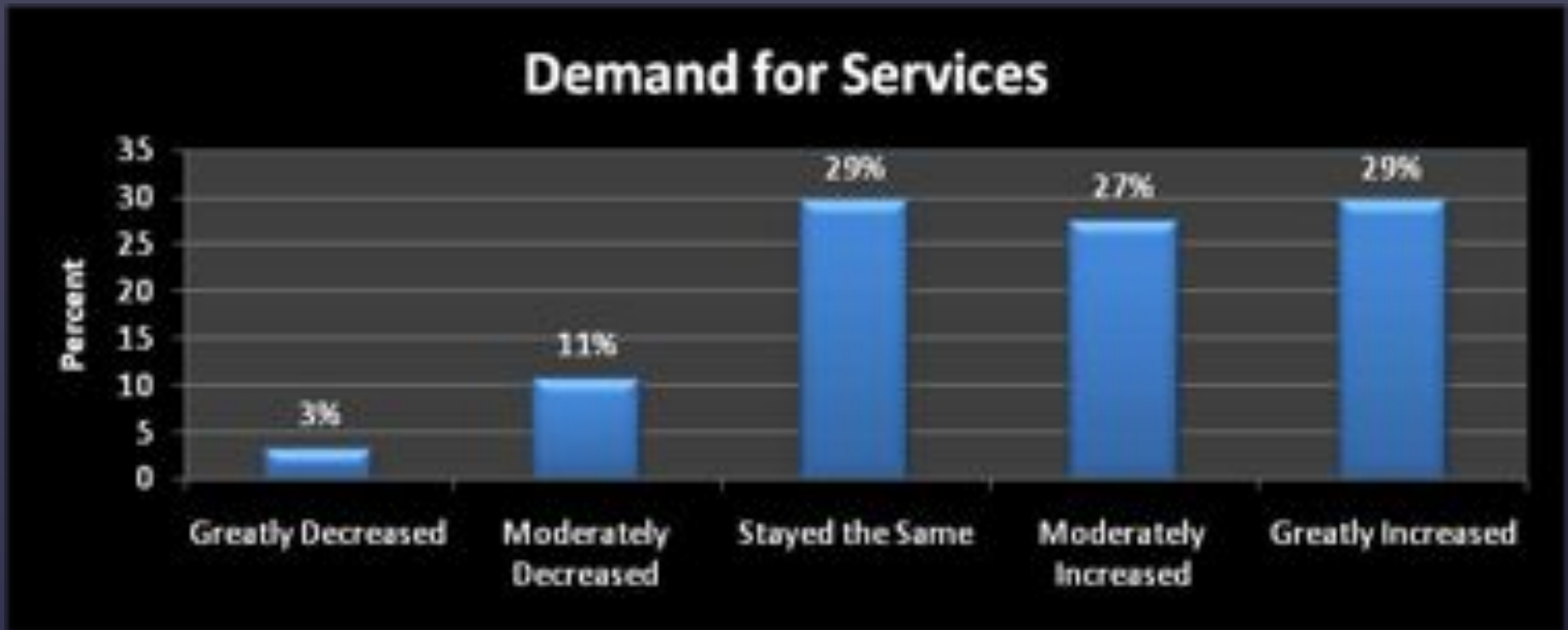
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## Nonprofits and the Economy



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

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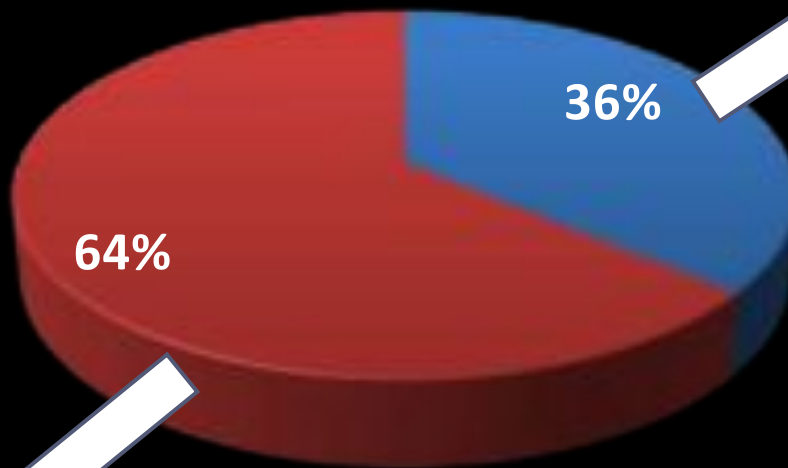
\*Percentages add to 99% due to rounding.



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

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## Revenue Change

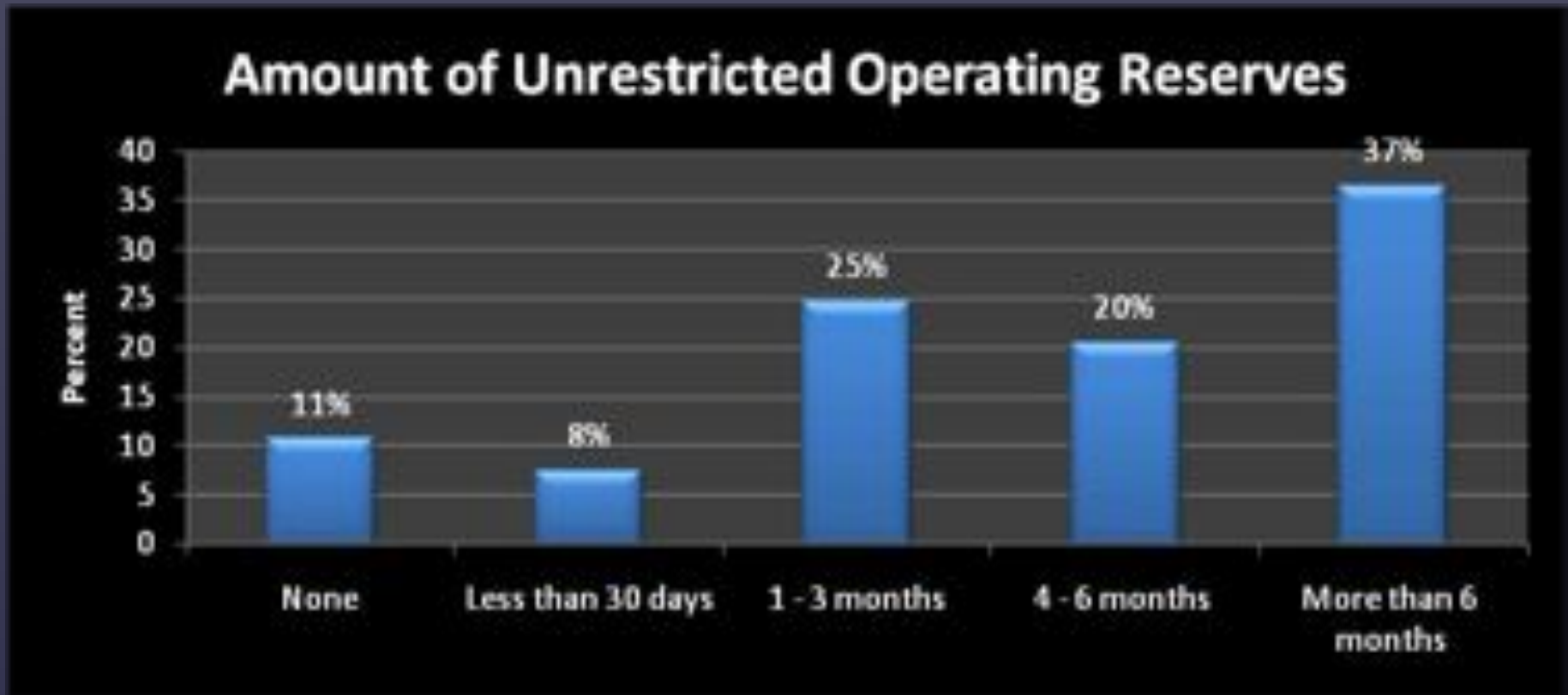


The majority report increases from 1-30%

The majority report decreases from 1-30%

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

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\*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?”*

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

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

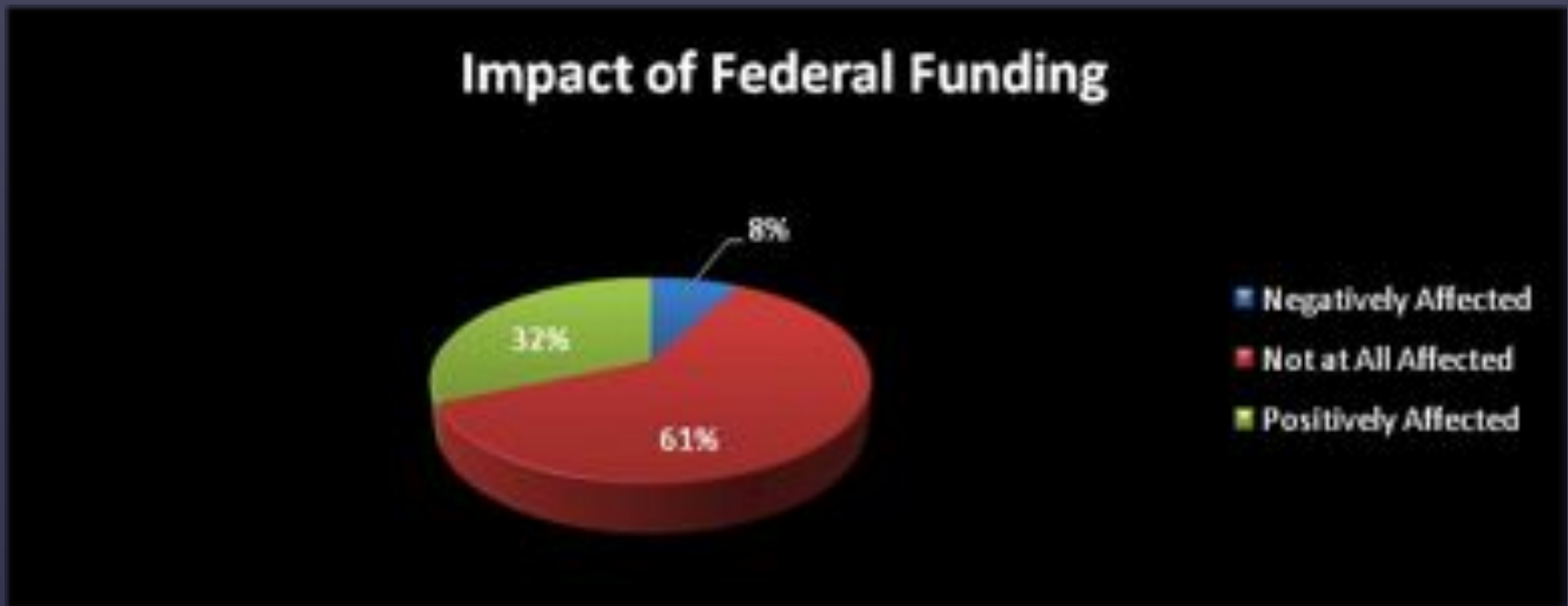
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<b>Funding Sources</b>	<b>% of Organizations Reporting Funding Decreased</b>	<b>% of Organizations Reporting Funding Stayed the Same</b>	<b>% of Organizations Reporting Funding Increased</b>
Fees for Services	32	41	27
Investment/Endowment Income	72	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.”*

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- ▶ 40% of respondents received federal funding

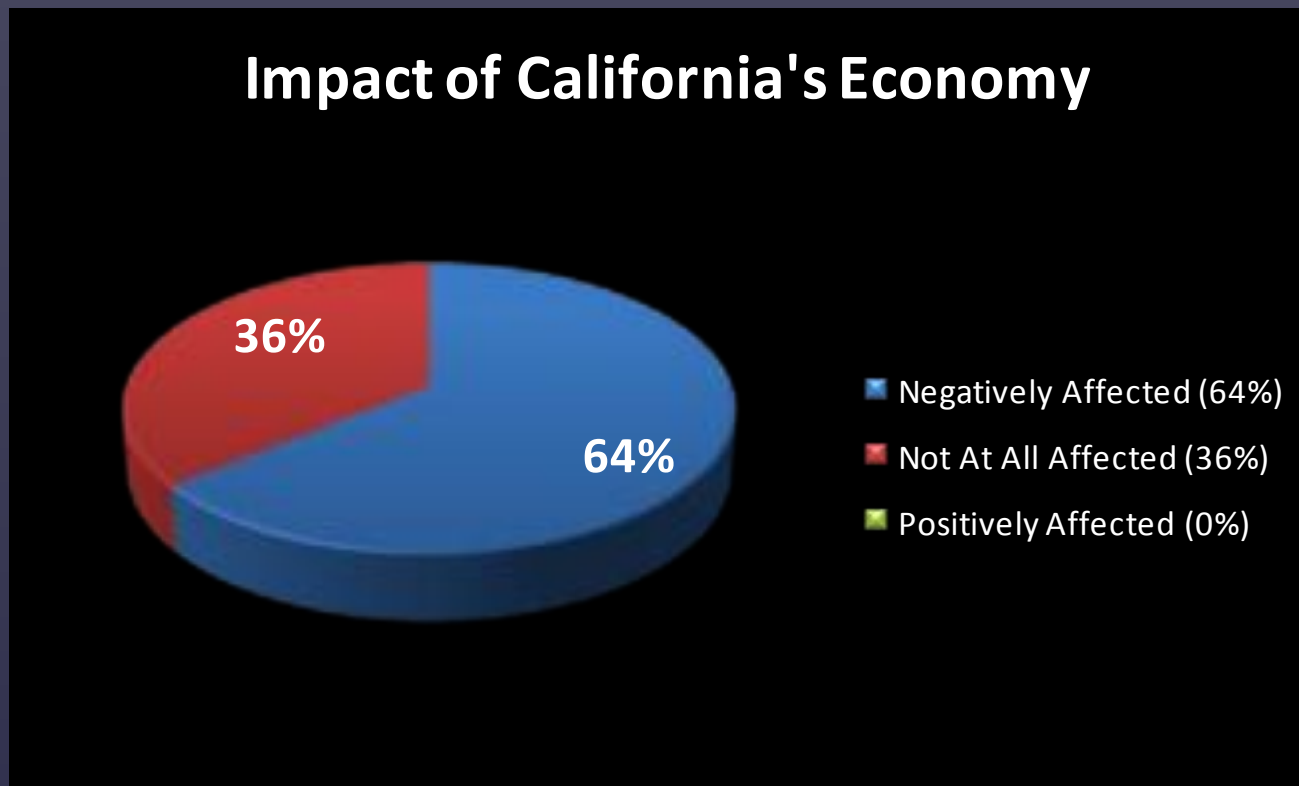


\*Percentages add to 101% due to rounding.

*“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.”*

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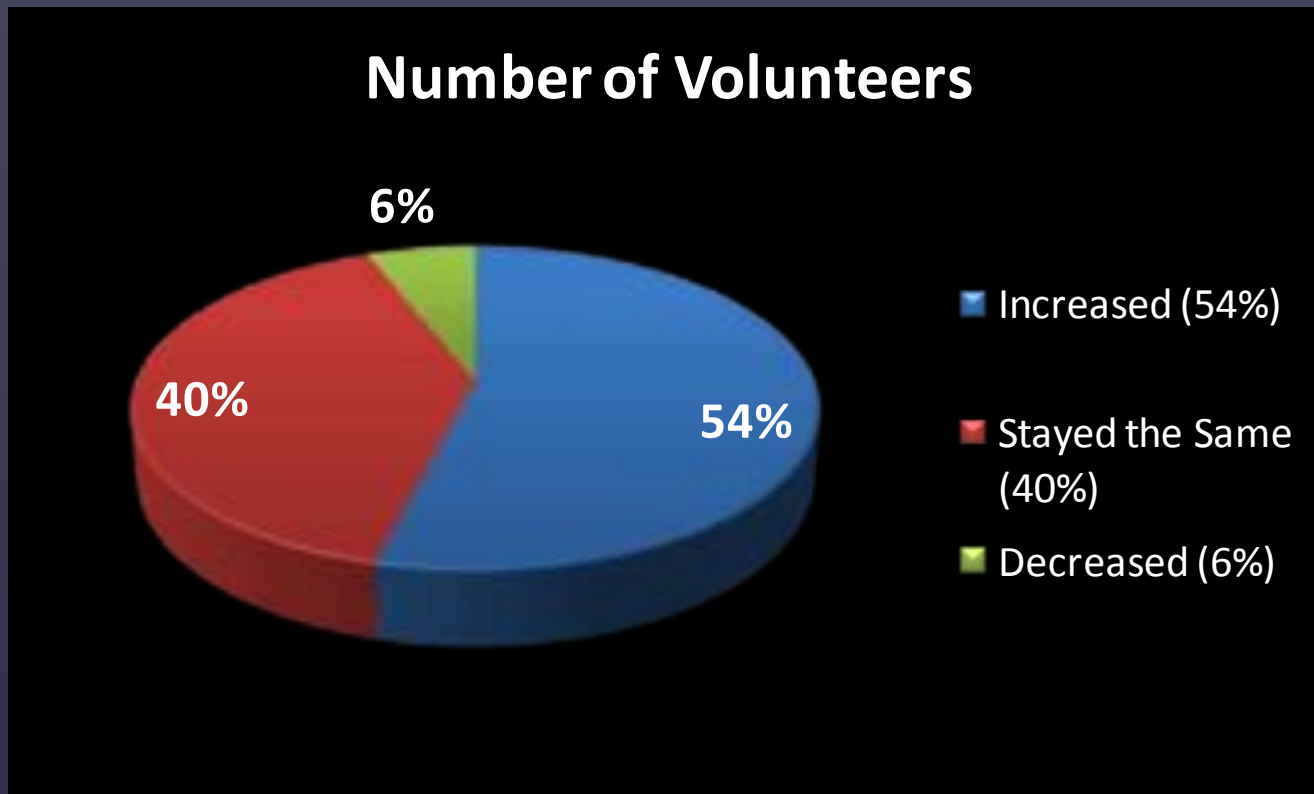
- ▶ 33% received state funding



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

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



# Approaches Taken

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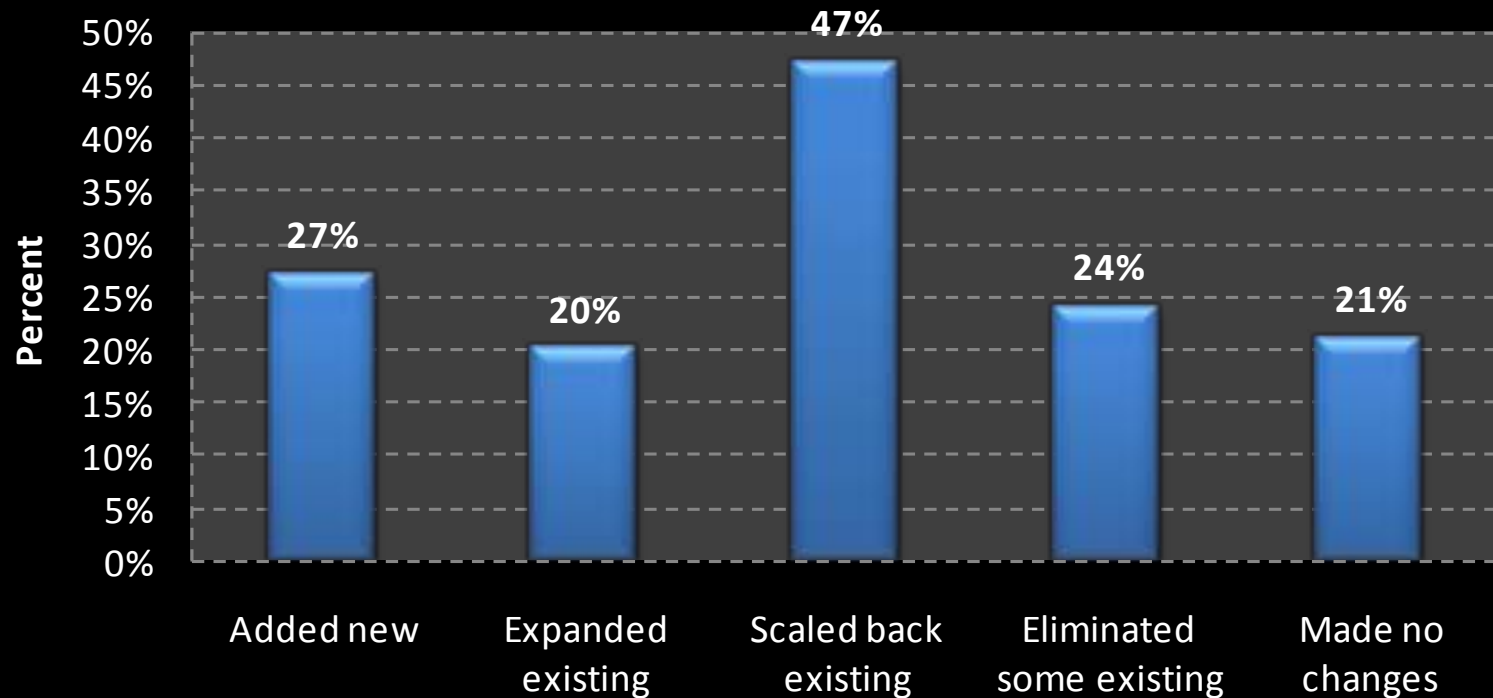
- ▶ Doing more with less
- ▶ Actions nonprofits have taken:
  - ▶ Changes to Programs/Services
  - ▶ Administrative
  - ▶ Operational
  - ▶ Fiscal



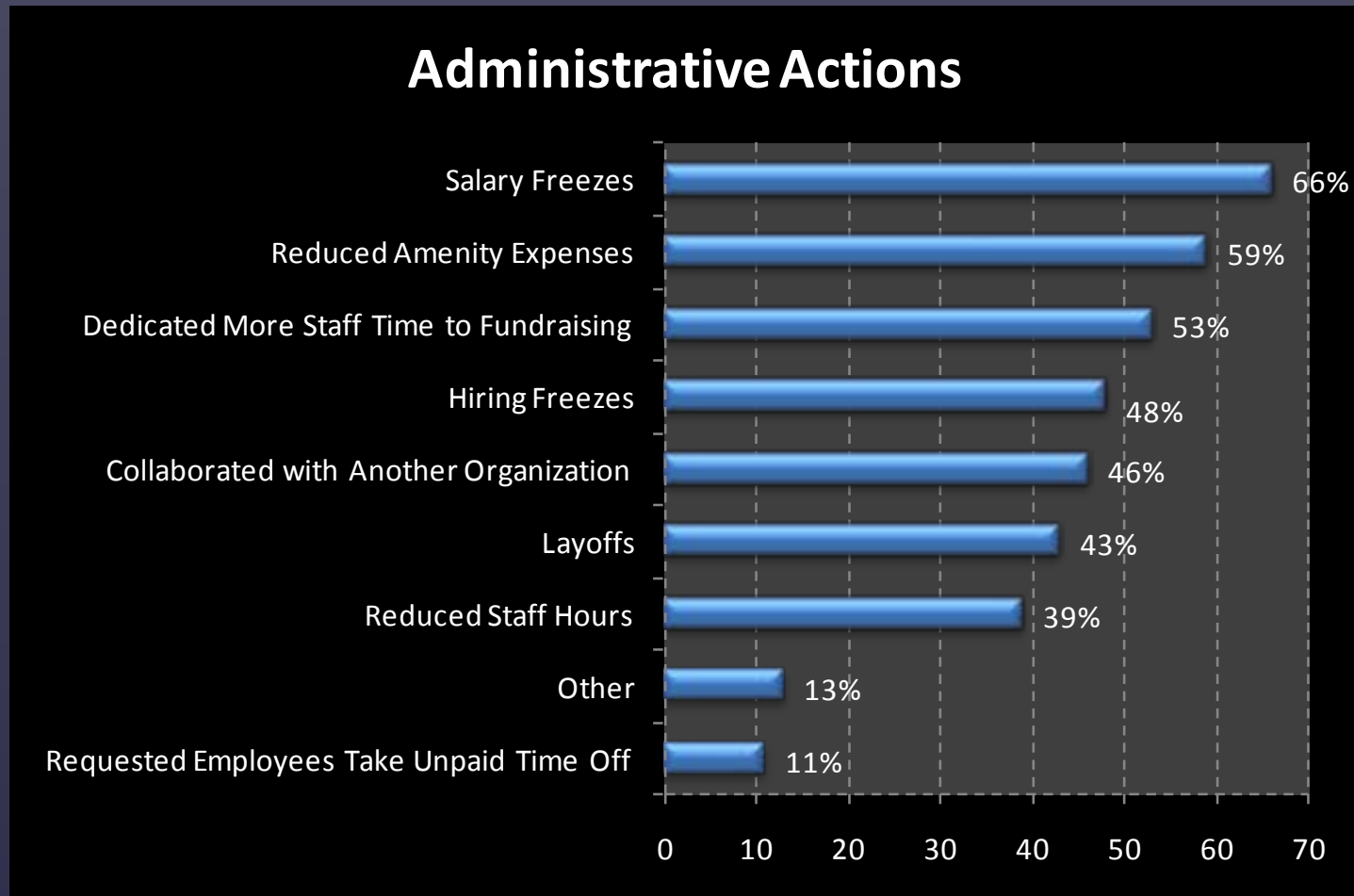
*“Please describe any changes that have been made to your organization’s programs/services that you believe have occurred as a result of current economic conditions.”*

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## 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?”*



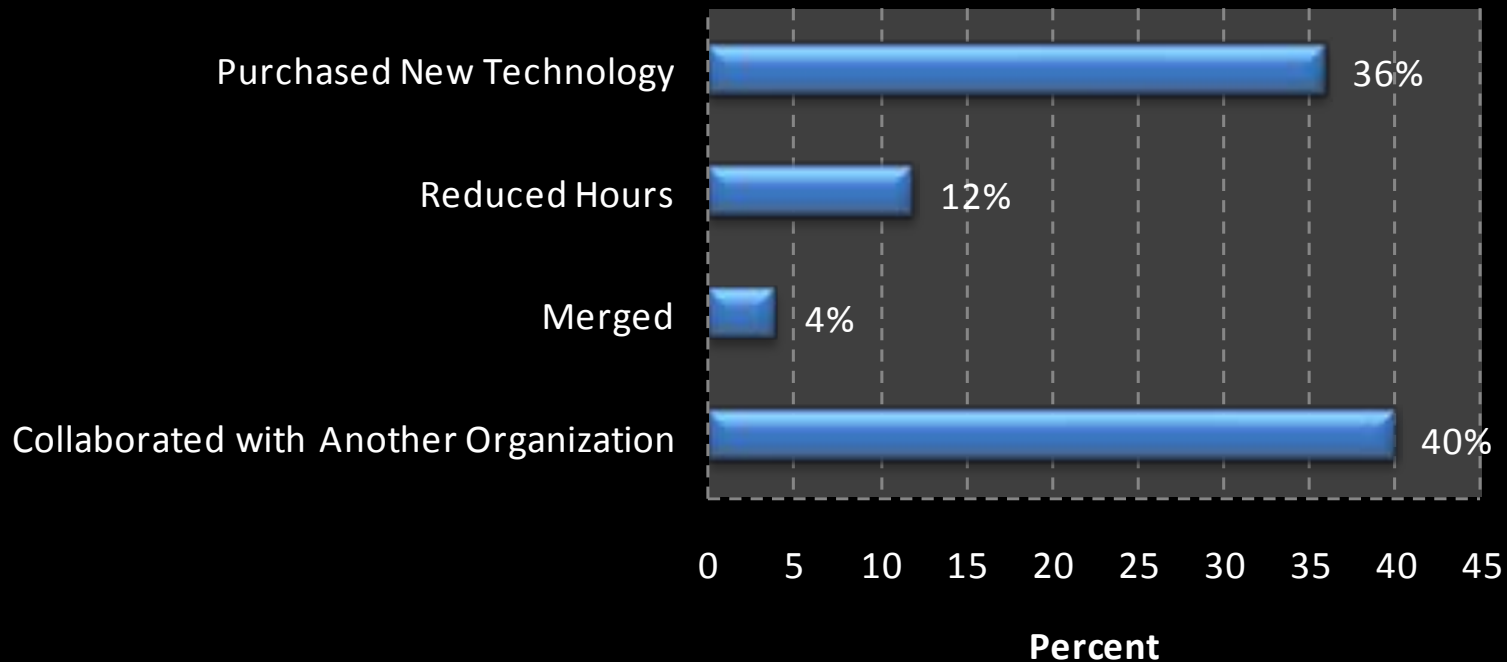
\*Percentages do not add to 100% across categories because multiple responses were allowed.



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

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## Operational Actions

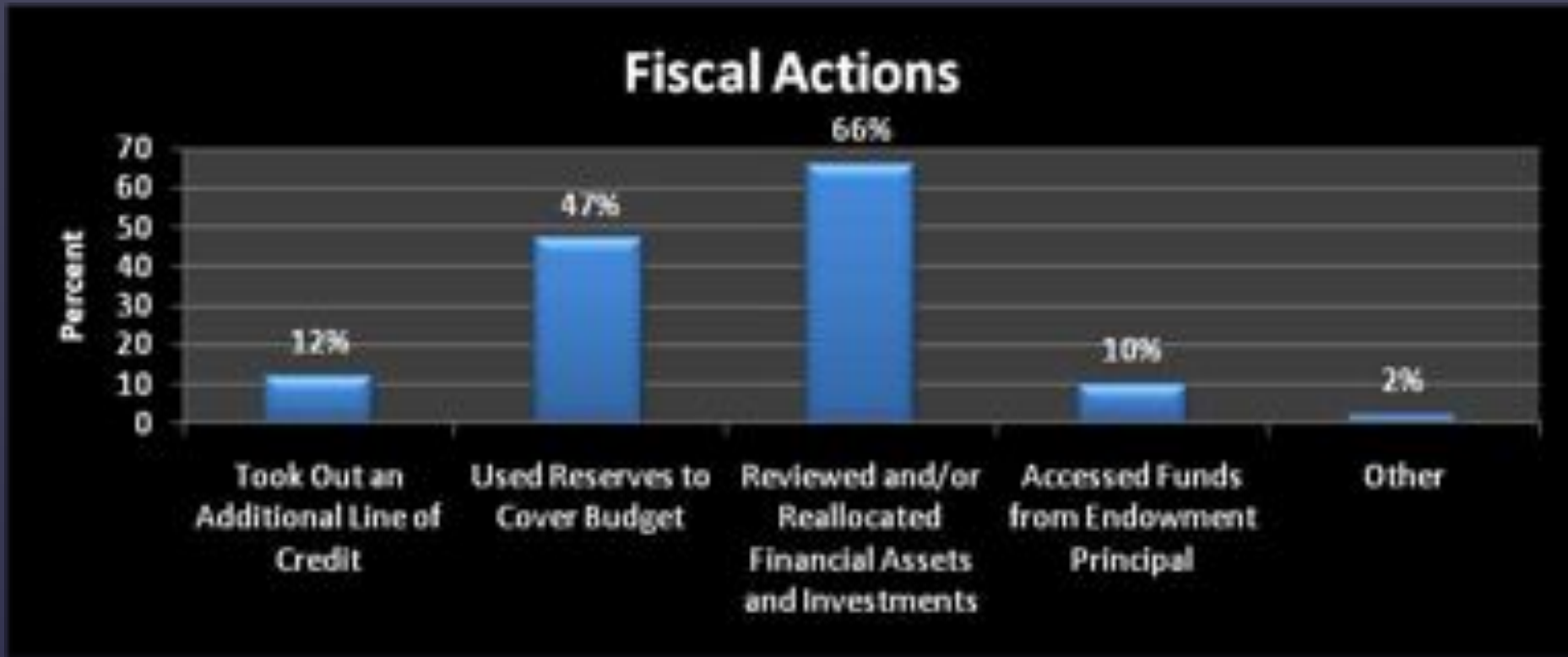


\*Percentages do not add to 100% across categories because multiple responses were allowed.



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

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\*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

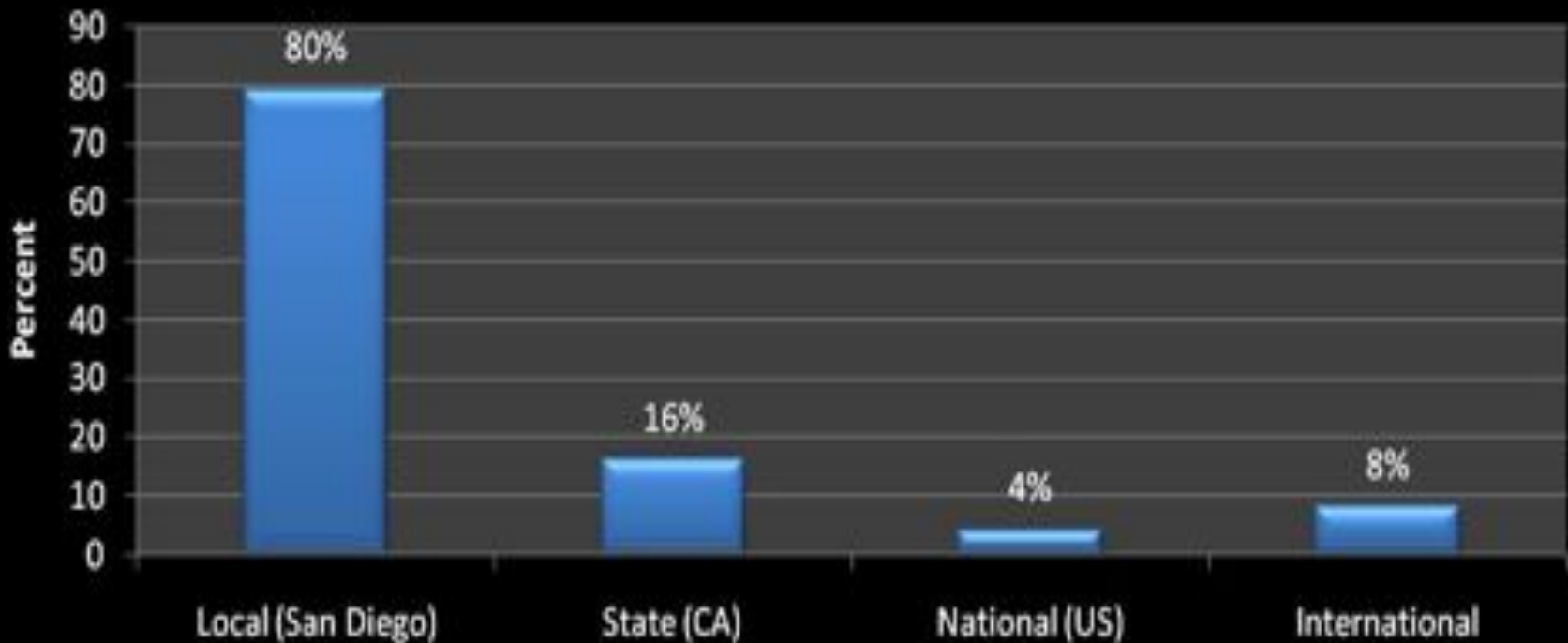
24% private family foundations

20% community foundations

28% other

$n = 25$

## Geographical Distribution of

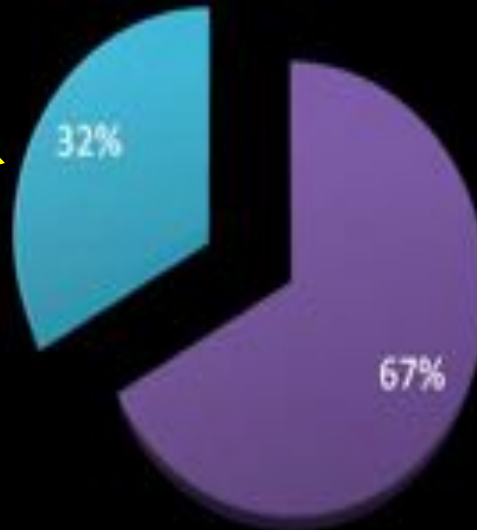
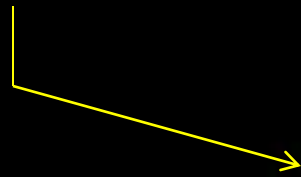


# Economic Impact

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## Foundations and the Economy

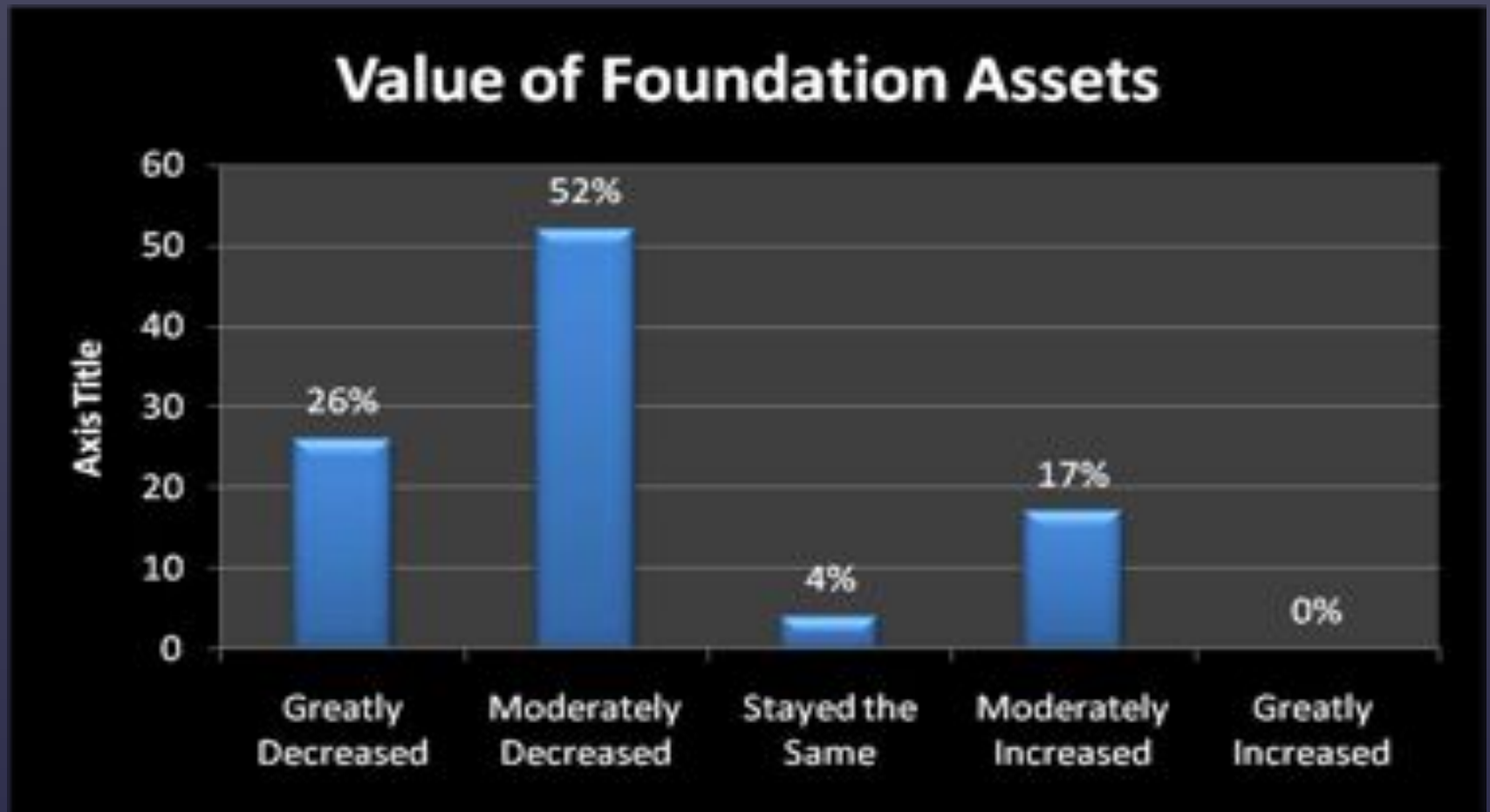
**Smaller Foundations (<\$10 million in net assets)**



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

# Net Assets

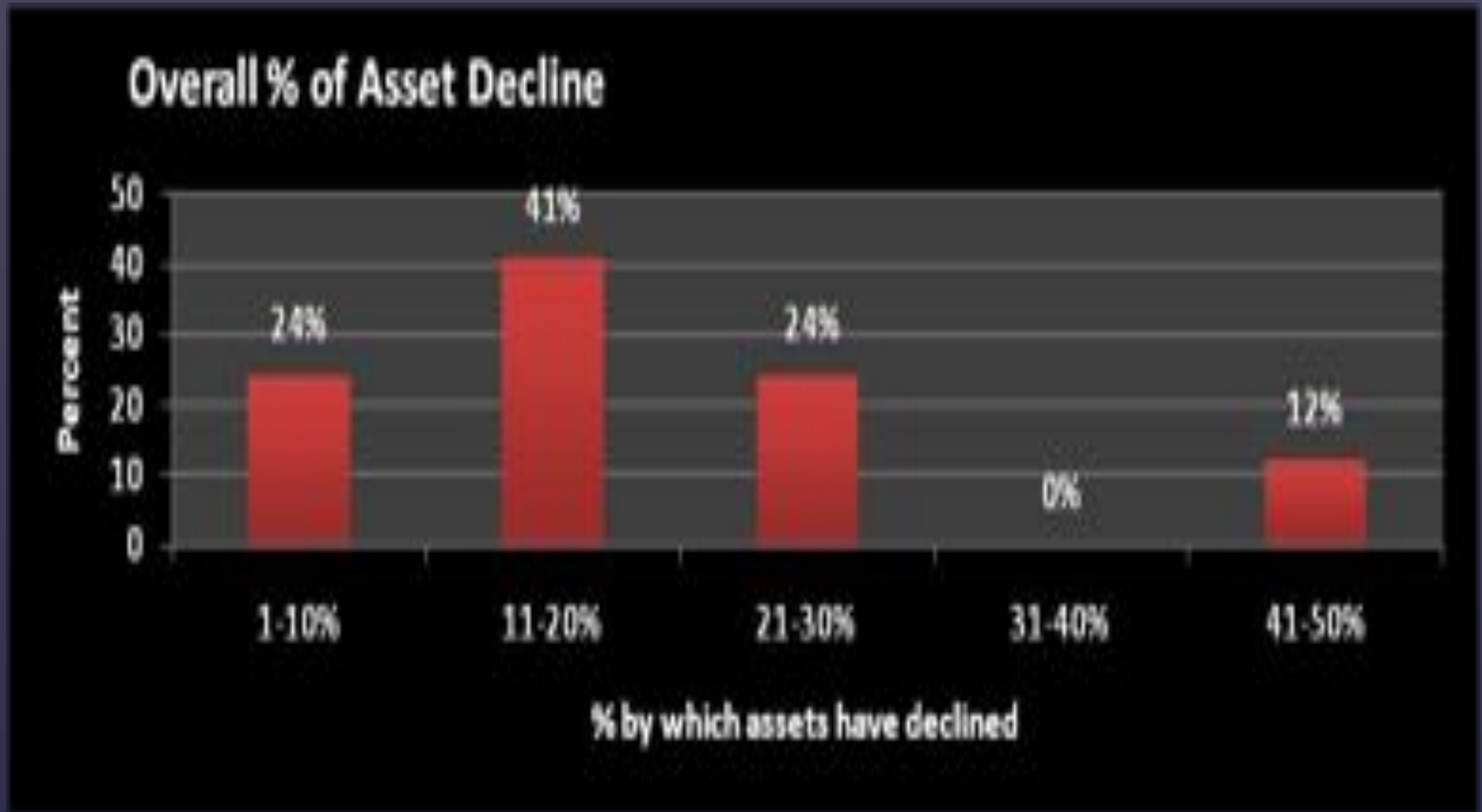
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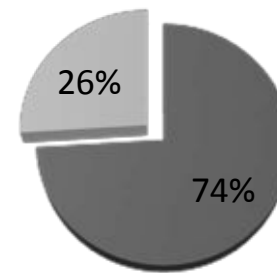
# Net Assets

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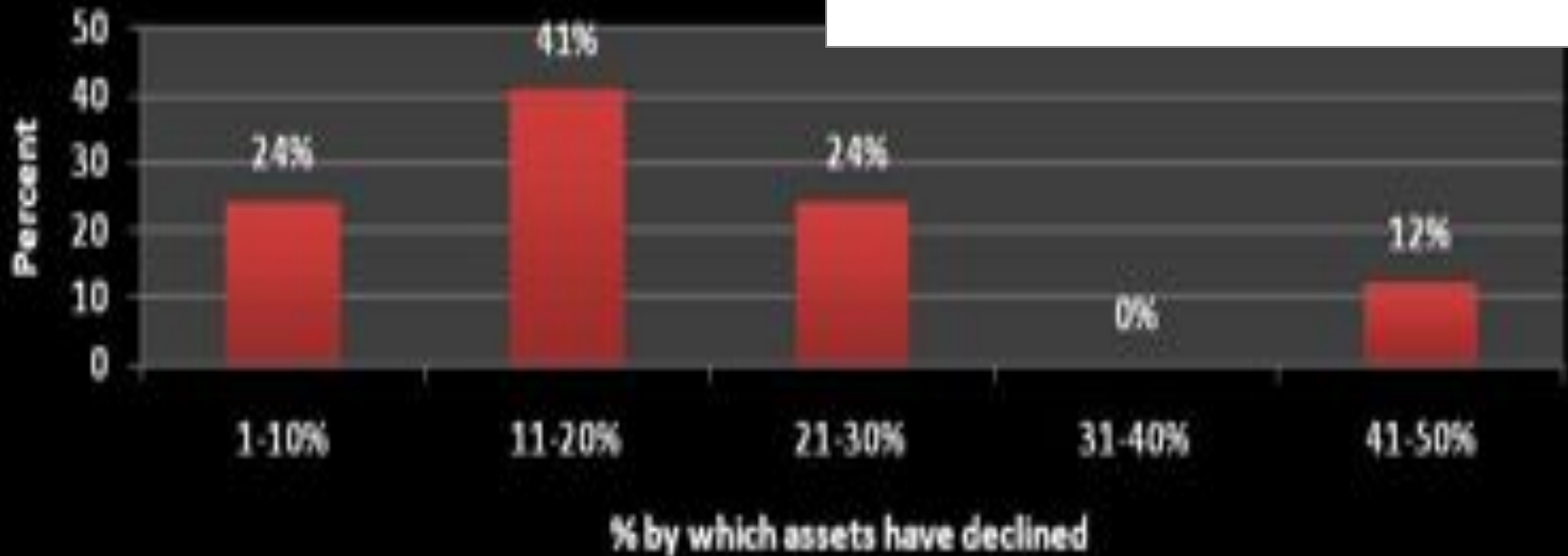
# Net Assets

## Reasons for Asset Declines



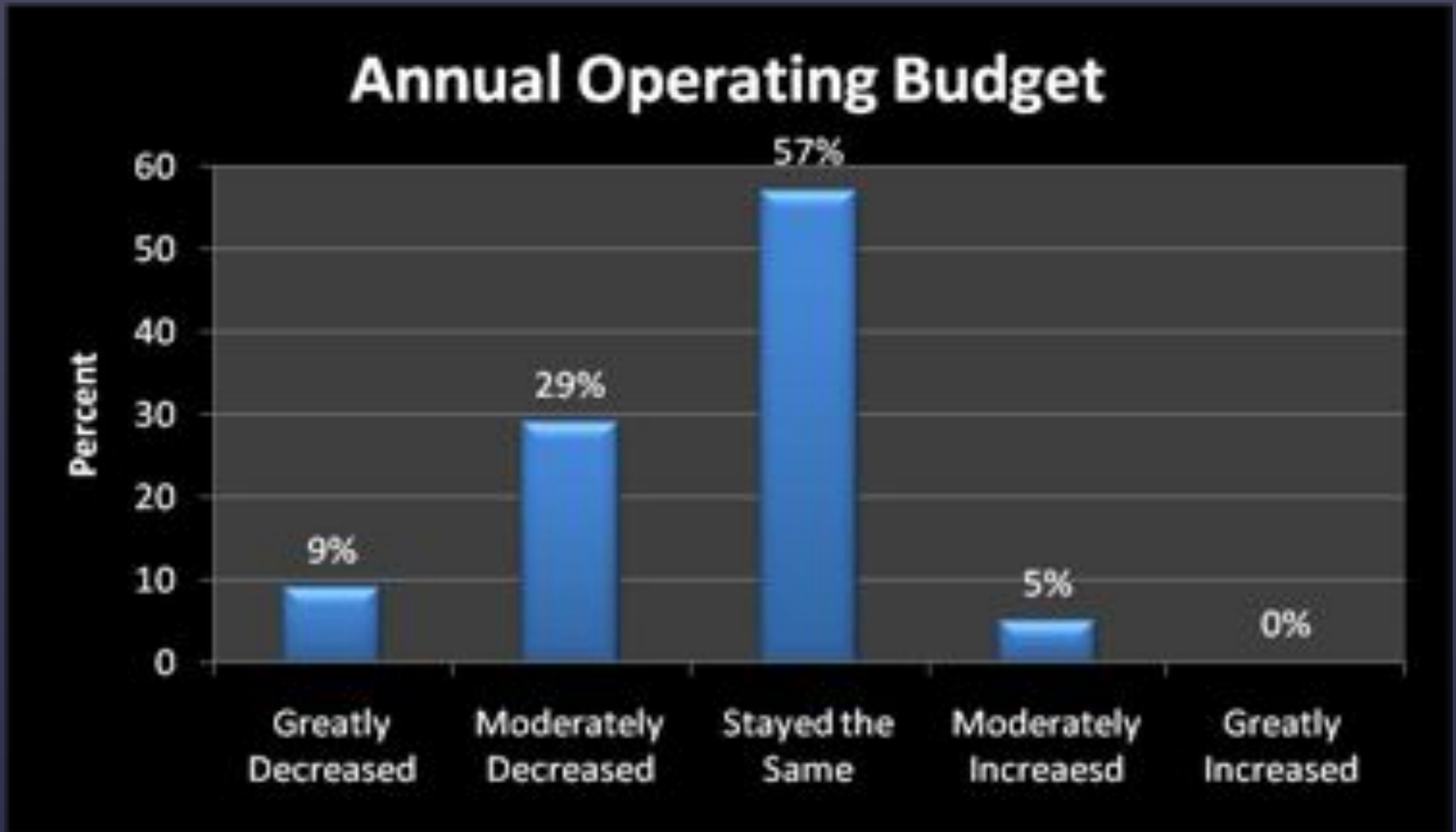
- Losses on Investment/Endowment/Revenue
- Decreased Donations/Contributions

## Overall % of Asset Decline



# Operating Budgets

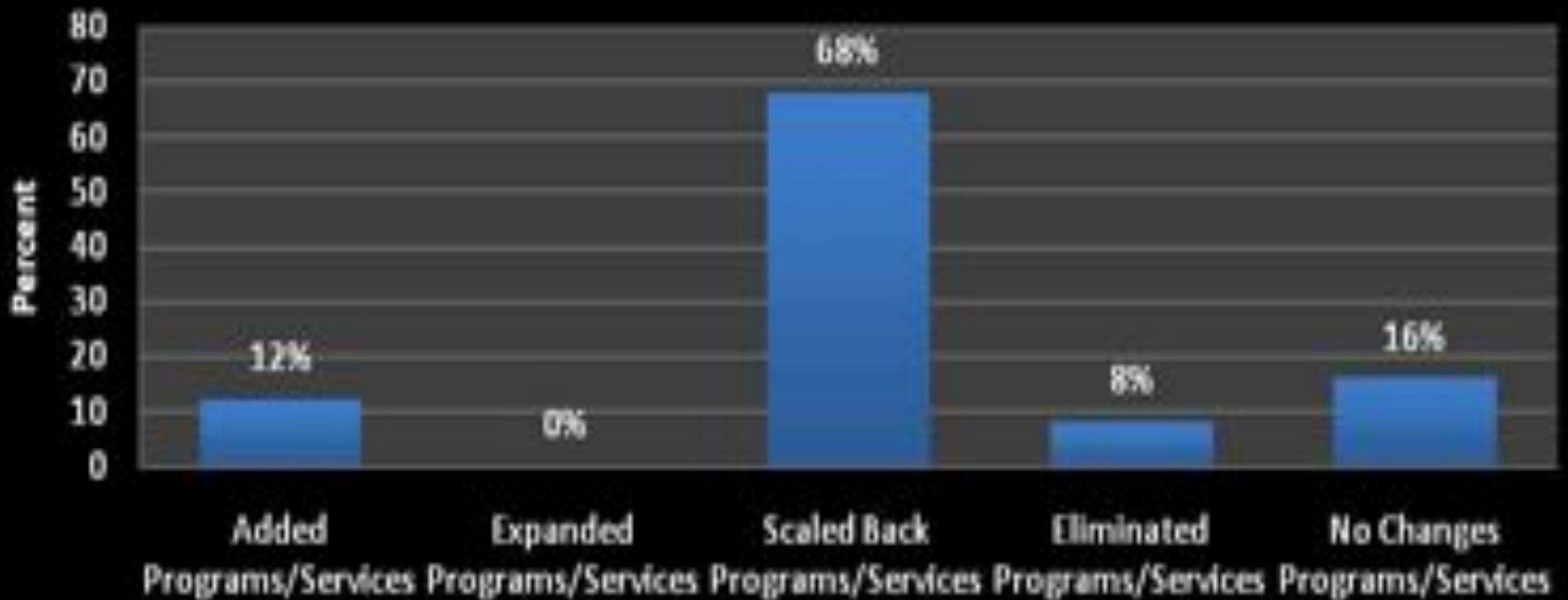
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# Program Changes

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## Changes in Programs and/or Services



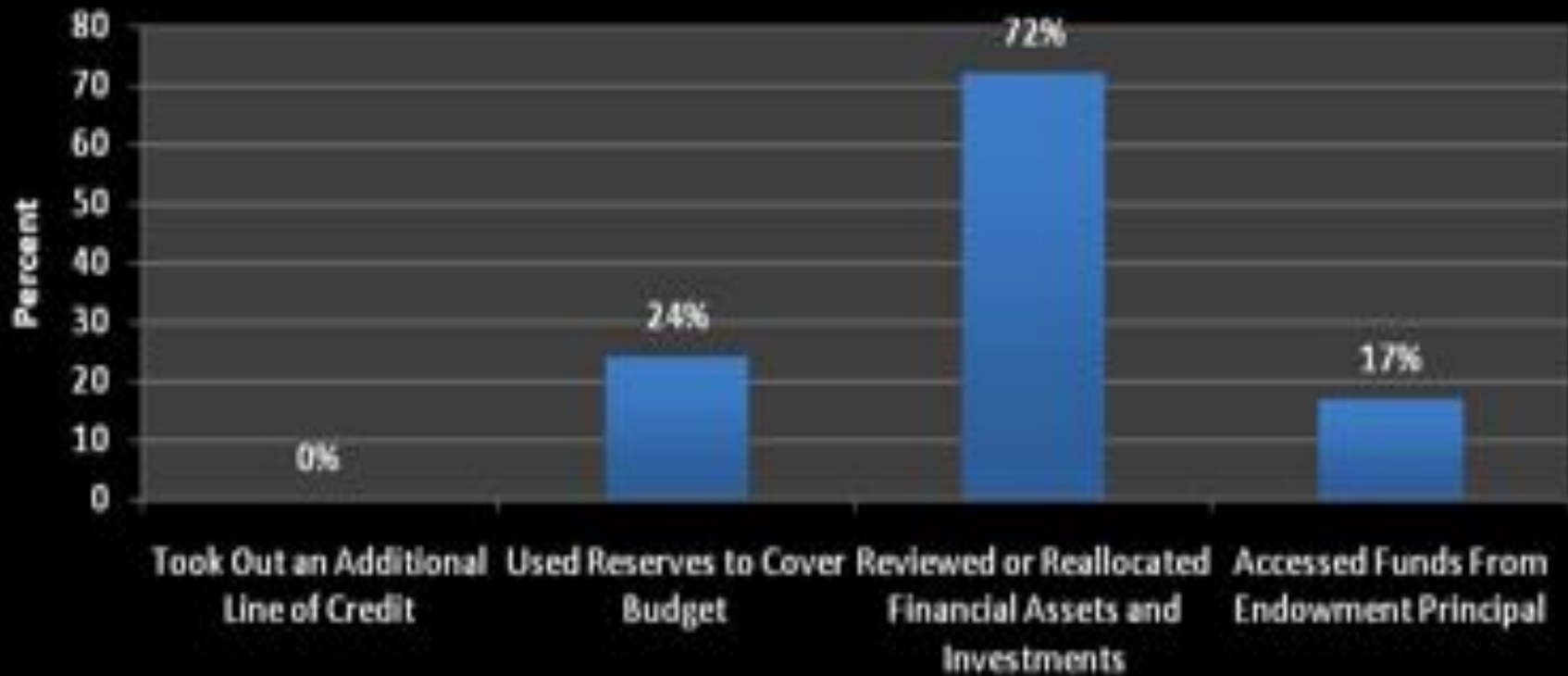
# Administrative Actions

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# Fiscal Actions

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▶ 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

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- ▶ 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

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



# Looking Forward

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- ▶ 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

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

Thank you!

