

Oregon Nonprofit Sector Report

The State of the Nonprofit Sector in Oregon

2011



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Executive Summary

Project Goals

The *Oregon Nonprofit Sector Report (ONSR)* is the outcome of a collaboration between the Nonprofit Association of Oregon (NAO) and Portland State University's (PSU) Institute for Nonprofit Management (INPM), which is part of the Center for Public Service. The report is intended to inform decision makers in the public, nonprofit, and private sectors about the present economic status and relevance of the nonprofit sector.

The ONSR should especially help public policy decision makers, philanthropists, and nonprofit leaders better understand the organizational and financial health of the state's nonprofits. Nonprofit organizations are dealing with the consequences of recent financial crises—the effects of which greatly influence Oregon's state budget cycle and the budgets of many of the state's 22,000+ tax-exempt organizations.

This comprehensive report examines the sector as a whole—including a description of the size and scope of the sector (e.g., number of organizations, expenditures, regional distribution, number of employees and volunteers, regional distribution of volunteers, forms of volunteering, number of foundations); the current condition of nonprofits (e.g., clues about their economic viability and social relevance, relative health in key areas such as leadership, fundraising, outlook); and the contributions, social impact, and future of Oregon's nonprofit sector.

Methodology

To compile this report, the team developed and executed a survey instrument that collected data from over 600 participating nonprofit leaders/organizations comprising a representative sample for regional and subsector distribution of nonprofits. The team also analyzed and interpreted data on Oregon's 10,429 actively filing public charities listed in the Oregon Department of Justice database and compared it with data on Oregon's tax-exempt organizations as well as with data in other state of the nonprofit sector reports to identify gaps, inconsistencies, and best practices.

The ONSR aims to provide basic, current, and easily accessible data on the nonprofit sector in Oregon to help inform the public about the social impact of nonprofit organizations in Oregon. This report is a starting point for ongoing research and data collection to learn more about how Oregon nonprofits relate to government, for profit firms, one another, their clients, and society as a whole. The ONSR team hopes there will be ongoing efforts to continue this important work for and about Oregon's nonprofit sector.

Key Findings

Total revenue of the 10,429 active charitable nonprofits (reporting year beginning 2010) in Oregon was approximately \$13 billion, with total assets of \$16 billion. Nonprofit organizations in Oregon provide 166,130 jobs, which represents 13% of Oregon's private sector employment. Oregon's largest nonprofit employers are hospitals, accounting for 51,000 employees.

- The sector is predominantly female and white: 76% of employees are women; 28% are people of color.
 - Overall, employment in nonprofits has stabilized after the recent financial crises: 35% of respondents reported an increase in paid staff, and over one-quarter increased volunteers.
 - In 2011, 54% of nonprofits reported increased revenue, 26% reported flat revenue, and 20% reported decreased revenue compared to 2010.
 - Sixty-five percent of nonprofits reported increased demand for services in 2011, comparable to national data, while 28% reported that demand stayed about the same.
 - Twenty-six percent of nonprofits reported that they had to scale back programs, and 51% had to turn away clients.
 - Fifty-seven percent of nonprofits do not have enough unrestricted operating reserves to cover three months of operating expenses, compared to 46% to 48% of organizations nationally.
 - Almost one in four (24%) reported they are operating with less than one month worth of reserves.
- It is clear that nonprofits play an increasingly vital role in supporting the state. The ONSR provides critical details about the sector's scale, health, and impact. Some key findings about the Oregon-based public charities who responded to the survey include:
- Sixty percent of nonprofits reported increased fundraising (in 2011 compared to 2010), which is 19% higher than in the US overall. Fundraising efforts were increased through more foundation grant applications (57%), greater attention to major individual donors (52%), and the addition of special events (49%).
 - Eighty-six percent of nonprofits collaborate with each other. Those who most collaborate are agencies and organizations within the Housing and Shelter (97%), Healthcare and Counseling (91%), and Human Services and Community Improvement and Capacity Building (tied at 89%) subsectors.
 - Meeting with public officials ranked highest among nonprofits' advocacy activities (56%); nearly one-third participated in coalitions that attempt to influence public policy.
 - For fiscal year 2012, Oregon's nonprofits expect the percentage of total revenue from most sources to increase; government revenue is mostly expected to stay the same. The majority expects their organizations to grow moderately over the next one to three years; one-third expects substantial organizational growth over the next five years.

Introduction

This is the first *Oregon Nonprofit Sector Report* (ONSR). It is co-produced by Portland State University's (PSU) Institute for Nonprofit Management (INPM), which is part of the Center for Public Service, and the Nonprofit Association of Oregon (NAO). The ONSR team began tracking sector-related data in 2010. In addition to tracking existing data, the team conducted a survey in February 2012 to gather information important to accurate and current sector reporting.

This report focuses on three questions:

- *What is the size and scope of the nonprofit sector in Oregon?*
- *How can the relative health of the nonprofit sector be described?*
- *What are the currently available indicators for the social and economic impact of Oregon's nonprofit sector?*

Generating a basic description of the size and scope of Oregon's nonprofit sector was in itself a complex endeavor, and required the use numerous data sources. The number of nonprofits and total expenses and revenue were drawn from Internal Revenue Service (IRS) data. The most recent data available at the time of publication is from 2010. Employment and Wages data is drawn from Oregon's Employment Department. The most recent Fundraising Trends Report for Oregon and SW Washington (2011) was used to compare some of the ONSR's fundraising findings with data from previous years.

Where possible, the ONSR attempts to make comparisons between data for Oregon and national statistics. As there is no single source of information that would provide this comparison, the ONSR

relied on multiple studies and sources including the Oregon Department of Justice, the National Center for Charitable Statistics, the Urban Institute, the Nonprofit Research Collaborative, BoardSource, "Daring to Lead", the "Minnesota Nonprofit Economy Report," and the "UCLA Nonprofit Sector Report for Los Angeles County."

THE ONSR SURVEY

In February 2012, the ONSR survey was sent to 3,610 contacts in 2,971 Oregon-based public charities with 501(c)(3) status registered with the Oregon Department of Justice. A total of 641 responses to the survey was received; of those, 632 were considered valid and 475 were complete.

For this survey the team divided the population into different groups based on their subsector and the region of Oregon in which they primarily operate. About 25 to 40%¹ of all organizations within a particular group were randomly selected (irrespective of organization size) and sent a link to the survey. This procedure² coupled with the high response rate (632 responses translates to a 4% margin of error) ensured that the survey respondents are adequately representative of the Oregon nonprofit sector.

The ONSR achieved a representative sample for regional distribution of nonprofits (see Figure 0.1) and for subsectors (see Figure 0.2) as well.

1. After accounting for respondents who unsubscribed or were no longer employed at the organization.

2. Known as stratified random sampling.

Figure 0.1. Survey Respondents by Region

REGION	NUMBER OF NONPROFITS	PERCENT OF NONPROFITS IN STATE	PERCENT OF RESPONDENTS FROM REGION
Central Oregon	644	6%	5%
Eastern Oregon	564	5%	7%
Metropolitan Portland	4488	43%	41%
North Coast	535	5%	5%
Northern Willamette Valley	1136	11%	9%
South Coast	284	3%	3%
Southern Oregon	1014	10%	11%
Southern Willamette Valley	1678	16%	19%
STATEWIDE TOTAL	10,343	100%	100%

About 86 nonprofit organizations in Oregon have their primary offices outside of the state and were therefore not tagged to any of the eight regions—hence the total number of organizations in this table is 10,343 and not 10,429.

Figure 0.2. Survey Respondents by Subsector

SUBSECTOR	NUMBER OF NONPROFITS	PERCENT OF NONPROFITS IN STATE	PERCENT OF RESPONDENTS FROM SUBSECTOR
Animal Welfare	268	3%	5%
Arts, Culture & Humanities	1228	12%	17%
Community Improvement & Capacity Building	124	1%	6%
Civil Rights & Advocacy	165	2%	2%
Crime Prevention & Legal Affairs	66	1%	2%
Education	256	2%	7%
Environment	538	5%	8%
Food, Agriculture & Nutrition	102	1%	2%
Healthcare & Counseling	469	6%	8%
Housing & Shelter	246	2%	4%
Human Services	1,060	10%	17%
Philanthropy, Volunteerism & Grants	1,413	14%	7%
Public Safety, Disaster & Crisis Intervention	104	1%	1%
Recreation, Leisure & Sports	778	8%	4%
Religion	2,703	26%	1%
Research	120	1%	1%
Youth Development	574	5%	8%
TOTAL	10,429	100%	100%

As Figure 0.2. shows, the *ONSR* has a slight overrepresentation of arts and culture and human services organizations; foundations (philanthropic organizations) and educational institutions are underrepresented as the study surveyed direct service organizations rather than grantmakers and colleges and universities.

As in many nonprofit surveys, the sample has a significant overrepresentation of bigger nonprofit organizations. As many commenters stated, small organizations frequently do not have the organizational or staff capacity to respond to survey requests. Although nonprofits with annual operating budgets under \$100,000 make up 71% of Oregon’s nonprofit sector, only 37% of respondents fall under this category. Therefore, the *ONSR* has a significant overrepresentation of mid-size nonprofits with annual budgets between \$1 million and \$5 million.

Figure 0.3. Comparison of *ONSR* 2011 & National Center for Charitable Statistics 2010 Samples by 2011 Operating Budget

OPERATING BUDGET	NUMBER OF NONPROFITS	ONSR	NCCS
Under \$100,000	185	37%	71%
\$100,000 to \$250,000	89	18%	10%
\$250,001 to \$500,000	72	14%	6%
\$500,001 to \$1 million	37	7%	4%
\$1,000,001 to \$5 million	83	17%	6%
\$5,000,001 to \$10 million	19	4%	1%
More than \$10 million	15	3%	2%
TOTAL	500	100%	100%

Source: National Center for Charitable Statistics (NCCS).

1 An Overview of Oregon's Nonprofit Sector

The Oregon Nonprofit Sector consists of 22,000 nonprofit organizations. The majority (15,188) of these organizations are public charities which conduct “public benefit” activities and have been granted tax-exempt status under Internal Revenue Code section 501(c)(3) allowing them to receive tax-deductible contributions. The others include private foundations, civic leagues, business leagues, fraternal societies, agricultural organizations, and many others.

Size of Subsectors

The ONSR analyzed the focus area of Oregon-based public charities registered with the Oregon Department of Justice and categorized them into subsectors. The most abundant are Religious (2,703), Philanthropic (1,413), Arts, Culture, and Humanities (1,228), and Human Services (1,060) organizations.

Figure 1.1. Oregon Nonprofit Organization Subsectors

SUBSECTOR	TOTAL	PERCENT
Animal Welfare	268	3%
Arts, Culture & Humanities	1,228	12%
Community Improvement & Capacity Building	124	1%
Civil Rights & Advocacy	165	2%
Crime Prevention & Legal Affairs	66	1%
Education	256	2%
Environment	538	5%
Food, Agriculture & Nutrition	102	1%
Healthcare & Counseling	469	6%
Housing & Shelter	246	2%
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Recreation, Leisure & Sports	778	8%
Religion	2,703	26%
Research	120	1%
Human Services	1,060	10%
Youth Development	574	6%
TOTAL	10,429	100%

Source: Oregon Department of Justice. Figures are for 2010. Nearly 1,000 organizations did not specify their IRS code and are not included here. The ONSR has classified organizations under one category based on the primary mission listed in the database.

Foundations

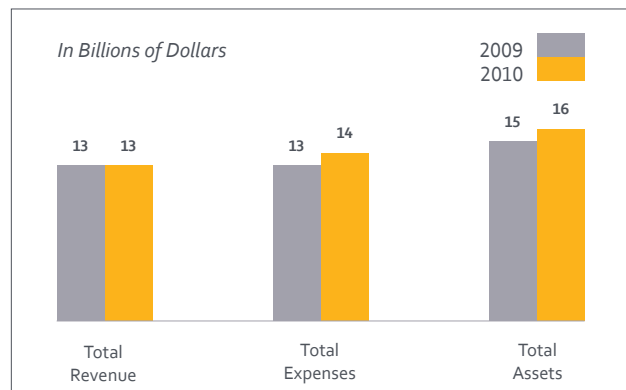
In Oregon, 1,086 charitable foundations operate with assets totaling roughly \$8 billion and annual giving over \$800 million. The top 100 highest-giving foundations employ 136 full-time and 18.75 part-time professional staff, as well as 53 full-time and 18.5 part-time support staff, and another 40 unspecified staff. Smaller foundations rely primarily on volunteer labor.¹

Expenditures & Revenues

In 2009, total revenue and expenses for these Oregon-based public charities were nearly even at \$13 billion. However in 2010, total expenses increased by nearly one billion dollars, while revenues remained flat. The increased expenses were entirely program related. Management costs actually declined by \$200 million (from 15% to 12% of total expenses), and fundraising expenses remained the same.

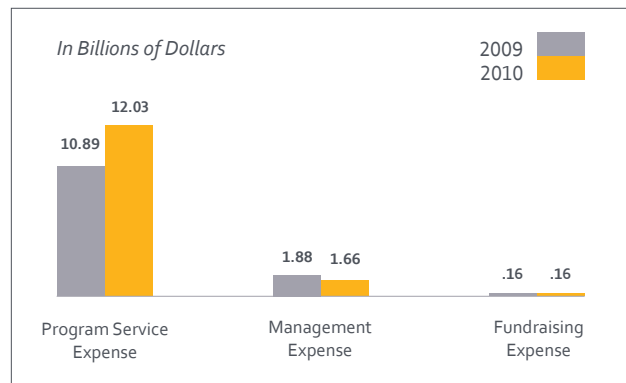
“In 2010, total expenses increased by nearly one billion dollars, while revenues remained flat. The increased expenses were entirely program related. Management costs actually declined by \$200 million (from 15% to 12% of total expenses), and fundraising expenses remained the same.”

Figure 1.2. Total Revenues, Expenses & Assets of Oregon-based Nonprofits



Source: Oregon Department of Justice. (2009 and 2010).

Figure 1.3. Breakdown of Total Expenses for Oregon-based Nonprofits (2009 to 2010)



Source: Oregon Department of Justice. (2009 and 2010).

1. Foundation Center (2011).

Assets

Total assets of Oregon-based public charities increased from \$15 billion to \$16 billion from 2009 to 2010.

Nearly 65% of these organizations have less than \$100,000 in assets, and another 14% have more than \$100,000 but less than \$1 million in total assets.

Employment

In 2010, the Oregon Employment Department analyzed data from the 8,519 Oregon nonprofit organizations that employ paid staff. The sector employed 166,130 people in 2010. This represents 13% of private sector employment, which is an increase from 11% in 2002. Nonprofits comprise 10% of total (private and public) state employment.²

In 2010, Healthcare and Counseling accounted for the overwhelming majority of Oregon's nonprofit jobs at 102,595 (62%).³ Oregon's 52 nonprofit hospitals provide half of these positions, employing 51,200 people. As shown in Figure 1.5, 'Other Services' make up the next largest percentage with 24,191 jobs. These services include religious, grantmaking, civic, and professional organizations.⁴

Nonprofits in Oregon's rural counties employ more than 26,000 employees or 9% of all jobs in these counties. Oregon's urban counties employ 139,000 people, or approximately 11% of urban Oregonians.⁵

2. Eagan, Oregon Labor Trends Report. (Oct. 2011). Workforce & Economic Research Division of the Oregon Employment Department. www.QualityInfo.org. p.1.

3. The subsector categories used by the Oregon Labor Market Information System are very different from the National Taxonomy of Exempt Entities classifications used in the ONSR analysis. However, they provide some insight into the distribution of jobs within the nonprofit sector.

4. Eagan, Oregon Labor Trends Report. (Oct. 2011). Workforce & Economic Research Division of the Oregon Employment Department. www.QualityInfo.org. p. 2.

5. Eagan, Oregon Labor Trends Report. (Oct. 2011). Workforce & Economic Research Division of the Oregon Employment Department. www.QualityInfo.org. p. 3.

Wages

Annual average pay in Oregon's private sector in 2010 was \$40,968; for Oregon nonprofits, it was \$39,545.⁶

Annual average wages in Oregon depend more on industry than for-profit or not-for-profit status.

Figure 1.6 shows that in two industries that comprise nearly three-quarters of all nonprofit employment, annual average wages at nonprofits are nearly equal to the industry average. Healthcare and Counseling (62%), and Education Services (11%) have almost identical average annual pay. This similarity likely explains the close overall proximity of nonprofit salaries to private sector averages.

Notably, the annual average pay at rural nonprofits exceeds average pay for all employers by \$1,500. By contrast, urban nonprofits pay \$2,800 less than average.

“Annual average wages in Oregon depend more on industry than for-profit or not-for-profit status.”

6. Eagan, Oregon Labor Trends Report. (Oct. 2011). Workforce & Economic Research Division of the Oregon Employment Department. www.QualityInfo.org. p. 2.

Figure 1.4. Total Assets of Oregon Nonprofits (2010)

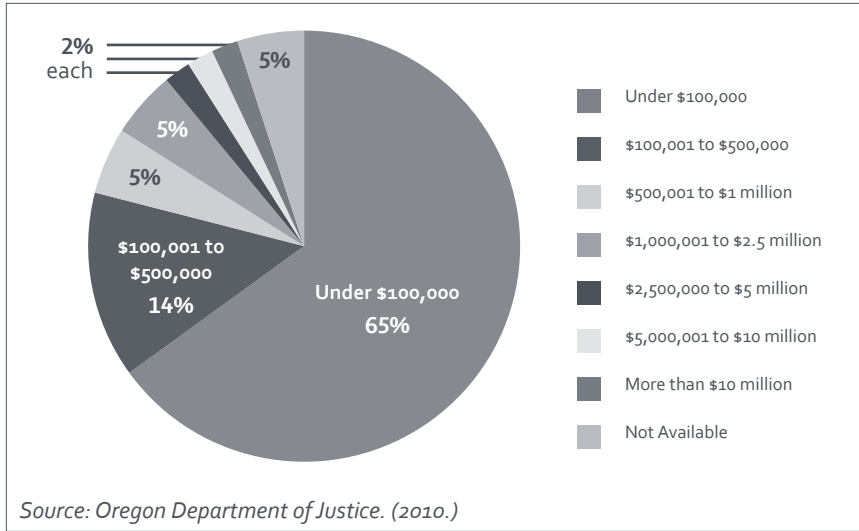


Figure 1.5. Oregon Nonprofit Employment by Industry (2010)

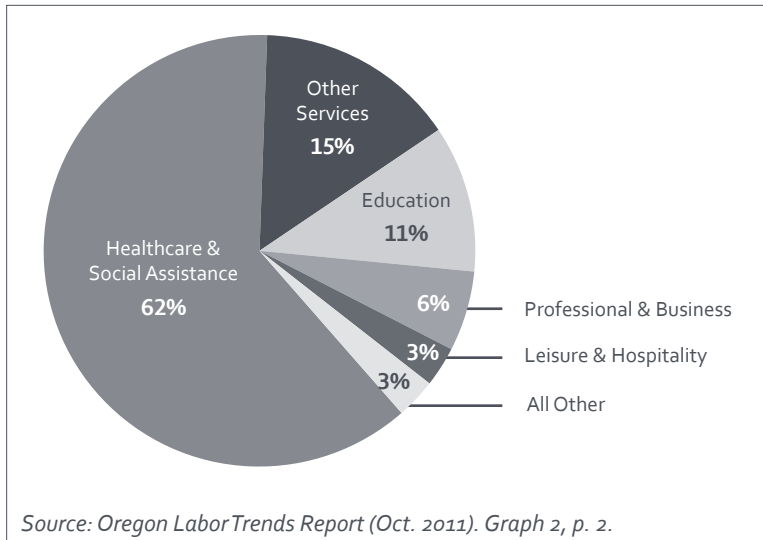


Figure 1.6. Annual Average Pay in Oregon: Nonprofits & All Firms (2010)

INDUSTRY TYPE	NONPROFITS	ALL FIRMS
Finance / Insurance	\$70,187	\$60,385
Professional, Scientific & Technical Services	\$62,485	\$59,837
Management of Companies & Enterprises	\$58,964	\$73,531
Healthcare & Counseling	\$43,717	\$43,725
Admin / Support & Waste Management	\$35,640	\$28,758
Educational Services	\$31,865	\$31,051
Retail Trade	\$26,527	\$25,939
Arts, Entertainment & Recreation	\$24,043	\$23,542
Other Services (Excluding Public Admin)	\$23,470	\$26,772

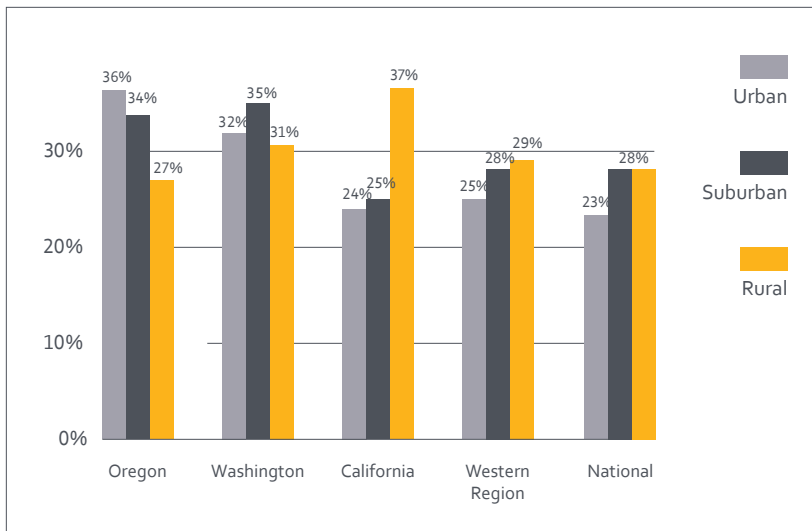
Source: Oregon Labor Trends Report (Oct. 2011). Table 1, p. 3.

Volunteering

From 2008 to 2010, Oregon had a volunteer rate of 32.9%, ranking 14th in the nation. Every year 993,700 Oregonians volunteer 115.9 million service hours, or 38.3 hours per resident (16th in the nation). The value of this service is calculated to be \$2.5 billion.⁷

In contrast to national and regional trends, Oregon has an exceptionally high volunteer rate in its urban regions. This is due in part to that fact that Portland records having the second highest volunteer rate (36%) in the nation among large cities (after Minneapolis), and the highest rate for members of the Millennial generation (34%) and Generation X (39%).

Figure 1.7. Volunteer Rates by Region (2008 to 2010)



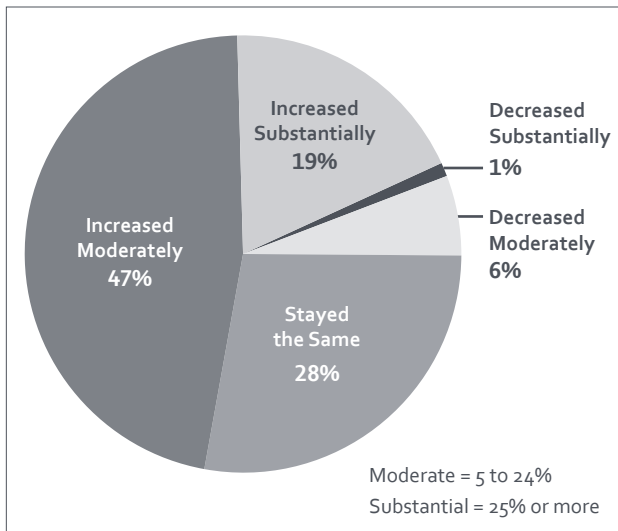
“Every year 993,700 Oregonians volunteer 115.9 million service hours, or 38.3 hours per resident (16th in the nation). The value of this service is calculated to be \$2.5 billion.”

7. www.volunteeringinamerica.gov/OR.

2 Financial Health

Oregon's public charities have been faced with a dilemma: while the need for services increased substantially, funding has been harder to secure. Unemployment rates in the state remained high in 2011 after reaching their highest levels in three decades in 2009 and 2010.¹ Public budget shortfalls have compromised services for vulnerable populations and funding for areas such as the arts and education. Therefore, it is not surprising that Oregon mirrors the national statistics:² 65% of Oregon's nonprofits reported an increase in demand for services in 2011, while only 7% reported a decrease, and 28% reported that the demand for services stayed the same.

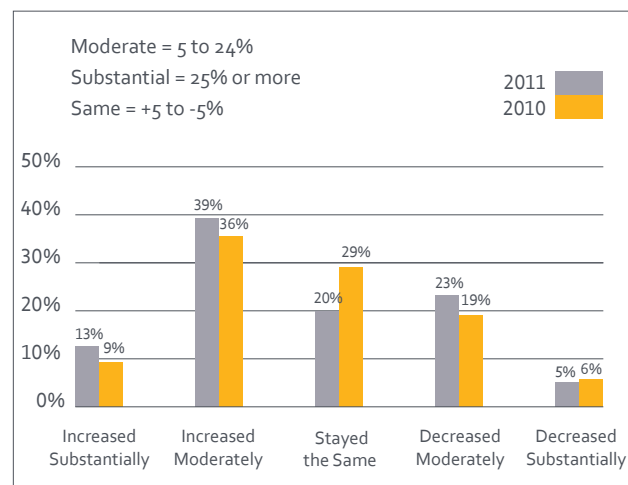
Figure 2.1. Change in Demand for Programs & Services (2010 to 2011)



While the economic downturn still shows its effects in Oregon, slightly over half (52%) of nonprofits reported increased revenue in 2011 (compared to 44% in 2010),³ 20% reported flat revenue (compared to 29% in 2010), and 28% had decreased revenue (compared to 25% in 2010).

A higher percentage (64%) of very large organizations (those with budgets over \$10 million) reported an increase in revenue, compared to 50% of all other organizations (including small organizations).⁴ There were no significant differences across regions.

Figure 2.2. Change in Total Revenue (2010 to 2011)



1. According to Bureau of Labor Statistics data (2012).

2. According to the Nonprofit Alliance Fundraising Report (2012), national organizations reported that 65% saw increased demand, 5% saw a decrease, and 30% stayed the same.

3. According to the Fundraising Trend Report (2011).

4. This is different from Los Angeles County where smaller nonprofits reported more stability than medium and large organizations. Small organizations also reported revenue declines less frequently than their medium and large counterparts did.

Figure 2.3. Annual Revenue Comparison between Oregon Nonprofits & National Public Charities by Budget Size

ANNUAL REVENUE OF PUBLIC CHARITIES FILING IRS FORM 990	OREGON	NATIONAL
\$100,000 & under	71%	46%
\$100,001 to \$500,000	16%	29%
\$500,001 to \$1 million	4%	8%
\$1,000,001 to \$5 million	6%	11%
\$5,000,001 to \$10 million	1.20%	2.50%
More than \$10 million	2%	4%

Source: National Center on Charitable Statistics.

Oregon’s nonprofit sector consists mostly of small organizations with annual budgets under \$500,000 (87% of all organizations). It will be interesting to see if these organizations take longer to recover from the financial crisis than their larger counterparts.

Despite increased revenue, nonprofits are still trying to cope with the increased demand for services. Fifty-one percent of nonprofits reported that they had to turn away clients due to lack of resources (e.g., funding, volunteers, staff, space), 19% reported turning away clients due to the limits of current state and federal regulations, and 15% turned away clients for other reasons.

Total Expenditures

Oregon’s nonprofits also reported an overall increase in expenditures. Out of the 496 organizations that responded to this question, 54% reported increased expenditures, 26% said their expenditures stayed the same as in 2010, and 20% reported decreased expenditures.

The increased expenditures correlate with increased revenue in 2011. The ONSR data show that nonprofits that experienced increased demand also had increased expenditures over the past year.⁵ For 2012, organizations expect significantly higher expenditures due to higher programming costs: 62% expect an increase, 28% expect flat expenditures, while only 10% expect expenditures to decrease.

Figure 2.4. Change in Total Expenditures in 2011 from 2010

Increased substantially (25% +)	9%
Increased moderately (5 to 24%)	45%
Stayed the same as in 2010	26%
Decreased moderately (5 to 24%)	16%
Decreased substantially (25% +)	4%

5. Correlation was significant. (r = 0.34).

Assets & Operating Reserves

Cash reserves are considered one measure of financial resiliency. Nonprofits, like their private sector counterparts, need cash to weather unexpected financial shortfalls, to withstand changes in programs and staffing, and for investment in start-up programs and fundraising activities. While there is no hard and fast rule regarding cash reserves, many organizations strive for cash reserves equivalent to a minimum of three months of operating expenses, and some prefer six or more months.⁶ However, 57% of ONSR survey respondents do not have adequate cash reserves to cover the three-month threshold. On this measure, Oregon compares poorly to similar national studies, where only 46% to 48% of respondents have less than three months of cash reserves.⁷ Of greater concern is the 24% of ONSR respondents reporting less than one month of reserves.

This is an issue for small and mid-size organizations. Nationally, 53% of nonprofits with annual budgets under \$3 million have cash reserves for less than three months of operating expenses, while only 37% of organizations with budgets over than \$3 million are in this financial situation.⁸ Other factors contributing to fiscal stress specific to smaller nonprofits are an overreliance on a limited amount of funders (54%), declining philanthropic support (56%), overreliance on one type of fundraising (40%), and uncertain cash flow due to erratic government payment schedules (32%).⁹

6. Nonprofit Reserves Workgroup 25% of annual operating expenses. "What are Adequate Nonprofit Reserves for Financial Stability." (Sept. 2008).

7. 46% of organizations in the national "Daring to Lead" (2011) study and 48% in the national Nonprofit Research Collaborative Report (2011) reported nonprofits had less than three months of operating reserves.

8. The Fall 2011 Nonprofit Research Collaborative Report.

9. Percentages for nonprofits with less than \$3 million in annual budget. Source: The Fall 2011 Nonprofit Research Collaborative Report.

Cost-saving Strategies

Nonprofits exist to meet the needs defined in their mission statement. When revenue decreases and demand increases, organizations are forced to decide between pursuing strategies to meet these needs or decreasing their capacity to serve. In 2011, nonprofits continued their struggle to meet increased needs with limited budgets forcing many organizations to continue cutting costs. One-third of Oregon nonprofits cut administrative and overhead costs, 26% scaled back programs, and 16% initiated a salary freeze. Additionally, 15% reduced staff hours, 15% collaborated with other nonprofits to reduce overhead, 13% served fewer clients and discontinued existing program(s), and 12% had to lay off staff. A comparison with 2010 data from Oregon and Los Angeles County¹⁰ show continued efforts to reduce overhead costs and scale back programs, but also to stabilize staff size and salaries.

A higher percentage of nonprofits in Oregon decided to cut administrative and staff costs, rather than to cut programs and services or reduce hours of operations. Staff size and salaries are leveling off; whereas last year's data showed almost a third of organizations had to lay off staff, this number is down to 12% in 2011. Salary freezes were down from 31% in 2010 to 16% in 2011. While only seven percent of Oregon's nonprofits reported decreased demand, 26% scaled back their programs. When the year-to-year comparison of cost-saving strategies is coupled with the data on revenue change and expenditures, Oregon nonprofits appear to have weathered the recession. In future years, organizations that have struggled to stay afloat will ideally be able to restore their programs as Oregon's economy improves.

10. Few nonprofit sector reports track cost savings strategies. The UCLA report on the nonprofit sector in Los Angeles County is one of the few comprehensive reports available which tracks those data.

Figure 2.5. Comparison of Nonprofit Cost-saving Strategies between 2010 & 2011

COST-SAVING STRATEGIES	OR 2010	OR 2011
Merged with another organization	[3%]	1%
Initiated hiring freeze	20%	5%
Received additional or extended lines of credit	[7%]	5%
Reduced salaries	18%	5%
Reduced hours of operation	10%	7%
Reduced employee benefits	20%	9%
Engaged in deficit spending	[15%]	9%
Laid off staff	31%	12%
Discontinued existing program(s)	[26%]	13%
Served fewer clients	[28%]	13%
Collaborated with other nonprofits to reduce overhead	[26%]	15%
Reduced staff hours	[23%]	15%
Initiated salary freeze	31%	16%
Scaled back programs	39%	26%
Cut administrative or overhead costs	[50%]	34%

*For categories without 2010 data from Oregon, ONSR used 2010 data from Los Angeles County as a proxy, noted above in brackets.
Source: ONSR (2012), Fundraising Trends Report 2011, UCLA.*

Revenue Sources Overview

The most important revenue source for organizations in the ONSR sample were contributions from individuals (34%), followed by fees for services and sales (24%), government funding (17%), grants from foundations (16%), and grants and sponsorship from corporations (5%).

More than half of respondents did not receive any government funding (53%). Additionally, 53% did not receive any contributions from corporations, and one-third did not generate any fee for service or sales revenue.

A high number of respondents reported increased contributions from individuals, increased contributions from foundation grants, and increased income from fees and sales.

Figure 2.6. Average Percentage of Budget from Specified Revenue Sources

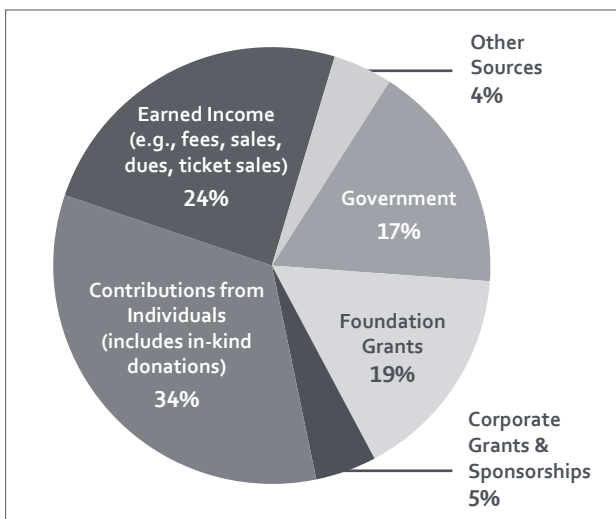
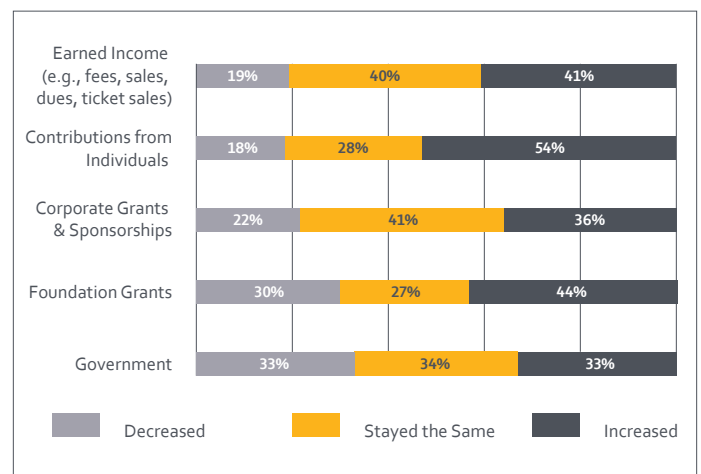


Figure 2.7. Changes in Specified Revenue Sources (2010 to 2011)



Revenue from Government

Of the 47% of Oregon nonprofits receiving government funding, one-third comes from the state, one-third from the federal government, and a fifth each from the county and city. Regarding the form of government funding, half comes through government grants, one-third through contracts, and only 11% are reimbursements or vouchers.

The ONSR found that some of the national concerns about nonprofits contracting with government agencies may be less pressing in Oregon. Nationally, 53% of nonprofits reported late payments from the government, compared to 33% of Oregon's nonprofits. While the ONSR survey focused on problems associated with government funding, national studies asked about contracting problems overall. Three-quarters of nonprofits nationally reported having problems with the complexity and time requirements associated with reporting for government grants. Additionally, 68% of nonprofits nationally reported that government payments do not cover the full costs of contracted services.¹¹ More than half of Oregon's nonprofits (52%) noted increased reporting requirements for government grants and contracts and 27% of respondents reported decreased government reimbursement rates.

Figure 2.8. Percent of Budget from Specified Government Funding Sources (2011)

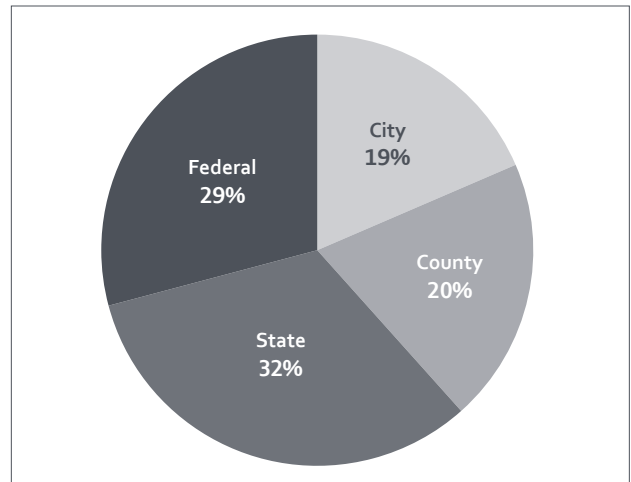
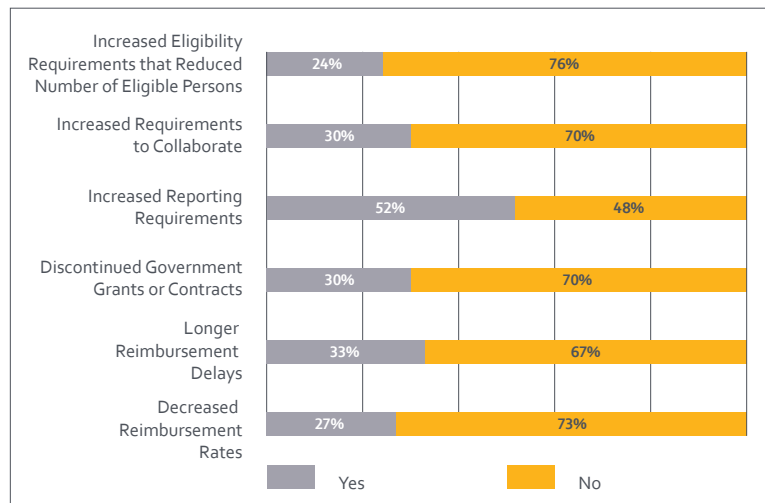


Figure 2.9. Government Funding Concerns (2011)



11. Urban Institute (2009).

Revenue from Fees for Services, Social Businesses

The ONSR sample shows substantial differences in revenue mix compared to the national average. In the US overall, the majority of nonprofit income stems from fees for services and sales from private sources (53%). In the ONSR sample, this category accounts for only 25% of the overall revenue.

This finding may be explained in part by the nature of the ONSR sample. The most substantial fee-for-service earners in the sector overall are nonprofit hospitals and universities, a group of organizations that is underrepresented in the ONSR sample.¹² However, this result might still be an indication that nonprofits in Oregon tend to have less earned income than nonprofits in other parts of the country.

Given the increasing relevance of social entrepreneurship and social enterprise in the US nonprofit sector overall, the ONSR asked Oregon's nonprofits whether they run a business enterprise to generate revenue. Twenty-nine percent reported that they do, while 63% reported that they do not, and eight percent reported that they would consider starting one.

Figure 2.10. Proportion of Revenue from Different Sources, Oregon vs. US

	OREGON 2011	US 2009
Government Grants & Contracts	17.10%	32.10%
Private Contributions	49.6% (33% from individuals)	13.60%
Fees for Service, Sales, Tickets	24.50%	52.40%
Investment & Other	N/A	2.10%

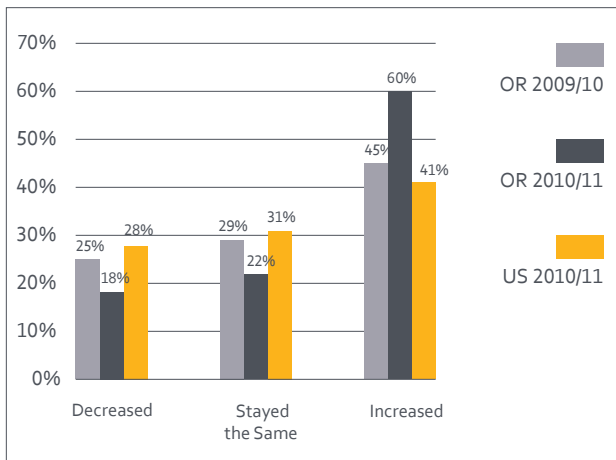
According to the National Center for Charitable Statistics Core Files, Public Charities (2009).

^{12.} As a counter balance bigger nonprofits are overrepresented in the ONSR sample.

Fundraising Results

Fundraising results in 2011 were on an upward trend compared to 2010.¹³ More nonprofits reported increased fundraising results this year (FY2011 over FY2010) than last year (FY2010 over FY2009), and fewer organizations reported a decrease in fundraising (from 25% in 2010 to 18% in 2011). Compared to the national average, Oregon's fundraising results also look quite positive: 60% of Oregon's nonprofits reported increased fundraising results which is 19% more than the national rate of 41%.

Figure 2.11. Fundraising Revenue: Annual Comparisons



¹³. 2010 data are taken from the Fundraising Trends Report for Oregon and SW Washington (2011).

Fundraising Strategies

In addition to reducing expenses through cost-saving strategies, nonprofits increased revenue through their fundraising efforts in 2011. Figure 2.12 shows the most frequently used strategies.

More than half of grantmaking organizations nationally reported increased numbers of grant applications, 35% said applications are about the same as last year, and 13% saw a decline in grant applications.¹⁴ This is consistent with the ONSR findings that increasing foundation grant applications is one major fundraising strategy for Oregon's nonprofits.

The increase in contributions can best be explained by more individuals giving (69%) and bigger gifts from individuals (42%). In 2011, a significantly higher number of organizations reported bigger gifts from individuals compared to 2010 (29%). Similar to last year, few organizations reported more (9%) or bigger (5%) government grants, and even fewer received more (3%) or bigger (3%) government contracts.

Of the fewer than 20% of ONSR respondents whose fundraising revenue decreased, 74% attribute their decreased fundraising results to smaller gifts from individuals and 69% to fewer individuals giving. More respondents noted these two areas this year than they did last year. Another significant difference from last year is the number of organizations that reported smaller foundation grants, which increased from 42% in 2010 to 58% in 2011. Additionally, the number of organizations reporting discontinued foundation grants increased from 26% in 2010 to 34% in 2011.

Nonprofits face continuing increases of reporting requirements from funders. Forty-two percent said that reporting requirements from funders (including government, corporate, foundations) have increased over the past year, 45% reported that requirements stayed the same, and not even one percent reported decreased requirements.¹⁵

Figure 2.12. Fundraising Strategies Used

	OR 2010	OR 2011
Increased foundation grant applications	55%	54%
Increased attention to major individual donors	46%	49%
Added special event	N/A	47%
Implemented or expanded marketing efforts	N/A	43%
Increased web communication with individual donors	N/A	39%
Applied for new or additional government grants	22%	27%
Increased board member giving	N/A	27%
Increased direct mail	N/A	25%
Used reserves or endowment money to fund operations	N/A	22%
Raised or implemented program service fees	N/A	18%

Source: ONSR (2012). *Fundraising Trends Report (2011)*, UCLA.

14. Nonprofit Research Coalition (2011).

15. 11% of nonprofits reported that they don't have external funding.

3 Organizational Capacity

While the term “organizational capacity” is used in many different ways, the ONSR focused on the sum total of the capabilities, knowledge, and resources that nonprofits need in order to be effective and meet their missions.

Nonprofits were asked to rate themselves in ten different areas related to organizational capacity¹—and gave themselves relatively high marks when asked to rank the clarity of their mission, vision, and programs. Of all respondents, 97% noted that their mission was “clear” or “clear and widely understood.” Organizations also rated their vision highly; 81% noted that their vision was “clear” or “compelling [and] broadly shared.” When asked about programs and services, 81% reported that they were well defined and aligned with their mission or aligned with their mission and an overall strategy.

By contrast, nonprofits felt relatively uncomfortable in areas related to their funding model, performance management systems, and human resources systems. Only 11% reported that their funding was highly diversified, 28% reported that they were highly dependent on a few funders, and 34% had limited access to different types of funding. When asked about performance management systems, 55% reported that they had very limited or partial measurements of performance. In human resources, 23% indicated

that they addressed needs only when they are too big to ignore, and 36% noted that they have limited abilities to tie human resource plans to broader strategic plans.

Environment and Community Improvement and Capacity Building subsectors reported the highest levels of discomfort or lack of strength in key capacity building areas, 39% and 38% respectively, followed by Education at 33%.

Those organizations in the Civil Rights, Social Action and Advocacy subsector felt most limited in terms of measurements of performance (73%) and were most likely to address human resource needs only when too big to ignore (53%).

When asked about the degree to which they set realistic and quantifiable goals and whether or not they have the ability to develop and act on realistic strategic, financial, and public relations plans, respondents reported moderate levels of comfort and strength.

“Nonprofits felt strongly that their expressions of mission and vision were clear yet were notably less confident about their measurements of performance, the strength of human resources systems, and strength of their funding model.”

1. Organizational capacity areas included: clarity of mission, clarity of vision, ability to set realistic goals, well defined and aligned programs, strength of funding model, strength of performance management systems, ability to develop and act on strategic plans, strength of financial planning and budgeting, strength of human resource systems, and strength of public relations and marketing plans.

Collaboration

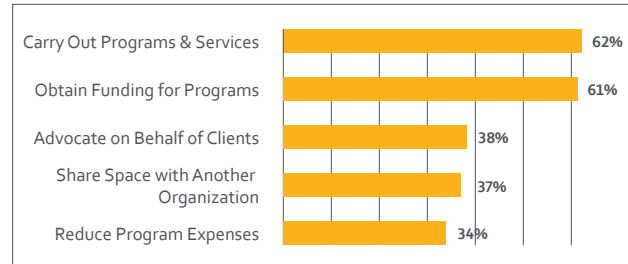
In an effort to better understand the different ways in which nonprofits collaborate, the ONSR asked respondents to select from a list of different forms of collaboration. The two most common forms of collaboration selected by respondents were “collaboration to carry out programs and services” (62%) and “collaboration to obtain funding for programs or services” (61%). Likely related, these two were significantly higher than the other forms of collaboration.

Eighty-six percent of all organizations engaged in some form of collaboration. This suggests that collaboration is a significant component of nonprofit life in Oregon. At the same time, nonprofits noted several impediments to getting more involved in some form of collaboration. The top three are shown in Figure 3.1.

Organizations noted that the top three impediments to collaboration were lacking capacity (29% reporting), value added is not worth the time and expense (19% reporting), and the fact that few organizations do similar work in (the reporting organization’s) area (10% reporting).

“Collaboration is a significant component of nonprofit life in Oregon. At the same time, nonprofits noted several impediments to getting more involved in some form.”

Figure 3.1. Most Common Forms of Collaboration



A closer look at subsectors provides greater insight into the types of nonprofits most likely to collaborate.² Housing and Shelter, Human Services, and Healthcare and Counseling organizations most frequently engaged in some form of collaboration. Collaboration among Community Improvement Capacity Building and Civil Rights, Social Action, and Advocacy organizations was common as well.

The top three subsectors who collaborated with other agencies to carry out their own programs and services are Housing and Shelter (84%), Community Improvement and Capacity Building (73%), and Environment (70%). These same groups rated nearly as high on their use of collaboration to obtain funding for programs: Housing and Shelter tied with Environment (both subsectors at 74%), Community Improvement and Capacity Building (73%), and Healthcare and Counseling (72%).

Many organizations also collaborate to advocate on behalf of their clients. Housing and Shelter (71%), Civil Rights, Social Action and Advocacy (67%), and Healthcare and Counseling are the subsectors most involved in such activities.

². Responses by issue area subsector with a minimum of 20 responses. Subsectors are drawn from the National Taxonomy of Exempt Entities.

Subsector organizations in Human Services (48%), Housing and Shelter (45%), and Arts, Culture and Humanities (44%), most often shared space with another organization.

From the study, it is clear that many organizations engaged in some form of collaboration in order to deliver programs and services to their communities. Those who most collaborated are agencies and organizations within the Housing and Shelter (97%), Healthcare and Counseling (91%), Human Services and Community Improvement and Capacity Building (tied at 89%) subsectors.

Governance & Boards

The role of the board is one of the distinguishing features of a nonprofit organization. Nonprofit boards are responsible for the organizations that they oversee, and serving on a board is one way citizens participate in the nonprofit sector. Boards have become an increasing area of focus for those interested in nonprofit accountability and transparency, including policymakers, the media, and the public. Nonprofit practitioners, academics, and policy makers are studying boards in an effort to strengthen governance practices, and the Internal Revenue Service has released “Good Governance Practices for 501(c)(3).”³

The board is an established governance structure of the nonprofit sector; board practices however, are subject to constant change. The ONSR provides current data on the structure and practices of boards in Oregon’s nonprofit sector.

GOVERNANCE PRACTICES

ONSR respondents reported that their board members primarily engaged in three main activities. As shown in Figure 3.2, over half of organizations reported that their boards are very active in financial oversight, in acting as a sounding board for the executive director, and in evaluating whether the organization is achieving its mission.

In Oregon, roughly half of boards were very active in planning for the future and setting organizational policy. Only one in four boards was very active in fundraising, monitoring the board’s own performance, community relations, or educating the public about the organization and its mission. Oregon boards are more likely than their national counterparts to monitor the organization’s programs and services. Finally, only one out of three boards was active in influencing public policy, which is in line with national data.⁴

Board compensation is a controversial practice among nonprofits. Board members are generally expected to serve without compensation and organizations that do compensate are expected to provide detailed documentation to justify compensation levels and rationale.⁵ The overwhelming majority of nonprofits in Oregon (99.7%) reported that their board members are not rewarded financially for their service, compared to 98% nationally.⁶ According to the Urban Institute, more board members were compensated in larger nonprofits, reaching a high of 10% among nonprofits with over \$40 million in expenses. The propensity to compensate was also higher among health organizations (4%) than nonprofits in other fields (2%).

3. www.irs.gov/pub/irs-tege/governance_practices.pdf.

4. Complete national data on whether boards engage in evaluating if the organization is achieving its mission was unavailable.

5. According to principles issued by the Independent Sector (2007).

6. (Ostrower 2007).

Figure 3.2. Board Activities of Oregon Nonprofits

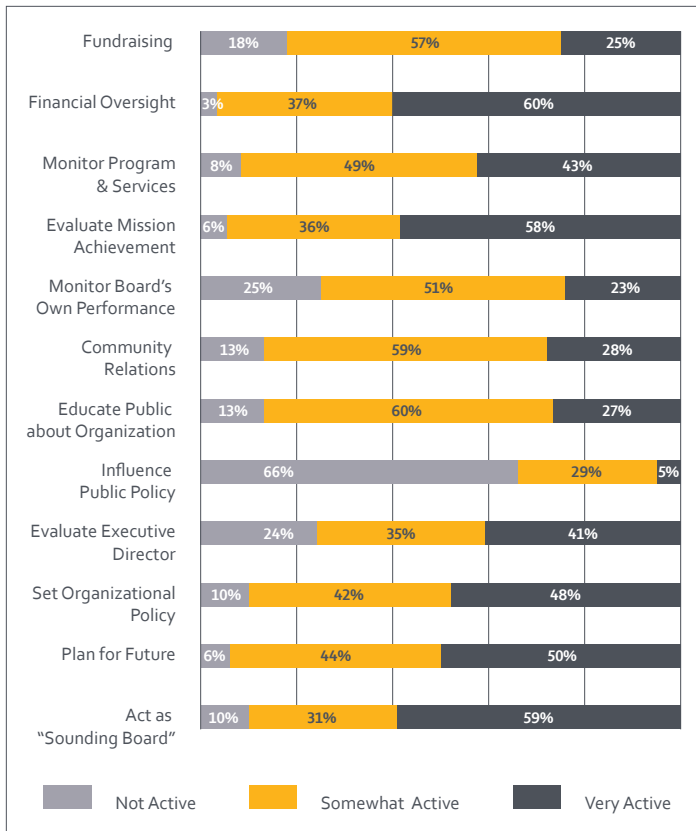
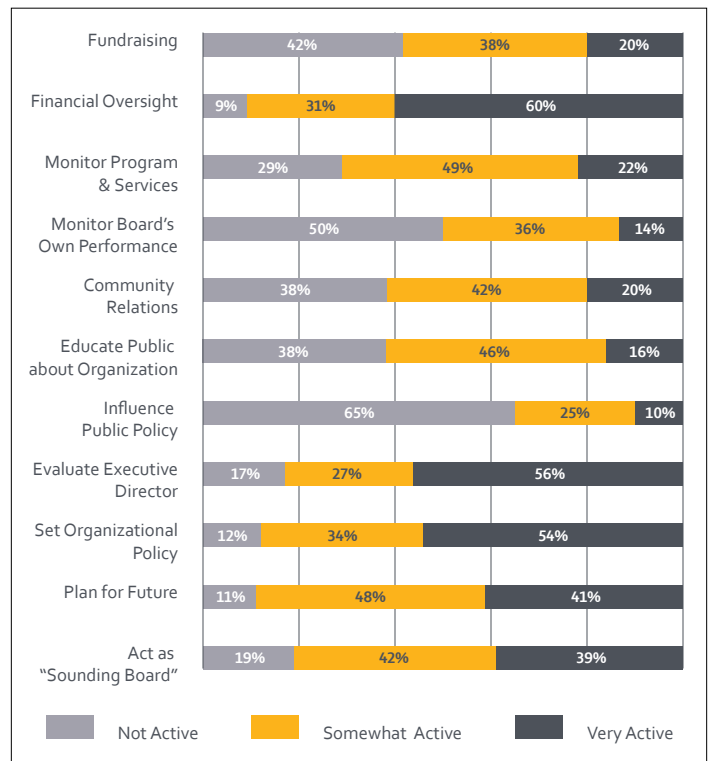


Figure 3.3. Board Activities of US Nonprofits



Source: F. Ostrower. *Urban Institute National Survey of Nonprofit Governance*. (2008). Figure 1, p. 4-5.

ACCOUNTING & BUSINESS RELATED STANDARDS

This study followed the Urban Institute’s argument that nonprofit governance related to accounting and business practices can be analyzed by looking at factors associated with six practices, each related to a provision of the Sarbanes-Oxley Act.^{7, 8}

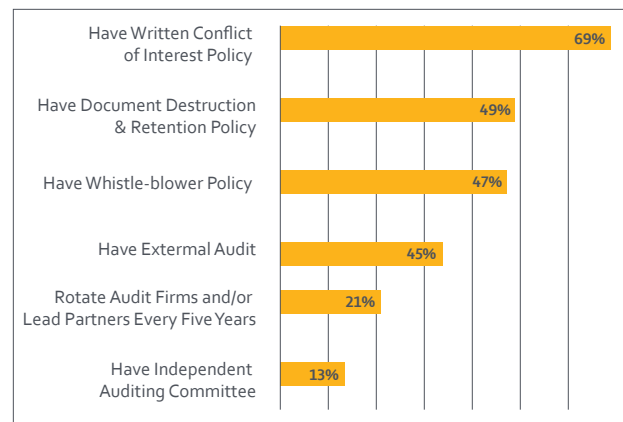
1. Having an external audit.
2. Having an independent audit committee.
3. Rotating audit firms and/or lead partners every five years.
4. Having a written conflict of interest policy.
5. Having a formal process for employees to report complaints without retaliation (whistle-blower policy).
6. Having a document destruction and retention policy.

Previous research has shown that usage of these practices largely depends on organization size.⁹

More than two-thirds of Oregon’s nonprofits have a written conflict of interest policy, almost half of the organizations have a document destruction and retention policy, a formal process for employees to report complaints, and 45% engage in external audits. Few organizations have independent audit committees (21%) and even fewer (13%) rotate audit firms or lead partners every few years.

Nationally, 95% of nonprofits have a written conflict of interest policy, 83% have document destruction and retention policy, and 92% had an external, independent audit.¹⁰ Hence the performance of Oregon’s nonprofit boards lags behind the national figures for accounting and business standards.

Figure 3.4. Board Practices



Many nonprofits feel pressure to keep their administrative and fundraising costs as low as possible. The ONSR asked organizations whether this pressure gets in the way of fulfilling their missions. Nearly one-third of organizations reported that this pressure did not interfere with their work very much and 13% said it did not interfere at all. However, 57% of organizations feel that this pressure did get in the way of achieving their mission. Fully 84% of organizations would like to see public policy support “Greater readiness to allow use of funds for reasonable administrative and infrastructure costs” (see Chapter 4 for more detail on public policy proposals).

7. According to the US Security and Exchange Commission’s website, “The Act mandated a number of reforms to enhance corporate responsibility, enhance financial disclosures, and combat corporate and accounting fraud, and created the “Public Company Accounting Oversight Board,” also known as the PCAOB, to oversee the activities of the auditing profession.” (<http://www.sec.gov/about/laws.shtml#sox2002>).

8. (Ostrower 2007).

9. (Ostrower and Bobowick 2006).

10. The National Board Source study (Board Source Index 2010).

BOARD MEMBER ROLES

The ONSR asked organizations whether board members contributed financially, or helped in overall fundraising efforts. Slightly fewer than half of nonprofits in Oregon reported that all of their board members contributed financially, 24% said that some board members gave money, and 31% reported that their board members are not expected to contribute financially.

Nationally, 71% of boards require a gift from board members. Eight out of ten organizations that require board giving reported that over 75% of their board members contributed financially.

When recruiting board members, most nonprofits in Oregon find it very important that candidates are willing to give time to the organization (86%). Second, organizations noted it is very important that candidates be knowledgeable about the organization’s mission area (69%). Financial skills were listed as somewhat important and a relationship with a current board member was listed as least important.

The vast majority of Oregon’s nonprofits have two- or three-year terms for their board members. The majority of organizations reported that their average board member has been serving for three to six years.

Figure 3.5. Expectation of Board Members to Contribute Financially

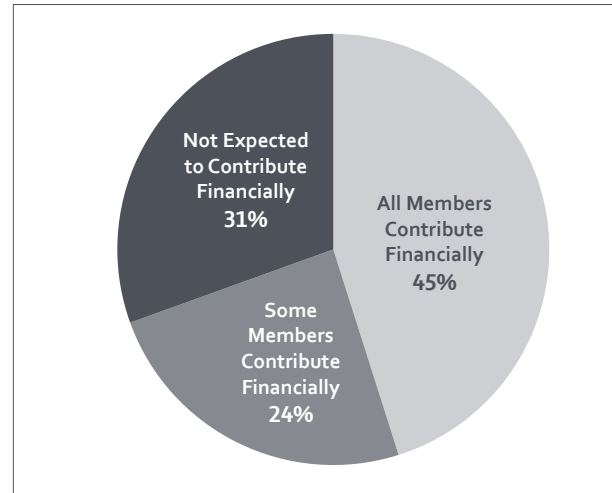
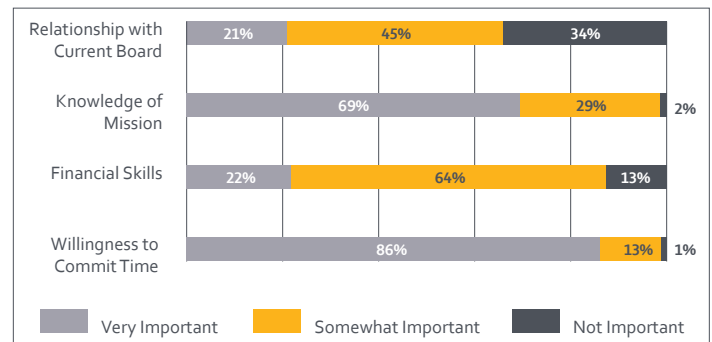


Figure 3.6. Board Recruitment Qualifications



BOARD DIVERSITY

In terms of gender, 53% of nonprofit board members in Oregon are female and 47% are male. Regarding sector experience, 53% of Oregon's nonprofit board members have business sector experience, 26% have worked in the nonprofit sector, 21% have worked in the public sector, and 35% are currently unemployed.¹¹ Oregonians who are white are represented in much higher percentages on nonprofit boards than other ethnic groups. The percentage of white board members is 90%, and those who identify as Native American make up 16%. Board members who are Hispanic and Latino comprise 15%, African American 14%, and Asian 12%.¹²

“Business sector employees are represented in higher percentages in Oregon nonprofit boards—12% more than nonprofit sector employees, 16% more than public sector representatives and 8% more than unemployed board members.”

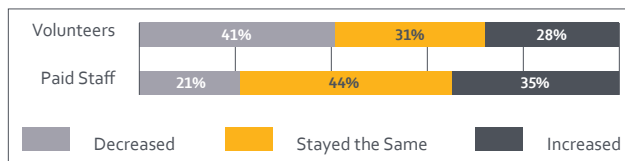
11. Categories are not mutually exclusive and therefore do not total to 100%.

12. Categories are not mutually exclusive and therefore do not total to 100%.

Human Resources

The number of paid staff in the nonprofit sector in Oregon is growing slightly. In 2011, the average organization lost six staff members, but hired seven for a net increase of one employee. Many organizations (41%) reported that their volunteer numbers decreased from FY2010 to FY2011, with the average organization losing 23 volunteers. However, organizations expected an average of 30 new volunteers to join in 2012.

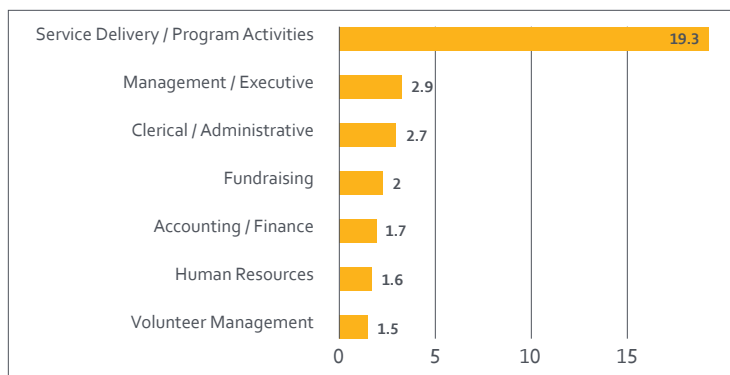
Figure 3.7. Change in Employment / Volunteers (2010 to 2011)



STAFF ACTIVITY

On average, nonprofit organizations employ far more staff for service delivery and programs (19.28 FTE)¹³ than for any other activity. Human resources and volunteer management were the lowest staffed activity area at approximately 1.5 FTE per organization (see Figure 3.8).

Figure 3.8. Average Number of FTE Across Various Staff Activities



13. These totals do not represent percentages, since staff often fill more than one role within an organization. While many of Oregon's nonprofits have nowhere near 19 full time program staff, these findings give a sense of how organizations prioritize staffing.

SUCCESSION PLANNING

The ONSR asked organizations how many employees they expected to retire in the coming year and whether they had engaged in succession planning. Three-quarters of organizations do not expect any employees to retire this year, and two out of three expect fewer than three to retire in the next ten years. Still, 62% of organizations responded that they engaged in some degree of succession planning, and 10% reported that a fully formed succession plan was in place.

DIVERSITY

The average nonprofit in Oregon has 76% female employees and one-third of respondents to this question reported that 100% of their staff are women. However there is a significant correlation between the percentage of male and female employees and organizational budget size.¹⁴ Larger organizations in Oregon employ more men, while smaller organizations employ more women.

The average nonprofit organization in Oregon is 72% white. There was a significant correlation¹⁵ between organization size and percentage of employees that are people of color. Bigger organizations are less racially diverse. Oregon is 84% white,¹⁶ so the average nonprofit organization is more diverse relative to the state.

14. ($r = -0.36$).

15. ($r = -0.49$).

16. <http://quickfacts.census.gov/qfd/states/41000.html>.

The majority of organizations stated that they were very or somewhat diverse in terms of gender, physical ability, and sexual orientation.¹⁷ Only one in three reported being very or somewhat diverse racially, and less than one-quarter identified as very or somewhat diverse in terms of country of origin. Three out of four of respondents indicated that diversifying racially was a moderate or high priority, with 27% indicating that their organization was already diverse in this respect. Only 42% said that diversifying in terms of sexual orientation is a priority, with four percent calling it a high priority.

Organizations indicated that focusing on diversity was important for different reasons. Approximately 80% felt that diversity improves the organization’s understanding of client needs, fosters creativity, and leads to better decisions.

ORIENTATION, TRAINING & EVALUATION

Four in five organizations engaged in training or orientation for both volunteers and paid employees. Interestingly, these are not necessarily the same organizations. The ONSR found a significant but only moderate correlation between these organizations. This would indicate that some organizations offer training for their employees, but not their volunteers, while others trained their volunteers, but not their employees.

Three-quarters of organizations reported that they engaged in performance evaluations for paid employees, and one-quarter formally evaluate volunteers.

¹⁷ Several respondents commented that they did not know the sexual orientation of their employees. While 508 organizations answered the question for race and gender, only 300 answered it for sexual orientation.

Figure 3.9. Organization Diversity

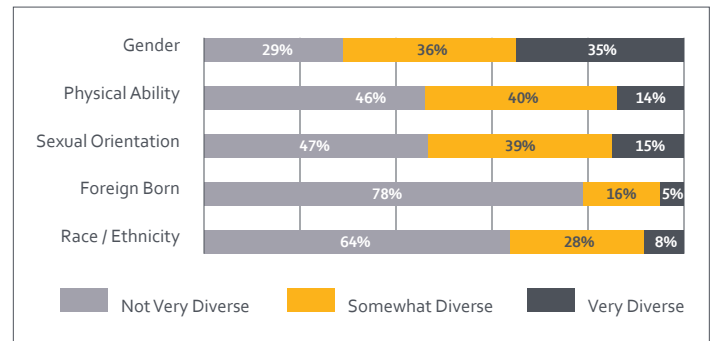
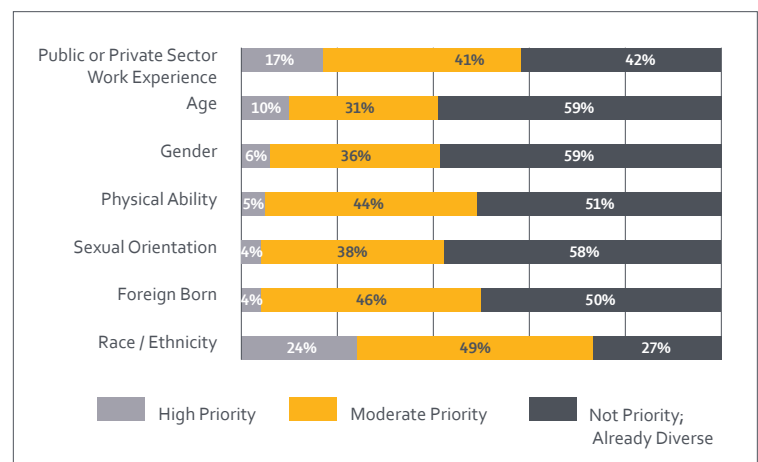


Figure 3.10. Prioritizing Diversity



“Organizations indicated that focusing on diversity was important to different reasons. Approximately 80% felt that diversity improves the organization’s understanding of client needs, fosters creativity, and leads to better decisions.”

VOLUNTEER MANAGEMENT

Overwhelmingly, organizations recruit volunteers by asking their members and volunteers to bring their friends. The use of traditional and online media is much less common. Nearly half stated that none of their volunteers are generated by newspaper or radio advertisements, and over 60% report that volunteers never find them through online recruitment tools. Several respondents commented that their practices included recruiting volunteers from church or school, as well as tabling at local events and fairs.

Volunteer management practices varied across the sector. While three out of four organizations engaged in all of the practices in Figure 3.11 at least occasionally, they were not consistent in their use. Matching skills, checking in with volunteers, and communicating about roles and expectations were common, but only one in five frequently recognized their volunteers in any formal capacity. One in three frequently provided training and professional development.

Figure 3.11. Use of Volunteer Recruitment Tools

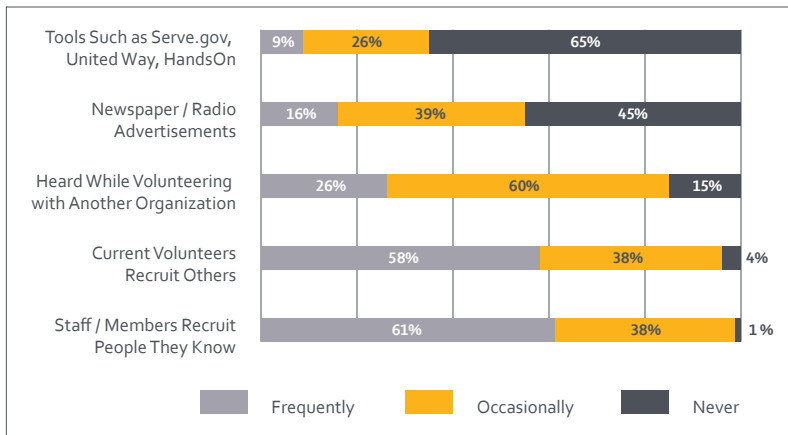
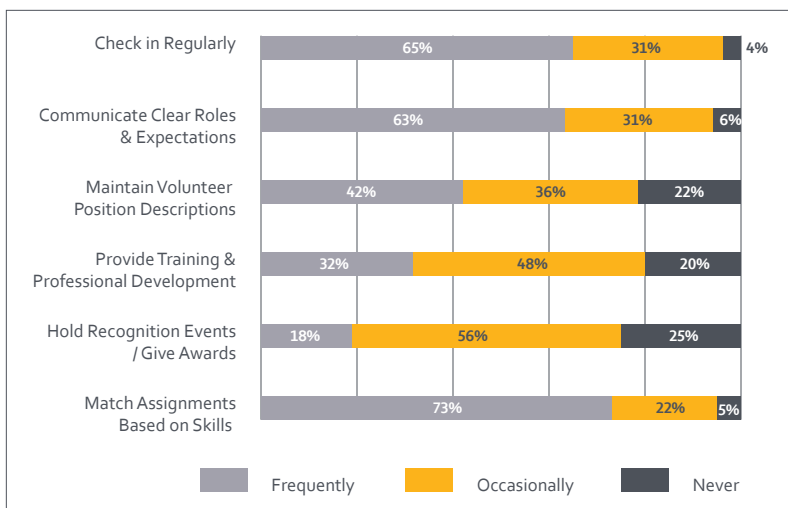


Figure 3.12. Working with Volunteers

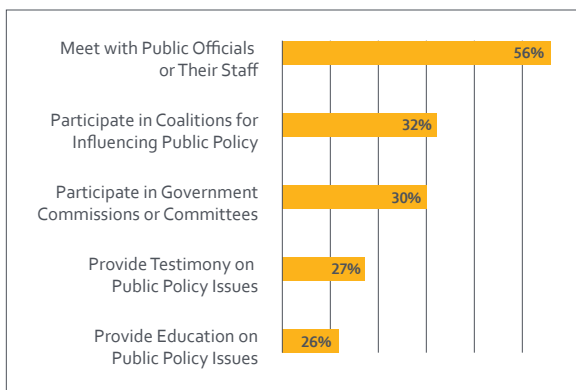


4 Advocacy & Public Policy

The ONSR explored the ways in which Oregon’s nonprofits advocate for a particular issue or policy. Meeting with public officials or their staff, whether elected or appointed, was the most common activity (56%) and nearly one-third of respondents noted that they participated in coalitions that work to influence public policy or on government commissions or committees.

A related question asked if nonprofits attempted to influence policy makers on behalf of their clients when local or state government is in the midst of funding deliberations. While 40% reported that they had tried to influence policy makers, 60% reported that they had not. Of those who had not, 27% gave specific reasons for not attempting to influence policy makers. Most of these respondents stated that this type of activity was not part of their mission or that they lacked capacity to do this work.

Figure 4.1. Most Common Advocacy Related Strategies



Public Policy Proposals

The ONSR asked nonprofits to consider a list of 17 possible public policy proposals to determine which would be most effective in supporting their work. The public policy proposals identified as most likely to support the work of Oregon’s nonprofits are listed in Figure 4.3.

501(h) Election

Public charities have varying levels of knowledge about the opportunities and limitations of lobbying and advocacy. While certain types of nonprofits can engage in political activity, nonprofits with 501(c)(3) tax-exempt status are prohibited from participating or intervening in any political campaign on behalf of (or in opposition to) any candidate for public office. These public charities can, however, engage in advocacy, education, and lobbying, such as support of legislation or voter registration campaigns. The IRS requires monitoring of expenditures related to these activities, and limits the level of lobbying expenditures relative to an organization’s budget. For this reason, many 501(c)(3) public charities file a “501(h) election” (Form 5768) with the IRS in order to more freely engage in lobbying activities.

While about 5% of respondents reported that they had obtained the 501(h) designation, 40% reported that they had not, and 50% reported that they were unfamiliar with the 501(h). While this level of knowledge about the 501(h) mirrors data currently available about other communities, the level of unfamiliarity is still notable.

Looking deeper at respondents by subsector provides a fuller picture of nonprofit organizations' relationships to the 501(h) election.¹ Half of responding Recreation, Leisure and Sports organizations had made this election. One in five responding Civil Rights, Social Action and Advocacy organizations had done so. Environmental and Healthcare and Counseling organizations were the least familiar with 501(h) election.

While a high percentage of ONSR respondents favored a range of public policy proposals, a relatively low percentage engaged in advocacy related activities. Respondents clearly value and would support advocacy efforts, but do not engage in them due to lack of time and a reluctance to stray from their mission focus.

Figure 4.2. Organizations Making 501(h) Election

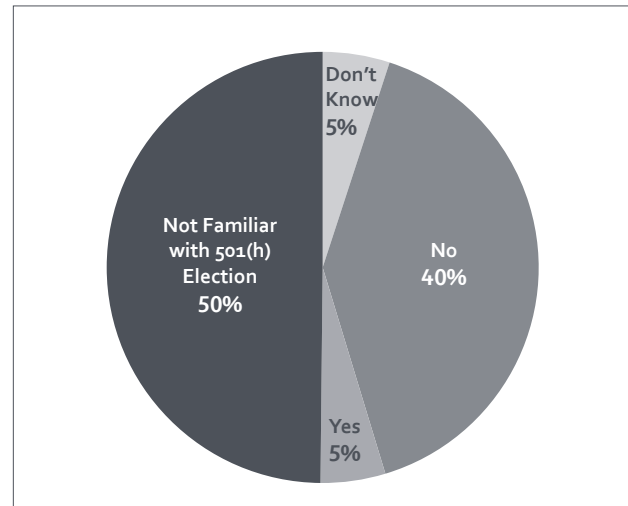


Figure 4.3. Public Policies Most Likely to Support Oregon’s Nonprofits

	PERCENT
Reinstatement and expansion of tax incentives or individual charitable giving	88%
Greater readiness to allow use of funds for reasonable administrative and infrastructure costs	84%
Restoration and growth of federal funds	79%
Expansion of national service programs like AmeriCorps	78%
Student loan forgiveness for those working in the nonprofit sector	77%
Federal grant support for training and capacity building	77%
Commitment to support research and improve data on the nonprofit sector	73%

1. Responses by subsector with a minimum of 20 responses. Subsectors are drawn from the National Taxonomy of Exempt Entities.

5 Economic & Social Impact

One of the long-term goals of the *ONSR* is to develop a framework to address and measure the impact of Oregon's nonprofit sector. Social impact is the intended outcome or effect of an activity, which can be demonstrated as the result of this intervention. Measuring the impact of a single nonprofit organization is notoriously difficult, although many funders, academics, and nonprofits are increasing their efforts to develop better methods and indicators. The Foundation Center lists over 150 tools and methods to measure social impact on a program and organizational level.¹ Measuring the impact of a statewide nonprofit sector is even more challenging. As a result, the focus of the *ONSR* is largely on basic economic impact indicators.

Employment & Wages

The nonprofit sector provided over 166,000 jobs in Oregon in 2010, employing one out of every ten workers in the state.² Based on a total of \$6.57 billion in payroll among all 22,000 Oregon nonprofits, the average nonprofit annual wage is \$39,545. Total nonprofit products and services (\$13.85 billion) in 2010 account for 8% of Oregon's GDP (\$174.2 billion).³ This represents a higher proportion than nationwide nonprofits which account for 5.4% of the US GDP. Including the worth of volunteer services in Oregon, the nonprofit sector would account for 9.4% of Oregon's GDP.

1. <http://trasi.foundationcenter.org>.
2. According to the Urban Institute, the US nonprofit sector accounted for 9% of the US economy's wages and over 10% of jobs in 2009.
3. According to the Bureau of Economic Analysis.

Amount of Services Provided

Oregon's nonprofits provided program services worth more than \$12 billion⁴ in 2010. In addition to the 166,000 paid employees, more than 993,700 Oregonians volunteered 115.9 million hours to help provide those services. The monetary value of those services is estimated to be \$2.5 billion.

Social Impact

Many nonprofits provide services to people in need, in particular, the subset known as public charities. In Oregon, 78% of public charity nonprofits reported that they served low-income populations.⁵ These organizations also reported that they provided 44% of their services to children and youth,⁶ a group that makes up 23% of Oregon's population.⁷ Services were provided to seniors⁸ at a rate proportional to their representation of Oregon's population (14%).

Nonprofits also serve a diverse group of residents. Figure 5.1 shows a comparison between the percentages of nonprofit clients served in 2011, and Oregon census data for 2010. Members of the Latino, African American, and Native American populations received services from Oregon's nonprofits at rates that were higher than their representation in the census data.

4. Total nonprofit expenditures minus management and fundraising cost.
5. Defined as below 80% of the income level in an organization's area.
6. (<18 years).
7. According to the Oregon Census (2010).
8. (>64 years).

Figure 5.1. Demographic Comparison between Survey Respondents’ Client Base and the State of Oregon’s Population

	ONSR SURVEY RESPONDENTS’ CLIENT BASE	STATE OF OREGON
African American	6.4	1.8
Asian or Pacific Islander	4	4
Latino/a or Hispanic	17	12
Middle Eastern	0.7	-
Native American	4.3	1.4
White or Anglo	57.2	78.5
Multi-Racial	5.3	3.8
Other, please specify	4.4	-

Sources: ONSR (2012); Oregon Census (2010).

The social impact of nonprofits goes beyond service provision. Many nonprofits in the state provide opportunities to experience arts and culture. Others are actively engaged in advocating for changes in public policy. Some preserve historical records, artifacts, and sites. Others work to solve problems affecting the environment or human health. In the long term, the ONSR will need to find ways to quantify the impact of nonprofit organizations if it is to paint a full picture of their value to society. At this point, however, nonprofits in Oregon track and report their impact with a limited set of indicators.

Describing Impact

Most nonprofits in the state use simple output indicators to evaluate their work. In fact, 85% of the 625 impact indicators uncovered in the *ONSR* fall under this category, including measuring number of visitors, number of students, number of exhibitions/classes/seminars, and number of clients served.

Some organizations also track voluntary contributions to their work, such as the amount of gifts received, or the number of volunteers, volunteer hours, or returning volunteers.

A tiny fraction of nonprofits also use efficiency indicators, such as cost per performance, management cost per hour of service, or average bed days. But only four out of 625 indicators reported fall under this category.

One percent of nonprofits in the sample measure the impact of their programs on users or client groups using indicators such as client outcomes (e.g., entry into college, scores, reports evaluations) or they use an assessment of change in behavior as a program outcome.

However, true impact indicators would allow organizations to demonstrate their impact minus all the external environmental effects over which the organization has no control. Only two organizations in the *ONSR* sample listed indicators that could be classified as impact indicators: “changes in behavior (or other desired outcome) as a result of interventions.”

None of the organizations in the sample used indicators that allow for a social return calculation. Social return is the monetized impact of an intervention, minus the cost of this intervention. It requires social impact indicators to be translated into dollar amounts.

Nonprofits have a social impact; that is, they achieve outcomes, which are direct results of their interventions and aligned with the mission of their organization. The *ONSR*, however, shows the missing evidence of these achievements on an organizational level. The overwhelming majority of Oregon’s nonprofits do not use existing tools and methods to describe and measure their contribution to society at large, neither in qualitative nor in quantitative or monetary ways.

Funders, government decision makers, and the public continue to press for ways of measuring social impact, but it is very difficult to do. Though many Oregon nonprofits are clearly making strides toward quantifying their impact, few have achieved a methodology that measures only the impact of their organization’s work and excludes the effects of external environmental factors. This represents a tremendous opportunity for collaboration between nonprofit organizations, institutions of higher learning, and consulting organizations to work together to better understand the impact the nonprofit sector has on Oregon.

6 Outlook

For FY2012, ONSR respondents expect the percentage of total revenue from most revenue sources to increase while government revenue is expected to stay the same.

Organizations that had a decrease in funding from a particular source in 2011 expected funding from that source to decrease again in 2012.¹ By contrast, organizations that received increased funding from a particular source in 2011 expected funding from that source to increase. Organizations with larger budgets had lower expectations for continued revenue from government, foundations, or corporations than organizations with smaller budgets did.

Nearly two-thirds of nonprofits expected expenditures to increase in 2012 (54% expected moderate increases while 9% expected substantial increases), and 27% expected their expenditures to stay the same. Only 10% expected their expenditures to decrease.

The ONSR found that Oregon's nonprofit managers have been somewhat optimistic in their budget estimates. A comparison of future estimates² made by respondents in 2010 with real budget data from 2011 reveals that 56% of nonprofits expected their revenue to increase, however only 51% reported that their revenue had actually increased;³ 25% expected their revenue to stay the same but only 20% reported flat revenue. Only 16% expected revenue to decrease,

Figure 6.1. Expected Change in Percent of Revenue (in 2012 from 2011)

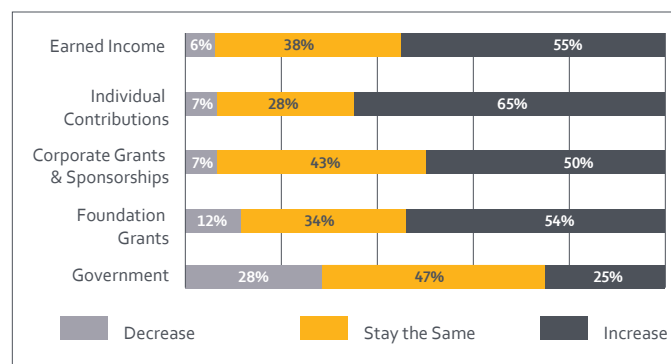
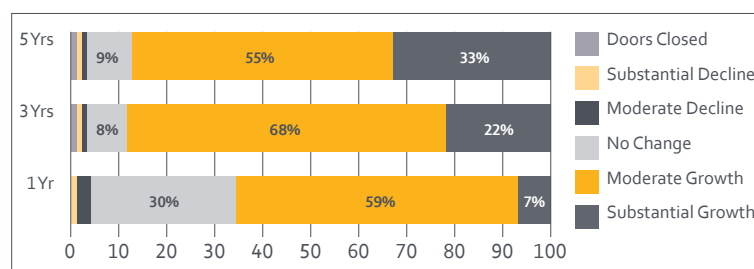


Figure 6.2. Outlook of Organizational Growth



but in fact 28% reported decreased revenue. This comparison suggests that the continuation of the financial crisis may have been somewhat unexpected for many nonprofits in the state. The mid-term outlook for Oregon's nonprofits is also positive. The vast majority of organizations expect growth over the next one to three years and one-third expect to grow substantially over the next five years.

Oregon's nonprofit sector overcame significant challenges in recent years and managed to weather the recession while continuing to provide Oregonians with needed programs and services. The optimism expressed by the nonprofit leaders who responded to the ONSR survey affirms confidence in the years ahead and exemplifies the resiliency and spirit of both the nonprofit sector and the State of Oregon.

1 Positive significant correlation for all categories, except for foundations.
 2 Based on the Fundraising Trend Report (2011).
 3 Based on ONSR (2012) data.