

United Way of the Capital Area Summary of Results of 2005 Non-profit Pulse Survey

The United Way of the Capital Area (UWCA) recently completed its second annual Non-profit Pulse Survey of UWCA partner agencies (funded and non-funded) and other non-profit organizations within its 40-town service area related broadly to health and human services.

A total of 503 surveys were sent electronically or mailed (if no e-mail address available) to the three groups described above. Approximately 85% of the 102 usable surveys returned were completed and submitted online with an overall response rate of 20.3%. This compares to 548 surveys mailed last year at the same time with a response rate of 21.2%.

According to the Connecticut Attorney General, Public Charities Unit, there are 6,268 registered charities in the state. Of those, 1,475, or nearly one out of four, are located in UWCA's 40-town service area. The number of charities both in the state and in Greater Hartford is down from a year ago (6,314 and 1,584 respectively).

The 2005 sample size results in a margin of error (at the 95% level of confidence) of +/- 9.70% for the entire sample. Response rates for each segment appear to be positively correlated with the level of affinity that UWCA has with each group. Total responses and response rates for each group are summarized below.

- Funded partners: n=41, (41.6%)
- Non-funded partners: n=19, (23.8%)
- Other non-profits: n=42, (12.9%)
- Total: n=102, (20.3%)

Brief Summary of Conclusions

The survey found that respondents continue to feel optimistic given current economic news and trends despite the fact that the demand for services continues to increase. While respondents were more likely to anticipate flat or increased giving to their organization from individuals, corporations and foundations, the greatest shift was in the belief that giving would remain flat. Taking into account the increasing costs of doing business and the increased demand for services, flat funding could be seen as a decrease in actual buying power.

Summary of Responses to Survey Questions

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

Annual Giving 2004/2005 versus 2003/2004

Individual Giving

Expectation of Individual Giving (Total)	2004 Survey Results	2005 Survey Results
Decrease	42.5%	23.5%
Stay the same	25.9%	37.9%
Increase	31.4%	38.5%

- Three out of four (76.4%) anticipating flat or increased giving compared to 57.3% in the prior year.
- Non-funded partners are the most likely to expect decreased giving with 42.1% indicating they expect a decrease in individual giving.
- 37.9% of those surveyed expect individual giving to be the same, up from 25.9% feeling that way a year ago.
- 38.5% anticipate giving from individuals to increase compared to 31.4% last year. Other agencies are the most likely to express this view (40.5%).

Comments:

An increase in the number of donations but the amounts donated by individuals has gone down. i.e. \$50 to \$40

Better response to appeals but less unsolicited individual giving. In general however, the trend has been slightly up for the past several years.

Small increases each year. Both growth in number of donors and increase in size of gifts. LOTS of very small gifts (\$25 and under).

We generally have fewer donors who are contributing more money

We've received a larger number of small donations from individuals than in previous years, as well as a slight increase in major gifts.

Foundations/Corporate Giving

Expectation of Fdn./Corporate Giving (Total)	2004 Survey Results	2005 Survey Results
Decrease	48.5%	27.9%
Stay the same	24.5%	40.6%
Increase	27.0%	31.5%

- 72.1% of all those surveyed expect giving of this type to remain the same or to increase compared to 51.1% who expected giving from corporations or foundations to remain flat or to increase in the prior year.
- 40.6% expect giving to remain flat from this source compared to 24.5% in the prior year.
- Funded partner and Non-funded partner agencies were most likely to expect giving from this source to decrease (39.1% and 42.1% respectively) compared to Others (26.2%).

Comments:

Donations from the private sector increased substantially because we focused on raising funds from corporations.

Increase in foundations decrease in corporate giving.

Contributions from "usual" foundations are slightly down. New foundation gifts and one larger government grant for volunteer development has had a large impact on our funding.

The increase is attributed to new strategies including greater emphasis on corporate and foundation appeals and donor cultivation.

We are being negatively impacted by mergers and consolidations.

We are seeing smaller dollar awards as foundations try to respond to increased applicants. We are having to work twice as hard (double the applications) to get the same amount of money.

Expenses continue to rise while funding remains the same or decreases. This challenges our ability to meet increasing demands, expectations while balancing our budget.

Note: While the data suggests more optimism here, the comments, in general, did not support this. However recent studies indicate that both corporate and foundation giving was up in 2004. The annual GIVING USA study of charitable contributions in America for 2004 found that both giving by foundations and corporations increased by 7.3% each (4.5% adjusted for inflation). Further, a study by the *Chronicle of Philanthropy* found that in 2004, the nation's largest companies increased their charitable contributions after two years of steady declines. The Foundation Center in New York reported in the latest edition of "Foundation Growth and Giving Estimates" that the 66,000 grant-making foundations in the United States increased their giving in 2004 by 4.1 percent after adjusting for inflation. In a survey of private foundations by the *Chronicle of Philanthropy*, nearly half of those responding estimated that they plan to give about the same in 2005 as they did in 2004.

Total Revenue

- A new question for 2005 found that 40.2% of respondents expected total revenue to increase in the current fiscal year. This is consistent with the more favorable feelings of flat or increased revenue from the sources cited above.

Overall Attitude

- Attitudes are very consistent on this measure. Overall, 61.1% of those surveyed claim they are feeling optimistic compared to 62.3% a year ago.
- While respondents to the survey indicated that they felt optimistic about the prospects for the 2005/2006 fiscal year for their organization, the comments were not generally consistent with that finding.

Comments:

Expenses continue to rise while funding remains the same or decreases. This challenges our ability to meet increasing demands, expectations while balancing our budget.

Corporate/foundation money decreasing; more 501(c)(3)s looking for funds; disaster relief in Asia and U.S. talking precedence.

Gas prices, increased cost of doing business, and lack of wage increases has effected our donors and staff.

We were optimistic until the hurricane, and believe we need to be realistic regarding this impact.

This year, with national focus on the folks that were victimized by Hurricane Katrina, will be another trying year. Not only are we competing against the economy, we are also competing against the pressing and immediate needs of thousands of men, women and children.

Better: we are optimistic about the opportunity to continue upward momentum, but realize it will take hard work and luck to do so given the current economic and world news.

Optimism does not come from economic trends, but as a result of increased board commitment to fund raising. The results are showing. However, recruiting and retaining fund development staff has been nearly impossible.

I don't think we'll have an easy time of it, but I think we'll come out ok.

Demand for Services

- 95.6% of those surveyed indicated that the demand for services has remained flat or increased compared to 90.4% in the prior year. Overall, 62.1% responded that demand has increased compared to 55.8% in 2004.
- 82.9% of Funded partners indicated that demand has increased compared to 78.9% for Non-funded partners and 59.5% for Others. This is consistent with last year's survey as Funded partners responded most often that demand for services had increased.

Comments:

We currently have a waiting list for services of about 350.

Demand for child care services, in particular, has increased.

We are not able to meet all the basic needs out there

The demand for affordable housing increases every day. The shelters continue to be full.

All of our services are oversubscribed, but we're turning even greater numbers away this year compared to last year.

Demand for certain lines of business is increasing. Other demand is limited by lack of available labor-specifically lack of nurses and therapists

Projection of Demand for Services or Programs

- Overall, survey respondents indicate that programs and services will either remain flat or increase (79.6%) from fiscal year 2004/2005 to 2003/2004 in response to this question new for 2005.
- 78% of Funded partners expect the demand for their services to increase by up to 25%.

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

We expect a larger rise in service requests from Latino families

Working Poor

Elderly and birth to three.

Out-of-school youth

The Almost Homeless

We are now attracting families from suburban communities

Staffing levels

- 27.5% expect staffing to increase compared to 18.8% in the prior year.
- Funded partners (46.3%) are the most likely to increase staffing when compared to Non-funded partners (26.3%), Others (26.2%) or the Total population (29.4%).
- 44.4% expect staffing levels to remain unchanged compared to 56.4% a year ago.

- Non-funded partners (52.6%) and Others (45.2%) are more likely to have unchanged staffing levels than Funded partners (26.8%) or the Total population (39.2%).

Allocation of Staff Time for Fundraising or Resource Development

- In response to a new question for 2005, 51.2% of the survey respondents indicated that they had not made any changes to the way it allocates staff time for fundraising or resource development.

Comments

Have had to shift responsibilities of key staff to fund and resource development at times at the expense of program delivery.

Strategic development of staff resources continues to evolve to meet the demands for increasing interaction with funders and innovative fundraising efforts.

We're spending more time fund raising.

More time as ED (executive director) spent on development and special events

We were able to maintain staffing levels by not giving any raises this year. We actually increased the fund development staff by 1.5 full time equivalents

We have specifically allocated 15% to 20% of all staff job duties to development responsibilities

Non-Monetary Support

- 83.6% of the respondents indicated that the volunteer and in-kind support their organization received in fiscal year 2004/2005 compared to 2003/2004 remained flat or increased. In the prior year, 84.6% of the respondents expected non-monetary support to remain flat or decrease based on local giving trends and current economic conditions.
- 40.9% of the respondents in 2005 indicated increased volunteer and in-kind support compared to 22.4% in the prior year.

Comments:

Participation in the United Way's Day of Caring provides an excellent resource pool for volunteers for on-going volunteer opportunities.

As a result of careful board member selection, there has been an increase in participation. Increase in in-kind corporate board member support for staff development/training, etc.

We have approximately 1200 volunteers and it takes volunteer manager more time to maintain the level than before. See a cutback at corporations in allowing staff time off for volunteer efforts

Reserve Funds

- Last year 54.7% of those surveyed (with reserve funds) indicated they had begun to tap these funds, may need to tap reserves in the coming months, or have depleted reserves to cover expenses. In 2005, only 40.8% of those surveyed indicated anticipation of reducing reserves, actually tapping into those funds or depleting reserves.
- Consistent across all categories of those surveyed is that one out of five does not maintain a reserve fund.
- Those reporting depleting reserve funds to cover expenses dropped from 10.2% in 2004 to 7.3% in 2005.
- In general, comments were not consistent with reduced need to tap reserves.

Comments:

FY 2005 was the first year it was necessary to tap reserve.

Our building reserve fund is nowhere near the amount of money we will need for repairs over the next few years. Along with operational increases, we will have to raise more money for capital improvements.

Reserve funds were depleted several years ago, we are beginning to rebuild.

We have increased our reserve fund by approx 25%.

We use our reserve funds for capital improvements but have not tapped reserve funds for expenses.

Impact of Public Sector Budget

- For 2005, this question was worded to ask about the affect of changes to public sector budgets in all categories (local, state and federal) anticipated for fiscal year 2005/2006 compared to last year's survey which asked for the information by category.
- 49.1% of the respondents indicated that they will be affected by public sector budget changes. This was consistent across all categories with Funded partners (61.0%) indicating that they would be the most likely to be affected.
- 23.2% of those surveyed indicated that they receive more than 31% of their funding from public grants or contracts. Non-funded partners were most likely (42.1%) to report receiving more than 31% of their budget from these sources.
- 7.9% indicated that they expect a one to ten percent increase in public sector funding while 14.1% expect a one to ten percent reduction in funding.
- While 42.0% indicated "no response" when asked from which source would you be most affected by a change in public sector funding, 23.8% indicated that a change in the state budget would affect their agency the most. Non-funded partners (47.4%) were the most likely to be affected by a change in the state budget.

Comments:

Both state and feds are looking for ways to contain spending. Medicare is reducing our reimbursement.

Inability of the State to provide cost of living adjustments to offset higher personnel, fuel, and insurance costs.

It would affect a collaborating program and possibly result in staffing changes.

Largest portion of our budget is federal and therefore a change in it would have the most significant impact, however anticipate actual loss in state funding.

Changing Attitudes about Non-profit accountability

- This question was new in 2005 asked respondents to indicate ways in which their organization was addressing changing attitudes about non-profit accountability. A series of responses was supplied and respondents could select as many as applied.
- The most often cited way in which respondents reporting changing was related to their operations or policies.
- Other often cited reasons include changing the way the organization communicates with donors and changing the way the organization either tracks or reports financial information or results of programs.

Merger Considerations

- We asked respondents for the first time in 2005 if they had considered merging with another organization within the last 12 months. More than three out of four (78.3%) responded “no” to this question. This was consistent for all categories of respondents.
- For those who responded “yes” (15.2%), reasons cited were efficiency of operations, ability to expand services, retirement of top staff, and pressure on smaller organizations from national organization to consolidate.

Effect of new tax laws aimed at auto/vessel donations

- Three out of four respondents (75.5%) indicated that there would be no impact to them from these tax law changes when asked this question for the first time in 2005.

Description of Organizations Submitting Completed Surveys:

How would you categorize your primary area of service?

- In 2005, 89.2% of total sample categorized their primary area of service compared to 81.8% in 2004 as follows:

	2004	2005
Arts	19.4%	13.0%
Education	14.2%	13.5%
Children/youth	12.1%	17.7%
Health	17.4%	12.1%
Human services	18.8%	23.3%

- 87.9% of the Funded partners categorized their primary area of service as: children/youth (24.4%); education (9.8%); health (12.2%); or, human services (41.5%). This is consistent with a year ago when 90.2% classified themselves in these categories.
- 79% of the Non-Funded agencies categorized their primary area of service as: children/youth (26.3%); education (5.3%); health (15.8%); human services (31.6%); or, job training (5.3%). This compares to 93.3% in the prior year.
- 78.6% of the Other categorized their primary area of service as: arts (14.3%); children/youth (16.7%); education (14.3%); health (11.9%); or human services (21.4%). 81.8% categorized themselves this way in 2004.

How many full time staff does your organization have?

- 62.5% of respondents reported one to 25 employees. This is consistent across all categories of respondents.

What is your organization’s annual operating budget?

- 53.5% of those surveyed had budgets of less than \$1 million compared to 64.8% of all those surveyed in 2004.
- 25.3% of all those surveyed had budgets of \$1 to \$5 million, consistent with last year.
- Funded partners were least likely to have budgets of less than \$1 million (36.6%), but most likely to have budgets of \$1 to \$5 million (43.9%).

What are your organization’s total assets?

- 52.9% of those who responded to this question indicated total assets of less than \$1 million.

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

- 54.9% of those surveyed spend less than 50% of their annual operating budget for salary and benefits compared to 40.7% in the prior year.
- 61.0% of Funded partners spend 51 to 75% of their annual operating budget for salary and benefits compared to 26.3% for Non-funded partners and 23.8% for Other.

Conclusions

- Overall, respondents feel optimistic given current economic news and trends despite the fact that demand for services is increasing reflecting the needs of the population served by the non-profit organization.
- Three out of four respondents are more optimistic about individual, corporate and foundation giving. However, this optimism is reflected in the growing percent who expect giving to be flat and a lower percent who expect it to decrease.
- In the face of growing demand for services, respondents appear to be more likely to increase staffing this year as compared to a year earlier.
- With a more positive outlook on giving and increased revenue in general, it also appears that reserves are less likely to be tapped for operations than a year ago.
- Respondents are also more positive about non-monetary donations and generally feel that the recent tax laws regarding vehicle and vessel donations will not impact them.
- Funded partners are more likely to report an increase in the demand for services and are more likely to categorize their service area as human services; this is consistent with last year.

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