

Nonprofit Finances, Demand for Services, and Volunteer Engagement

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Introduction

In March 2010, the Michigan Nonprofit Association and the Johnson Center at Grand Valley State University surveyed over 230 Michigan nonprofits to better understand trends in nonprofit finances, demand for services, and volunteer engagement. Several responses in this report relating to nonprofit finances and demand will be compared to results from surveys conducted in 2008 and 2009. Key findings from this survey include:

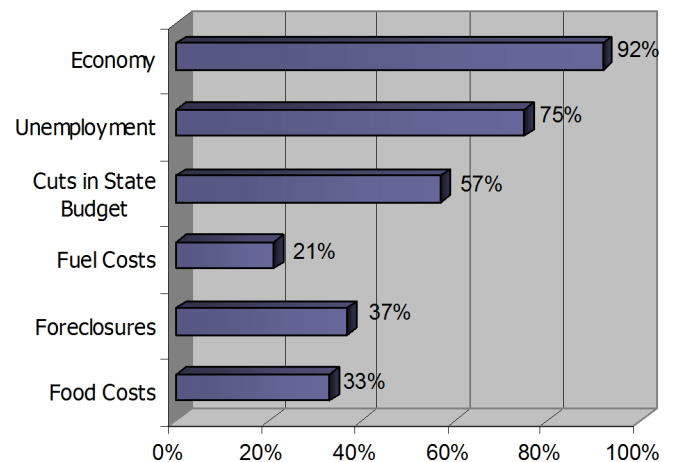
- Nonprofits continue to experience increased demand with 73% of responding organizations reporting increased demand for their core services over the past 12 months.
- The majority (60%) of organizations reported a decrease in financial/in-kind support over the past 12 months.
- Nearly half (47%) of the respondents that received state funding in the past 12 months reported delays in scheduled payments. This represents a 21% increase from 2009.
- Nine out of ten nonprofits view volunteers as an integral part of meeting their mission.

Demand for Nonprofit Services Rises

Demand for nonprofit services continues to rise with 73% of responding organizations experiencing an increase in demand for their core services over the past 12 months. This represents a small increase from the 71% who reported increased demand in 2008.

- The economy remained an important factor with 92% of organizations indicating it as a reason behind increased demand, as is shown in *Figure 1*.

Figure 1
Reasons for Increased Demand



- Unemployment (75%) and Cuts in the State Budget (57%) were also identified as key reasons for increased demand.
- Three quarters (76%) of participants expect demand to increase over the next 12 months.

Financial/In-kind Support Decreases

Sixty percent of responding organizations reported that their financial/in-kind support decreased over the past 12 months. This represents a 10% increase from 2008 responses.

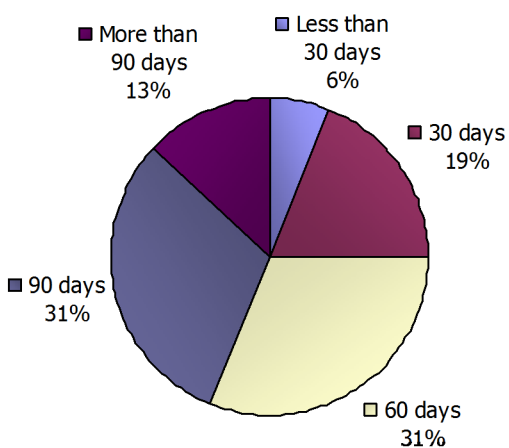
- Southeast Michigan nonprofits were the most likely (73%) to report decreased financial/in-kind support.
- The majority (51%) of respondents stated that financial/in-kind support is likely to decrease over the next 12 months.

Delays in Government Payments Federal Funding

Thirty-six percent of participating nonprofits received funding from the Federal Government in the past 12 months (excluding ARRA dollars*).

- A quarter (25%) of respondents that received federal funds in the past 12 months have experienced delays in scheduled payments, a 9% increase from the 16% that reported delayed federal payments in 2008.
- Participants reported delayed scheduled payments over the past 12 months from the following federal agencies: Dept of Education, Dept of Health and Human Services, Dept of Housing and Urban Development, Dept of Justice, and the Dept of State.
- As shown in *Figure 2*, 75% of delays in scheduled payments from the Federal Government were at least 60 days late.

Figure 2
Number of days scheduled payments from the Federal Government have been delayed



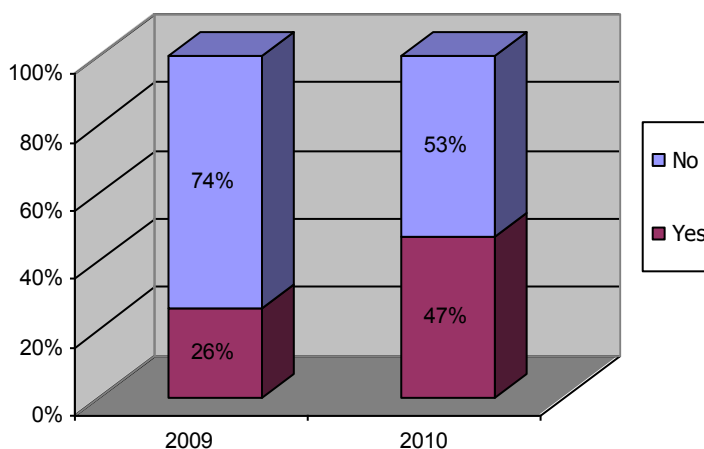
State Funding

Fifty-one percent of participating nonprofits received funding from the State of Michigan in the past 12 months (excluding ARRA dollars*).

**Responses exclude American Recovery and Reinvestment Act (ARRA) dollars; participants were asked to respond only in relation to non-ARRA dollars.*

- Nearly half (47%) of the respondents that received state funding in the past 12 months reported delays in scheduled payments. As shown in *Figure 3*, this represents a 21% increase from 2009 responses.

Figure 3
Has your organization experienced delays in scheduled payments from a State of Michigan agency in the past 12 months?



- Organizations were most likely to report delays in scheduled payments in the past 12 months from the Dept of Human Services, Dept of Community Health, and Dept of History, Arts and Libraries.
- Most (86%) of the participating organizations that experienced delays in scheduled payments from State of Michigan reported delays of 60 days or longer.

Local Funding

Thirty-one percent of participating nonprofits received funding from local government in the past 12 months.

- A third (34%) of responding organizations that received funding from local government reported delays in scheduled payments over the past 12 months.

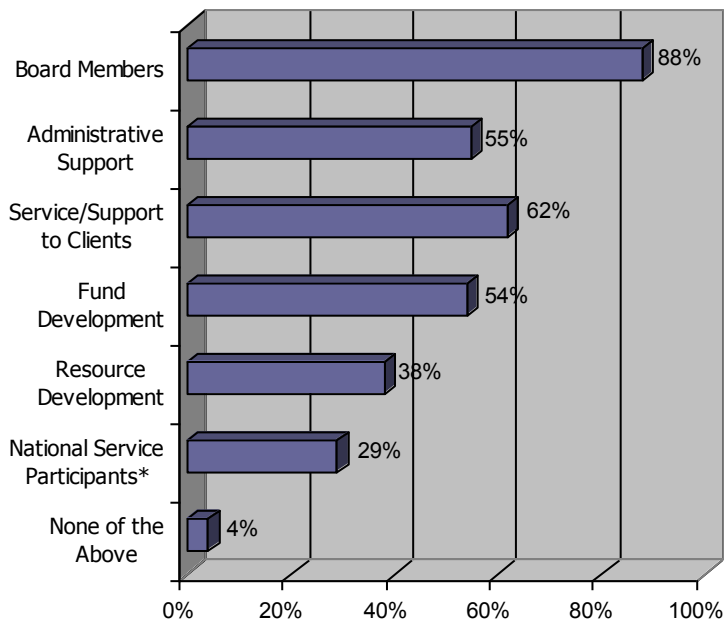
- Among organizations that have experienced delays in scheduled payments from local government, 31% reported that the delayed payments have been more than 90 days late.

Volunteer Engagement

Eighty-seven percent of responding nonprofits view volunteers as an integral part of meeting their mission.

- Organizations with budgets of less than \$250,000 were the most likely (96%) to view volunteers as an integral part of meeting their mission.
- *Figure 4* demonstrates how responding nonprofits currently engage volunteers.

Figure 4
Ways Nonprofits Currently Engage Volunteers

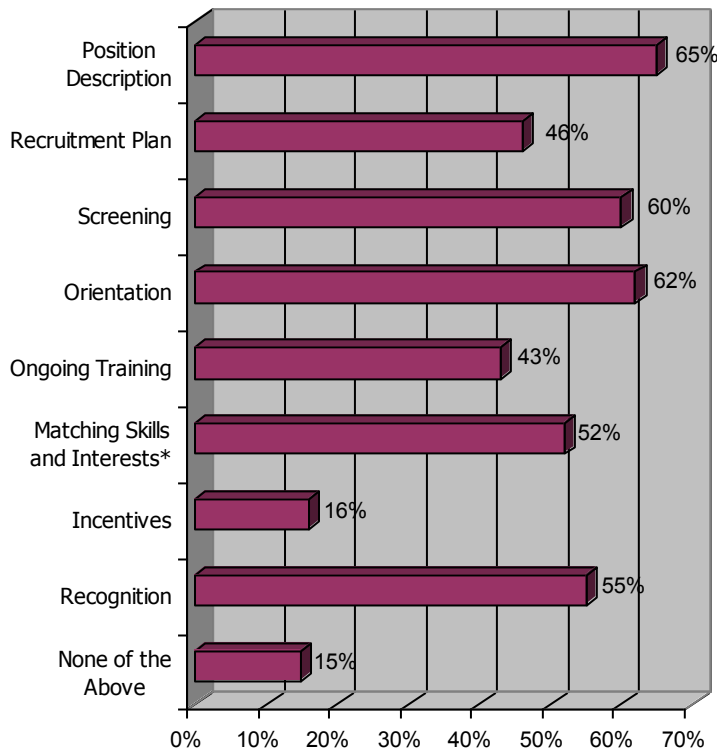


*National service participants include AmeriCorps, VISTA, RSVP Volunteers, Foster Grandparents, and Senior Companions.

- Among nonprofits not currently using volunteers in the areas of administrative support, service/support to clients, fund development, resource development, and national service participants, there is wide interest in expanding volunteer engagement to these areas.

- *Figure 5* shows the systems that responding nonprofits have in place to recruit, support, and retain volunteers.

Figure 5
Systems Nonprofits Have in Place to Recruit, Support, and Retain Volunteers

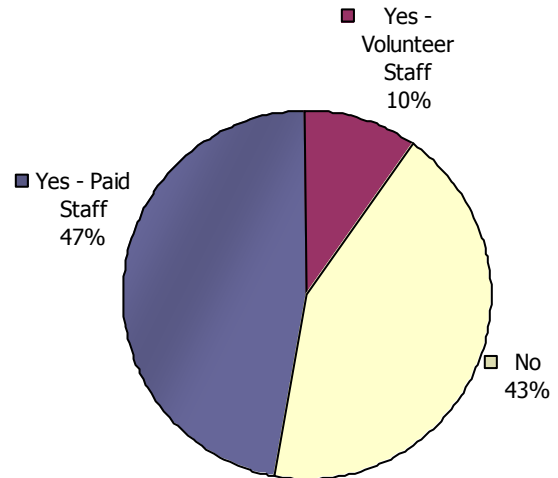


*Full response choice read "A process to match volunteer skills and interests with organizational needs."

- Participating nonprofits reported that the greatest barriers to engaging volunteers were lack of staffing to support volunteers (58%), difficulty recruiting the right volunteers (48%), volunteer turnover (29%), and costs associated with volunteers (20%).
- Two-thirds (68%) of responding nonprofits track volunteer engagement through volunteer sign-in sheets. Online volunteer management systems and software (21%) and IRS Form 990 (17%) are also used to track volunteer engagement.
- Twenty-one percent of nonprofits stated that they do not currently track volunteer efforts.

- As shown in *Figure 6*, nearly half (47%) of responding organizations have paid staff dedicated to volunteer engagement and management.
- Organizations that have staff dedicated to volunteer management reported varying percentages of the staff member’s time used for this purpose. Half of the responding organizations indicated that 25% of the staff member’s time or less was dedicated to volunteer management; the remaining reported the following: 50% of staff member’s time (18%); 75% of staff member’s time (14%); and 100% of staff member’s time (18%).

Figure 6
Does your organization currently have staff dedicated to volunteer engagement and management?



Conclusion

Results from this survey indicate that over the past 12 months the majority of responding nonprofits have experienced increased demand for their core services while also experiencing decreased financial and in-kind support. These results reflect findings from a previous survey conducted in 2008. Compared to a survey conducted in 2009, participating organizations receiving federal and/or state funding were more likely to report delays in scheduled payments. Results also indicate that volunteer engagement plays an integral role in nine out of ten responding nonprofits.



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