



# New Jersey Nonprofits Trends & Outlook

COUNCIL OF NEW JERSEY GRANTMAKERS | 2023 CONFERENCE FOR THE SOCIAL SECTOR



DEEPENING PHILANTHROPIC & NONPROFIT PARTNERSHIPS IN NJ

May 23, 2023





# Here for YOU



## Advocacy

- Promoting nonprofits' interests and needs
- Your public policy champion in Trenton and Washington
- Research (nonprofit statistics, trends)

## Education

- Professional training, workshops/webinars
- HelpDesk expert guidance and clearinghouse
- Publications
- New Jersey's premier annual nonprofit conference

## Member Benefits

- Priority HelpDesk access, connecting you to the resources you need
- Exclusive networking events
- Free job postings
- Cost saving benefits

For 40 years, **YOUR champion, hub and go-to resource**



Proud State Association Member of the

# National Council of Nonprofits



# What We'll Cover Today

- New Jersey Nonprofits: The Basics
- Funding and Demand for Services
- Workforce Issues
- Diversity, Equity, Inclusion and Belonging
- Looking Ahead / Calls to action
- Closing thoughts / loose ends

# New Jersey Nonprofits

## The Basics



# NJ Nonprofits



- Food pantries
- Afterschool programs
- Museums
- Hospitals
- Environmental protection
- Disaster relief
- Education
- Mental health
- Public TV & radio
- Philanthropy
- Drug/alcohol prevention
- Faith-based organizations
- Housing
- Arts
- Senior care
- Human service
- Social justice

**Touching every aspect of our lives**

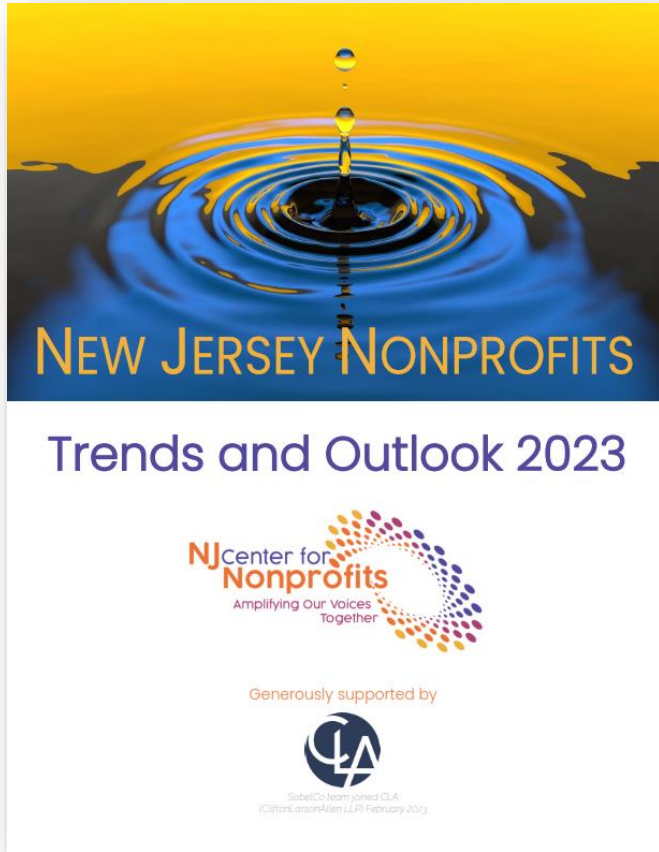
# NJ Nonprofits

- **40,000+** 501(c)(3) orgs in NJ
- **330,000** employees
  - **9.6%** of the state's private work force
  - More than construction, transportation, public utilities, finance and insurance industries
- **\$50 billion** in expenditures annually
- **1.8 million** volunteers providing **\$5.3 billion** in service

*Sources:*

*Internal Revenue Service; Datalake LLC, Nonprofit Research; Johns Hopkins Center for Civil Society Studies; U.S. Bureau of Labor Statistics; Corporation for National and Community Service; Independent Sector*





## The Survey

- February 1-24, 2023
- 228 responses from New Jersey 501(c)(3) organizations

<https://njnonprofits.org/2023annualsurveyrpt/>



# Highlights



**Things are looking up from two years ago. BUT...**

- **Demands for services** and rising expenses are **still outpacing funding**
- Nonprofits are struggling with significant **workforce shortages** that threaten their ability to meet community needs.
- There are significant opportunities to improve **relationships between nonprofits and funders.**
- Incorporating **diversity and equity** into all aspects of nonprofit work must be a primary focus.



# Funding and Demand for Services



# 2022 NATIONAL Trends



## Drops in donor numbers, dollars and retention



DONORS

-10.0%

(+/- 2.0%)

YOY change



DOLLARS

-1.7%

(+/- 2.0%)

YOY change



RETENTION

-3.5%

(+/- 1.0%)

YOY change

- Revenue and retention metrics report on year-to-date (YTD) performance compared against the prior year total, based on a panel\* of organizations selected from the Growth in Giving Database of 241 million transactions from more than 26,000 organizations since 2005.

<https://data.givingtuesday.org/fep-report/>

# 2022 National Trends



## Fewer donors across giving levels



**MICRO**  
(Under \$100)

**-14.9%**  
YOY Change

**53.8%**  
% of total donors



**SMALL**  
(\$101 - \$500)

**-8.4%**  
YOY Change

**29.3%**  
% of total donors



**MIDSIZE**  
(\$500 - \$5K)

**-5.2%**  
YOY Change

**14.3%**  
% of total donors



**MAJOR**  
(\$5K - \$50K)

**-3.1%**  
YOY Change

**2.3%**  
% of total donors



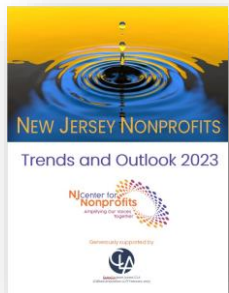
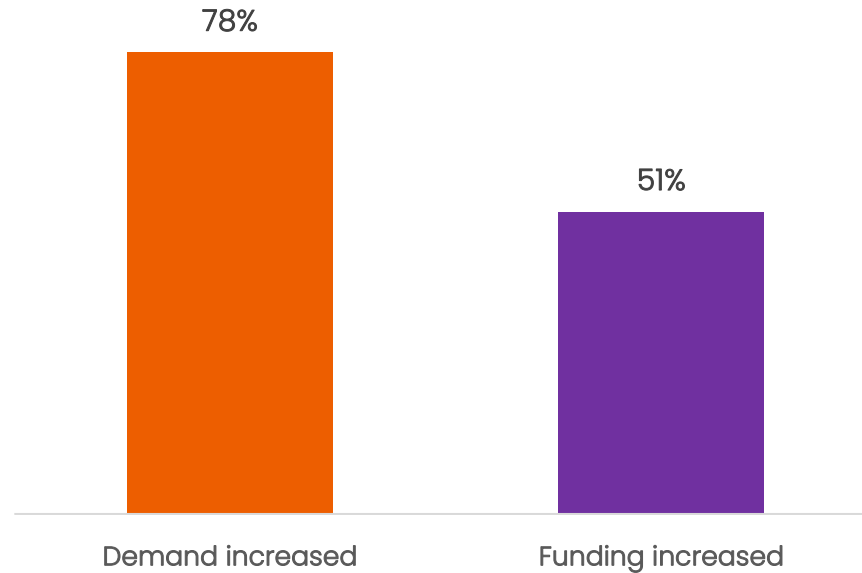
**SUPERSIZE**  
(\$50K+)

**-2.1%**  
YOY Change

**0.3%**  
% of total donors

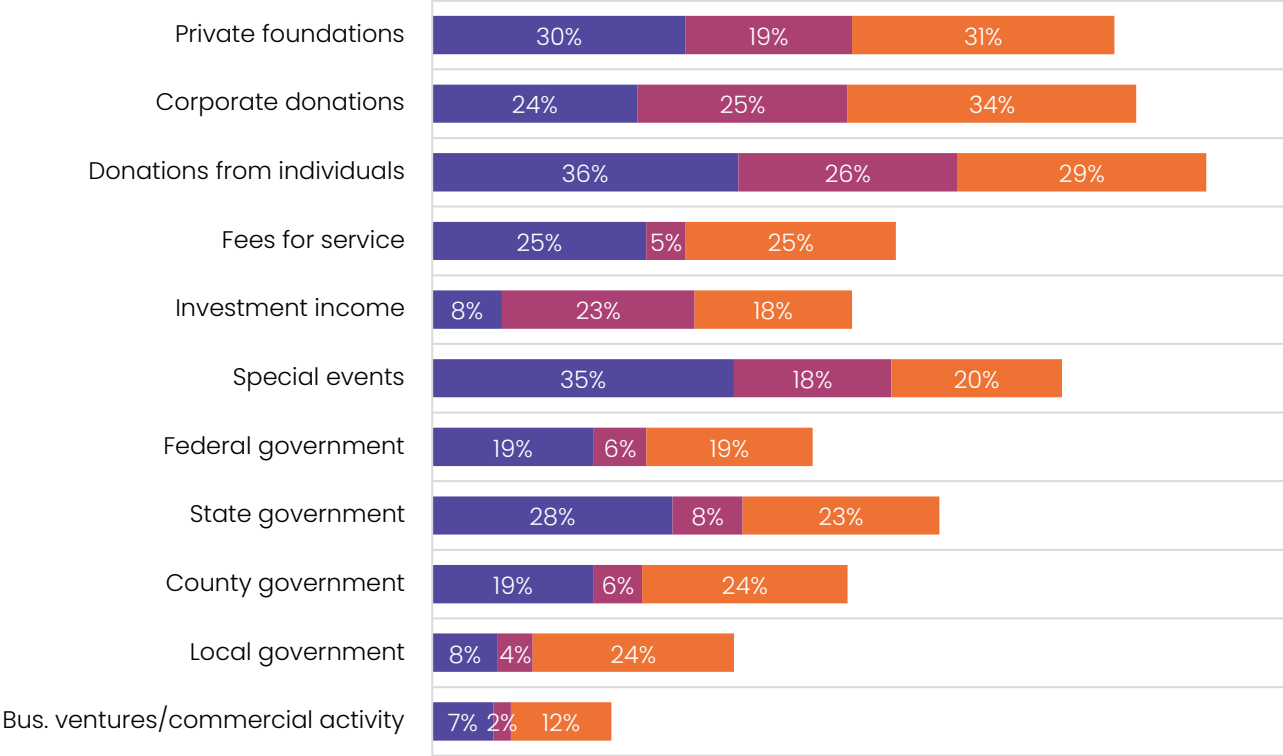
<https://data.givingtuesday.org/fep-report/>

# NJ: Increased demand for services continued to outpace funding increases in 2022



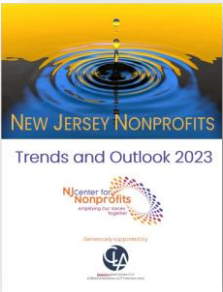
NJ Center for Nonprofits, *New Jersey Nonprofits: Trends and Outlook, 2023*

# NJ: Funding changes 2022 vs. 2021

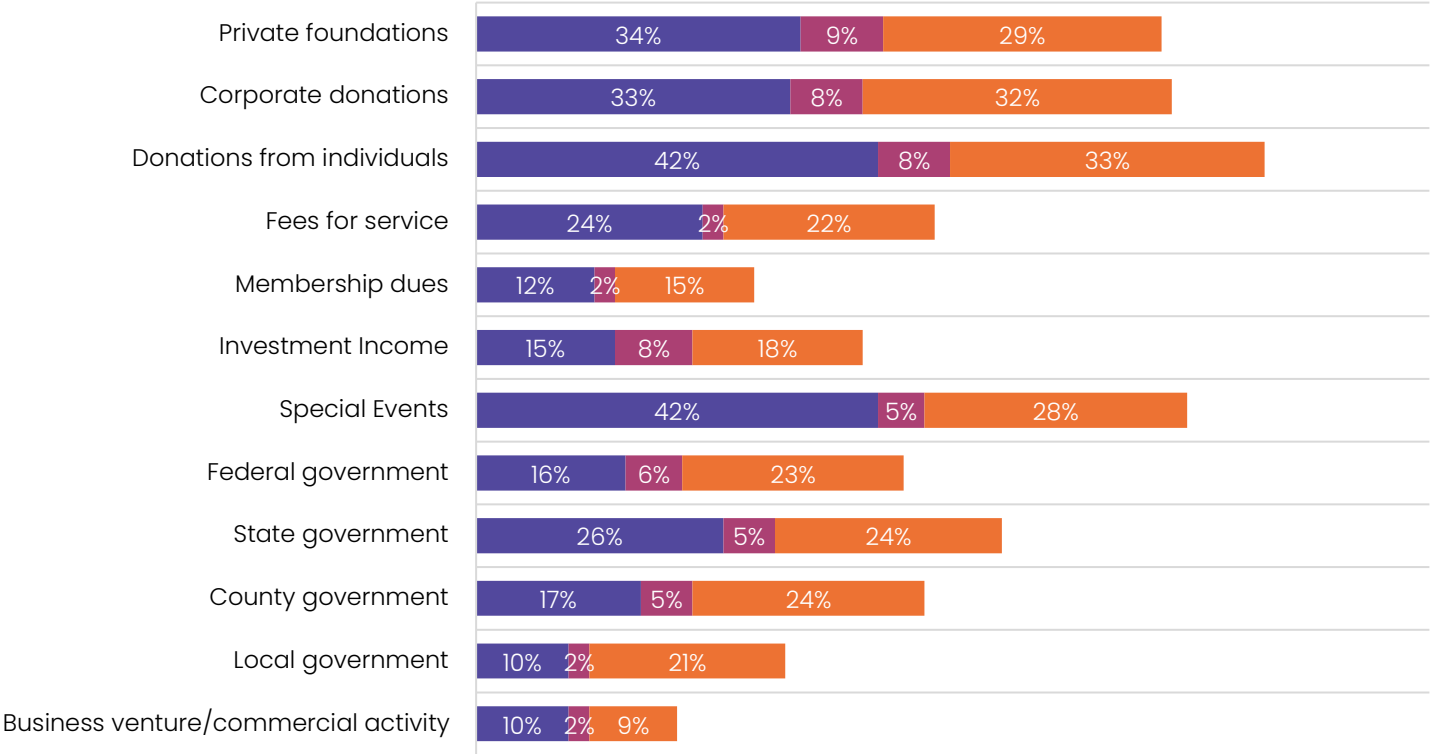


% responses reporting funding change per category (N=198)

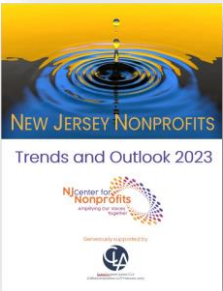
■ Increase      ■ Decrease      ■ No significant change



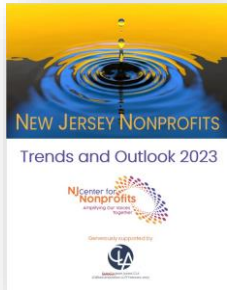
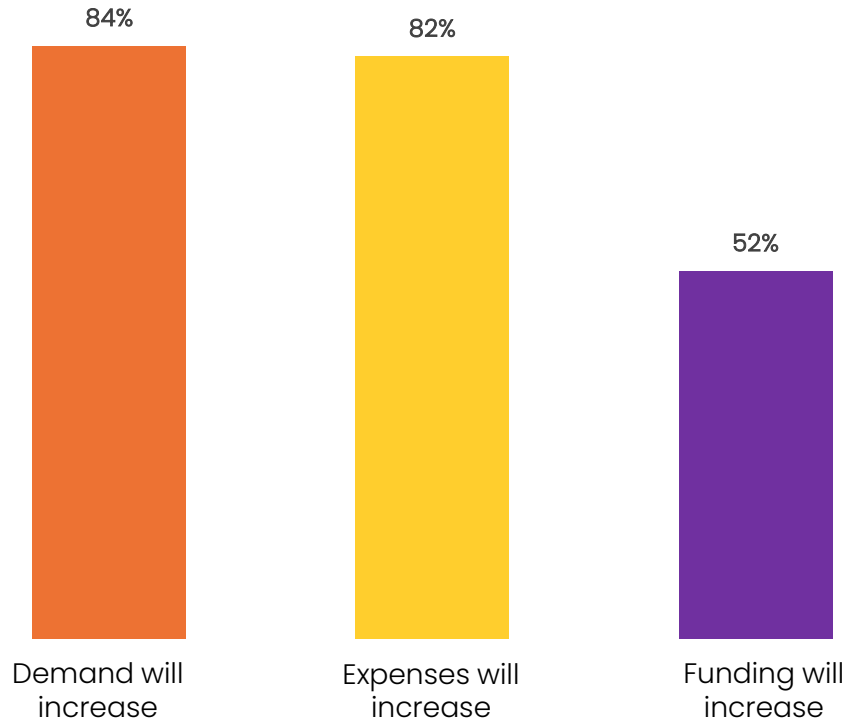
# NJ: 2023 Projected Funding by Source



% responses reporting funding change per category (N=185)  
■ Increase      ■ Decrease      ■ No significant change



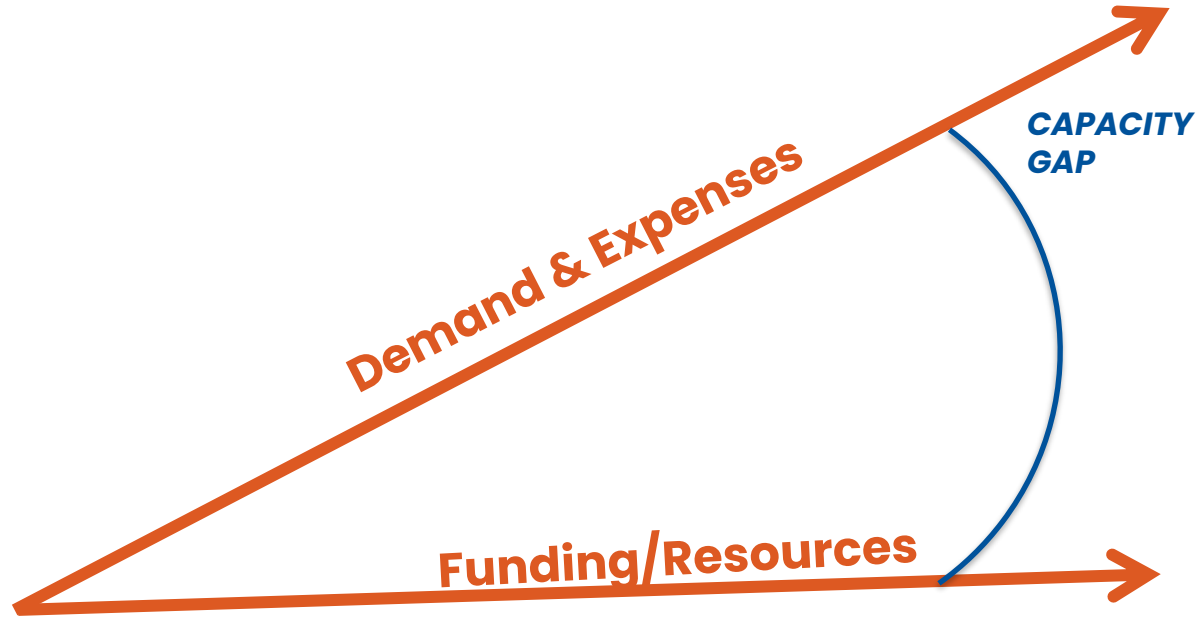
# More nonprofits expect demand for services and expenses to rise in 2023 than funding



NJ Center for Nonprofits, *New Jersey Nonprofits: Trends and Outlook, 2023*



# Resource Stressors



# Workforce Issues



# Workplaces in Flux

The Great Resignation/Quiet Quitting

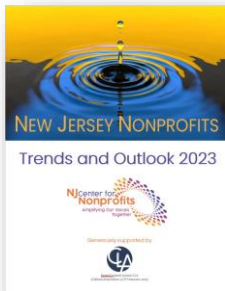
Workforce Shortages

Hybrid vs. in-person work environments



# Workforce shortages

**More than half** of NJ respondents with employees reported **staff shortages**, with an **average vacancy rate of 19%**.  
These shortages pose significant challenges to program delivery.

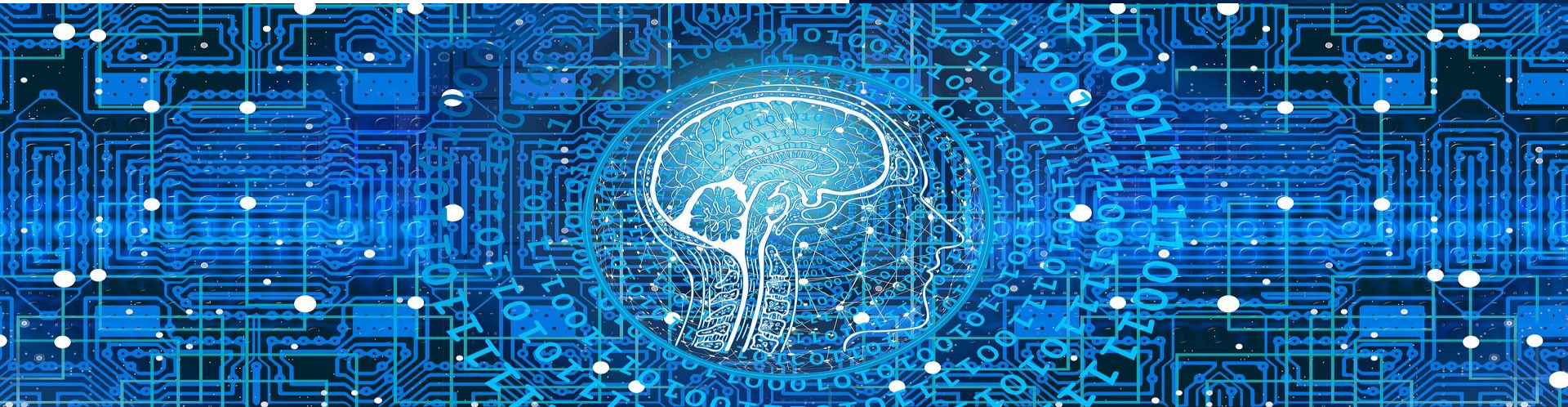


NJ Center for Nonprofits, *New Jersey Nonprofits: Trends and Outlook, 2023*

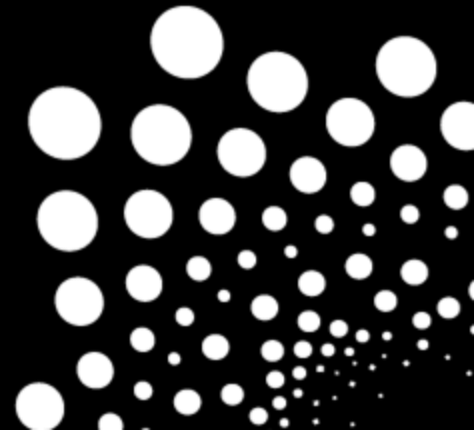
# TECHNOLOGY

Access/Digital Divide  
Social media  
Cybersecurity  
Artificial Intelligence

...



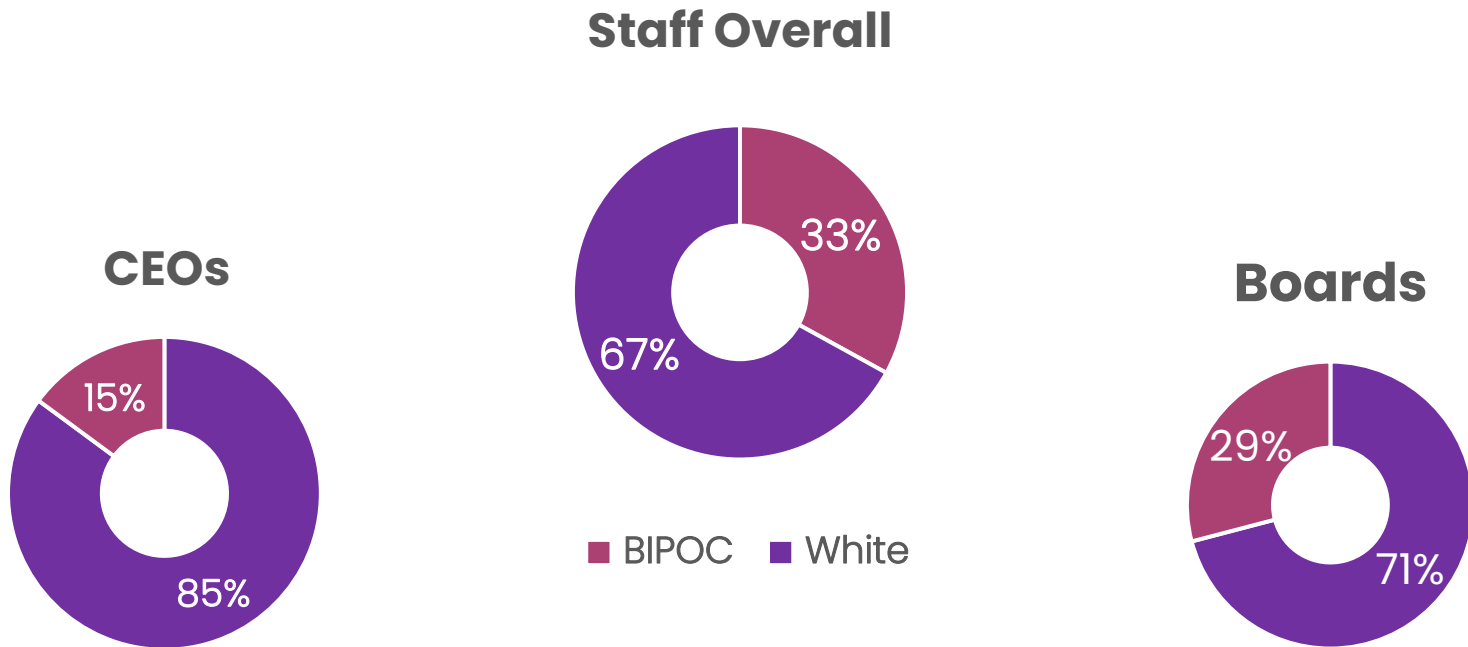
# Diversity, Equity, Inclusion and Belonging





New Jersey nonprofits,  
we (still) have  
a problem.

# NJ Nonprofits still face significant diversity challenges, especially in leadership



% of survey respondent organizations whose staff, board or CEO self-identify as BIPOC (Black, Indigenous or Person of Color) or White (n=188)

Source: NJ Center for Nonprofits, 2021-22 NJ Nonprofit Diversity Survey (publication forthcoming)

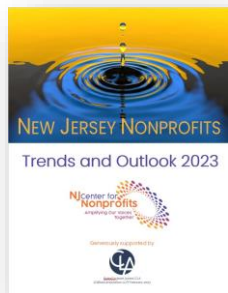


# Diversity and Equity

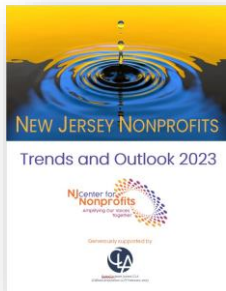
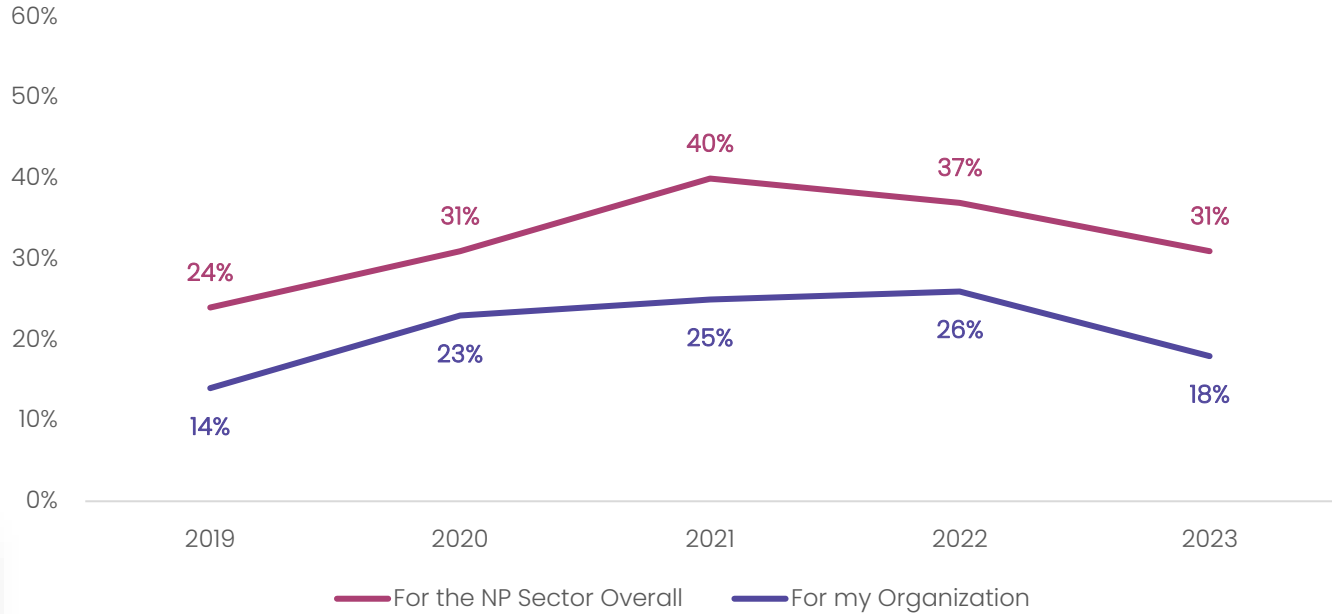
**55% of responding organizations primarily serve communities of color**

*(at least 50% of constituency served identify as people of color).*

- A greater proportion of “front-line” nonprofits such as those in human services
- More likely to report that demand for services had risen in the past year, and more likely to predict that demand and expenses would rise in 2023.
- Although slightly more reported overall funding increases in 2022, they were also more likely to report that expenses had exceeded revenues in their most recent fiscal year, and less likely to report a year-end surplus.
- They were less likely to report a cash reserve, and months of cash on hand were smaller overall among organizations that primarily serve communities of color than among those that don't.



## Fewer respondents selected Diversity/Equity/Inclusion as a “top-5” issue in 2023



NJ Center for Nonprofits, *New Jersey Nonprofits: Trends and Outlook, 2019–2023*

# The importance of BELONGING

## *THE BELONGING BAROMETER* – American Immigration Council



Belonging is about the **quality of fit between oneself and a setting**.

**Linked to critical life outcomes** in health, workplace, social cohesion and civic engagement; and democracy.

**A majority of Americans report non-belonging** in the workplace, in the nation, and in their local community. Socioeconomic status and other systemic factors are strongly associated with belonging.

**Belonging and diversity are interdependent.**

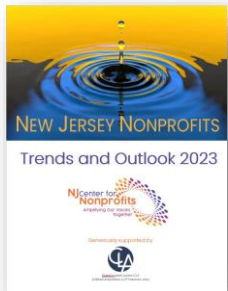
**Belonging is attainable.** In today's polarized, socially segregated, and increasingly diverse America, investments in belonging are more urgent than ever.

<https://www.americanimmigrationcouncil.org/research/the-belonging-barometer>

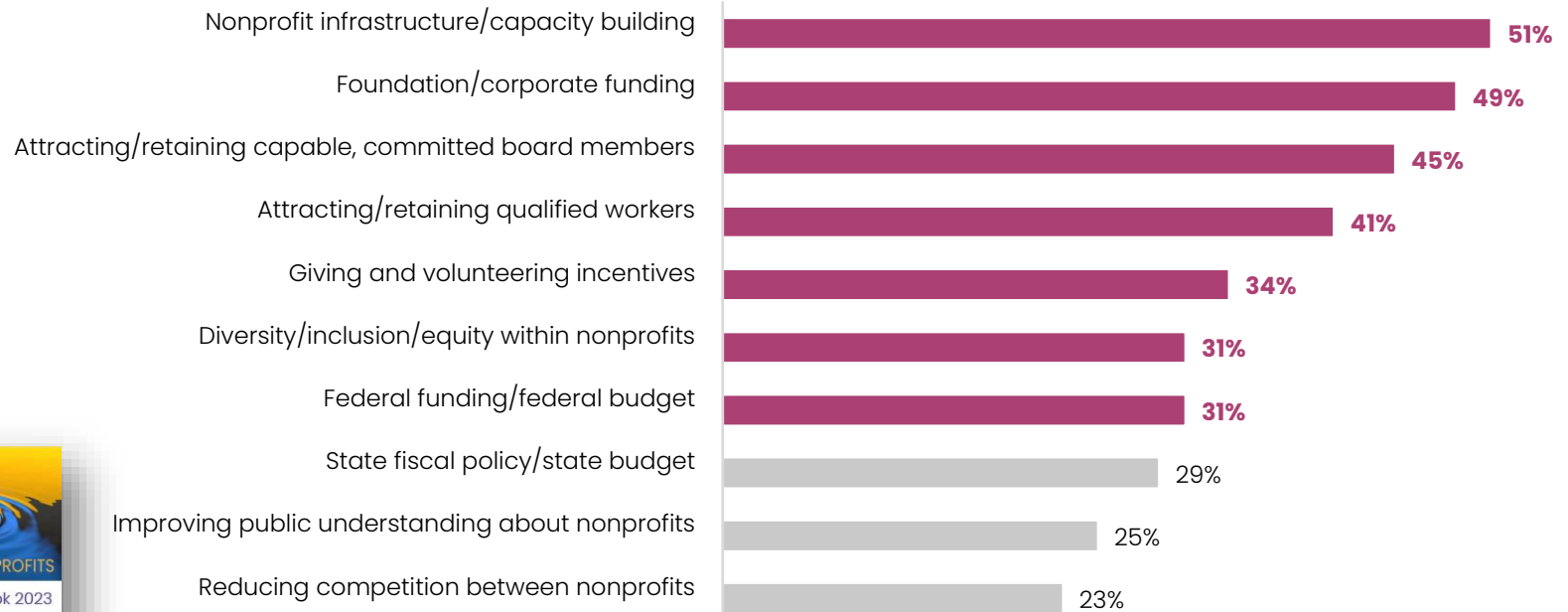
Looking Ahead



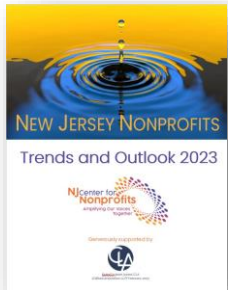
# Top Challenges to INDIVIDUAL Organization Viability/Effectiveness



# Most Important Issues for the Nonprofit SECTOR in the Next Decade



% Responses per Item (N=172)



## Actions Nonprofits are Taking

Seeking new/alternative revenues

Increasing volunteer recruitment

More advocacy

Seeking to add staff, boost compensation

Even more collaborations

Program & budget adjustments

Many programs (56%) still hybrid

**What else can we do?**



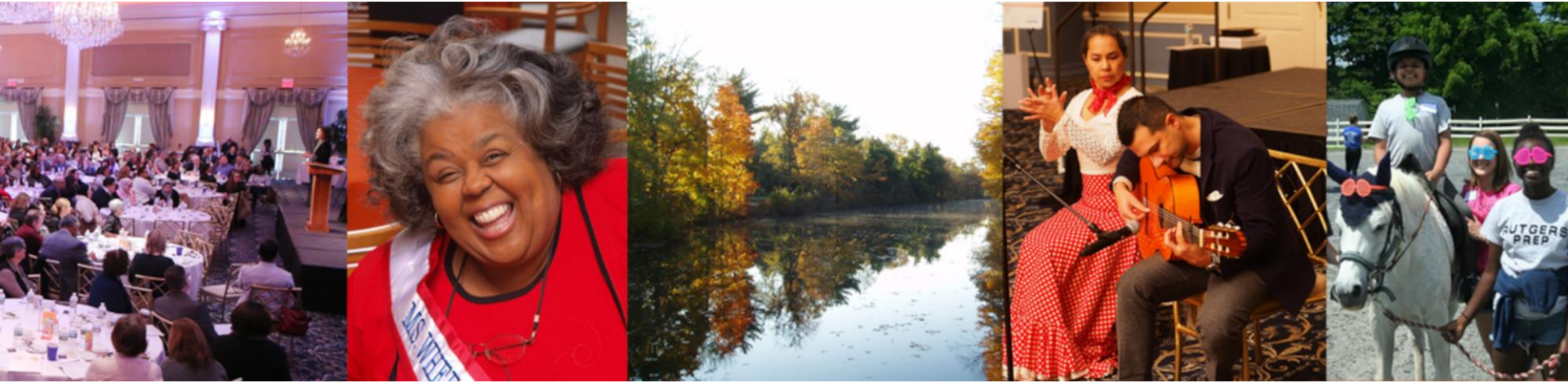


# Time to change the narrative.

- **Investment** in nonprofits for our communities
- **Economic** impact
- **Compensation**, benefits & workplace flexibility
- **Equal partnerships**
- **Diversity, Equity, Inclusion, and BELONGING**
- Lead with our **values**



# Nonprofits are...



**Problem Solvers**

**Subject Experts**

**Nonpartisan**

**Trusted Community Partners**



## WHAT CAN FUNDERS DO?

**Lasting, transformative change takes time.** But there are plenty of actions funders can take right now for immediate impact:

- **Open dialogues** with nonprofits by soliciting and acting on feedback.
- **Respect and trust** the expertise of community partners.
- Give **unrestricted and multi-year funding**, especially (though not exclusively) for grantee partners with which you've had long term relationships.
- **Simplify and streamline** application and reporting processes.
- **Eliminate annual requests** for **organizational information that does not change** from year to year.



## WHAT CAN FUNDERS DO?

- **Engage with the community** through participatory grantmaking that aligns with the community's goals.
- **Remove barriers** to historically excluded organizations. Create alternative processes for organizations too small to submit audits; set aside funding pools for BIPOC-led and grassroots organizations that may not have access or have been historically excluded from traditional funding sources.
- **BE A CHAMPION FOR THIS WORK.**

# ADVOCATE!



- Direct more funding to nonprofits to enable them to do the work.
- Pass a charitable giving incentive in DC and NJ.
- Ensure that nonprofits have a seat at the table in policy and philanthropic discussions.
- Simplify grant and contracting requirements, application and reporting.

# Several Bills of Note



## Federal

- **S.566/H.R. 3435** – The Charitable Act (restores and expands a charitable giving deduction for non-itemizers)
- **The SEAT Act, H.R. 3245** (improved government/nonprofit partnerships and data collection)



## NJ

- **A2533/S2013** – creates a state-level charitable giving deduction for donations to NJ charities
- NJ government contracting legislation in process



**Thoughts? Questions? Comments?**







# Thank You



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