



New Survey Shows Austin Area Nonprofits are Experiencing Significant Increase in Demand for Services and Fewer Resources

Sixty-six percent of Austin area nonprofits have experienced an **increase in demand** for their services over the past year, according to the [2009 Nonprofit Pulse Survey](#). And over the same period, **54% experienced a drop in contributions**. The crunch is affecting organizations in the critical health, human services, and children and youth-focused service areas the most.

Greenlights for NonProfit Success and United Way Capital Area partnered to administer the survey in July. A total of 830 organizations in central Texas were surveyed, 100 of whom responded.

As the economic downturn has affected residents of central Texas, it is no surprise that Austin area nonprofits have been struggling to meet the demand for services. While some organizations have managed to keep up, others have been unable to do so. When asked how they met the increase in demand for services, more than half of the organizations polled indicated that they referred clients to other organizations, including United Way's 2-1-1 hotline.

The majority of nonprofits in the Austin area already have very small budgets – 69% operate with less than \$100,000 per year. However, nonprofit organizations are recognizing the need for more funding, regardless of size. More than 40% of those surveyed intend to dedicate more staff to fundraising over the next year and 33% plan to review or reallocate their financial assets. In addition to growth, some nonprofits have recognized the need for cuts. **Nearly 20% laid off staff** over the past year, and another 10% intend to do so in the coming year. Twelve percent plan to reduce or eliminate programs and services; 11% have already done so.

Due to current economic conditions, 20% of nonprofit organizations used up to 25% of their reserves. More than **15% percent do not maintain a reserve fund** at all, and 37% have two months or less of operating expenses in reserves. This, coupled with an overall decrease in donations over the past year, has some nonprofits anxious about their future. **More than 18%** expressed concern that they may be forced to **cease operations** within the next year.

Despite being faced with these economic challenges, many nonprofits expressed cautious optimism about the future. Only 5% expect that government funding will decrease, and many

expect to see increases in funding from foundations, corporations, and other funding sources. Whether these optimistic expectations become reality remains to be seen, as many experts are projecting that foundation giving will actually drop in 2010 over already-lower 2009 levels, and many fear that Austin-area nonprofits will not stand to gain much from federal stimulus funds.

As a result of this and other data, Greenlights and United Way are encouraging nonprofits in this community to remain diligent, stay creative, and focus on meeting critical demand. Nonprofits should pay extra attention to financial information, including cash flow projections, operating reserves, and potential cost savings. They should also seek out innovative ways to collaborate with (and consider sharing services or even merging with) other similar nonprofits as a means to make up for a lack of resources and to increase their ability to meet community needs.

Any questions about this survey or its implications can be directed to Matt Kouri, Greenlights Executive Director at kourim@greenlights.org or to Debbie Bresette, United Way Capital Area's Interim President at debbie.bresette@unitedwaycapitalarea.org.

Download the survey responses and results [here](#).