

Report: Economy Continues to Take Toll on New Jersey Non-Profits

FOR IMMEDIATE RELEASE

October 13, 2009

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North Brunswick, NJ – The economy has taken a dire toll on New Jersey non-profits this year, and many are pessimistic about the outlook for fundraising during the upcoming holiday season—typically a critical time for non-profits.

These findings were culled from *New Jersey Non-Profit Economic Trends Update*, a mid-year analysis conducted by the Center to gauge trends, experiences and projections of New Jersey non-profit organizations. The Center conducted this survey online in mid-September 2009 to assess how non-profits fared during the first eight months of this year, and to determine their outlook for the remainder. The 281 responses from 501(c)(3) organizations that were submitted as of September 14, 2009, were included in this analysis.

The survey provides further evidence of the toll the economic climate has already taken this year on the state's charitable community. For example:

- More than 54% of respondents reported an increased demand for service since January, with groups providing health, education and human services experiencing the sharpest upticks in demand – 73%, 66%, and 63% respectively.
- Meanwhile, 61% of respondents reported a decline in total funding compared to the first eight months of last year. The cuts were widespread across all types of non-profits, although arts organizations were hit especially hard.
- Over half (57%) of respondents said their situation was worse in August 2009 than a year ago, and more than half of respondents expect total 2009 funding to drop below last year's levels – levels which were already showing signs of strain from the economic downturn
- 42% of responding organizations expect to spend more money than they take in this fiscal year, and an equal number predict they will break even. Only 12% expect to take in more money than they spend.
- Half of responding organizations had frozen staff salaries when the survey was taken, and another 20% had reduced them. One third (33%) had cut staff, and about 25% have either reduced employee benefits or are planning to do so.

But besides cost-cutting measures, the survey shows organizations are using a wide range of strategies to address the challenges of the economy. Forty-two percent of respondents reported launching new partnerships or collaborations this year, usually with other non-profits, although partnerships with government and business were also noted. Non-profits are also trying to fill gaps by recruiting more volunteers, with 39% of respondents reporting they have already done so in 2009

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“The report confirms that since the beginning of this year, things have gotten worse for much of New Jersey’s non-profit community,” commented Linda Czipo, executive director of the Center. “Even with the steps that non-profits have already taken, we’re especially concerned about 2010. Any recovery will take an additional year or two to reach the non-profit sector, and some funders have indicated that next year is going to be even harder.”

The report suggests that continued collaborations and partnerships, as well as investment in management and infrastructure, will be crucial for organizations to navigate the crisis and succeed in the new environment. Equally important are public policy initiatives to help alleviate capacity needs and resource shortages.

“New Jerseyans rely on non-profits for a host of vital programs and services,” added Czipo. New Jersey needs non-profits to be strong over the long term.”

The full report, *2009 New Jersey Non-Profit Economic Trends Update*, is available on the Center for Non-Profits web site at www.njnonprofits.org/Fall2009_EconomicTrendsUpdate.pdf

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