



A joint project of the Center for Civil Society Studies at the Johns Hopkins Institute for Policy Studies in cooperation with Alliance for Children and Families, American Association of Homes and Services for the Aging, American Association of Museums, National Congress for Community Economic Development, Theatre Communications Group, Alliance for Nonprofit Management, and National Council of Nonprofit Associations

July 10, 2003
FOR IMMEDIATE RELEASE
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U.S. NONPROFIT SECTOR FEELING SQUEEZE OF GOVERNMENT BUDGET CUTS
'Listening Post' Project Takes the Pulse of Nonprofit Sector

Nearly two-thirds of a broad cross-section of U.S. nonprofit organizations are feeling financial stress from recent government funding cuts, according to a survey by the Johns Hopkins Center for Civil Society Studies and its partner organizations in the new Nonprofit Listening Post Project. These budget strains come on top of pressures resulting from the national economic downturn, which has constrained private charitable giving.

The Listening Post Project is designed to take “soundings” from a group of about 1,000 nonprofit organizations across the country to assess the health of the nonprofit sector in America and the coping strategies nonprofits are adopting. In its first survey, 63 percent of respondents currently rate local, state or federal government budget cuts as a “very significant challenge.” Among agencies serving families and children, the elderly and disadvantaged communities, more than 70 percent reported significant budget strain.

“This is particularly significant because these agencies obtain close to 40 percent or more of their total income from government, and because private fund raising has also been under pressure,” said Lester Salamon, director of the Listening Post Project and of the Center for Civil Society Studies at the Johns Hopkins Institute for Policy Studies. In fact, he noted that an even larger proportion of agencies—80 percent in all—reported that fund raising poses a “very significant challenge” for their agencies at the present time.

“These pressures are directly affecting client services,” said Katie Sloan, senior vice president for member services of the American Association of Homes and Services for the Aging. “Nonprofit aging service providers are having to turn away clients, reduce staff, and/or dip into reserves.”

Further complicating the fiscal picture of nonprofit organizations are escalating health benefit costs. Some 60 percent of those surveyed reported health benefit costs as a “very significant challenge.”

This figure reached 75 percent and 82 percent, respectively, among agencies serving children and families and the elderly. In response to these new fiscal realities, nonprofit executives are seeking new ways of operating, including new fund raising techniques and new ways to measure performance.

“While some observers are criticizing nonprofits for not being ‘entrepreneurial’ or responsive, our first Listening Post ‘sounding’ shows they are already moving in that direction,” Salamon said. “The real question is how this will change their ability to remain focused on their core missions and on those most in need.”

The Listening Post is a joint undertaking of the Center for Civil Society Studies at the Johns Hopkins Institute for Policy Studies and a network of nonprofit umbrella groups representing state nonprofit associations, nonprofit management assistance providers, and agencies working in the fields of family and children’s services, elderly services, health care, community and economic development, and arts and culture. The other member organizations are The Alliance for Children and Families, the American Association of Museums, the National Congress for Community Economic Development, Theatre Communications Group, the Alliance for Nonprofit Management, and the National Council of Nonprofit Associations.

Peter Goldberg, CEO of the Alliance for Children and Families and the chair of the project’s steering committee, said the Listening Post Project is an important early warning system for the nonprofit sector.

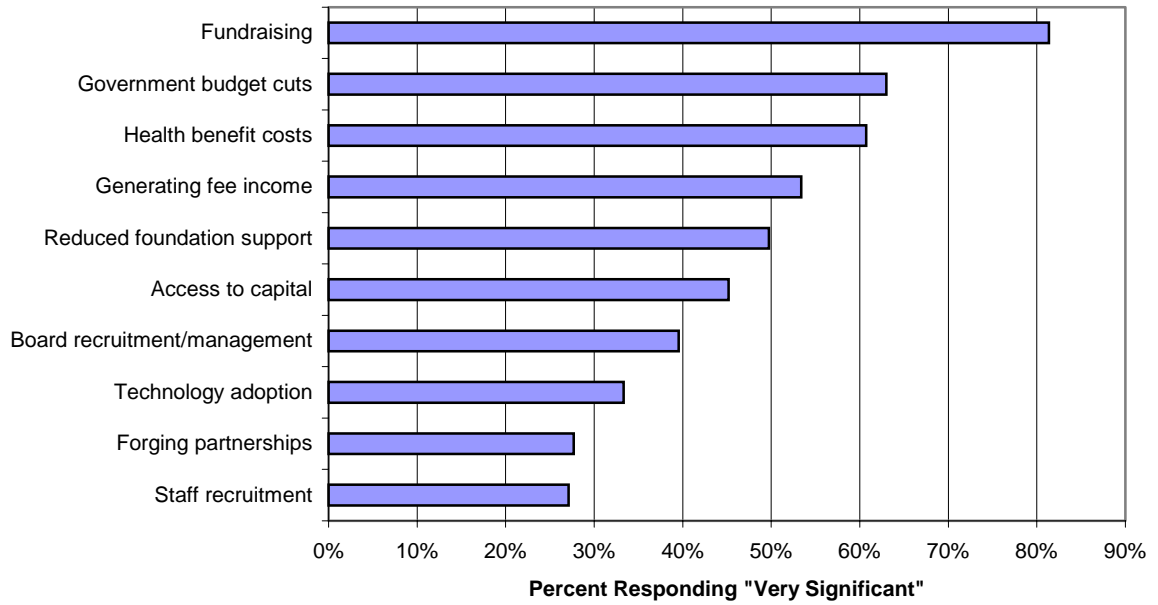
“Through the series of targeted ‘soundings’ this project will provide, we will finally have the ability to respond effectively and speedily to the enormous challenges facing nonprofits in this country,” Goldberg said.

The Listening Post Project is funded through grants from the Carnegie Corporation of New York, the Kauffman Foundation and The Surdna Foundation. Attached is a list of nonprofit organizations that participated in the Listening Post project. They are available for interviews.

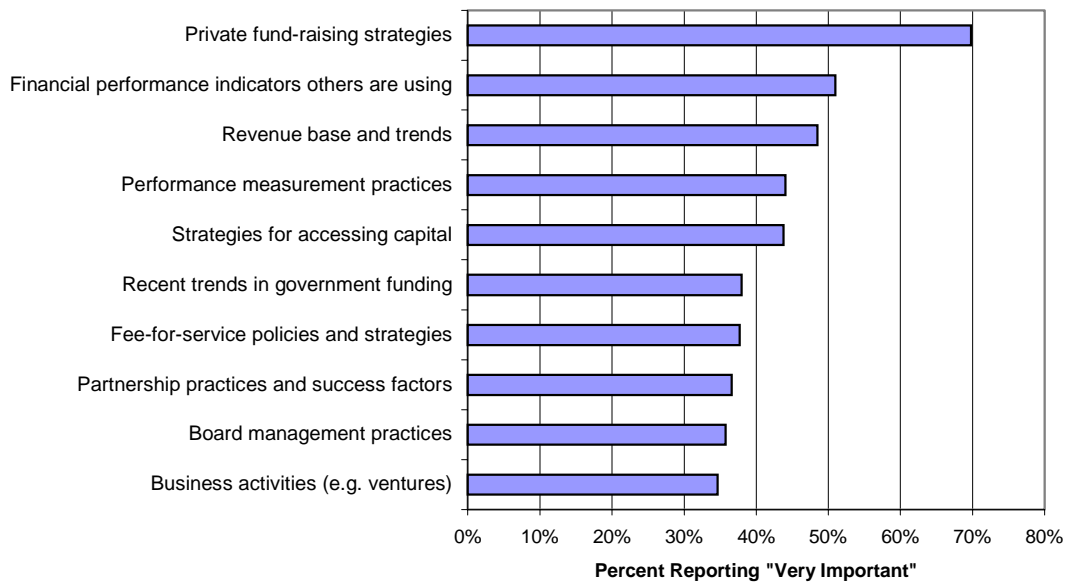
For a more detailed report on the findings, e-mail listeningpostproject@jhu.edu. For more information, contact Rick O’Sullivan, project assistant director, at 410-516-8473.

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Top Ten Challenges Facing Nonprofits



Top Ten Kinds of Information Identified as "Very Important"



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