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Area Nonprofits More Optimistic but Still Face Challenges

A survey of Metro Milwaukee nonprofit leaders by the Milwaukee-based Public Policy Forum suggests that the financial effects of the Great Recession appear largely to have worn off, though many leaders continue to be concerned about their organization's long-term fiscal health.

"The region's nonprofits are enjoying far greater fiscal stability and enhanced optimism about the state of philanthropy – and about their own organizations' future – than we observed when we last surveyed nonprofit leaders in 2011," says a report released today describing the survey results, entitled *Back on Track*.

The report also notes, however, that different perspectives emerge when responses by nonprofit leaders are broken down by organizations of different sizes or subsectors.

"Larger nonprofits and those in the education subsector appear to exhibit far more confidence than smaller organizations and those in most other subsectors," says the report's lead author, Anne Chapman. "We also find that notwithstanding the sense of greater fiscal stability conveyed by a solid majority of respondents, both individual and institutional donors can expect a steady pipeline of fundraising appeals stemming from numerous major fund development campaigns on the horizon."

The Forum conducted the online survey in July 2016 and received responses from 154 nonprofit organizations within the four-county Milwaukee metro area (Milwaukee, Ozaukee, Waukesha, and Ozaukee counties). The Forum conducted similar surveys annually from the late 1990s until 2011.

Where possible, as a way to compare the current state of Metro Milwaukee's nonprofit sector with that at the end of the Great Recession, the Forum's analysis compares 2016 survey results with those obtained in the 2011 survey.

"Nonprofit leaders today generally are more optimistic about charitable giving, and they report healthy growth in demand for services and corresponding gains in the size of organizational budgets," says Chapman. "We also find that today they likely have greater latitude than they did during the depths of the recession to focus on long-term organizational capacity, as opposed to day-to-day survival."

Highlights from the Public Policy Forum's 2016 survey of nonprofit leaders in Metro Milwaukee:

- **The financial health of the nonprofit sector has improved when compared to five years ago.** Only about a third (31%) of respondents say they have substantially reduced annual expenditures over the past five years, as compared to 60% in 2011.
- **There is an enhanced sense of optimism about trends in charitable giving in the region.** The share of respondents saying they feel the state of philanthropy is improving more than doubled since 2011.
- **Giving from individual donors is taking on increased prominence and importance.** More than half of respondents say individual donors have increased over the past five years, and gifts from individual donors were cited as one of the sources of philanthropic support that is anticipated to trend upward in the future.
- **The appetite for collaboration among nonprofit organizations is mixed.** About two-thirds of respondents recently have considered programmatic collaboration, but only a third recently have explored collaboration for administrative functions, and even fewer (14%) have considered merging with another nonprofit.
- **Philanthropists should be prepared for an array of major fund development campaigns.** Close to two-thirds of respondents currently are conducting or are planning a special fund development campaign outside of their annual fundraising.

Despite the survey's relatively favorable findings, nonprofit leaders still cite several major challenges. For example, although close to three-quarters of respondents to the 2016 survey said that demand for their services was on the rise, only 42% said that charitable giving was increasing commensurate with that demand. Other frequently cited "major" challenges were recruiting new donors (64%), enhancing visibility and reputation (44%), building an endowment (36%), and initiating capital improvements (33%).

"In light of the importance of Metro Milwaukee's nonprofits to the region's quality of life, we hope this report informs the work of a variety of audiences, from nonprofit leaders and local governments to funding institutions and potential donors," says Chapman. "In particular, we hope that nonprofit and public sector leaders will glean strategic direction from these findings in terms of where to invest precious resources and how to strengthen the sector's long-term sustainability."

The Forum's analysis – which also contains the full survey results – can be downloaded at www.publicpolicyforum.org. The survey and report were sponsored by the Association of Fundraising Professionals, Milwaukee Brewers Community Foundation, Greater Milwaukee Foundation, Johnson Controls, Milwaukee Bucks Foundation, Rockwell Automation Charitable Corporation, United Way of Greater Milwaukee and Waukesha County, United Performing Arts Fund, and the Zilber Family Foundation.

Milwaukee-based Public Policy Forum, established in 1913 as a local government watchdog, is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of public policy issues.

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