JOHNS HOPKINS UNIVERSITY
Center for Civil Society Studies
Institute for Policy Studies

Listening Post Project

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

COMMUNIQUÉ NO. 1

JUNE 25, 2003

Background

From April 23 to June 6, 2003, the Johns Hopkins Listening Post Project surveyed its nationwide panel of 486 nonprofit agencies that have agreed to serve as "Listening Posts" on the important developments affecting America's nonprofit organizations. These organizations were selected with the help of the nonprofit intermediary organizations that have joined together in this project. The agencies operate in five fields: children and family services, elderly services and housing, community and economic development, theaters, and museums, providing an extraordinarily broad view of the nation's nonprofit sector. Of the 486 agencies surveyed, 365 responded, a response rate of 75 percent. The survey sought basic background information on these agencies as well as an assessment of the major challenges the agencies are facing and the information they consider most needed to be able to respond to these challenges. This Communiqué and the accompanying tables summarize the agency responses.*

A Representative Cross-Section

The *Listening Post* agencies reflect the diversity of the five broad fields of nonprofit activity on which this project is focusing. Thus:

- **Fields:** Twenty-four percent of the Listening Posts are theaters, 21 percent are children and family service agencies, 20 percent are elderly service and housing providers, 20 percent are museums and art galleries, and 15 percent are community and economic development agencies (see Table 1).
- **Age:** Listening Post agencies range in age from organizations formed within the last year to some of the most venerable institutions in the sector. The average age is 48 years. The median is 37. Community and economic development agencies are among the youngest, with one in three established within the last decade. In contrast, nearly half of children and family service providers are over a century old (see Table 2).
- **Size:** Most Listening Post agencies (56 percent) are small to medium sized (under 50 employees), and 27 percent of these have fewer than 10 full-time employees (see Table 3). Yet, combined, these organizations employ nearly 83,000 people and utilize the volunteer services of an additional 48,000. Staff sizes range from no employees at all to 23,000 and vary considerably by field—from a high of 348 average full-time equivalent (FTE) employees for

* Includes art galleries, botanical gardens, zoos, and science centers

elderly housing and service providers and 221 for children and family agencies to a low of 21 employees per agency among community and economic development agencies. Similarly, agency revenues range from $22,500 to $202 million, with 25 percent having annual revenues below $75,000 and 23 percent having annual revenues over $10 million (see Table 4). Clearly, the Listening Posts represent the full range of nonprofit experiences.

- **Service area:** Listening Post agencies closely reflect the geographic distribution of the fields they represent, with most regions closely matching the distribution reported in the most recent *Economic Census* (see Table 5). About half of the Listening Post agencies classified themselves as urban or metropolitan, but a significant share serve rural areas or small towns or operate on a regional or state-wide basis (see Table 6).
- **Revenue base:** Government is the largest single source of funding for the Listening Post agencies.
  - On average, 31 percent of the income of these agencies comes from federal, state, and local government, compared to 29 percent from fees and charges, 25 percent from private contributions, and the balance from a combination of dues, other sales, and endowment income (see Figure 1).
  - Because the larger agencies are even more likely to receive government support than the smaller ones, the government share of the total revenue of these agencies is even higher on a weighted basis than on a simple average basis—39 percent from government, versus 38 percent from fees and charges, 11 percent from private contributions, and 12 percent from all other sources (see Figure 2).
  - This revenue structure differs significantly among different types of agencies (see Table 7). In particular:
    - ⇒ Government is an especially important source of revenue for *children and family service agencies*, accounting for 54 percent of total revenue, on average;
    - ⇒ *Elderly housing and service* agencies get most (45 percent) of their revenue on average from fees and charges, though a substantial 39 percent also comes from government;
    - ⇒ *Theaters* also rely most heavily on fees and charges (40 percent) but their second most important source of income is private giving (36 percent);
    - ⇒ *Community and economic development* agencies also receive a substantial share of their income from private giving (30 percent) but receive a larger share (38 percent on average) from government;
    - ⇒ *Museums* have the most diversified revenue base of the types of agencies examined here—with 28 percent of their revenue from private giving, 20 percent from government, 18 percent from fees, and 34 percent from a variety of other sources, including sales, member dues, and endowment earnings.

Major Challenges

Listening Post agencies almost universally identified funding issues as their most significant challenge at the present time as a combination of economic recession, market sell-off, government budget cuts, and rising benefit costs seem to have created a "Perfect Storm" of budgetary woes. In particular:

- **Fundraising challenges head the list.** Among the challenges identified by Listening Post agencies, "fundraising" emerged as the most significant among the largest number of agencies. Fully 81 percent of the agencies identified "fundraising" as a "very significant challenge" facing them (see Table 8). Not surprisingly, this reached 90 percent among the museums and theaters, which rely most heavily on private contributions, but 87 percent of the children and family agencies and 72 percent of the community and economic development agencies also identified fundraising as a very significant challenge. Evidently, three years of retarded economic growth and stock market troubles have taken their toll on nonprofit funding prospects.
- **Government budget cuts add to the squeeze.** Ranked just behind "fundraising" as a source of concern among Listening Post agencies were "government budget cuts," a relatively new phenomenon, but one that has quickly attracted the attention of anxious nonprofit managers. Thus, over 60 percent of the agencies identified "government budget cuts" as a "very significant" challenge. Even among theaters and museums, which rely the least on government support, 58 percent and 49 percent of the agencies, respectively, identified this as a "very significant" concern.
- **Healthcare benefits raising costs.** While market conditions and government budget cuts are threatening nonprofit revenues, rising health benefit costs are boosting their expenses. A surprising 61 percent of Listening Post agencies thus identified "health benefit costs" as a "very significant" challenge, the third most commonly identified such item. Museums and theaters were less likely to cite this factor as "very significant," perhaps because their staffs are generally smaller; but 82 and 75 percent of elderly care and children and family service agencies, respectively, cited this as a "very significant" challenge.

Information Needs

To cope with these challenges, Listening Post agencies indicated a variety of information needs.

- **Information on fundraising strategies.** Not surprisingly, the information that Listening Post agencies most commonly identified as needed was information on private fundraising strategies. Thirty-one percent of the agencies identified this as the "most valuable" type of information they could use. Theaters and museums were most likely to identify this as the most useful type of information, whereas considerably smaller proportions of the elderly service and children and family service agencies did, presumably reflecting their more limited reliance on this source of support (see Table 9).
- **Information on performance measurement techniques.** Significant proportions of agencies also indicated a need for information on performance measurement techniques, both programmatic and financial. Thus, 20 percent of the community and economic development agencies indicated financial performance techniques as their most important information need, and 22 percent of the elderly service agencies identified program performance measurement techniques as their most important information need.
- **Information on basic financial trends and access to capital.** Also prominent among the information needs identified by Listening Post agencies were information on basic financial trends and on strategies for accessing capital. These needs are particularly noticeable in the

fields of children and family services and elderly services, which are also the fields with the largest agencies. Approximately 30 percent of the agencies in these two fields identified these two topics as the ones on which additional information would be most useful.

For more information about the Listening Post Project, or to comment on the findings, contact us at: ListeningPostProject@jhu.edu

Table 1: Distribution of Listening Posts, by Field

Field	Share of Agencies
Theaters	24%
Children and Family Services	21%
Elderly Housing and Services	20%
Museums	20%
Community and Economic Development	15%
All	100%

Source: Johns Hopkins Listening Post Project

Table 2: Age Ranges of Listening Post Agencies, by Field

Age	All	Children and Family Services	Community and Economic Development	Elderly Housing and Services	Museums	Theaters
Less than 5 years	3%	3%	11%	1%	3%	0%
5-9 years	6%	0%	23%	1%	6%	5%
10-19 years	14%	4%	25%	7%	14%	22%
20-29 years	19%	4%	23%	21%	13%	33%
30-39 years	16%	10%	7%	22%	19%	20%
40-49 years	9%	10%	4%	11%	13%	8%
50-99 years	16%	20%	5%	21%	22%	13%
100 years or more	15%	49%	2%	15%	9%	0%

Source: Johns Hopkins Listening Post Project

Table 3: Full-Time Equivalent* Employment of Listening Post Agencies, by Field

	Fewer than 10 FTEs	10-19 FTEs	20 to 49 FTEs	50 to 99 FTEs	100 or more FTEs
All	28%	12%	18%	11%	32%
Children and Family Services	37%	23%	28%	5%	6%
Community and Economic Development	0%	10%	22%	20%	48%
Elderly Housing and Services	38%	12%	23%	11%	15%
Museums	41%	10%	17%	16%	16%
Theaters	13%	5%	7%	7%	68%

* FTE = Full-time employees + (part-time employees * average weekly hours worked)/40 hours

Source: Johns Hopkins Listening Post Project

Table 4: Listening Posts by Revenue Size, by Field

	Less than $75,000	$75,000 - $3 million	$3 million-$10 million	More than $10 million
All	25%	29%	23%	23%
Children and Family Services	5%	29%	39%	27%
Community and Economic Development	49%	32%	13%	6%
Elderly Housing and Services	1%	14%	21%	64%
Museums	47%	32%	15%	6%
Theaters	30%	35%	22%	12%

Source: Johns Hopkins Listening Post Project

Table 5: Geographic Distribution of Listening Post Agencies

	Percent of Listening Post Panel	Percent of *1997 Economic Census*
East North Central	18%	17%
East South Central	4%	5%
Mid-Atlantic	21%	19%
Mountain	4%	6%
New England	7%	8%
Pacific	13%	15%
South-Atlantic	19%	12%
West North Central	7%	10%
West South Central	7%	8%
Total	100%	100%

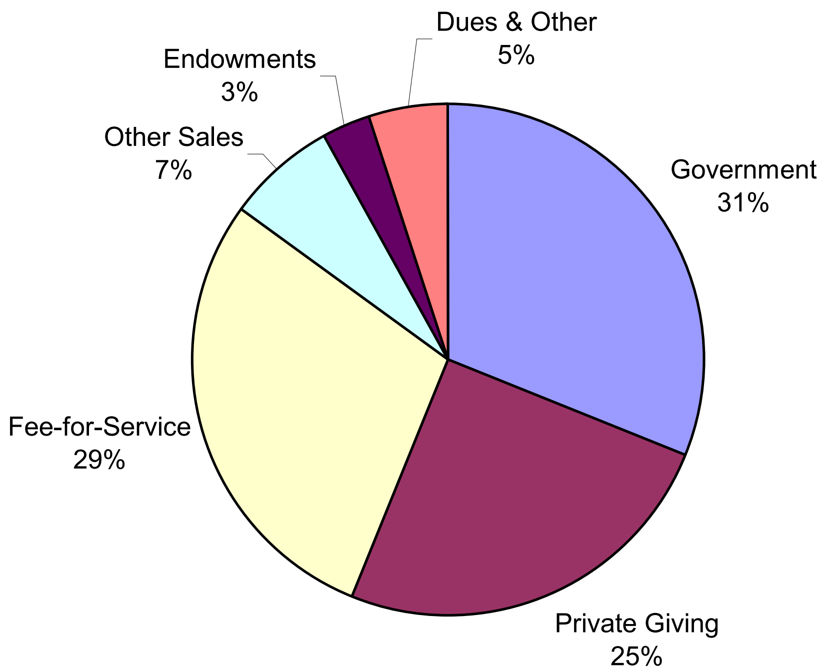
Source: Johns Hopkins Listening Post Project

Table 6: Service Area of Listening Post Agencies, by Field

Area	All	Children and Family Services	Community and Economic Development	Elderly Housing and Services	Museums	Theaters
Metropolitan Area	35%	34%	17%	36%	23%	58%
Urban	14%	8%	34%	19%	10%	6%
Regional	12%	8%	4%	8%	24%	14%
Small Town	8%	7%	6%	12%	13%	2%
State-wide	8%	15%	8%	5%	4%	6%
Rural	6%	4%	8%	7%	8%	5%
County	5%	12%	6%	3%	4%	1%
Neighborhood	2%	1%	11%	1%	0%	0%
Other	10%	11%	8%	8%	14%	7%

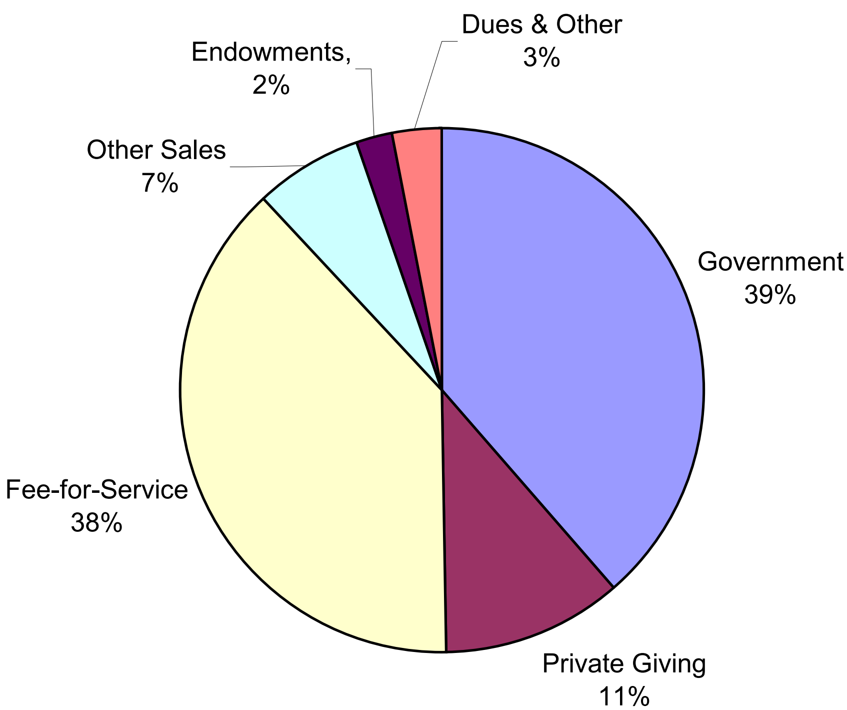
Source: Johns Hopkins Listening Post Project

Figure 1: Sources of Revenue of Listening Post Agencies (Unweighted)



Source: Johns Hopkins Listening Post Project

Figure 2: Sources of Revenue of Listening Post Agencies (Weighted)



Source: Johns Hopkins Listening Post Project

Table 7: Sources of Revenue of Listening Post Agencies, by Field (Unweighted)

	Government	Private contributions	Fee-for-service	Other sales	Member dues	Endow-ment income	Other
All	31%	25%	29%	7%	2%	3%	3%
Children and Family Services	54%	22%	19%	1%	0%	2%	2%
Community and Economic Development	38%	30%	16%	7%	1%	1%	8%
Elderly Housing and Services	39%	7%	45%	5%	0%	2%	2%
Museums	20%	28%	18%	10%	9%	9%	6%
Theaters	8%	36%	40%	10%	2%	2%	3%

Source: Johns Hopkins Listening Post Project

Table 8: Challenges Identified as "Very Significant" by Listening Post Agencies, by Field

	Total	Children and Family Services	Community and Economic Development	Elderly Housing and Services	Museums	Theaters
Fundraising	81%	87%	72%	62%	91%	90%
Government budget cuts	63%	68%	68%	74%	49%	58%
Health benefit costs	61%	75%	64%	82%	43%	44%
Generating fee income	53%	63%	55%	62%	51%	39%
Reduced foundation support	50%	45%	53%	22%	54%	70%
Access to capital	45%	44%	53%	42%	44%	45%
Board recruitment/ management	40%	35%	30%	27%	49%	51%
Technology adoption	33%	44%	26%	45%	31%	20%
Forging partnerships	28%	39%	32%	29%	26%	17%
Staff recruitment	27%	35%	13%	56%	10%	18%
Non-profit competition	24%	28%	23%	21%	31%	18%
Staff retention	22%	21%	11%	48%	14%	15%
Liability issues	22%	20%	21%	58%	10%	6%
Volunteer recruitment	19%	13%	15%	21%	37%	13%
For-profit competition	17%	16%	19%	22%	14%	14%

Source: Johns Hopkins Listening Post Project

Table 9: Top Ten Types of Information Identified as "Most Needed" by Listening Post Agencies, by Field

	Total	Children and Family Services	Community and Economic Development	Elderly Housing and Services	Museums	Theaters
Private fundraising strategies	31%	21%	33%	10%	42%	45%
Strategies for accessing capital	11%	7%	20%	3%	14%	13%
Financial performance indicators others are using	9%	12%	4%	7%	14%	6%
Performance measurement practices	9%	11%	8%	16%	7%	3%
Fee-for-service policies and strategies	8%	19%	8%	12%	0%	3%
Staff recruiting and retention strategies	8%	7%	0%	22%	4%	5%
Revenue base and trends	7%	7%	2%	10%	5%	7%
Recent trends in government funding	4%	5%	4%	10%	0%	1%
Business activities (e.g. ventures)	4%	4%	8%	6%	0%	3%
Board management practices	3%	3%	2%	0%	7%	5%

Source: Johns Hopkins Listening Post Project

Table 10: Top Five Most Significant Challenges Identified by Listening Post Agencies, by Field

	Total	Children and Family Services	Community and Economic Development	Elderly Housing and Services	Museums	Theaters
Fundraising	32%	38%	26%	7%	36%	47%
Government budget cuts	17%	25%	21%	17%	11%	13%
Financial issues/operating funds/cost containment	12%	7%	11%	10%	13%	17%
Generating fee income	9%	7%	6%	19%	6%	8%
Staff recruitment	7%	4%	6%	22%	2%	3%

Source: Johns Hopkins Listening Post Project

Table 11: Top Five Most Significant Challenges Identified by Listening Post Agencies, by Primary Revenue Source

	Total	Government	Private	Fee-for-Service	Other Sales
Fundraising	32%	25%	39%	32%	16%
Government budget cuts	17%	32%	10%	9%	0%
Financial issues/operating funds/cost containment	12%	11%	7%	12%	32%
Generating fee income	9%	5%	13%	12%	16%
Staff recruitment	7%	8%	3%	11%	0%

Source: Johns Hopkins Listening Post Project

Table 12: Information Identified as "Very Important"

Information	All	Children and Family Services	Community and Economic Development	Elderly Housing and Services	Museums	Theaters
Private fund-raising strategies	70%	77%	62%	44%	86%	75%
Financial performance indicators others are using	51%	51%	40%	54%	59%	44%
Revenue base and trends	48%	44%	40%	46%	51%	56%
Performance measurement practices	44%	55%	45%	54%	34%	34%
Strategies for accessing capital	44%	36%	62%	33%	43%	48%
Recent trends in government funding	38%	44%	55%	43%	30%	26%
Fee-for-service policies and strategies	38%	56%	58%	40%	20%	18%
Partnership practices and success factors	37%	33%	42%	44%	37%	31%
Board management practices	36%	27%	25%	24%	40%	53%
Business activities (e.g. ventures)	35%	44%	47%	36%	30%	23%
Staff recruiting and retention strategies	31%	36%	25%	53%	19%	19%
Human resource policies and practices	22%	21%	13%	21%	19%	31%
Advocacy strategies and practices	20%	10%	28%	18%	21%	24%
Recent changes in organizational structure	19%	21%	8%	13%	24%	23%
Volunteer recruitment	13%	8%	2%	14%	29%	8%
Codes of ethics	8%	11%	11%	8%	10%	2%

Source: Johns Hopkins Listening Post Project