From the CEO’s Desk – Quarter 2 (Apr. – June) 2014

As a part of the Caster Center’s State of Nonprofit Quarterly Index, CEOs of Trend Reporter organizations are given the opportunity to report on emerging trends in the nonprofit sector. The purpose of this component is twofold. First, it provides a regular platform for nonprofit leaders to share first-hand observations in an expedient fashion and with a collective voice. Second, the qualitative information shared in this component provides context for the quantitative data presented in the overall Index. Selected quotes are provided and identification is noted when permission was given by the respondent.

During Quarter 2 (April - June) 2014, 56 San Diego nonprofit CEOs participated in the survey. They observed and reported on a number of economic trends, which were consolidated into the following four main themes (in order of prevalence):

1. Funding and Fundraising
2. Collaboration
3. Government Funding and Increased Regulation
4. Staffing and Organizational Development

Trend #1: Funding and Fundraising

Individual and Corporate Philanthropy
Many Trend Reporters indicated that philanthropy is continuing to increase and donors are “re-emerging” after the recession. As one wrote, “The economy appears to be improving, with larger gifts demonstrating donor's increased confidence.” There was also discussion of increased numbers of bequests and of “corporate support coming back.” That said, a small number of Trend Reporters reported the opposite experience, indicating that, for them, “donorship remains unsteady” and there is “increased difficulty in fundraising.”

Foundation Giving
Trend Reporters also observed changes in the behavior of foundations. As one described, “it seems like more foundations are moving to a ‘by invitation only’ model.” Additionally, it was
mentioned that there is “more hands-on involvement from funding agencies, who are increasingly involved in the early stages of emerging projects.” Similarly, one Trend Reporter has noticed “more willingness from funders to take risks and try new projects and ideas. Their support has allowed our creativity to flourish and thus develop strong and interesting new project ideas/funding proposals to reach our mission and add to the knowledge of our sector.”

It was also noted that Trend Reporters observed increased discussion and activity around grantmaker education.

Fundraising
Nonprofits are responding to the changing landscape in many ways, several of which have been described in previous reports. This quarter, Trend Reporters discussed an increased focus on the messaging of missions, and a need for creativity in fundraising including, possibly, a movement away from special events. Additionally, Trend Reporters continued to discuss ways in which they were using evaluation data in fundraising. For example, one Trend Reporter described efforts to “mine the [program evaluation] data to be able to pull out our agency outcomes and truly measure not just the quantity of our work, but the real results.” This, the Trend Reporter hoped, would allow them to better tell the agency’s story.

Trend #2: Collaboration
Collaboration continues to be a topic much discussed by Trend Reporters. Jose L. Cruz of the San Diego Council on Literacy contended that, “more opportunities and openness towards collaboration...[is] in the air.” While collaboration has been discussed for a number of quarters now, data from Trend Reporters suggest it may be occurring more frequently. Molly Terbovich-Ridenhour, Executive Director of the San Diego Civic Youth Ballet indicated that, “collaboration between organizations in marketing trades, as well as programming, is beginning to actually occur after a lot of conversations of ‘we should collaborate.’”

Another Trend Reporter offered a complementary opinion, suggesting that many of the current collaborative efforts are not new but, perhaps, better marketed than in the past. Eva Velasquez President/CEO Identity Theft Resource Center, suggested that, “while San Diego has long been a pioneer of collaborative efforts the trend seems to be increasing as more organizations share resources, both intellectual and otherwise, in unique and innovate ways. These collaborations have always taken place but it seems that we are more inclined to make them highly visible to our community.”
Trend #3: Government and Politics

Government Funding
Overall, Trend Reporters continue to suggest that government funding is stable and perhaps even increasing. As one Trend Reporter commented, “Foundations seem to have flatlined, but I see more response from government agencies.” Another Trend Reporter suggested that there has been a “resurgence of relevant government funds available on the State and Federal level that will help us (if successful) build capacity in programs that we stretched during the recession. There are even requests to be innovative which is refreshing.”

One Trend Reporter noted that the County appears to be “more selective about which provider agencies they choose to place youth with. As a result, some agencies (such as ours) are seeing rapid growth in referrals and requests for services, while others are going out of business.” One Trend Reporter from a religious organization observed that the County of San Diego is “assuming a greater role in providing services without working with local community and faith based organizations.” He was concerned that the “County of San Diego is missing an incredible opportunity to partner with faith based entities.”

Echoing previous Index reports, one Trend Reporter observed a “movement to rely less on government sources and more on fee-for-services and/or other social enterprise.”

Government Regulations
A number of Trend Reporters expressed concerns regarding the new minimum wage requirements and “increasing regulatory burdens” from all levels of government. This includes changes in labor laws, such as the loss of overtime exemptions for certain industries and the increase in minimum salary for exempt employees. One Trend Reporter described it as a “continuing struggle to deal with increased costs of doing business...Each of these just come right off the bottom line and thus we have to explore new revenue streams or additional cost cutting measures.”

More specifically, another Trend Reporter suggested that “organizations are likely to struggle to implement the new minimum wage requirements for student and entry level positions.” These unfunded mandates are especially difficult, as one Trend Reporter noted, for “organizations with fixed incomes/fees set by the government.”
Trend #4: Staffing and Organizational Development

Staffing
Trend Reporters suggested that nonprofits are continuing to hire and to create new jobs. “Organizations seem to be retrenching with a positive outlook -- adding staff, growing their footprint -- and trying to expand their reach.”

At the same time, it was reported that there has been an increase in career movement for mid-level employees. San Diego was described by one Trend Reporter as a “small city” where employees move from one organization to the next. A number of Trend Reporters indicated that it is becoming, “harder to find and keep quality employees.”

In addition to job creation, one Trend Reporter observed that nonprofits are paying more attention to professional development opportunities and issues of diversity, inclusion, and inter-generational communication.

Organizational Development
Although discussed less frequently than staffing challenges, some Trend Reporters also made comments about organizational development-related issues. Much of the discussion was similar to what has been reported in other quarters and can be summed up by one Trend Reporter’s observation that “overall support for nonprofits remains challenging, driving the need for creative and innovative business models to ensure sustainability.” Another Trend Reporter suggested, “every one of San Diego’s largest organizations is re-organizing for better efficiency.”