

Impact of the Economic Downturn: A Survey of CEOs in Hamilton's Not-for-profit Sector

Prepared for



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Introduction and Overview

Hamilton Community Foundation is concerned about the impact of the economic downturn on our community, and on the local not-for-profit sector in particular. To better understand how the economic downturn is affecting local organizations, the Foundation designed a short electronic survey targeting CEOs of Hamilton-area not-for-profit organizations. This report presents the results of that survey and provides analysis of the responses.

This survey contained twelve questions, divided into four sections: describing your organization, impact of economic downturn on your organization, your organization's response to economic downturn, and suggested role of Hamilton Community Foundation.

Most the questions provided a list of possible answers, but some allowed for open-ended responses. It was designed to be completed anonymously, though respondents had the option of identifying themselves at the conclusion of the exercise.

Notification of the survey was sent via the electronic Community Announcements Service on December 17, 2008. The announcement was directed at CEOs and stated that their input would help the Foundation gain an overview of the not-for-profit sector's most critical needs. The survey was posted on Survey Monkey, and responses were collected until January 9. Sixty-four individuals participated in the survey, and 50 persons or 78% completed the survey (though they did not necessarily answer every question).

This report is divided into three sections. Section 1 highlights overall key findings of the survey. Section 2 provides a question-by-question overview of the survey and responses. Section 3 presents cross-tabulations of the survey data.

Section 1. Summary of Findings

Describing the Respondents

- A majority of respondents classified themselves within the health and human services sector. Another 25% were in the education sector.
- Just under 75% of organizations responding to the survey had annual budgets of under \$1 million. Another 20% had annual budgets of \$1 to 5 million.
- More organizations received funding from government than from any other funding source. On average, government provided just under half of the funding to organizations responding to the survey.
- Organizations in the education and health and human services sectors relied more heavily on government funding than did organizations in the arts and culture,

recreation, and environment sectors. Among the latter organizations, foundations were the most significant funding source, followed by government, and then fees.

- Among organizations with annual budgets of less than \$250,000, foundations provided the largest source of revenue, accounting for 29% of funding received. Among organizations with larger annual budgets, government provided the most revenue.

Impact of economic downturn on organizations

- More than half of responding organizations stated that they expected to see increased demand from clients, changing client demand, and decrease in revenues from grants. Half of responding organizations stated that they anticipated a decrease in revenues from donations.
- When asked to rank items that would have the most negative impact on their organizations, “decrease in revenues from grants” was selected as being the most significant.
- When probed about how client demand was expected to increase or change, the most common theme in the responses concerned increasing levels of need among individuals and families, combined with increasing constraints being felt by service organizations. Organizations expect demand for services to increase at the same time that organizations face lower levels of support.
- Fewer than one-third of respondents saw any unexpected positive effects of the downturn. Several organizations noted increased support from members and the broader public in terms of financial and other donations.
- There was much variation by sector in terms of anticipated impacts of economic downturn. Within the health and human services sector, increased client demand was predicted above all else. Decrease in fee revenue was predominantly anticipated within the education sector and not as much in other sectors. The remaining organizations anticipated decreases in grant and donation revenues above all else.
- There was also variation by budget category in terms of anticipated impacts. The smallest organizations were more likely to anticipate a decrease in grant revenue than were the larger organizations, though 45% of respondents overall anticipated this impact. For the organizations with budgets of more than \$1 million, the most common anticipated impact was increased client demand.

Response to economic downturn

- In response to economic downturn, more than half of respondents stated that their organization intended to find new revenue sources.
- More than 4 in 10 respondents stated that their organization intended to do each of the following: reduce budgets, change strategic plan/organizational priorities, fundraise, and implement other cost containment measures.
- Budget reductions and fundraising were cited as being the *most important* responses organizations were making.
- When broken down by sector, “finding new revenue sources” and “fundraising” were important responses in the health and human services and “other” sectors, but much less important within the education sector.
- Health and human services organizations were at least twice as likely to identify “reducing or eliminating programs” as an anticipated response than were other types of organizations.
- About one-third of respondents in each sector identified “changes to strategic plan/organizational priorities” as an anticipated outcome.
- When broken down by size, the smallest budget organizations were about 40% more likely to identify reducing or eliminating programs as a response than were mid-size and larger organizations. They were also more likely to anticipate reducing or eliminating staff positions as likely.
- Mid-size organizations were roughly twice as likely to identify “sharing operational expenses with other organizations” as a response than were larger and smaller organizations.
- The larger the budget category, the more likely an organization was to identify the following responses: expanding programs, budget reductions, finding new revenue sources, and changes to strategic plan/organizational priorities. In general, respondents from larger organizations identified more ways they would cope with economic downturn.
- Just over half of respondents stated that their organization was prepared, well prepared, or very well prepared to meet its mandate during this period of economic downturn. The largest category of respondents (44%) stated that their organization was somewhat prepared. This was true within each sector as well.
- Larger organizations generally considered themselves better prepared for economic downturn. Among organizations with annual budgets of \$1 million or more, 87% stated

that they were prepared, well prepared, or very well prepared to face economic downturn.

- All of the organizations stating that they were “not at all prepared” had annual budgets of less than \$250,000.
- Organizations that felt prepared cited the following reasons, among others:
 - strategic financial planning,
 - prudent and transparent financial management,
 - collaborating with other organizations to share expertise as well as costs,
 - responsiveness to change,
 - ongoing social enterprise activity,
 - strong connection to donors,
 - reliance on various funding sources,
 - good executive and board leadership, and
 - ability to scale services to resources available.
- Organizations felt unprepared for the following reasons, among others:
 - difficulty of predicting how funders and governments will react to recession, and whether our organization’s focus will continue to be a priority for government and other funders;
 - income is holding steady or decreasing whereas client load is increasing; and
 - vulnerability due to small size, heavy reliance on grants, and lack of resources to apply for other sources of funding.

Suggested role of HCF

- Survey respondents were asked to suggest ways that HCF could use its resources, knowledge, and connections to help organizations meet their mandates. Most of the suggestions can be grouped into three themes:
 - convene members of the not-for-profit sector for the purposes of networking and empowering them to find programming efficiencies;
 - publicize and advocate around the negative impacts of economic downturn on individuals and families as well as on the not-for-profit sector; and
 - offer training and professional development opportunities on topics such as fundraising, public relations, marketing, and governance.

Section 2. Survey Responses, Question by Question

In this section, we present the actual survey questions and responses, along with a brief description of the responses. For the open-ended questions, a synthesis of the responses is presented.

A. Describing your organization

Question 1. What sector best describes your organization? (Choose one only.)

Answer Options	Response Frequency	Response Count
Arts and culture	6.7%	4
Education	25.0%	15
Environment	3.3%	2
Health and human services	51.7%	31
Recreation	3.3%	2
Other (please specify)	11.7%	7

As indicated in the table, a majority of respondents classified themselves within the health and human services sector. Most of the “Other” responses could also be considered health and human services, e.g., legal services and child care. Based on an examination of the organizations that voluntarily identified themselves at the end of the survey, there was a strong representation from child care centres.

Question 2. What is the approximate annual operating budget of your organization?

Answer Options	Response Frequency	Response Count
under \$250,000	33.3%	20
\$250,000 to under \$1 million	40.0%	24
\$1 to under \$5 million	20.0%	12
\$5 million to under \$10 million	5.0%	3
\$10 million or more	3.3%	2

In terms of annual budget, the most frequent response category was between \$250,000 and \$1 million, as stated by 40% of participating organizations. Just under 75% of organizations responding to the survey had annual budgets of under \$1 million.

Question 3. Please estimate the percentage of your annual revenue in your current fiscal year that came from the following sources. (Your answer should total 100.)

Answer Options	Response Average	Response Count
Government	48.70	47
Foundations (Trillium, United Way, Hamilton Community Foundation, etc.)	23.24	33
Fees (user and membership)	28.74	34
Corporate sponsorships	8.05	20
Donations from corporations	4.62	21
Donations from individuals	12.46	28
Special events	11.33	27
Other	16.86	21

More organizations received funding from government than from any other funding source. Moreover, on average, government provided just under half of the funding to organizations responding to the survey.

User and membership fees constituted the second largest source of funding, with 29% of funding coming from fees. Foundations were the third largest source of funding for organizations, with 23% of funding coming from foundations.

Corporate donations were the least significant source of funding.

B. Impact of economic downturn on your organization

Question 4. How do you anticipate that your organization will be affected by the recent economic downturn. (Please check all that apply.)

Answer Options	Response Frequency	Response Count
Decrease in revenues from user or membership fees	28.8%	15
Decrease in revenues from grants	55.8%	29
Decrease in revenues from donations	50.0%	26
Increased demand from clients	57.7%	30
Changing client demands (service mix)	57.7%	30
Changing volunteer pool	21.2%	11
Other (please specify)	23.1%	12

More than half of responding organizations stated that they expected to see increased demand from clients, changing client demand, and decrease in revenues from grants. Half stated that they anticipate decrease in revenues from donations.

Question 5. If you indicated in Question 4 that demand from clients will increase or change, could you please provide some more information?

There were 38 responses to Question 5. They could be grouped into several themes:

- More individuals and children will be in need due to income loss and inability to afford the basic necessities. Yet service organizations will suffer from lower levels of financial and other types of support (10 similar responses, including the following points):
 - Economic climate will exacerbate the struggles facing families already living in or near the poverty line.
 - We expect to see more families in crisis.
 - Increased use of food bank, nutrition programs, counselling services, utility subsidy, employment services, etc.
 - We anticipate a significant increase in the number of people coming to us with housing needs.
 - We have experienced a 50% increase since September in the number of people using our food bank, and we served more than 1,100 households with Christmas hampers.
- Parents who become unemployed or work fewer hours will not require child care to the same degree (7):
 - This will result in reduced revenue and layoffs for our staff members.
 - This will result in more demand for part-time childcare.
 - Parents lose potential job opportunities because they are stilling on the waiting list for subsidies.
 - If the government decreases grant funding, families of children with special needs children would definitely be at risk.
 - There may be greater turnover in our program.
- Higher stress levels among clients (2).
- People who lose their employee benefit plans will start demanding more low-cost services.
- If unemployment increases, there will be more demand for our employment services -- and more clients would demand other services such as language training and others.

Question 6. Of these items, which will have most *negative* impact on your organization? (Choose up to three, ranked in order of importance.)

Answer Options	Most important	Second	Third	Response Count
Decrease in revenues from user or membership fees	7	3	7	17
Decrease in revenues from grants	15	15	3	33
Decrease in revenues from donations	8	7	6	21
Increased demand from clients	10	8	8	26
Changing client demands (service mix)	7	8	11	26
Changing volunteer pool	1	2	2	5
Other (as described in previous question)	2	4	2	8

In Question 6, respondents were asked to build on their answers to Question 4 by ranking items that were anticipated to have the most negative impact on their organizations. “Decrease in revenues from grants” was deemed to have the most negative impact on the organizations. It received the most responses in the first two categories. Respondents also ranked “increased demand from clients” as a top outcome that would adversely affect the organization.

Question 7. Is your organization seeing any unexpected positive effects of the downturn?

Of the 42 responses to this question, just over two-thirds (29) were negative, e.g., no, not yet, not at this point.

Of the responses that did note positive benefits, five referred to increased support from the membership base and from the broader public in terms of financial and other donations and volunteer hours. Other responses included: increased revenues in the organization’s thrift store, and more resources made available by government for training.

C. Response to the economic downturn

Question 8. How is your organization responding to or planning to respond to these effects? (Choose all that apply.)

Answer Options	Response Frequency	Response Count
Expanding programs	25.0%	13
Reducing or eliminating programs	25.0%	13
Reducing or eliminating staff positions	21.2%	11
Sharing operational expenses with other organizations (e.g., space, equipment, backroom operations)	30.8%	16
Budget reductions	44.2%	23
Other cost containment measures	40.4%	21
Fundraising	42.3%	22
Finding new revenue sources (e.g., social enterprise)	53.8%	28
Changes to strategic plan/organizational priorities	44.2%	23
Other (please specify)	19.2%	10

The most frequent response to this question was “finding new revenue sources.” More than half of respondents selected this choice, and 3 others mentioned it under “other.” This was followed closely by “budget reductions,” “changes to strategic plan/organizational priorities,” “fundraising,” and “other cost containment measures,” each of which were selected by 40 to 44% of respondents. “Reducing or eliminating staff positions” was the least popular response.

Question 9. Of these items, what are the three most significant responses your organization is making to the effects of the downturn? (Choose up to three, ranked in order of importance.)

Answer Options	Most important	Second	Third	Response Count
Expanding programs	6	1	5	12
Reducing or eliminating programs	4	5	1	10
Reducing or eliminating staff positions	4	2	3	9
Sharing operational expenses with other organizations (e.g., space, equipment, backroom operations)	3	5	4	12
Budget reductions	10	7	3	20
Other cost containment measures	6	6	0	12
Fundraising	7	3	10	20
Finding new revenue sources (e.g., social enterprise)	5	11	10	26
Changes to strategic plan/organizational priorities	5	7	8	20
Other	1	1	1	3

In terms of the “top three” responses organizations were making to deal with the effects of the economic downturn, the most frequent answer was “finding new revenue sources.” However, “budget reductions” and “fundraising” were more frequently cited as being the *most* important response an organization was making. Another frequent response listed was “changes to strategic plan/organizational priorities.”

Question 10. In general, how well-prepared do you feel your organization is to meet its mandate during this period of economic downturn? (Choose one.)

Answer Options	Response Frequency	Response Count
Not at all prepared	1.9%	1
Somewhat prepared	44.2%	23
Prepared	32.7%	17
Well prepared	15.4%	8
Very well prepared	5.8%	3

Just over half of respondents stated that their organization was prepared, well prepared, or very well prepared to meet its mandate during this period of economic downturn. The largest category of respondents (44%) stated that their organization was somewhat prepared.

Question 11. Can you please explain why you feel that your organization is or is not prepared?

There were 41 responses to this open-ended question. Some responses mentioned several factors. Respondents described a variety of reasons for being prepared and unprepared (directly quoted and paraphrased):

Prepared:

- We have been strategic in terms of financial planning. We have strong and transparent financial management (4 similar responses).
- We are teaming up with at least one other organization to share expertise as well as costs (3).
- Our organization is responsive to change, both in terms of community need and in terms of funding (3).
- Social enterprise activity enables us to continue our mandate (2).
- We have a strong, committed donor connection, and our organization is very cost effective (2).
- We rely on a mix of funding, including some endowment funding (2).
- We have very good executive and board leadership (2).
- We are able to scale services to resources available (2).
- We work well with other organizations.

- We have been through this before.
- We are used to operating on a tight budget.
- Our programs are well established and affordable.
- Senior staff have meet and come up with some methods to help in this uncertain time.
- We are committed to maintaining our existing budget.
- 2008 has been spent on building infrastructure and expanding capacity.
- Our finances are stable.
- We have always operated largely on an in-kind resource development and will continue to benefit from the relationships we developed.
- We have been working on a new vision and strategy plan for our work.

Unprepared:

- It is hard to predict how funders and governments will react to recession, and whether our organization's focus will continue to be a priority for government and other funders (8 responses of this nature).
- Income is holding steady or decreasing whereas client load is increasing (3).
- We are vulnerable due to our small size and heavy reliance on grants, and lack resources to apply for other sources of funding (2).
- We are a young organization with little infrastructure funding, so any changes in community funding will affect what services we can provide.
- We are in a "wait and see" position. Until we know where problems lie, we cannot respond appropriately to the situation.
- Our operational needs will be very difficult to trim.

D. Role of HCF

Question 12. In addition to financial supports, how could Hamilton Community Foundation use its resources, knowledge, and connections to help your organization meet its mandate?

There were 36 responses to this open-ended question. Some responses contained more than one suggestion, and they can be summarized as follows:

- Bring together members of the not-for-profit sector to network, and empower them to find ways to share/reduce costs and find efficiencies for programming (9 responses of this nature), including:
 - Create a public and voluntary sector strategy.
 - Ensure that funds are distributed based on expertise and ideas, not size.
 - Develop a shared database that would allow similar service agencies to work together to better help families and not duplicate resources (could be similar to the Christmas Registry).

- Provide opportunities for organizations to share their own resources and tools with each other, e.g., financial manuals.
- Publicize and advocate around the negative impacts of the downturn on individuals and voluntary sector services (9).
 - Support initiatives to get the message out that charities still need to be supported.
 - Note the growing demands on the charitable sector, importance of poverty eradication, and the need for more childcare subsidies.
- Offer training and professional development opportunities for EDs, board members, and other staff of local not-for-profit organizations on topics such as fundraising, public relations, marketing, and governance (8).
 - Several years ago, the United Way hired trainers to develop and offer workshops to boards of non-profit child care centres.
- Expand the HCF granting focus to a broader spectrum of issues and expenses, such as operational costs (4).
- Assist organizations with finding knowledgeable, skilled volunteers (2).
- Maintain existing funding opportunities.
- Disseminate information about HCF grant availability and deadlines.
- Encourage and support projects and initiatives in partnership or give financial incentives for working in partnership.
- Make site visits to increase your awareness of the work of faith-based agencies.

Section 3. Cross-tabulations of Survey Responses

The tables below were created by comparing responses of a select number of questions based on the sector and operating budget of the organization. The purpose of analyzing the data in this fashion is to determine if there are sector and size differences in how the downturn will affect the various organizations.

For simplicity of analysis, and due to a relatively small number of cases in some of the categories, the responses for the sector and budget questions were each collapsed into three categories.

Regarding the sector to which an organization belongs, the responses were collapsed into the following categories:

- Health and human services (including the former “other” category as open-ended responses indicated various types of human service)
- Education
- Other (arts and culture, environment, and recreation)

Due to a relatively small number of cases in the largest budget categories, budget responses were also collapsed into three categories:

- Less than \$250,000
- \$250,000 to under \$1 million
- \$1 million or more

Table 1: Source of Revenue (as a % of total revenue) by Sector

		Government	Foundations	Fees	Corporate sponsorships	Donations from corporations	Donations from individuals	Special events	Other
Health & human services	Mean	43.3	14.8	9.1	5.1	2.1	9.8	8.1	7.7
	Std. Dev.	41.3	20.7	21.4	16.5	3.6	14.3	14.8	14.6
Education	Mean	57.6	1.0	39.7	0.0	0.1	0.0	0.8	0.8
	Std. Dev.	31.8	2.9	33.2	0.0	0.3	0.0	1.9	1.9
Other	Mean	26.0	32.0	19.5	0.4	2.6	3.1	3.1	13.3
	Std. Dev.	24.4	26.0	36.4	0.8	5.1	6.9	6.6	24.9
Total	Mean	43.9	14.3	17.9	3.2	1.7	6.5	5.6	6.9
	Std. Dev.	37.7	21.1	29.4	13.1	3.5	12.2	12.2	15.2

As shown in Table 1, government grants were the largest source of revenue for the organizations responding to this survey, accounting for 44% of all funding of the organizations overall. The next most significant funding sources for organizations overall were fees (18%) and foundations (14%).

Within the health and human services sector, government was again the largest source of revenue, accounting for 43% of funding received. The next most significant funding sources were: foundations (15%), donations from individuals (10%), and fees (9%).

Among organizations identifying themselves as being in the education sector, there were only two significant funding sources: government (accounting for 58% of funding received) and fees (40%).

Among the remaining organizations, foundations were the most significant funding source (accounting for 32% of funding received), followed by government (26%) and fees (20%).

Table 2: Source of Revenue (as a % of total revenue) by Size of Operating Budget

		Government	Foundations	Fees	Corporate sponsorships	Donations from corporations	Donations from individuals	Special events	Other
<\$250,000	Mean	21.6	29.3	15.6	7.5	1.7	6.1	9.5	8.6
	Std. Dev.	30.4	28.4	28.6	23.0	3.5	12.6	18.9	18.5
\$250,000 to under \$1 million	Mean	45.8	9.1	24.1	1.7	2.4	4.6	4.1	8.4
	Std. Dev.	39.6	16.2	33.3	5.2	4.5	9.8	8.1	16.8
\$1 million+	Mean	62.8	6.0	14.3	1.0	0.7	8.8	3.6	3.0
	Std. Dev.	30.3	8.0	25.5	2.5	1.0	14.5	7.6	7.5
Total	Mean	44.0	14.0	18.6	3.2	1.7	6.3	5.5	6.8
	Std. Dev.	37.4	21.0	29.5	13.0	3.5	12.1	12.1	15.1

Table 2 presents the source of revenue in organizations broken down by size of operating budget. As shown in Table 2, government grants were the largest source of revenue for the organizations responding to this survey, accounting for 44% of all funding of the organizations overall. The next most significant funding sources for organizations overall were fees (18%) and foundations (14%).

Among organizations with annual budgets of less than \$250,000, foundations provided the largest source of revenue, accounting for 29% of funding received. The next most significant funding sources were: government (22%), fees (16%), and special events (10%).

Among organizations with annual budgets between \$250,000 and \$1 million, government provided the most revenue (46%), followed by fees (24%), and foundations (9%). Among organizations with the largest budgets, governments were the most significant funding source (accounting for 63% of funding received), followed by fees (14%), donations from individuals (9%), and foundations (6%). It would appear that these organizations rely heavily on large-scale, often multiyear, government contracts.

Table 3: Anticipated Impact of Recent Economic Downturn by Sector (%)

	Health & human services	Education	Other	Total
Decrease in fee revenue	2.7	60.0	37.5	21.7
Decrease in grant revenue	45.9	26.7	75.0	45.0
Decrease in donation revenue	51.4	6.7	62.5	41.7
Increased client demand	64.9	20.0	25.0	48.3
Changing client demand	48.6	53.3	12.5	45.0
Changing volunteer pool	24.3	6.7	12.5	18.3
Other	21.6	13.3	25.0	20.0

Table 3 presents the anticipated impact of the economic downturn as broken down by sector. Not surprisingly, the biggest anticipated impact among those in the health and human services sector was increased client demand, which was identified by 65% of respondents in the sector. In this sector, more than half anticipated a decrease in revenue from donations. Almost half of respondents predicted a change in client demand and anticipated a decrease in grant revenue.

In the education sector, the biggest anticipated impact was decrease in fee revenue, identified by 60% of respondents in this sector. More than half also anticipated a changing client demand. Only just over 25% anticipated a decrease in grant revenue, significantly below the other two sectors.

Among the remaining organizations, the biggest anticipated impacts were decrease in grant revenue (identified by 75% of respondents) and decrease in donation revenue (identified by 63% of respondents).

In sum, there is much variation by sector in terms of anticipated impacts. Within the health and human services sector, increased client demand is predicted above all else. Decrease in fee revenue is predominantly anticipated within the education sector and not as much elsewhere. The remaining organizations – identified as arts and culture, environment, recreation and other -- anticipate decreases in grant and donation revenues above all else.

Table 4: Anticipated Impact of Recent Economic Downturn by Size of Operating Budget (%)

	<\$250,000	\$250,000 to under \$1 million	\$1 million+	Total
Decrease in fee revenue	15.8	25.0	29.4	23.3
Decrease in grant revenue	47.4	45.8	41.2	45.0
Decrease in donation revenue	36.8	45.8	41.2	41.7
Increased client demand	26.3	54.2	64.7	48.3
Changing client demand	31.6	58.3	47.1	46.7
Changing volunteer pool	10.5	20.8	23.5	18.3
Other	10.5	25.0	23.5	20.0

As shown in Table 4, in terms of anticipated impact of the economic downturn, there was an inverse correlation between concerns about grant revenues and the size of the organization. The organizations with the smallest operating budgets stated that decrease in grant revenue was the most likely impact (47% of respondents in this category). These small-scale organizations were more likely to anticipate a decrease in grant revenue than were the larger organizations, though 45% of respondents overall anticipated this impact.

For the organizations in the mid-range budget category, the most common anticipated impact was changing client demand (58%) and increased client demand (54%). 46% of organizations in this category also anticipated decreases in both grant and donation revenues.

For the organizations with budgets of more than \$1 million, the most common anticipated impact was increased client demand (65%), followed by changing client demand (47%).

Table 5: Response (or Anticipated Response) to Economic Downturn by Sector (%)

	Health & human services	Education	Other	Total
Expanding programs	21.6	20.0	12.5	20.0
Reducing or eliminating programs	24.3	6.7	12.5	18.3
Reducing or eliminating staff positions	13.5	20.0	12.5	15.0
Sharing operational expenses with other organizations	32.4	13.3	25.0	26.7
Budget reductions	32.4	46.7	25.0	35.0
Other cost containment measures	35.1	20.0	37.5	31.7
Fundraising	40.5	6.7	62.5	35.0
Finding new revenue sources	54.1	20.0	50.0	45.0
Changes to strategic plan/organizational priorities	35.1	33.3	37.5	35.0
Other	8.1	20.0	50.0	16.7

Table 5 presents response or anticipated response to the economic downturn according to sector. When all sectors are combined, the most common response is finding new revenue sources, which was identified by 45% of respondents. This response was also the top response within the health and human services sector, and it was second to fundraising in the “other” sector. It was much less important within the education sector where it was identified by only 20% of respondents.

Similarly, fundraising was identified as important in the health and human services sector (by 40% of respondents in that sector) and by 63% in “other” sectors. Again, it was much less important within the education sector where it was identified by only 20% of respondents.

Though it was not identified as one of the top responses, health and human services organizations were at least twice as likely to identify “reducing or eliminating programs” as an anticipated response than were other types of organizations.

Only one response was consistent across the sectors. About one-third of respondents in each sector identified “changes to strategic plan/organizational priorities” as an anticipated outcome.

Table 6: Response (or Anticipated Response) to Economic Downturn by Size of Operating Budget (%)

	<\$250,000	\$250,000 to under \$1 million	\$1 million+	Total
Expanding programs	15.8	20.8	23.5	20.0
Reducing or eliminating programs	26.3	16.7	17.6	20.0
Reducing or eliminating staff positions	21.1	12.5	17.6	16.7
Sharing operational expenses with other organizations	21.1	37.5	17.6	26.7
Budget reductions	26.3	37.5	41.2	35.0
Other cost containment measures	21.1	41.7	35.3	33.3
Fundraising	26.3	41.7	35.3	35.0
Finding new revenue sources	31.6	50.0	52.9	45.0
Changes to strategic plan/organizational priorities	21.1	41.7	47.1	36.7
Other	15.8	12.5	23.5	16.7

Table 6 presents response or anticipated response to the economic downturn according to size of operating budget. Significant differences are noticeable between different size organizations.

The smallest budget organizations were about 40% more likely to identify reducing or eliminating programs as a response than were mid-size and larger organizations. They were also more likely to anticipate reducing or eliminating staff positions as likely.

Mid-size organizations were roughly twice as likely to identify “sharing operational expenses with other organizations” as a response than were larger and smaller organizations.

Lastly, there was a positive correlation between the size of the budget and the propensity to identify several responses: expanding programs, budget reductions, finding new revenue sources, and changes to strategic plan/organizational priorities. The larger the budget category, the more likely an organization was to identify these responses.

Table 7: Organizational Preparedness to Economic Downturn by Sector (%)

	Health & human services	Education	Other	Total
Not at all prepared	3.4	0.0	0.0	2.0
Somewhat prepared	37.9	41.7	75.0	44.9
Prepared	37.9	25.0	12.5	30.6
Well prepared	13.8	25.0	12.5	16.3
Very well prepared	6.9	8.3	0.0	6.1

In Table 7, we present the extent of organizational preparedness broken down by sector. Within each sector, the most common response was “somewhat prepared.” (In the health and human services sector, this tied with “prepared” as the most common response.)

Table 8: Organizational Preparedness to Economic Downturn by Size of Operating Budget (%)

	<\$250,000	\$250,000 to under \$1 million	\$1 million+	Total
Not at all prepared	7.1	0.0	0.0	2.0
Somewhat prepared	64.3	57.1	13.3	46.0
Prepared	14.3	28.6	46.7	30.0
Well prepared	7.1	14.3	26.7	16.0
Very well prepared	7.1	0.0	13.3	6.0

Finally, Table 8 shows the extent of organizational preparedness broken down by size of operating budget. There are clear differences across size category, with the larger organizations generally considering themselves better prepared for economic downturn. All of the organizations that classified themselves as not at all prepared fell into the smallest budget category. Both small and mid-size organizations were most likely to consider themselves somewhat prepared. Among organizations with budgets of \$1 million or more, 87% stated that they were prepared, well prepared, or very well prepared to face economic downturn.