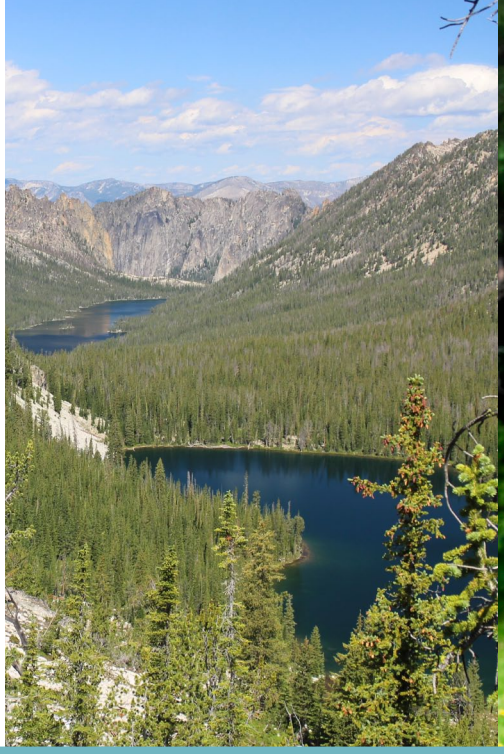
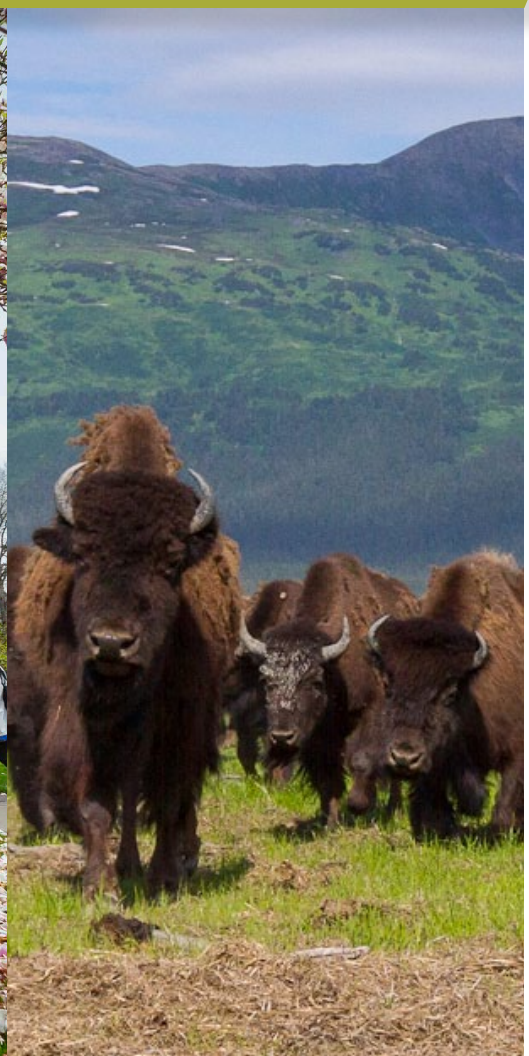


2016

NORTHWEST NONPROFIT CAPACITY REPORT

OUR STRENGTHS — OUR CHALLENGES — OUR RESILIENCE



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2016

NORTHWEST NONPROFIT CAPACITY REPORT

OUR STRENGTHS — OUR CHALLENGES — OUR RESILIENCE

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03 RESPONDENTS BY STATE

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OVERVIEW

We are very pleased to present the results of our fourth annual survey of nonprofit organizations in the Pacific Northwest. This undertaking was initially launched several years ago with funding from the M.J. Murdock Charitable Trust. Since that time, it has become a project of the five state nonprofit associations in the region and their constituents:

- The Foraker Group (Alaska)
- Montana Nonprofit Association
- Washington Nonprofits
- Nonprofit Association of Oregon
- Idaho Nonprofit Center

This year, Foraker led the design and dissemination of the survey. Luma Consulting assisted with reviewing the data and writing this report. The final analysis is based upon surveys submitted by more than 1,000 nonprofit organizations from across the region.

While each year's report is informative and contributes to our overall strategic direction and planning, we found the results from this year especially instructive. More than anything, this year's findings underscore the limited progress all stakeholders – nonprofits, funders, and government – have made in creating a resilient nonprofit sector. If the five-state survey is a temperature check on the overall health of the sector in the Northwest, then we view this year's results as reflecting only minimal increases in the sector's overall health. In light of these results, we are more convinced than ever that all stakeholders have a responsibility for ensuring the health of the nonprofit sector. Such a commitment to shared sustainability requires action by all major players.

For nonprofits, we urge greater attention to organizational learning, data informed decision-making, and program evaluation. While these tasks may seem "beside the point" – in other words, unnecessary in a cash-strapped environment – we strongly disagree. All five state nonprofit associations devote considerable time and energy to helping organizations plan thoughtfully, develop data management systems, and use information to improve their programs. We do this work because we regularly see its positive impact among those we serve.

Rather than over-relying on gut feeling and practice-based wisdom, we urge nonprofits in the region to gather and reflect upon even modest amounts of data to determine what's working – and not working – in their services. We are convinced that developing evaluation capacity will help nonprofits make the hard decisions about which programs to grow and which ones to limit.

For funders, we repeat the frequent call to provide unrestricted operating support to those nonprofits that are making sound progress in reaching their missions. Our analysis points to multiple indicators of capacity-thin organizations – modest ratings for fundraising systems, infrequent use of planning documents, a lack of succession plans, and small budgets. Perhaps most surprisingly in the survey results, we found minimal ability for nonprofits to engage in collaboration.

We believe collaboration is too often viewed as just 'nice to have' and not an essential approach to be widely embedded in practice. In part, we believe the mediocre survey ratings about collaboration result from a belief that funders are most interested in mergers and consolidation. In contrast, we view collaboration expansively, inclusive of partnerships, coordinated services, and strategic alignments between and among nonprofits.

Moreover, collaboration doesn't just benefit nonprofits, but when it involves both business and government, it can help strengthen entire communities over the long term. Regardless of its promise, however, there will continue to be minimal ability to engage in collaboration unless funders match their calls for it with the capacity support needed to make it happen. This year's survey results make clear that nonprofits have little capacity for adding yet another "task" (because this is how collaboration is viewed) to the mix of everything else they need to accomplish.

For government, we believe this year's findings about policy work speak directly to elected officials. While there is opportunity for nonprofits to step up their game in this area, ultimately, government bears the burden of opening itself more fully to nonprofit engagement in the policy process. Comments from this year's survey point to the

fact that greater governmental transparency, accessibility, and commitment to nonprofit partners is essential. When lawmakers build real, authentic relationships with nonprofits – which we see frequently in our work – the communities are better off.

Nevertheless, as a whole, the survey findings suggest an adversarial undercurrent in the relationships between nonprofits and government, no doubt exacerbated by budget cuts and a focus on efficiency and accountability in the wake of the Great Recession. Too often, nonprofits feel that they are viewed as a costly industry needing to be tightly monitored. We urge policymakers to adopt a more constructive view of nonprofits as cost-effective partners who are exceptionally skilled at stretching dollars to their maximum social good.

We believe this year's survey analysis underscores the need for work by nonprofits, funders, and government. Greater attention to data and evaluation, support for operating capacity and collaboration, and an authentic invitation to participate in the policy process will all contribute greatly to a healthier and more resilient sector.

However, we emphasize that this can only be done through a commitment to shared sustainability. We must stop thinking of the nonprofit sector as comprising only 501(c)(3) organizations. The full sector is an interdependent ecosystem, equally comprised of nonprofits, private funders, and government. Only by working as a coordinated whole, can we expect nonprofit organizations to achieve their critically important missions that benefit us all.

Laurie Wolf
President and CEO, *The Foraker Group*

Amy Little
Executive Director, *Idaho Nonprofit Center*

Liz Moore
Executive Director, *Montana Nonprofit Association*

Jim White
Executive Director, *Nonprofit Association of Oregon*

Alison McCaffree
Executive Director, *Washington Nonprofits*

Northwest Children's Theater and School - Photo Credit David Kinder

RESPONDENTS BY STATE

A clear strength of this year's survey was the fact that the five organizations involved employed a standard online survey tool that was administered by The Foraker Group in Alaska. The survey was several pages long and a sizeable percentage of respondents declined to finish the survey after the first page of demographic questions. There were 1,623 responses. The number of responses (designated by n) for specific survey questions is presented in the tables throughout this report. This number varies considerably from question to question.

Below is a breakdown that indicates the statewide distribution of organizations has been relatively consistent over the last three years; this year's percentage mirrors the 2015 results. With this in mind, it is still worth noting the decrease in the percentage of organizations from Oregon and the increase in the percentage of organizations from Washington. Because Washington's large data set continues to skew the overall results, cross-state comparisons are provided throughout the report.

STATE DISTRIBUTION

90	84	138	118	656
ALASKA	IDAHO	MONTANA	OREGON	WASHINGTON

ORGANIZATION TYPE

TYPE	AK	ID	MT	OR	WA
Human Services	25%	15%	25%	18%	19%
Arts & Culture	16%	5%	12%	16%	12%
Education	11%	13%	10%	15%	15%
Health	10%	11%	8%	10%	8%
Public Benefit	10%	10%	7%	11%	7%
Environment	7%	8%	11%	12%	9%
Religious	2%	1%	1%	2%	2%
Mutual Benefit	1%	2%	2%	1%	2%
International	- -	- -	1%	2%	2%
Other	18%	25%	23%	13%	24%

2015 BUDGET SIZE

BUDGET SIZE	AK	ID	MT	OR	WA
<$500K	48%	62%	56%	49%	68%
$500K–$1M	13%	11%	20%	17%	9%
$1M–$2M	8%	11%	12%	13%	10%
$2M–$5M	13%	7%	5%	15%	6%
$5M+	18%	9%	7%	6%	7%

Mission Effectiveness and Capacity Gap

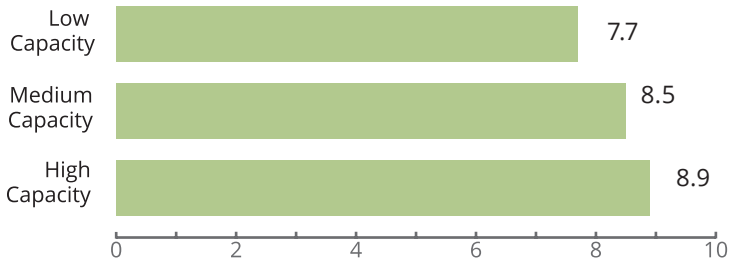
MISSION ACHIEVEMENT SCALE

One of the more interesting findings in the survey data was the gap between respondents' self- assessment of their financial capacity (ranging from 5.3 to 5.6 on a 10-point scale) and their self-assessment of their effectiveness in accomplishing their mission (ranging from 8.2 to 8.8). Overall, we found a statistically significant correlation between the two with organizations rating their mission effectiveness higher as their financial capacity grew.

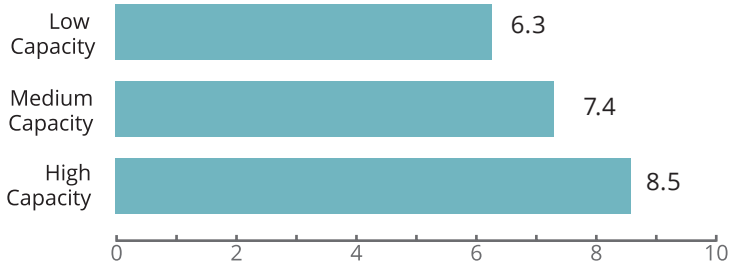
To better understand respondents' capacity – and their ratings of it – we divided the survey sample into three roughly equal groups. The first group comprises those organizations who rated their financial capacity as 4 or below. We call this group "low capacity." The second group ("medium capacity") had ratings of 5 to 7 and the third group ("high capacity")had ratings of 8 to 10.

The tables to the right list several average ratings of these three groups. Perhaps the most striking finding in the table is that high capacity groups are more likely to have the right capabilities and skills among their staff. This underscores the qualitative finding that the greatest capacity challenge faced by organizations is a lack of staff and personnel.

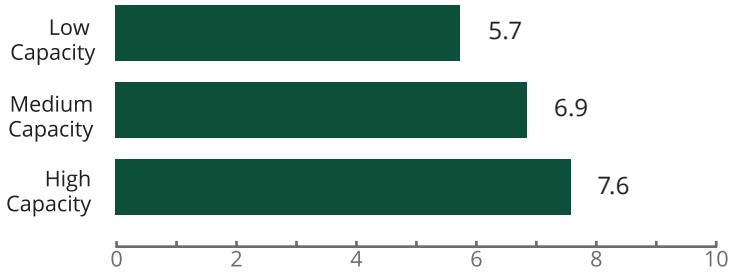
How effective is the organization at accomplishing its **mission?**



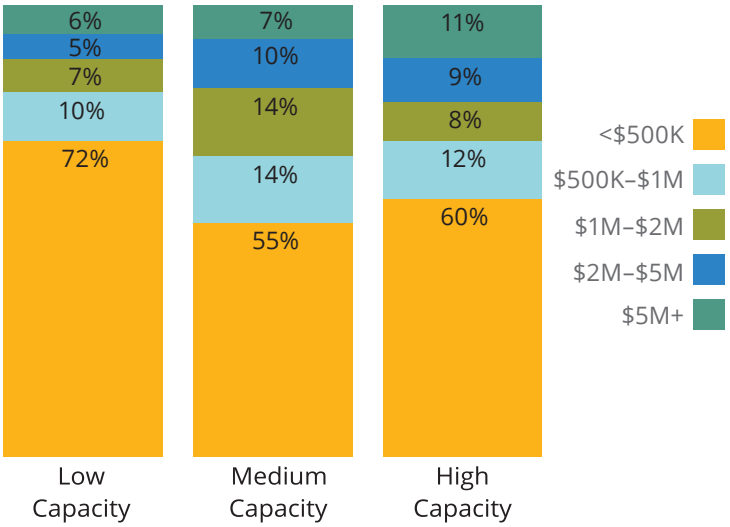
Our team has the right **capability and skills** to accomplish mission.



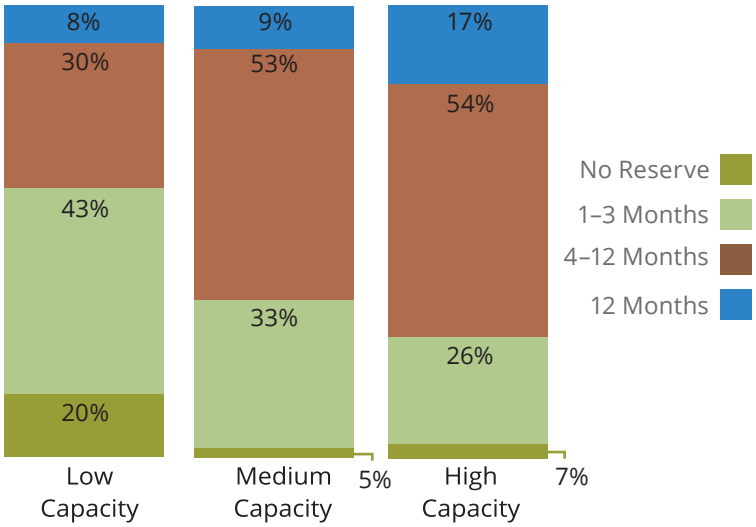
Our organization is **on target** to complete all aspects of our plan.



BUDGET BY CAPACITY LEVEL



RESERVES BY CAPACITY LEVEL



We were interested in knowing more about the nonprofits that fall within the three capacity groups. The graphs above represent information about their budgets and reserve levels. It shows that medium and high capacity groups are larger and have more financial resources than low capacity groups. We also sought to understand how capacity was related to use of program evaluation. Overall, while organizations with more capacity clearly do more with evaluation, they are not that remarkably different from organizations with lower capacity.

USE OF EVALUATION FINDINGS

The table below suggests that medium capacity organizations might make the most use of program evaluation findings. Both of the following tables highlight findings among all categories.

USE OF EVALUATION	LOW CAPACITY	MEDIUM CAPACITY	HIGH CAPACITY
Update or report to board	49%	58%	53%
Plan or revise programs	44%	55%	48%
Plan or revise strategies	33%	47%	44%
Report to funders	33%	42%	34%
Use in proposals to funders	35%	25%	30%
Communicate to stakeholders	30%	39%	37%
Make resource allocations	26%	40%	39%
Make staffing decisions	25%	35%	34%
Share best practices	19%	24%	23%
Support advocacy/policy work	17%	19%	19%

PERCENTAGE OF GROUPS WITH SPECIFIC WRITTEN PLANS

SPECIFIC PLAN TYPE	LOW CAPACITY	MEDIUM CAPACITY	HIGH CAPACITY
Annual budget	72%	81%	77%
Strategic plan	46%	54%	47%
Fundraising plan	38%	52%	42%
Annual plan	32%	42%	39%
Business plan	26%	27%	25%
Communication plan	18%	30%	27%
Board improvement plan	19%	19%	18%
Emergency succession plan	15%	20%	23%
Executive transition plan	11%	16%	2%
Theory of change	14%	15%	13%

TOP CAPACITY BUILDING NEEDS

To better understand nonprofits' capacity ratings, this year we asked survey takers to identify their top capacity building needs. Six primary themes emerged from these open-ended responses. The themes are presented below.

Personnel & Staff

Comments describe the overall need for human resources, including staff members, board members, and volunteers. Comments also identify general personnel needs or gaps and the need for people with specific skill sets.

Facilities & Equipment

Nonprofits request physical structures or land, including their acquisition or repair. Comments also point to the need for capital investments and purchases of equipment, both for administrative purposes as well as programs.

Fundraising

Comments point to the need for sustainable and diverse funding streams, and the challenges posed by budgeting, grant requirements, and overall fiscal demands.

Communications

Comments focused on the interaction between nonprofits and the communities around them, including the need for greater community outreach, awareness, and education. Maketing and public relations needs were also identified.

Clients & Membership

Respondents pointed to a need for new members, new clients, and increased enrollment in services.

Strategy, Leadership & Modernization

Nonprofits pointed to an ongoing need to "improve their game" through enhanced organizational oversight and management, more strategic management, leadership development, coordination, and a desire to be more technologically "cutting edge." In general, these comments refer to high level nonprofit management issues.

Collaboration

COLLABORATION AND COLLECTIVE ACTION

The table below displays the average ratings for a series of questions concerning nonprofit collaboration. While the ratings generally hover around the mid-point of the range, there is significant variation across the states with Alaska consistently at the higher end of the continuum and Washington at the lower end.

NONPROFITS...	AK	ID	MT	OR	WA
come together to address big issues.	6.7	6.4	5.8	5.9	5.5
collaborate with businesses to address big issues.	5.1	5.0	4.8	4.7	4.6
collaborate with government to address big issues.	5.7	4.7	5.0	5.4	4.8

In 2015, survey takers were asked to provide additional details about their collaboration efforts. The goal was to more thoroughly understand what assisted nonprofits in their collaboration efforts and what stood in the way. We first asked respondents what has most facilitated effective collaboration in their geographic area. Four primary themes emerged from the responses:

Conferences & Convenings

Responses pointed to the role of specific alliances, networks, coalitions, and foundations who bring organizations together, along with formal events, trainings, conferences, and meetings. There was regular mention of the management support organizations in these comments.

Shared Goals & Interests

Nonprofits pointed to natural alignments and overlap among their colleagues in mission and program services. Comments also noted galvanizing events, such as natural disasters, that cause people and groups to want and need similar things.

Communication

Person-to-person connections and ongoing communication clearly facilitates collaboration. Comments specifically noted open communication lines, networking, online forums, and social media. Organizational culture and leaders – and a spirit of collaboration and willingness to interact with one another – is clearly essential.

Funders

Respondents noted that funders (such as public/private partnerships) are inherently collaborative and require ongoing alignment of work.

COLLABORATION FACILITATORS

FACILITATOR	AK	ID	MT	OR	WA	ALL
Conference/Convenings	58%	62%	55%	44%	34%	41%
Shared goals	15%	28%	25%	38%	30%	25%
Communication	6%	5%	6%	3%	27%	19%
Funders	1%	4%	10%	2%	8%	9%
NA or Don't know	16%	5%	4%	15%	5%	6%

The table above indicates, while "events" is the primary facilitator of collaboration across all five states, there is some variation among the states in how frequently the different facilitators appear. For example, in Alaska, Idaho and Montana, events were cited by survey takers more than half the time. In both Washington and Oregon, however, "shared goals" is nearly as often identified. We also asked respondents to identify the barriers to effective collaboration. Four themes emerged during our analysis. These themes are (average among all five states):

Capacity (49%)

The lack of capacity infringes on the ability to collaborate. Geographic barriers (being too remote or far away), and not enough time, money, or staff can make collaboration impossible or not effective.

Attitude (24%)

Comments suggest that collaboration is not necessarily desired by nonprofits. Negative attitudes that made collaboration difficult, beyond the legitimate lack of resources, such as competitiveness, jealousy, turf wars, pride, poor leadership, and territorialism were all mentioned.

Communication Barriers (15%)

Comments pointed to a lack of communication and social capital as a reason for ineffective collaboration. Respondents indicated that they did not know colleagues with whom they could work together nor did they talk to them regularly. Overall isolation, a lack of events spurring collaboration, and working in silos was mentioned.

Mission & Culture (13%)

Organizational mission also comes into play, according to survey takers. Some respondents felt that their organizations overlapped too much or were too similar to warrant collaboration. In contrast, others felt they were too different to work together. These differences stemmed from political viewpoints, culture, or disbelief that collaboration with organizations with different approaches or values would be worthwhile.

Public Policy

POLICY ENVIRONMENT

Survey results presented to the right indicate that the majority of organizations agree that policy work is important to their missions, although there were some changes from last year. The first question focused on identifying those things that contributed to nonprofits doing policy work and the second question concerned the most pressing policy need. When describing the things that helped them do policy work, we found four key factors:

Legislative Engagement

Nonprofits noted the importance of having and building relationships with legislative officials, engaging in activities that build connections to legislative officials (lobby days, emailing/calling officials, hiring lobbyists), and securing access to legislators to involve them in their issues.

Collaboration

While survey takers, as a whole, have a mixed view of collaboration (as shown by the previous results), they noted its importance in policy work, especially collaboration with their colleagues and the use of issue networks.

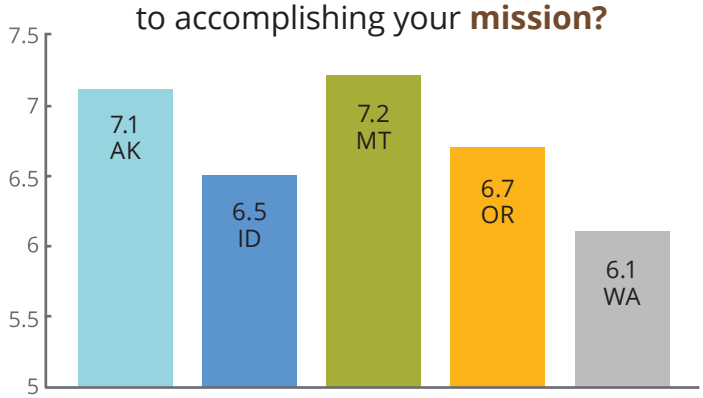
Advocacy Groups

Comments noted the importance of creating a louder voice on the issues and pointed to organizational structures for doing this, including collectives, coalitions, alliances, councils, and other advocacy networks that meet or exist to inform and change public policy.

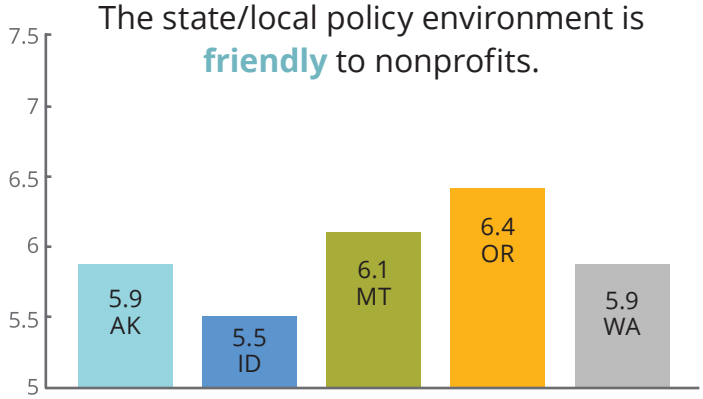
Community Knowledge

Data, education, and awareness in the community-at-large are essential to creating policy change. Comments noted the importance of working to shift public opinion and values, engaging with their communities, and ensuring that leaders are visible and involved with their communities.

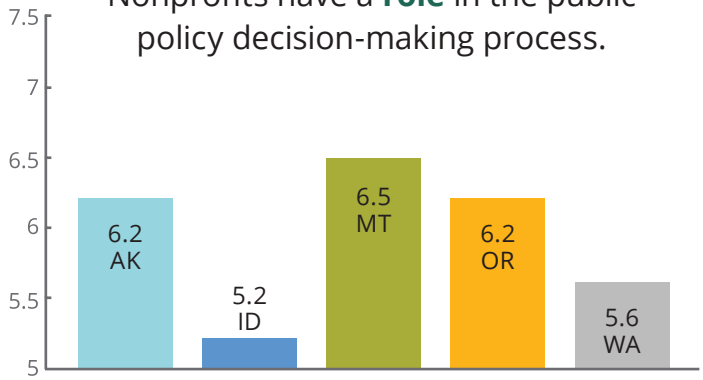
How important is public policy work to accomplishing your **mission?**



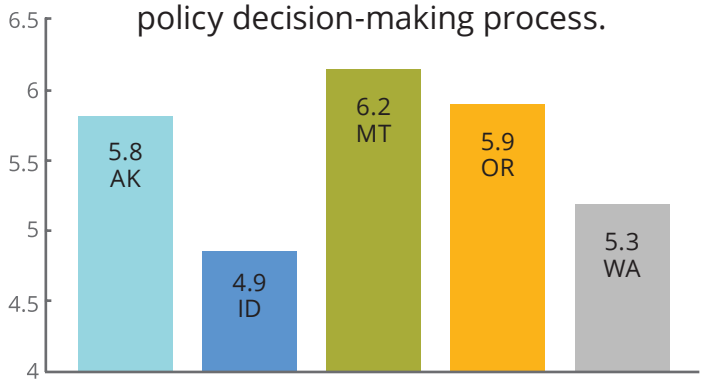
The state/local policy environment is **friendly** to nonprofits.



Nonprofits have a **role** in the public policy decision-making process.



Nonprofits have a **voice** in the public policy decision-making process.



CONTRIBUTORS TO PUBLIC POLICY

The frequency of these responses are presented below. It is interesting to note how the frequencies vary considerably from state to state. This suggests that there is no "one size fits all" contributor and that the things that help build a policy-focused culture vary across the Northwest.

CONTRIBUTOR	AK	ID	MT	OR	WA	ALL
Engagement	28%	27%	20%	19%	20%	21%
Collaboration	18%	3%	11%	09%	10%	10%
Advocacy groups	27%	27%	44%	41%	15%	22%
Community knowledge	23%	18%	27%	26%	15%	18%
NA or Don't know	5%	28%	4%	9%	42%	31%

Respondents were also asked to identify the most significant issue of public policy that needs to be addressed for them to succeed. Four specific themes emerged:

Issue-Specific

Not surprisingly, comments frequently centered on specific issues that affect the respondent and its constituents. Examples included health policy, Medicaid, animal welfare, environmental protection, homelessness, affordable housing, art, substance abuse, mental health, and many others.

Red Tape

Nonprofits wanted funders and policymakers to be more concerned with the health of the nonprofit sector and less focused on paperwork, reporting, and burdensome oversight. There was also a concern about the challenges in sharing data that could benefit the sector as a whole. Overall, respondents felt that nonprofits were overly scrutinized and excessively micro-managed by outside entities, limiting efficiency and effectiveness.

Funding

Nonprofits were concerned about their funding security and sustainability and its impact on policy work. Specific worries included the health of the state budget, potential cuts to funding brought on by governmental budget cuts, the challenge of building long-term funding security, and the urgent need for funding that covered operations and not just programs.

Economy

Comments pointed to the need for overall economic improvement in their states as well as at the national level, including social security, tax reform, family friendly policies, an increase in minimum wage or living wages for workers, and economic improvement for all citizens.

Central Washington University

Use of Data and Plans

USE OF EVALUATION FINDINGS

In 2015 we probed more deeply on the use of evaluation findings. Survey questions reveal that across all states, evaluation results are primarily used to provide updates or reports to boards of directors. The table below shows there is some interesting variation in these findings.

USE OF EVALUATION	AK	ID	MT	OR	WA	ALL
Update or report to board	64%	55%	68%	64%	48%	45%
Plan or revise programs	57%	54%	61%	61%	45%	41%
Plan or revise strategies	48%	50%	52%	54%	37%	35%
Report to funders	50%	42%	52%	60%	35%	34%
Use in proposal to funders	47%	38%	48%	35%	31%	30%
Communicate to stakeholders	44%	33%	44%	29%	32%	29%
Make resource allocations	44%	36%	40%	42%	32%	29%
Make staffing decisions	44%	33%	38%	42%	27%	26%
Share best practices	29%	30%	25%	25%	20%	18%
Support advocacy work	24%	29%	20%	18%	19%	15%
Have not used	23%	19%	20%	20%	36%	26%

USE OF EVALUATION FINDINGS

This year, respondents were also asked additional rating questions about their use of data. In general, the responses are in the middle of the range with Montana groups having the strongest data-based cultures.

To what extent is there **quality data and information** on the sector in your region?

ALASKA	5.4
IDAHO	4.8
MONTANA	5.2
OREGON	4.9
WASHINGTON	5.7

Our organization uses program evaluation to promote **continuous improvement.**

ALASKA	5.4
IDAHO	5.7
MONTANA	6.2
OREGON	5.6
WASHINGTON	5.0

Our organization uses data from our community to **inform our strategy.**

ALASKA	5.4
IDAHO	5.7
MONTANA	6.4
OREGON	5.6
WASHINGTON	5.0

PERCENTAGE OF ORGANIZATIONS USING EVALUATION FINDINGS

The chart below showcases the percentage of groups with specific types of written plans. The table identifies the percentage that has a written version of the plan, whether the plan has been approved by the board, whether the plan is in use, and the percentage of organizations that find the plan to be effective.

SPECIFIC PLAN TYPE	WRITTEN	BOARD APPROVED	IN USE	EFFECTIVE
Annual budget	77%	78%	76%	67%
Strategic plan	49%	46%	44%	37%
Fundraising plan	43%	33%	44%	33%
Annual plan	36%	31%	36%	28%
Communication plan	24%	13%	25%	19%
Business plan	25%	22%	23%	18%
Board improvement plan	19%	16%	19%	12%
Executive improvement plan	16%	13%	11%	10%
Emergency succession plan	19%	16%	11%	11%
Theory of change	15%	9%	12%	10%

PERCENTAGE OF GROUPS WITH SPECIFIC WRITTEN PLANS

The table shows the percentage of organizations that have specific plans, by state, and of those with a written plan, the percentage of respondents that find it effective. This table reveals that while smaller numbers of nonprofits have documents such as business and board improvement plans, the majority of those that possess the plans find them effective *(2015/2014)*.

SPECIFIC PLAN TYPE	AK	ID	MT	OR	WA
Annual budget	89% / 86%	81% / 75%	89% / 85%	89% / 91%	72% / 78%
Strategic plan	71% / 72%	48% / 63%	60% / 77%	68% / 75%	42% / 68%
Fundraising plan	46% / 73%	42% / 69%	51% / 71%	36% / 74%	35% / 64%
Annual plan	42% / 45%	58% / 55%	54% / 76%	58% / 66%	40% / 62%
Communication plan	31% / 39%	30% / 68%	30% / 54%	20% / 48%	25% / 57%
Business plan	28% / 56%	27% / 61%	28% / 51%	36% / 74%	22% / 52%
Board improvement plan	20% / 50%	16% / 61%	24% / 55%	28% / 58%	17% / 41%
Executive improvement plan	26% / 61%	20% / 41%	24% / 46%	20% / 65%	20% / 35%
Emergency succession plan	18% / 56%	19% / 44%	15% / 43%	16% / 68%	15% / 42%
Theory of change	19% / 59%	11% / 56%	10% / 71%	17% / 55%	14% / 57%

Jesuit Volunteer Corps NW

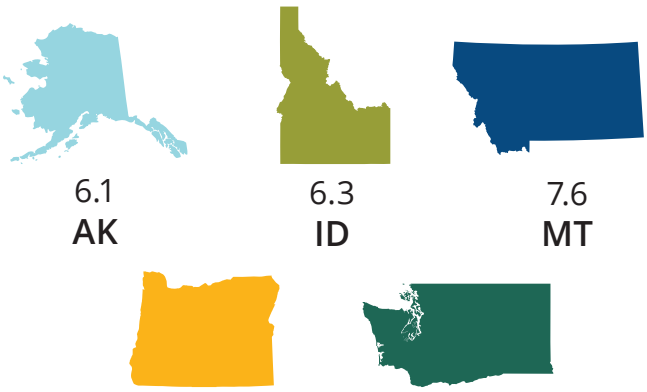
Chilkat Indian Village

Importance of State Association

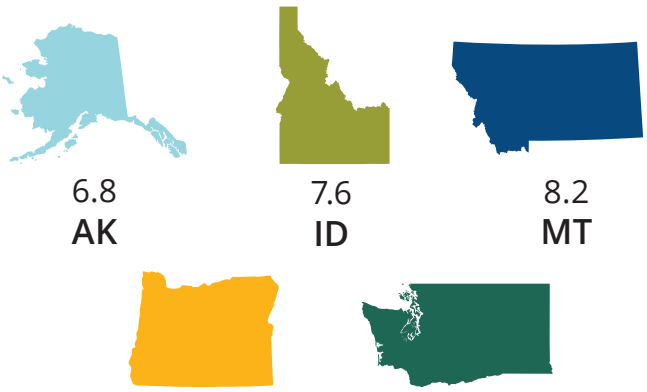
RATINGS ABOUT EACH STATE ASSOCIATION

Overall, the five nonprofit associations are well-regarded by their constituents as seen by the relatively high average ratings in the two graphs below. New this year was a question asking whether respondents personally valued their statewide association. All of these responses were quite positive. The 8.2 rating for Montana's state association tied the highest average rating among the state comparisons.

My association **amplifies** the sector's voice in public policy decision-making.



Extent to which you personally **value** your statewide association.



2016 Survey Recap and Conclusion

In our analysis, we devoted special attention to understanding survey takers' operating capacity, collaboration, and policy work. We conclude this overview with a call to all major stakeholders in the not-for-profit sector – nonprofits, funders, and government – to take individual steps that, collectively, will create a stronger and more sustainable field. We anchor this call for shared sustainability in the survey findings and their urgent evidence for greater progress in creating a healthy and resilient sector.

Efficiency, Capacity, and Fundraising

For many years there have been widespread calls for nonprofits to improve their financial efficiency. Consequently, we sought to better understand efficiency, along with overall operating capacity, in our analysis. One indicator of how measures of efficiency have become common in the field can be found in the widely-used Charity Navigator website. Among various measures of nonprofit health, the site includes seven different metrics focusing on an organization's financial health, including efficiency.

While efficiency is an important indicator of health, our analysis reminds us of the often tenuous economic situation surrounding nonprofits. Specifically, this year's results show that nonprofits receive money from at least nine different sources of revenue, ranging from individual gifts to events to government contracts. These revenue streams also include the responding groups' own boards of directors - the majority of whom donate to their organizations. This wide diversity of revenue streams requires sophisticated (and expensive) financial management and deep resource development expertise. Yet, it's precisely these kinds of required expenses that can be dismissed as "overhead" and, consequently, a mark of inefficiency.

The organizations in our sample are extraordinarily lean. The large majority of them (61%) – regardless of the state they operate in – have budgets under $500,000 and 44% have less than three months of reserve. Given this, it's not surprising that when asked to rate how "robust and effective" their fundraising systems are, they gave only modest ratings.

The impact of this lean financial infrastructure – coupled with external calls for ever-improved efficiency – has been previously documented. In 2009, Gregory and Howard trenchantly wrote in the Stanford Social Innovation Review that: "Over time, funders expect grantees to do more and more with less and less—a cycle that slowly starves nonprofits." Indirect references to the "starvation cycle," as Gregory and Howard put it, can be seen among the responses to our survey.

Specifically, when asked to describe their primary capacity building need, survey takers stated that they needed "personnel and staff." As one respondent wrote, we need "quality staff to implement capacity building and [our] sound business plan." Additional needs include better facilities and equipment, as well as fundraising expertise.

University of Alaska Fairbanks Research Vessel - Photo Credit Todd Paris

The complex and challenging nature of nonprofits' operating environment was further emphasized in responses to open-ended questions about public policy. When asked to identify the most pressing policy issues they face, three of the four key themes in the responses centered on the administrative and economic burdens faced by nonprofits in doing public policy work. More specifically, the first theme concentrated on funders and policymakers with respondents asking them to be

Sawtooth Society - Photo Credit James Bourret

more concerned with the overall economic health of nonprofits and less concerned with paperwork, reporting, and oversight. In short, they wanted funders to facilitate an efficient operating environment. One respondent summed up the situation this way: We need "more funding opportunities without overly burdensome reporting requirements."

There were two additional economic themes in the responses. On the one hand, nonprofits were worried about their individual state's economic health and the impact of potential government cuts on their budgets. These concerns were more often voiced by organizations in Alaska and Oregon. And, on the other hand, survey comments pointed to the need for overall economic improvement in the five northwest states. A better economy would enable government to pay for the services its citizenry needs, and not necessarily rely upon nonprofits to fill in the gap with what they consider to be a discounted rate. As one commentator put it, the state "government budget needs to pay for the services of nonprofits at their full cost."

Altogether, this year's various findings relating to efficiency, capacity, and fundraising echo previous discussions of the perennial economic struggle in which nonprofits find themselves. While they are called upon to improve their efficiency and do more with less, in reality, they struggle to make ends meet. By and large, those who responded to our survey grapple with lean budgets, limited reserves, modest fundraising systems, limited staff capacity, and challenging state economies.

Mission Achievement and Evaluation

Despite facing marked economic barriers, the organizations we surveyed see themselves – somewhat surprisingly, given the economic challenges they described – as effective and making good progress in reaching their missions. Specifically, when asked to rate how effective they were at accomplishing their mission, the ratings across the states ranged from 8.2 to 8.8 on a scale where 10 was "A Great Amount." While the ratings reveal room to grow, overall, they're strong and are among the highest ratings in all of the results. We suspect these positive ratings attest to nonprofits' ability to sacrifice internal infrastructure – including competitive salaries – in order to prioritize mission and program services. The long-term consequence of this approach, however, likely means limited sustainability and resilience.

Interestingly, in contrast to the high rankings for mission achievement, organizations ranked themselves lower in their use of data and program evaluation. Consistently over the years, the five-state survey results have revealed that nonprofits lag in developing cultures anchored in data-based decision making. Ratings concerning the use of data to inform strategy and to promote continuous improvement were mid-range this year. In short, our analysis shows that relatively few organizations use evaluation findings for something other than reporting to their boards of directors. In the midst of resource challenges, survey findings suggest that data and evaluation take a backseat to seemingly more immediate and pressing components of mission achievement.

IslandWood

Collaboration

Collaboration is clearly a topic on many people's minds. It is integral to Collective Impact models of community change and has been praised in publications ranging from Forbes to the Chronicle of Philanthropy. There are multiple reasons for the enthusiasm. As Third Sector has explained, collaboration can have significant benefits for nonprofits, including improving their efficiency, helping them expand their programs, and strengthening their leadership. Yet, despite the frequent praise in the media and among sector leaders, the organizations who responded to our survey have a somewhat less rosy view of collaboration.

In particular, when we asked them to rate how strongly they agreed nonprofits come together to collaborate with business and government in their communities, the average results were almost always in the middle of the range. Survey takers were only slightly more positive when rating collaborative efforts with one another. Open-ended comments shed light on these middling ratings.

Four key themes emerged from our analysis of survey comments that described barriers to collaboration. These themes were: (1) a lack of capacity, including time, money, and staff to devote to it; (2) negative attitudes among nonprofits toward collaboration; (3) difficulty communicating with one another, including a lack of connection and social capital with colleague organizations; and (4) conflicts over mission and culture which make collaborative action difficult. The frequency of these barriers was consistent across the five states, which suggests that the barriers appear to be unrelated to geography and, perhaps, universal to the sector. Several survey comments exemplify these themes:

"The feeling of competition, territory marking, and lack of communication between groups [prevents]...truly working together for the same goals."

"Often, through networking and/or events, nonprofits will find each other and form partnerships organically. The need is always there, and this is something all nonprofits understand, and I feel we are willing to help one another fill gaps in services."

Doing more to facilitate collaboration is certainly possible and survey comments point out that, under the right circumstances, it can take hold. Nonprofits in our sample identified several things that would help them collaborate more. These things include convenings and events organized by networks and alliances. (Respondents praised the efforts of the five state associations in organizing such events.) These events are valuable because they bring nonprofits together, help improve communication in the field, and promote natural alignments and synergies among peers. Just as important, nonprofits hope funders – who frequently champion collaboration – will recognize and do more to support the financial costs associated with building and maintaining it. As the comments make clear, collaboration is costly because it requires a high level of coordination and person-to-person interaction. Regardless of the value nonprofits place on collaboration, it becomes more challenging when organizations are stymied by lean resources, including limited personnel.

Oregon Shakespeare Festival production of The Two Gentlemen of Verona (2014.)
Photo Credit T. Charles Erickson

Public Policy

Based upon our analysis, public policy work continues to gain prominence among nonprofits in the Northwest. While survey takers' views toward it are not necessarily celebratory, they do lean toward the positive. For example, when asked to rate the importance of public policy work to accomplishing their mission, average ratings among respondents from across the five states ranged from 6.1 to 7.2 (where 10 was "A Great Amount"). Ratings concerning the "friendliness" of the policy environment for nonprofits, and whether nonprofits had a role in the policy making process, also tended toward the positive side of the scale. The lowest policy ratings, however, asked whether nonprofits had a "voice" in the policy process. The ratings – ranging from 4.9 to 6.2 (on the same 10-point scale) – suggest they have a relatively quiet voice. This finding, and other ratings, suggests that while nonprofits recognize the importance of policy work, they may feel less confident that they can actually make meaningful contributions to policy processes and outcomes.

Qualitative comments shed additional light on the tension between acknowledging the importance of public policy and believing that one's organization can actually make a difference. Overall, the comments focus on: (1) legislative engagement, including the need for nonprofits to build relationships with policymakers; (2) the importance of being connected to advocacy groups that can amplify the voice of the nonprofit sector; (3) possessing deep knowledge about the community in which the organization operates in order to speak persuasively about needs in the community; and (4) collaborating with peer organizations to move an agenda forward.

Conclusion

This year's five-state survey gathered data from a wide cross-section of nonprofits throughout the Northwest. The survey sample includes responses from organizations both urban and rural that are working in a variety of domains, such as human services, the arts, and education.

Wild Salmon Center - Photo Credit Igor Shpilenok

Tilikum Center for Retreats and Outdoor Ministries

This year's findings provide important insights into the health of the sector and shed light on the internal and external challenges nonprofits face. In particular, our analysis reveals opportunities for enhancing nonprofit effectiveness through capacity building generally, and increased attention to program evaluation, collaboration, and public policy work. Survey takers were candid about their struggles, and at the same time, they expressed confidence in their progress toward their mission, appreciation of conveners and peer connections, and a growing acknowledgement of the unique role of nonprofits in the public policy arena.

For a more comprehensive look at the data collected by this survey, you may contact your state nonprofit association for a copy of the full report.

Analysis by:

LUMA CONSULTING

Photographs provided by M.J. Charitable Trust

ALASKA

The Foraker Group works to strengthen nonprofits and tribes across Alaska. We are dedicated to increasing the leadership and management skills of professionals and volunteers working in the sector through an innovative approach focused on our nonprofit sustainability model.

IDAHO

The Idaho Nonprofit Center represents the interests of registered nonprofit organizations and serves as a broker of information and a bridge between the nonprofit, for-profit and government sectors. An association for forward-looking nonprofit leaders who come together to share knowledge, solve problems, and serve the public good.

MONTANA

The Montana Nonprofit Association provides leadership within and for the sector, partners with charitable nonprofits to promote a sustainable, networked, and influential nonprofit industry, and is recognized as the voice for Montana's nonprofit sector.

OREGON

The Nonprofit Association of Oregon (NAO) is the statewide membership organization providing a unique vehicle for nonprofit sector expression and support. NAO strives to convene, build capacity, promote best practices and be a thought leader to help nonprofits build a thriving and vital Oregon.

WASHINGTON

Washington Nonprofits, as the state association for nonprofits in Washington State, makes sure that nonprofits have what they need to succeed. We help nonprofits learn, increase their influence and connect to people and resources.

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