

Report on the Survey of Iowa Nonprofit Organizations *(abridged)*

Prepared for and by

THE IOWA NONPROFIT RESOURCE CENTER
at The University of Iowa

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*The abridged report contains what the study team believes are its most significant findings and observations. The abridged report excludes detail on the method of study and study materials, the list of interviewees and the team’s recommendation for the initial operation of the Center.

Nature of Study

Between May and August 2000, students from the University of Iowa College of Law conducted interviews with 138 Iowa nonprofit leaders of which 119 were executive directors or board chairs of operating charities and 19 were representatives of foundations or corporate giving programs.

The Survey, funded by the University of Iowa Division of Continuing Education, was undertaken with three objectives. First, the Center intended to further develop its understanding of the nature of nonprofit organizations in order to ensure that the Center's services are appropriate to their service needs. Second, we aimed to determine ways of involving Iowa nonprofits in the work of the Center. Finally, we sought to inform potential clients of the Center's development and our early vision for its role in the Iowa nonprofit community.

As of October 2000, there were 22,676 nonprofit corporations organized under Iowa law and 590 out of state nonprofit corporations authorized to operate in Iowa. However, our sample group of interviewees was selected from a file supplied by the National Center of Charitable Statistics of 2,817 nonprofit charitable organizations in Iowa as of 1997 having 501(c)(3) status with the Internal Revenue Service and having annual income of \$25,000 or more.

For the most part, the interviewees approximate the overall composition of the IRS list of Iowa organizations in terms of category or mission.

Distribution of Organizations in Iowa and Distribution of Study Participants by NTEE Classification

<i>NTEE Classification</i>	<i>Number in Iowa</i>	<i>...As a Percentage in Iowa</i>	<i>Number in Project Study</i>	<i>...As a Percentage in Project Study</i>
Arts and Culture	243	8.6	10	8.4
Education	279	9.9	6	5
Environment	73	2.6	3	2.5
Health	396	14	15	12.6
Human Services	1052	37.4	43	36
International	11	.4	1	.8
Other Mutual Benefit	6	.2	0	0
Pension and Retirement	0	0	0	0
Public Benefit	189	6.7	20	16.8
Religious	85	3	3	2.5
Unknown	38	1.3	1	.8
Single Organization	232	8.2	5	4.2
Fundraising within NTEE Support Group	26	.9	0	0
Private Grant making Foundations	37	1.3	0	0
Public Foundations	22	.7	0	0
General Fundraising	62	2	12	10.1
Other Supporting Organizations	66	2.3	0	0
Total	2817	99.5	119	99.7%

Table 1

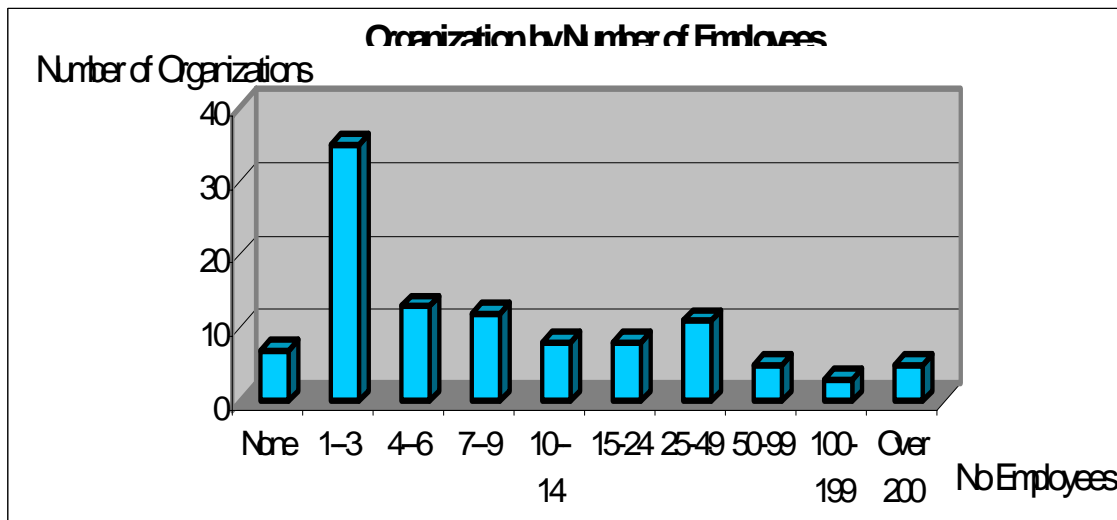
However, we made judgements about the survey group based on income which affected the composition of the list of study participants. This included: (1) electing not to visit organizations with budgets of more than \$20 million or less than \$25,000; (2) under-weighting representation on the list of organizations whose budgets were less than \$50,000 or more than \$750,000; and (3) over-weighting on the list of interviewees organizations whose budgets were between these amounts.

Although the Survey Findings permit interesting and important generalizations regarding charitable organizations in Iowa, it is important to acknowledge that the Survey was not an academic or scientific exercise for which we make claims of statistical validity. Our intention was simply to understand, and to begin to build relationships with, a group of organizations and people we hope to serve effectively.

A Snapshot of Iowa Nonprofit Organizations

Q1: How many full-time employees work for your organization?

F1: *Iowa charitable organizations are small in terms of staff resources. A majority of the Survey target group have six or fewer fulltime employees; 39% actually have 3 or fewer employees; and only 22% of study participant organizations*



have 25 or more employees.

Table 2

Q2: How many active volunteers does your organization have?

F2: *Volunteers play a vital role in the operations of the 119 Iowa nonprofit organizations that participated in the survey.*

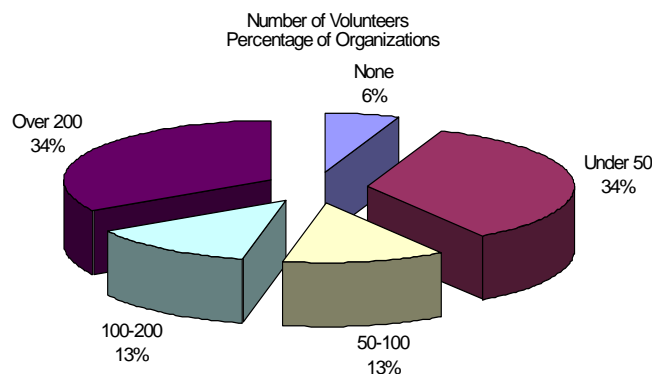


Table 3

Q3: Within a range, what is your budget this year?

F3: Iowa charitable organizations are small in terms of budget. e.g. Seventy-five percent of all Iowa charitable organizations filing tax returns have revenues under \$750,000; 58% of all filing organizations have revenues of less than \$250,000.¹

Distribution of 2,817 Iowa Charitable Organization by Revenue (1997)

<i>Revenue Range</i>	<i>Percent of Organizations</i>	<i>Cumulative Percentage</i>
25,000 to 49,999	18	18
50,000 to 99,999	19	37
100,000 to 249,999	21	58
250,000 to 749,999	17	75
750,000 to 1.99 mil.	12	87
2 mil. To 9.99 mil.	10	97
10 mil. Or more	3	100

Table 4

Q4: What are the primary sources of your revenues?

F4: The larger an organization's budget becomes, the more its revenues tend to come from government grants and reimbursements and fees for service and the less its revenues come from fundraising.

Respondents whose organizational budgets were in the \$25,000 to \$250,000 range received government funding averaging 25% and generated fundraising support on average of 47% of their total budgets; organizations whose budgets were between \$250,000 and \$1 million received on average 40% of their overall revenues from a government source and 38% from fundraising; and organizations whose budgets exceeded \$1 million received on average 44% of their total revenues from government and generated on average 32% of their revenues from fundraising.

¹ It should be noted that these figures exclude organizations not required to file because their revenues failed to exceed the \$25,000 threshold.

Challenges Facing Nonprofit Organizations in Iowa

Q5: What are the two greatest challenges or issues facing your organization over the next two years?

F5: *Iowa nonprofit organizations face three distinct sets of challenges over the next two years.*

Interviewees were asked to identify two challenges they face over the next two years. They provided 150 responses. Responses provided a starting point for more in-depth discussion which permitted the classification of initial responses into three distinct but inter-related sets of challenges.

(a) Financial Challenges:

- (i) Reduced (and inadequate) government funding
- (ii) Increased fundraising competition
- (iii) Building long-term fiscal security through capital endowments
- (iv) Managing/administering finances

(b) Provision of Service/Basic Operations:

- (i) Employee turn-over
- (ii) Facilities management
- (iii) Collaboration and consolidation
- (iv) Keeping up with technology
- (v) Building awareness for the cause and the organization
- (vi) Volunteer recruitment
- (vii) Rural nature of Iowa (makes providing service expensive)

(c) Governance:

- (i) Structuring Board activities
- (ii) Recruiting and training Board members
- (iii) Measuring and evaluating results and impact
- (iv) Mergers and acquisitions

The Need for Technical Assistance and Training Resources by Iowa Nonprofit Organizations

Q6: Please identify and rate on a five-point scale the professional areas in which your organization has most needed technical assistance?

F6: *The most urgent need for technical assistance among nonprofit organizations is in “fundraising, marketing and public relations.”*

Study participants were asked to rate their organization’s need for technical assistance or training resources in five disciplines or professional areas on a five-point scale. Table 5 shows both the cumulative rating and the number of interviewees who rated each of the areas *three (somewhat useful)*, *four (very useful)*, or *five (most useful)*. Participants could also rate areas with scores of *two (not useful)* or *one (not relevant)* but these ratings are not included in the table.

After fundraising, the need next appears most urgent for assistance in the areas of governance, legal issues, board development and strategic planning, followed by the areas of human resources and financial management.

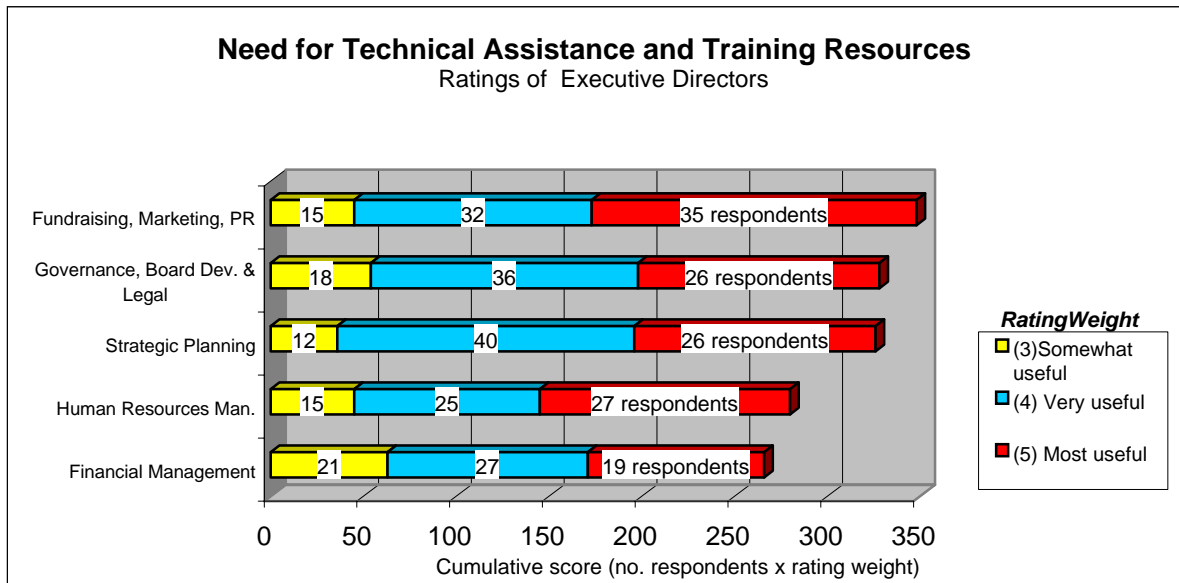


Table 5

Q7: *Does your organization earmark any specific part of its budget for training?*

F7: **Almost 75% of organizations earmark a portion of their budgets for training but the majority of those earmark one percent or less of their budgets**

Training Expenditures as a Share of Budget

<i>Expenditures as % Total Budget</i>	<i>No. Respondents</i>	<i>% of Respondents</i>
More than 5.0	1	1.9
From 3.1 to 5.0	3	5.8
From 1.1 to 3.0	20	38.5
1.0 or less	28	53.8
Total	52	100
Information unavailable	39	

Table 6

Demand for the Services of the Iowa Nonprofit Resource Center

Q8.1: Would you find an Iowa Nonprofit Resource Center useful?

F8.1: 89.5% of respondents stated they would find a Nonprofit Resource Center useful.

Q9.2: Why would you find such a center useful?

F9.2: Study participants cited four compelling reasons to start the Iowa Nonprofit Resource Center. The following actual responses exemplify four categories of response received. They are listed in order of the frequency with which each was given.

- (a) *In order to survive, nonprofit organizations must become more efficient and professional and a resource center can provide assistance and advice toward that end.*
- (b) *With all the other duplication in the nonprofit sector in Iowa, nothing else exists like it in the state. And though there are resources on national topics, nothing provides tailored information about state issues and policy.*
- (c) *The Center could serve as an information clearinghouse.*
- (d) *Nonprofits could use the Center to promote collaboration and networking.*

Q10: Please rate on a five-point scale possible services that you would find useful to your organization.

F10: Top level demand for service by Iowa nonprofit organizations of the Iowa Nonprofit Resource Center include a website, a telephone “hotline” and educational courses accessible regionally throughout the state.

We began a discussion of the Center’s service options by asking interviewees to rate the usefulness of the Center’s various service options on a scale of 1 to 5. Table 7 depicts graphically what was consistently reinforced through qualitative discussion (less subtly than in table 6): that demand for each service option falls approximately within one of three levels of priority.

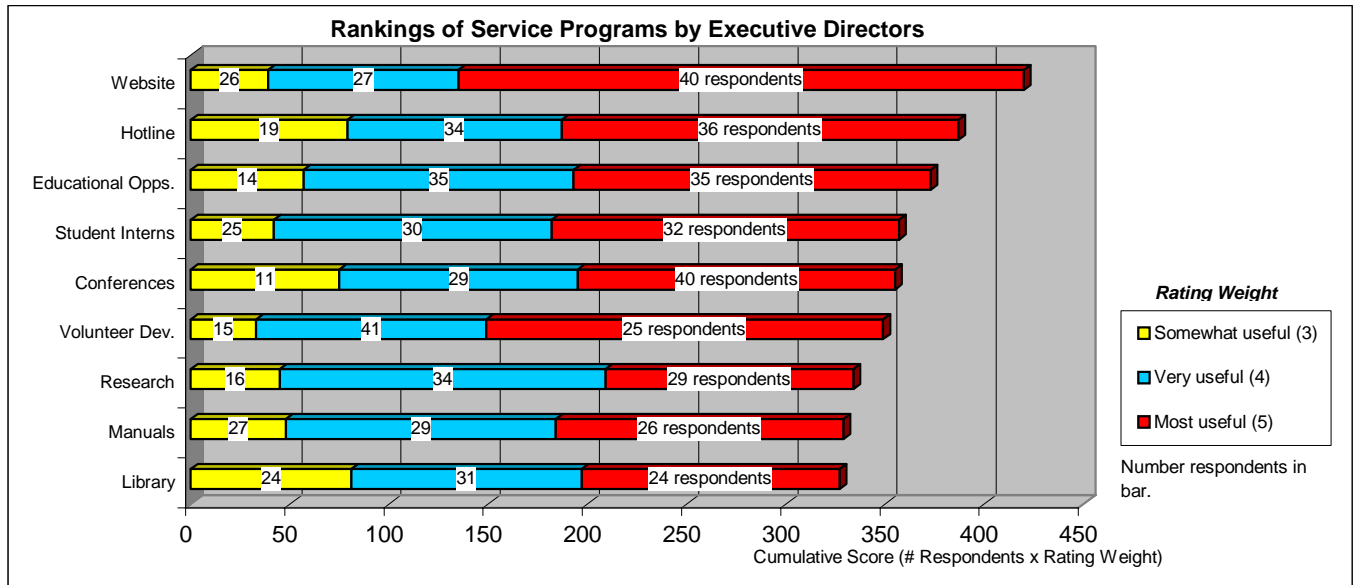


Table 7

(a) **PRIORITY ONE SERVICE OPTIONS:**

- (i) Website: *e.g. It would be impossible to operate a state resource center without a website.* Participants expressed the hope and became excited at the possibility that a website would provide such services as job postings, list-serves, event updates, legislative updates with policy commentaries by experts and opportunities for technical assistance and training.
- (ii) Hotline: It became important during interviews to distinguish between an “advice line” where one would call for legal or business advice and a “help” line that one might call for a referral to an agency, website or educational institution or helpful information about a date of an event or deadline. Many commented that the former seemed impractical and fraught with practical and potential liability issues. They also commented that the “help” line has potential to save a client considerable time at the beginning of any research.
- (iii) Educational Opportunities: Study participants were extremely interested in opportunities appropriate to them, as experienced managers. They see no real opportunities currently in the state and a number of interviewees commented on having left the state to seek opportunities (e.g. Harvard, University of San Francisco).

(b) PRIORITY TWO SERVICE OPTIONS:

- (i) Student Interns: The ratings for interns make this service quantitatively “priority one.” However, discussions suggested that this kind of service would be one better offered when the Center is more advanced in its relationships with the community. We also concluded from a number of discussions that rather than offer traditional style internships over an extended period of a semester or a year, the Center should make available students for specific projects or research focused on a single topic.
- (ii) Conferences: Many interviewees see this as a critical means to enhance communications within the sector. Several participants commented that keeping them close to home would minimize the cost, a major concern. Making conferences regional and therefore accessible and affordable could enhance the rating of conferences as a service option.
- (iii) Volunteer Development: Although interviewees believe the Center can and should encourage volunteerism, they did not see how the Center might successfully make this a “service.” To the extent that volunteer matching programs are successful, participants suggested that they need to be local.

(c) PRIORITY THREE SERVICE OPTIONS:

- (i) Empirical Research: Although a few interviewees mentioned that it would be useful to have compensation surveys and other trend information, participants saw this as less important than other services. On the other hand, most interviewees indicated that they need information and analysis on legislation and policy – items which require a certain amount of supporting research.
- (ii) Management Manuals: Although participants rated their need for management manuals fairly low on their own, participants considered them more important when provided in combination with training courses.
- (iii) Public Access Nonprofit Library: The usefulness of any resource made available by the Center will be determined by how accessible it is across the state. For that reason, a library available only in one place was seen as having little value outside the vicinity of Iowa City.

Q11: Would you consider providing financial support for the Center through a membership fee?

F11: *62.4% of all interviewees said they would or might consider providing financial support to the Iowa Nonprofit Resource Center through a membership fee; 12.8% indicated they would not consider a fee and 24.8% said they did not know.*

Q12: Can you comment on a reasonable annual membership fee that you would consider? This question was posed only to interviewees who answered question in the affirmative.

F12: *Organizations that would consider paying a membership fee said they might pay on average approximately \$300.*

Suggested Membership Fee

<i>\$ Range</i>	No. of Respondents	% of Respondents
50 or less	3	4.8
51 to 100	12	19.4
101 to 200	7	11.3
201 to 300	10	16.1
301 to 400	2	3.2
401 to 500	11	17.7
501 to 1,000	6	9.7
1001 – 2,000	1	1.6
“Sliding scale on budget...”	4	6.5
“Depends on service...”	6	9.7
Total Respondents	62	100

Table 8

The Executive Directors: Considering the Center’s Prospective Clients

Q13: How many years have you been working at a nonprofit organization?

F13: The average nonprofit executive director has been working at a nonprofit for close to 15 years.

<i>Years of Experience</i>	<i>Number of Respondents</i>
<i>One or less</i>	3
<i>Two to five</i>	11
<i>Five to ten</i>	25
<i>Ten to fifteen</i>	16
<i>Fifteen to twenty-five</i>	28
<i>More than twenty-five</i>	15
Mean: 14.7	Total Respondents: 98

Table 9

Q14: What did you do before your present position?

F14: The majority of executive directors came from the fields of education, counseling and social work or they were “brought up” in the nonprofit world in program or general management. Fewer than 10% have backgrounds in business.

(a) The top six fields from which executive directors are drawn include:

- (i) Nonprofit programming/Association management: 19.6%
- (ii) Counseling and Social Work: 16.8%
- (iii) Education/Teaching: 14.0%
- (iv) Business: 9.3%
- (v) Fundraising/Marketing/Public Relations: 8.4%
- (vi) Government: 8.4%

(b) The educational backgrounds of study participants are more or less a direct reflection of the professional experiences noted above. (*Summary data of this question is not contained within the Report.*)

Q15: What are the two areas you wish you knew more about to be more effective in your job?

F15: More executive directors rank management – particularly financial management – as the area they would like to know more about to increase their job effectiveness.

- (a) As Table 10 shows, study participants rank management as the area where they are most concerned with personal growth, but they also identify such areas as fundraising, human resources, governance and advocacy on which they would like greater personal knowledge.
- (b) When the general areas are broken down more fully, the top areas of personal interest cited by study participants are:
 - (i) Financial management and administration: This includes nonprofit accounting, investment management and budgeting.
 - (ii) Fundraising: This includes general areas such as marketing and program planning but it also includes specific areas such as planned giving and grant writing.
 - (ii) ULegal Issues: This includes issues such as tax, liability and human resource issues.

Executive Directors Wish They Knew More About ...

<i>General Area of Interest Mentioned</i>	<i>Sub-area</i>	<i>Frequency</i>
Management Total mentions: 36	Financial Man.	19
	Outcomes Meas.	4
	Organizational Dev.	3
	Strategic Planning	2
	General Management	2
	Conflict Resolution	1
	Facilities Man.	1
	Demographics	1
	Coalition Bldng.	1
	New Business Dev.	1
	Time Man.	1
Fundraising Total mentions: 32	General	19
	Planned Giving	7
	Grantwriting	4
	Marketing	2
Human Resource Issues Total mentions: 29	General	11
	Leadership Training	5
	Compensation	4
	Supervision	3
	Career Dev.	2
	Hiring/Firing	2
	Diversity Training	1
	Volunteer Man.	1
Governance Total mentions: 24	Legal Issues	13
	Board Dev.	9
	By-laws	1
	Liability Insurance	1
Technology Total mentions: 10	General	4
	MIS	3
	Computer Skills	2
	Internet	1
Advocacy Total mentions: 8	Legislative	4
	Public	4
	Total mentions	141

Table 10