



INDIANA NONPROFITS

Scope and Community Dimensions

Nonprofit Survey Series
Report #2

THE INDIANA NONPROFIT SECTOR: A PROFILE

A JOINT PRODUCT OF

THE CENTER ON PHILANTHROPY
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AND

THE SCHOOL OF PUBLIC AND ENVIRONMENTAL AFFAIRS
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half (47 percent) report that revenues stayed about the same, more than any other field. See Figure 26.

- Although expenses increased for almost one half (47 percent) of these nonprofits, this is less than for all other fields except for public and societal benefits. At the same time, 11 percent reported a moderate or significant decrease in expenses, more than any other field except for public and societal benefit nonprofits. The remaining 41 percent reported no change in expenses. See Figure 25.

- **Deficits and Surpluses.** Although environment and animal protection nonprofits experience lower levels of changes in finances, overall they are most likely to experience deficits (32 percent) or to break even (37 percent). At the same time, however, over one quarter (27 percent) had significant surpluses, more than any other field. See Figure 27.

Revenue Sources: Many environment and animal protection nonprofits rely on a mix of funding sources.

- Three-fifths (61 percent) of environment and animal protection nonprofits in Indiana receive more than half of their revenue from donations or from fees, dues, and sales of goods and services. Another 29 percent, however, relies on a mix of funding with no dominant source of revenue. Only 1 percent receives more than half of their funding from government sources. See Figure 28.

Combined Revenue Profile. The environmental and animal protection field overall relies primarily on dues, fees, sales, and other charges, followed by donations.

- More than three-fifths (61 percent) of the combined revenues of Indiana environment and animal protection nonprofits come from dues, fees, sales and related charges, substantially above the sector as a whole (37 percent) and more than for any other field. See Figure 29.
- Donations account for almost a quarter (23 percent) of the combined revenues, more than for the sector as a whole (17 percent).

III. SERVICE CAPACITY

To effectively address their missions Indiana nonprofits must deliver programs that meet the needs of their clients or members in appropriate locations and formats. They must also secure the necessary technological resources to deliver the services, given their available finances. Here we review the types of programs Indiana nonprofits deliver, the number of clients or members they serve, and how accessible the services are. We then examine their service capacity and some of the key challenges they face in delivering programs.²⁴

Service Portfolios: Nonprofits face contradictory pressures between specializing in a narrow range of services that are closely linked to their mission and developing a broader service portfolio that may more fully address the needs and interests of their clients, members, and/or funders. Many nonprofits provide a wide range of programs. We examine which three programs they considered their most important and whether they consider expanding health and human service activities.²⁵

- **Most important programs.** Almost half (46 percent) of Indiana nonprofits listed some type of human services among their three most important programs, although only 29 percent of Indiana nonprofits are classified as human services organizations.²⁶ See Figure 30.
 - As expected, almost all (87 percent) human service nonprofits included some type of human services in their top three programs, as did 48 percent of mutual benefit, and one-third of religious (34 percent) and health (32 percent) nonprofits.
- Public and societal benefit programs are the second most frequent type of programmatic activities. These programs are a top priority for 34 percent of non-

²⁴ See Appendix D for similar information for selected Indiana regions.

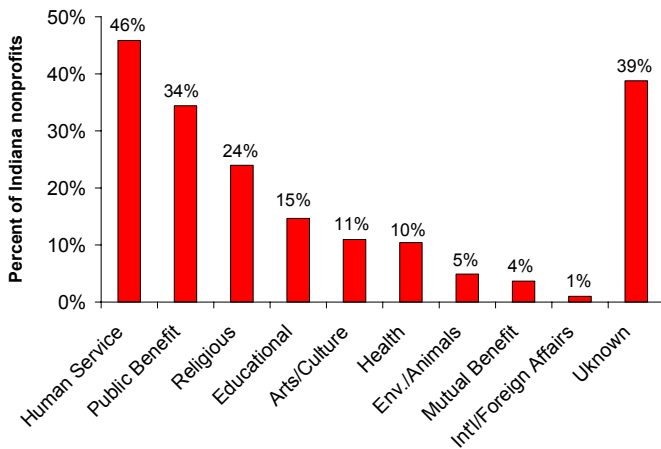
²⁵ We used self-reports of the top three most important programs or activities to assign codes to programmatic activities using the NTEE typology (see Appendix A).

²⁶ Because our classification scheme of major programmatic activities was based on the NTEE typology, we are likely to have categorized some programmatic activities or services as ‘human services’, such as recreation or housing that may fall outside the traditional definition of human services that many nonprofits may use. Thus, the percentages providing human service that we report here may be higher than if the traditional definition was used.

profits, although only 19 percent of nonprofits are public and societal benefit organizations.

for 15 percent of mutual benefit and 11 percent of public and societal benefit nonprofits.

Figure 30: Overall percentage of major programmatic activities provided by nonprofits, Indiana nonprofits (n=2,009 to 2,207)



- Three quarters (74 percent) of public and societal benefit nonprofits consider these programs a top priority, as do 51 percent of education and 38 percent of mutual benefit organizations. One quarter of arts, culture, and humanities (27 percent), human services (27 percent), health (25 percent), and environment and animal protection (25 percent) organizations also include these programs among their three most important.
- One quarter (24 percent) of nonprofits listed religious programs among their top three, and these are almost exclusively religious organizations.
- One sixth (15 percent) of nonprofits included education programs, almost twice as many as are classified as educational organizations (8 percent).
 - Two-thirds (67 percent) of education nonprofits reported education programs as a top priority, while 21 percent of public and societal benefit nonprofits do so as well.
- For health programs, one tenth (10 percent) of nonprofits consider these programs as top priorities in their service portfolios, although only 5 percent are classified as health organizations.
 - Health programs are a top priority for the vast majority (88 percent) of health nonprofits, but they are listed as one of the top three programs

- If we combine health and human services, 50 percent of nonprofits in Indiana include some of these types of services among their three most important programs, including the vast majority of health (90 percent) and human services nonprofits (89 percent).
- **Expanding health and human services.** Perhaps reflecting the already pervasive involvement in health and human services among Indiana nonprofits, very few (3 percent) that do not currently provide these services reported that they have plans to do so in the next two years.²⁷

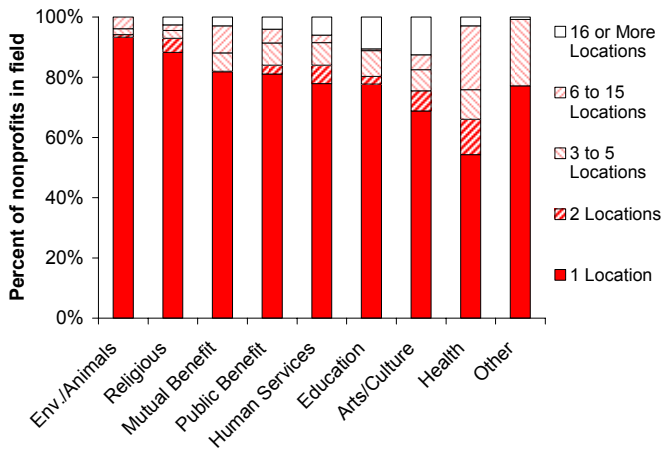
- Public and societal benefit nonprofits were most likely (6 percent) to have plans to provide human services and health programs in the future.
- In addition, 15 percent of environment and animal protection and of health nonprofits and 13 percent of religious nonprofits reported that they had interest in providing these services, but no definite plans.

Service Locations and Fee Structures: The levels of services nonprofits provide depend on how available and easy to access their services are to potential clients or members. Many Indiana nonprofits offer their services through multiple locations and provide services at below cost.

- **Number of Service Locations.** The vast majority (81 percent) of nonprofits provide their services through a single location. The rest have 2 or more locations including 5 percent with 16 or more locations.
 - Health nonprofits are least likely (54 percent) to have only one service location, while environment and animal protection are most likely (93 percent). See Figure 31.

²⁷ Our survey included a question asking respondents to indicate if they plan to provide in the near future health or human services. Because we used a more expansive definition of human services than is used by most nonprofits, many nonprofits may have indicated that they did not provide these types of services and have plans to provide in the future even though according to our definition and coding of other responses they already provide such services.

Figure 31: Number of Service Locations by major field, Indiana nonprofits (n=1,877)



- Over one-tenth of arts, culture, and humanities (13 percent) and education (11 percent) nonprofits have 16 or more service locations, over twice the sector average. Health nonprofits are most likely (43 percent) to have a moderate number of service locations (between 2 and 15 locations).

- Fee Structures.** Indiana nonprofits use a variety of fee structures for their services or programs. They may provide services at no cost, charge fees based on the financial capacity of recipients or charge based on the type or amount of service provided.
- Most nonprofits provide some or all of their services for free.

- Over one half (55 percent) of nonprofits provide *all* services at no cost and 11 percent charge fees based on capacity to pay for *all* of their services. Only 17 percent charge fees based on type or amount of service for *all* of their services

- Religious nonprofits are most likely (72 percent) to provide *all* services at no cost while arts, culture, and humanities nonprofits are least likely (26 percent) to do so. See Figure 32.
- Two-fifths of mutual benefit (39 percent) and one quarter (23 percent) of health nonprofits charge fees based on type or amount of service for *all* services, while only 6 percent of religious nonprofits do so. See Figure 33.

Figure 32: Services provided at no cost by major field, Indiana nonprofits (n=1,654)

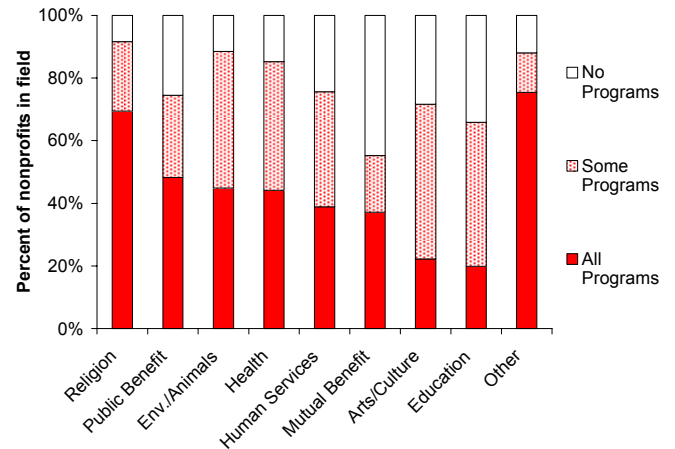
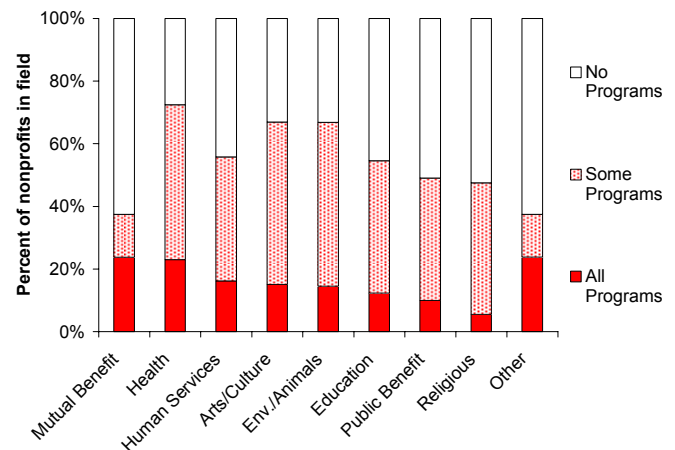


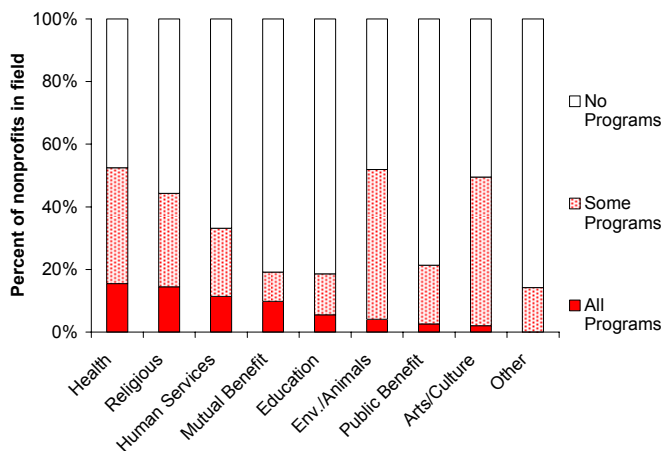
Figure 33: Services provided for fee based on type or amount of service by major field, Indiana nonprofits (n=1,120)



- Although relatively few nonprofits use a fee for service based on financial capacity for *all* of their programs, 18 percent of mutual benefit nonprofits use this fee structure, more than any other field. Arts, culture, and humanities nonprofits, by contrast, are least likely (2 percent) to do so. See Figure 34.

- Over one-third (36 percent) offer *some* programs at no cost, while one half (49 percent) use a fee for service based on type or amount of service for *some* programs and 29 percent use a fee for based on capacity to pay for *some* programs.
- Only one-tenth (9 percent) of nonprofits do not provide any services at no cost.

Figure 34: Services provided for fee based on financial capacity to pay by major field, Indiana non-profits (n=1,131)



- Almost one-fifth (18 percent) of mutual benefit and arts, culture, and humanities nonprofits do not provide *any* free services, the highest percentages of any field and twice the sector average. Only 5 percent of religious and public societal benefit nonprofits do not provide *any* services at no cost.
- Almost one half (48 percent) of religious nonprofits do not use a fee for service based on type or amount of service for *any* of their programs. Only one quarter (23 percent) of education and arts, culture, and humanities nonprofits do not use this fee structure for *any* of their programs.
- With respect to fee for service based on financial capacity of recipients, three-quarters (73 percent) of education nonprofits do not use this fee structure at all, while only two-fifths (41 percent) of arts, culture, and humanities nonprofits do not use this fee structure at all.

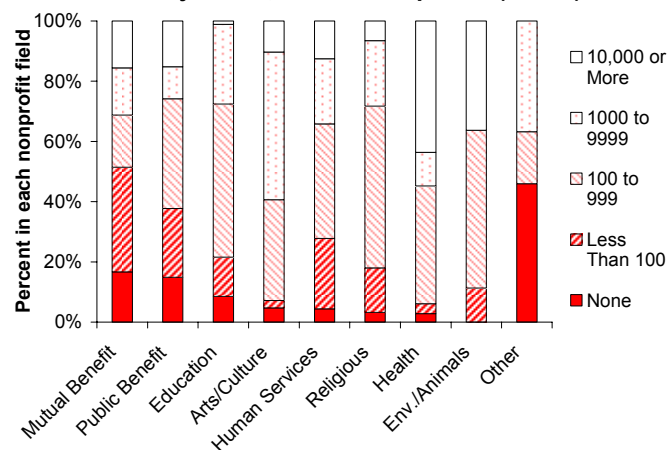
Service Capacities and Challenges: We previously highlighted the reported changes in demands for services and programs over the past three years for both the sector as a whole and for each of the major fields. To get a better sense of the service capacity needed to meet these changes in demand, we look here at the existing levels of service provided by Indiana nonprofits and whether nonprofits track their clientele. We also review the challenges of attracting new clients, communicating with and

meeting the needs and interests of existing clients, and undertaking program evaluations.

- Levels of Service.** Most Indiana nonprofits serve relatively few clients or members, but a sizable portion serves a large number of individuals or organizations.

 - For those that track or can estimate the number of clients or members they serve, almost two-thirds (64 percent) reported that they served less than 1,000 individuals during the most recent fiscal year and 18 percent served less than 100 individuals.²⁸
 - However, 21 percent served between 1,000 and 9,999 individuals and 15 percent served 10,000 or more individuals.
 - Health nonprofits are most likely to serve a large number of individuals; 45 percent serve 10,000 or more individuals, three times the sector average. By contrast, less than one tenth (7 percent) of religious nonprofits serve 10,000 or more individuals. Figure 34.

Figure 34: Number of duplicative individuals served by major field, Indiana nonprofits (n=735)



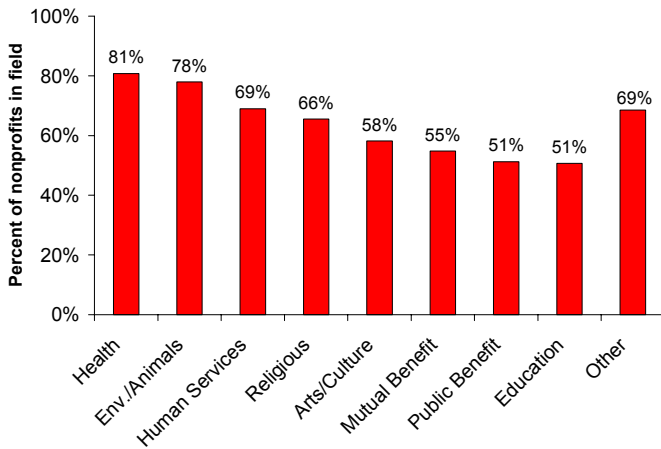
- At the other end of the spectrum, 42 percent of mutual benefit nonprofits serve less than 100 individuals, while only 3 percent of arts,

²⁸ The total number served is usually a duplicative count, meaning clients (individuals) using multiple services are counted for each service. Services may range from intensive one-on-one interactions to distribution of information through the mass media.

culture, and humanities, and health nonprofits serve less than 100 individuals.

- For those nonprofits that serve other organizations, three-fifths (58 percent) served 10 or more organizations in most recent fiscal year.²⁹ Another one quarter (24 percent) served between 4 and 9 organizations. The remaining 18 percent served 3 or fewer organizations.
- **Tracking Service Recipients.** To meet not only current but also future demands for services, nonprofits need to have an accurate record of who they serve. Overall, the majority (63 percent) of Indiana nonprofits track the number of individuals or organizations served, although more than a third (37 percent) does not.
 - Four-fifths (81 percent) of health nonprofits track the number of individuals or organizations served, more than any other field. Almost as many (78 percent) environment and animal protection nonprofits also track clientele or members. See Figure 36.

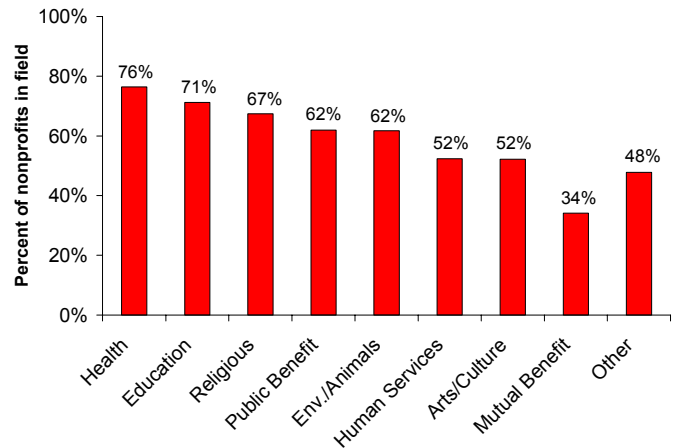
Figure 36: Percent tracking clients or members by major field, Indiana nonprofits (n=2,082)



- Education and public and societal benefit nonprofits are least likely to track service levels, although one half (51 percent) of each field does track their clientele.

- **Computerized Client Record Systems.** An important tool for maintaining up-to-date and accurate information on service levels and program participants is a computerized client, member, or program record system. Less than two-thirds (59 percent) have such a system.
 - Health nonprofits are most likely (77 percent) to have a computerized record system followed by 71 percent of education nonprofits. By contrast, only one third (34 percent) of mutual benefit nonprofits have computerized record systems. See Figure 37.

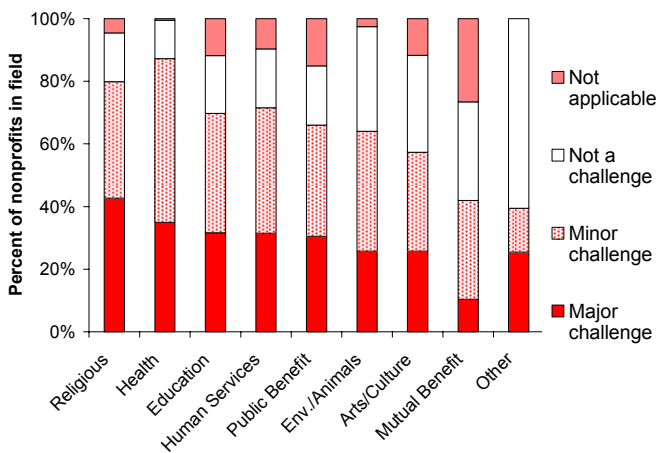
Figure 37: Use of computerized records by major field, Indiana nonprofits (n=2,026)



- **Meeting needs of current clients or members.** Notwithstanding existing levels of service and recent growth in demands for services, many Indiana nonprofits are concerned with retaining or expanding their base of clients or members.
 - More than two-thirds (70 percent) of nonprofits view meeting the needs and interests of current members or clients as either a minor or major challenge, including 32 percent who view it as a major challenge. One fifth (20 percent) do not consider meeting client needs or interests to be a challenge at all.
 - Religious nonprofits are most likely (43 percent) to consider meeting client needs and interests as a major challenge while health nonprofits are mostly likely (87 percent) to consider this as either a minor or major challenge. See Figure 38.

²⁹ The total number served is a duplicative count, that is, clients (or organizations) that use multiple services are counted for each service.

Figure 38: Challenges in meeting needs of clients or members by major field, Indiana nonprofits (n=1,958)

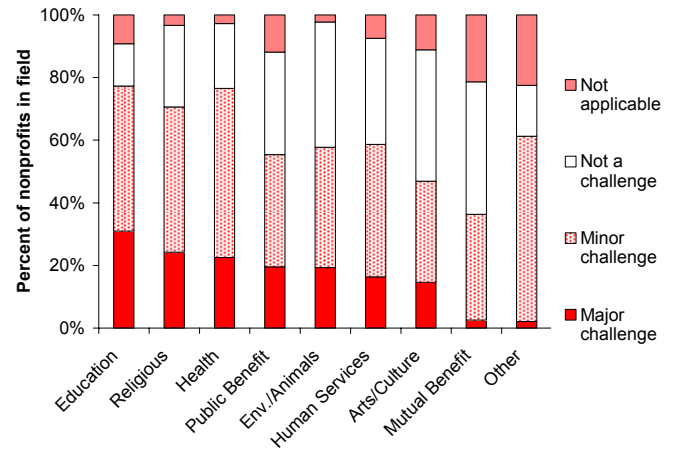


- Environment and animal protection nonprofits are most likely (33 percent) to view meeting client needs or interests as not a challenge at all.
 - Involvement in formal collaboration or informal networks appears to facilitate meeting client or member needs. Over one half (54 percent) of nonprofits reported that collaboration or networks made it easier to meet client needs, while one quarter (27 percent) reported that it had no impact.

- Communicating with clients or members.** Three-fifths (61 percent) of nonprofits consider communicating with clients or members as either a minor or major challenge, although twice as many view it as a minor (42 percent) rather than a major (19 percent) challenge. Thirty percent do not consider client communication as a challenge at all.

- Thirty one percent of education nonprofits consider client communication a major challenge, more than any other field, while three quarters (78 percent) of health nonprofits consider communication to be a minor or major challenge. See Figure 39.
 - Two-fifths (42 percent) of arts, culture, and humanities and of mutual benefit nonprofits do not view communication as a challenge at all.

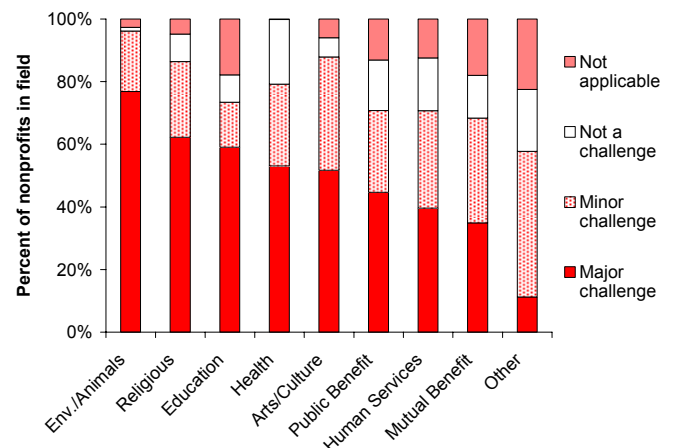
Figure 39: Challenges in communicating with clients or members by major field, Indiana nonprofits (n=1,948)



- Attracting new members or clients.** Half of Indiana nonprofits (50 percent) considered it a major challenge to attract new members or clients, while another 27 percent consider it a minor challenge. Only 13 percent did not view this as a challenge at all.

- Almost all of environment and animal protection nonprofits consider attracting new member or clients to be either a minor or major challenge (96 percent), with over three quarters (77 percent) viewing this as a major challenge, more than any other field. See Figure 40.

Figure 40: Challenges in attracting new members by major field, Indiana nonprofits (n=1,977)



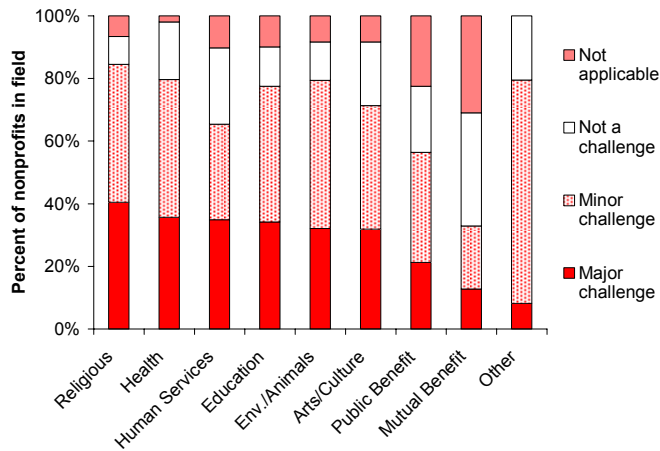
- Almost two-thirds (62 percent) of religious nonprofits also view expanding the base of clients or members as a major challenge. One-fifth (21 percent) of health nonprofits do not view attracting new members or clients as a challenge at all.

- Nonprofits face some, but not widespread competition in attracting new clients members. About a quarter (27 percent) of nonprofits reported competition with other nonprofits, businesses, or government agencies in attracting clients or members.

- **Delivering high quality services.** To meet the needs of existing clients or members and attract new ones, nonprofits must deliver high quality programs. As noted earlier, Indiana nonprofits offer a wide array of programs or activities to diverse clients with corresponding challenges in doing all of them well. More than two-thirds (69 percent) consider delivering high quality programs and services as either a minor (32 percent) or major (37 percent) challenge. Only 19 percent did not view delivery of high quality programs as a challenge at all.

- Four-fifths (79 percent) of both health and environment and animal protection nonprofits considered the quality of services as a minor or major challenge, while only one third (33 percent) of mutual benefit nonprofits did so. Religious nonprofits were most likely (40 percent) to view quality of services as a major challenge. See Figure 41.

Figure 41: Challenges in providing high quality services by major field, Indiana nonprofits (n=1,964)



- Competition between nonprofits and other organizations for delivery of programs or services, while present, does not appear to be a pervasive problem; only one-fifth (22 percent) reported competition for service or program delivery with

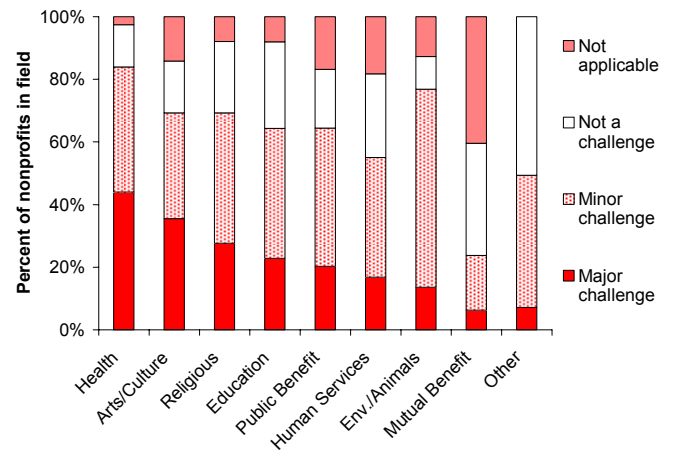
other nonprofits, businesses, or government agencies.

- **Evaluating programs or outcomes.** Given challenges in delivering quality services, it is not surprising that many Indiana nonprofits also reported that they found it a challenge to evaluate or assess program outcomes or impact.

- Three-fifths of nonprofits consider program evaluation and assessment as either a minor (40 percent) or major (22 percent) challenge, while 24 percent did not consider this a challenge at all and 15 percent did not view program evaluation as applicable to their organization.

- Health nonprofits were most likely (85 percent) to consider program evaluation a challenge with 45 percent viewing it as a major challenge. Over one third (36 percent) of arts, culture, and humanities nonprofits also consider program evaluation a major challenge. See Figure 42.

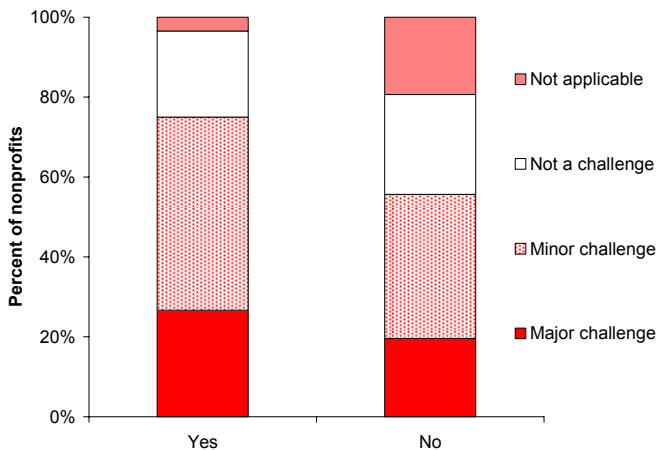
Figure 42: Challenges in conducting program evaluations or assessments by major field, Indiana nonprofits (n=1,938)



- Mutual benefit nonprofits appeared to be the least concerned with program evaluation; only 6 percent viewed it as a major challenge, one-third (36 percent) did not consider it a challenge at all, and two-fifths (40 percent) reported it as not applicable to their organizations, representing the extremes for any of the fields.

- Only 30 percent of nonprofits completed a program evaluation or assessment during the past two years. Health nonprofits were most likely (53 percent) to have done so, followed by 34 percent of education nonprofits. By contrast, only 16 percent of environment and animal protection nonprofits had conducted an assessment during the same time period.
- Nonprofits that had actually completed a program evaluation within the past two years were more likely (75 percent) to report that completing an evaluation was a challenge than those that had not done so (56 percent). Thus, some nonprofits may not consider program evaluation a challenge because they have not actually done one. See Figure 43.

Figure 43: Percent reporting challenges in conducting program evaluations or assessments by whether completed an evaluation in last two years, Indiana nonprofits (n=1,875)



IV. HUMAN RESOURCES

To deliver services and programs, Indiana nonprofits need adequate human resources. Although many nonprofits have paid staff, many also rely heavily on volunteers, not counting boards of directors that also carry out important work. We examine each of these types of human resources as well as challenges associated with managing them.³⁰

Paid Staff: One half (52 percent) of Indiana nonprofits have paid employees, including in most cases (81 percent) a paid executive director. The rest rely exclusively on volunteers to carry out their activities.

- **Staff size.** As expected given the low revenues of many nonprofits, total staff size is also relatively small: 79 percent have a paid staff of no more than 15 full-time equivalents (FTE),³¹ and 41 percent have a staff of 2 FTEs or less. Only 8 percent had staffs of more than 50 FTEs.
 - Mutual benefit nonprofits are the most likely (64 percent) to have very small staffs while health and education fields are the most likely (29 and 24 percent, respectively) to have very large staff sizes (more than 50 FTEs). Human service nonprofits tend to have the most uniform distribution of staff sizes. See Figure 44.
- **Recruiting and retaining staff.** Perhaps reflecting the fact that many nonprofits do not have paid staff, only 15 percent view recruiting and retaining qualified staff as a major challenge while another 30 percent considered it a minor challenge.
 - One third (32 percent) of health nonprofits consider staff recruitment and retention to be a major challenge, more than any other field. One quarter (26 percent) of environment and animal protection nonprofits also view staff recruitment

³⁰ See Appendix E for similar information for selected Indiana regions.

³¹ We computed the number of paid FTE staff by summing the number of full-time plus one-half the number of part-time employees reported by respondents. It is only a rough estimate of actual staff capacity, since some part-time staff may work almost full-time and others very few hours per week. If respondents reported only the number of full-time or the number of part-time employees, we assumed that the non-reported value was zero for purposes of calculating the total FTE staff.