



INDIANA NONPROFITS

Scope and Community Dimensions

Nonprofit Survey Series
Report #2

THE INDIANA NONPROFIT SECTOR: A PROFILE

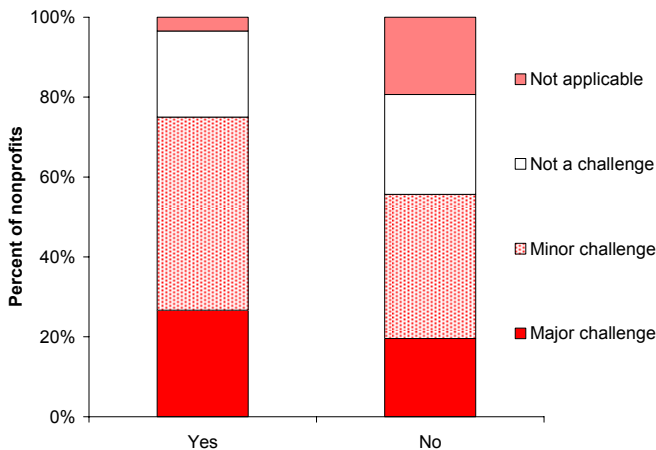
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THE CENTER ON PHILANTHROPY
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- Only 30 percent of nonprofits completed a program evaluation or assessment during the past two years. Health nonprofits were most likely (53 percent) to have done so, 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.

and retention to be a major challenge. See Figure 45.

Figure 44: Number of paid FTEs by major field, Indiana nonprofits (n=1,111)

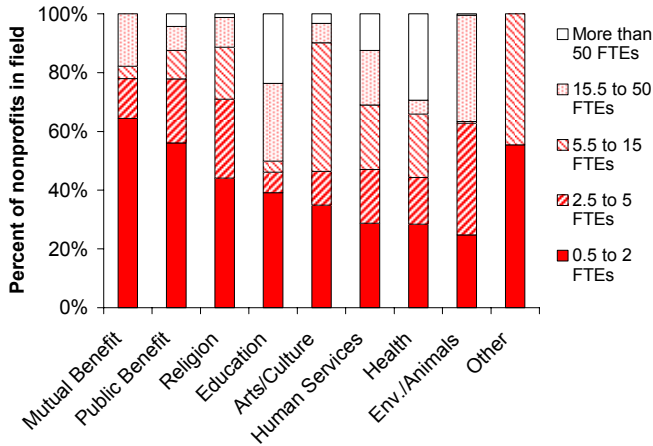
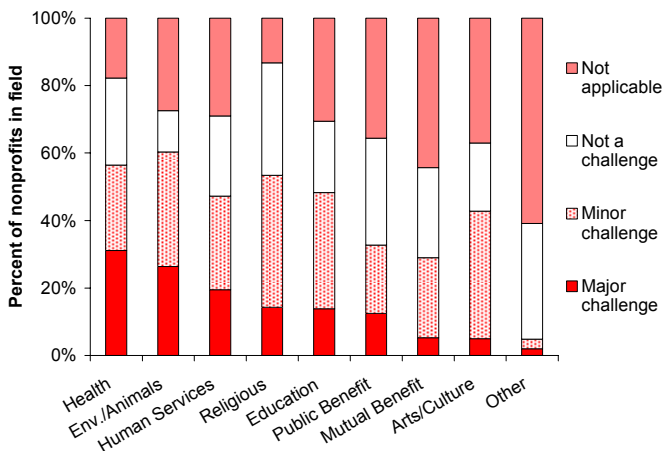


Figure 45: Challenges in recruiting and retaining qualified staff by major field, Indiana nonprofits (n=1,947)

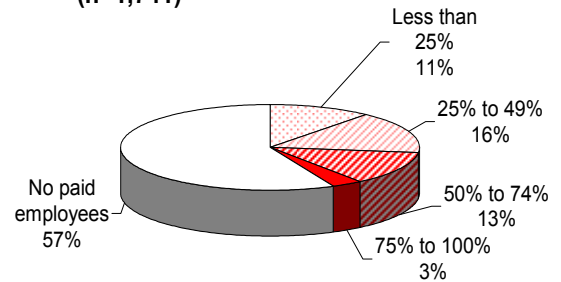


- One third of religious (33 percent) and public and societal benefit (32 percent) nonprofits did not view staff recruitment and retention as a challenge at all.
- Participation in formal collaboration or informal networks does not appear to significantly help nonprofits recruit or retain staff, but neither does it make it harder. Only one-fifth (19 percent) of nonprofits involved in collaborations or networks reported that this made it easier to recruit or retain staff, while 45 percent indicated that it had no impact and 3 percent felt it made recruitment or retention harder.

- **Staff compensation.** On average, staff compensation (salaries, wages, and benefits) absorbs half or more of total expenses for many nonprofits with paid employees, but for a substantial number, it is less than half of their expenses.

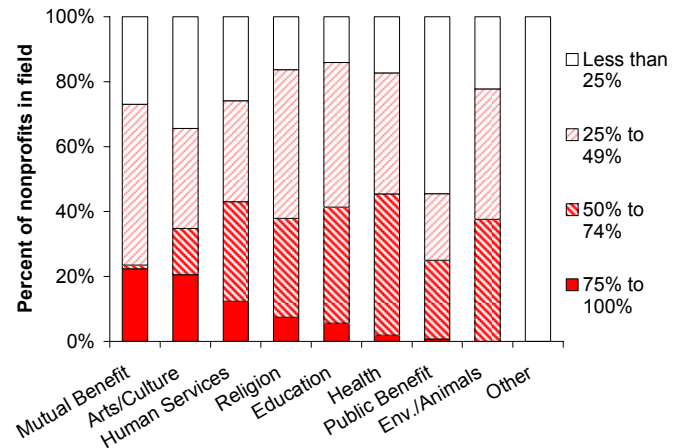
- Almost two-fifths (37 percent) of Indiana nonprofits have compensation levels that constitute more than half of total expenses. See Figure 46.

Figure 46: Staff compensation as a percentage of total expenses by major field, Indiana nonprofits (n=1,741)



- At the other extreme, one quarter (26 percent) report levels of compensation that absorb less than 25 percent of total expenses. For another two-fifths (37 percent) compensation absorbs between a quarter and half of total expenses.
- Employee compensation as a percent of expenses is notably high (half or more of total expenses) for over two-fifths of the health (46 percent) and human services (43 percent) nonprofits. See Figure 47.

Figure 47: Staff compensation as percent of expenses by major field, Indiana nonprofits (n=1,741)

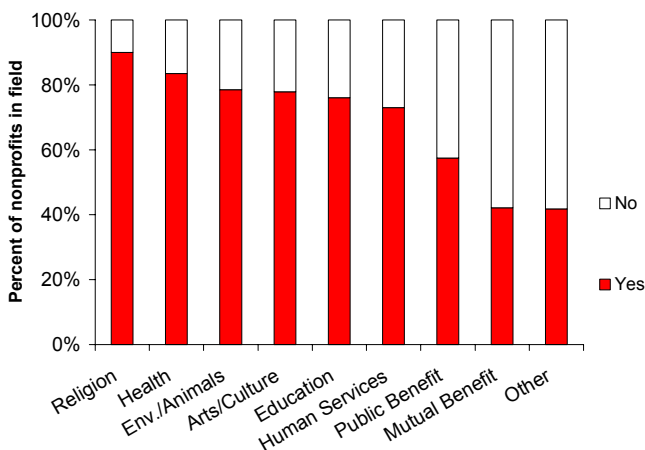


- However, one-fifth (22 percent) of mutual benefit nonprofits have compensation levels that absorb 75 percent or more of expenses, followed closely by 21 percent of arts, culture, and humanities nonprofits.
- Public and societal benefit nonprofits have the lowest compensation to expense ratios; 55 percent of these organizations have compensation that is less than 25 percent of expenses, twice the sector average.

Volunteers: Most nonprofits rely extensively on volunteers (other than board members) to carry out activities and most nonprofits consider volunteers as very important or essential to the work of the organization.

- **Use of volunteers.** Most (73 percent) Indiana nonprofits use volunteers, other than board members, to carry out some activities, and for most of these, volunteers appear to be important to the organization.
 - The vast majority (90 percent) of religious nonprofits rely on volunteers, more than any other field. By contrast, volunteers are used by only two-fifths (42 percent) of mutual benefit and three-fifths (57 percent) of public and societal benefit nonprofits. See Figure 48.

Figure 48: Use of volunteers during most recent fiscal year by major field, Indiana nonprofits (n=2,064)

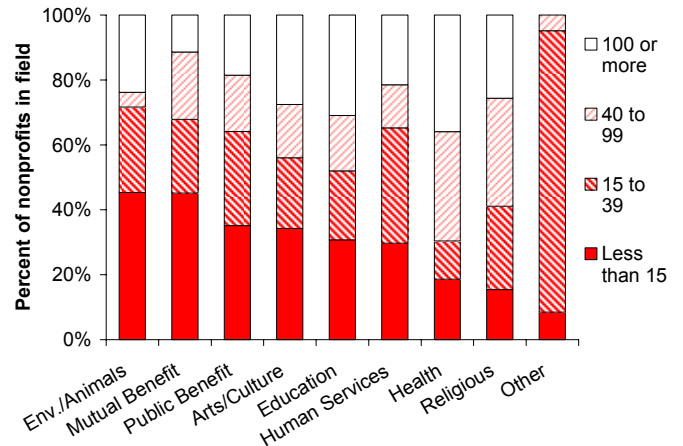


- **Number of volunteers.** Almost one half (45 percent) of Indiana nonprofits used a large number of volunteers (40 or more) other than board members during the most recent fiscal year, including 24 percent that

used 100 or more volunteers. However, 27 percent used less than 15 volunteers.

- Health nonprofits are most likely (70 percent) to use a large number of volunteers (40 or more), followed by three-fifths (59 percent) of religious nonprofits. See Figure 49.

Figure 49: Number of volunteers by major field, Indiana nonprofits (n=1,169)

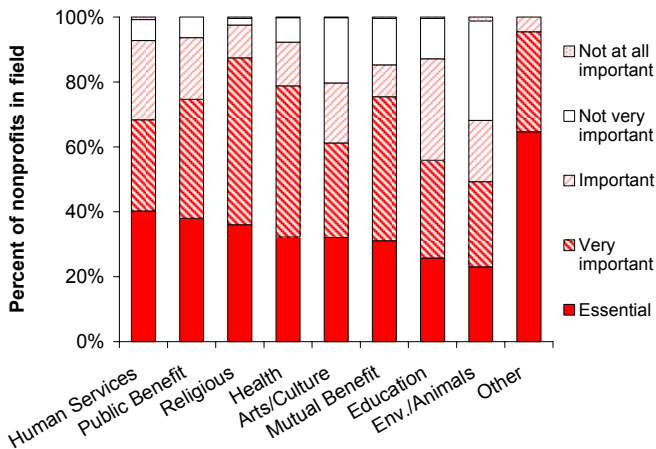


- Only 28 percent of environment and animal protection and 32 percent of mutual benefit nonprofits used over 40 volunteers. Rather, almost one half (45 percent) of these nonprofits relied on less than 15 volunteers.

- **Importance of volunteers.** On average, the vast majority (74 percent) of nonprofits consider volunteers to be either *very important* (38 percent) or *essential* (36 percent) to the work of the organization. Another one-fifth (18 percent) consider volunteers as *important* while only a small minority (8 percent) report that volunteers are *not at all* or *not very important* to the work of their organization.³²
 - Volunteers are particularly important to religious nonprofits: 88 percent consider volunteers as either very important or essential, as do 79 percent of health nonprofits. See Figure 50.

³² “Essential” here means that the organization relies entirely on volunteers to carry out its mission. “Very important” means that the organization depends on volunteers for a wide range of tasks, but not all. “Important” means that the organization depends on them for several key tasks. “Not very important” means that volunteers are used for only non-essential tasks, and “not at all important” means that the mission could be achieved without using volunteers.

Figure 50: Importance of volunteers to organization by major field, Indiana nonprofits (n=1,514)



- Volunteers appear to be least important for environment and animal protection nonprofits, one third (32 percent) of these organizations considered volunteers as not at all or not very important. One-fifth (20 percent) of arts, culture, and humanities nonprofits also view volunteers as not at all or not very important.

• **Formal volunteer recruitment and training Programs.**

Despite the heavy reliance on volunteers by many nonprofits, only one-fifth had a formal volunteer recruitment program (18 percent) or a formal volunteer training program (21 percent).

- Environment and animal protection nonprofits are most likely (33 percent) to have a formal recruitment program followed by health nonprofits (27 percent). Arts, culture, and humanities nonprofits are least likely (10 percent) to have such programs. See Figure 51.
- Health nonprofits are most likely (40 percent) to have a formal volunteer training program, followed by one-third (32 percent) of environment and animal protection nonprofits. Education nonprofits are least likely (9 percent) to have such programs. See Figure 52.

- **Recruiting and keeping qualified volunteers.** At the same time, however, two-thirds (65 percent) of nonprofits consider recruiting and keeping qualified and reliable volunteers to be either a minor or major challenge, only 19 percent do not consider it a challenge at all. The remainder (17 percent) did not feel that this was applicable to their organization.

Figure 51: Use of formal volunteer recruitment program by major field, Indiana nonprofits (n=2,012)

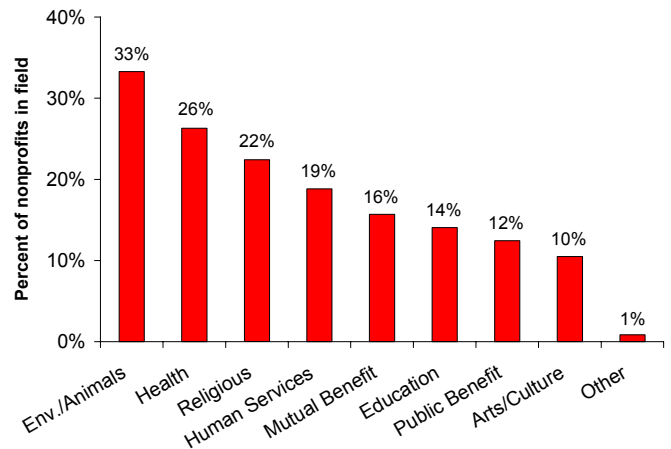
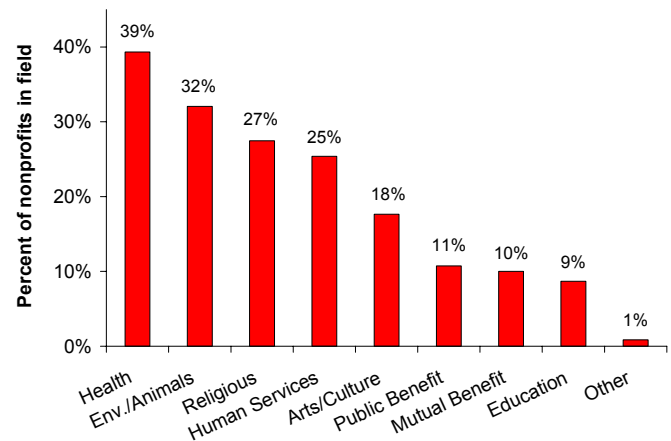


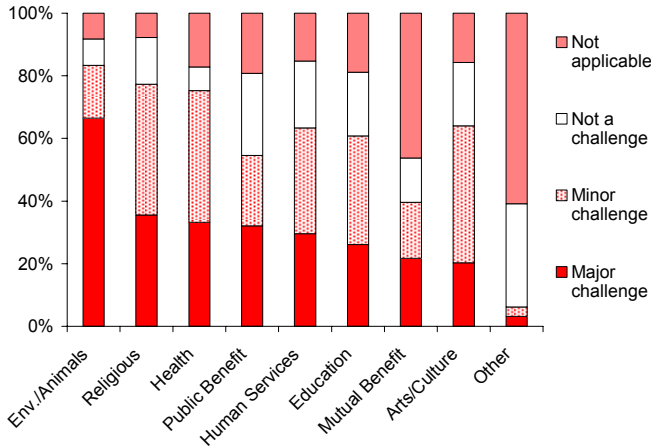
Figure 52: Use of formal volunteer training program by major field, Indiana nonprofits (n=2,000)



- Environment and animal protection nonprofits are most likely (66 percent) to consider recruiting and retaining volunteers to be a major challenge, followed by religious nonprofits (36 percent). See Figure 53.
- By contrast, only 8 percent of health nonprofits consider recruiting or retaining volunteers a major challenge, while 46 percent of mutual benefit nonprofits did not consider it to be applicable.
 - To some degree, nonprofit participation in formal collaborations or informal networks may facilitate recruitment or retention of volunteers. Thus 30 percent of nonprofits report that collaboration or networks made it easier to get and keep volunteers, although 40 percent however reported it had no im-

pact on volunteer recruitment or retention and 5 percent viewed it as making it harder.

Figure 53: Challenge of recruiting and retaining qualified volunteers by major field, Indiana nonprofits (n=1,956)



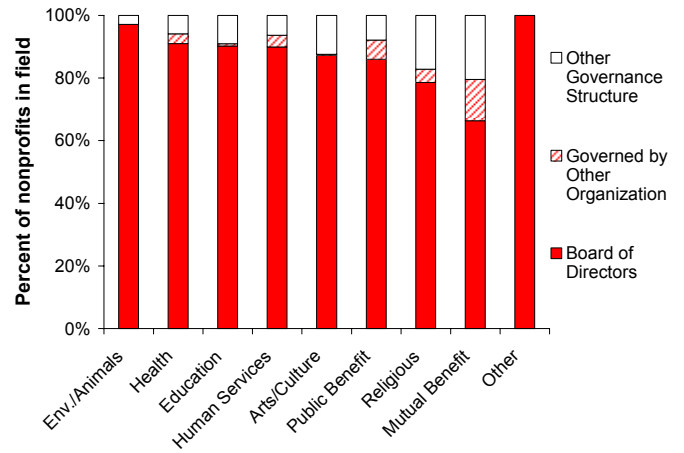
- Competition between nonprofits and other organizations for volunteers does not appear to be a major problem; only 21 percent reported competition for recruiting staff or volunteers with other nonprofits, businesses, or government agencies.

Boards of Directors: The vast majority of Indiana nonprofits have their own board of directors but most boards are small. Many boards use committees or establish special task forces to carry out their work.

- Type of governance.** Overall, 85 percent of Indiana nonprofits have their own board of directors. One tenth (11 percent) have some other governance structure while the rest (4 percent) is governed by another organization.

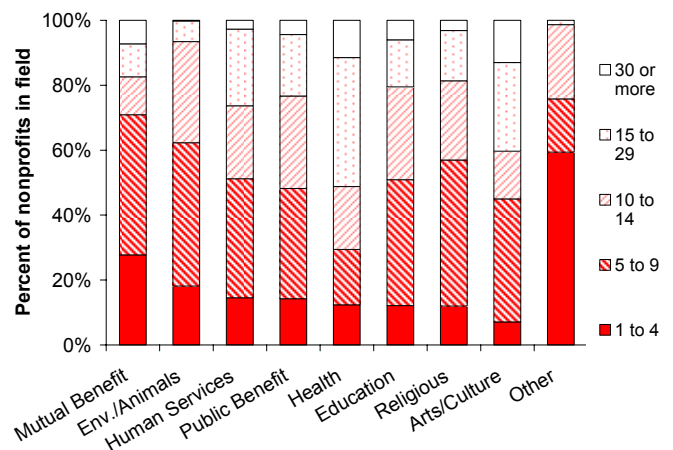
- Almost all (97 percent) of environment and animal protection nonprofits have their own board of directors, followed by 92 percent of health nonprofit. See Figure 54.
- Mutual benefit nonprofits are least likely (67 percent) to have a board of directors and most likely to be governed by another organization (13 percent) or have some other governance structure (20 percent). Religious and spiritual development nonprofits are also less likely to have their own board (83 percent) than their counterparts in other fields.

Figure 54: Governance structure used by major field, Indiana nonprofits (n=2,065)



- Size of board.** Three-quarters (76 percent) of nonprofits with boards of directors have less than 15 members, including 15 percent with no more than 4 members, 38 percent with 5 to 9 members, and 24 percent with 10 to 14 members.³³ One-fifth (19 percent) have between 15 and 29 members and only 4 percent have 30 members or more.
 - Boards of mutual benefit nonprofits are disproportionately small (71 percent of those with boards have less than 10 members) followed by 62 percent of environment and animal protection nonprofits. See Figure 55.

Figure 55: Size of Board of Directors by major field, Indiana nonprofits (n=1,670)



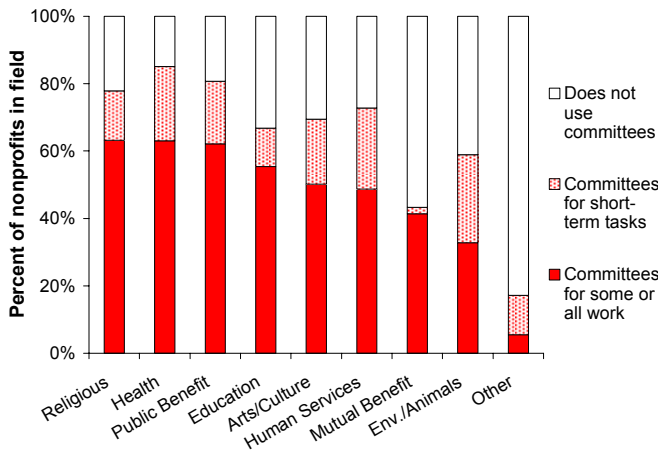
³³ We compute the total number of board members by adding the number of existing board members plus the number of vacant board positions. In cases where respondents only provided information on the number of existing board members, we assumed that the number of vacant positions was zero.

- Health and arts, culture, and humanities nonprofits tend to have larger boards (about 51 and 40 percent, respectively, have 15 members or more).

- **Board committee structure.** Almost three quarters (72 percent) of existing boards of use some form of committee structure to carry out their work, including on-going committees (54 percent) or committees or task forces for short-term tasks (18 percent).

- The use of committees or task forces is particularly prevalent among health (85 percent) and public and societal benefit nonprofits (80 percent). See Figure 56.

Figure 56: Percent-using committee structures by major field, Indiana nonprofits (n=1,651)



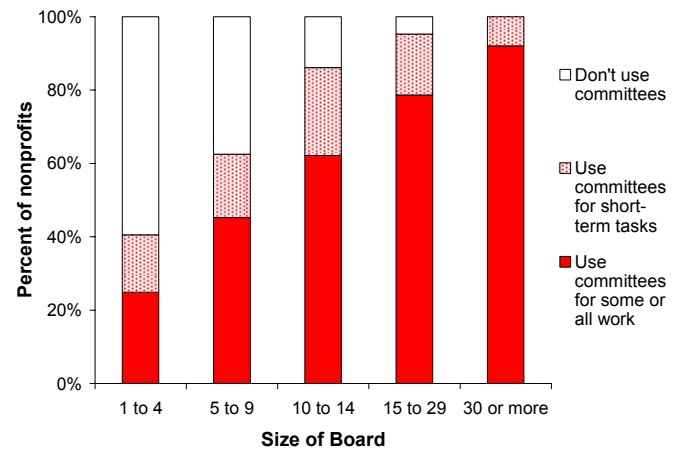
- By contrast, relatively few mutual benefit (57 percent) and environment and animal protection nonprofits (41 percent) use committees or task forces.

- As we might expect, using committees to carry out the work of the organization varies greatly depending on the size of the board of directors. Nonprofits with large boards (30 or more board members) are much more likely (92 percent) to use committees to carry some or all work, while only 25 percent of nonprofits with very small boards (1 to 4 members) do so. See Figure 57.

- **Recruiting and keeping qualified board members.** Considering that boards of directors have major fiduciary and legal responsibilities, it is not surprising that more than half (56 percent) consider it a chal-

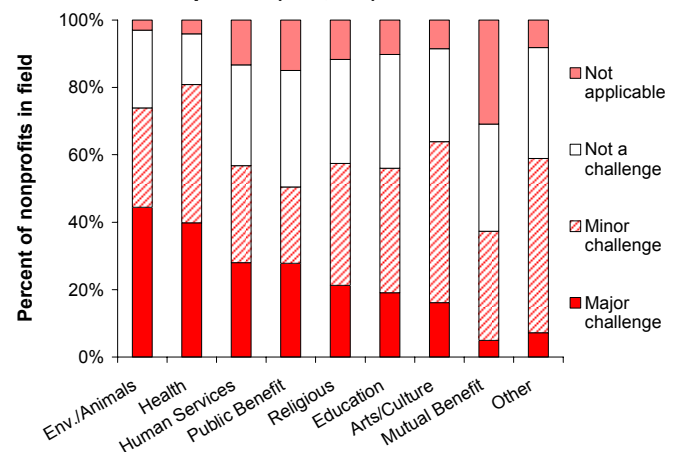
lenge to recruit and keep effective board members, including 24 percent who consider it a major challenge. On the other hand, almost a third (31 percent) does not consider this to be a challenge at all.

Figure 57: Use of committees to carry out work by size of Board of Directors, Indiana nonprofits (n=1,622)



- Over two-fifths (44 percent) of environment and animal protection nonprofits consider board recruitment and retention to be a major challenge, followed closely by 40 percent of health nonprofits. Only 4 percent of mutual benefit nonprofits consider this a major challenge. See Figure 58.

Figure 58: Challenges in recruiting and retaining Board of Director members by major field, Indiana nonprofits (n=1,957)



- Public and societal benefit nonprofits are most likely (35 percent) to consider board recruitment and retention not to be a challenge, followed closely by 34 percent of education nonprofits.

Three-quarters (76 percent) of arts, culture, and humanities nonprofits report that this is either not a challenge or a minor challenge.

- Participation in formal collaboration or informal networks does not appear to significantly impact the recruitment or retention of board members. Less than one-fifth (18 percent) of nonprofits reported that collaboration or networks made it easier to recruit or retain board members, while one half (50 percent) indicated that it had no impact, and only 3 percent felt that it made recruitment or retention harder.
- Competition between nonprofits for board members also does not appear to be a major problem. Only 16 percent of nonprofits reported competition with other nonprofits, businesses, or government agencies for board members.

V. COMMUNITY PROFILES

Indiana communities vary in their economic, political, and social conditions and nonprofits located in those communities respond to and are influenced by these differing conditions. Appendices B and C contain detailed profiles of the nonprofit sector in each of the thirteen geographic regions that we used in our study: seven metropolitan statistical areas (MSA: Indianapolis, Northwest Indiana, Fort Wayne, Evansville Indiana, South Bend, Bloomington, and Muncie), five counties to represent small town and rural Indiana (Bartholomew, Dubois, Scott, Cass and Miami), and the remainder of the state.

Nonprofit Fields by Region: The distribution of nonprofits by major fields of activity for the Indianapolis metropolitan area resembles the state overall, but there are some deviations for the remaining regions, which we highlight here.³⁴ See Appendix B for full details.

- **The Northwest Region:**³⁵ relatively few human service nonprofits (24 vs. 29 percent statewide).
- **Fort Wayne MSA** and the **Evansville Region**³⁶ as well as **Cass County:** disproportionately many human service nonprofits (36-35 percent vs. 29 percent statewide).
- **South Bend MSA:** relatively few religious and spiritual development nonprofits (18 vs. 24 percent), but relatively many health nonprofits (11 vs. 5 percent).
- **Bloomington MSA:** relatively few public and societal benefit nonprofits (12 vs. 19 percent), but relatively many arts, culture and humanities nonprofits (11 vs. 4 percent).
- **Muncie MSA:** Relatively many human service nonprofits (34 vs. 29 percent), but few public and societal benefit nonprofits (14 vs. 19 percent).
- **Bartholomew County:** Relatively few religious and spiritual development nonprofits (15 vs. 24 percent), but many mutual benefit nonprofits (19 vs. 7 percent).

³⁴ We note differences of plus or minus 5 percentage points.

³⁵ Includes LaPorte County.

³⁶ Includes Gibson County.