

13th Annual

# Report Card on Charitable Giving for Metro Milwaukee



## Nonprofits under stress; perfect storm of increasing demand and decreasing support

No one has been immune to the economic turmoil of the past two years and local nonprofits are certainly no exception. Hard times have hit the organizations designed to help those affected when the need is greatest.

Since 1996, the Greater Milwaukee Foundation has published the annual *Report Card on Charitable Giving*. The only comprehensive measure of giving to local nonprofits, the *Report Card* has become a valuable tool in measuring the health of local organizations.

It has become both more valuable and relevant in 2009. This year, the *Report Card*, which is researched by the Public Policy Forum, significantly increased the number of nonprofit organizations surveyed. This expansion provides greater depth, breadth and a more complete picture of the complex issues facing nonprofits during these tough economic times.

Clearly, nonprofits are feeling the strain of providing services for the community while their own resources are shrinking. Of the organizations providing direct services to clients, 62 percent say demand for assistance is increasing. At the same time, 68 percent of organizations say the downturn has caused a drop in giving. Perhaps it is not surprising then that 63 percent of organizations surveyed feel the state of philanthropy in metropolitan Milwaukee is decreasing. That is the highest percentage in 13 years.

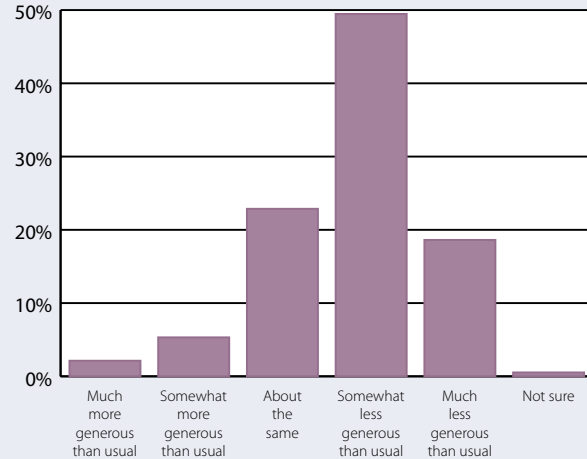
# Giving in tough times

Giving to metropolitan nonprofit organizations has been significantly impacted by the downturn in the economy. Nearly 70 percent of agencies indicate giving is down because of the recession. Only 7 percent feel giving is more generous than usual because of current economic troubles.

Nonprofits are not hopeful that giving will increase during the remainder of 2009. Seventy percent expect gifts from corporations and corporate foundations to decrease, 65 percent anticipate foundation grants will decline, 51 percent predict gifts from individual donors and revenue from fundraising events to fall. Forty-four percent believe the number of special events will decrease.

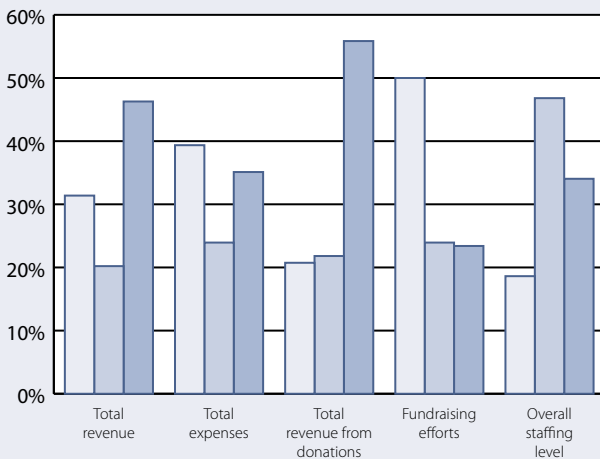
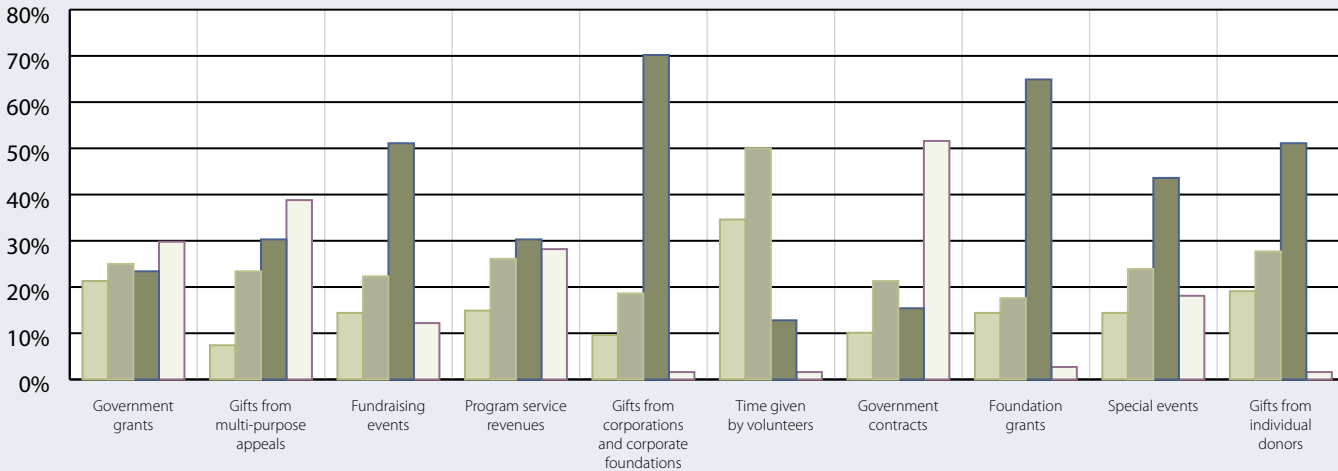
Organizations expect time given by volunteers to increase 35 percent, a welcome phenomenon as more nonprofits need to increase their volunteer base due to greater demand for services and budget cuts.

## Giving due to recession



## 2009 giving expectations

Legend: Increase (light green), Stay the same (medium green), Decrease (dark green), Does not apply (light yellow)



## 2008 vs. 2009 revenue

Legend: Increase (light blue), Unchanged (medium blue), Decrease (dark blue)

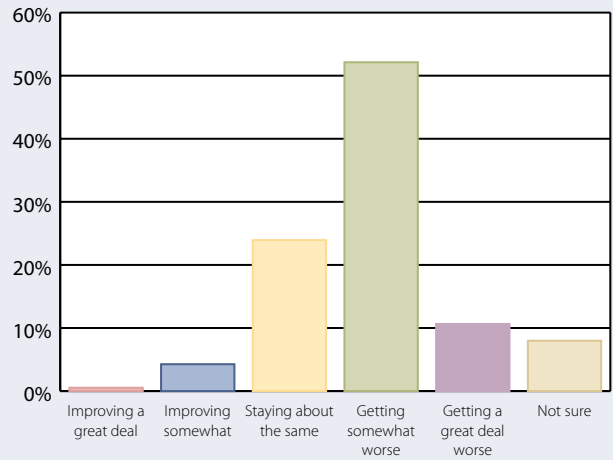
As one might expect, organizations report decreases in total revenue and total revenue from donations in the first half of 2009 compared to the first half of 2008. Fundraising efforts have doubled during the same time period in 2009.

# State of Philanthropy

Nearly 200 nonprofit organizations in metropolitan Milwaukee participated in the 2009 Report Card on Charitable Giving survey. Virtually all are pessimistic about the current state of charitable giving; only one nonprofit felt the state of philanthropy was improving a great deal. Local organizations' view of charitable giving is more negative now than at any other time during the 13 years the Report Card has been published.

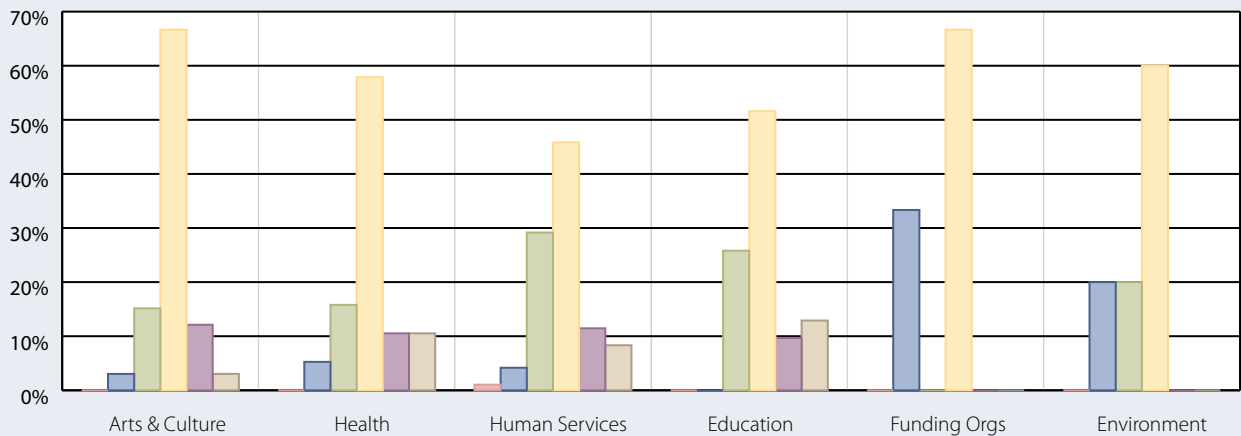
## State of philanthropy

Sixty-three percent of agencies feel the state of philanthropy is getting somewhat or a great deal worse.



## State of philanthropy by sector

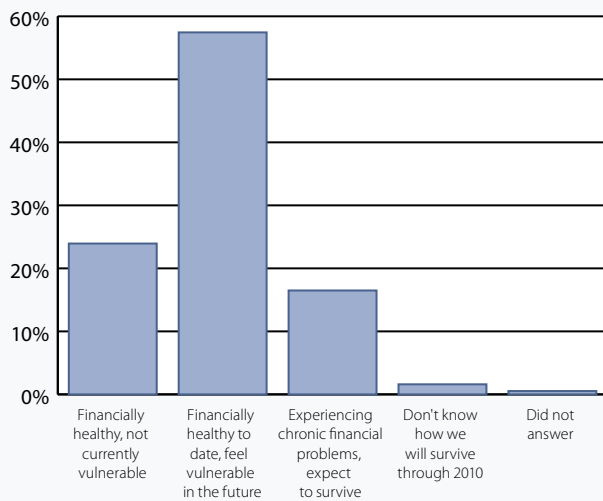
While all nonprofit sectors were pessimistic about the state of philanthropy, arts and culture organizations were the most concerned.



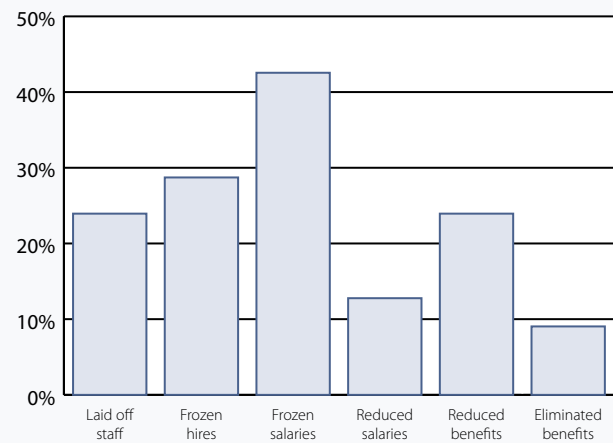
# Financial Health

Local nonprofits are clearly experiencing financial stress due to the economy. One in four nonprofits would describe themselves as financially healthy and not vulnerable. Eighty-three percent of agencies, including those experiencing an increase in demand for services, have cut their budgets. Most have less than a six month operating reserve and nearly one in three expect to run a deficit in the current fiscal year, despite budget cuts.

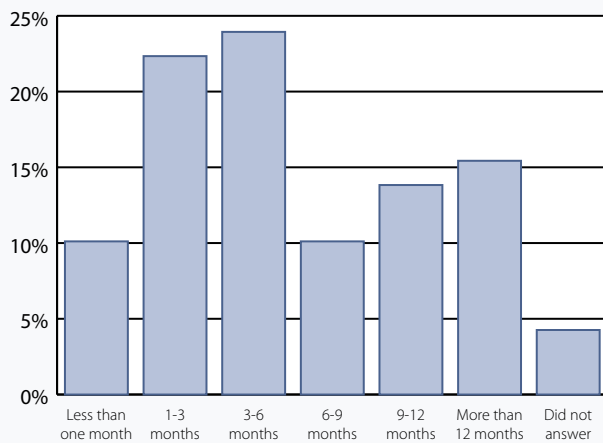
**Current health of organization**



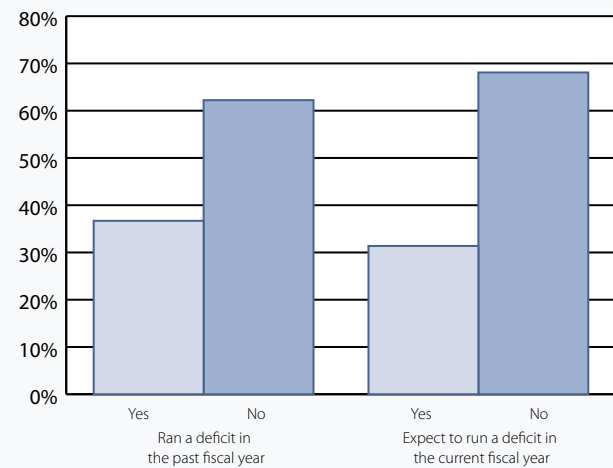
**How nonprofits have controlled costs**



**Operating reserve**



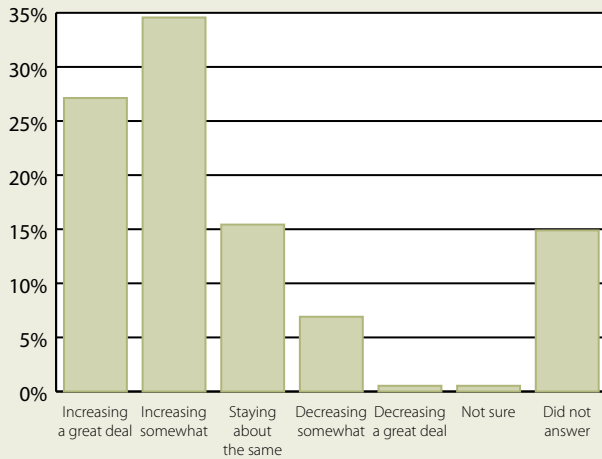
**Deficit spending**



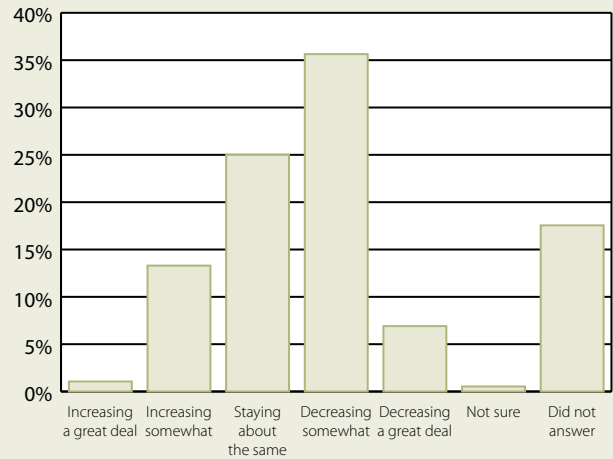
# Demand for Services

During the recession, more individuals are turning to nonprofits for help. Sixty-two percent of the organizations offering direct services to clients have experienced an increase in demand for services. But more than 40 percent have also experienced a decrease in charitable donations needed to support increased demand. Despite that “perfect storm”, organizations are remarkably optimistic they will be able to meet client demand in 2009.

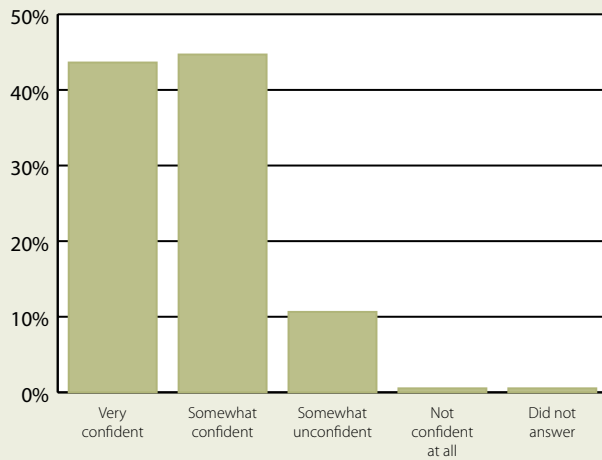
### Demand for services



### Giving to support increased demand



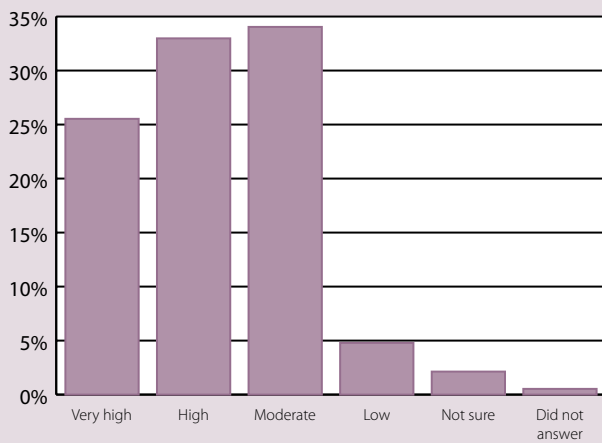
### Confident that organization can meet demand for services



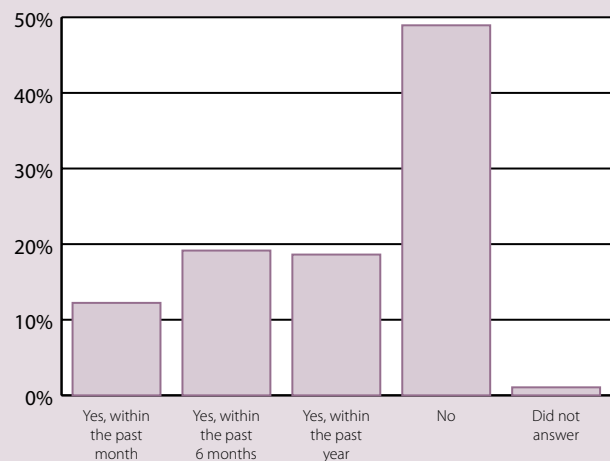
# Facing the future

If there is pessimism and concern about the present, nonprofits are more positive about the future. Most feel the long-term sustainability of their organizations is high. However, nonprofits are also looking at new ways they can continue to offer services, including collaboration with other nonprofits. Others are weighing options including mergers or closing. Four organizations say they plan to close by the end of 2010.

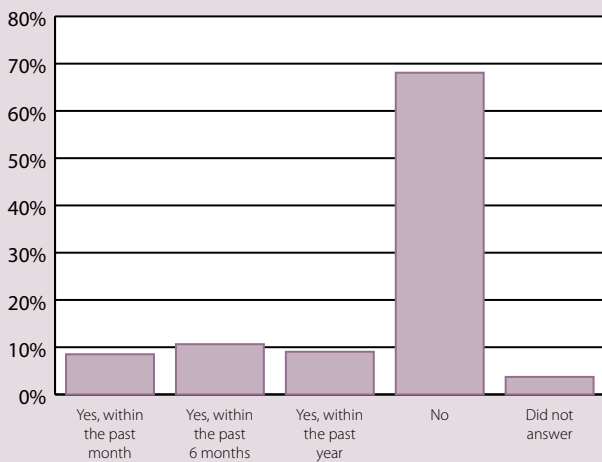
### Long-term sustainability for organization



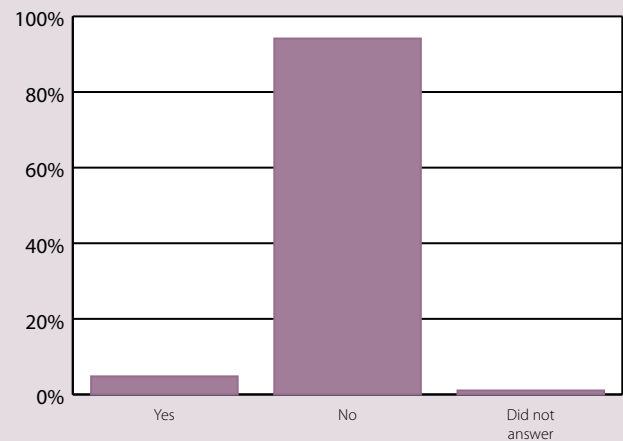
### Explored collaboration with another nonprofit, i.e. sharing accounting, IT or HR services



### Explored merging with another nonprofit



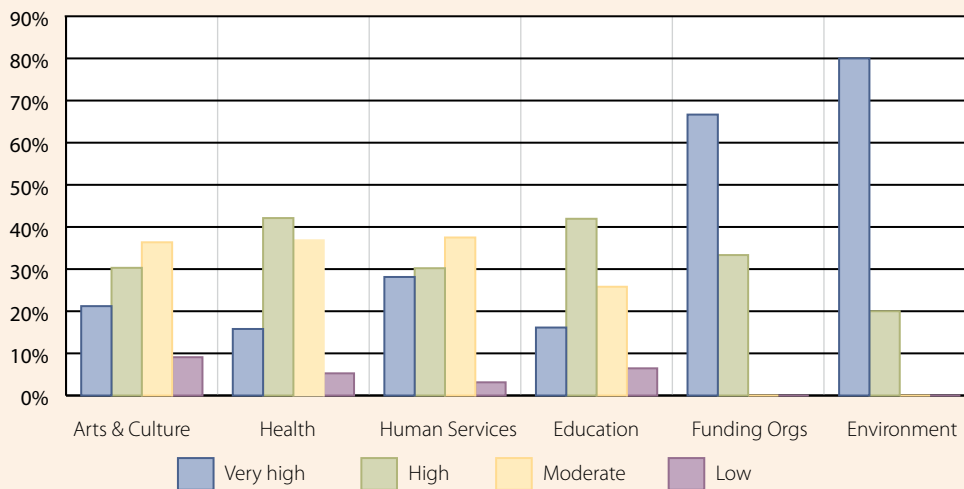
### Considered closing your organization



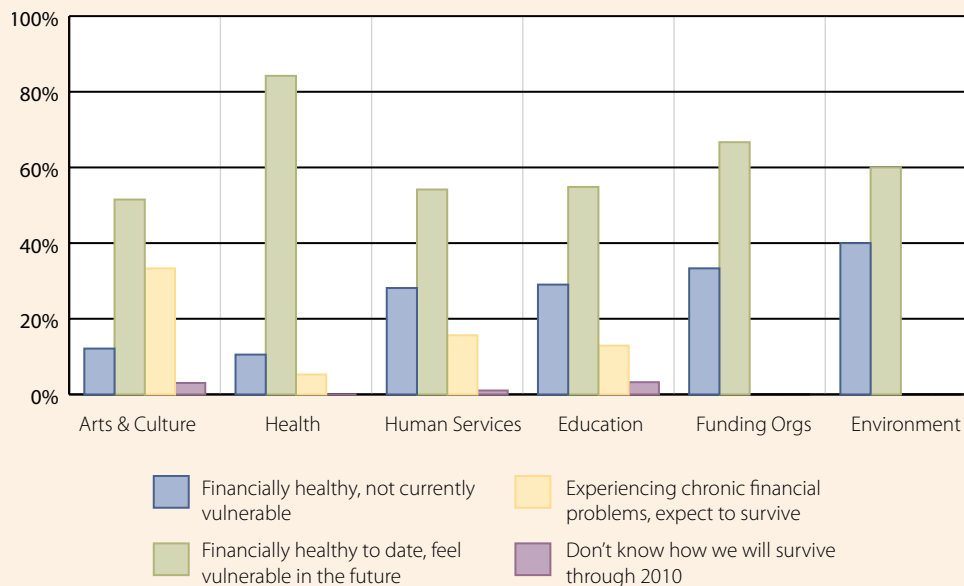
# Key sector findings

While generalities can be made about the state of charitable giving in the Milwaukee area, some sectors of the nonprofit community are faring worse than others. As a sector, arts and culture organizations are experiencing the most financial stress, with 9 percent saying their long-term sustainability is low and one-third describing their financial situation as “experiencing chronic financial problems,” though they expect to survive. Overall, environment and funding organizations are feeling less stress and are more stable.

**Sustainability by sector**



**Current financial health**



## About the Report Card on Charitable Giving

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The *Report Card on Charitable Giving* survey was distributed to 391 nonprofit arts and culture, education, environment, health, human services and funding organizations in metropolitan Milwaukee. The organizations sampled have a wide range of operating budgets. The data was collected from July 6 - 31. One hundred and eighty eight surveys were completed for a response rate of 48 percent. Over half of the organizations responding to the survey were from the human services sector. Eighty percent of the responding nonprofits service Milwaukee County. The *Report Card on Charitable Giving* is researched by the Public Policy Forum.

The Foundation is grateful to the nearly 60 organizations who participated in past reports as our bellwether organizations. Their willingness to share information provided an important snapshot on the state of charitable giving in Milwaukee for more than a decade. However, during this critical time for local organizations, the Foundation felt the number of organizations included in the survey needed to be expanded to ensure the community had a larger picture of the complex impact the economy is having on area nonprofits.

A copy of this executive summary can also be found on the website of the Greater Milwaukee Foundation, which publishes the *Report Card on Charitable Giving*. A full copy of the report can be found on the websites of the Foundation, Public Policy Forum, and our generous sponsoring organizations, Donors Forum of Wisconsin, The Faye McBeath Foundation, and United Way of Greater Milwaukee.

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