

2009
NONPROFIT EMPLOYMENT TRENDS SURVEY
Executive Summary

Nonprofit HR Solutions



Providing human resources solutions for the nonprofit community

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ABOUT THE SURVEY

The 2009 Nonprofit Employment Trends Survey is a national survey of nonprofit employment practices. This survey has been produced annually by Nonprofit HR Solutions since 2007.

In January 2009, Nonprofit HR Solutions invited over 3,000 nonprofit organizations from across the country to participate in a survey of employment trends within the sector. The survey focuses on four key areas:

- **Staff Size and Projected Growth**
- **Recruitment Strategies and Budgeting**
- **Staffing Challenges**
- **Staffing Resource Management**

With scarce statistical information being available on nonprofit human resources practices and trends, the collection of staffing, recruitment and retention data is an important step in identifying issues, concerns and opportunities for nonprofit organizations, funders, researchers, capacity builders and others to systematically address the current and emerging human resources needs of the sector.

This year’s survey included responses from over 250 organizations. We thank all respondents for their participation in this important survey. A partial list of participating organizations can be found in Appendix A of this report.

STAFF SIZE AND PROJECTED GROWTH

Questions in this area focused primarily on anticipated changes to organizational staffing in 2009, compared to 2008, due to hiring and position eliminations.

Staff Size – General

Survey respondents were asked about the change in their organization’s staff size from 2008 to 2009. Some 58.4% of respondents indicated that they anticipate no change in staff size in 2009 compared to 2008. Comparatively, 49.7% of respondents to the 2008 survey had anticipated no change in staff size compared with 2007.

The current state of the economy is evident in the change in responses from 2008 to 2009. As could be expected, a greater number of respondents in 2009 (22.3%), as compared to 2008 (13.7%), currently have a smaller staff than they did in the previous year. Additionally, only 19.3% of 2009 respondents have a larger staff than they did in 2008; compared to 36.5% of 2008 respondents that had a larger staff than they did in 2007. These results reflect a slow down in staff size growth of almost 15% from 2008 to 2009 and suggest that job growth and hiring in the nonprofit sector are being adversely impacted much like every other industry in the nation.

Survey participants were also asked about their intentions to add or eliminate positions in 2009, in addition to reducing staff size through attrition:

Staff Size and Projected Growth	2008	2009	Difference from '08 to '09
Organizations that intend to create new full-time positions	61.9%	41.6%	↓ 20.3%
Organizations that intend to downsize or layoff staff	7.6%	26.1%	↑ 18.5%
Organizations that intend to reduce staff through attrition	4.6%	17.6%	↑ 13.0%

The data reveal that new job growth is down by approximately 20% and position eliminations are up by almost the same percentage. The net effect of this two shifts in projected staff size growth reflect the creation of little to no new job growth among participating organizations.

Staff Size – Eliminations & Severance Options

Survey participants were asked about their intent to create, downsize, freeze and/or gradually reduce staff through attrition. The majority of respondents (58.1%) indicated that they will not create any new positions within their organizations in 2009. Conversely, roughly 26% of respondents indicated they will downsize or layoff staff in 2009. Only 7.6% of 2008 respondents indicated they would be downsizing or eliminating positions. In just one year, the number of organizations intending to take this action as a staffing strategy increased by over 18%.

The primary reason that organizations (53.9%) gave for eliminating positions in 2009 is **Overall Budget Shortfall**. This question was not asked in 2008.

With both individual giving and foundation grant making taking a downward turn, it is expected that budget shortfalls will continue to be the primary reason for position eliminations throughout 2009.

The 2009 survey also asked of the organizations that were planning on eliminating positions, whether or not they planned to offer any type of severance benefits. 62% responded 'Yes.' The top two forms of assistance being provided are references beyond basic verifications (62.1%) and extended healthcare benefits (55.2%) These results indicate organizations’ desire to assist downsized employees in some way, while also being mindful of cost effectiveness.

Turnover

Roughly 80% of 2009 respondents indicated that they expect their organization's turnover rate to be higher in 2009 than in 2008. The primary reason (64.8%) was voluntary terminations/resignations. Given current economic conditions and higher than normal unemployment rates, these statistics are revealing and suggest that, despite a crumbling economy, individuals continue to leave the sector at high rates.

Staff Size – Projected Growth

Of the organizations that anticipate job growth in 2009, the top three areas of growth include Direct Service (23.6%), Program Management/Support (20.3%) and Fundraising/Development (15.9%). When compared against 2008 survey data, some 31% of respondents anticipated that their largest job growth would be in the area of Program Management/Support in 2008. It should be noted that the category of Direct Services was not provided as an option in the 2008 survey. These findings correlate with what is expected to be an increased demand for the direct services provided by many nonprofits – counseling, housing assistance, food services, etc. – sought out by the general public during difficult economic times.

RECRUITMENT STRATEGIES AND BUDGETING

Questions in this area focused primarily on sources and strategies used by nonprofit organizations to staff positions and support programs. They also focused on recruitment/advertising budgets and how positions are funded.

Recruitment/Staffing Strategies

When asked about staffing strategies used by nonprofits to support new programs and initiatives, the numbers remained relatively consistent from 2008 to 2009, with the responses being within 10 percentage points.

For both years, the top three responses were as follows:

Staffing Strategies	2008	2009	Difference from '08 to '09
Use Current Staff	91.2%	89.7%	↓ 1.5%
Hire New Staff	68%	59.3%	↓ 8.7%
Contract with Consultants	44.2%	47.1%	↑ 2.9%

The biggest difference in results is an 8.7% drop in the anticipation of hiring new staff. The statistics in the Staff Size and Projected Growth section show that in 2009 nonprofit employers intend to do significantly less hiring and significantly more downsizing than in 2008. These results are consistent with that trend.

It should also be noted that survey respondents reported an expected increase in the use of consultants in 2009. This practice is consistent with what typically happens in the nonprofit sector when funding is tight and organizations are challenged with finding the resources to hire full and/or part-time staff.

Recruitment Advertising & Budgeting

A significant cost factor in recruiting is advertising. Often nonprofit organizations lack the necessary funds needed to commit to recruitment advertising. Roughly **57.4%** of respondents indicated that they spent \$5,000 or less on recruitment advertising in 2008, compared to **63.5%** in 2007. Some **19.1%** of respondents spent more than \$15,000 in 2008, compared to **10.5%** in 2007.

It is important to note that roughly 51.0% of 2009 survey respondents do not have a formal recruitment budget. Of those organizations that do have a recruitment budget (49%), only 5.7% expect to increase their budgets in 2009, 18.1% expect to decrease their recruitment budgets, and 25.2% expect their budgets to remain unchanged.

When asked whether or not their organization has a formal recruitment budget, **56.9%** of respondents in 2008 reported that they did not have one. The following represent anticipated changes in 2009 recruitment budgets contrasted against those from 2008:

Recruitment Budget	2008	2009	Difference from '08 to '09
Will increase compared to previous year	12.2%	5.9%	↓ 6.3%
Will decrease compared to previous year	3.9%	18.1%	↑ 14.2%
Will remain unchanged	27.1%	25%	↓ 2.1%

Responses to the question on recruitment advertising spending suggest that organizations are spending less of their available dollars in this area. This could be an important trend for those entities that provide print and online recruitment advertising services specifically to the nonprofit sector.

Referral Bonuses

In both the 2008 and 2009 surveys, the majority of respondents offer no form of referral bonus to employees as part of a recruiting strategy. Of those that do, an increased number of organizations, **13.3%** in 2008 and **24.5%** in 2009, reported that they offer referral bonuses as a way to attract and recruit talent. The average referral bonus paid by 2009 respondents is \$481, with most organizations offering bonuses ranging from \$250 to as much as \$1,000.

STAFFING CHALLENGES

Questions in this area address the challenges that nonprofit organizations face when it comes to staffing and recruitment.

Challenge #1 – Filling Positions

When asked how long it takes to fill certain positions, the data remained fairly consistent from 2008 to 2009, indicating that factors that are contributing to other changes in employment practices such as the economy and budget issues, may not be having significant impact on the time it takes to fill positions.

The table below shows the top responses in relation to how long it takes to fill positions. There were no significant changes in length of time to fill by position type from 2008 to 2009.

Type of Position	2008	2009	Difference from '08 to '09
Entry Level/Support	30-60 days 50%	30-60 days 46.8%	↓ 3.2%
Professional	30-60 days 41.6%	30-60 days 44.8%	↑ 3.2%
Management	60-90 days 37.6%	60-90 days 36.8%	↓ 0.8%
Executive	90+ days 46.6%	90+ days 43.3%	↓ 3.3%

Given the expected rise in unemployment levels across the country, it is a reasonable expectation that time-to-fill rates will continue to decrease as more and more workers at all levels find themselves among the ranks of the unemployed. Historically, periods of high unemployment have been seen as creating favorable opportunities for employers to access a larger pool of qualified candidates. We have no reason to believe this current economic climate will create any different set of circumstances for nonprofit employers. Accordingly, employers may experience fewer challenges with finding more qualified applicants more quickly than in recent years.

Challenge #2 – Hiring Qualified and Diverse Staff

Hiring qualified staff within limited budget constraints (30.0%) remained the number one response from 2008 to 2009 when organizations were asked about their greatest staffing challenge. Coming in second for both years was **Finding Qualified Staff (25.6%)**. The 2009 survey was the first to include responses on finding diverse candidates and balancing gender and age diversity. Approximately **11.1%** of respondents indicated that **Finding/Retaining Qualified Candidates of Color** was their greatest staffing challenge of 2008 followed by 9.2% of organizations saying that finding time to recruit and interview in conjunction with other duties was their greatest challenge. Despite increasing discussion among nonprofits about the challenges associated with age and gender diversity, only **1%** of respondents indicated a challenge of balancing gender diversity and only **1%** indicated a challenge of balancing age diversity.

STAFFING RESOURCE MANAGEMENT

One of the greatest challenges that nonprofit organizations face when it comes to staffing is the ability to allocate resources for that purpose. Often human resources departments are understaffed or simply nonexistent – particularly in the smallest of nonprofits (organizations with budgets of less than \$500,000). Important human resources functions such as staffing and recruitment are often performed by staff whose primary duties, and assumingly experience, are not HR related.

Resource Allocation – Time

Among survey participants, **73.1%** of 2009 respondents indicated that they spend less than 20% of their time on a weekly basis on employment/recruiting issues. In 2008, this number was **76.3%**. The fact that human resource professionals (or those professionals charged with performing human resources duties along with their regular duties) spend so little time on

employment/recruiting related issues despite the fact that human resources related expenses (namely salaries and benefits) often represent the largest, if not one of the largest budget expenses for most organizations, may explain the number of growing employment related concerns affecting the sector such as job dissatisfaction, burnout, and disillusionment among young nonprofit professionals about potential career growth opportunities. This trend may also be a reflection of what appears to be the relatively low priority that human resources management is given among many nonprofit organizations especially when compared with other support functions such as finance, marketing and development.

When asked about the use of third-party vendors to assist with recruitment needs, 35.7% of 2009 respondents and 46.8% of 2008 respondents indicated that they do not use third parties for staffing needs. Of the organizations that use third-party vendors for staffing, the top decision-making factor for 2009 was **Knowledge of Your Organization/Field (22.8%)** followed very closely by **Price/Placement Fees (22.3%)**. For 2008, **Price/Placement Fees** was the top decision-making factor (19.7%). Knowledge of the nonprofit sector jumped drastically from 11% in 2008 to 22.8% in 2009 among those organizations listing it as a key decision-making factor. This represents an interesting increase in demand for specialized, nonprofit-focused service for those organizations that service the sector’s employment needs.

Resource Allocation – Staff

When asked who in the organization oversees the hiring process, the top response for both 2008 and 2009 was the **Director of Human Resources/Administration**. The second most common response for both years was the **Executive Director**. With senior level executives being the primary decision makers when it comes to hiring, it comes as no surprise that only 20% of these individuals’ time is being spent on employment/recruiting per week. These individuals are often managing competing and important priorities that pull on their time and available resources.

Equally as interesting, over 35% of respondents in both 2008 and 2009 reported that their organization’s staffing/human resources function is managed by a **Staff Member Who Manages Staffing/HR in Addition to Other Functions**. Comparatively, 29% of respondents in 2009 and 21.4% in 2008 report having a **Staff Member Dedicated Exclusively to Managing Staffing/Human Resources**.

Staffing/HR Function Management	2008	2009	Difference from '08 to '09
Staff Member Manages in Addition to Other Functions	37.0%	36.8%	↓ 0.2%
Dedicated Staff Member	21.4%	29.0%	↑ 7.6%
Shared Between Two or More Staff	23.1%	18.7%	↓ 4.4%

While it is encouraging to see an increase from 2008 to 2009 in organizations with a staff member dedicated to human resources, it is our conclusion that the HR function continues to be understaffed and under-resourced across the vast majority of organizations within the sector. The impact of this under-capacity has not been explored as part of this survey but certainly warrants further discussion and attention by organizations and their leadership.

CONCLUSION

In many cases, responses to the 2009 Nonprofit Employment Trends Survey mirrored the current state of the economy and the state employment climate across all industries. Nonprofit organizations, like nearly every other employer type, anticipate less hiring and more downsizing in 2009. Appropriate resource allocation for staffing and human resources lags when compared against its proportion in most organizational budgets. Interestingly, while workforce diversity within the nonprofit sector remains an important issue, the majority of survey respondents did not consider it a major challenge. With the exception of questions regarding adding and eliminating positions, most responses remained relatively consistent from 2008 to 2009.

Nonprofit HR Solutions will continue to conduct the Nonprofit Employment Trends survey annually in an effort to track important changes in employment trends within the sector. Results will be made available at www.nonprofithr.com.

Questions regarding this survey may be directed to Nonprofit HR Solutions at (202) 785-2060 or via email at info@nonprofithr.com.

Special thanks goes to all participating organizations in this year's survey and to our staff, Ruth Kim and Tamara Rasberry.

ABOUT NONPROFIT HR SOLUTIONS

Human Resources Management Consulting & Outsourcing

Nonprofit HR Solutions is a full-service human resources consulting firm based in Washington, DC. Since 2000, the firm has worked exclusively with the nonprofit sector, generating results for organizations supporting advocacy, health and human services, arts and culture, education, the environment, faith-based missions and more.

Staffing & Executive Search

Nonprofit Staffing Solutions, a division of Nonprofit HR Solutions, is a specialty staffing firm based in Metropolitan Washington, DC. We focus exclusively on providing mission-driven talent and smart staffing solutions to meet the executive recruiting, temporary and direct hire staffing needs of nonprofit organizations across the nation.

Human Resources Education

In an effort to strengthen the capacity of the national nonprofit human resources community, Nonprofit HR Solutions host the Annual Nonprofit Human Resources Conference. This event brings together nonprofit human resources practitioners, executives, thought leaders and researchers to discuss human resources issues of critical importance to the nonprofit sector. The 2009 Conference takes place in Washington, DC, October 4-6 at the Renaissance M Street Hotel. Please visit our website at www.nonprofithr.com/2009HRConference.html for detailed information.

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Appendix A

Partial List of 2009 Nonprofit Employment Trends Survey Participating Organizations (in alphabetical order)

ACCCE

American Association of Colleges of Osteopathic Medicine

American College of Cardiology

American Humanics

American Society of Hematology

ASCD

Black Alliance for Educational Options

Camp Fire USA

Center for Applied Research and Technical Assistance

Center for International Private Enterprise

Center for Nonprofit Management

Center for Resource Solutions

Children's Choice

Christian Appalachian Project

Communities In Schools

Community Council of Greater Dallas

Community Health Services of Mecklenburg County, Inc.

Congressional Hispanic Leadership Institute

Consortium for Ocean Leadership

Craigslist Foundation

CSCMP

E4C - Edmonton City Centre Church Corporation

Environmental Law Institute

Erie Family Health Center

Friends of Guest House

Girl Scouts of the USA

Habitat for Humanity Central Arizona

Hospice of the Valley

Human Services Center Corporation

Institute for America's Future

International Trademark Association (INTA)

Ka Hale Pomaika'i, Inc.

Keystone Hospice

Lutheran Social Services of Illinois

Make-A-Wish Foundation of Illinois
Melco ind
Metro United Way, Inc.
Michigan Tech Fund
NATIONAL 4-H COUNCIL
National Aphasia Association
National Center for Appropriate Technology
National Center for Missing & Exploited Children
Neuse River Community Development Corporation, Inc.
Nonprofit Enterprise Center El Paso, Texas
Northwest Leadership Foundation
Ocean Conservancy
Oceana
Outdoor Power Equipment Institute, Inc.
Pathways-VA
SIECUS
St. Baldrick's Foundation
St. Luke's Eldercare Solutions of Central CT
St. Michael's School and Nursery, Inc.
TASC
The Human Services Council (HSC)
The Olalla Center for Children and Families
The Optical Society
The Resurrection Project
The Trust for Public Land
United Communities Against Poverty (UCAP)
United Way of America
United Way of Metropolitan Chicago
University of Maryland, College Park
Women's Voices for the Earth
YMCA of Greater Rochester

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