Report: Some improvements for state’s nonprofits over the past year, but key challenges remain

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The state’s nonprofit organizations have experienced improvements in their circumstances since the worst of the pandemic in 2020, but a number of significant challenges persist, according to a new report by the New Jersey Center for Nonprofits. New Jersey Non-Profits: Trends and Outlook 2022, the Center’s annual survey of the nonprofit community, shows that nonprofits are still contending with gaps between demand and funding, the impact of COVID-19, the economy, and ongoing racial inequities, all factors that affect their ability to address continually escalating community needs. The results were presented at a web briefing, The State of the New Jersey Nonprofit Community, on May 3, 2022.

- Demands for services and rising expenses are still outpacing funding – a longstanding problem with deep ramifications for delivery of programs and services in our communities. While 61% survey respondents reported that demand for their services had grown in the past year, only 48% said their funding had increased. Even more troubling, fully 80% anticipated that demand would rise in 2022 and 79% expected expenses to increase, but only 55% anticipated growth in funding.
- Nonprofits are struggling with significant workforce shortages that threaten their ability to meet community needs. More than half (56%) of nonprofits with employees reported that they had staff shortages, with an average vacancy rate of 21%. Nonprofits attributed the difficulty in filling vacancies to budget constraints that prevent more competitive compensation, and with competition from employers in other sectors.
- Nonprofits also weighed in with their observations about the funding practices of their philanthropic partners, revealing significant opportunities to improve these vital relationships.
- Ongoing racial inequities and the disparate impact of the pandemic and its economic fallout mean that incorporating diversity and equity as a permanent and intentional part of all aspects of nonprofit work remains critically important.

Nonprofits regard their own overall circumstances much more positively compared to the same time in 2021, during the height of the pandemic. More than 60% said that their organizations’ situations were better than one year ago while only 13% said that they were worse. By comparison, in the Center’s 2021 survey, nearly 40% said their situations were worse than the year before and only 29% said they were
better. Their outlook for 2022 was also hopeful, with 63% predicting their situation would be better one year from now, although a significant number remained uncertain about their prospects. “There’s definitely encouraging news in the survey compared with a year ago, but we still have a long road ahead,” commented Linda Czipo, President & CEO of the New Jersey Center for Nonprofits. “A lot of longstanding stressors that were exacerbated by the pandemic are still present, and we need to address them.”

The pandemic has continued to alter how many nonprofits do their work, with 70% of organizations reporting that at least some of their programs or operations were being conducted on a hybrid basis, some virtual and some in person. Slightly more than half (56%) reported that they had either resumed a major event in person that had been conducted virtually, or that they intended to do so this year.

The survey revealed a number of key issues that respondents identified as most important to their own organizations and to the nonprofit community overall. These included financial and funding considerations, strengthening boards, the ability to afford qualified staff, and advancing diversity, equity and inclusion.

“The past two years have shown clearly how indispensable the work of nonprofits is,” commented Czipo. “If we’re going to assure a strong recovery for everyone, we need nonprofits to be supported so they can be there for the people and causes that are counting on them.”

The Center has conducted this survey annually since 2001. It tracks prior year funding and expenses, outlook for the coming year and actions taken by nonprofits to address trends. The 2022 report is based on responses from 225 New Jersey 501(c)(3) organizations between February 25 through March 14.

Support for the New Jersey Nonprofits: Trends and Outlook 2022 survey was provided by SobelCo and Bryn Mawr Trust. The May 3 web briefing, the State of New Jersey’s Nonprofit Community, can be viewed on YouTube.

The New Jersey Center for Nonprofits is the statewide network, champion and go-to resource for and about New Jersey’s nonprofit community. Founded in 1982, the Center exists to build the power of New Jersey’s nonprofit community to improve the quality of life for all people of our state. The Center provides professional education, advocacy, resources, training and information to strengthen nonprofits and help them thrive in pursuit of their charitable work. The Center is a New Jersey nonprofit organization and a 501(c)(3) publicly supported charity. For more information, visit njnonprofits.org.

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