



## Survey: Persistent gap between rising demand, lagging resources creates challenges for state's nonprofits

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A persistent gap between rising demand for services and lagging resources, continuing workforce shortages, and prolonged racial inequities continue to pose challenges to nonprofits in the face of continually escalating community needs, according to a [new report](#) by the [New Jersey Center for Nonprofits](#). [New Jersey Nonprofits: Trends and Outlook 2024](#), the Center's annual survey of the nonprofit community, shows that economic uncertainty, a tight labor market, tightening funding streams are among the top concerns nonprofits are navigating. New Jersey's 41,000 charitable nonprofits are a major part of the economy, employing nearly 10% of the state's private workforce.

The survey results were presented at a web briefing, "The State of the New Jersey Nonprofit Community," on March 6, 2024. Among the major findings:

- **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. Three-quarters (76%) of surveyed nonprofits reported that demand for services rose in 2023, but only 44% said that their funding increased in the same period. Similarly, 79% expect demand for their services will rise in 2024 and 72% are projecting increased expenses, but only half (49%) expect that their funding will increase.
- Nonprofits are still experiencing **significant workforce shortages**, which could hamper their ability to meet community needs. Half (50%) of nonprofits with employees reported that they had staff shortages, with an average vacancy rate of 20%. Difficulty offering competitive compensation due to budget constraints or insufficient funding; competition for employment; and worker shortages in specific professions or industries were all cited as obstacles to filling vacancies.
- Advancing **diversity, equity, inclusion and belonging** as a permanent and intentional priority of all aspects of nonprofit work remains critically important. Nonprofits that primarily served communities of color were more likely to be engaged in front-line services such as human services and health, where rising demand for services and increasing expenses are especially acute. Of potential concern, in the 2024 survey other issues surpassed diversity and equity-related topics among respondents' top 5 concerns for their own organizations or the nonprofit community overall, though there are a number of possible reasons for the shift.

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- Fifty-six percent of respondents said that their organizations' overall circumstances were better than one year ago, while 14% said that they were worse. Looking ahead to 2024, 54% predicted their situation would be better one year from now. Only 3% felt their circumstances would be worse, 13% predicted little change, and the remainder were uncertain about their prospects.

"This report echoes some long familiar themes in terms of the persistent challenges of meeting rising needs with insufficient resources," noted Linda Czipo, President & CEO of the New Jersey Center for Nonprofits. "New Jersey's nonprofits are a backbone of strong and thriving communities for everyone, and we need to channel the resources and enact public policies to make it easier for them to do their essential work."

Czipo cited tax incentives for people who donate to charity as one policy change that would provide immediate relief. Under current federal law, charitable gifts are only tax deductible to the approximately 12% of taxpayers who itemize on their federal returns. A modest deduction for non-itemizers was passed by Congress as part of pandemic relief legislation, but the deduction expired at the end of 2021. New Jersey does not have a state-level income tax deduction for charitable donations, although legislation to create one has been introduced numerous times. The report also highlighted the need to simplify procedures in government grants and contracts, which was identified as one of the top five concerns for the nonprofit sector by survey respondents.

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 2024 report is based on responses from 198 New Jersey 501(c)(3) organizations between January 23 and February 12.

Support for the [New Jersey Nonprofits: Trends and Outlook 2024](#) report was provided by CLA (CliftonLarsonAllen LLP) and Lamb Insurance Services.

*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](http://njnonprofits.org).*

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