



## Recession Survey Results

Maryland ABCD Network -- Baltimore City Committee  
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### Introduction

In April and May, the Maryland ABCD Network sent a Recession Survey via Constant Contact to nonprofit community development organizations in Baltimore City. Twenty-eight organizations responded, ranging from small and medium-sized community-based nonprofits to larger city-wide entities. These organizations provide a wide range of services to families and neighborhoods in Baltimore, including neighborhood revitalization, affordable homeownership and rental housing, economic development, housing and financial counseling, community organizing, and human services.

### Findings

#### Decline in operating budgets

50% of the organizations experienced a decline in their operating budgets. Almost a quarter (21.4%) of respondents reporting a decline of between 25-50%. A reduction in foundation funds is the major cause of this decline: 74.9% of the groups reported a decrease in foundation funds.

These were not minor decreases. Nearly a third (32%) of the groups reported a fall in foundation funding of under 25%. A quarter (25%) of the groups reported a fall in foundation funding of 25-50%, and 7% of the groups reported a fall in foundation funding of over 50%. For 39% of the nonprofits, government funding also has fallen.

Next year may be worse because of continued cuts in foundation funding. One comment indicated, "We are expecting a 30% reduction from our foundation sources but are hoping our government sources will hold steady." Another expected deeper cuts: "We are anticipating a 30-40% reduction in foundation funding and have already had a small reduction in government funding."

#### Impact of recession

Almost a third (32%) of the groups have laid off staff. 10% have laid off a part-time person, while 21% have laid off one, two, or three full-time employees. The comments indicate that some groups are cutting pay instead of, or in addition to, laying off staff. One reported: "One layoff, one  $\frac{3}{4}$  position vacant, 10% pay cut across the board, 20% pay cut for Executive Director". Others are reducing non-salary expenses and anticipating staffing reductions

About two-thirds of the organizations (67%) report a small (35%) or major (32%) increase in need for the programs they provide. One owner of affordable housing reports that “we are experiencing some increase in vacancy rates as more families are unable to afford even our deeply subsidized rents and move out to live with others. Re-leasing is slower than normal because so much of our target market is unemployed and not making moves.” In short, “the peoples’ needs are being amplified and we cannot assist as many.”

Of the groups that depend on bank financing (16 total), 69% can still obtain financing, while 31% need financing but no longer find it available.

### Looking ahead

When asked if they have considered the possibility that some organizations will not survive the next 12-18 months, and how to preserve their organization and/or services, a substantial majority (71.2%) reported exploring:

- Major changes in budget and services 28.5%
- Shared services with other organizations 21.4%
- Mergers with other organizations 7.1%
- Other changes 14.2%

The comments from this section shed light on how hard groups are working to adapt:

“We have cut the budget, increased fundraising, established a secured line of credit, and rented out part of our office building. We have nurtured collaborative arrangements with groups that offer different services in the neighborhoods where we work.”

“Looking at a number of options: reduced services; higher case loads, more innovative funding sources, collaborations, etc.”

“We will survive, but we may be much smaller”

“We are updating our strategic plan and looking at budget, staffing, programs, everything.”

### Conclusion

The results indicate that a substantial number of organizations are having difficulties retaining staff and maintaining programs, and that many are considering reconfiguring their programs and organizations in order to survive. The nonprofit community development sector in Baltimore is not in free fall, but it is facing significant reductions in funding, which will reduce the services that a number of organizations can provide. If not addressed, the loss of nonprofit capacity will hurt community development projects currently in the pipeline, and have a long-term negative impact on families and neighborhoods in Baltimore.

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