



About this Report

Findings in this report are based on telephone interviews with roughly 100 executives from social service nonprofit organizations located in suburban Chicago, Los Angeles, and Washington, D.C. completed in July and August 2009. These interviews are part of a broader study supported by the Metropolitan Policy Program at the Brookings Institution and the School of Social Service Administration at the University of Chicago.

Please visit www.scottwallard.com, for more information about this study and related research products. If you have any questions regarding this report or survey project, please contact Professor Scott W. Allard at the University of Chicago's School of Social Service Administration by email at: sallard@uchicago.edu.

Figure 1. Hard Times for Suburban Nonprofit Service Providers

Experienced decrease in key revenue source in past fiscal year	44 %
Referred out a larger share of clients to other service providers	55 %
Expanded waitlists	47 %
More frequently have to prioritize clients by level of need	42 %

Suburbs in Need: Challenges for Nonprofits & Communities

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Summary. The current economic recession presents many challenges for the nonprofit human service sector. Not only has demand for assistance increased at a time when funding for programs is in decline, but the types of individuals seeking assistance are different from past recessions. While we tend to think of rising need as a central city phenomenon, there is evidence that poverty is rising in many outer-urban and suburban communities. Below we briefly discuss some prominent findings from interviews with executives from suburban nonprofit service organizations, which indicate the profound impact the recession is having on suburban safety nets.

Recession taking toll on suburban nonprofit organizations

To a greater degree than other recent economic recessions, the current downturn has hit suburban communities particularly hard. A recent report by the Brookings Institution shows there are nearly twice as many unemployed Americans living in suburbs as in cities. Similarly, food stamp caseloads have increased at a much faster rate in suburban areas than in urban centers.¹

In most suburban communities, people in need are turning to nonprofit organizations for help

with a wide range of needs: temporary assistance with bills; food; job search assistance; help finding affordable housing; child care. Nonprofit service providers are playing a critical role in helping working poor suburban families cope with the impact of the recession.

Not surprisingly, many suburban nonprofit service organizations report significant increases in need and in the number of families seeking help for the first time from the safety net. For example, our in-depth interviews with roughly 100 nonprofit service providers located in the suburbs of Chicago, Los Angeles, and Washington, D.C. this



The average suburban nonprofit interviewed reports a 70% increase in demand compared to 1 year ago.

“We’re seeing middle class clients who are not used to seeking services. We’re seeing people who used to be donors who are no longer able to give and are now seeking help.”

- Executive Director, multi-service agency

Nonprofit service providers play a critical role in many suburban communities today, helping working poor families make ends meet.

summer indicate that the typical nonprofit has seen a about a 70 percent increase in demand for assistance compared to a year ago.

Increased demand for services has coincided with decreases in funding for many nonprofits — 44 percent of our survey respondents reported a dip in funding over the last fiscal year (see Figure 1). Less funding and heightened demand for help has translated into expanded client waitlists for many nonprofits — not necessarily more people served. As one respondent explained, “this is why client numbers remain same — more people are seeking services, but we can only help a certain number.”

Some nonprofits see opportunity to expand mission

Although the downturn has hurt many nonprofit organizations, some see the current environment as offering opportunity to expand mission and operations. Several suburban nonprofit executives reported moving into new program areas or niches, often filling a vacuum left by other nonprofits forced to curtail service delivery. Many nonprofits reported that federal stimulus money offered opportunities to pursue program in important areas of need, such as foreclosure and homelessness prevention, where previously little assistance had been available. Other organizations are redirecting funds into areas of emerging need or that align with shifting emphasis in public and private funding streams.

Smaller nonprofit providers can fare well

Moreover, even though we typically assume that smaller nonprofits fare worst in economic recessions when government programs and private giving decline, we found evidence that some small nonprofit organizations believe themselves to be in advantageous positions compared to some of their larger counterparts. Low overhead expenses allow smaller nonprofits to navigate uncertain funding environments more nimbly than organizations with larger fixed operating costs. Smaller nonprofits also believe they have an easier time developing speedy entrepreneurial responses to shifting need in their communities and changes in funding streams.



Despite signs of recovery, about 80% of suburban nonprofits interviewed expect funding cuts in the coming year.

Tougher Times Expected Ahead

Despite signs of economic recovery, many suburban nonprofit providers anticipate difficult times in the year ahead. About 80 percent of nonprofits interviewed expect funding from government sources, charitable philanthropies, and private donors to decrease in the coming year. Most expect demand for assistance, however, to remain steady or increase. As a result, nonprofits are anticipating having to take any number of steps to respond to these pressures and stretch resources. More than half the suburban nonprofits interviewed expect to increase the rate of referring out clients, while more than 80 percent plan to seek new collaborative relationships with other service providers (see Figure 2). But there are limits to what can be done. According to one director, “the only thing we can cut this year is salaries . . . all non-salary overhead and operating costs have been stripped to the bone.”

Figure 2. Actions Nonprofits Are Considering in the Coming Year

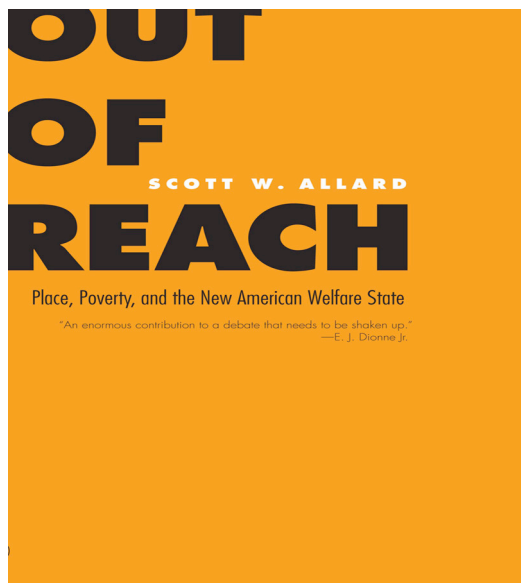
Referring out a larger share of clients in the coming year	57 %
Expanding waitlists	41 %
More frequently prioritize clients by level of need	51 %
Searching for new service collaborations	82 %
Finding ways to reduce operating costs	44 %

Finding Creative Survival Strategies

Despite the challenges posed by the recession and budget cuts, many of the suburban nonprofits interviewed are finding creative ways to meet the needs of clients and employees:

- **Making resources stretch.** One community-based agency is providing group mentoring for clients rather than individual mentoring. Others are reallocating resources to keep as many programs in operation as possible.
- **Recruiting more volunteers.** Some service providers are attempting to recruit volunteers and train them to do the work that was previously the domain of paid employees. Others are redesigning their volunteer training programs to better equip new volunteers, or seeking out recently-unemployed professionals who are willing to volunteer their expertise.
- **Seeking new funding sources.** Several nonprofits reported pursuing new revenue streams. For some this meant starting a new social enterprise or a fee-based program, such as a market-rate daycare center. For others it meant investing more time and energy into private fundraising activities. Many nonprofits also indicate they will redouble efforts to bring in federal stimulus dollars, government contracts, and foundation grants in the coming year.

¹ Kneebone, Elizabeth and Emily Garr. 2009. “The Landscape of Recession: Unemployment and Safety Net Services Across Urban and Suburban America.” The Brookings Institution, Metropolitan Policy Program.



About Scott W. Allard

Professor Scott W. Allard is an Associate Professor at the University of Chicago's School of Social Service Administration, where his work revolves around issues of poverty, place, and social policy in the United States. He has written extensively on antipoverty policy, place, and nonprofit organizations. His recent book, *Out of Reach: Place, Poverty, and the New American Welfare State* (Yale University Press, 2009) explores the realities of safety net assistance in the U.S. and the role played by nonprofit service organizations in the delivery of assistance to the

poor. He received his Ph.D. in Political Science from the University of Michigan in 1999. Professor Allard is an affiliate of the National Poverty Center at the University of Michigan, an affiliate of the Institute for Research on Poverty at the University of Wisconsin-Madison, and an affiliate of the Rural Poverty Research Center at Oregon State University. Previously, Professor Allard has held faculty appointments in the Department of Public Administration at the Maxwell School of Citizenship and Public Affairs at Syracuse University and the Departments of Political Science and Public Policy at Brown University.

Order information for *Out of Reach: Place, Poverty, and the New American Welfare State* can be found at Amazon.com or

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