

2009

2010



# Regional Consumer Confidence Index

The Greater Washington Board of Trade's Consumer Confidence Index, based on the Consumer Confidence Survey, indicates the degree of optimism on the state of the local economy that consumers are expressing through their perceptions about the economy and personal spending. This value is adjusted periodically on the basis of a household survey of consumers' opinions.

Consumer spending accounts for roughly two-thirds of our economy. When consumers are reluctant to spend, the economy is affected and when they open their pocket books, the economy moves. Many analysts believe consumer confidence is one of the most important economic predictors.

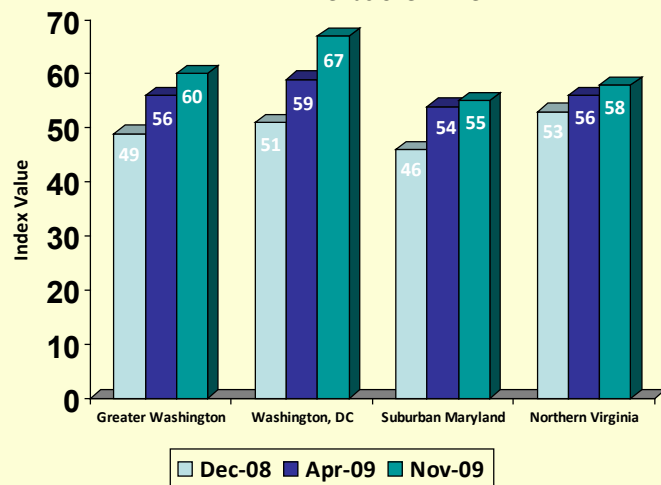
The Greater Washington region's Consumer Confidence Index increased 4 points between April 2009 and November 2009, rising from 56 to 60 points.

Washington, DC experienced the biggest rise from April to November (8 points).

Since December 2008, the region's Consumer Confidence Index has increased by 11 points, from 49 to 60.

Washington, DC's consumer confidence jumped 16 points since last December, while Suburban

Consumer Confidence Index  
Trends over Time



Maryland increased by 9 points and Northern Virginia increased by 5 points.

For a point of comparison, the Conference Board's national Consumer Confidence Index was 39 points in December 2008, 41 points in April 2009 and 48 in October 2009.

The Consumer Confidence Index is conducted for the Board of Trade by Clarus Research Group, a Washington-based research firm, and made possible through the sponsorship of Tatum LLC, a leading professional services company supporting the Office of the CFO. For more information, visit [www.boardoftrade.org](http://www.boardoftrade.org).

*According to a September 29, 2009 Washington Post article, Whole Foods to Food Banks: The New Needy, Fairfax found in a recent survey of 89 churches and nonprofit organizations that 32,044 households received food assistance in the last quarter of 2008, a 39 percent increase from the previous year's fourth quarter. Almost half of the respondents reported helping families that had never asked for aid before -- many of them former middle-class residents now unemployed or facing foreclosure.*

*In Montgomery County, Manna gave away 3.1 million pounds of food to 102,519 residents last fiscal year, up from 2.1 million pounds the year before. And, Loudoun Interfaith Relief, which served 56,000 residents last year, now gives food to 100 new families a week. Increasingly, Interfaith volunteers from some of Loudoun's most affluent neighborhoods find themselves packing boxes for their friends and neighbors.*

# 2009 - Doing More With Less

Almost everyone has been hit by the weak economy. Some are doing more with less, but many are simply doing with less.

The Metropolitan Washington Council of Governments reports that while the area overall remains an enviable and economically resilient region, local governments are being squeezed on almost all revenue that fuels government. Local tax revenue from commercial and residential real estate, personal and corporate income and retail sales as well as transfers from federal and state government, have all fallen. As a result, all local governments describe freezing employee wages, furloughing or laying off staff and cutting funding for many programs and services residents have come to expect, including education and public safety --two areas often viewed as untouchable.

Similarly, while acknowledging that the erosion of assets and charitable giving has slowed, Washington Grantmakers reports that 65% of private and corporate foundations still experienced a decline in assets in 2009 as compared to 86% that reported a decline in 2008.

More than half of the respondents to the Washington Grantmakers 2009 survey said their grant-making budgets for 2009 also declined. (This is consistent with an earlier survey in which 48% anticipated reducing grants budgets.) Twenty percent of 2009 survey respondents reported their grants decreased 5% and 27% said their grants budgets actually increased by up to 15%.

Almost 80% of area grantmakers also reported making internal cutbacks. For example, in the past year, more than 40% reduced their operating budget, more than 30% froze staff salaries and 28% laid off staff. Some grantmakers reported achieving efficiencies by consolidating operations or moving to less expensive office space.

The Community Foundation for the National Capital Region - the region's largest funder of

*“Community serving non-profits have not been held harmless as local governments trim their budgets. For example, the District of Columbia eliminated or significantly cut targeted grants to many organizations in the revised FY 2010 budget. Several suburban governments have curtailed funds for nonprofits....even grant dollars that go through a competitive review process have been reduced and stretched to try to meet increased service demands.”*

*- David Robertson  
Executive Director  
Metropolitan Washington  
Council of Governments*

*The Meyer Foundation announced a new collaborative partnership with the Consumer Health Foundation, the leading health funder in the Greater Washington region. The foundations have worked closely together for nearly a decade, and there is considerable overlap in funding priorities and grantees. So, beginning 2010, the Consumer Health Foundation will manage the application and grant review process for Meyer's health and mental health grants.*

*One reason for the change is Meyer's program staff is smaller because of the economic downturn. This collaboration allows Meyer to benefit from the knowledge and expertise of the Consumer Health Foundation without expanding staff.*

nonprofits - also has been hurt by the recession. Assets fell \$71 million from \$383 million to \$312 million in FY 2009. Recently, The Foundation regained \$26 million of those losses, with assets climbing back to \$339 million. Fortunately, grants held steady in FY 2009 with \$88 million awarded by the Foundation and its donors as compared to \$91 million in the previous year. But giving so far this year is down significantly, donors are putting less into existing funds and fewer new donors are coming on board.

Local foundations are typically timely barometers of community needs. In the fall of 2008, The Community Foundation launched the Neighbors in Need Fund to address some of the most pressing challenges facing the region during the current economic crisis. Requests from safety-net providers to the Fund recently reached \$8.4 million, more than two and a half times the \$3.2 million contributed to date. Citing the greatest need for emergency services seen in its 36-year history, the Foundation recently announced an urgent campaign to raise an additional \$2 million for the Fund, which has so far made grants to 60 nonprofit groups across the

region for food, shelter, clothing, emergency financial assistance and foreclosure prevention. The Neighbors in Need Fund is also investing in efforts to strengthen the safety-net infrastructure and system through which safety-net services are provided.

Similarly, funding requests to the United Way of the National Capital Area doubled in 2009, reaching \$20 million for the \$3.9 million available for distribution to organizations. And, more than half of area foundations report that grant requests increased moderately or dramatically in 2009 as compared to last year when 81% reported they received more funding requests than in the previous year.

Respondents to Washington Grantmakers' September 2009 survey stated that half of all requests for grant support reflect the difficult financial environment in which nonprofits are operating. Almost 60% received proposals from groups that have never before approached them; 55% received proposals for general operating support; and nearly 50% received requests for emergency or gap funding. 7% had been approached for assistance with exploring consolidations or mergers.

*"The recession has hit us in literally every program area. In the past year, due to cuts in government and private funding and donations, SEED reduced the hours of operation for its food distribution center from three days a week to one, while seeing an increase in clients, especially those facing foreclosure."*

*- Sowing Empowerment  
& Economic Development, Inc.*

*"Our ability to raise funds to continue providing our students with resources to serve them in the way that has made HDSF so impactful and special has declined drastically in this particular economic climate."*

*- Susie Kay  
Hoop Dreams Scholarship Fund*

*Hoop Dreams Scholarship Fund closed Oct. 1, 2009 after providing academic and career support to more than 1000 students.*

*"Starting April 1, 2009, staff salaries will be reduced by 10% and management salaries by 12%; client services will be discontinued on Fridays."*

*- Bread for the City blog, March 6, 2009*

*The mission of Bread for the City is to provide vulnerable residents of Washington, DC, with comprehensive services, including food, clothing, medical care, and legal and social services, in an atmosphere of dignity and respect.*

According to the most recent surveys of The Non-profit Roundtable, the Center for Nonprofit Advancement and United Way of the National Capital Area, front line service providers are anticipating another very difficult, if not precarious, year for their organizations and the people they serve. Just over half of survey respondents are concerned about funding from foundations and half are worried about individual giving. Fundraiser attendance is down, corporate sponsorships are down and individual giving is at an all-time low. Although many groups are intensifying outreach to individuals, they are aware that high unemployment and strains on personal budgets will hamper donor retention and prospecting. Many are also seeing reductions in corporate volunteerism, event sponsorship and in-kind donations. One-third of local nonprofits are most concerned with maintaining and obtaining funding from the business community.

Assuming flat or shrinking resources, area safety-net groups are bracing for growing demand for services -especially in the areas of food, shelter, utility assistance, and employment training. More than three-quarters of survey respondents anticipate an increase in demand for services through the end of the 2009.

At the same time, nonprofits are exploring additional ways to reduce costs, preserve existing streams of revenue and/or create new partnerships and mergers. Seventeen percent said they anticipate reducing staff size, 44% said they expect to freeze salaries, 27% will freeze programs, 23% will freeze hiring, 7% will cut salaries, and 11% will close down or suspend programs.

Area organizations are also considering adopting additional cost-cutting measures including amending employee benefits, suspending employer

*“With an estimated 7 million more homes going into foreclosure, the faces of those losing a place to live is drastically changing. This rotten economy is pushing families down the social ladder.”*

*The Faces of Homelessness  
WashingtonPost.com  
October 8, 2009*

contributions to retirement plans, modifying program components, or merging or collaborating with organizations with similar missions. Some are considering their very viability, even exploring the possibility of dissolving or becoming all-volunteer organizations.

A July 2009 Urban Institute study of Washington area nonprofits confirmed fears that many nonprofits are on the verge of depleting reserves, others are working hard just to maintain current levels of funding and support, and others are riding out the storm. The survival of many organizations depends on whether they can manage through the end of the year.

Or, as summarized bluntly by Chuck Bean of the Nonprofit Roundtable, “For most nonprofits, maybe 3 out of 4, right now, are coping, 1 out of 4 is financially at-risk in the next two years, and 1 out of 8 will undergo some form of strategic restructuring in the next 2-3 years. And things are expected to get worse. If we assume that the economy has hit rock-bottom, nonprofits can expect about 24 months of challenges ahead.”

*“Longer term (2011 and beyond) sustainability of present grantmaking patterns is in question and up for discussion. We are more concerned about grantmaking in 2011.”*

*- Washington Regional Association of Grantmakers*

## ...And 2009 Doing Less

According to an October 2009 survey by The Nonprofit Roundtable of Greater Washington and the United Way of the National Capital Area, an alarming 60% of Washington area nonprofit organizations are not meeting revenue goals. Plus, only a quarter of local nonprofits report maintaining diverse funding streams, defined as a mix of support from foundations, corporations, government and individuals – down 6% from 31% in December 2008.

An alarming 30% of local nonprofits have suspended or closed programs and/or reduced staff size based on economic conditions. This is less than the 41% that anticipated doing so in December 2008, but it is still dramatic, especially in light of more recent reports that 46% of area nonprofits experienced an increase in demand for services in the first half of 2009. One child development center that provides childcare and educational opportunities for children from low-income families has seen demand increase 40% in the past two years. Another maternal and

child medical and social service provider reported increased demand of 50%. Both nonprofits attribute the change to higher unemployment among their constituents.

In keeping with cutbacks in funding reported to Washington Grantmakers, members of the Center for Nonprofit Advancement reported in a series of surveys that they are receiving less funding from foundations in October 2009 than in December 2008, down 9% to 63% from 72%.

Local survey results are consistent with the Nonprofit Finance Fund's March 2009 survey results of 900 nonprofit leaders. At that time, only 12% of respondents expected to end the year with an operating surplus, compared with 40% who ended their most recent fiscal years with money on hand. Almost a third said they did not have enough cash on hand to cover more than one month's expenses, while roughly another third said they only had enough money to get them through the next three months.

## 2010 - A New Normal?

Despite recent improvements in the stock market and other hopeful economic indicators, safety-net organizations - and the people most in need- are not expected to feel the benefits in 2010.

Most local government budget managers predict weak revenues and more cuts in state funding through FY2011. They are facing very difficult choices. No budget line is assumed safe.

In keeping with cutbacks in funding reported to Washington Grantmakers, members do not anticipate being able to give more in 2010 than they did in 2009. Forty-four percent reported to Washington Grantmakers that they would make the same number of grants next year, but 38% expect to make fewer grants. Nearly half

of those whose grantmaking budgets will shrink hope to keep the reduction to 20% or less, and one-fifth hope to keep the reduction to 5% or less. Nearly one-third of foundations do anticipate an increase in grantmaking in 2010, with 12% expecting a slight increase of 5% or less.

With greater demand for fewer dollars, foundations are emphasizing efforts to strengthen the nonprofit sector. Many grantmakers are especially interested in efforts to effect major change and to do the greatest good for the greatest number of people. The next highest priorities are grants for technical assistance and grants to assist with new partnerships and/or mergers.

# ORGANIZED BY EIGHT NEIGHBORS

The National Capital Region is confronted by the devastating economic storm that has swept across the country. A coalition of eight regional organizations have come together to develop a plan of action that redefines how the nonprofit sector operates in this new fiscal reality. The coalition includes:



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