

## EXECUTIVE SUMMARY

# 2017 Key Metrics for Philanthropy-Serving Organizations

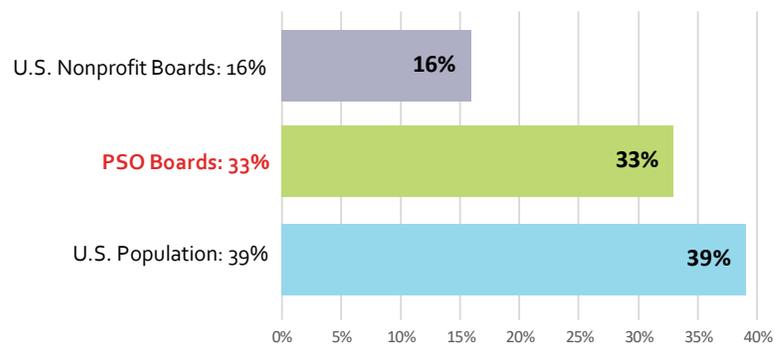
United Philanthropy Forum's first-ever 2017 *Key Metrics for Philanthropy-Serving Organizations* report provides comprehensive benchmarking data and analyses on the finances, membership, services and programs, operations, and governance of regional and national<sup>1</sup> philanthropy-serving organizations (PSOs). The report provides PSOs with data, information, and knowledge to learn from their peers and benchmark themselves against similar organizations, and provides funders with key data and trends about a critical component of the philanthropy field. The report is an important contribution to the Forum's ongoing and growing work to lead change and increase impact in philanthropy. Key findings include:

### PSO Diversity

- PSO boards are more diverse than nonprofit boards overall but less diverse than U.S. population.** Two-thirds of PSO board members (67%) identify as white, compared to 84% of nonprofit board members in the country.<sup>2</sup> However, PSO boards are not as diverse as the population of the United States, which is 61% white,<sup>3</sup> suggesting that PSOs need to make additional progress to reflect the full diversity of the country on their boards.

### PSO Board Diversity

Percentage of People of Color

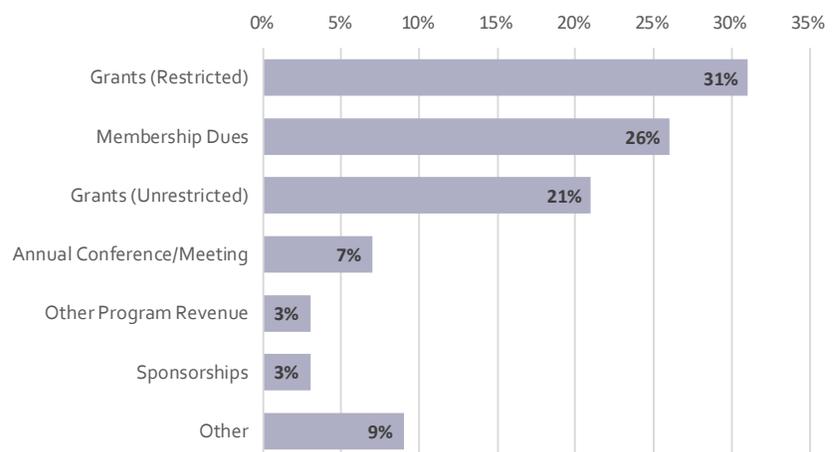


- Most PSOs have strategies and resources focused on diversity, equity, and inclusion.** Nearly three-quarters (74%) of PSOs report having guiding principles or a strategic plan referencing diversity, equity, and/or inclusion (DEI), while a nearly equal number (68%) report having at least one staff member with job duties that include a focus on DEI. By type, regional PSOs were more likely than national PSOs to report these attributes, as well as to have formal policies on DEI for their staff and board.

### PSO Finances

- Restricted grants are largest source of PSO revenue.** For PSOs overall, restricted grants represented the single largest share of their revenue (31%), followed by member dues (26%) and unrestricted grant

### PSO Revenue Sources



<sup>1</sup> "National" PSOs focus on a funding issue, population group, philanthropic practice, or type of funder.

<sup>2</sup> See *Leading with Intent: 2017 National Index of Nonprofit Board Practices*, BoardSource, 2017.

<sup>3</sup> Population Distribution by Race/Ethnicity, The Henry J. Kaiser Family Foundation; see <http://www.kff.org/other/state-indicator/distribution-by-raceethnicity>

support (21%). Regional PSOs reported a slightly larger share of their revenue coming from member dues than national PSOs (28% versus 22%). Smaller PSOs are far more dependent on member dues than larger PSOs, with dues comprising more than 40% of revenue for PSOs with revenue under \$1 million and 22% of revenue for PSOs with revenue of more than \$2.5 million.

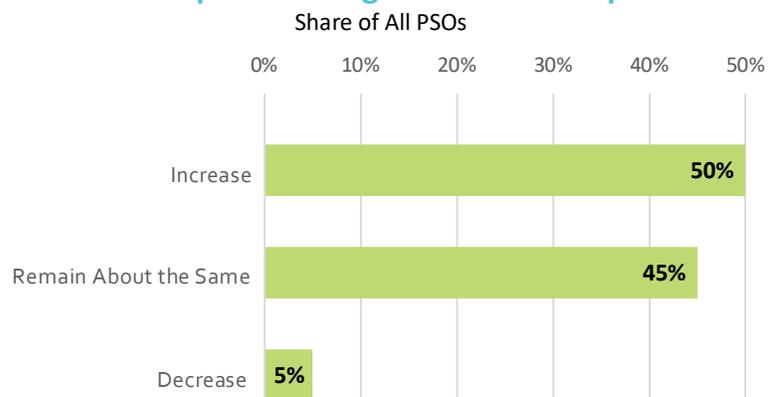
- **Nearly half of PSO expenses go to employee salaries and benefits.** These costs account for the single largest share of overall PSO expenses (47%), consistent with the average share tracked by ASAE for nonprofit associations overall (49%).<sup>4</sup> Regional PSOs reported slightly higher combined salary and benefits expenses than national PSOs (49% versus 44%), but national PSOs reported spending far more on consulting support than did regional PSOs (17% versus 8%).
- **PSOs optimistic on their economic outlook.** PSOs are positive about the economic outlook for their organizations in the near term. Three out of five PSOs (60%) indicated that their budgets would be higher in 2017 compared to 2016. Only 7% expect their budgets to be lower, and the balance (33%) anticipate that their budgets will remain about the same.

## PSO Membership Renewal & Growth

- **PSOs report fairly high renewal rates.** National and regional PSOs both reported a median<sup>5</sup> 93% membership renewal rate. As for the composition of their memberships at year's end, overall 89% of members were renewals from the previous year, 2% were members that returned to membership, and 9% represented new members.

- **PSOs have positive outlook on membership growth.** Half of all PSOs expect to see an increase in institutional members in the current fiscal year and just 5% expect their membership to decline. National PSOs are more enthusiastic about their membership growth than are regional PSOs. Forty percent of regional PSOs anticipate an increase in the number of their institutional members, while 69% of national PSOs expect to grow their institutional member base.

### PSOs' Anticipated Change in Membership in 2017



## PSO Services, Programs & Activities

- **Member networking and conferences are most useful services to PSO members or stakeholders.** All regional PSOs report providing opportunities for member networking, and nearly all produce newsletters and member directories. By comparison, just under three-quarters of national PSOs indicated that they provide member networking opportunities—although all national PSOs most certainly facilitate some type of grantmaker interaction.

<sup>4</sup> *Operating Ratio Report*, ASAE, 2016.

<sup>5</sup> The median represents the midpoint between the smallest and largest values reported. Unlike averages, it is not affected by extremely large or small values.

- **PSOs manage a wide range of different member networks focused on funding issue areas, population groups, and types of funders.** For PSOs overall, the most common member networks, offered by 62% of PSOs, are ones focused on corporate funders and education. More than half of all PSOs also manage member networks focused on diversity, equity and inclusion; types of positions (CEO, program officer, etc.); and family foundations.
- **Half of regional PSOs and one-third of national PSOs coordinate funding collaboratives and/or regrating initiatives.** PSOs overall coordinated a median of 1.5 funding collaboratives and 1.0 regrating initiatives in the past year, with a median value distributed of \$405,000.
- **PSOs regularly collaborate with other PSOs.** Fully 95% of PSOs indicated that they had collaborated with one or more PSOs in the past year, including all of the national PSOs. Collaborations frequently involve jointly developing programming or services for members (85% of PSOs), a partner PSO delivering programs or services to the respondent PSO's members (69%), or the respondent's PSO delivering programs or services to another PSO's members (51%).

## PSO Planning & Evaluation

- **Strategic planning is a top priority for many PSOs.** Roughly two-thirds of all PSOs (63%) are currently engaged in a formal<sup>6</sup> strategic planning process or have completed one within the past 12 months. An even larger share of PSOs (71%) have conducted an informal, staff-directed strategic planning or visioning process in the past three years.

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## About the Forum

United Philanthropy Forum is the largest network serving philanthropy in America. The Forum connects a diverse network of regional and national philanthropy-serving organizations (PSOs) to lead change and increase impact in philanthropy. The Forum's membership includes 65 philanthropy associations and networks across the United States that represent more than 7,000 foundations and other philanthropic organizations. We focus on helping PSOs be as efficient and effective as possible in their individual and collective work to advance, inform and support philanthropy. Our ultimate goal is to help ensure that philanthropic investments are making the greatest possible impact to strengthen people and communities across the country. To learn more about Forum membership please visit: [www.unitedphilforum.org/join](http://www.unitedphilforum.org/join).

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To learn more, go to

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<sup>6</sup> For the purposes of this analysis, a "formal" process includes both board engagement and outside consulting support.