

Essential, Enduring, and Under Strain: The Nonprofit Sector's Strength and Struggle in a Shifting Landscape

Nonprofit Finance Fund (NFF) conducted its tenth State of the Nonprofit Sector Survey in early 2025 to gather and share out data about US nonprofits' health, including their collective challenges, successes, and the required investments to continue enriching millions of lives – in today's challenging environment and well into the future.

Nonprofits are community infrastructure, as vital as roads and bridges. They are the community centers, health clinics, theaters, shelters, museums, and schools that help us live full, connected lives. **2,206 nonprofits** shared their stories with us, representing 48 states, Washington D.C., and two US territories. They offer a snapshot of the community infrastructure created by 1.8 million US nonprofits.

In our 2025 survey, we heard some long-standing challenges, like rising demand and the toll of doing underfunded work year after year. **But we also heard new and urgent concerns: Costs are climbing faster than funding, and many are worried about what will happen if government support continues to decline.**

We are building, not breaking.
We are healing, not hiding.
We are fighting, but not falling.

Human services survey respondent in CA

SURVEY RESPONDENTS

Respondents spanned different sectors, geographies, and organizational sizes:

- Human services organizations were the largest group of respondents at 20%, followed by arts/culture nonprofits at 15%.
- Most (62%) have budgets under \$2 million; 12% have budgets of \$10 million-plus.
- 67% primarily or exclusively serve people with lower incomes.
- 67% serve urban areas; 47% serve rural communities.
- 70% of responding organizations are female-led; 37% are led by a person of color.

What the Data Tells Us

NONPROFITS DON'T JUST SERVE COMMUNITIES; THEY ARE THE COMMUNITY.

- 32% of surveyed nonprofits said their leader has lived experience representative of the communities their organization serves.
- Half (51%) solicited and acted on community feedback in 2024 to shape programs and services.
- Nonprofits are also community economic engines:
 - The nonprofits in our survey alone employed more than 84,000 full-time and 31,000 part-time staff in 2024.
 - Over half (53%) spent more than \$500,000 on salaries, and 11% spent over \$5 million on salaries.
 - 44% spent more than \$100,000 at local vendors.

OUR COMMUNITY INFRASTRUCTURE IS IN TROUBLE.

Nonprofits have always made do with limited resources, but they are close to reaching a breaking point in 2025, as they navigate three colliding crises: inflation, government funding cuts and delays, and growing demand.

- 86% of respondents said high costs due to inflation affected their organizations and clients in 2024.
- Among respondents with government funding, 84% expect cuts due to 2024 election results. Nonprofits anticipate that these funding cuts will result in paused programs, hiring freezes, fewer services, and challenges paying bills.
- With over [one-quarter of Americans living near or below the poverty line](#), the work of many nonprofits is helping people meet basic needs. **85% of nonprofit respondents expect demand for services to increase in 2025.** Many already couldn't keep up with demand in 2024 and expect it to get worse in the year ahead.

FINANCIALLY, NONPROFITS ARE RUNNING ON EMPTY.

Nonprofits are doing everything they can to stay afloat, but the financial systems meant to support them are adding pressure, not relief. Our 2022 survey revealed a stronger relative financial position for nonprofits, as funders responded to the pandemic and racial reckoning with more dollars and flexible funding. Now we see signs of retrenchment in these practices and resultant financial fragility for nonprofits. The 2025 data shows many nonprofits living one unexpected cost away from catastrophe:

- 81% of organizations reported that raising funds that cover full costs is a challenge.
- 36% of respondents ended 2024 with an operating deficit. This is the highest percentage we've seen over the past ten years of survey data.
- Over half (52%) of respondents reported having 3 months or less of cash on hand; 18% had one month or less of cash available.

GOVERNMENT FUNDING DYNAMICS ARE ESPECIALLY CHALLENGING.

In 2024, more than 70% of respondents received money from government:

- Among survey respondents with government funding, 55% reported being paid late, with 11% noting average payment delays longer than 90 days. The effects of delays ripple through communities and the economy as organizations cope with delays by dipping into their reserves, pausing programs, and delaying payments to vendors.
- When government funds do arrive, they rarely cover what it takes to deliver services. 70% of respondents said they could only charge an indirect cost rate – which covers things like human resources, information technology, and rent – of 10% or less, a [rate acknowledged in October 2024 OMB Uniform Guidance](#) as insufficient to run a healthy organization.
- Federal funding cuts and delays in 2025 are destabilizing essential services. 45% of respondents had federal grants or contracts in FY24; even more are exposed as these cuts ripple through state and local funding.

NONPROFIT STAFF ARE RUNNING ON EMPTY, TOO.

Right now, many of the people who power our nonprofit infrastructure are overworked, underpaid, and burning out under the relentless pressure:

- Only 41% of organizations said they're able to pay all full-time staff a living wage. Organizations cited inflation and funding as the primary barriers to paying a living wage.
- Most nonprofits offered some staff benefits, but there are large gaps in coverage, especially for respondents with smaller budgets. For example:
 - Only two-thirds of organizations (67%) offered health insurance, and this number was dramatically lower (12%) among organizations with budgets less than \$250,000.
 - 54% of nonprofits surveyed offered retirement fund contributions to employees. That number dropped to 10% for organizations with budgets less than \$250,000.
- More than two-thirds of respondents reported difficulty employing enough staff for both program and administrative needs and finding workers with the right skill sets.

Getting Through and Building What's Next:

What We Can Do to Emerge Stronger as a Sector

Today, we see incredible signs of hope in organizations that are adapting in real time. These groups aren't just reacting to short-term challenges – they're driving lasting change by shaping a future where lives flourish and communities thrive. And they are not starting from scratch.

To see actions that funders and nonprofits can take to respond to these times, as well as data and charts for the full State of the Nonprofit Sector Survey, visit nff.org/learn/survey. For free financial planning tools on everything from budgeting to scenario planning, visit our fundamentals page, nff.org/learn/fundamentals-nonprofits.