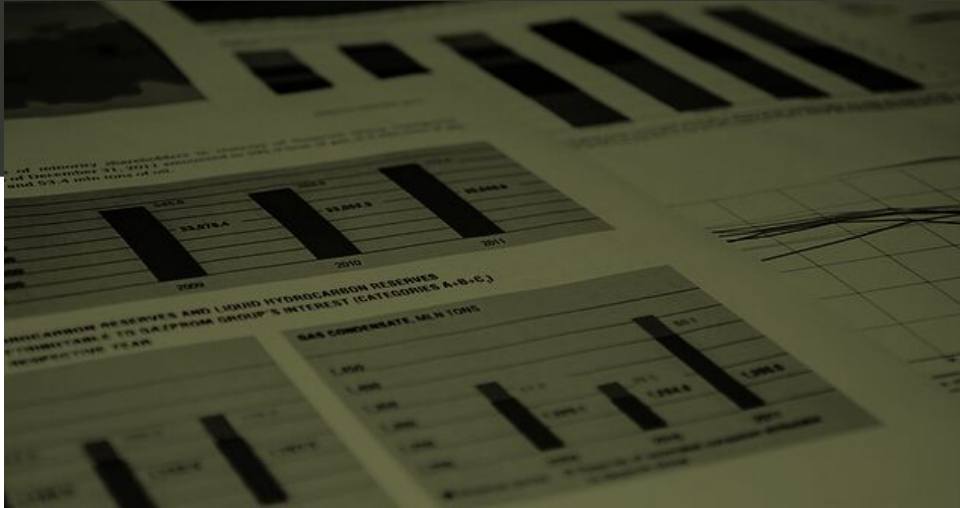




GENERAL

## CEP's "State of Nonprofits 2026"

06.04.26 | Linda J. Rosenthal, JD



“The nonprofit sector has been roasted on the outside’ ... like a hard pretzel rod on the verge of snapping in half. ‘That’s how fragile things are right now.’”

It was late May 2023 when Tim Delaney, (then) CEO of the National Council of Nonprofits, made that grim observation, describing a “kind of burnout at the highest level .... Leaders are beyond fried.”

Mr. Delaney made these remarks just after the prestigious Center for Effective Philanthropy (CEP) had released what it intended to be the first of annual reports on: a) how 501(c)(3)s in the United States are faring in troubled and unprecedented times; and (b) how the grantmaking foundations on which they have historically relied are responding. See State of Nonprofits 2023: What Funders Need to Know [24 pp. PDF] (May 2023).

The second of CEP’s standard “three findings” in that 2023 Report read: “Issues related to staff—including burnout, filling staff positions, and retaining staff—are the top challenges facing nonprofit leaders.” (In the body of the Report, the authors presented a more fulsome discussion of burnout in all of its usual manifestations in our sector which has long meekly put up with the “Starvation Cycle.”

We had previously reported on CEP’s 2023 Report, and the extensive commentary on it. See: New Surveys: Alarm Bells for Nonprofit Sector (June 26, 2023) *FPLG Blog*; and Burnout: Nonprofits’ Five-Alarm Worry (July 30, 2023) *FPLG Blog*.

We also covered in real-time the CEP annual reports for 2024 and 2025 as well as several supplemental analyses [see here, here, here and here] beginning right after January 20th Inauguration Day due to the rapidly unfolding – and disturbing – developments from the Oval Office.



We'll have more to say later on these earlier years in which “burnout” continued to be a significant issue. See, for example: e.g., *Burnout is Still The Story for Nonprofits in 2024* (September 16, 2024), *FPLG Blog*; *Center for Effective Philanthropy Reports “A Sector in Crisis”* (February 6, 2026), *FPLG Blog*; and *Insufficient Help From Funders For Beleaguered Nonprofits. Why?* (February 11, 2026) *FPLG Blog*.]

But we turn right now to the newest development: the recent release of CEP's *State of Nonprofits 2026: What Funders Need to Know* [22 pp. PDF] (May 12, 2026).

### ***The 2026 Report***

This important and much-anticipated Report, based on survey data from nearly 400 organizations collected in February 2026, offers “vital insight into how nonprofits are faring amidst unprecedented challenges – and what they need their funders to know.” It also “examines year-over-year trends using four years of longitudinal data CEP has collected.”

You won't be surprised to learn that “burnout” gets top billing once again this year. See “*Finding 1: Worsening CEO Burnout* – Burnout has increased dramatically among nonprofit CEOs, who say the current context has contributed to lower staff morale and heightened levels of stress and fear.” The CEP team has coined the phrase “current context” to refer to “the series of events led by the U.S. federal government – including legislative actions, executive orders, and budget decisions – that went into effect starting in 2025 with the potential for wideranging effects on philanthropy and nonprofits.”

In the Report's *Introduction*, the authors explain: “The proportion of nonprofit CEOs who report that their own burnout is very much a concern to them jumped to 46% in 2026, up from just under 30% in 2025 .... For the approximately 300 nonprofit CEOs who responded to our survey both last year and this year, this is a statistically meaningful increase over time.”

One CEO described the chaotic and disruptive circumstances in this way: “[O]ur amazing team is overworked and overloaded from demand for services, but we are unable to expand staffing given the current financial environment. Losing a single employee would be devastating.”

Some nonprofit leaders have commented that “our staff cannot afford to live in the communities we serve” and that the organization isn't able “to increase salary to pay competitive wages while facing decreasing local government funding.”

Notable, too, is the fact that many of the responding CEOs – at long last – now acknowledge not only the “burnout” of their staff members, but the significant effect on themselves as well.

### ***The Three Findings***

In addition to *Finding 1*, “*Worsening CEO Burnout*,” described above, there are two more key points in the Report:

- “*Finding 2: Unpredictable Funding Environment*. Nonprofit CEOs report more difficulty obtaining foundation funding than in previous years.” [“Almost 60% of nonprofit CEOs say that, since January 2025, it has been harder to secure foundation grants relative to the



past...As one leader says: ‘Our biggest challenge is higher volatility in giving. More foundations than we would expect in a typical year have reduced or dropped their support.’”e

- **“Finding 3: Responding to Financial Challenges.** Despite ongoing financial challenges, many nonprofits are making strategic adaptations to their work in order to survive.” [“The last year was financially difficult for many nonprofits – two thirds (66%) of nonprofit CEOs say they have concerns about their organization’s financial stability. Most of these leaders attribute their financial concerns largely, if not entirely, to the challenges posed to their organizations by the current context. ‘We are working to break even and survive rather than thrive and expand,’ says one CEO, simply.”]

### ***Additional Explanations and Commentary***

- ***Board Book Insert:*** CEP has created, in a handy 2-page chart-summary format, an explainer document that provides “high-level insight into key data” from this 2026 research and “presents discussion points for boards.”
- ***Six Questions About ‘State of Nonprofits 2026’*** (May 19, 2026) CEP Staff, *CEP Blog* [Follow-up webinar one week after publication of the current Report; attendees “came prepared [with] excellent questions.”]
- ***Nonprofits face financial instability: How the sector is faring*** (May 18, 2026) Caroline Gasparini, *Candid Blog*.

### ***Conclusion***

There is much more commentary and conversation in the charitable community about this much-anticipated report and analysis by the Center for Effective Philanthropy. Stay tuned.

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