How to Fix The Nonprofit Tech Gap

Big Goals; Tight Budgets | AI's Optimists | How Can Philanthropy Help?

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What's your tech strategy, and how is it evolving?

We encounter that question a lot these days at the *Chronicle of Philanthropy.* Handling new technologies wisely has become a top priority throughout society, especially as excitement — and anxiety — about the impact of artificial intelligence keeps increasing. The search for answers is especially intense in the nonprofit sector, where ambitious missions often collide with scarce funding — and where the right outcomes can't be measured by financial payoffs alone.

To that end, the *Chronicle* is excited to share findings from its exclusive nationwide survey of more than 350 nonprofit leaders. The survey, conducted by Clarion Research, asked leaders a series of probing questions about their tech-related attitudes and actions.

In the pages that follow, you will find a wealth of data about your peers' hopes, anxieties, and strategies — as well as a host of candid insights. You will hear from leaders who built their own nonprofits from scratch, as well as others hired to bring dynamic, next-generation leadership to legacy organizations. Look forward to meeting a wide cross-section of your peers working in fields such as education, health, disability services, the arts, and the environment.

Specific sections of this report address the best ways of building a tech-savvy culture on a limited budget; the emerging nature of AI's role; and a clear-eyed look at challenges in areas such as staff training, vendor relations, rapid obsolescence, and cybersecurity. The report also includes a raft of insights that can help major funders better understand their grantees, including a closing section: "How Can Philanthropy Help?"
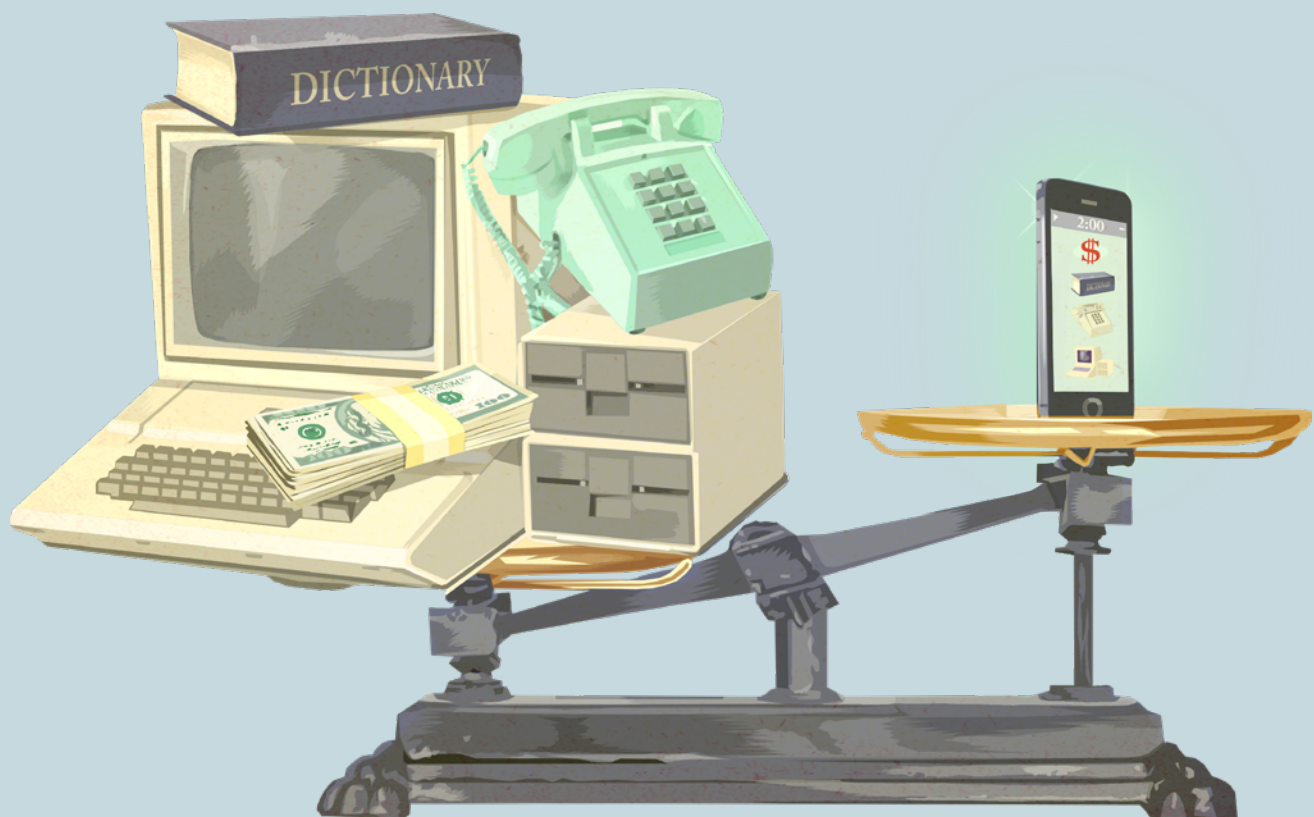
All told, this report provides more than 20 ways of benchmarking your organization against comparable nonprofits, including many segment breakouts by size, mission, or geography.

We welcome your feedback, as well as your ideas about what additional resources the *Chronicle* can provide on your journey, via connect@philanthropy.com

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Editor-in-Chief	CEO	Editor-at-Large
Chronicle of Philanthropy	*Chronicle of Philanthropy*	*Chronicle of Philanthropy*

Cover illustration by Matthew Laznicka

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Why Tech Matters So Much

**Aerial surveying, powered by drones, is now a mainstay at Land Conservancy of West Michigan**

LAND CONSERVANCY OF WEST MICHIGAN

Ever since its founding in 1976, Land Conservancy of West Michigan has been sending volunteers and staffers into the forests, bogs, and sand dunes of local public lands to see how the environment is faring. "For a long time, that meant collecting data with hand-held cameras, clipboards, and paper files," executive director Kim Karn recalls.

Projects such as bird counts or erosion monitoring were painstakingly slow and labor-intensive back then, she recalls. The tempo picked up somewhat in the 2010s when survey teams started using iPads to log in data. And then, a few years ago, everything changed in a hurry when Land Conservancy's staffers asked Karn if they could acquire a drone.

"It didn't take a lot of convincing to get me on board," Karn recalls. "I could see how it would give us much better, cleaner data. I mean, higher-level data that we never even dreamed of. Besides, it's kind of fun."

This year, Karn has allocated several thousand dollars to get a second, even more powerful drone — as well as a high-end new computer that can render an endless barrage of images and process a flood of data. "We're on the leading edge of what can happen in [a] land trust," Karn says. There's excitement in her voice as she describes the ways that drone-collected data could transform her organization's impact.

64%
Agree

Improved use of technology is a Top 3 priority at our organization.
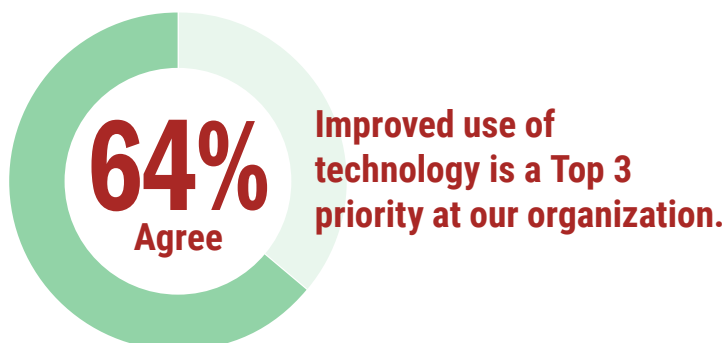
Step inside Land Conservancy's offices, and you'll find a second tech transformation under way, as generative AI tools such as ChatGPT reshape countless aspects of everyday office work. Importantly, they've trimmed down the hours Karn spends writing emails. "I can just type out a few bullet points and tell the AI what tone I want," Karn says. "Then, out pops an email. It's lovely and has all the niceties. There are no errors."

Organizations such as Land Conservancy are the lucky outliers, with annual revenue that's significantly larger than their expenses, aided by substantial reserves that generate meaningful investment income every year. This means they can afford to purchase new tools to boost productivity and impact.

Many leaders share Karn's enthusiasm for today's technological advances. An exclusive *Chronicle* survey of 351 nonprofit leaders found that nearly two-thirds of executives (64 percent) identified "improved use of technology" among their top three priorities. But many nonprofits simply don't have the resources to match Karn's investments in tech tools.

As a point of reference, in the corporate sector, it's typical to see companies spend 5.8 percent of their overall budgets on information technology, according to the Deloitte consulting firm. It's no surprise, then, that for-profit businesses are experiencing rapid, technology-driven advances in areas as wide-ranging as communications and commerce. Banks and consulting firms are at the forefront of this innovation, commonly investing 10 percent or more of revenue on IT, according to Deloitte data.

Nonprofits, by contrast, invest far less in technology. The majority of nonprofits sharing data in the *Chronicle's* survey said they spend less than 3 percent of their annual budget on technology. Barely one in eight says it

spends 5 percent or more. That's far behind the corporate average of 5.8 percent, according to Deloitte data.

In the *Chronicle* survey, nonprofit leaders, C-suite executives, and other key managers were asked to specify the barriers that make it harder or even impossible to adopt new technology. The greatest source of strain: insufficient access to funds. Eighty-eight percent of respondents cited budget constraints as their biggest barrier.

67% Agree — **Technology deficits are hampering our growth**
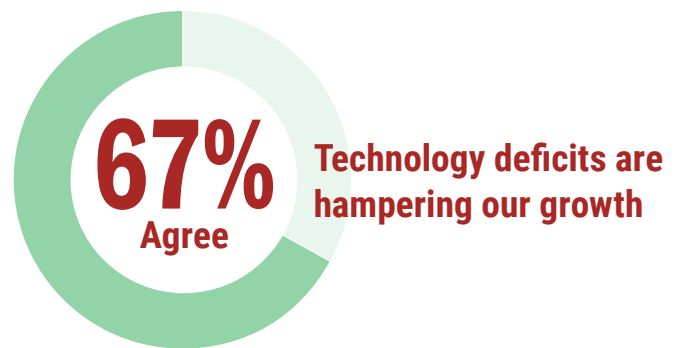
Such tight budgets take a toll. Fully 67 percent of nonprofit leaders say that technology deficits are hampering their growth. Using out-of-date or inadequately maintained software makes it hard for fundraisers to connect with donors. Similarly, tech deficits can bedevil operations specialists trying to plan and monitor their nonprofit's work. And for senior leaders, the strains associated with tech tangles can be so exhausting that it's hard to sketch out or implement any growth strategies.

More commonly, nonprofit leaders constantly battle to make ends meet. Ready cash is scarce. What's more, as noted in recent *Chronicle* reporting, major grant-makers show little interest in supporting nonprofits' plans for tech upgrades. Instead, nonprofit organizations are told to make do with

Are You Using Tech in an Advanced Way?

	Yes	Not sure	No
All respondents	19%	28%	53%
IT is more than 3% of budget	26%	24%	50%
IT is less than 3% of budget	12%	24%	64%

Legend: Yes · Not sure · No
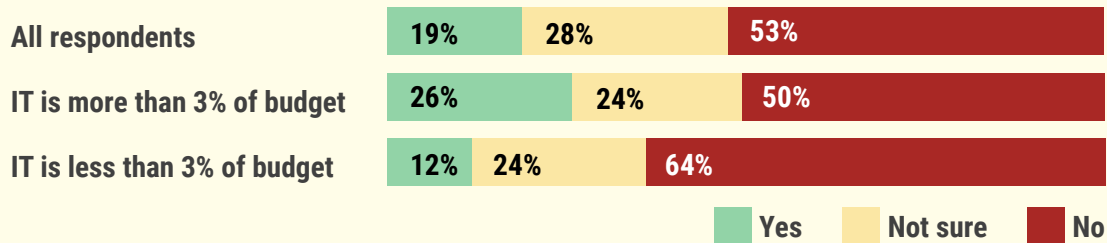
whatever technology they have — however inefficient it may be. It's all too common for funders to regard spending on tech upgrades as mere overhead that distracts from more immediate program needs.

When money is tight, extreme thrift becomes a way of life. Big tech companies such as Salesforce and Microsoft often provide free "starter accounts" to small nonprofits. These are meant to convert to more sophisticated, paid versions as the nonprofits grow. That's the theory. In practice, some nonprofit leaders scrape by with the free version for as long as possible. That can force employees to share accounts or keep their monthly usage below well-known caps to avoid an unwelcome switchover to paid status.

Do tight budgets stifle innovation? The question practically answers itself. The *Chronicle's* survey asked nonprofit leaders
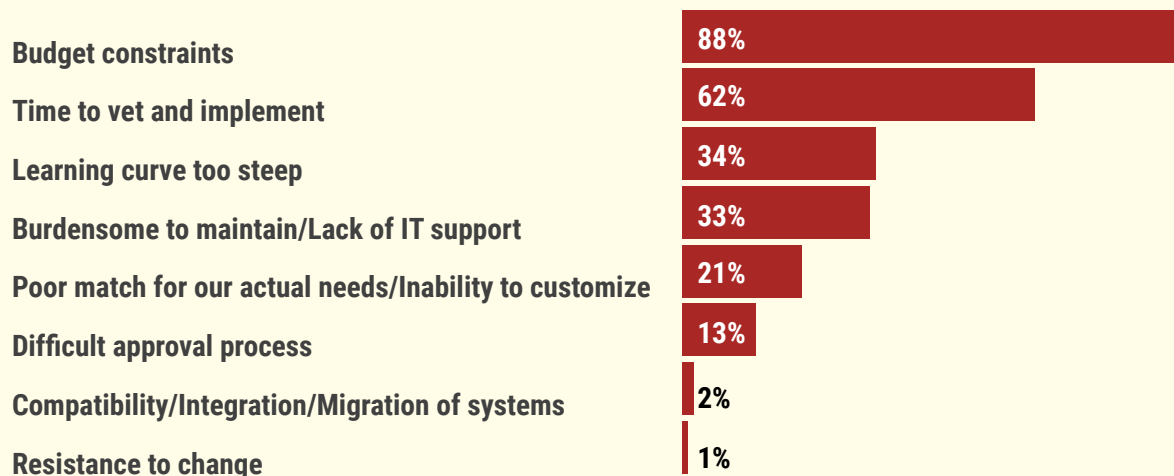
if their organizations are using technology in what they regard as an advanced way. Over all, only 19 percent said yes. A far larger group, 53 percent, said no. (The remainder weren't sure.)

"I know there's technology out there that could really help us be more effective," says Julie Reiskin, co-executive director of the Colorado Cross-Disability Coalition, "but we just don't have access to it as a small, pretty lean organization."

She says she has seen staff waste countless hours on simple tasks such as trying to pull credit-card statements for an auditor or frantically searching for emails or documents that should be on hand. "It really detracts from just doing our work," Reiskin says.

As the chart above shows, the innovative spirit fares best at nonprofits where IT spending amounts to 3 percent or more of the over-

Top Barriers to Tech Adoption

Budget constraints	88%
Time to vet and implement	62%
Learning curve too steep	34%
Burdensome to maintain/Lack of IT support	33%
Poor match for our actual needs/Inability to customize	21%
Difficult approval process	13%
Compatibility/Integration/Migration of systems	2%
Resistance to change	1%

all budget. Among such organizations, slightly more than a quarter (26 percent) say they are using tech in advanced ways. By contrast, among organizations that spend less than 3 percent of their budget on IT, much of the spirit of innovation has largely been snuffed out. Less than one-eighth of those organizations can identify any advanced uses of technology within their work.

Frustrated — but not ready to give up — nonprofit leaders still recognize that life today is rich with innovative opportunities, if only the barriers relating to funding, staffing, and in-house expertise weren't so severe. They know that with the right infusion of tech resources, all sorts of progress is possible. Asked to pinpoint core functions that could benefit from fresh technology, their answers were, in effect: "Everything!"
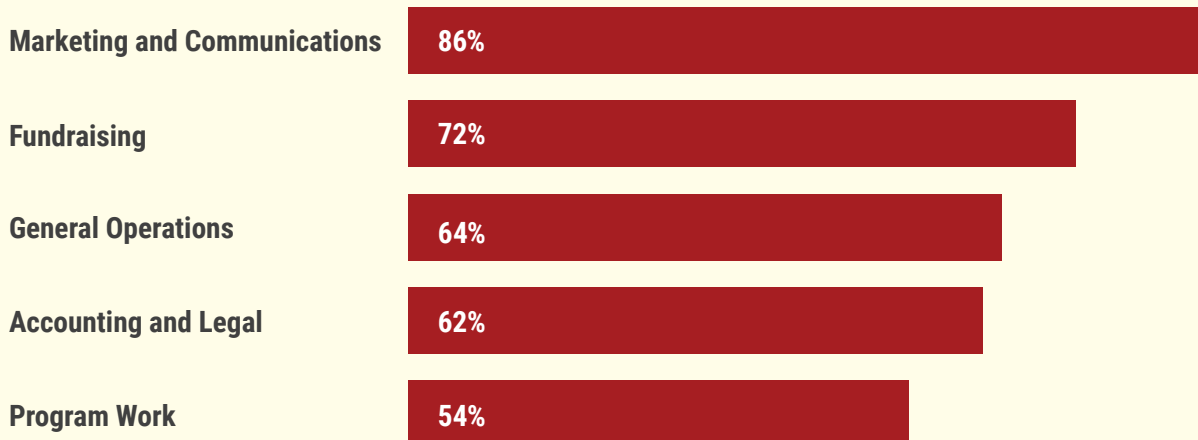
The greatest area for optimism is marketing and communications. There, as seen in the chart below, 86 percent of nonprofit leaders believe that making the most of current and emerging technologies would be extremely beneficial. The survey didn't ask for specific examples, but in follow-up interviews, leaders such as Land Conservancy's Karn were especially upbeat about the ability to use generative AI tools such as ChatGPT to build and fine-tune blog content, social media posts, and the like. It's conceivable, she says, that her organization's overall messaging "can get a little bit easier with some help from AI."

In second place is fundraising, with 72 percent of nonprofit leaders seeing current and emerging technology as extremely beneficial. Leading providers of fundraising software, such as Blackbaud, Bloomerang, Salesforce, and DonorPerfect, all are stepping up efforts to build AI into their products.

Richard Vanderveer, board chair of Volunteers in Medicine, in Hilton Head, S.C., says he is intrigued by the idea of using computer-generated avatars as virtual engagement officers to seek donations. Even so, he cautions that if this approach isn't integrated into a cohesive,

Areas Where Technology Would Be Considered "Extremely Beneficial"

Area	Percentage
Marketing and Communications	86%
Fundraising	72%
General Operations	64%
Accounting and Legal	62%
Program Work	54%

"donor journey" strategy, it could be more gimmicky than helpful.

Additionally, in areas such as general operations (64 percent), accounting and legal (62 percent), and program work (54 percent), there's a strong belief among nonprofit leaders that tech could play a highly beneficial role.

The next few chapters of this report will zero in on a series of hot-button issues where nonprofit leaders' opinions and actions are especially important. Chapter 2 will take a close look at the optimists' case for AI, with appropriate asterisks attached. Chapter 3 will pull back the curtain on the ways nonprofits make their tech decisions, with a particular focus on the interplay among CEOs, vendors, consultants, and other key decision makers.

Chapter 4 will identify — and analyze — the four types of tech spenders. Chapter 5 will spell out best practices in building a tech-savvy culture, even in the face of challenges such as tight budgets, staff turnover, and the never-ending challenges of staying up-to-date with tech tools that are constantly changing.

Chapter 6 will take an unflinching look at tech's potential downside, as seen in issues such as cyber-security breaches, AI's potential blind spots, and the headaches of tech tools that don't live up to their promises. And Chapter 7 will complete the analysis with nonprofit leaders' candid, actionable recommendations about what philanthropy can do to help close the tech gap.

As is customary with the *Chronicle's* major reports, you will find that the data-rich findings of our latest survey are paired with a series of examples, reflections, and quotes from a half-dozen nonprofit leaders who represent the immense, rich variety of this sector. This informal panel includes a Goodwill executive in Texas, a land-trust leader in Michigan, and the head of a food bank in Missouri. They're passionate. They're resilient. They are all of us.

Putting Tech to the Test, Every Day
Lessons from 6 Nonprofit Leaders

Emily Ball Cicchini
Executive Director, BookSpring
Austin, Tex.
Annual revenue:
$1.8 million
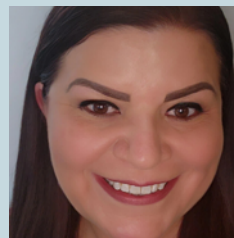
Sarah EchoHawk
President, American Indian
Science & Engineering Society
Longmont, Colo.
Annual revenue:
$12 million

Chad Higdon
CEO, Second Harvest
Community
Food Bank
St. Joseph, Mo.
Annual revenue:
$11.8 million

Kim Karn
Executive Director, Land
Conservancy of West
Michigan
Grand Rapids, Mich.
Annual revenue:
$947,000

Kimberly Lewis
CEO, Goodwill Industries
of East Texas
Tyler, Tex.
Annual revenue:
$15.2 million

Richard Vanderveer
Board chair, Volunteers
in Medicine Clinic
Hilton Head, N.C.
Annual revenue:
$9.4 million

Sara EchoHawk (right) speaking at a recent conference

Harnessing AI's Power

How can you improve the efficiency and persuasiveness of your grant writing? At AISES, a nonprofit supporting American Indian students in science, technology, engineering, and math, President Sara EchoHawk and her colleagues are turning to a generative AI service for extra help.

AISES helps arrange scholarships for Indigenous students wanting STEM careers. Making good on that mission requires peak performance from the grant-writing team, which in recent years has attracted prominent funders such as the W.K. Kellogg Foundation, the National Science Foundation, and the Chan Zuckerberg Initiative.

Degrees of Optimism About AI's Impact

Employing one tech specialist	85%
Employing two or more tech specialists	84%
Spending more than 3% on tech	84%
All leaders surveyed	79%
Spending less than 3% on tech	76%
Not employing any tech specialists	73%
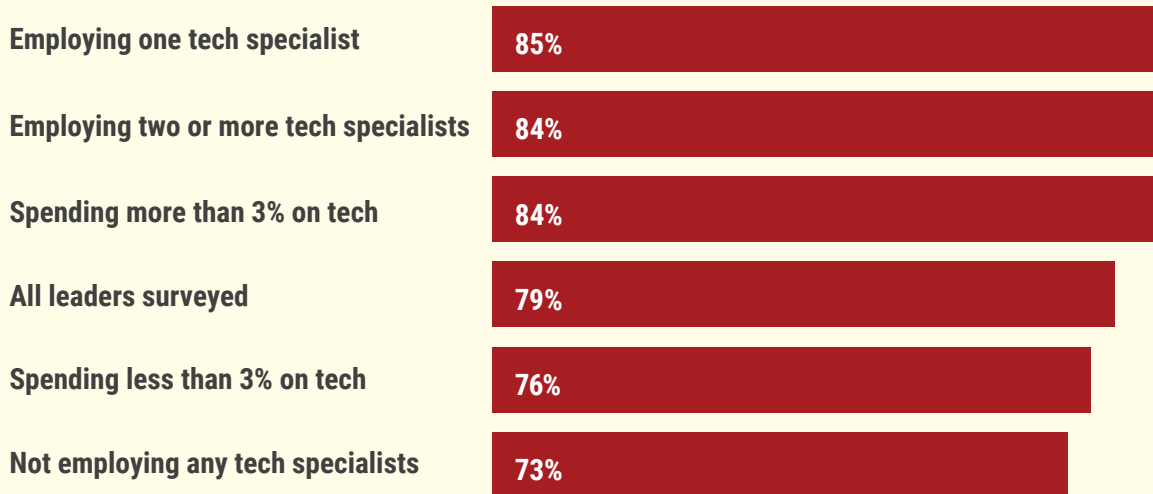
As AISES keeps expanding, the workload on its two lead grant writers becomes ever heavier. In the past year or two, the organization has been wrestling with the challenge of amping up its grant-seeking efforts without adding costly new staff. That's where Claude, a generative-AI tool developed by Anthropic, enters the picture as a lightning-fast, very affordable new helper.

"Our grant team loves what Claude can do," EchoHawk says. "They've had a really good experience so far." AISES still relies on human editors to create the right prompts and sharpen Claude's drafts. But for the past six months or so, EchoHawk says, Claude's ability to spin up Version 1.0 of grant-application language has boosted productivity and "made everything a lot simpler."

Throughout the nonprofit sector, there's widespread curiosity — and bursts of excitement — about the difference AI can make.

Some 79 percent of leaders told the *Chronicle* that they are optimistic about AI's potential impact. Enthusiasm was strongest among nonprofits with the deepest commitment to tech, as seen in the chart above. By contrast, support was slightly weaker among nonprofits that spend less on tech — or that don't have at least one employee focused on the organization's tech needs.

This data suggests that nonprofit leaders are well ahead of the overall American public in terms of seeing many positive aspects to AI's rise. An August 2024 Pew Research Center survey of 5,400 American adults from all walks of life found that only 17 percent felt AI would have a positive effect on American society over the next 20 years. Far more adults — 35 percent — believed that AI's overall effects would be negative. The remainder, nearly half of all adults surveyed, were either neutral or unsure.

Is it possible that AI could be both a blessing and a burden? A close look at *Chronicle* survey data reveals that many nonprofit leaders think so. Half of nonprofit leaders say they are worried about AI's potential impact on nonprofits, even though 79 percent say they are optimistic about its impact.

50% We ARE worried about AI's potential impact on nonprofits
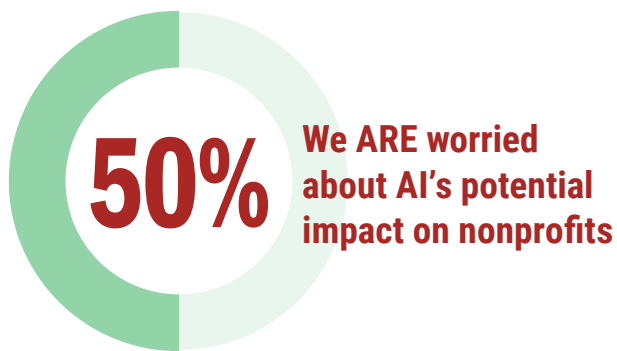
The implication: A sizable minority of respondents (at least 29 percent) fall into this middle zone of what might be called "optimistic worriers" or "worried optimists." Specifically, many of them are excited about AI's emergence as a lightning-fast, nimble resource that can jack up productivity in areas such as marketing and grant writing. Yet they are unnerved by the possibility that AI's large language models could harvest confidential data or "go rogue," nudging people to take unwise actions.

Kim Karn, executive director of Land Conservancy of West Michigan, is a full-strength member of this community of worried optimists. Though she's embraced AI for routine correspondence, she's wary of using it to compose other documents such as contracts,

"I'm just not sure it's a good idea to start using AI for sensitive subjects."

which may contain personal or proprietary information.

"If we build a comfort level with AI so that it becomes our new administrative assistant, how is that data going to be used? I get a little nervous," Karn says. "In fact, I've stopped short, because I'm just not sure it's a good idea to start using AI for sensitive subjects with legal or ethical overtones."

It's crucial to define what good AI actually looks like, says Mike Kubzansky, CEO of Omidyar Group, a major philanthropic presence in Silicon Valley. He advocates "developing formal guardrails and liability frameworks similar to what we built for automobiles over 50 years, from basic safety standards to comprehensive oversight. Just as we wouldn't put families in cars without taillights or seat belts, we shouldn't deploy AI systems without proper safeguards."

Kubzansky also contends that tech companies shouldn't call all the shots in terms of how AI evolves. "We have to make AI everybody's business," he says. That means working in coalition with civil-society organizations, faith leaders, writers, artists, and others to promote equitable development of this fast-rising technology.

Among the nonprofit leaders feeling upbeat about AI is Jane Bodmer, communications director at the Depression and Bipolar Support Alliance. Her organization regularly surveys thousands of people living with bipolar disorder, asking about their experiences with various forms of treatment. Bodmer and colleagues want to learn as much as possible from those surveys, particularly by identifying ways that the current mental-health ecosystem could do better. AI tools give her the power to crunch those findings rapidly, cheaply, and effectively. Without AI, Bodmer says, "we'd be sacrificing what we could learn from the data."

There's room for AI to transform nonprofits' frontline operations work, too. In Texas, there's growing interest within some Goodwill Industries affiliates regarding ways that AI tools could help employees and volunteers be savvier about how they appraise donated merchandise.

Effective thrift-shop pricing isn't just a matter of working within familiar categories and making small adjustments depending on the condition of donated clothing or other wares, explains Kimberly Lewis, CEO of Goodwill Industries of East Texas. Rather, price models fluctuate based on whether individual branches are trying to maximize revenue — or simply move a lot of merchandise so shelves and racks can be reloaded with new inventory. AI can manage this nuance.

Goodwill organizations nationwide are still in the early days of learning how quickly (and accurately) AI systems can advise clerks about non-obvious pricing decisions. In theory, an AI system could absorb giant sets of training data from many stores, using that knowledge to coach clerks about how to handle rare items, Lewis adds.

46%
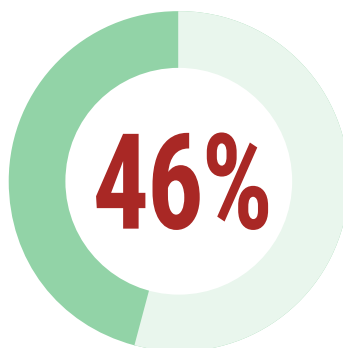
"We ARE active users of AI technologies in our operations."

"Take an old watch that someone might say is worth $5," Lewis says. An expert appraiser — or an expertly trained AI tool — "might look at it and say: 'Oh, no, this is a vintage piece worth $500.'" For all the allure of such automated expertise, though, it could take a lot of time and money to develop.

While examples of AI's relevance to nonprofits sometimes seem endless, executives at Fast Forward, a nonprofit accelerator, argue that nearly all opportunities can be divided into four main categories.

Advice. Much like Sarah EchoHawk's learnings about grant writing, AI chatbots and virtual assistants can provide personalized support to beneficiaries, volunteers, or staff.

Data structure. This can be applied to survey data, thrift-shop pricing, and other uses, helping nonprofits make sense of vast amounts of data and uncovering insights and patterns.

Translation. AI tools can help groups communicate across language barriers and decode information.

Guides, tools, and entry points. Artificial intelligence can be built into platforms that make it easier for others to take advantage of AI or build their own systems.

Chat-based AI tools such as Claude, Gemini, and ChatGPT are easy to access on a free-to-try basis, so a sizable share of nonprofits have already conducted small-scale tests of what AI could do for them. Nearly half of all nonprofit users (46 percent) identify as active users of AI technologies in their operations.

That percentage is likely to rise briskly in the next few years. Some 77 percent of nonprofit leaders said they expect to be using AI at their organization within the next five years. That figure is at 80 percent or higher for organizations that spend relatively heavily on technology already or that have two or more full-time tech employees. It's a bit lower (74 percent) for organizations that don't have any full-time tech employees.

77%
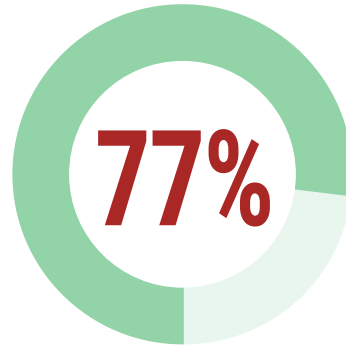
We EXPECT TO BE active users of AI in the next three to five years.

How Tech Choices Really Unfold

When Goodwill Industries of East Texas needs new technology — which happens surprisingly often — CEO Kimberly Lewis starts by soliciting input from a wide range of employees. Department chiefs get their moment. So does her IT team as well as the likely end users of any potential new software.

But as the tech-purchasing cycle nears its end, Lewis is not shy about reminding people about who makes the ultimate decision. "I'll make sure that all our T's are crossed," she says. "I'll make sure that we're not buying a whole lot of bells and whistles that we'll never use. And I wanted features that are compatible with our accounting system, or our inventory system."

Lewis has built an especially nuanced system, in which a wide range of stakeholders can be involved in major tech decisions, each entering the process at different stages.

Everything usually starts with "the person using the system," Lewis explains. If a technology upgrade or new type of software is on the horizon, she wants those end users' perspectives to be recognized early and clearly. After that, she says, her IT team will enter the picture, identifying what current or budgeted capabilities the overall organization has or what types of wider upgrades would be necessary before East Texas Goodwill could consider leaping ahead to a new generation of technology.

Once there's clarity about goals and internal capabilities, Lewis says, "I ask them to research three organizations that could deliver such new technology, along with a series of references from existing customers — who can open up about both successes and unexpected frustrations.

Often those references come from other Goodwill organizations around the United States, she says. That's especially helpful be-

cause such colleagues are likely to have highly relevant experiences using the new tools in question. Then as decisions draw closer, Lewis wants to be briefed on what options are under consideration.

Inclusive at the start; decisive at the end. There's a lot to learn from this CEO's approach to the vital — but tricky — task of keeping a nonprofit organization's technology stack up-to-date. Lewis is a strong believer in the power of technology, spending a robust 5 percent of her organization's annual $16 million budget on technology. But she's also the in-house skeptic, bluntly pushing back against tech salespeople whose hazy assurances don't measure up to her scrutiny.

Lewis also benefits from a tech-embracing culture that runs strong throughout Goodwill — both at the organization's global headquarters in Rockville, Md., and at several hundred independently governed Goodwill organizations throughout the United States. In a recent interview with *MIT Sloan Management Review,* Steve Preston, president of Goodwill International, spelled out ways that AI and computer-powered image recognition could help Goodwill be more efficient and provide a wider range of services.

Similarly, most nonprofit leaders are comfortable with their current technology-adop-

KIMBERLY LEWIS

Kimberly Lewis (right) shares her IT expertise with a visitor to Goodwill Industries of East Texas

tion practices. Over all, 66 percent of non-profit leaders say they believe "we've made consistently good choices about technology use to date." Confidence is especially high among organizations like East Texas Goodwill that spend a relatively high share of their

34% We haven't made consinstenly good tech choices to date.
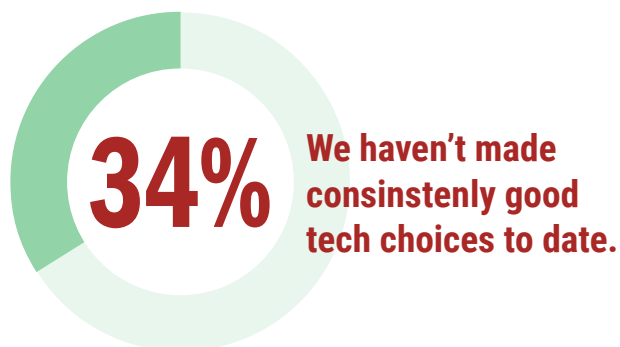
budgets on technology and among those that have two or more tech-focused employees.

Still, 34 percent of nonprofit leaders say they don't feel their organizations have made consistently good tech choices. (See Section 6: "Confronting Tech's Downside," for more details about nonprofits' biggest pain points.)

Unease is especially high among nonprofits that have no tech-focused employees or that spend less than 3 percent of their overall budgets on technology.

There's a similar split when nonprofit leaders are asked if they get good advice from vendors and consultants about their tech choices. Some 70 percent say yes, with enthusiasm at its strongest among nonprofits that have at least one tech-focused employee or that spend at least 3 percent of their overall budgets on technology.

That still leaves 30 percent of nonprofit leaders who feel they haven't always been well advised by vendors and consultants. Even when such nonprofits want better tech,

they have trouble connecting with trusted sources that can guide them toward tech success. Such mismatches can cause tech advancement to stall out at many nonprofits. Jitters are especially high within organizations that spend less than 3 percent of their budgets on tech or that don't have any tech-focused employees.

How can nonprofit leaders stay up to speed on tech's latest twists? For innovators such as Lewis, there's time periodically to break away from day-to-day burdens in favor of some high-intensity learning. This summer, she and many other regional Goodwill leaders will be visiting MIT for AI training. "I'm so excited," she says. "I'm going to be super dangerous." Over all, 43 percent of nonprofit leaders rate their organizations as being above average in tech adoption relative to their peers. But that leaves 57 percent fearful that their organizations are falling behind. For many of them, tech is always "tomorrow's problem." There just isn't enough time in the

My Organization's Tech Adoption Is Ahead of Its Peers'

Disagree 57%

Agree 43%
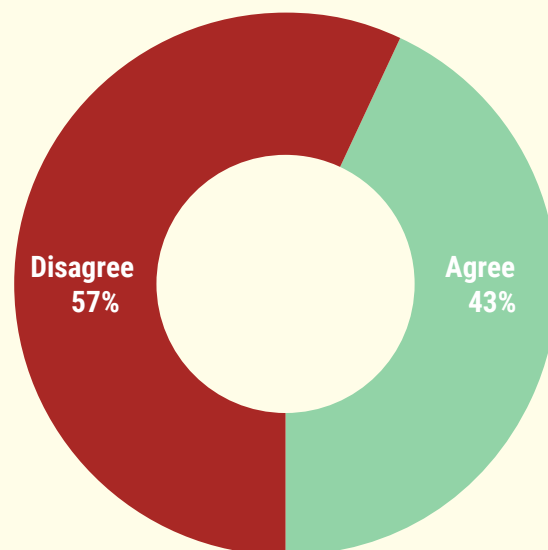
week to focus on the longer-term, strategic nature of tech mastery when so many other urgent issues need attention right away.

To understand how nonprofits approach their tech-buying decisions, it helps to start with a broad-gauge look at the major stakeholders, working gradually toward the most important decision makers of all — as Lewis does at the East Texas Goodwill.
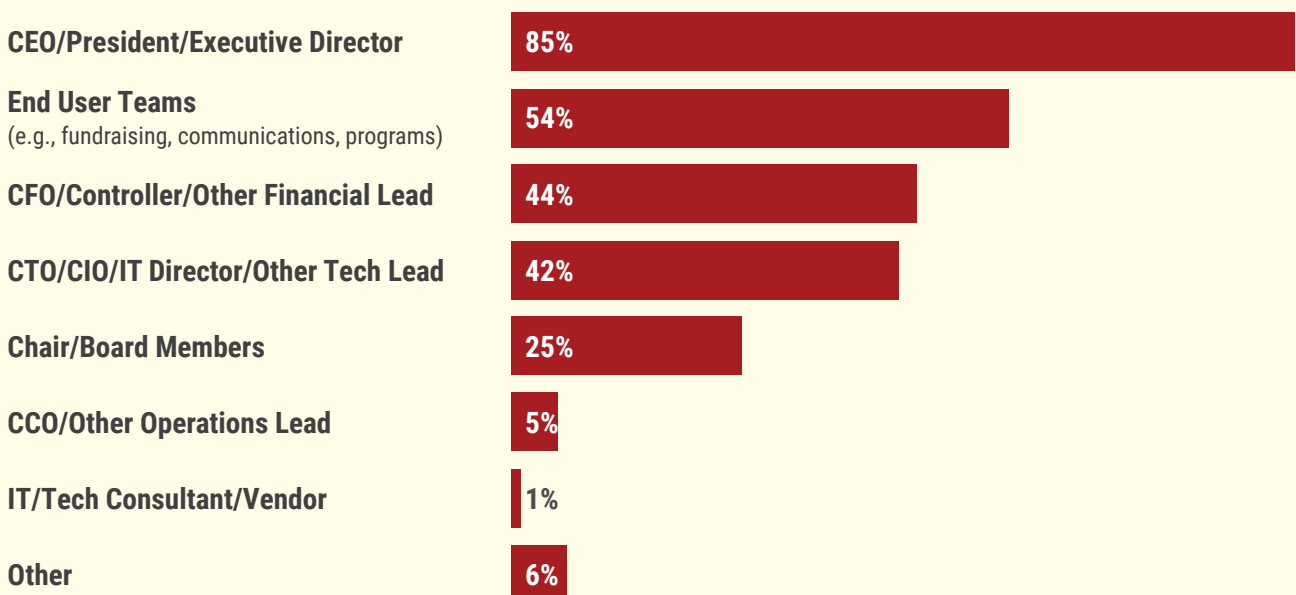
Tech specialists such as chief information officers and chief technology officers are in the mix — but they don't make the top-three list of experts most likely to be involved in nonprofits' major tech-buying decisions. A significant reason for that surprisingly low showing may reflect the fact that at many small nonprofits, the budget simply isn't big enough to allow for a full-time tech specialist. As a result, tech-related responsibilities are split among other employees and leaders in a much less formal way. That sort of fragmented or incomplete domain expertise is a reality for nearly half the organizations surveyed.

As the table to the left shows, nonprofits' tech experts are involved in IT decisions 42 percent of the time. That makes them an important part of the inner circle but hardly the dominant voice.

Nonprofits are almost exactly as likely (44 percent of the time) to invite controllers, chief financial officers, or other finance specialists into the decision makers' inner circle, the *Chronicle's* survey found. That shouldn't be a surprise. Tech purchases cost a meaningful amount of money upfront — and can often come with substantial down-the-road costs for updates, customization, and ongoing service support. Without input from the finance team, organizations could be blindsided by unforeseen bills.

In addition to tech and financial experts, end users — employees in areas such as fundraising, operations, and marketing — can offer invaluable insights to leaders making technology decisions. Even though these rank-and-file employees lack the clout of a

Who Is Involved in Major Technology Selections

|	
CEO/President/Executive Director	85%
End User Teams (e.g., fundraising, communications, programs)	54%
CFO/Controller/Other Financial Lead	44%
CTO/CIO/IT Director/Other Tech Lead	42%
Chair/Board Members	25%
CCO/Other Operations Lead	5%
IT/Tech Consultant/Vendor	1%
Other	6%

C-suite title, the *Chronicle's* survey found that they are often the most active contributors in four key areas: identifying a need, making recommendations, researching possible solutions, and implementing them.

Among technology stakeholders, the most sway by far goes to the organization's president, executive director, or CEO. Whatever the title, the nonprofit's ultimate leader brings unmatched strategic insights to the choices at hand. Put simply, she or he can sense what additional opportunities will open — or vanish — if the organization goes ahead with a particular tech purchase.

In theory, well-connected board members could provide strategic insight, too. At 29 percent of nonprofits, the board does explicitly review tech strategy. And at a slightly lower frequency (25 percent) nonprofits' board chairs or other members do get personally involved in major technology selections. Hands-on board involvement is relatively uncommon, though, perhaps because the part-time, advisory nature of most nonprofit board work makes it hard to become a deep enough subject expert to add value.

Richard Vanderveer, board chair of the Volunteers in Medicine Clinic, says he's invested significant time attending webinars and reading articles about how emerging technology can overhaul fundraising practices. "I could spend 20 hours a week doing this. What I've ended up doing is prescreening things that might be of interest to our head of development."

More than 20 years ago, Lewis, at Goodwill Industries of East Texas, got her start in the nonprofit sector by working as a data administrator at a private girls' school. A lot has changed on the technology landscape since

29% **Our board actively reviews our tech strategy**
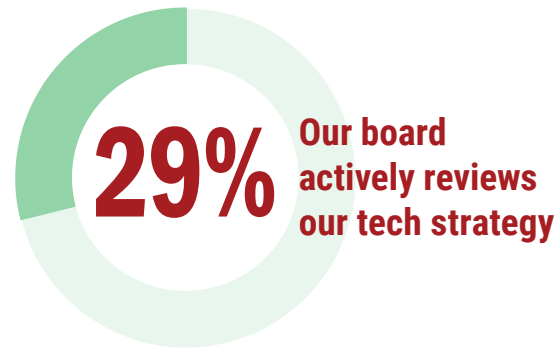
then, as Lewis readily acknowledges. But some basic truths — particularly relating to software compatibility, cost overruns, tricky edge cases — are an eternal part of the way tech works (or doesn't work) in the real world.

"Don't try to fast-talk me," Lewis says. "I have just enough knowledge or experience to be dangerous." She's seen enough sales pitches for bad tech that she quickly picks out the red flags and calls sales representatives on them.

And while there are reasons to be wary of some new technology, Lewis is a big believer in tech's ability to help her 350-person organization work faster, nimbler, and more efficiently. Within her organization's tech stack, you can find NetSuite software keeping track of inventory, while Epicor software keeps point-of-sale systems orderly. There's UKG Kronos software taking care of purchase requisitions and Blackbaud tools coding gifts for the fundraising team.

"At any kind of business, including nonprofits, you need [tech] systems," Lewis says, "even if the ticket price is a shock. These systems not only act almost as if they were another employee, they also help streamline your operations."

The 4 Types of Tech Spenders

S econd Harvest Community Food Bank is a lifeline for hungry people in northwest Missouri and three adjacent counties in Kansas. Each week, the 34-year-old organization feeds about 8,000 children, seniors, and working adults. Getting a lot done on a lean budget has been a way of life for most of Second Harvest's existence.

But in the past few years — especially with the COVID crisis and its aftermath — demand for Second Harvest's services has outpaced its funding. The food bank's budget has been slightly in the red for three of the past four years, with nearly all its $12 million in annual revenue being put to work on direct program services.

**Chad Higdon, CEO
of Second Harvest
Community Food Bank**

SECOND HARVEST

If money wasn't a constraint, says Second Harvest's CEO, Chad Higdon, this would be the perfect time to upgrade the tech tools necessary to help his St. Joseph, Mo., organization move faster and be more efficient. A better system for food-inventory tracking is on his wish list. Being able to upgrade Second Harvest's information gathering about the people it serves would be a big step forward, too — and could help a lot in winning more funding.

"We're collecting a lot of good data," Higdon says. "I don't know if we've realized the full potential of how to use that data." On his wish list is the ability to segment his fundraising efforts so that donors who are interested in supporting veterans, for example, could hear about how many ex-military families his organization serves.

For now, though, many of these goals seem out of reach. With constant budget pressures and a 23-person staff that's already stretched to a considerable degree, it's likely that most of those ideas will stay indefinitely in the "maybe someday" category.

Such forgone opportunities are a frustrating way of life for nonprofits like Second Harvest, which can allocate barely 1 percent of its budget for software, computer hardware, and similar technologies. As Higdon explains, his organization chart is so lean that it has no IT professionals.

Second Harvest is not alone. In fact, its efforts to carry out an ambitious mission with a pinched tech budget will resonate with many other nonprofits in a similar situation. As the grid on the next page illustrates, it's possible to sort nonprofits into four distinct categories that reflect fundamental differences in the resources that ultimately define their tech strategies.

With constant budget pressures and a staff that's stretched thin, tech innovation is unlikely.

The rest of this section will explore each of those four clusters, adding insights about the attitudes, priorities, pain points, and buying patterns that unite the nonprofits in each category.

Second Harvest's categorization was influenced by two factors: its bigger-than-average revenue and its relatively lean tech budget. That places it in red square in the lower right-hand corner of the matrix.

In much the same fashion, the other 350 nonprofits represented in the *Chronicle's* tech survey can be sorted by the sizes of their operating budget and tech spending, too. Moving along the horizontal axis, organizations with less revenue are on the left; organizations with more are on the right. Let's take a closer look at how nonprofits' attitudes, priorities, and practices vary, depending on which part of this diagram they call home.

1. Small organization; lean tech budget. Organizations that spend less than 3 percent of their budgets on technology are more likely to be worried about AI's potential impact on nonprofits and more likely to worry that their needs and preferences relating to tech aren't being heard by decision makers. They're especially eager to get free advice and comparison tools that can help them with tech tools and strategic road maps.

In some cases, leaders of small, low-tech organizations have simply chosen to work with antiquated tools, such as paper printouts or payments by check, because that's what they are most comfortable with — and pressures to change are modest. Toni Hayden, head of United Way of Southern Illinois, recently described herself to *Chronicle* senior re-porter Sara Herschander as "old-fashioned" and admitted that "technology scares me sometimes."

Intriguingly, small organizations are less likely to worry about retaining the tech talent that they do have. That may reflect a close-knit work culture in which employees are more deeply connected to the organization's mission. Or it could be a quiet signal that the tech skills sufficient to be useful in a small organization aren't likely to attract a lot of interest from larger organizations looking for cutting-edge skills.

2. Small organization; robust tech budget. Who's in charge of tech strategy at a nonprofit that's too small to have a full-time tech employee? More than 90 percent of the time, according to the *Chronicle's* survey, it's the CEO.

Small organization; robust tech budget	**Larger organization; robust tech budget**
Small organization; lean tech budget	**Larger organization; lean tech budget**
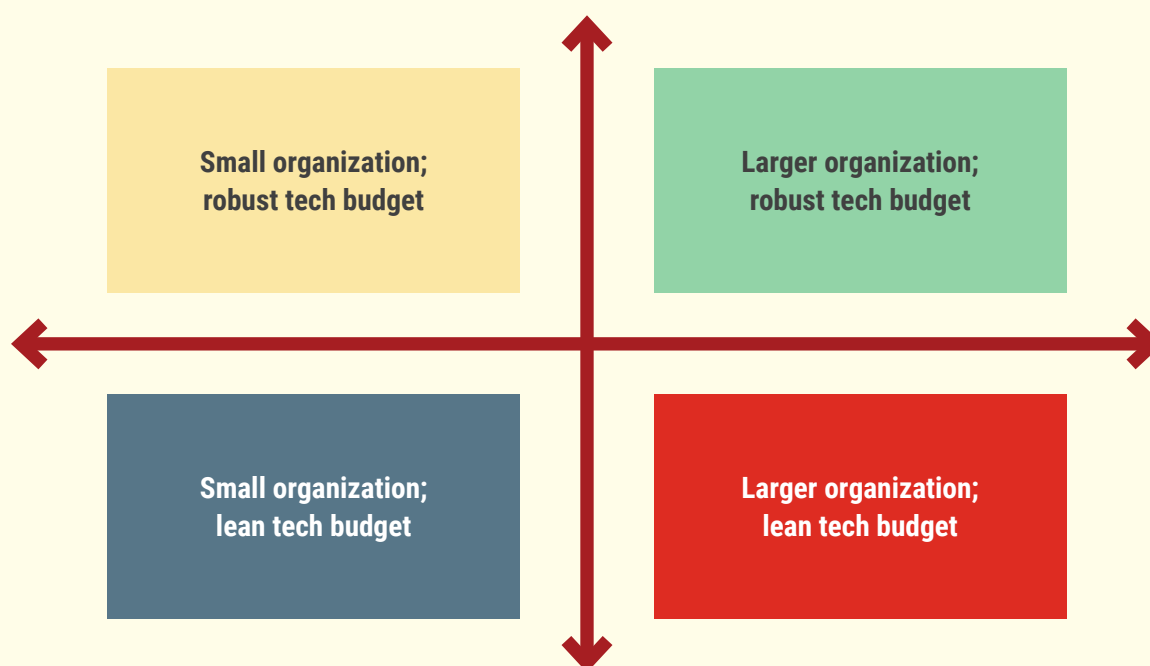
These leaders' résumés may include a generous helping of informal tech experience, even if they lack engineering degrees. It's common for such leaders to have built their own websites, while also teaching themselves how to get tasks done with Amazon Web Services, HubSpot, Adobe's Creative Suite, and other tech mainstays.

Such hands-on, informal tech experience can become part of an organization's overall culture — reflected in hiring norms that attract similarly self-trained improvisers. The *Chronicle's* survey found that when there isn't a full-time, formal tech specialist on the payroll, end users themselves often play a larger role in driving decisions regarding major software, hardware, cloud-computing, or AI decisions. Being small and tech-savvy can even be a competitive advantage. Because bold little nonprofits can get to "yes" faster, tech companies often welcome them as early customers, sometimes at discounted prices, in return for quick, detailed feedback on product design.

3. Large organization; robust tech budget. These nonprofits are most likely to employ someone in the formal role of IT director, chief technology officer, or something similar. That tends to be a high-impact role with the expertise to ensure that different aspects of the tech stack all fit well together.

These organizations are the nonprofit sector's biggest spenders on technology. They also are the most deliberate and systematic, building tech road maps that can stretch multiple years into the future. That helps them become known as reliable customers, but it also means that their procurement cycles can stretch out quite a bit.

4. Large organization; lean tech budget. This combination of traits describes nonprofits such as Second Harvest, which need to approach IT spending issues with a sometimes-painful level of thriftiness. In many cases, there just isn't enough money available to pay for new hardware or desired software upgrades. In-house tech staffs are small or nonexistent, forcing a greater reliance on outside contractors. Even if leaders would like to develop well-integrated data management practices that can provide synergies across departments, it's hard to find the necessary resources to make such goals happen.

> **CEOs of small, tech-savvy nonprofits often have informal tech experience, even if they lack engineering degrees.**

Complaints about tech features that don't meet expectations are especially common among leaders at such organizations. "We have a lot of software that doesn't communicate very well. Our inventory software isn't as thorough as we would like it to be," says Higdon, at Second Harvest. Still, Higdon and other leaders aren't giving up. In the *Chronicle's* survey, these leaders voiced the greatest interest in finding philanthropic support to help overcome current tech challenges. Appetites were especially strong for anything that might emerge in terms of free information sessions and comparisons of tech tools.

Building a Tech-Savvy Culture

Emily Ball Cicchini did not set out to be a techie.

As an undergraduate, she studied English literature and fine arts. Passionate about theater, she took a shot at being a playwright and in 1999 entered the nonprofit world full-time as development director for the Zach Theater in Austin, Tex.

Then, in 2006, Cicchini and the nation's tech scene found each other. She joined the University of Texas

Emily Ball Ciccini, wearing a Bookspring T-shirt, at a recent book fair in Austin, Tex.

"I try to keep the tech stack easy enough that it's something you can learn on the job."

at Austin as a project manager, with a wide mandate to help build instructional technology offerings. Before long, she was rolling up her sleeves to produce virtual courses with unlimited enrollment. She was redistributing online content. And she was serving on campuswide leadership committees dealing with technology issues.

"I'm tech-friendly," Cicchini says. When she realized that most of her UT projects needed their own websites, she decided that — rather than hire outsiders to build them — she would learn enough WordPress skills to construct those websites herself. "I've built more than 10 sites," she says. "I like to think of myself as an early adopter."

Now the executive director of Book-Spring, in Austin, Cicchini has turned this open-minded, learn-as-you-go attitude into a key part of the culture at her 10-person nonprofit, which distributes physical and digital children's books to families that might have trouble accessing such reading material on their own. Nobody at BookSpring is an IT specialist or software engineer by training. But there's always room to teach yourself or to find an online tutorial.

Building a tech-savvy culture within a nonprofit isn't easy — but it's not impossi-

ble either. BookSpring and other nonprofits have figured out how to make headway despite tight budgets and scarce to nonexistent IT staff. Their successes tend to rely on one of the following three strategies:

• **Recruit and nurture a "tech-friendly" team** filled with people who aren't experts yet but are fully comfortable with lots of on-the-job learning. That's what Cicchini is striving for at BookSpring, well aware that success means providing a lot of encouragement to colleagues who might start out being suspicious of tech.

"I try to keep the tech stack easy enough that it's something you can learn on the job," Cicchini says. "We create videos of how our processes are run. I like to work with what people's natural skills are. I'm of the mindset that leaders find out what people are good at — and then craft the role so that they can thrive." As an example, Cicchini says, if an employee enjoys using Canva, the graphics-in-a-jiffy service, she'll make sure they can use those skills to produce content.

When employees set out to learn new skills, Cicchini says, she embraces the idea that first attempts might be a bit ragged. "You have to give people the freedom to do it wrong sometimes and know that the world isn't going to end because we didn't get that book to that kid on a particular day," she observes. We have the luxury of doing low-cost pilots. We can try things and see if they work.

• **Use remote-work options as a hiring edge.** When it comes to hiring tech talent, nonprofit leaders have been muttering for years about a hard-to-overcome competitive disadvantage

with the private sector. Big, fast-growing tech companies such as Google, Meta, and Amazon have been able to snap up top tech talent with jumbo salaries — and lush stock-ownership packages — that the nonprofit sector simply can't match.

In the past 18 months, however, that dynamic has changed. America's corporate bosses have been abruptly telling their work forces to abandon the comforts of remote and hybrid work. It's back to the office, these companies are saying. Your desk is waiting for you. If you can't stomach a traditional Monday-through-Friday commitment to the corporate office, this might not be the right job for you.

By contrast, as recent *Chronicle* reporting has shown, the nonprofit sector has become known as a haven for work-anywhere enthusiasts. That's brought a double payoff: greater access to nationwide talent, and strong results from far-flung employees who thrive on this extra independence. "Having the flexibility to hire from anywhere in the country has been a huge plus," says Ann Mei Chang, CEO of Candid, which aggregates data about the social sector.

• **Build a mission around unique, tech-focused work.** Rose Afriyie, a former marketing manager at Google, co-founded mRelief in 2014 as a nonprofit building online and texting tools that would make it easier for people in need to sign up for food aid.

Chicago-based mRelief recently began piloting generative AI tools to help people determine their eligibility for public benefits — completing an application, when appropriate. The company employs more than 20 people, including at least eight working in engineering or data roles.

"It's a really inspiring time to be in nonprofit organizations," Afriyie says, "thinking about how we can build first-rate technology right for people at the margins of society." She's not the only person at mRelief to feel inspired. As the nonprofit has built its staff, it has been able to attract technical talent who previously worked at PayPal and other well-known tech companies.

Over all, nonprofits' record in being able to attract and keep technical talent is a source of stress at many organizations. As the chart to the left shows, 44 percent of nonprofit leaders say they are having a hard time hiring the tech talent that they need.

We Are Having a Hard Time Hiring the Tech Talent We Need

No
56%

Yes
44%
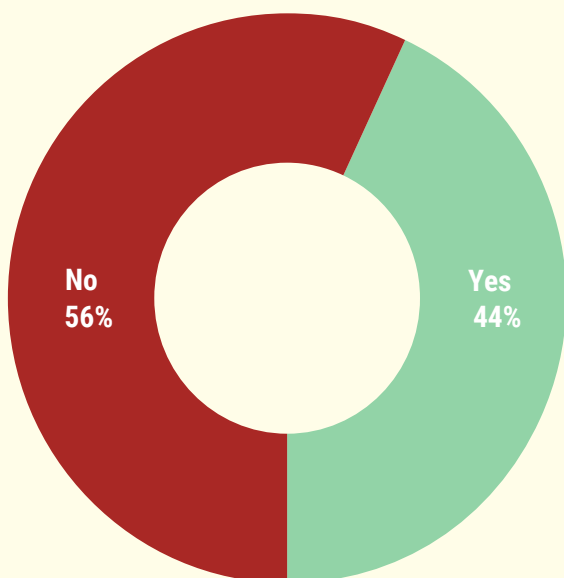
That's an especially intense sticking point at organizations making the biggest commitments to tech, such as those with two or more full-time tech employees or those spending at least 3 percent of their overall budgets on tech.

Even so, a narrow majority of nonprofit leaders (56 percent) say they aren't having trouble hiring the tech talent they need. Comfort with the status quo is especially high among organizations that don't have any full-time tech employees or that are spending less than 3 percent of their budgets on technology.

65 percent of CEOs say they're not having trouble retaining tech talent.

It's a similar story when nonprofit leaders are asked if they are having trouble retaining tech talent. Only 35 percent said they were having trouble. For the remaining 65 percent, tech talent retention isn't reaching that level of stress.

Confronting Tech's Downside

When the *Chronicle*'s survey asked nonprofit leaders to identify the barriers that make it hard or even impossible to adopt new technology, a slew of concerns tumbled forth. Budget constraints are at the top of the list. But five other factors — including steep learning curves and difficult approval processes — can leave even optimists feeling deeply frustrated.

In a , Oxford University professor Bent Flyvbjerg and colleagues shared decades of data showing that information technology projects around the world are especially prone to delays and cost overruns. That's because IT projects typically involve ambitious attempts to connect many subsystems and data sets. If even one part of this ambitious interconnection scheme goes off course, then the entire project is at risk of delays and misfires.

By Flyvbjerg's analysis, IT projects carry a greater risk of cost overruns than almost any other category of project, including airports, bridges, tunnels, office towers, and other buildings. Nothing else — except for nuclear power plants and anything to do with the Olympic Games — comes close.

Small and midsize nonprofits are especially likely to chafe at the delays, frustrations, and burdens of technology gone wrong because

they are least likely to have full-time tech staffers who can devote all their energy toward getting everything untangled. Over all, 62 percent of nonprofit leaders in the *Chronicle*'s survey said that the time required to vet and implement tech projects is a stressor for them. Among organizations with no full-time tech employees, that source of frustration leaped to 68 percent.

Handling the learning curve associated with new technologies is another common pain point, invoked by 34 percent of nonprofit leaders and managers. That concern is slightly lower among C-suite leaders (33 percent) and noticeably higher (38 percent) among survey participants who aren't in the C-suite. The gap may reflect the degree to which lower-level managers are keenly aware of learning-curve friction — while top executives may not hear as much about such problems.

For 33 percent of nonprofits leaders, such as Kansas-based Beth Schafers, the burden of maintaining tech with limited IT support is another source of stress. "Our organization has been utilizing a tool without the specialists to help us use it properly," says Schafers, the director of development and community engagement at Family Promise of Greater Wichita.

She adds: "The lack of technological expertise on our team has caused major barriers to growth and better efficiencies. As a small/midsize nonprofit, paying for better systems or for support to manage our systems can be seen as an unnecessary expense."

A different — but closely related — set of anxieties emerges when nonprofit leaders are asked what sorts of tech issues keep them up at night.

At the top of the list is a lack of in-house staffing or expertise: a concern that's shared by 64 percent of nonprofit leaders. "We don't have dedicated staff to implement our tech-

6 Common Tech Worries

Lack of in-house staffing or expertise

64%

Cybersecurity breaches

51%

Runaway costs

46%

Features might not meet expectations

34%

Rapid obsolescence

33%

Ethical issues

26%

nology," says Terry Sanders, director of development for the American Osteopathic Foundation. "While we have contracted for this, we don't get much help."

Cybersecurity breaches are another big concern, shared by 51 percent of nonprofit leaders. Unlike commercial businesses — which are most concerned about hackers' ability to siphon out money — nonprofits worry more about authorized access to confidential personal data of both clients and donors. That's an especially big concern for nonprofits in health, education, and other fields in which nonprofits are entrusted with intensely private information relating to clinical records, student performance, and more.

It's hard to pin down the true frequency of successful cyberattacks affecting U.S. businesses and nonprofits. Cybersecurity companies have estimated that as high as 80 percent of cyberattacks succeed each year.

Nonprofit leaders surveyed by the *Chronicle* reported lower but still troubling rates, with 13 percent saying that hackers have breached at least some of their data. Another 25 percent say that hackers have attempted to break in but were stopped.

Even if core data remains safe, nonprofits still have to contend with unwelcome visitors to their websites, online forums, and email accounts. At BookSpring, Cicchini says her organization has needed to swat away bad actors that have tried to join online events to troll or disrupt them.

At least one-third of nonprofit leaders said they are concerned about issues such as runaway costs, tech features that don't meet expectations, and rapid tech obsolescence. Meanwhile, 26 percent voiced concern about ethical issues associated with tech. These can include everything from misuse of intellectual property to rogue behavior by AI chatbots.

Have You Experienced Any Data Breaches?

Hackers breached at least some of our data — **13%**

Hackers attempted to break in but were stopped — **25%**

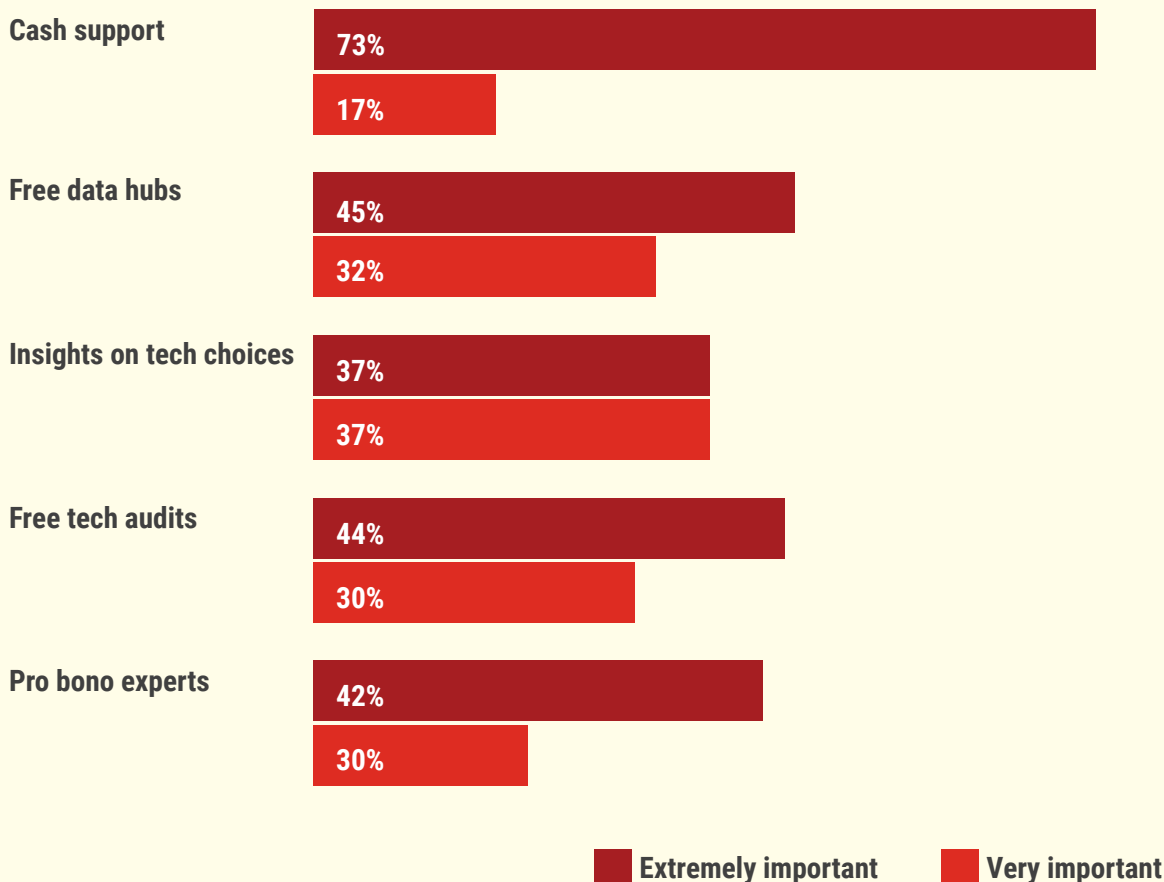We haven't experienced any data-breach issues — **49%**

Unsure — **13%**

How Can Philanthropy Help?

For most of his career, Vilas Dhar has been a tech optimist, excited about what each new breakthrough might bring. But in a public-radio interview earlier this year, he acknowledged some qualms that have been bothering him for a long time.

We've built tech without asking people to have agency in its creation," the president of the Patrick J. McGovern Foundation told WAMU listeners. Peel away slogans about building tech to help people, and what's left is the sense that innovation is driven by a desire to "aggregate profits," Dhar added. The time has come, he indicated, to build "a different model of technology creation where people are able to own the narratives of how AI will shape their lives."

Dear Philanthropist, please help us with...

Cash support
73%
17%

Free data hubs
45%
32%

Insights on tech choices
37%
37%

Free tech audits
44%
30%

Pro bono experts
42%
30%

■ **Extremely important** ■ **Very important**

If Dhar is ringing the bell, the philanthropic community is starting to listen. A new, $400 million global partnership called Current AI was launched in February 2025 with a mission of supporting tech capacity-building (particularly in AI) for nonprofits focused on fields such as disease prevention, climate, and sustainable farming.

Backers of Current AI include the Ford Foundation, the MacArthur Foundation, Omidyar Network, and Dhar's own organization, the Patrick McGovern Foundation.

So where should philanthropy concentrate its efforts if the goal is to help nonprofits do a better job of tapping into the best of what current-day technology can offer?

As the chart above shows, nonprofits' appetite for technology-related help is running strong. Fully 90 percent of the leaders the *Chronicle* surveyed signaled that simply getting cash would be either extremely important or very important.

Four specific types of philanthropic support are nearly as popular, rated as extremely or very important by 70 percent or more of nonprofit leaders. Enthusiasm is especially high for free data hubs (77 percent) followed closely by insights on tech choices (74 percent), free tech audits (74 percent), and access to pro bono tech experts (72 percent).

How urgent are these needs? Dozens of nonprofit leaders took extra time during the survey to add details about their own predicaments — and their hopes for support.

"Our computers are past their prime," wrote Jess Ducey, development and communications manager at TakeRoot Justice, a New York City nonprofit. With extra funding, Ducey wrote, TakeRoot could update its laptops and operating systems or formalize a bring-your-own-device policy. "We're currently a Windows house, but if money weren't an issue, we'd likely switch to Apple," Ducey wrote.
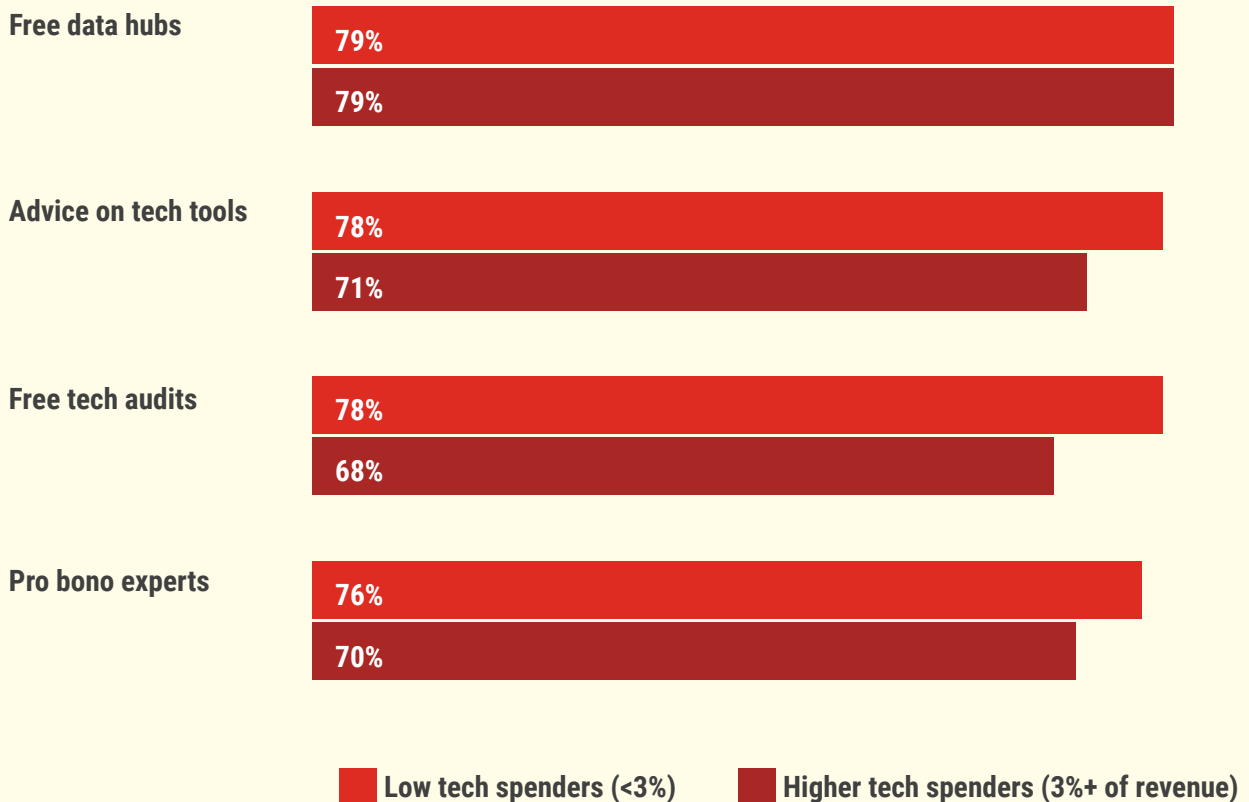
In Los Angeles, Omar Urquieta, principal of a charter school within the PUC schools network, wrote that he would welcome "training on effectiveness of technology, especially the technology that we currently have on site."

In Indianapolis, Sherri Scrogham, director of finance and administration at the Simon Youth Foundation, echoes that desire. At the top of her wish list, she wrote, is "training for the entire staff so they understand what AI is and what it can do for an organization." As she pointed out: "This is a new area, and many nonprofits do not have the financial means to seek out consultants."

Farther east, a similar call for philanthropic support came from Tara Burgess, executive director of Every Person Influences Children, based in Buffalo, N.Y. As she put it: "We have not invested in — nor do we have the capacity to invest currently — in training and understanding how technology can help us improve operations."

Meanwhile, difficulties getting the most

Where Tech Help Is Most Desired

Free data hubs
- Low tech spenders: 79%
- Higher tech spenders: 79%

Advice on tech tools
- Low tech spenders: 78%
- Higher tech spenders: 71%

Free tech audits
- Low tech spenders: 78%
- Higher tech spenders: 68%

Pro bono experts
- Low tech spenders: 76%
- Higher tech spenders: 70%

Low tech spenders (<3%)   Higher tech spenders (3%+ of revenue)

out of older technology are stressors as well. Michael Zwirn, vice president, development, at Reporters Committee for Freedom of the Press, wrote: "We are using Salesforce, email marketing, web, and other IT tools, but in a fairly rudimentary way that screams 2005 rather than 2025. We do not have any data visualization capacity, limited data analysis, and no AI implementation other than very minimal ChatGPT."

There's a chasm right now between large, well-funded nonprofits and everyone else. For sizable nonprofits with cash surpluses, internal resources are sufficient to add technical staff and hire consultants. These types of organizations can spend their own money to bring in the expertise that's needed to modernize operations and yield efficiencies far beyond the costs of those initial actions.

But for smaller nonprofits, especially those with meager, down-to-the-bone tech, their own resources just aren't sufficient to cover necessary tech upgrades.

As a result, nonprofits with meager tech budgets are most eager to find outside help in their efforts to modernize. The next chart highlights three of their most distinctive priorities: getting advice on tech tools, lining up free tech audits, and engaging with pro bono tech experts.

How much of an appetite do foundations and individual donors have for bankrolling these nonprofits' desires to update their tech? Historically, major donors haven't regarded tech assistance as a meaningful pri-

There's a chasm right now between well-funded nonprofits and everyone else.

ority in their giving. Such expenses have been regarded as "overhead," without the immediate appeal of giving grants or donations that finance more meals for the homeless or similar programmatic benefits.

Change might be afoot. Nonprofit leaders are getting better at making the case for technology upgrades as an essential backbone to their work, ensuring that operating programs live up to their potential. As Julie Reiskin, co-executive director of the Colorado Cross-Disability Coalition, puts it: "We spend way too much time on issues that could be solved by tech, like finding documents."

There's also a clearer sense of how the philanthropic community can help many nonprofits at once — via a shared-resources approach that makes the same insights, training, and strategy-mapping tools available, free of charge, to an entire community.

That's particularly true in fast-moving areas such as generative AI and its potential uses in nonprofit settings. AISES's president, Sarah EchoHawk, spoke for many nonprofits when she said that one of her top concerns is "trying to stay on top of the newest technology and integrate it quickly — training people to use it."

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