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## **Survey: Houston's nonprofits struggle with high turnover, plan to increase wages, offer more flexibility**



Image: United Way of Greater Houston



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The turnover rate in Houston’s nonprofit industry is nearly 10 times more than the rate for all U.S. businesses. Local organizations are turning to increased wages and added flexibility to combat it, the United Way of Greater Houston’s 2023 Wage and Benefits Survey found.

The survey garnered responses from 102 agencies in the Houston area with budgets ranging from \$500,000 to over \$10 million. As of Aug. 1, the average turnover rate for local nonprofits is 33.02%, which was unchanged from last year, the survey said. Meanwhile, the **turnover rate for all U.S. businesses is 3.6%**, according to the U.S. Department of Labor’s October 2023 Job Openings and Labor Turnover report.

While 37 of the survey’s respondents said their turnover rate maintained the same level since last year, 35 said the rate decreased and 22 said the rate increased. Additionally, 39 respondents said the average time to fill vacancies has increased since last year, while 41 said it remained the same and 16 said it decreased.

“I don’t think I’ve ever seen a time when recruitment was as much of a challenge,” said Ronnie Hagerty, assistant vice president of community relations for United Way of Greater Houston.

There are a number of reasons why the **nonprofit industry faces higher turnover rates** than other businesses, Hagerty said. One reason is that the work is challenging, both from a work-life balance perspective and from a mental health perspective as nonprofit employees work with community members in need. Additionally, another significant driver of the turnover rate is lower salaries than what one can earn in the for-profit sector.

There appears to be a reluctance among nonprofit boards to increase the salaries of the employees at these organizations, Hagerty said. Part of that is because of the perception that nonprofit organizations exist outside of the bubble of regular business.

Because of this perception, Hagerty said board members often believe that all the money that a nonprofit raises must go to programming. While this does occur for the most part, being able to hire qualified employees and pay them an adequate wage is a key part of the equation, she said.

“There continues to be a level of discomfort when the conversation turns to salary and benefits,” Hagerty said. “The reality is that staff deliver programs, and when you are not paying people a living wage, then they are likely to look elsewhere.”

However, that reluctance may be waning as nonprofits realize the need to offer competitive salaries. In 2022, 86 agencies reported an increase in general and merit wages, with an average increase of 4.89%. In the 2023 survey, 84 agencies anticipate increasing wages by an average of 4.04%.

Another way Houston nonprofits look to improve turnover rates is by increasing flexibility for their employees, Hagerty said. More than two-thirds of the survey’s respondents already offer flexible work schedules, including hybrid and completely remote work. Additionally, 35 organizations said they increased their use of flexible scheduling in the past year, though 24 said they decreased flexibility.

Nonprofits are also turning to other strategies to attract and retain talent, Hagerty said. This includes an increased focus on promoting from within and paying more attention to company culture. Moving forward, Hagerty also said she hopes local nonprofits consider mergers and acquisitions as a way to be more cost-effective and have a greater reach in the Houston region.

**T H E L I S T**

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Total revenue