



The Pressure on Nonprofits Has Never Been Higher — Here's How to Survive What's Coming

By Ed Mitzen

The kind of pressure nonprofit leaders were under in 2025 – and will continue to face now in 2026 – feels fundamentally different. On top of existing operational and fundraising challenges, organizations are contending with a hybrid brand of economic and political uncertainty – much of which none of us can reliably predict or understand, much less control.

Then, there's the paradox of it all: As nonprofit budgets tighten in response to growing uncertainty and waning resources, demand for their services is actively increasing even as millions of Americans are seeking support amid the worsening affordability and housing crises.

The good news is that we're quite literally in the business of overcoming adversity. But if we hope to maintain that reputation – and survive in today's climate – we first

need to understand with clarity what we're up against and work together to adapt our strategies accordingly.

THE DYNAMIC THREATS UNDERMINING NONPROFIT STABILITY

Nonprofit leaders today are facing a veritable minefield of existing and emerging headwinds, with the most immediate tied to the ongoing instability in the U.S. economy.

For one, lingering inflation continues to have a damaging impact on the sector, with many organizations ramping up layoffs in a last-ditch effort to offset rising operational costs. In mid-2025, 7% of nonprofits said they were planning to increase layoffs, more than double the percentage of organizations surveyed at the end of 2024, according to the [Urban Institute](#).

This is all happening at a time when nonprofit leaders are still adapting to significant shifts in donor behavior, with growing economic pressure and instability only exacerbating already steep declines in donor retention. In fact, donor retention rates have been [falling steadily for five straight years](#), and the growing dependence of many nonprofits on a small pool of major donors will likely intensify as small-dollar, single-gift supporters begin to prioritize their own financial needs in an increasingly unpredictable economy.

Finally, making smarter budgeting choices and attracting new donors becomes even more challenging when nonprofits are constantly playing defense against shifting regulatory requirements and unpredictable policy swings.

DIGITAL TRANSFORMATION COULD BE THE NONPROFIT SECTOR'S STRONGEST LIFELINE

We must admit that we simply can't turn to the traditional strategies in our playbook to tackle the myriad and increasingly dynamic threats facing the sector today. What we can do, however, is recognize where nonprofits have fallen behind as an industry and see if our modern challenges may be better addressed with more modern solutions, especially as we head into another year of uncharted territory.

While it's true the nonprofit sector has been slower to adopt technologies and accelerate digital transformation, that doesn't mean it's too late to begin leveraging them. Artificial intelligence, in particular, should now be viewed as a baseline operational expectation. It will be critical to the success of this industry, just as it is across nearly every other sector.

HOW TECHNOLOGY BECOMES A PRACTICAL ADVANTAGE

In my work as co-founder of the [Business for Good Foundation](#) and as an entrepreneur in the healthcare marketing field, I've taken classes to better understand and apply these rapidly evolving technologies, and encourage my employees – particularly recent graduates – to do so, as these skills are increasingly essential to today's workforce and staying ahead of the curve.

For example, in addition to streamlining day-to-day operations and cutting back on administrative friction, AI and automation can help bolster donor acquisition

and retention by enabling smarter segmentation and delivering more personalized outreach and fundraising campaigns. Similarly, embracing modern strategies such as social media and content-based marketing may be essential for reaching the next generation of Gen Z and Millennial donors.

Nonprofits can begin to explore the implementation of a modern, unified commerce infrastructure that integrates online stores, point-of-sale systems, and marketing platforms to unlock better data, insights, and agility while providing a 360-degree view of operations. And while this might seem all too complex and challenging from a technical perspective, particularly for technologically immature nonprofits, it's both achievable and increasingly accessible with the right tools and expert support.

We can't – and shouldn't – expect to make these critical changes all on our own. Where in-house expertise is limited, board members can be called upon to leverage their connections to top talent in the technology space. Where nonprofit resources are limited, business leaders, tech firms, and wealthy philanthropists can step in to offer low-cost or pro-bono consulting and support to accelerate transformation.

As we begin this new year, it is more important than ever for those in positions of influence to recognize their privilege and use it intentionally to support the nonprofits working on the front lines. If we do that, we stand a far better chance of helping this sector not just survive what's coming but help shape a more equitable future on the other side.



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