

# Navigating Growth

Staffing and Donor Development Challenges  
in Texas's Nonprofit Sector



# Executive Summary

Texas’s nonprofit sector is expansive and economically powerful, comprising over 141,000 organizations that employ more than 660,000 individuals and generate an estimated \$136 billion in annual revenue.

<b>141,000</b>	<b>660,000</b>	<b>\$136 billion</b>
Organizations	Individuals	Annual revenue

While nonprofits in Texas are vital to the state’s social and economic infrastructure, many small to mid-sized organizations struggle with hiring qualified development staff, adopting modern technology, and maintaining strong donor relationships. This report explores these challenges with insights tailored to Texas’s nonprofit environment.

# Overview of Texas's Nonprofit Ecosystem

**141,000**

organizations

## Scale and Scope

Texas is home to approximately **141,000** nonprofit organizations, supporting over **660,000** jobs and generating around **\$136 billion** in total annual revenue.

**200**

have revenues exceeding

**\$100 million**

## Organizational Size

- Roughly **37%** of nonprofits report annual revenues under **\$250,000**.
- Fewer than **200 organizations** have revenues above **\$100 million**, yet these large institutions represent the majority of sector revenue.

**Significant contributors to the sector's revenue**

## Sector Distribution

- **Health-related nonprofits** contribute approximately **\$55 billion**.
- **Educational institutions** and nonprofits generate **\$25 billion**.
- **Human services and public/societal benefit organizations** produce over **\$20 billion** combined.

# Hiring and Staffing Challenges

## Competitive labor market

### Talent Acquisition

- Nonprofits compete across Texas's major labor markets—Houston, Dallas-Fort Worth, Austin, and San Antonio—where demand for **Development Directors, Fundraising Managers, and Grant Writers** is high.
- Smaller organizations often lack the resources to offer competitive salaries and benefits, limiting access to experienced professionals.

## Lack the resources

to hire dedicated IT or data specialists.

### Technological Gaps

1. Many nonprofits do not have the budget for full-time IT staff or data analysts.
2. Only a minority report being confident in their **data analysis, donor segmentation, and CRM utilization** despite collecting substantial donor data.



# Donor Development Trends and Challenges

## Retention challenge

### Donor Engagement

- Retaining and upgrading donors remains a key challenge for nonprofits with limited staff capacity.
- Without modern CRM tools or automation, organizations struggle to create **personalized donor journeys** that drive loyalty and increased giving.

## State, federal, and local grants dependencies

### Funding Dependencies

Many Texas-based human service nonprofits depend heavily on federal, state, and local grants, making them vulnerable to funding or policy shifts.

# Budget Constraints and Operational Limitations

## Tight budgets

### Resource Allocation

- Budgetary limitations hinder investments in **professional development, CRM tools, and modern fundraising platforms.**
- Staff frequently wear multiple hats, stretching capacity and reducing strategic focus.

## Affordable digital and operational solutions

### Capacity Building Initiatives

Programs through **OneStar Foundation, Texas Nonprofit Summit**, and partnerships with organizations like **TechSoup** help nonprofits adopt affordable digital and operational solutions.

# Regional Factors Influencing Nonprofit Operations

## Diverse population

### Demographic Considerations

- Texas's large and growing Hispanic/Latino population (approximately 40% statewide) and rapidly diversifying urban centers influence program design and outreach priorities.
- Nonprofits are increasingly adapting services to be culturally responsive and linguistically accessible.

## High housing and living costs

### Economic Landscape

Rising housing costs in urban areas, property tax increases, and inflation create additional financial pressures on nonprofit operations and staffing budgets.

# Recommendations

## Shared staffing models

### Collaborative Hiring

- Explore **shared staffing models** for grant writing, marketing, and database management.
- Consider **regional hiring collaboratives to attract high-caliber talent** in competitive Texas markets.

## Use free or discounted tools

### Leveraging Technology

- Utilize programs such as **Microsoft's Nonprofit Tech Acceleration Program**, **Google for Nonprofits**, and **TechSoup** for discounted technology solutions.
- Automate donor outreach with platforms like **Bloomerang**, **Kindful**, or **Little Green Light** to streamline stewardship and giving processes.



## CRM solutions, Stewardship strategies

### Enhanced Donor Engagement

- Invest in lightweight CRM systems to segment donors, personalize outreach, and track engagement metrics.
- Prioritize stewardship and relationship-building strategies to maximize donor lifetime value.

## Leadership development Upskill staff

### Capacity Building

- Participate in training and workshops offered by OneStar Foundation, Center for Nonprofit Management (Dallas), Mission Capital (Austin), and United Way regional affiliates.
- Encourage board development and volunteer leadership training to extend operational capacity without new full-time hires.

# Conclusion

Texas's nonprofit sector is essential in addressing statewide and regional social needs, but small and mid-sized organizations face ongoing growth hurdles due to hiring bottlenecks, limited donor development resources, and tight budgets. By leveraging **partnerships, scalable technology solutions, and outsourced services**, nonprofits can remain sustainable and thrive in an increasingly competitive environment.

Organizations like [goharness.com](https://goharness.com) provide full-service fundraising, marketing, and donor engagement support for a fraction of the cost of hiring a part-time employee. Their team delivers **people, tech, and strategy**, enabling nonprofit leaders to focus on mission and impact—not just operations.



# Strategic Recommendations

## Outsourcing Fundraising Services



# Know When to Outsource

Outsourcing is a smart option when...

- You need expertise in **major gifts, grant writing, or digital fundraising.**
- You're launching a new campaign or event and lack internal bandwidth.
- Your organization has budget constraints but requires **expert-level deliverables.**

## Types of Fundraising Functions to Outsource

Grant Writing & Research

Hire specialists to expand your grant pipeline and increase success rates.

Campaign Strategy

Engage consultants to develop structured roadmaps for **annual giving, capital campaigns, or digital-first campaigns.**



## Donor Communications

Leverage freelancers to craft compelling **emails, appeals, impact reports, and stewardship** content.

## Database Management (CRM) & Reporting

Use external partners to clean, segment, and optimize CRM data for targeted outreach.

## Digital Fundraising

Engage professionals to run **digital ad campaigns, email automation sequences, and peer-to-peer fundraising** efforts.

# How to Vet Providers

1

Request samples of work, performance metrics, and client references.

2

Ensure cultural fit and mission alignment to maintain donor trust and brand authenticity.

## Platforms to consider if not hiring a full-service partner:

[Catchafire.org](https://www.catchafire.org)

[Upwork](https://www.upwork.com)

OneStar Foundation  
Consultant  
Directory

Association of  
Fundraising  
Professionals –  
Texas Chapters

# Cost Considerations

**\$75–\$200**

per hour

Hourly rates range from \$75–\$200/hour.

**\$3,000 –\$10,000**

Project-based contracts

Project-based engagements run \$3,000–\$10,000 depending on complexity.

**Fundraising support for much less than a part time employee**

Monthly retainers are often more affordable than hiring part-time staff internally.

**Tip**

Budget for any software or CRM subscriptions to maximize outsourced deliverables.

# Structure the Relationship for Success

- ✓ Set clear deliverables, timelines, and reporting expectations.

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- ✓ Start with a short-term pilot project to ensure fit before committing to longer engagements.

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- ✓ Assign an internal liaison for efficient communication.

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- ✓ Hold regular performance reviews to track progress and adjust strategies.

**For more information and a free assessment,**



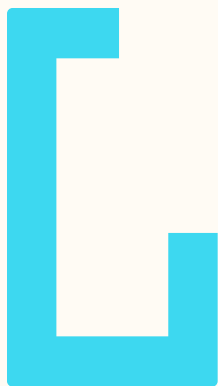
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