Public Think Charities Spend Too Much on Administration Costs, Survey Shows

Contributed by nfpsynergy
Friday, 25 July 2014

People still think charities are spending more than double the acceptable amount on administration costs, new research suggests. In a blow to charities and their work to increase transparency, the poll also reveals that people only think around a third of income is actually spent on the cause and that chief executives are an administration cost.

The research, carried out by research consultancy nfpSynergy, shows that people think charities spend 37% of their income on admin costs, more than twice the 15% they feel would be acceptable. People also think charities spend just 38% of their money on the cause when it should be 65%. There is a less of a gap when it comes to fundraising, with people thinking charities should spend 20% but probably spend 26%.

The nationally representative survey of 1,000 adults also reveals 65% of people think a charityâ€™s chief executive counts as spending on administration. A director managing several medical research projects is admin according to nearly half (45%), as is paying volunteer expenses.

The public were clear about what they thought was spending on the cause, with 64% saying a nurse feeding children in a refugee camp and 55% saying a therapist giving counselling. Just over one third (35%) said the same about a person campaigning to change the law.

nfpSynergyâ€™s Driver of Ideas, Joe Saxton, said:

â€œThe public tend to overestimate how much is spent on fundraising and â€˜adminâ€™ and underestimate how much is spent â€˜the causeâ€™. Worse still, the public is much stricter than charities when it comes to defining spending on â€˜the causeâ€™. Charities will have to work much harder if they are to close the gap between public perception and charity reality.

"Charities must start talking to donors, volunteers and the public and they must do it regularly, powerfully and with passion to help people understand not only what their money is being spent on, but also why it is money well spent.â€•

Key findings:

-The public estimates that charities spend 37% of their income on admin costs, more than double the 15% they think is acceptable
-The reverse is true of â€˜the causeâ€™, where people think charities spend just 38% when the level they find acceptable level is 65%. Fundraising has less of a gap, with 26% estimated and 20% acceptable
-Two thirds of people (65%) see a charityâ€™s chief executive as an admin cost, with just 6% saying it is spending on the cause
-45% think a director managing several medical research projects is admin, the same as paying volunteer expenses
-A nurse feeding children in a refugee camp was the option that the most people thought was spending on the cause with 64%, while 55% said the same about a therapist giving counselling and 35% about a person campaigning to change the law