IMPACT OF COVID–19 ON NONPROFIT ORGANIZATIONS IN SOUTHWEST MICHIGAN

Hub ONE surveyed nonprofit leaders across Southwest Michigan in April 2020 and received 103 responses. The feedback received illustrates the current impact of the COVID-19 crisis and dramatic shift in the overall health of our community's social service ecosystem. This information calls for deeper conversation and allows us to respond in appropriate and necessary ways to ensure the health of our community and neighbors now and into the future.

IN SOUTHWEST MICHIGAN, NONPROFIT LEADERS REPORT THE CRIPPLING EFFECTS OF COVID-19 IN KEY AREAS:

- **Overwhelming pressure** of simultaneously managing:
  - Creation of all-new virtual work environments
  - Development and implementation of new virtual service delivery platforms
  - Management and planning around a dramatic decrease in revenue
  - Uncertainty on every front

- **Limited ability to recoup lost revenue** from cancelled in-person events or service models

- **Fear** of the length and scope of this crisis on fundraising efforts

- **Staffing concerns**, both with anticipated layoffs and not having enough staff to meet the needs

- **Increased demand for services**

- **Limited access to resources, technology and expertise**

IN SOUTHWEST MICHIGAN, NONPROFIT LEADERS HOPE FOR:

- **Additional investment** and **maximum flexibility** to use current funding toward their organization’s most critical needs

- **Access to resources**, support and expertise in building strategy to sustain their missions through this crisis and build strength in its aftermath

- **Increased dialogue**

- **More collaboration**

- **Community amongst nonprofit leaders**
Population Represented

103 Respondents

Service Type

- Arts: 16%
- Health: 7%
- Education: 16%
- Environment: 2%
- Human Services: 31%
- Public, Social Benefit: 13%
- Religious: 2%
- Other: 13%

Budget

- Less than $100K: 12%
- $100K-$500K: 31%
- $500K-$1M: 14%
- $1M-$5M: 31%
- $5M+: 12%

Financial:

Our Landscape Has Been Transformed

Before the Crisis

- 96% of organizations were confident or optimistic about earning more or maintaining revenue compared to 2019.

In Light of COVID-19

- 6% of organizations are confident they’ll achieve their budgeted revenue.
- 60% have cancelled fundraising activities.
- 45% have already lost revenue from fee-for-service programs.
- 63% of organizations surveyed share that their most pressing concern is determining appropriate financial projections and making decisions accordingly.
- 55% have less than 12 months of adequate funding to sustain their staff and mission.

“There is little energy to go beyond holding on although we know that we have to think about worst case scenario and be prepared to adjust to any new reality.”
Nonprofit employees represent 10% of the American workforce, the 3rd largest industry. Layoffs combined with an indefinite freeze in hiring will have a significant impact on employment.

Service Delivery:

Before the Crisis

- 60% of organizations anticipated meeting a higher demand for their services.

The future was looking up and we were rapidly building capacity and now COVID-19 is cutting our ability to help our clients. I fear many non-profits who offer human services (including ours) will be unable to keep up with demand, especially based on projected losses of revenue from donations and foundations.

Now

- 80% of organizations have cancelled planned programming
- 46% of organizations have cut back on services
- 43% have cancelled or are considering cancelling service programming indefinitely
- 34% of organizations share that one of their most pressing challenges is serving unanticipated, acute needs of their constituents

Transportation, technology, and access to vulnerable populations are cited as significant obstacles for both the nonprofits and their constituents

Business Operations:

- 30% of organizations report that they lack the technology necessary to maintain mission delivery in a virtual manner. Transitioning programming to a virtual platform is a challenge faced by almost 60% of organizations.

- 76% have frozen hiring practices or are considering
- 38% have or are considering laying off part time staff
- 24% had to lay off full time staff members or are considering

“Before the Crisis Now

The future was looking up and we were rapidly building capacity and now COVID-19 is cutting our ability to help our clients. I fear many non-profits who offer human services (including ours) will be unable to keep up with demand, especially based on projected losses of revenue from donations and foundations.”

“We are receiving a lot of information to the point it almost feels like information overload, but at the same time we need to stay on top of this ever-changing situation. We feel like it is premature to make certain decisions about the agency, however, we are anxious about not making them.”

Nonprofit employees represent 10% of the American workforce, the 3rd largest industry. Layoffs combined with an indefinite freeze in hiring will have a significant impact on employment.
46% of organizations shared that additional emergency funding would make the greatest difference in light of the current crisis.

30% hope that funders will release restrictions on current funding.

90% of organizations have applied or are considering applying for state or federal stimulus dollars. However, they express the overwhelming fear and pressure related to keeping up with ever-changing mandates, adjusting policies to meet the requirements, modify work procedures and HR practices.

43% have not yet reached out to funders to discuss the current health crisis and how this emergency impacts their organization and constituency. Of these, 10% aren’t sure they feel comfortable reaching out.

We appreciate the openness and receptiveness of funders to both initiate and enter into these conversations with grantees. This demonstrates a recognition that the impact of the current situation is real and all are being impacted in various and unanticipated ways.

I think a big benefit to the community of nonprofit leaders is having open communication lines and opportunities to stay connected. Talking with each other would be a big asset right now. I believe a challenge at this time is feeling the sting of isolation for too many leaders...

Nearly 30% hope for access to additional resources and guidance from funding partners.

Nonprofits express the need to modify fundraising plans and request the active participation of board members and funders to help navigate this uncertain time.

Our organization is working hard to address the current pandemic in a strategic and intentional way. The support of the many organizations have been inspiring as we navigate this time as a community.