Impact of COVID-19 on Organizations Serving Low-to Moderate Income Communities

December 2nd, 2021

Organized by the Federal Reserve Bank of St. Louis
Welcome

Agenda for this webinar

Childcare & Education → Florida’s Nonprofit Sector → National Nonprofit Data

Ellicia Lanier  
Urban Sprouts Child Development Center

Sabeen Perwaiz  
Florida Nonprofit Alliance

David L. Thompson  
National Council of Nonprofits

Nishesh Chalise  
Federal Reserve Bank of St. Louis

Matuschka Lindo Briggs  
Federal Reserve Bank of St. Louis (Moderator)
The **Connecting Communities**® audio conference series is a Federal Reserve System initiative intended to provide timely information on emerging and important community and economic development topics with a national audience. The audio conference series complements existing Federal Reserve Community Development outreach initiatives that are conducted through our regional Reserve Bank offices and at the Federal Reserve Board of Governors in Washington, D.C.
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The information, analyses, and conclusion set forth are those of the presenters and do not necessarily indicate concurrence by the Board of Governors of the Federal Reserve System, the Federal Reserve Banks, or members of their staffs.
The mission of the Federal Reserve’s community development function is to promote the economic resilience and mobility of low- to moderate-income and underserved individuals and communities.
Opening Remarks

Nishesh Chalise
Community Affairs Manager
Impact of COVID19 on Childcare & Education: Perspective from a provider

Ellicia Lanier
Founder and Executive Director

[Image of Ellicia Lanier]
COVID-19’s Impact on Florida’s Nonprofit Sector
Florida Nonprofit Alliance

Sabeen Perwaiz
President and CEO
Florida Nonprofit Alliance is the state's collective voice, respected advocate, effective connector, and powerful mobilizer for the nonprofit sector.
Challenges

Nonprofits are not recovering quickly financially.

- 53% had a decrease in unrestricted revenue, and 48% have budgets that shrunk. And although COVID-19 relief funding was vital to 80% of nonprofit organizations making it through the pandemic, those sources are largely no longer available.

- 49% of nonprofit organizations have spent some or all of their reserve funds, making them more financially fragile than before the pandemic.

Fundraising and funding remains both the largest concern and a challenge for nonprofit organizations.

- In 2020 there was a 69% drop in fundraising. In 2021 the problem was compounded with half of nonprofits generating less income from fundraising. In addition, new sources for funding are not materializing in the way nonprofits have hoped they would.
Challenges Cont.

Nonprofits are still seeing an increase in the demand for services.

- 38% of organizations experienced increased demand in 2021.
- 36% of organizations have served more clients in 2021 than in 2020
- 30% said they served more this year than in 2019, pre-pandemic

The COVID-19 pandemic continues to take a toll on volunteering.

- 44% of organizations are experiencing volunteer absences, and about half of the organizations are using fewer volunteers now than they did in 2019.
- 55% of organizations have altered their volunteering opportunities and/or experiences.
Next Steps

Nonprofits have prioritized providing programs and services and are slowing getting back to pre-pandemic ways of doing so.

- This is good news because nonprofit programs and services are vital to the success of a community.
- However, because human and financial resources are not showing as much of a recovery, nonprofits should be careful not to resume services without the resources available to support them in the long term.

The financial ramifications for nonprofits from the pandemic are significant.

- Although nonprofits are resilient and optimistic, that doesn’t take away the need for continued financial assistance to recover.
- There is especially opportunity in growing individual giving in the state of Florida, but it will take the corporate community, foundations, and government to help nonprofits replenish reserves, cover their current operating costs, and grow their budgets to ensure programs are fully funded.
Next Steps Cont.

Challenges and opportunities for nonprofits

- After funding, the greatest challenges for nonprofits are adapting to uncertain and keeping people safe and healthy, especially with the return to in-person services. Both of these require up-to-date information about the virus; best practice sharing across industries; and staff leadership and Board members who feel empowered and ready to make the best decisions for their organization.

- The pandemic inspired and/or forced new collaborations and partnerships throughout the sector, and nonprofits are seeking resources to support those. Nonprofits are also aware of their responsibilities to engage the communities in which they work and looking for resources to help them.

ARPA advocacy

- Government relief funding, especially PPP funding, was vital to the survival of nonprofit organizations during 2020 and 2021. The sector should be advocating at the local (city and/or county) level for American Rescue Plan Act funds to be spent on nonprofits.
Next Steps Cont.

Protecting human resources

- The sector still has work to do to re-imagine volunteering and re-engage volunteers in a safe way. This re-imagining and re-engagement could also encourage people who have not been volunteers to begin doing so.

- The sector still has work to do to re-imagine volunteering and re-engage volunteers in a safe way. This re-imagining and re-engagement could also encourage people who have not volunteered in the past to begin doing so.
National Nonprofit Perspective on the Data

David L. Thompson
VP of Public Policy

NATIONAL COUNCIL OF NONPROFITS
National voice. State focus. Local impact.
Community Impact Survey Results

Impact on Nonprofits

1. Demand for services increased

> 75%
Community Impact Survey Results

Impact on Nonprofits

1. Demand for services increased
2. Ability to meet needs decreased

45%
Community Impact Survey Results

Impact on Nonprofits

1. Demand for services increased
2. Ability to meet needs decreased
3. Expenses up

Nearly 3 of 4 Organizations
Community Impact Survey Results

Impact on Nonprofits

1. Demand for services increased
2. Ability to meet needs decreased
3. Expenses up
4. Staffing down

40%
Community Impact Survey Results

Impact on Nonprofits

1. Demand for services increased
2. Ability to meet needs decreased
3. Expenses up
4. Staffing down
5. Indiv. & corp. donations declined

≤ 50%
Community Impact Survey Results

Impact on Nonprofits

1. Demand for services increased
2. Ability to meet needs decreased
3. Expenses up
4. Staffing down
5. Indiv. & corp. donations declined
6. Foundation contributions mixed

Down for 32%, Up for 40%, but ...
Community Impact Survey Results

Impact on Nonprofits

1. Demand for services increased
2. Ability to meet needs decreased
3. Expenses up
4. Staffing down
5. Indiv. & corp. donations declined
6. Foundation contributions mixed
7. Looming financial distress
Community Impact Survey Results

Impact on Nonprofits

1. Demand for services increased
2. Ability to meet needs decreased
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4. Staffing down
5. Indiv. & corp. donations declined
6. Foundation contributions mixed
7. Looming financial distress
8. **Government funds increased**
What Do We Know About the Causes?

- People turn to charities in times of crisis
- The Pandemic hit low- to moderate-income individuals hardest
- Burnout existed pre-pandemic; *exacerbated*
- Generally lower-wage sector
- Fixed Government Grants/Contracts prevent flexibility
- All sectors experiencing challenges, but …
Policy Solutions

✓ State & Local Fiscal Recovery Funds (ARPA)

- Nonprofits as Recipients of Relief AND Providers of Relief
- General and Targeted Grant Programs
- Essential Workers Supports
- Pandemic Expenses / Personal Protective Equipment (PPE)
Policy Solutions

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  - Nonprofits as Recipients of Relief AND Providers of Relief
  - General and Targeted Grant Programs
  - Essential Workers Supports
  - Pandemic Expenses / PPEs

✓ Government Grants/Contracting Reforms
  - On-time Payments
  - Indirect Costs
  - Cost of Living Adjustments
Policy Solutions

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✓ Government Grants/Contracting Reforms
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  ❑ Cost of Living Adjustments

✓ Funder Focus
  ❑ Prioritize community-based nonprofits serving low- to moderate-income individuals
Questions

Email

communities@stls.frb.org

Chat

Type your question into the chat box of the webinar.
Next Steps

• All session materials are available on our website, and in the next few days, we will post an audio file of today’s session.

• If you have topical suggestions for future sessions, or any questions about this program, please feel free to contact us at communities@stls.frb.org.

• Information about future sessions will be posted on our website along with archived materials from past sessions: https://bsr.stlouisfed.org/connectingcommunities.
Related Resources

• In connection with this session, you can find a variety of additional resources on this topic, available at www.fedcommunities.org.

• It provides an array of practical resources to help you in your role as a community development professional, whether your work involves supporting people, places, the policy and practice of community development, or small business development.