



CARY CENTER FOR THE
ADVANCEMENT OF PHILANTHROPY
AND NONPROFIT STUDIES



THE IMPACT OF COVID-19 ON ALABAMA AND GEORGIA NONPROFITS

September 2020

Compiled by the Cary Center for the Advancement of Philanthropy and Nonprofit Studies
Auburn University



ABOUT THE CARY CENTER FOR THE ADVANCEMENT OF PHILANTHROPY AND NONPROFIT STUDIES



*An academic center within Auburn University's
College of Human Sciences.*

The Cary Center for the Advancement of Philanthropy and Nonprofit Studies, an academic center in Auburn University's College of Human Sciences, inspires its participants to discover their purpose through learning, giving, and growing. Programs focus on financial wellness, philanthropic engagement, and nonprofit studies, empowering all generations to leave an enduring legacy.

The Cary Center enables individuals to learn financial responsibility, philanthropy, and nonprofit education through mentoring, outreach, and teaching. The center empowers individuals to give their time, talent, and treasure so they can make a difference in the world, and inspire individuals to grow as learners, leaders, and givers, enriching their lives while building a stronger society.

The center's services aim to enhance nonprofit management and leadership practices through the Cary Center Nonprofit Affiliate Program that has more than 125 member organizations.

Learn more about our center at: carycenter.auburn.edu.

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OVERVIEW AND BACKGROUND



Nonprofits play an integral role in the success and wellbeing of our communities. In American society, nonprofits provide services not fulfilled by the public and for-profit sectors. During crises and strife, nonprofits step in to provide relief and support to those in need.

The COVID-19 pandemic significantly challenges nonprofits as some are being called upon to provide more services than ever to fulfill crucial societal needs. Rising unemployment, safety concerns, and lack of financial and other resources (e.g. reliable internet for delivery of educational services) have forced nonprofits to shift operations and, in some cases, to reduce services leaving gaps in fulfilling important needs.

Alabama and Georgia nonprofits have historically been impactful and resilient in their fight against poverty, food insecurity, natural disasters, children's welfare, and many other issues. During this unprecedented time of COVID-19, nonprofits have been impacted across the country.

This report describes the difficulties facing nonprofits in Alabama and Georgia during the time of COVID-19. Surveys were distributed to nonprofits in Alabama and Georgia.

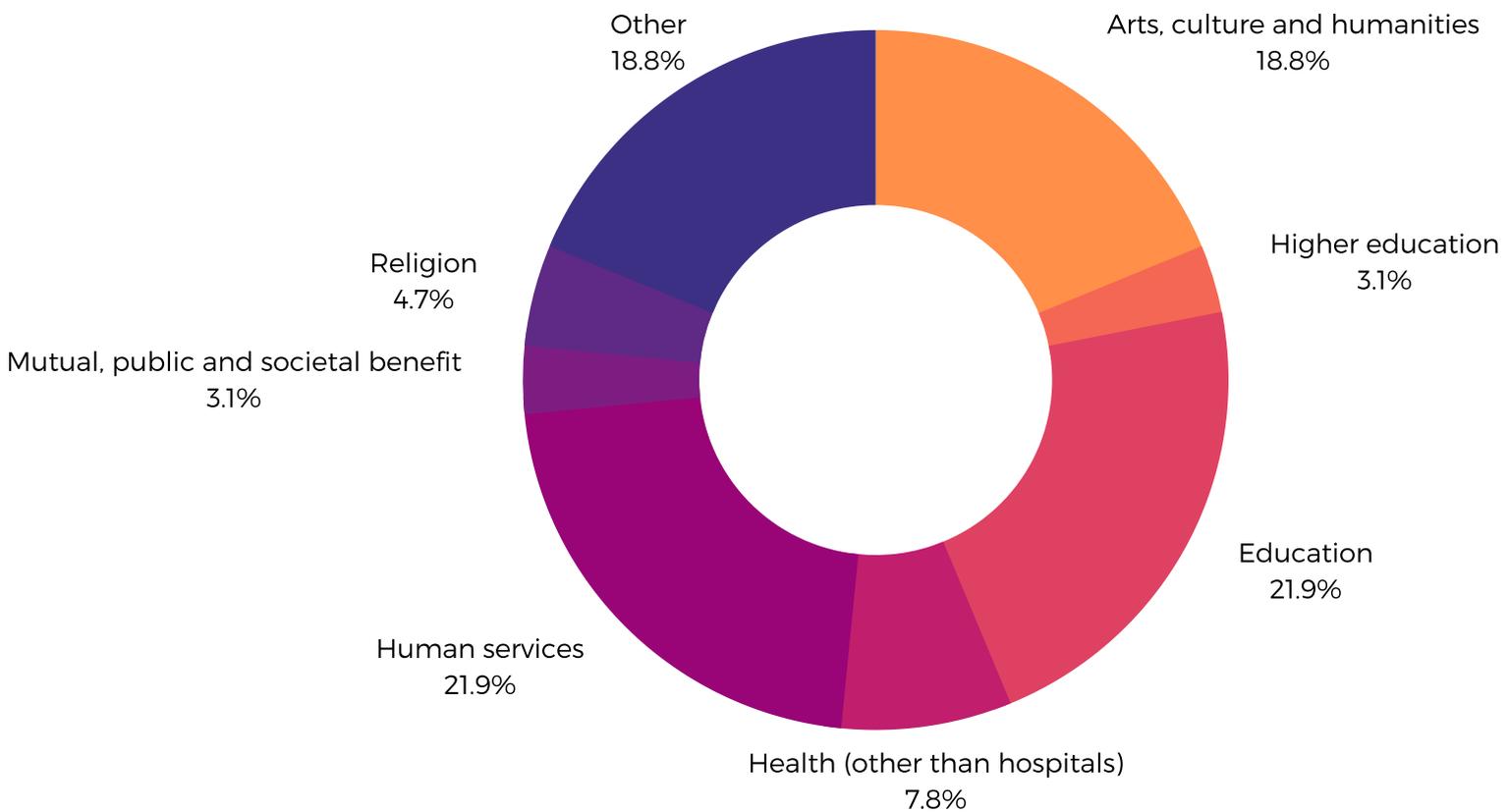
Sixty seven Alabama and Georgia nonprofits completed the survey between May 11, 2020 and July 1, 2020. The survey asked 16 questions including multiple choice, open ended, and order of importance.

A Profile of Respondents

The survey included 16 questions and was completed by the leadership of organizations (typically, the executive director). We report responses as aggregates.

Figure 1 shows respondent organizations by programmatic focus, with the majority representing human services (i.e., housing/shelter, food, employment, etc.), education (i.e., in school and after school), and arts, culture and humanities.

Figure 1

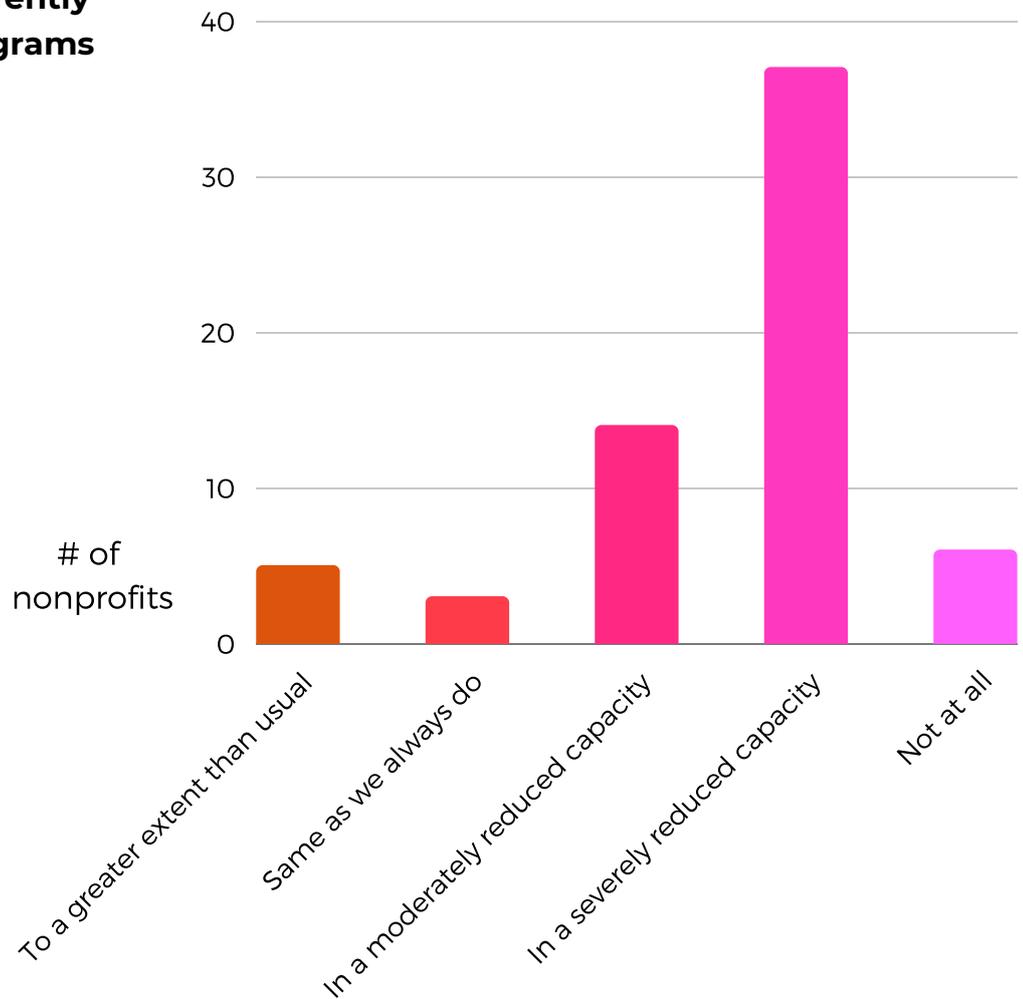


Programming

Figure 2

To what extent are you currently delivering your normal programs and/or services during the COVID-19 pandemic?

Due to school closures, stay-at-home orders, and health restrictions, 37 nonprofits surveyed (57 %) answered their services were severely reduced.



How Organizations Adapted



Transitioned to a virtual platform



Began food and supply drives in lieu of typical services



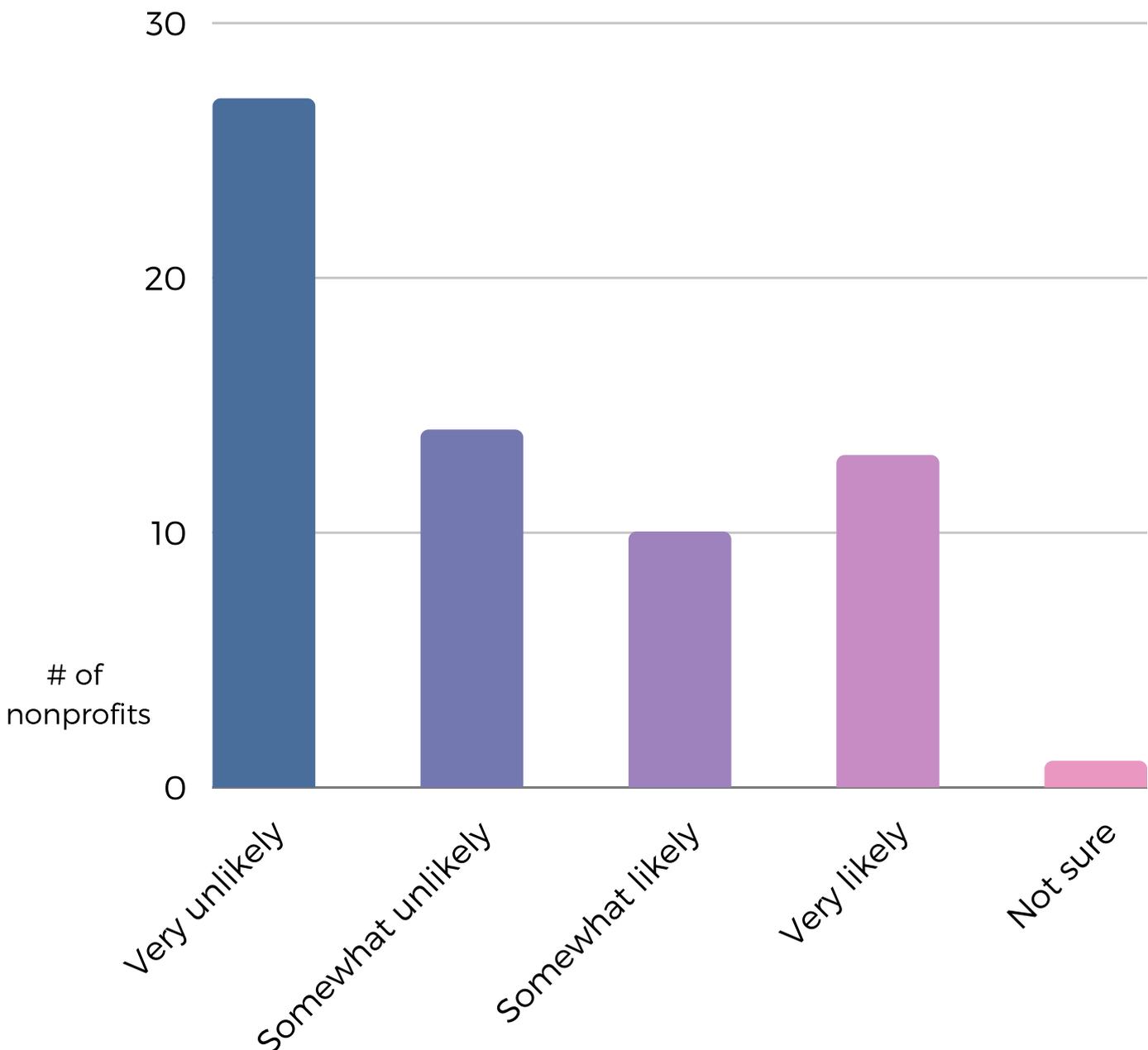
Set up relief funds to assist clients and other nonprofits

How likely is it that your nonprofit will be able to fully provide services for your clients over the next four weeks?

When looking a month ahead, only 13 nonprofits (20%) were certain of their ability to provide normal services for their clients.

"We can't plan anything. We are going to have to make some vital decisions without enough information or confidence that they won't change. This requires contingency planning, which no one in our [organization] has experience with and is placing significant burdens on staff."

Figure 3

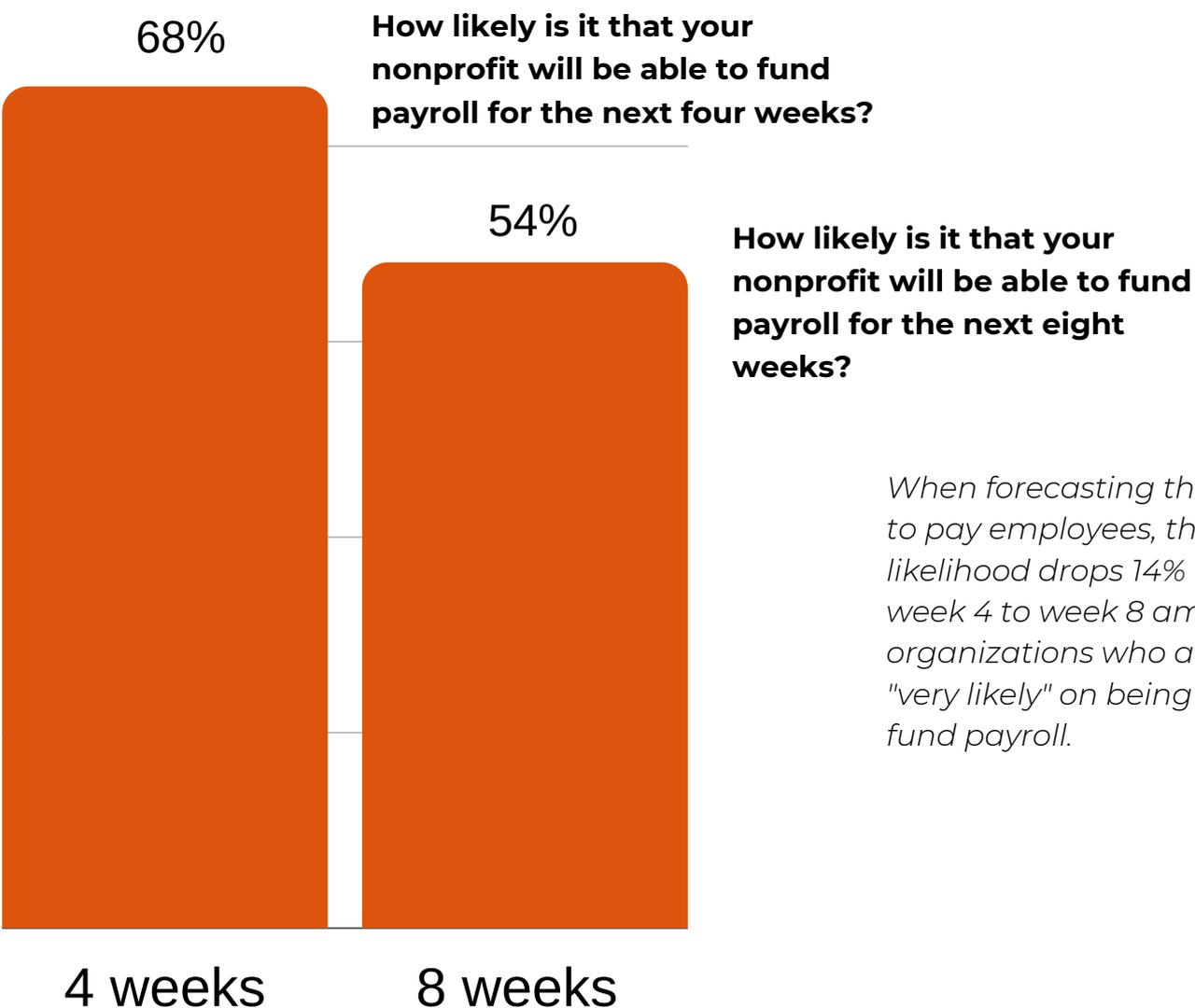


Payroll

When asked about the likelihood of being able to fund payroll, nonprofits noticed a reduction in income from the beginning of the pandemic. Absorbing costs for canceled events and a decline in donations have played large roles in nonprofits' inability to fund payroll.

As the pandemic continues, respondents anticipate a sharper decline in the ability to pay employees, resulting in more unemployment and less workers to support the work greatly needed at this time.

Figure 4

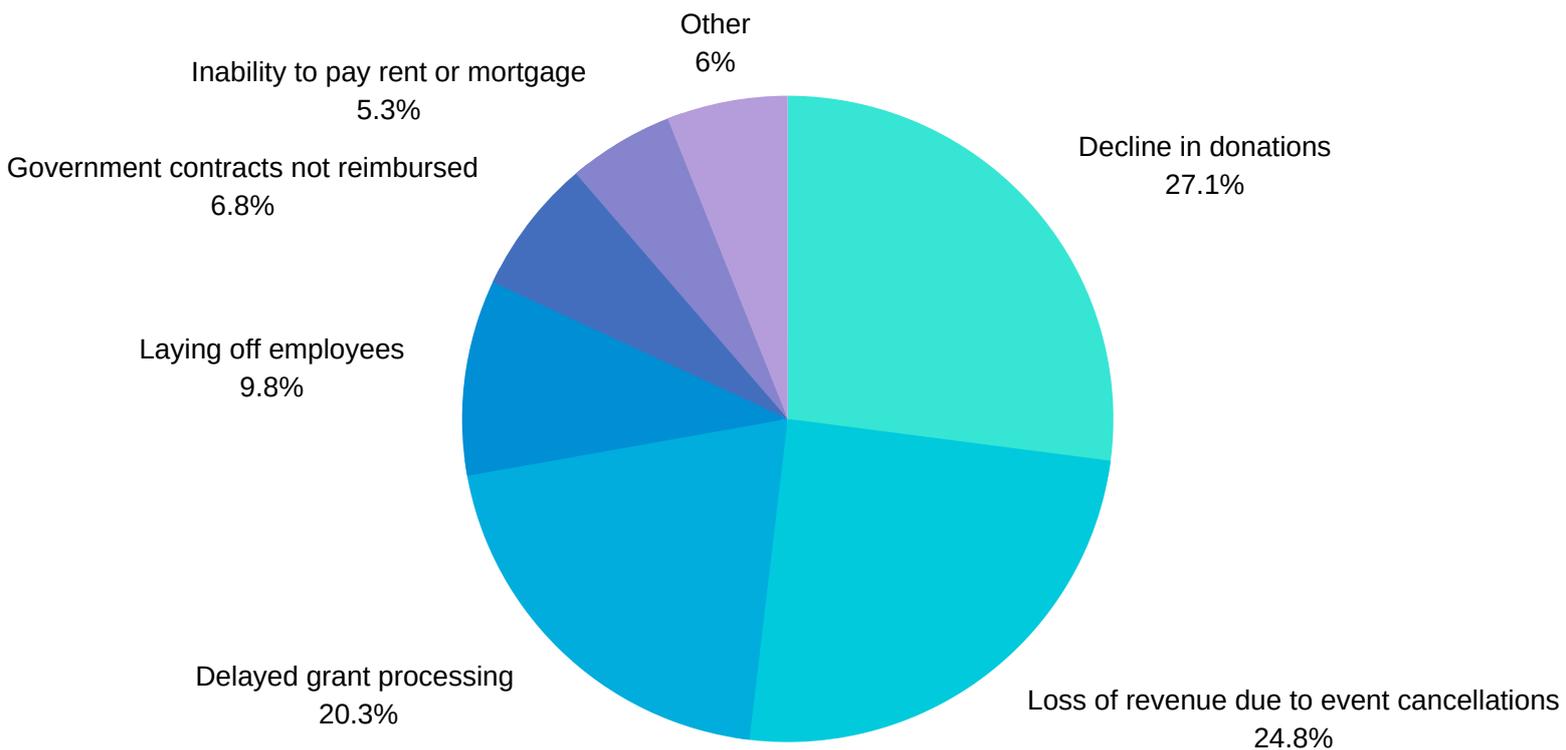


Leadership Concerns

Respondents were asked to rate how concerned they were of the following scenarios: loss of fee-for-service revenues due to event/program cancellations, having to layoff employees, government contracts that cannot get reimbursed, delayed grant processing for a program/general operating support, inability to pay rent or mortgage, decline in donations, and other.

The top five responses answered "very concerned" are shown in Figure 5.

Figure 5



"Not enough funds to provide to all"

"Decrease in donations; challenges in fundraising; cuts in grants"

"Funding, operational expenses and payroll"

Organizational Challenges

Nonprofits were asked to articulate the most urgent challenges their organizations face with the pandemic. Here are three quotes that are emblematic of the tone of responses:

"Under the COVID-19 pandemic our organization has actually seen a tremendous increase in services and participation. With that increase in services, there has also been a significant rise in expenses. However, while expenses are rising, we are seeing a decrease in funding from grantors and also from internal fundraisers."

"Our biggest challenge is the lack of respite care for families who are not equipped to provide 24/7 care. Families depend on a service that no longer exists. There is no substitute. Transitioning our programs and fundraisers is another challenge."

"Having to change the way we do our work and re-train staff to be able to offer programming in a different way, [and] making a plan to move forward in an environment that is unknown at this time."

Leadership Challenges

Unprecedented circumstances put strains on every leader and organization. Faced with uncertainty, the need to pivot focus and delivery of services, and a noticeable decrease in donations, nonprofit leaders are assuming more roles than ever. When asked to articulate leadership challenges, this is what nonprofits had to say:

"Leading staff to create opportunity out of crisis and totally re-design program delivery in a very short time while at the same time creating new work protocols that keep our employees safe and addresses their family needs. At the same time, I am working around the clock to adjust and reallocate financial models, contact funders, ask existing grantors to remove grant restrictions, apply for the PPP loan. Exhausted."

"How to have an online presence during this time. We are a high touch, imbedded in the community organization that does not lend itself easily to going online alone."

"Helping staff with having children at home and not in school/daycare while we are still open and working."

How To Help

One of the survey questions asked to identify ways the Cary Center and local partners can help. Respondents chose the top five from a list of ten to include: financial scenario planning, guidance to board of directors, sharing real time data about nonprofit needs with funders, government officials and corporate leaders; technology support (e.g. moving programs online); human resource management volunteer recruitment and management; coaching sessions for leading in ambiguity; reevaluating fundraising strategies; wellness and self care; other.

These are the top 5 responses that ranked #1 most frequently:

**Share real time data with funders, government officials
and corporate leaders**

Financial scenario training

Reevaluate fundraising strategies

Technology support

**Volunteer recruitment
and management**

Client Needs

During a time of critical need, nonprofits were unable to provide the services so desperately needed by their clients as schools were closed, unemployment began to rise, and requests for assistance began to increase. Clients' needs were clear.

Food insecurity and assistance in paying bills among clients is echoed by several nonprofits, as well as childcare as parents struggle with schools being closed. Mental health and wellness are also themes in addition to access to COVID-19 testing.

Nonprofits were asked to articulate their response to client needs in form of an open-ended question. Sample responses that encompass top themes are listed below:

"Our rural community lacks internet access and we provide free internet, but with our reading rooms closed people are severely limited in the access we can grant."

"Need for foster care placement continues but limited ability to train foster parents in groups because that requires face to face contact."

"Our musicians are feeling depressed and isolated. They're coming to us to find connection with their friends and fellow musicians."

Vulnerable Populations

When asked "Are there any particular populations that you fear may be overlooked?" during this crisis, respondents expressed their concerns in an open-ended response.

Several respondents reiterated their concern for adults and children with disabilities, lower income families, elderly, homeless, and those without cars and the ability to provide for themselves.

Here are sample responses characteristic of central themes:

"Lower income families."

"People with [intellectual and developmental] disabilities; [particularly] those in group homes."

"The elderly and children; they miss socializing."

"Artists unable to earn an income due to cancelled events."

"Vulnerable children who are in homes where stress is high and are at risk of increased abuse or neglect with no other adults laying eyes on them (school, day care, etc.)."

"Immigrant families have been hit hard."

"Black Belt Residents."

CONCLUSION AND RECOMMENDATIONS

Nonprofits are an indispensable part of our communities. The sector fills in the gaps in services that are not fulfilled by public and for-profit sectors. The COVID-19 pandemic has disrupted the services and funding of organizations, which has placed considerable strain on the the sector and has left many questioning their future.

As lawmakers and community leaders begin to make decisions regarding recovery, it is vital that we put the needs of our nonprofits at the forefront of recovery efforts; their essential services provide immeasurable value in communities.

Recommendations for Funding Agencies

The current crisis requires flexibility as nonprofits are adjusting to shifting priorities. Grants and donations that are tied to specific programs can complicate the work of these organizations. Therefore, it is important to advocate for and provide unrestricted funding.

Unrestricted funds allow nonprofits to cover unforeseen expenses, hence facilitating their work in times of crisis. This flexibility allows organizations to react to a rapidly changing environment while serving their clients and their staff.

Donor agencies can support the local nonprofit sector by connecting nonprofit leaders with financial and human resources and support their fundraising efforts.



CONCLUSION AND RECOMMENDATIONS, CONT.

Recommendations for Policy Makers

Nonprofits fill in where public and for-profit sectors are unable to provide. Their significance is well established and their value and impact is crucial as we navigate this unprecedented era in history. It is vital that policy makers and community leaders advocate for nonprofits.

As local, state and federal governments determine the allocation of recovery resources, nonprofits and their constituents should be considered and given high priority for financial and other resources.

Recommendations for Community Leaders & Members

With an increasing number of families working and attending school from home, internet connectivity, affordable and accessible childcare, and mental health emerge as crucial issues for nonprofits to address.

It is crucial that community leaders and members recognize the unique problems and situations that the Covid-19 pandemic has caused for nonprofit organizations. Donors should consider diversifying and increasing their philanthropic investments to support nonprofit organizations and their needs during this pandemic.

