

Report on Nonprofit Recovery Survey - Spring 2021

Community Foundation of the Valleys & Valley Nonprofit Resources

Survey Highlights

In April and May 2021, Valley Nonprofit Resources, in collaboration with Community Foundation of the Valleys, conducted a survey of San Fernando Valley nonprofits with \$50,000 or more in annual revenues, to learn about what impact the coronavirus pandemic has had on them and their service recipients, and about what steps they're taking to create and implement recovery plans. Input from 133 Valley nonprofit leaders (13.3% response) include these highlights:

- * Eight out of 10 nonprofits have changed their program models during the pandemic, and about four of 10 have cut program budgets or shut down some activities. Only one respondent has actually closed. Four of 10 saw significant increases in demand for services.
- * Half of respondents saw decreases in their revenues, but a third saw increases. Fees for services and individual donor income decreased for half, foundation funding for a third of respondents, but government funding increased for four out of ten.
- * When asked what worked best to handle the pandemic, respondents cited moving from in-person to virtual services, being cautious but flexible about expending resources or undertaking new programming, reducing staff, and moving to online fundraising events - some of which were more successful than in-person predecessors.
- * A number of respondents reported increased giving by individual donors, and said that PPP or other government funding was essential to their survival or at least stabilization (and sometimes this funding was used to directly meet clients' needs - groceries, car repairs, etc.).
- * A number of respondents said their success in handling the pandemic was due in part to the partnerships they created with other organizations, and to making good use of their pre-pandemic experiences with online activities.
- * Planning ahead for re-opening, like ordering safety equipment early, had a sizable impact.
- * The challenges nonprofits now are facing include renewing fundraising activities and hoping that "government assistance doesn't end before individual and foundation funding returns;" hiring back workers - given that heightened unemployment benefits continue and minimum wages are up; and implementing complex COVID-19 rules while finding contractors to modify facilities, in order to meet current safety restrictions.
- * During recovery, half or more of respondents are making significant changes in services, fundraising and staffing, by comparison with 2020, and almost a third are coming back to in-person operations for 75-100% of their workforces; half are making available special services for staff and volunteers to help them deal with the trauma produced by the pandemic.
- * Only a small number of respondents have an Executive Director or Board Chair who is a person of color, but a quarter are taking steps to move in this direction; 3/4 of respondents are increasing their attention to diversity, equity and inclusion in their organizational culture, and more than half are doing so with respect to their services and hiring practices.

Overview

Since its inception 15 years ago, VNR has published a brief bi-annual report about the current status of the Valley's nonprofit sector. The current report is being published a year later than planned because of the pandemic. It focuses on results from a survey VNR conducted in collaboration with Community Foundation of the Valleys about how nonprofits in the Valley dealt with the pandemic, and how they are shaping their plans for recovery from it.

This study is part of the Valley Nonprofit Resources Recovery Initiative, which was launched in July 2020. Its objective is to help Valley nonprofits respond to the many challenges of pandemic recovery (trauma, economic stabilization and long-term sustainability) as Southern California moves towards what comes next for nonprofits and the people and communities they serve, now that the state has opened up again (as of June 15, 2021). In particular, nonprofit leaders can create well-organized recovery plans to coordinate these efforts, and explore ways nonprofits can collaborate to magnify the success of their recovery. VRI activities include educational workshops and technical assistance on recovery. Funding support comes from California Community Foundation, Community Foundation of the Valleys, Dwight Stuart Youth Fund, Joseph Drown Foundation, Ralph M. Parsons Foundation, UniHealth Foundation, Weingart Foundation and Wells Fargo.

Starting from the principle that full pandemic recovery can only happen if communities address racial injustice at the same time, VRI includes a major component focused on anti-racism training and policy development. This work is funded by grants from The California Wellness Foundation and California Community Foundation, and is led by CSUN Professor Allen Lipscomb, a diversity, equity and inclusion and anti-racism expert. A report on the pilot phase of the anti-racism work is available, and the entire initiative will be evaluated in the months ahead.

Survey Objective

Community Foundation of the Valleys (CFV) provided a grant to partially support this work, and provided input to VNR in developing an anonymous survey asking for input about how Valley nonprofits have dealt with the pandemic, and now with recovery from it. With just 12 items, it was designed to require about five minutes to complete.

The survey's final two questions asked for input about participation of people of color in the nonprofit's leadership, since this topic has recently been of great interest in the nonprofit sector (and more broadly in the community).

Survey participants are receiving a copy of this report, with statistics and best practices useful in shaping programming, and in responding to grant opportunities. Both VNR and CFV also will use study results to shape their activities in the months ahead, and the study report will be shared with the broader philanthropic community.

Survey Method

The survey was constructed in April 2021, with input from an advisory committee (listed at the end of this report - they also reviewed a draft of the report). The survey was administered by SurveyMonkey in April and May 2021, using a VNR email list of 1,000 executive directors of Valley nonprofits with \$50,000 or more in annual revenues (there are currently 1241 such nonprofits in the Valley, but not all ED email addresses were available). Responses were increased by multiple email contacts with these EDs, as well as direct approaches to potential respondents and notices both on VNR's website and monthly eBlast and on media of partner organizations. Data were analyzed in June 2021, and the report finalized in July.

Survey Results

A total of 133 executive directors responded to the survey, a 13.3% response rate. Multiple response item responses were harvested from SurveyMonkey and rounded to the nearest whole percent (rounding sometimes affected total percentages by 1%). Write-in responses were subjected to a simple content analysis to identify major themes. Responses were as follows:

1 - Since the pandemic began in March 2020, what major changes have happened for your organization? (check as many as apply)

Have changed program models to respond to community needs (including online services) 85%
Have cut program budgets or service capacity 41%
Have shut down some programs or operations 38%
Are moving towards closing down the organization, or have closed 1%
No major changes 10%

2 - Since the pandemic began in March 2020, what changes have happened for your organization's demands for services?

Increased significantly 44%
Decreased significantly 26%
Stayed the same 29%

3 - Since the pandemic began in March 2020, what changes have happened for your organization's overall revenue?

Decreased significantly 31%
Decreased somewhat 23%
No change 11%
Increased somewhat 24%
Increased significantly 11%

4 - Since the pandemic began in March 2020, what has been its specific impact on:

Fee for service/earned revenue
Negative 50%
No Change 43%
Positive 8%

Individual donor revenue
Negative 48%
No Change 23%
Positive 29%

Foundation funding
Negative 32%
No Change 40%
Positive 29%

Government funding
Negative 16%
No Change 41%
Positive 43%

5 - What has worked best in your organization's handling of the pandemic over the last year, including its financial aspects?

Successful strategies for handling the pandemic included the following cited by multiple respondents (other approaches idiosyncratic to a particular nonprofit are not reported here):

a/Virtual services - Many of the responding nonprofits had success moving from in-person to virtual services, putting events or client sessions online through websites, emails or Zoom meetings (and telehealth services were common among health care respondents).

b/Partnerships - Numerous respondents said that success in handling the pandemic was due in part to the pandemic-related partnerships with other organizations they created in 2020.

c/Caution - Respondents frequently said they survived the pandemic in part because they exercised caution in expending financial resources and in undertaking programming.

d/Flexibility - Respondents also often said they dealt with the ever-shifting challenges of the pandemic (such as changes in rules for mask wearing, social distancing, etc.) by taking extra steps to remain flexible (the word "agile" also was used a lot). Examples include changing the way in which holiday baskets were distributed to clients so that they could be delivered safely.

e/Government relief - Payroll Protection Plan and other government funding sources were mentioned by a number of respondents as a survival element.

f/Private donors - More than ever, a number of respondents said, they got financial assistance by reaching out to private donors, both through direct contact and electronic means, and these outreaches were more successful than some of these respondents would have predicted. Sometimes these were tied to other activities than just writing a check - as one respondent said: "We have been fortunate to have had a significant increase in in-kind donations from community members, with the majority becoming new donors."

g/Online fundraising events - Some respondents were surprised that moving from in-person to online galas or other fundraising events resulted in considerable success. Said one respondent: "a virtual gala raised more than in prior years of a more expensive in-person event."

h/Staff reductions - Temporary or permanent reductions in staffing were cited by a number of respondents as very difficult but essential to their surviving the pandemic.

i/Structural changes - Some respondents mentioned that they made changes in basic organizational structure in response to limits created by the pandemic. Said one respondent: "We got rid of our front desk and moved everything to Zoom, which allowed us to save money."

j/Building on prior online experience - Several respondents reported they found success by drawing on what they already had been doing online. In the words of one respondent: "Our online presence pre-pandemic helped us navigate though dark times when in-person operations were shut down. We were able to leverage our online platform to engage participants in virtual programming and also fundraise."

k/Dispersing resources to clients - Several respondents highlighted their efforts to pass along government funding they had received. Said one: "Our COVID funds have allowed us to meet our clients' needs - from groceries, to car repairs, to connectivity (phone, tablets, laptops, internet), to rent. Another said: "We were able to get funding from a private foundation that

trusted us to then re-fund the money back out to organizations serving pandemic needs in the areas of food and shelter insecurities.”

l/Building on existing funder relationships - Respondents with strong networks that already existed with foundations, city and county agencies, and individual donors were better able to raise funds.

m/Staff flexibility - Several respondents reported they had staff who volunteered to be furloughed and then came back when the organization re-opened.

n/Planning for re-opening - Respondents that ordered safety equipment in advance were able to re-open more quickly, as such equipment became harder to obtain once a larger number of organizations also were re-opening.

o/Transparency - Several respondents highlighted the importance of complete transparency with their board and constituents about the challenges and opportunities the organization faced during the pandemic.

6 - As you move into the recovery phase, what are the one or two biggest challenges facing your organization?

The challenges respondents reported are to a considerable extent the mirror reverse of the strategies they reported as having been successful to help get their nonprofits through the pandemic (again, the challenges listed were common to several - or more - respondents; idiosyncratic responses are not included here):

a/Fundraising - Finding new financial support to make up for reduced income during the last year is a big challenge; donor fatigue also is an issue, along with foundation grantmaking priorities that have changed to promote more direct support for COVID-19 related challenges. One respondent highlighted the challenge of “government assistance ending before individual and foundation funding returns.” And for some respondents, services needed because of aftereffects of the pandemic (e.g., mental health services for clients, staff or volunteers) present a specific fundraising challenge.

b/Hiring - It can be difficult to hire back workers who were furloughed or laid off during the pandemic, some of whom have found other employment; hiring new workers also is challenging since supplemental unemployment benefits are still in place and some potential workers are not able to accept employment offers because of child care responsibilities. Also, several respondents mentioned the challenge of increases in the minimum wage that have occurred during the last year, which make labor more expensive.

c/Restarting - It takes time to ramp up on-site and in-person operations that have been shut down for a year or more. But this shift is already happening, and rapidly. And as one respondent noted: “the allure of virtual engagement will fade drastically, which will put pressure on us to offer more in-person programming.”

d/Space - In some cases, office space was let go because of COVID-19 shutdown requirements, and now if staff are returning to work in-person new space needs to be found. In addition, if renovations are needed to meet safety standards, there may be a challenge simply in finding contractors able to undertake the work, given their commitments to other projects. And rules such as for social distancing are particularly challenging for smaller nonprofits with small quarters.

e/Relationships - Partnerships with other community organizations, or funders such as businesses, have deteriorated during the pandemic due to lack of contact, and need rebuilding.

f/COVID-19 rules - The California Occupational Safety and Health Standards Board has issued, then revised, regulations regarding use of masks and other aspects of handling workforce return to in-person work, which must be accommodated both to protect workers and to reduce liability. OSHA and for some nonprofits other government agencies may also have requirements. This has an interpersonal component as well. Said one respondent: the challenge is "getting people to feel safe and comfortable coming back to the office, and getting clients comfortable to come back to program sites." Several respondents mentioned that client comfort is a particular challenge for older clients, or others who are at higher risk for the consequences of infection. And fear of new infections among clients and sometimes staff or volunteers as well can be a challenge for nonprofit leadership.

g/Financial management - For nonprofits providing health services, new provider reimbursement codes may need to be found for hybrid services. Cost allocation for expenses of complying with COVID-19 rules may also be challenging, especially for government contracts.

7 - *As part of recovery, is your organization making significant changes in its operations compared to what was done in 2020? (check as many as apply)*

Services 59%
Fundraising 55%
Staffing 50%
No significant changes 27%

8 - *As part of pandemic recovery, if your organization has been working remotely, do you plan or have you made a return to work in person?*

Have not been working remotely 21%
Returning or returned to work in person for less than 25% of workforce 23%
Returning or returned to work in person for 25-49% of workforce 15%
Returning or returned to work in person for 50-74% of workforce 12%
Returning or returned to work in person for 75-100% of workforce 29%

9 - *As part of recovery, how is your organization dealing with the trauma produced by the pandemic (from isolation, grief, financial loss, unwanted changes and uncertainty)? (check as many as apply)*

Special services or work arrangements for staff and volunteers 50%
Special services for clients 35%
Special activities in the communities the organization serves 31%
No specific plans yet 41%

10 - *What is your organization's annual budget for 2021 calendar year or current fiscal year?*

Less than \$100,000 10%
\$100,000- 999,000 47%
\$1,000,000-4,999,000 21%
\$5,000,000-9,999,000 8%
\$10,000,000-\$50,000,000 11%
More than \$50,000,000 3%

11 - Is your nonprofit led by a person of color?

Yes, Executive Director 19%
Yes, Board Chair 6%
Yes, both ED and Board Chair 8%
No, but taking steps to increase leaders of color 26%
Not at present 41%

12 - As part of recovery, is your organization increasing your attention to the challenges of Diversity, Equity and Inclusion? (check as many as apply)

Yes, with respect to organizational culture 73%
Yes, with respect to program services 59%
Yes, with respect to hiring practices 55%
No specific efforts at this time 20%

Comparisons with Other Surveys

To provide further context for these results, VNR Recovery Survey findings were compared with two other recent surveys. In February 2021, the Center for Nonprofit Management (2021) gathered data on challenges nonprofits have faced during the pandemic, with 235 respondents (there are currently 36,000+ nonprofits in Los Angeles County, according to the Urban Institute). Some of their findings are similar to those of the VNR study, and some are quite different. For instance, 12% of LA County respondents had expected to close their doors by the end of 2020 - it is not known how many actually did; only one VNR respondent reported they had closed down.

Among CNM respondents, 75% reported they expected revenues to decrease this year, 38% have less than three months in reserves, and 56% are working to trim administrative costs. In VNR's survey, half of respondents saw decreases in their revenues, but a third saw increases.

On the other hand, nonprofits in the CNM study are exploring strategies to operate more efficiently - 67% are interested in strategic planning, and 60% are investing in new technology. In the VNR study, planning ahead for re-opening had a sizable impact on responding nonprofits.

Finally, in the CNM study, 71% of respondents are recruiting new board members, and 72% are exploring new revenue sources. The VNR survey asked specifically about leaders of color, and about 25% of respondents are taking steps to move in this direction. A number of VNR respondents said they got additional financial assistance by reaching out to private donors, both through direct contact and electronic means, and these outreaches were more successful than some of these respondents would have predicted.

A study among Pittsburgh nonprofits reported by Gannon (2021) reported that average contributions to nonprofits serving primarily white communities were twice those of those serving communities of color. Only 33% of nonprofits were found to be financially healthy enough to grow programs and contribute to community well-being over the next three years. As just mentioned, half of VNR respondents saw decreases in their revenues, but a third saw increases.

Limitations of the Survey

Some of the main limitations of the VNR Recovery Survey study are:

a/Although the response rate of more than 13% is good for a survey of this type, it is not a representative sample because respondents chose to participate for reasons that may reflect a response bias. Also, a number of approaches were made to nonprofits with which VNR has an ongoing relationship, encouraging them to respond, also resulting in a possible response bias of unknown dimension. And VNR's email roster does not include all nonprofit EDs in the Valley, as mentioned above.

A stratified random sample approach for the study was not possible given the very modest amount of funding support available.

b/The very smallest nonprofits were not included, and their situations may be different - since they are mostly "kitchen table" operations with volunteer staff. Because VNR does not actively serve these very small organizations, there is no separate email roster for them. So the findings are most relevant to nonprofits with annual revenues of more than \$50,000 - a breakdown of revenue size among respondents is provided above.

c/One respondent noted that the survey item asking about demand for services was limiting because for the respondent's organization "demand has been up for some categories and down for others" and no such response category was provided.

d/Several respondents noted that the choices about nonprofit leadership from communities of color were limiting - for instance, one respondent said their nonprofit's current Board chair is white, but the immediate past chair was Latina. And also that this organization's Board had seven white members (including two Jews), seven Latino, two Asian, and two African American members. The item did not offer a way of presenting this more complex picture, which may have been the case for other respondents as well.

e/One respondent noted that their organization has a female CEO and six of nine executive staff are female but there was no option to include input on diversity from this standpoint (it should be noted that the nonprofit sector is a part of society where staff, including executive staff, are more likely to be female than in other areas).

All of these limitations need to be part of the interpretive context for understanding the results from this survey.

What's Next

This study shows that San Fernando Valley nonprofits have suffered many difficulties during the coronavirus pandemic, but that they also have mounted a vigorous and frequently successful response. Though no data were collected on this subject, it seems likely that government support for nonprofits was considerably greater than in the 2008 recession - perhaps in part due to an increased awareness of the importance of the nonprofit sector to the economy, and to mitigating the damage of a catastrophic event like the pandemic.

A number of nonprofits built new partnerships to help them deal with the pandemic - they included relationships with other nonprofits, with community-based organizations and with funders. At the same time, some pre-pandemic partnerships became less vigorous because of pandemic restrictions and attention being focused on issues like safety for workers and clients.

Is it possible that partnerships created during the pandemic could be re-shaped to help bring back to life partnerships that have faded because of the pandemic? This is a possibility that nonprofits, their support organizations and their funders might explore in the months ahead, as recovery continues.

This study also took a preliminary look at how nonprofits have responded to “the other pandemic” of the last 18 months - racial injustice, with a pivoting towards more significant effort to achieve racial justice and to bring people of color into positions of leadership in all walks of life, including nonprofits. Results from the survey indicate that some progress is being made, but much remains to be done. The partnerships (new and revitalized) just mentioned may have a role to play in advancing racial justice, by harnessing the efforts of the whole community of nonprofits rather than just individuals.

The survey findings suggest a future path in pandemic recovery for Valley nonprofits that has considerable energy and hope, despite major challenges that continue. Results from the survey will be shared with the Valley nonprofit sector through dissemination of this report, and a series of VNR educational events. The Community Foundation of the Valleys will use the results to approach donors and otherwise advocate for the local nonprofit sector. And results will be shared with the larger philanthropic community through Southern California Grantmakers.

References

Center for Nonprofit Management (2021). *2021 Sector Snapshot - Emerging from Chaos*. Los Angeles: Author.

Gannon, J. (2021). Why aren't things getting better? Inequities for nonprofit funding impacts communities. *Pittsburgh Post-Gazette*, March 1.

Advisory Committee

Thanks are extended to the study's Advisory Committee, which provided valuable input to both the construction of the survey and the interpretation of its results:

Donna Wood-Babcock, Enrichment Works
Brian Frankel, Mentor Matchmaker Foundation
Joan Maltese, PhD, Child Development Institute
Mike Olenick, Child Care Resource Center
Cynthia Pease, Musicians at Play Foundation
David Riherd, Wildlife Learning Center
Audrey Simons, San Fernando Community Health Center

Input also was provided by Marianne Haver Hill and Brigitte Loden of the Community Foundation of the Valleys, which as noted provided partial financial support for this study.

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The goal of the Community Foundation of the Valleys is to cultivate a re-energized spirit of generosity in support of nonprofits in the San Fernando and Santa Clarita Valleys, and to bring community stakeholders and leaders from every sector together to solve some of our region's most intractable challenges. To this end, the CFV board adopted a new vision and plan of action in early 2021. After launching in 2003, the Foundation was simply utilized for many years to fund community events. However, more recently, a board of directors was formally organized and the mission of the Foundation was re-focused to be similar to other Community Foundations (e.g. Liberty Hill, Jewish Community Foundation, etc.). Donor Advised Funds are now under CFV management, the CFV board conducted a COVID 19 Relief Campaign in 2020 and distributed grants to 20 smaller nonprofits in the San Fernando and Santa Clarita Valleys. The Community Foundation is currently organizing "Housing and Homelessness: A Multi-Sector Conference on Solutions and Innovations" scheduled for December 3, 2021 at LA Valley College. CFV commissioned a Spring 2021 collaborative study with Valley Nonprofit Resources - a post-pandemic survey of nonprofits so that the foundation board can better advocate for our region's charities to the community.

Valley Nonprofit Resources has since 2007 offered comprehensive capacity-building services and information to strengthen the more than 4,300 nonprofit organizations in the San Fernando Valley region of Los Angeles County. Based at California State University Northridge, VNR serves nonprofit executive directors, staff and board members, plus leaders of volunteer groups and of smaller foundations in the Valley. Its offerings include educational workshops, technical assistance, a website with more than 600 free downloadable publications, a searchable database of Valley nonprofits and grantmaking foundations, and an information and referral service. VNR also has a number of special initiatives over its 15 years of operation. Some have been focused on topics such as leadership development for nonprofits, and some centered on nonprofits based in particular cities or neighborhoods in the San Fernando Valley. The current special initiative is focused on helping nonprofits plan for and implement strategies for recovery from the coronavirus pandemic.

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