

The COVID-19 Effect on Wisconsin's Nonprofit Sector

Northeast Wisconsin

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This report, which focuses on Northeast Wisconsin, is part of a statewide effort to study the response of nonprofit organizations to the COVID-19 pandemic. This study aims to provide real-time data to government officials, foundations, and other decision-makers about the current socio-economic conditions facing nonprofits, and the need for immediate and long-term support to ensure the ongoing provision of critical services throughout Wisconsin. The hope is that, by understanding the pandemic's effect on the nonprofit sector, we can also better understand the recovery process required afterward.

Background

Nonprofit organizations are often on the front lines of crisis – frequently referred to as "second responders," serving as a resource for individuals after emergency aid has been provided. As a result of the COVID-19 pandemic, many Wisconsin nonprofits are experiencing increased demands for food, shelter, and other necessities, yet have been hindered or completely cut off from responding due to school closures, stay at home orders, and social distancing. In Wisconsin, one in twelve employees work at a nonprofit, representing a total of \$14.6 billion in annual wages – making the programs and services provided by statewide nonprofits an essential component of the economic engine that ensures Wisconsin is a thriving, vibrant state.

Our highest priority is to learn directly from Wisconsin nonprofit leaders, by connecting with a broad range of organizations and a vast array of missions. Based on an established online survey developed by the University of San Diego, data collection efforts focused on a variety of nonprofit capacities potentially affected by the ongoing pandemic, including:

- Human Resources, including staffing and payroll
- Finance & Revenue, including access to federal stimulus funding
- Effect on Programs & Service Delivery

The survey also collected information on needed resources, to better understand ways academic and community partners can assist Wisconsin's nonprofit sector through these developing challenges and beyond.

The initial online survey was made available for participation from April 14-29, 2020. Additionally, a series of brief quarterly follow-up surveys will be released throughout 2020 to track change, stimulus funding effectiveness, and overall sector recovery. The intention is to continue the project until it is determined to be no longer necessary. Statewide, 526 nonprofit organizations responded to the survey. One-hundred thirty-nine of these nonprofit organizations were located in Northeast Wisconsin, representing a variety of classifications (with a majority human services) and a cross-section of budgetary sizes, from 31 very large to 24 very small organizations.

Table 1: Sector of Nonprofit Respondents from Northeast Wisconsin

Sector	No. of Respondents
Human services	52
Education	25
Mutual societal benefit	17
Arts culture humanities	16
Health (non-hospital)	16
Environment	8
Other	5
Total	139

Table 2: Budget Range of Nonprofit Respondents from Northeast Wisconsin

Budget Range	No. of Respondents
Over \$3,000,000	31
\$1,000,001 to \$3,000,000	29
\$500,001 to \$1,000,000	22
\$100,001 to \$500,000	33
Under \$100,000	24
Total	139

Research Team

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Human Resources

Nonprofit organizations in Northeast Wisconsin are already reporting significant challenges in the area of human resources. Over half (53%) have reduced staff to some extent and the impact on volunteers is even more dramatic, as 80% have reduced volunteers. While about 18% of organizations report being unlikely to fully fund payroll over the next eight weeks, 78% believe they can do so. There is no indication that concerns about payroll are clustered by organization size or subsector. Overall, it is clear that nonprofits in Northeast Wisconsin are facing human resource challenges, especially regarding the loss of volunteers. However, it is perhaps too soon to see the full impact on human resources in terms of reductions in paid staff.

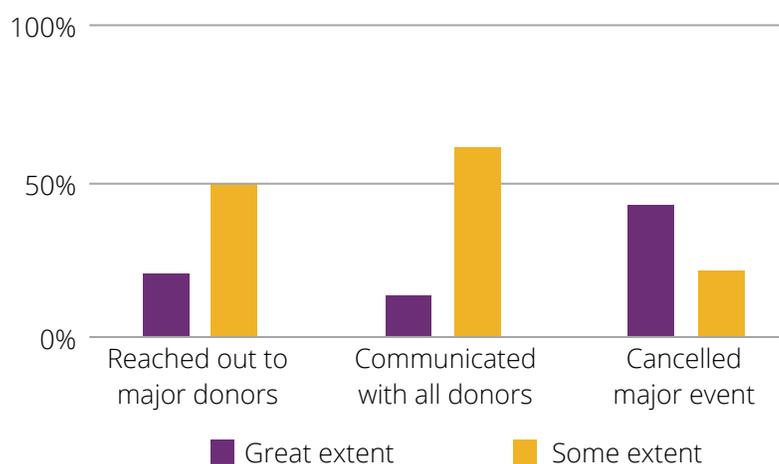
Finances

Survey results suggest Northeast Wisconsin nonprofits are facing major financial issues, and are actively working to mitigate those issues where possible. A large majority (80%) indicate planning multiple budget scenarios in light of the crisis. Though there does not appear to be a correlation between nonprofit subsector and proactive budget planning or applications for grant funding, smaller nonprofits with budgets below \$100,000 are comparatively less likely to be outlining multiple budget scenarios. Small nonprofits are also less likely to be applying or eligible for funding under the CARES Act. Though this is still preliminary information, it does raise concern about the viability of smaller nonprofit organizations in the Northeast Wisconsin region moving forward.

Figure 1 shows that a majority of organizations have reached out to donors, although only 20% reported reaching out to major donors 'to a great extent.' Over half have cancelled a major fundraising event or changed it 'to some extent.' Two-thirds are somewhat or greatly concerned about loss of event revenues. Emergency grants (from public and private sources) have been issued by various funders to enable nonprofit organizations to continue to provide services. About one-third of Northeast Wisconsin respondents had received an emergency grant 'to a great extent,' while one-fourth received some and 43% reported no emergency funding.

Although half of the arts organizations were awarded emergency funding (most said to a great extent), only 13% of environmental organizations had received any emergency grant. Smaller organizations were least likely to receive emergency funding: three-fourths of the smallest organizations had received no emergency grants, along with half of the organizations with revenues between \$100,000 and \$500,000. A majority of respondents have applied for the Paycheck Protection Program loans under the CARES Act, though smaller numbers of organizations have applied for other potential federal revenue sources.

Figure 1: Fundraising Activities of Respondents



Programs and Services

Nonprofit organizations provide communities with essential support services such as increasing direct services such as shelter and food, mobilizing volunteers and working in partnership with other organizations during natural disasters and emergencies. This pandemic situation was different; because it has been so pervasive and the risk of getting the virus so great, it has limited the role nonprofit organizations can play to mitigate the longer-term disaster. Due to the sudden onset of the COVID-19 pandemic and the state's Safer at Home order, most organizations and businesses had to change delivery of their regular programs and services. In Northeast Wisconsin, only one nonprofit organization reported continuing business as usual. While 13 organizations (9%) were not currently delivering services, Table 3 shows that almost 50% of organizations moderately or severely reduced service delivery. Almost one-third were open but delivering the program very

Table 3: Ability to Deliver Services among Nonprofit Respondents in Northeast Wisconsin

Not [delivering] at all	13	9%
Severely reduced	42	30%
Moderately reduced	27	19%
Delivered differently	42	30%
Same as always	1	1%
To a greater extent	14	10%
Total	139	100%

differently. Five arts organizations were providing no services at all, while health and human services organizations reported highest rates of providing services in a very different way.

Almost two-thirds of the organizations (66%) expected that they could adequately provide services for the next 8 weeks, while forty-six organizations (33%) felt that it was somewhat or very unlikely to continue for 8 weeks, including 4 of 8 environmental organizations,

7 of 16 arts organizations, and 10 of 25 education organizations. On the other hand, 38 of 52 (73%) of human services providers were somewhat or very likely to be able to adequately provide services. More than half (57%) of organizations with budgets of \$100,000 to \$500,000 were unlikely to be able to adequately provide services for their clients for eight weeks as well as 42% (10) of those with budgets under \$100,000.

Unfortunately, three in four organizations were somewhat or greatly concerned that they would be unable to address the needs of their vulnerable/hard to reach clients, a rate similar to organizations statewide. In fact, over half of respondents were delivering fewer services to marginalized clients: 29% were delivering drastically less and 23% somewhat less. On the other hand, 28% were delivering more services to this population.

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Leadership and Collaboration

The boards of directors bear responsibility for the organization’s well-being and ideally, when situations such as this arise, board members show their commitment by stepping up to ensure that the mission continues. In this case, 70% of respondents indicated that the board of directors was prepared to handle the challenges posed by the pandemic. By sector, education, health and mutual aid/civic organizations reported the highest level of confidence, while five of the eight environmental organizations and just under half of arts organizations believed that their boards had been unprepared.

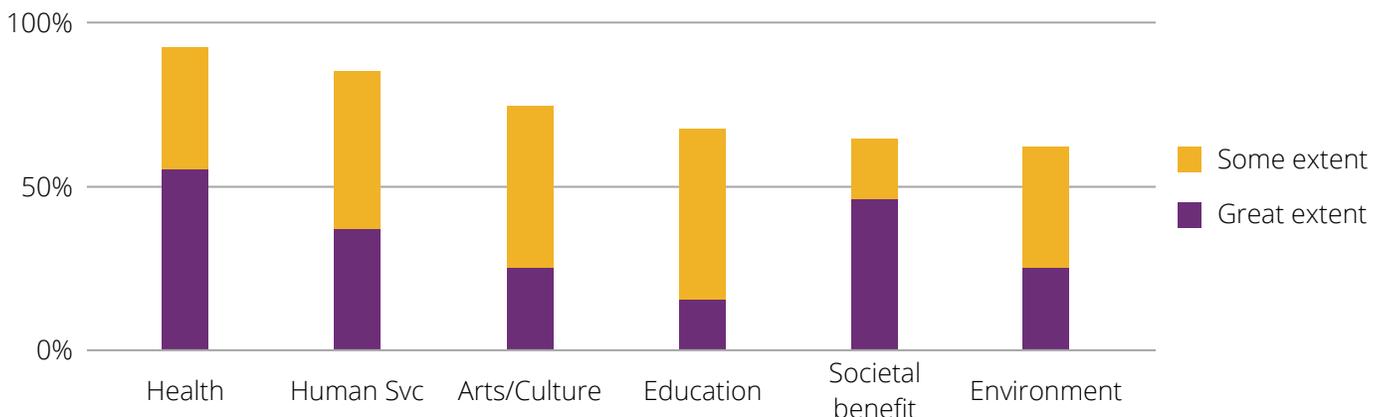
Much like the pandemic has revealed health and economic disparities in U.S. society, it has revealed disparities in the capacity of nonprofit organizations to meet the challenge. An open ended question asked for more detail about specific concerns regarding the board of directors. Typical responses included, “Board members are older adults unfamiliar with technology and software needed to conduct business;” “limited board member availability (focusing their energy on their own business [and family]);” and “the expectation that staff will manage budget and operational issues.” Several wrote about having a board that was too small, that was not engaged, or fundraising concerns:



My board does not engage in fundraising AT ALL. I've been trying to get them to step in and develop relationshipsI'll be updating them on procedural changes and asking them to step up and help."

Similarly, in times of emergency, it is often necessary for organizations to act quickly and to partner with other providers in the area to meet urgent needs. About three-fourths of Northeast Wisconsin nonprofit organizations reported having collaborated with other nonprofits to some extent in response to the pandemic, with 33% reporting a great extent of collaborating. Only half of the smallest revenue organizations had collaborated, the lowest rate by size. Figure 2 shows that health-related (non-hospital) and human service nonprofits were most likely to collaborate while environmental and education nonprofits had the lowest rates.

Figure 2: Percent of NPOs Collaborating with Other NPOs by Sub-sector



At the same time, 57% of nonprofits had collaborated with local government to some extent or more. Human services and education nonprofits had the highest rate of collaborating with local government, while environmental and arts organizations collaborated the least. By far, and as expected, the largest organizations (over \$3 million revenue) indicated collaboration with public-sector organizations at the highest rate. Other than that, there was no apparent relationship between governmental collaboration and size of budget.

Resources Needs

We conducted a content analysis of responses to the the question where leaders were free to check all the needs that they felt applied to them. Their responses mirrored the statewide results. Figure 3 shows that there are several actions that nonprofit organization leaders recommend: share the results of this work with corporations, governments and funders (83 responses); help NPOs to re-evaluate fundraising (75 responses); and assist them with effectively sharing their message with the community (63 responses).

Figure 3: What could academic and community partners assist you with the most?
(check all that apply)



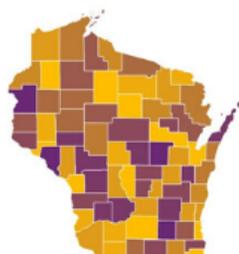
The majority of nonprofit leaders who participated in this survey have agreed to let us follow their progress over the next year, with three more surveys planned. We hope that these results will enable our region to understand the progress, activities and needs of these important civic organizations as we attempt to support them in their important work. Thank you to all leaders who participated despite the enormous and unprecedented challenges that faced them at the time.



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The **COVID-19** Effect on Wisconsin's Nonprofit Sector

Understand the problem. Find a **solution**.

<https://uwm.edu/hbi/research/survey/>