

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

## Human Services

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This report, which focuses on nonprofit organizations in the human services sector, 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

In an effort to understand the impact of the COVID-19 pandemic on Wisconsin nonprofits' ability to meet their communities' needs, the Helen Bader Institute for Nonprofit Management at the University of Wisconsin-Milwaukee, in partnership with the Institute for Nonprofit Management Studies at the University of Wisconsin-Whitewater and our affiliate faculty and staff throughout the UW-System, will issue a series of surveys to nonprofit leaders throughout 2020. The initial survey was launched in April.

Nonprofit organizations (NPOs) 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. Of these, 129 were human services organizations representing a variety of missions and a cross-section of budgetary sizes, with 49% of organizations holding budgets less than or equal to \$1M.

## Research Team

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## Executive Summary

Human service organizations are on the front-lines of the COVID response. Survey findings describe the impacts on these nonprofit organizations,

- 23% of organizations faced increased demand for their services, particularly in essential needs such as food and shelter
- 44% of organizations reduced staff numbers
- 80% of organizations reduced their volunteer workforce
- 70% of organizations reached out to their major donors over concerns of a decline in donations
- 59% of organizations cancelled major fundraising events
- 51% of organizations are concerned about their ability to meet rent/mortgage payments
- 63% of organizations applied for the Paycheck Protection Program
- 54% of organizations expected to provide client services to the end of July

**"Homeless, homebound, and undocumented" describe the most marginalized clients for whom nonprofit organizations in the human services sector have the greatest concern.**

A third (34%) of human service nonprofits continue to deliver their programs but have altered their delivery methods. Twenty-two percent (22%) of organizations report at least a moderate reduction in organizational capacity and 18% have severely reduced their capacity. Forty-five percent (45%) of nonprofits are very concerned about their inability to meet the needs of marginalized clients. Yet, despite reduced capacity, a majority of organizations (51%) report delivering more services to marginalized clients.

Human service nonprofits are making efforts to mitigate the impact of expected financial shortfalls by engaging in financial scenario planning and collaborating with other nonprofits.

Requests for assistance from communities and higher education partners include (in descending order of popularity of response):

- Sharing real-time data on the experience of the sector with funders, governmental entities, and the business community
- Support with external messaging and stakeholder communication
- Support in re-evaluating fundraising strategies
- Support for Self-Care and Wellness of Nonprofit Staff
- Technological support
- Guidance for Boards of Directors
- Financial Scenario Planning

## Human Resources

Staff and volunteers are vital to the delivery of nonprofit programs and services in the human services sector. A majority of nonprofit organizations in this sector (56%) have not reduced staffing levels. However, 32% of organizations reduced staff 'to some extent', and 12% of organizations made significant reductions. Twenty-one percent (21%) of human service nonprofits are 'very concerned' about potentially having to lay-off employees. Mirroring findings in the statewide report, human service nonprofits report an 80% reduction in their volunteer workforce.

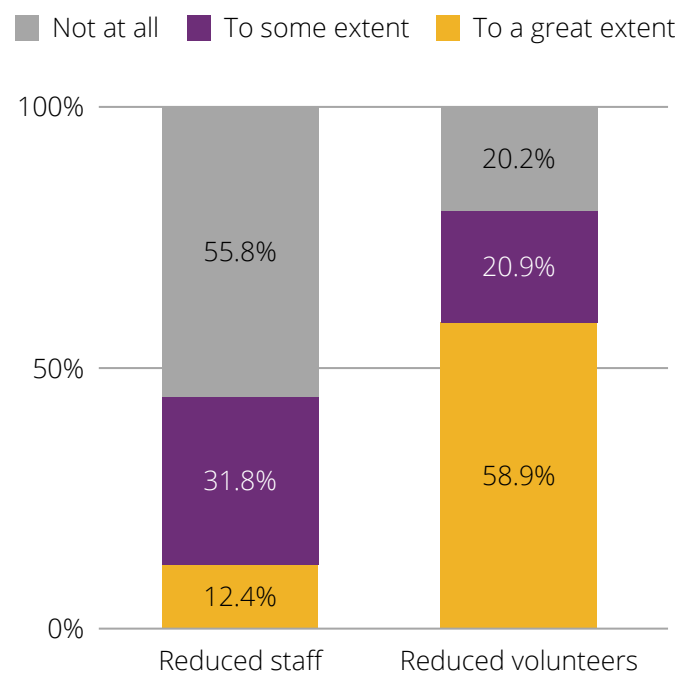


*We received a CARES PPP loan which will cover payroll for next 8 weeks. Without that opportunity, we would be looking at a reduction of staff within the next month or so. Our revenue has dropped about \$25,000 per month due to the inaccessibility of our clients with the technology required to provide services during this time. Depending on the duration of impact, our "crisis" might hit 6 months from now."*

Occupational safety and health are key concerns for nonprofit organizations in the human services sector. Organizations worry about the additional stress caused by increased staff workloads and staff concerns about physical safety. One respondent wrote: "It is hard to balance safety of staff with needs of clients. We are trying to determine how we could safely resume street outreach to homeless clients. How much risk can we ask staff to take? It is a moral dilemma."

Respondents recognize Board contributions to addressing human resource concerns. Board members are heavily involved in strategic planning with forty-percent (40%) of nonprofits reporting significant 'involvement of their Board in planning and mitigation. Seventy-eight percent (78%) are confident that their Boards will respond to the multiple challenges posed by the pandemic.

Figure 1: Reported reduction in staff and volunteers among human services organizations



Changes to the Paycheck Protection Program caused some challenges because organizations planned to use the funds received by the initial deadline of June 30, but with changing program parameters allowing spending until the end of the year, organization leaders are having to re-shift their staffing configurations.

## Finances

Nonprofit organizations in the human services sector feel the financial stresses associated with the pandemic. Eighty-six percent of organizations are concerned about loss of fee for service revenues and program cancellations, of which 40% are very concerned about lost revenues. Sixty-one percent (61%) of respondents, regardless of organizational size, express concern about government contracts that cannot be reimbursed.

Fifty-one percent (51%) of human services nonprofits are concerned about their ability to make rent or mortgage payments. An inability to make rent or mortgage payments has significant impacts on the viability of continuing service delivery in the long-term.

The majority of human services nonprofits (69%) expect to meet payroll to the end of July. Organizations will retain essential staff at least in the short-term. However, organizations expect that longer-term staffing challenges lie ahead.

External funding is a lifeline for many organizations. Forty-eight percent (48%) of respondents are very concerned about a decline in donations. Seventy percent (70%) of nonprofit organizations in the sector contacted their major donors and 78% report that they've contacted all their donors. A third of respondents (31%) are very concerned about possible delays in grant processing and the immediate impacts of delays on program delivery and general operations.

Seventy-six percent (76%) of organizations report that government funding is important to them, with 30% of these respondents identifying government funds as extremely important. Among government programs, a majority of respondents applied to the Paycheck Protection Program. Seventy percent (70%) of organizations received an emergency grant. There is a strong relationship with organization size. Fifty-nine percent (59%) of small nonprofits in the sector (budgets under \$100,000) were not eligible.



Fundraising is an ongoing challenge and economic hardships will only exacerbate the need for funds in this crisis."

Organizations acknowledge the financial impacts of the pandemic and have taken multiple steps to mitigate the pandemic's impacts. Seventy-nine percent (79%) of organizations projected several budget scenarios, of which 37% of organizations heavily invested their time in scenario planning. Collaboration among nonprofit organizations is another key mitigation measure. Eighty-seven percent (87%) of organizations collaborate with at least one other nonprofit. Seventy percent (70%) of human service nonprofit organizations cooperate closely with local government. A majority of all human service nonprofits (59%) cancelled a major fundraising event, a key source of financial resources.

## Programs and Services

What is most telling in the human services sector is that only 2.3% of nonprofit organizations continue to deliver programs and services as usual. In other words, COVID has had a significant impact on human service nonprofit organizations, it is not business as usual. Nearly a quarter of nonprofits (23%) saw an increase in service demands. Among the myriad of specific needs, two priorities emerge: food and shelter.

**"We serve elderly individuals in Milwaukee county and Waukesha County. We are serving more new clients and providing more help to current clients. Many services are related to food insecurity."**

**"We are still delivering food to all clients through a drive-up method, however, since clients do not enter the building, other information or organizations who share services with clients are unavailable to them."**

A third of the respondents (34%) have adopted different program delivery methods under the pandemic. The human services sector is also experiencing capacity reductions. Nonprofits report moderate (22%) or severe (18%) reductions in capacity to deliver programs and services. Less than 1% of organizations delivered no programs and services at this time.



We serve a large portion of the community's homeless population. We are doing our best to provide continued outreach services to them and attempting to find them shelter."

Services are variable for marginalized clients, those clients who are particularly vulnerable either due to low income or minority status. Twenty percent (20%) of organizations deliver significantly more services to marginalized individuals. A further third of respondents (31%) acknowledge that 'somewhat more services are provided'. However, twenty percent (20%) of organizations state that marginalized clients receive 'somewhat less services' and a further 14% acknowledge a drastic reduction in service levels to this client group.

It may not be surprising that a strong correlation exists between organizational capacity and ability to provide services to marginalized clients. For organizations that are providing more services than usual, 54% report 'drastically more services provided to marginalized individuals'. For those organizations operating with severely reduced capacities, 50% report delivering 'drastically less services to marginalized clients'.



Children both in foster care, domestic abuse shelters and homeless shelters are not being discussed much in the media; yet we have seen an increase in these locations."

Across all respondents, forty-five percent (45%) are very concerned and a further 39% are somewhat concerned about their inability to meet the needs of vulnerable and hard-to-reach clients. One respondent noted, *"Native Americans who are not being counted as COVID victims and remain basically invisible to the healthcare systems. Latinx who are undocumented and will not receive stimulus checks or assistance at any level. There appears to be an increase in hate crimes to Asian residents and LGBTQ individuals."*

Looking to the future, a majority of respondents (54%) expect to continue to deliver client services to July 30th. However, nearly a quarter of organizations (22%) are 'very unlikely' or 'somewhat unlikely' to have continued service delivery in May and June.

While organizations attempt to mitigate the loss of face to face service delivery by moving online, virtual program delivery presents its own challenges. Some organizations describe their success at moving online:

*"Many of our services are now provided in a virtual format both individual and group programs. When we return to 'normal' we will assess which of those formats will continue and which ones will end."*

*"We had to move from in person meetings to virtual (phone) meetings. All services are still being provided."*

Other organizations describe the negative impacts of online service delivery:

*"Our normal services have been reduced dramatically. We are trying to offer some services in a virtual capacity."*

*"The elderly population who experience discomfort with technology may hesitate to seek our services."*

*"Everything is being done by phone or virtual conference for populations that really need a lot of personal interaction. Some are struggling to learn via online training programs. We are not enrolling any new participants at this time."*

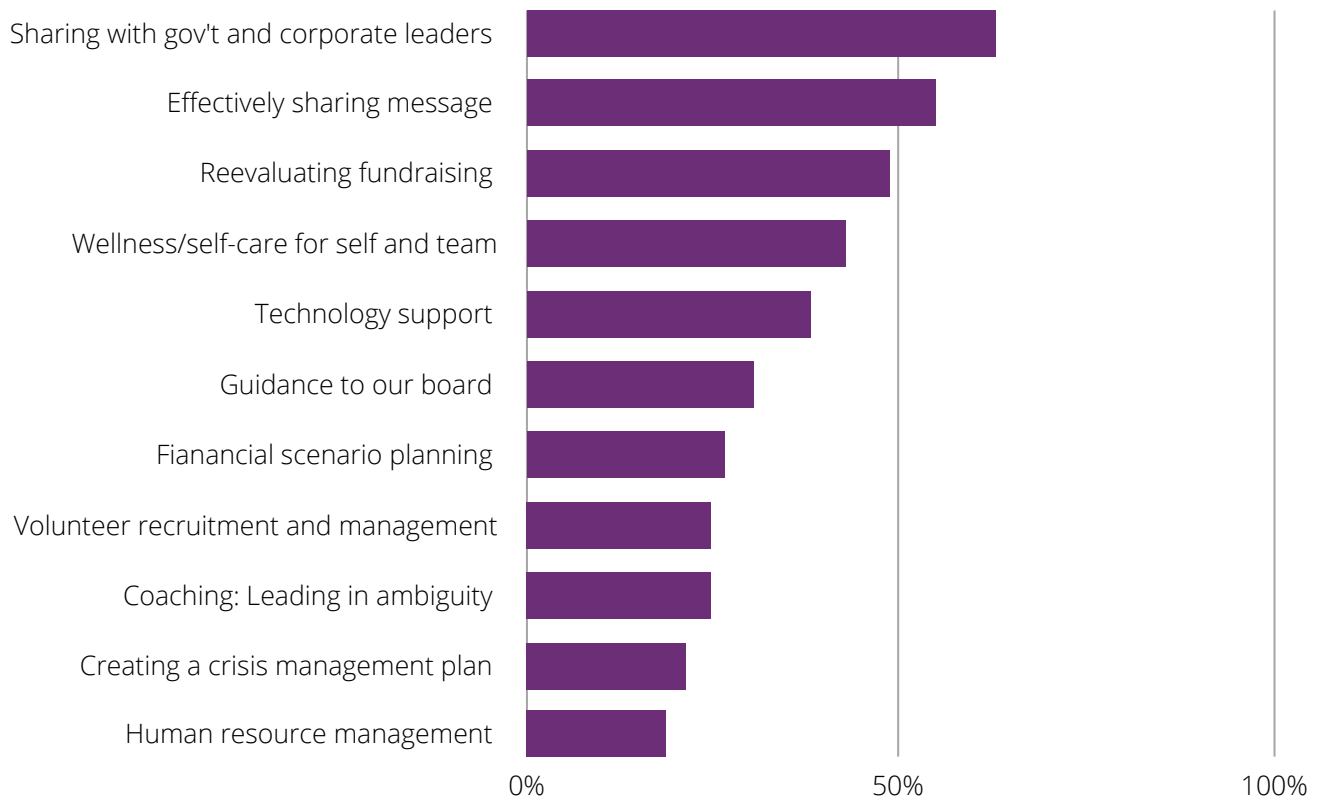
*"Having to switch to a virtual platform to provide this service has been quite challenging, as many of the youth lack access to WiFi, and technology capable of participating in virtual activities, not to mention a quiet stable environment, or attention capacity to watch."*

## Resources Needs

As part of the long-term goal of this project, participants share their insights on the resources UW-System academic and community partners might be able to provide (Figure 2). Effective messaging about the sector is an important priority. Fundraising is also a consistent need. Fundraising strategies ranks third on the list of resource needs.



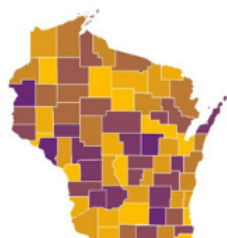
Figure 2: What could academic and community partners assist you with the most?  
(check all that apply)



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Center for Community  
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UNIVERSITY OF WISCONSIN-MADISON



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

Understand the problem. Find a **solution**.  
<https://uwm.edu/hbi/research/survey/>



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