THE BRAZOS VALLEY NONPROFIT LEADERS’ CONTINUED RESPONSE TO COVID-19

The Impact of COVID-19 on Nonprofits in the Brazos Valley
How Leaders Are Responding
Results from the Second Round of Survey Data

July 2020

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Compiled by the Bush School Center for Nonprofits & Philanthropy at Texas A&M University
About the Center for Nonprofits & Philanthropy

The Center for Nonprofits & Philanthropy supports a vibrant nonprofit and philanthropic sector in Texas and beyond through high-quality research, professional outreach, and engaged learning.

Nonprofit and philanthropic organizations are the backbone of healthy and vibrant communities. Echoing President Bush’s “thousand points of light,” local communities are strengthened by a voluntary sector that facilitates community engagement, supports giving and volunteering, and fosters social innovation and entrepreneurship. The Center works to build capacity, disseminate knowledge, and prepare students to work in nonprofit and philanthropic organizations and the collaborative systems in which they operate.

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Overview and Background of the Nonprofit Sector in the Brazos Valley

The 2020 novel coronavirus (COVID-19) pandemic presents challenges unlike any other when we consider the health of our citizens and fear of the unknown as we attempt to recover. Everyone is affected and our understanding of how to respond evolves daily. While we know the importance of staying home and social distancing, we are unclear about how long this will go on and how deeply it may impact our economy and our community.

While the Brazos Valley is inherently resilient, demand and need in our communities are significant as the number of workers furloughed and laid off has reached unprecedented levels in modern times. The local nonprofits and our community of businesses have risen to the task, but confront challenges that require all of us to understand and engage with our communities in new ways.

This second report is an effort to understand how nonprofits are continuing to respond to COVID-19. In cooperation with the University of San Diego’s Nonprofit Institute, the Center for Nonprofits & Philanthropy at Texas A&M University distributed a survey to nonprofit organizations in the Brazos Valley. The purpose of this report is to provide real-time information to government officials, community members, and the overall community to better understand the current operating environment of local nonprofits.

The survey used a convenience sample of nonprofit leaders in the Brazos Valley and was distributed through our network and partners. A total of 86 nonprofit leaders representing a wide range of organizations and industries responded between June 13 and July 8, 2020. Though the data were derived from a convenience sample of respondents, the results reflect the sector’s overall composition.

Key Insights

- 45% of the respondents are operating at a severely reduced capacity or not at all. Just 16% are operating as normal.
- Almost half of the respondents (49%) have had to reduce staff in some way either through layoffs, reduced hours, or furloughs.
- Leaders are most concerned about declines in donations and loss of fee revenue from programs and services.
- Nonprofit leaders feel supported by their boards, donors, and partners.
- The pandemic has extended longer than anticipated and the long-term effects are not fully understood.
About Nonprofits in the Brazos Valley

There are an estimated 1,800 nonprofits in the seven counties that comprise the Brazos Valley of Central Texas (Brazos, Burleson, Grimes, Robertson, Leon, Madison, and Washington.)

Total annual revenue is over $1 billion.

Texas nonprofit organizations make up approximately 6% of the state’s workforce.

Typical annual revenue is about $120,000 per organization.

Most revenue comes from fees for programs and services (40%) and from fundraising (25%). Remaining income comes from various other sources, including government grants and contracts.
Survey Results

Very Few Organizations Are Operating as Normal

Brazos Valley nonprofit organizations were asked how they are operating during the summer 2020 portion of the COVID-19 pandemic. Of the responding organizations, just over 15% continue to operate as usual, 10% are operating to a greater extent, 10% are not operating at all, and another 33% are operating in a severely reduced capacity, as shown in Figure 1.

Figure 1 Operating as Normal

[Bar chart showing the distribution of operating capacities: Not at all (35%), In a severely reduced capacity (30%), In a moderately reduced capacity (25%), Same as we always do (20%), To a greater extent than usual (10%)]

Brazos Valley nonprofit organizations have experienced loss of revenue from reduced donations and fees, and event cancellations. A third of respondents have revised grants to cover costs associated with the crisis (see Figure 2). Arts, culture, and humanities organizations, including theaters, orchestras, and so on, are facing the most disruption, and many have ceased operations.
Utilizing Emergency Response Funds and Operating Capacity

Just over 10% of the respondents have received an Economic Injury Disaster Loan (EIDL), while another 60% do not qualify or have sufficient funds. Of those respondents that have employees (77% of respondents), 60% have received funds through the Paycheck Protection Program (PPP). Even with this support, almost half of the respondents (49%) have had to reduce staff through layoffs, reduced hours, or furloughs. About 50% of respondents indicated that they could use support in three areas:

- Technology that enables clients to access programs and services
- Supplies to deliver programs in compliance with CDC guidelines (e.g., Personal Protective Equipment)
- Managing staff stress and anxiety

In general, nonprofit leaders feel supported by their boards, donors, and partners.

Pressing Needs of Local Organizations

Respondents were asked what their most pressing concerns were over the next four weeks. Several areas were shared, and four concerns were expressed by a preponderance of respondents:

- Adapting operations to comply with local restrictions and regulations
- Maintaining and supporting the physical and mental health of their staff and volunteers
- Acquiring sufficient funding to maintain operations
- Meeting an increased demand for services
**Needed Organizational Assistance**

Respondents were asked what services they would rank as most beneficial during this time (see Figure 3). A majority indicated that reevaluating fundraising strategies was their top priority. Other priorities include guidance to our board of directors, sharing real time data about nonprofit needs, and volunteer recruitment and management. These responses were consistent among all respondents, including those not currently operating or operating to a greater extent than usual.

**Figure 3 Where Nonprofits Need Assistance**
Survey Respondents

About 30% of the respondents operate human service organizations and a little over a quarter (27%) operate an arts and culture organization (see Figure 4).

Figure 4 Respondents Subsectors
Conclusions and Recommendations

Key Findings

- Very few organizations are operating as normal.
- Organizations most likely to not be fully operating include arts, culture, and humanities organizations such as theaters and orchestras.
- Almost half of the respondents (49%) have had to reduce staff through layoffs, reduced hours, or furloughs.
- Leaders are most concerned about declines in donations and loss of fee revenue from programs and services.
- Nonprofit leaders feel supported by their boards, donors, and partners.

Implications and Recommendations

Donors/Funders

- Maintain your support for organizations and causes as the pandemic continues to affect operations.
- Shift your program support funding to operations and critical need funding.
- Support all types of organizations so they can address pressing needs and remain viable for the future.

Board Members

- Stay engaged to advocate for organizations that you value.
- Support organization leadership by asking difficult questions about organizational capacity and how to adjust operations to meet current conditions and demand for service.
- Demonstrate direct support for the staff and consider alternative ways the board can help build morale and encourage employee wellness.
- Contribute to making contingency plans to sustain the organization.
- If your organization is having to wait to re-engage its programs, use this time to connect with your board in planning and brainstorming.
- While it is nearly impossible to plan for all contingencies, your ability to use this time is critical.

For example, you could focus on the following:
- Set in place a strategy to build reserves
- Consider cost-cutting alternatives
- Explore new models for program delivery
Nonprofit Leaders

- All managers should consider carefully their organization’s capacity to respond to needs. We caution to avoid the temptation to move beyond areas of expertise and mission focus.
- Managers should utilize the networks available to you and your leadership team. Take time to connect with stakeholders.
- Communication is key: consider all stakeholder segments and communicate your plans, concerns, and positive stories that reflect and highlight your mission.
- To the extent possible, secure funding opportunities that become available to address the crisis.

Fundraisers

- Continue to tell the story about your organization’s purpose. If your mission was relevant prior to the pandemic, it remains relevant today. Update your constituents on your organization’s current operations and how you plan to serve those in need through December 2020.
- Increase stewardship efforts, and especially thank the individual donors and foundations who made gifts to help your organization between March and now.
- Define your organization’s fundraising case to support your most urgent needs.
- Connect with private foundations to update them on your work and learn their long-term funding response to COVID-19.
- Participate in special funding initiatives sponsored by corporations and local governments. Do not assume your organization will not receive funding.
- Invest time in prospect research to begin filling the donor pipeline.
- Be creative in handling events that have been disrupted. If you have already postponed an event to this fall, determine if you will be able to host it. Make contingency plans to create an online or virtual version of the event, so you do not confuse donors by continuing to postpone. Alternatively, you might ask donors to sustain their funding despite not being able to participate in the traditional event.
- Use this time to clean your database. Contacting donors to make sure you have their correct information is an opportunity for a conversation and to learn how they are doing.
- Take a close look at your fundraising operations to find efficiencies in processes and reporting. This process can increase opportunities for cross-training, unite your team, and allow them to help design a more efficient and productive fundraising shop moving forward.