



Center for
Nonprofits & Philanthropy
THE BUSH SCHOOL • TEXAS A&M UNIVERSITY

Confronting Nonprofit Human Capital Issues

Facilitated by Angela Seaworth, Ph.D., ACFRE
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Center for Nonprofits & Philanthropy



Our Mission: The CNP supports a vibrant nonprofit and philanthropic sector in Texas and beyond, through high quality research, professional outreach and engaged learning.

Founded in 2017, the Center operates with the belief that nonprofits are instrumental in creating opportunities for all. This happens through capable leadership, excellent governance, and engagement of stakeholders.



Educational Opportunities

- [Master of Public Service & Administration](#)
- [Executive Master of Public Service & Administration](#)
- [Certificate in Nonprofit Management](#)
- [Continuing & Professional Education Courses](#)





When nonprofits cannot hire enough employees to provide vital services, the public suffers.

National Council of Nonprofits 2023 Nonprofit Workforce Survey Results: Communities Suffer as the Nonprofit Workforce Shortage Crisis Continues



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Changing Nonprofit Workforce



- Already tight labor market, but changes in post-pandemic workforce dynamics has made it more challenging for nonprofit organizations to compete with talent
- Nonprofit work is hampered by challenge to provide services remotely
- Nonprofit executives are stepping down, and this had increased salaries for these key leadership roles up by 30% over the past two years
- Younger employees report that good pay, work-life balance, professional growth, and equitable workplaces are priorities for them
- Nonprofit employees also value traditional benefits: insurance, retirement, and time off



Nonprofit Sector & the Texas Economy



As of Fall 2022, there are more than 140,000 nonprofits in Texas

In Texas, nonprofits accounts for \$1 out of \$13 (\$110 billion) in annual gross product

Nonprofits leverage \$4.89 billion of government and private philanthropy to help bridge the gap for Texas' needs

Nonprofits bring in money from outside of Texas \$326 million by foundations

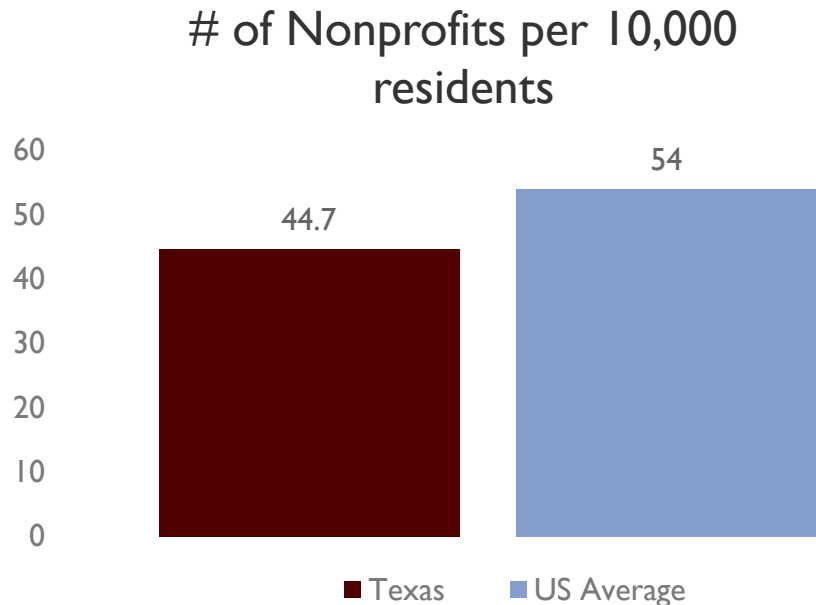
1 in 8 Texas jobs are tied to nonprofit sector



Source: Built for Texas report



Texas Nonprofits by the Numbers



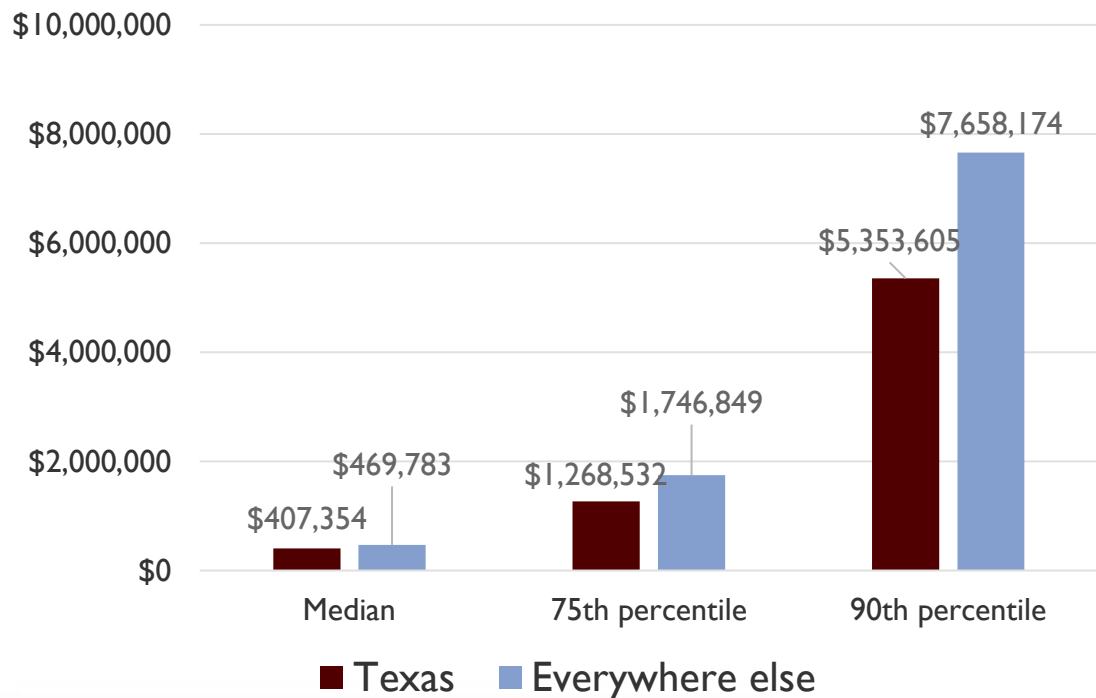
- On a per capital basis, **Texas has fewer nonprofits than we would generally expect.**
- Roughly one in six nonprofits files the IRS Form 990—and these 990 filers are where the bulk of nonprofit employment, revenue, and assets are found.
- **Texas 990 filers are smaller, by revenue and staff size, than their national peers.**



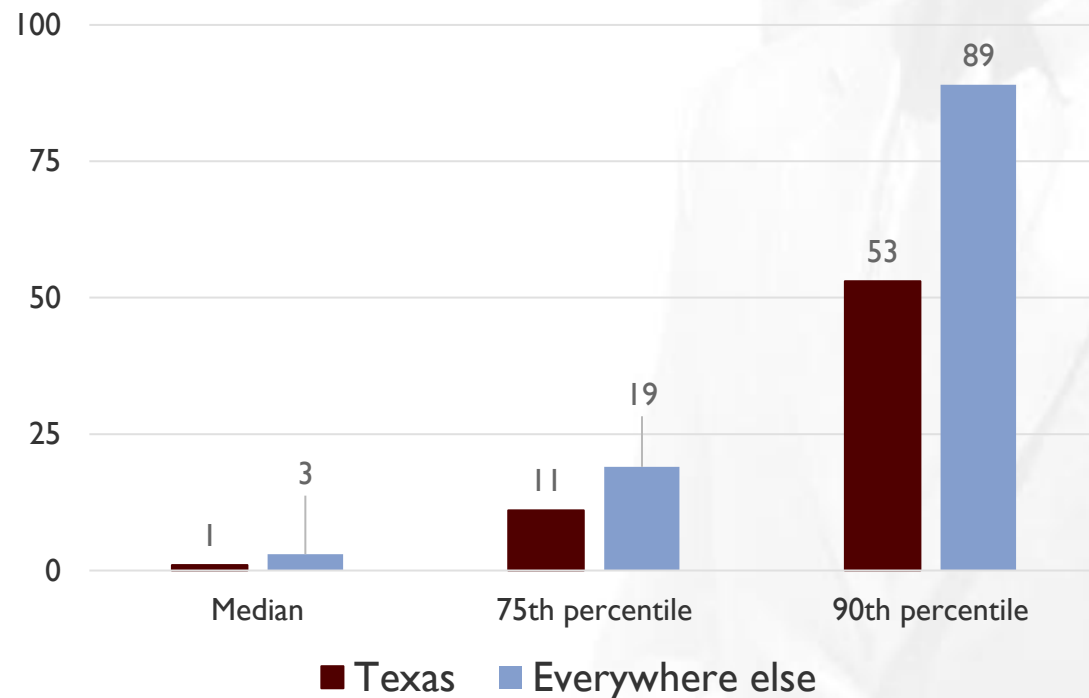
Texas Nonprofits by the Numbers: 990 Filers



Revenue



Staff size



Nonprofit Sector Data



According to the Nonprofit Hiring Trends and The National Nonprofit Employment Market report:

- The nonprofit sector remains the third largest employer in the United States
- COVID resulted in 1.6 million nonprofit job losses
- Nonprofits account for 12.4 million jobs and 14% of private sector employment
- The nonprofit sector continues to grow, and has grown 18.6% in last decade
- Technical skills in demand: database administration, online fundraising and marketing professionals, front-line positions such as case managers, counselors, and in-person staff
- Johns Hopkins Center for Civil Society Studies research illustrates a skills gap in the sector, which requires nonprofit organizations to train employees and retain them



Nonprofit Human Capital Data



According to the 2023 Nonprofit Talent Management Priorities Survey report:

- 30% of nonprofit CEOs say it is harder to find volunteers
- Likewise, it is increasingly difficult to attract employees to the nonprofit sector
- Human Capital focus has shifted from culture, learning, and performance management in 2022 to talent acquisition, performance management, and talent-focused technology (50% reported introducing AI in routine HR functions)
- 80% are prioritizing recruitment in 2023 by attracting diverse talent (66%), strengthening brand to attract talent (44%), and increasing recruitment budgets (50%)
- 93% of organizations are focusing on organizational culture

Source: Nonprofit HR Nonprofit Talent Management Priorities Survey



Most Common Challenges Nonprofit Faces



Salary
Competition

Recruiting

Budget
Constraints

Stress &
Burnout

Insurance

Retirement

Retention

Training





“We are unable to compete with the likes of Walmart, Target, and Starbucks. Our jobs are working with abused and neglected children, it’s hard work. Who wouldn’t want to make more money with less stress?”

- Quote from a Nonprofit professional in South Carolina

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Status of Hiring



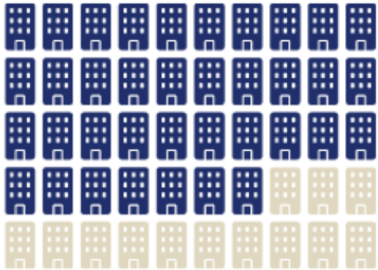
Nonprofit Workforce Shortage Continues

Top Reasons for Vacancies

Salary Competition	72%
Budget Constraints & Insufficient Funds	66%
Stress & Burnout	50%
Challenges Caused by Government Grants & Contracts	21%
Lack of Affordable Childcare	15%

74%

of over 1,600 nonprofits surveyed in April 2023 reported job vacancies.



More than Half

reported they have more vacancies now compared to before the COVID-19 pandemic.



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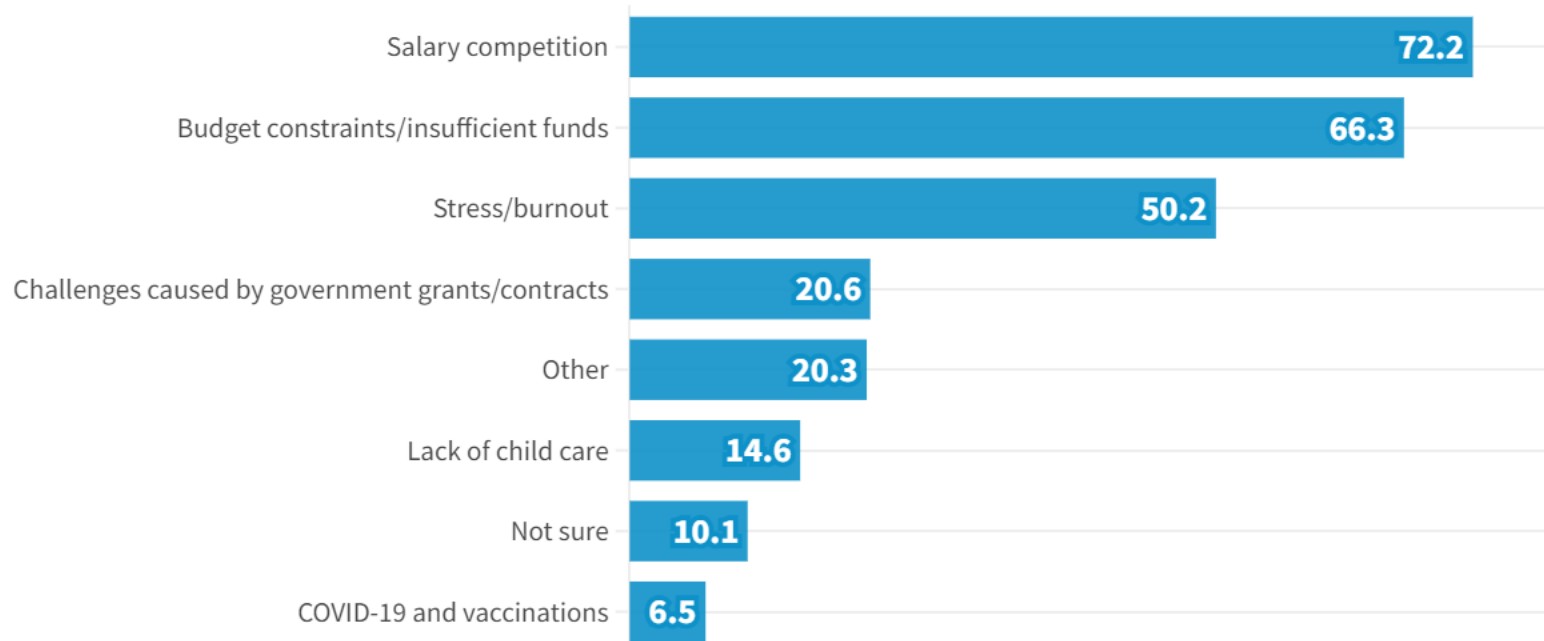


Nonprofit Recruitment & Retention



Factors Affecting Nonprofit Recruitment and Retention

Percent of respondents reporting each issue



Source: National Council of Nonprofits 2023 Nonprofit Workforce Survey Results: Communities Suffer as the Nonprofit Workforce Shortage Crisis Continues



Fundraising Human Capital Data



- 30%+ respondents say they work 10 hours a week above their compensation
- Unrealistic expectations are still creating unnecessary pressure, resulting in turnover
- Must retain and promote from within
- Seeing retention increase over 2021
- U.S. Fundraisers who have earned CFRE report salaries 5-16% higher than noncertified peers
- Revenue generation increased importance for majority of nonprofits; therefore, fundraisers more valuable

Source: AFP Global Compensation Survey 2022

**Fundraising
Salaries Increasing**

**Demand Very High
for Fundraisers**

**Hiring More Fundraising
from other Industries**

**Must Focus on Culture & Training for
Out of Industry Hires to Succeed**



Fundraising Human Capital Data



- US fundraising salaries increased by 6.7% to \$95,841
- Median salary in the US was \$83,000
- No surprise that larger organizations offer higher salaries
- Salary increases with job title and education level
- Gender pay gap of \$14,321 still exists between men and women's pay
- 95% are receiving some sort of healthcare benefits from employers
- 2/3 are receiving paid professional dues
- 5% receive relocation expenses
- Other benefits: group life (67%), long-term disability (64%), short-term disability (68%), and cell phone or phone plan allowance (47%)
- Average paid holidays 11.78 and 26 paid time off
- 68% could work at home at least part of the time

Source: AFP Global Compensation Survey 2023





“I don’t have the answer to the question of where did all the employees go, but I don’t think they’re coming back.”

Quote from the Executive Director of Waban, a nonprofit that provides housing and services to adults and children in Southern Maine.

Rendon J. The Nonprofit Hiring Crisis. *The Chronicle of Philanthropy*, June 7, 2022.



Jobs in Highest Demand



Top 3 Job Categories with Vacancies



Program &
Service Delivery



Entry Level



Administration &
Human Resources

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How to Retain Employees & Attract New Ones



Compensation

- Finding ways to increase overall compensation, bonuses
- Understanding salary bands
- Restructuring pay so the lowest-paid workers get the largest percentage increase

Work Culture

- Offering perks – free meals, low-interest loans, help with housing
- Reduced hours (4-day work week) to attract in-person roles
- Flexibility – at least some remote work
- Promote employee wellness

Talent Management

- Cross training employees
- Providing professional development
- Structuring career ladders

Rendon J. The Nonprofit Hiring Crisis. *The Chronicle of Philanthropy*, June 7, 2022.



Fund the People



- Organization, founded by Rusty Stahl in 2014 with support from The Kresge Foundation, that works “toward a people-powered social sector distinguished by equity, effectiveness, and endurance.”
- Nationwide initiative “to maximize investment in American’s nonprofit workforce. Our goals is to bring about widespread adoption of talent-investing by influential funders and nonprofits.”
- Podcast and tool-kit on website



Fund the People



The Problem

- Gaping deficit of investment in the nonprofit workforce
- Foundations use only 1% of grant dollars to support staff development in grantees
- Nonprofits have little incentive or capital to invest in their people



The Symptoms

- Investment deficit creates a bottleneck in nonprofit leadership
- People burn-out or do not join the field
- Situation is a threat to nonprofit performance, impact, and sustainability



The Solution

- Replace the overhead myth with a positive new mindset that uplifts contributions of nonprofit workers
- Make talent-management a widespread practice in grantmaking and nonprofit management

Source: Fund the People <https://fundthepeople.org/>



Potential Policy Solutions



Top 4 Policy Solutions



Reform Government Grants and Contracts



Adopt Charitable Giving Incentives



Strengthen the Public Service Loan Forgiveness Program



Increase Access & Supports for Affordable Child Care

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Potential Solutions



Let's work in our breakout rooms to share what is working for your organizations. You may choose from the following questions to discuss:

- What are your most successful strategies for employee retention?
- How can you address flexibility and wellness in your organization?
- Where are you recruiting to find employment candidates? Volunteers?
- How are you addressing benefits, specifically health and retirement, in your organizations?
- What might we tell funders who may or may not be aware of the human capital challenges facing nonprofit organizations?

We'll ask for groups to share some of their solutions with all of us.



Graduate Project Resource



Our Volunteer and Human Resources Management Course students collaborated to create a Human Capital Guidebook for Small and Mid-Sized Nonprofits in Spring 2023. Each of the five topics below is discussed, and there is a checklist for nonprofits and a resource list for each section.

- Job Analysis: A Comprehensive Approach to Nonprofit Hiring Strategy and Recruitment
- Compensation & Benefits: Backing Human Capital
- Employee Legal and Risk Compliance: Nonprofit Rules of Order
- Volunteer Management: Guiding the Hands of Service
- Talent Management: Attracting, Retaining, & Developing Your Employees

Would it be helpful if we made this resource available on our Center's website?



Resources



- Association of Fundraising Professionals 2023 Compensation and Benefits Study for the U.S. and Canada:
<https://afpglobal.org/sites/default/files/attachments/resource/2023%20AFP%20Compensation%20and%20Benefits%20Report.pdf>
- Fund the People: <https://fundthepeople.org/>
- National Council of Nonprofits 2023 Nonprofit Workforce Survey Results: Communities Suffer as Nonprofit Workforce Shortage Crisis Continues
<https://www.councilofnonprofits.org/sites/default/files/media/documents/2023/2023-nonprofit-workforce-survey-results.pdf>
- Nonprofit HR - <https://www.nonprofithr.com/>



Learn More About Our Center



Our Center's team is committed to strengthening the nonprofit sector, so please contact us to learn how we may help your organization or help you advance your nonprofit career.

Contact Us

aseaworth@tamu.edu

Phone: (979) 862-3195

Webpage:

<https://bush.tamu.edu/nonprofit/>

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