



The Impact of COVID-19 on Charlotte's Social Sector



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About This Report

As a nonprofit and convener of the sector, the Lee Institute wanted to gather the perspectives and voices of our fellow nonprofits as they work to respond to the unprecedented challenges they are facing because of the COVID-19 pandemic. We believe that it is helpful and meaningful to nonprofits, funders, and community leaders to have a snapshot across the sector of what is being experienced in our Charlotte region. We want people across the region to have access to data as they have critical conversations about how best to address the needs of the sector as we navigate the crisis together.

We designed, conducted, and analyzed these results based on our experience in using this type of data to help organizations make strategic decisions. We are also sharing some baseline information generated from similar national and statewide surveys.

We hope that this is helpful and supportive. This is a challenging time for the people being supported by the important and varied missions and for the organizations themselves. We have done our best to bring your challenges and voices together across the sector.

The Voices of Charlotte's Nonprofits

“

“Gaps in services identified as the economy continues to wheeze and individuals with limited resources get squeezed. What are the most essential human and social services people need... and what can we do to help them.”

“

“Communities will be in great need of “boring” support after COVID-19 -- safe places to play, healthy food, healthy relationships. Invest in nonprofits doing the grind, rather than innovations.”

“

“Our biggest challenge will be providing a meaningful way for our members to connect.”

About The Process

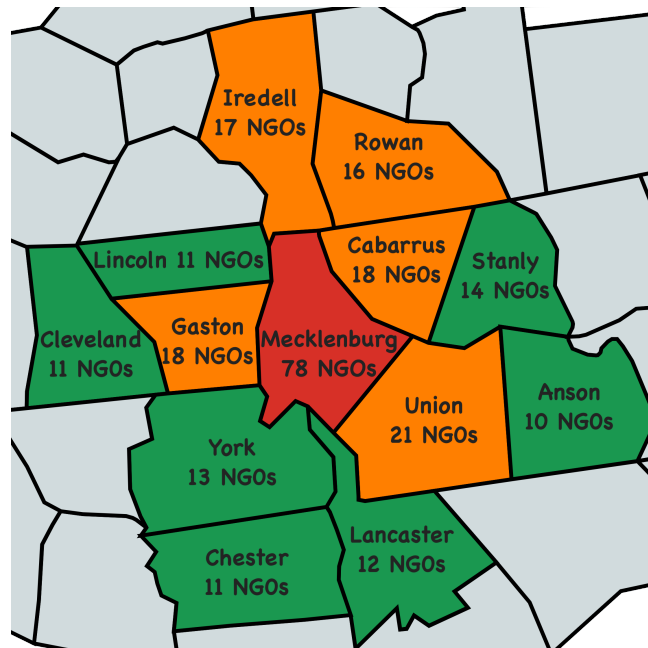
A 34 question survey was designed with 13 demographic questions, 11 financial impacts questions, and 10 questions about the future state. The stated goal was to have a single response from the chief administrator or chief financial person representing each organization.

We created a distribution plan using our own Lee Institute connections and stakeholders including 114 regional nonprofit organizations, 20 funders, and the 300+ Senior Fellows of the Charlotte Region Chapter of the American Leadership Forum. We greatly appreciate the generous support of Foundation For The Carolinas in making this survey possible, and we also appreciate the many other funders and people across the sector who shared the survey.

About the Respondents

87 people responded representing a good cross-section in terms of organizational budget size and sector. Each county across the Charlotte region was represented – with at least 10 people answering that their organization worked in each county.

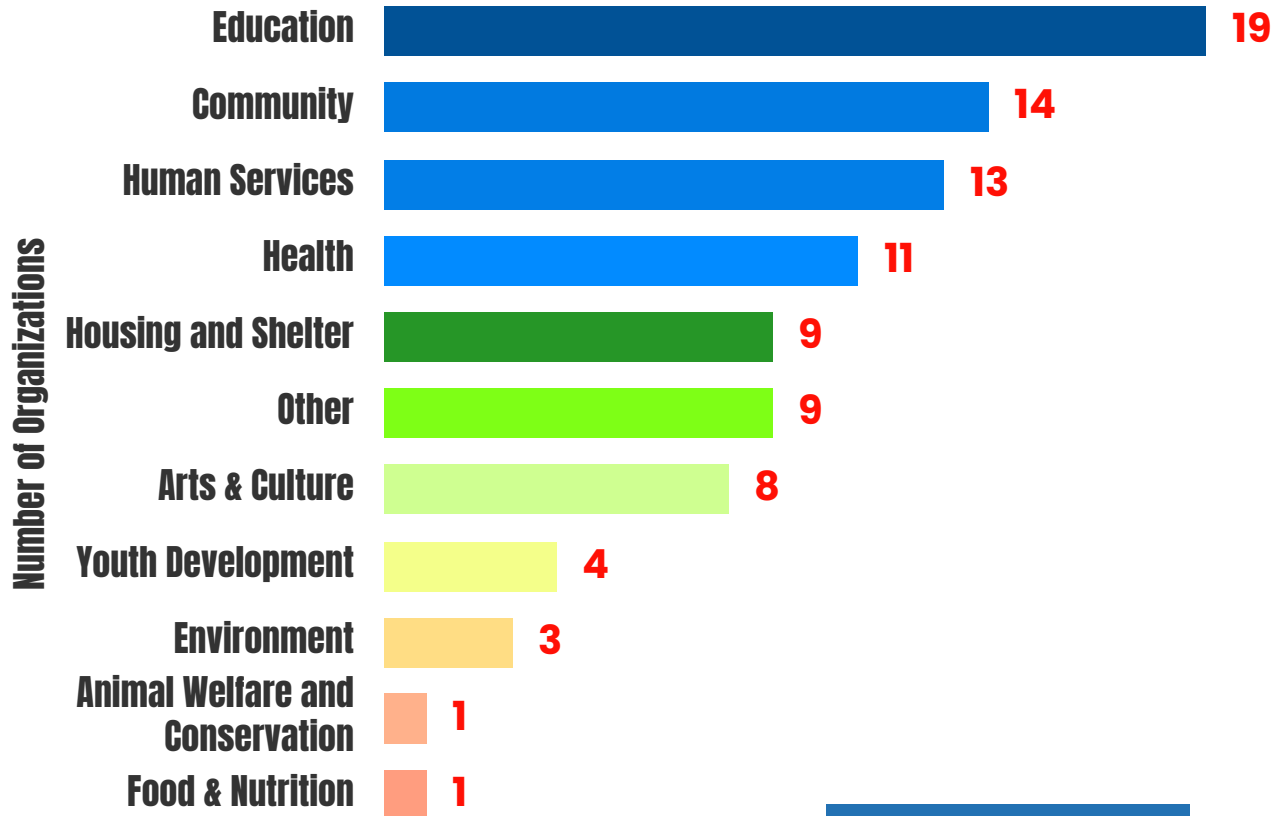
These can be duplicative because people were asked to report all of the counties in which they work. Organizations can serve multiple or even all counties.



Number of Organizations Serving

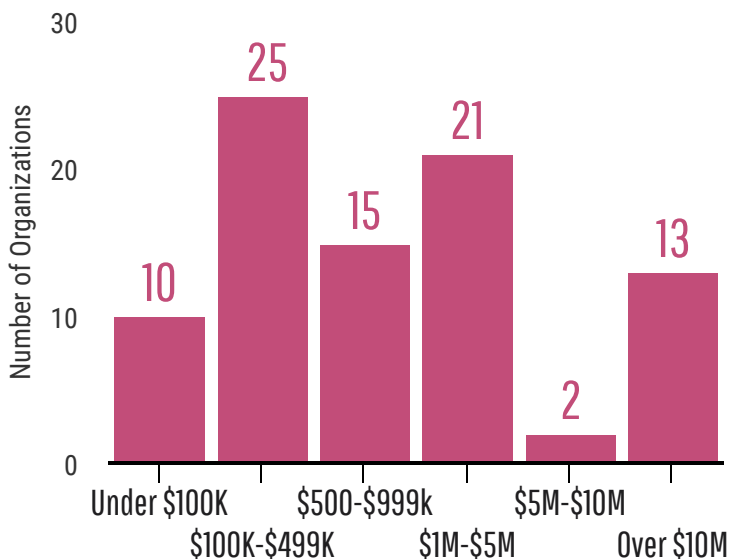
- 0-15
- 16-25
- Greater than 25

Organizations Surveyed



Annual Budget Size

In terms of budget size, the group was bookended with 10 with budgets under \$100,000 and 13 with budgets over \$10M. Nearly half of the organizations represented in the survey had budgets between \$100,000 and \$1M and a quarter from \$1M to \$5M.



CRITICALLY,
THESE ARE THE
ORGANIZATIONS
ON THE FRONTLINE



70% of organizations reported that they directly serve people who are being impacted by COVID-19.

Other Nonprofit Survey Data

CAF American World Survey (May)	
Experiencing staff disruptions	39%
Experienced reduced contributions	72%
Went completely remote	21%
Working remotely and suspended some programs/services	61%
Expect contributions to decrease by more than 20%	50%
Had to furlough or lay off workers	28%

La Piana Consulting National Survey (May)	
Likely to make further reductions in staff	44%
Considering partnerships	25%
Experiencing revenue loss	90%
Moved some or all programs to digital delivery method	80%
Have laid off or furloughed workers	18%
Applied for Cares Act paycheck protection, although less than 1/2 received it	69%

Forefront Illinois Survey (March)	
Had a disruption of services	77%
Had a disruption of revenue	78%
Experienced increased and/or sustained staff and volunteer absences	60%
Cancelled programs and events	94%
Budgetary Implications due to strained economy	79%

NC Center for Nonprofits (March)	
Cancellation of programs or events	87%
Budgetary implications	75%
Increased staff/volunteer absences	48%
Said flexibility from foundation grants would be helpful for the crisis	68%

Comparable Lee Institute Survey Results (mainly staff and funding)

OVERALL BUSINESS:

48.7% closed their physical place of business
 85.5% have moved some or all programs to digital delivery method
 82.9% have cancelled programs or events
 41% of organizations are considering entering a coalition, almost 25% are considering entering a partnership due to COVID-19

FUNDING:

45.33% of respondents expected FY 2020 revenue to be impacted by 0-20%
 41.33% of respondents expected FY 2020 revenue to be impacted by 26-50%.
 68% said they had canceled some fundraising events or activities
 51.3% are experiencing a decrease in donations
 30.3% mentioned inability to meet grant requirements
 51 of 60 respondents to question 19 received paycheck protection from government

STAFFING

43.4% suffered increased or sustained volunteer absences
 18% had to lay off or furlough workers

Responses to COVID-19

Respondents were asked about the top three concerns or needs that organizations are hearing from the population they serve.

Most often mentioned were concerns about financial position including worries about unemployment and food insecurity. Other common mentions were concerns over social isolation, stress, healthcare and health safety, housing, and technology needs for either one's job or children's education.

Despite the new current landscape, **most organizations have not altered their missions** in response to COVID-19. Of those that did, many were related directly to the need to serve and engage in remote and virtual ways because of the pandemic.



“

“While we have maintained our core mission, we are shifting all of the delivery of our programs to online and virtual.”

Staffing Changes

More than half of the respondents had not yet made staffing changes; however, several organizations mentioned that this situation may or was likely to change at the end of June. **A quarter** have already instituted furloughs/layoffs and **12% have made pay cuts**. Also noteworthy, is several organizations were able to maintain staffing levels because they had received a Payroll Protection Program loan.

A handful of respondents have increased staffing in response to COVID-19. However, some mentioned that they were unable to add staff as they had originally planned. Not surprisingly, many organizations have staff working remotely.

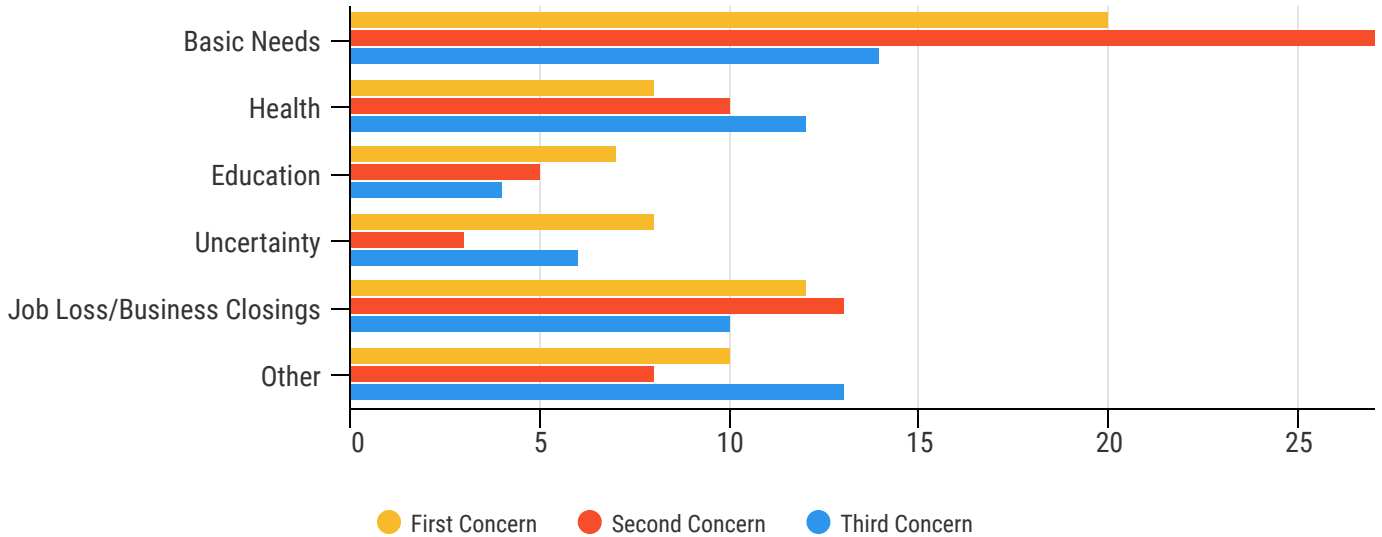
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“We were about to hire 8-16 part-time employees. We had to cancel the training.”

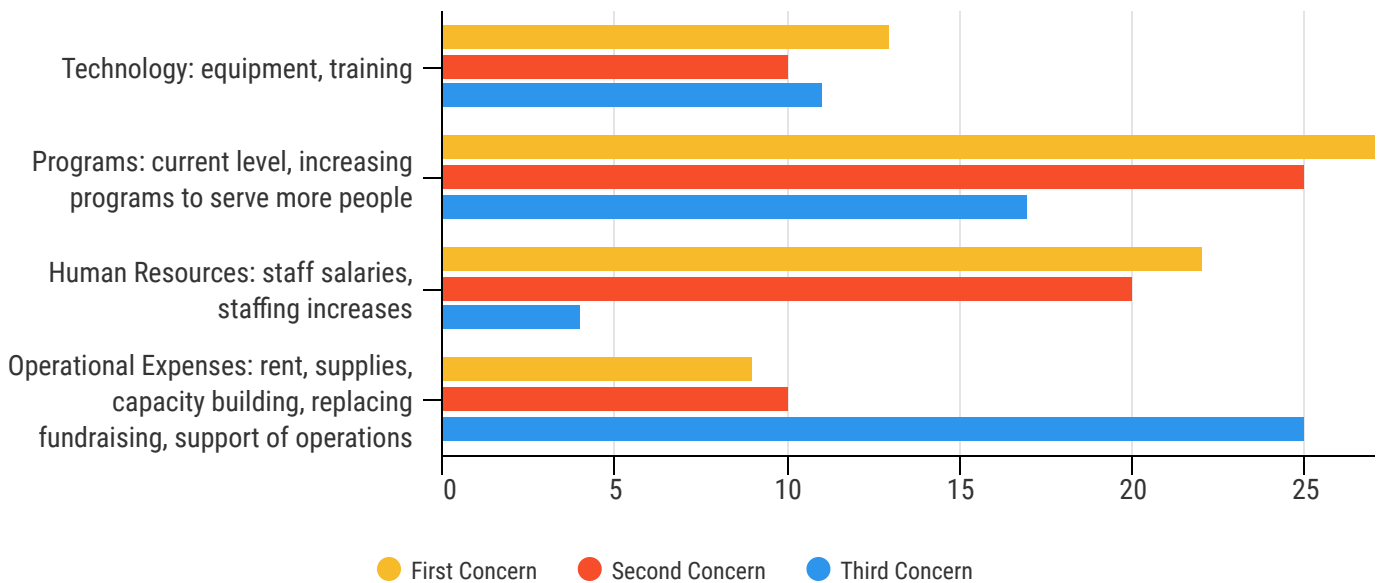
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“Part-time employees laid off; full time working from home with reduced hours which means reduced pay”

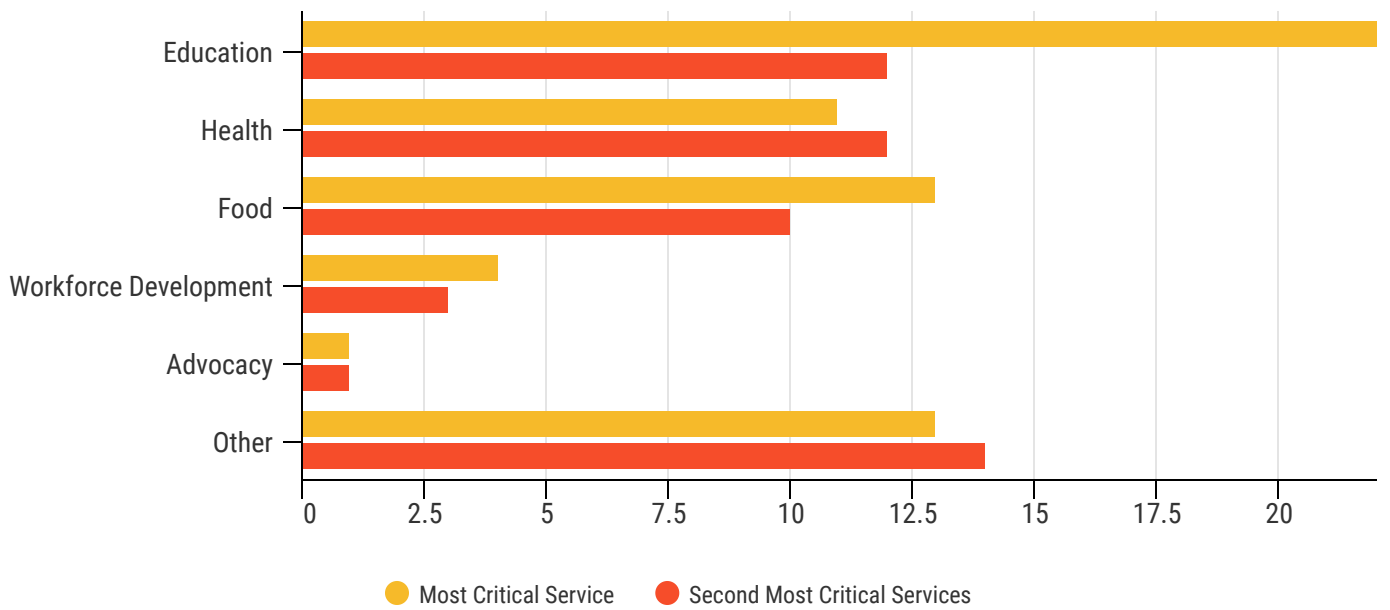
When asked to name the TOP 3 concerns or needs for the people they served, as might be expected, helping people meet basic needs was mentioned as a top 3 priority by just about every respondent.



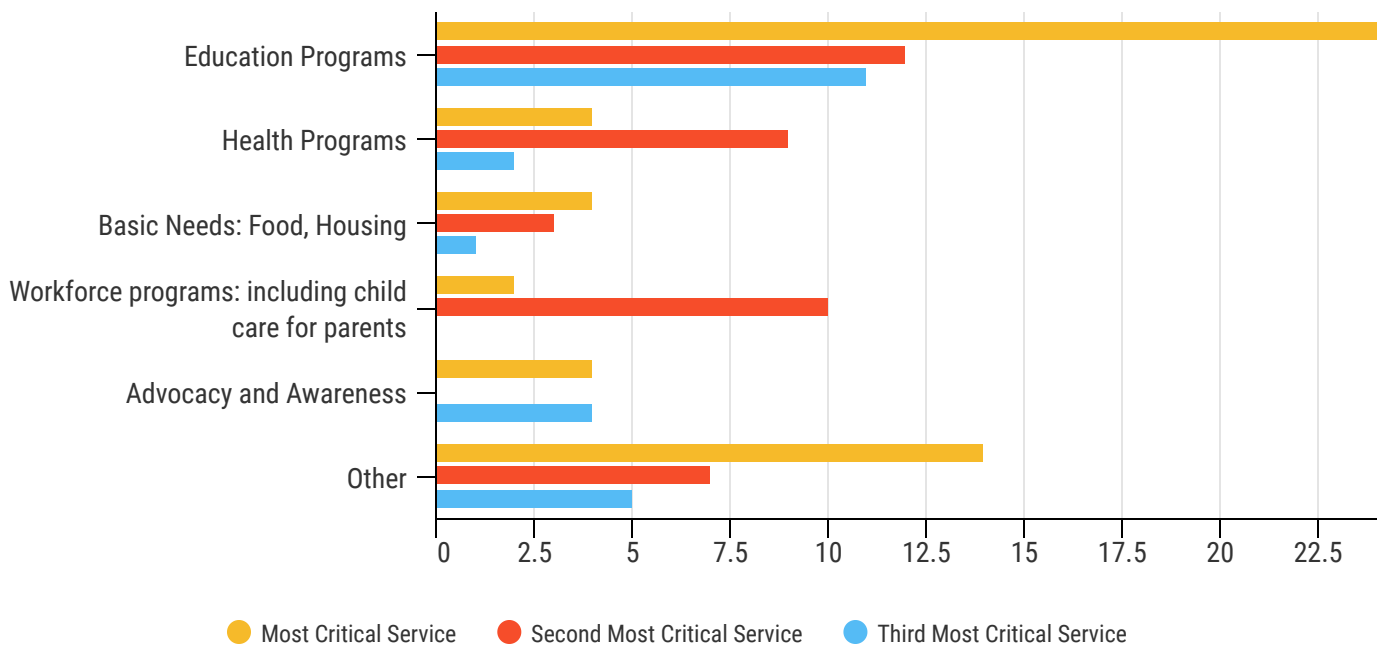
In terms of how people would use additional funding in support of the operations and/or mission delivery, nearly all respondents mentioned programs as one of their top 3 priorities, with investments in human resources being the second most mentioned.



When we asked participants to rate the services that you will provide even if operations are (or continue to be) significantly reduced.



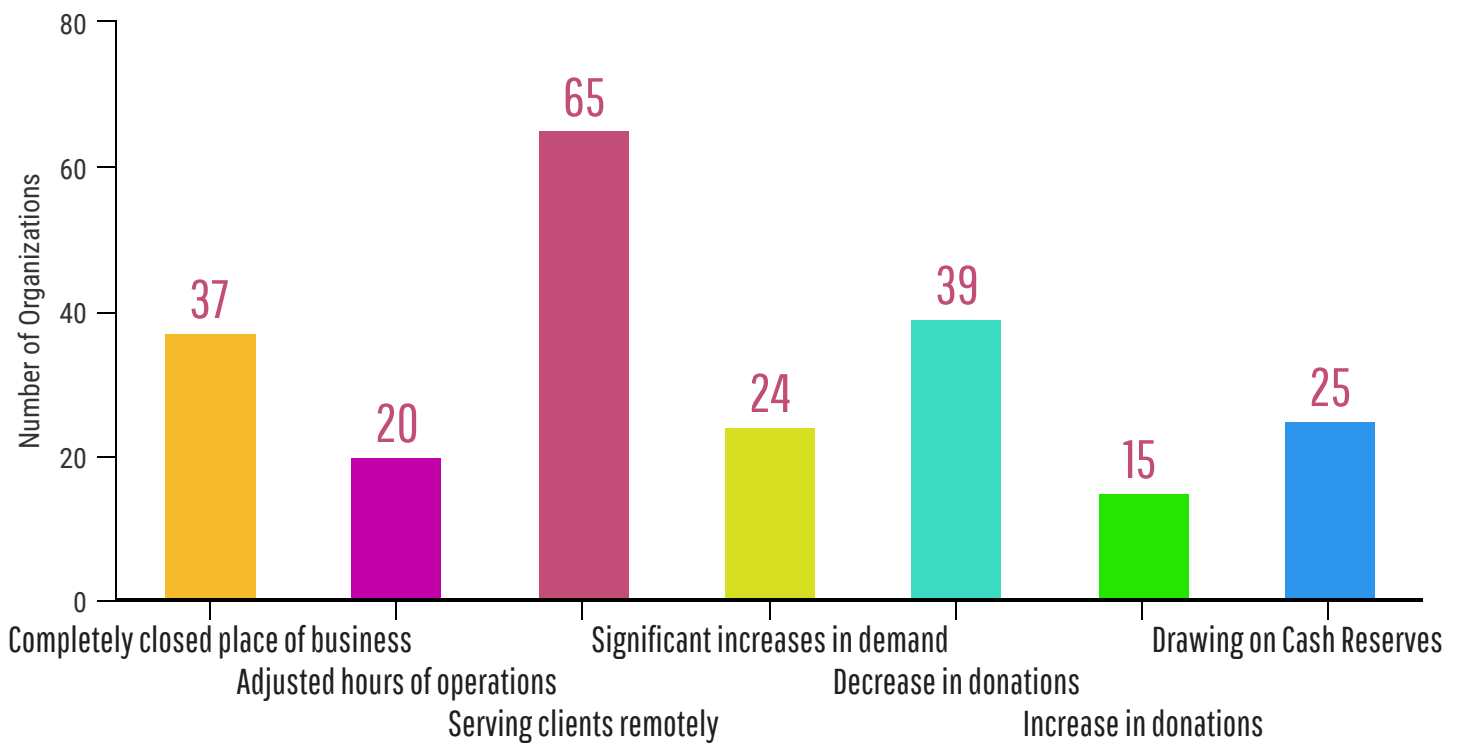
What programs or services will your organization no longer be able to provide if operations are (or continue to be) significantly reduced.



Operational Impact

More than 80 percent of organizations are serving clients remotely; **50% are experiencing a decrease in donations; nearly half have closed a physical place of business; a third are drawing on their reserves.** The theme of remote service continues in this response. And, not all of it is challenging news. Some are reporting an increase in donations and some an increase in demand for certain items.

How Are Your Operations Being Impacted by the Pandemic? (Please check all that apply.)



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“We identified with the need to pivot in the way we engaged with our constituents.”

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“It’s too early to see a meaningful decrease in donations but we anticipate it.”

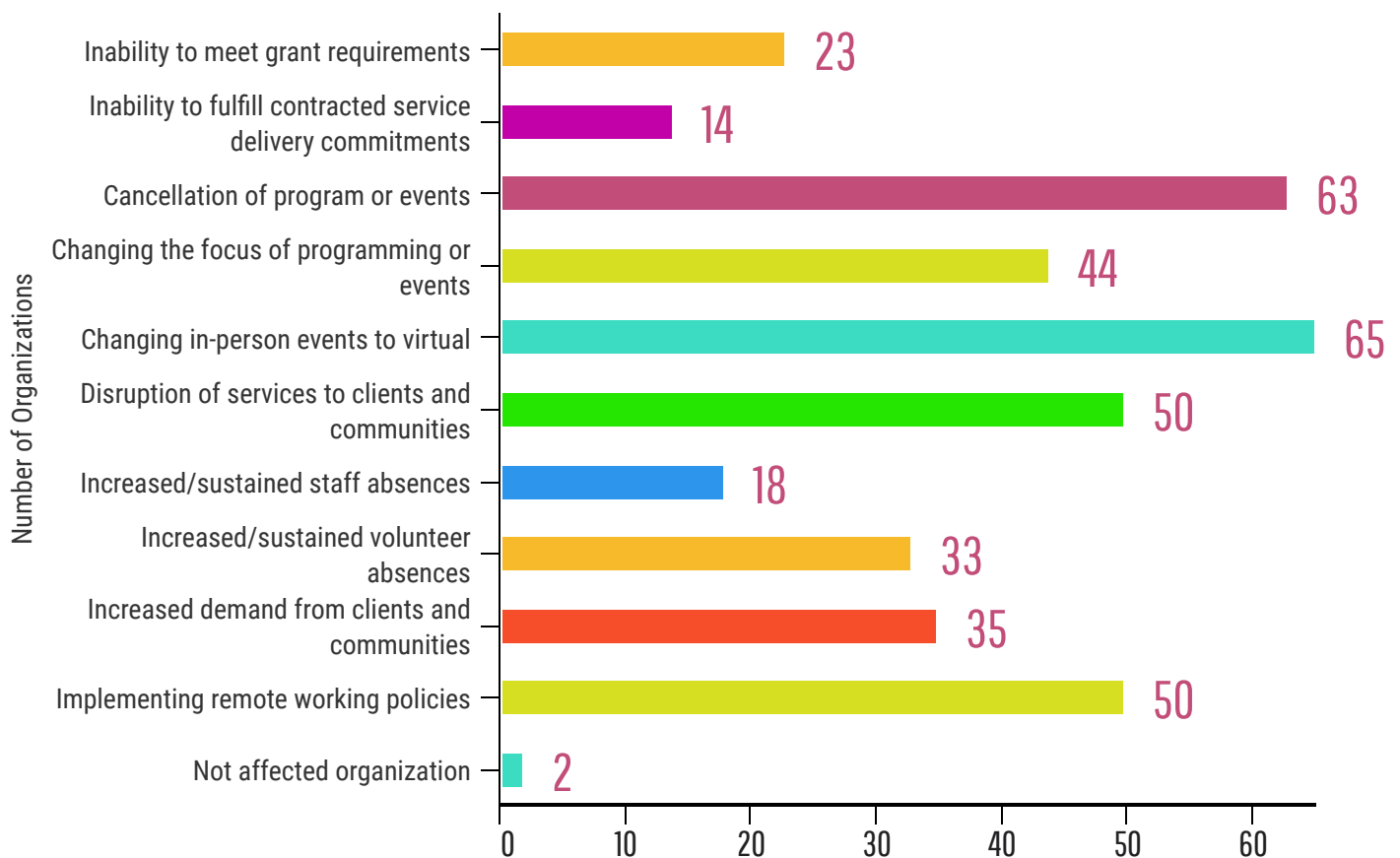
Operations | Programming

When asked how the pandemic was affecting their organization more broadly, not surprisingly responses all tended to relate to the disruptive aspects of COVID-19. **More than 80 percent** have changed in-person to virtual events or canceled events and **two-thirds** have changed the focus of events.

Some good news that **only a third of the responses** were about the inability to meet grant requirements and **less than a quarter** answered that they were unable to meet contractual requirements.

About **two-thirds** mentioned a disruption of their services to customers, while **nearly half** of the mentions were about an increase in the need for their services.

How Are Your Operations Being Impacted by the Pandemic? (Please check all that apply.)



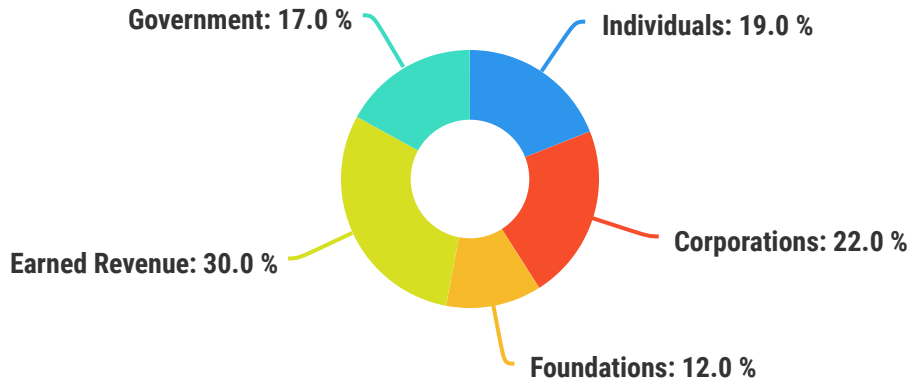
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While we have maintained our core mission, we are shifting all of the delivery of our programs to online and virtual.”

Financial Impacts

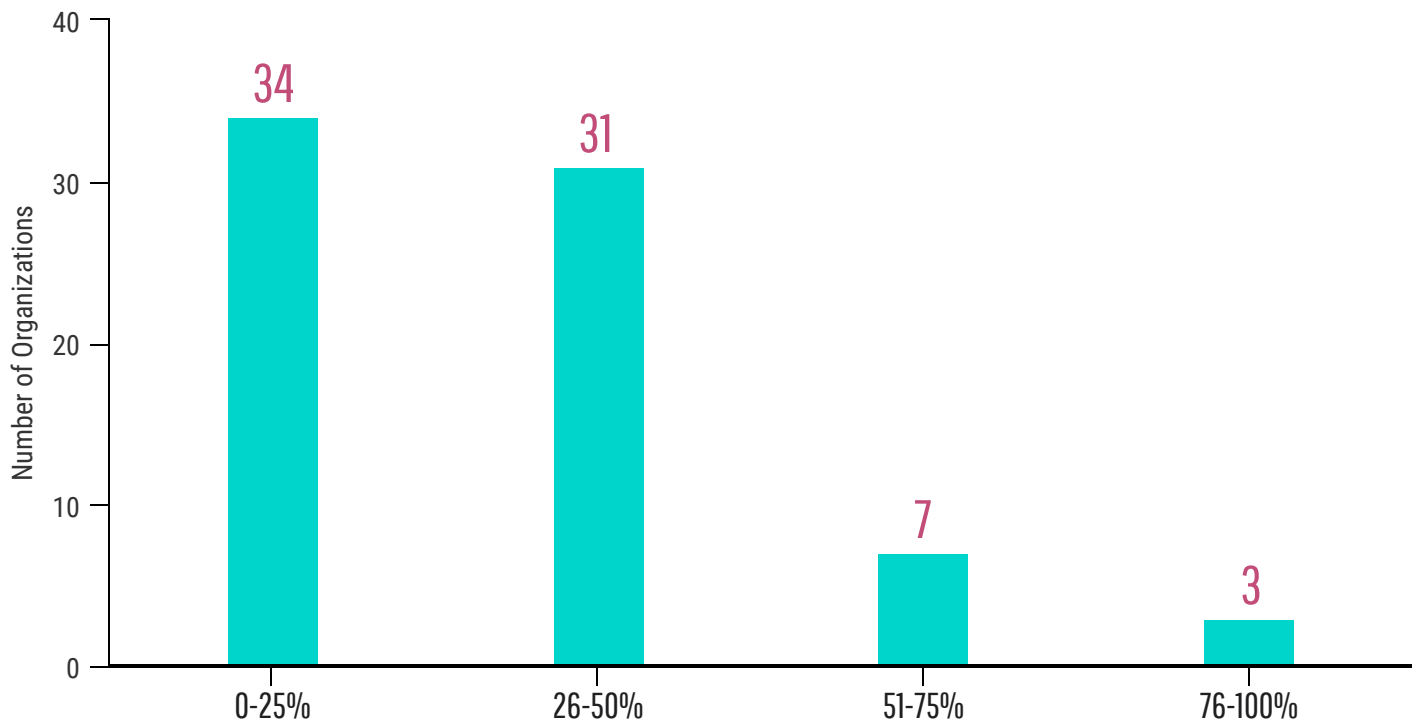
We asked questions about the financial impact of COVID-19 including asking respondents to share the impact and also what they most need to respond to now. People also provided the sense of their funding and fundraising pre-pandemic as well as the impact so far on fundraising.

#1 Source of Funding Before COVID-19



COVID - 19's Impact on Revenue

Estimated Percentage of FY2020 Revenue Impacted by COVID-19



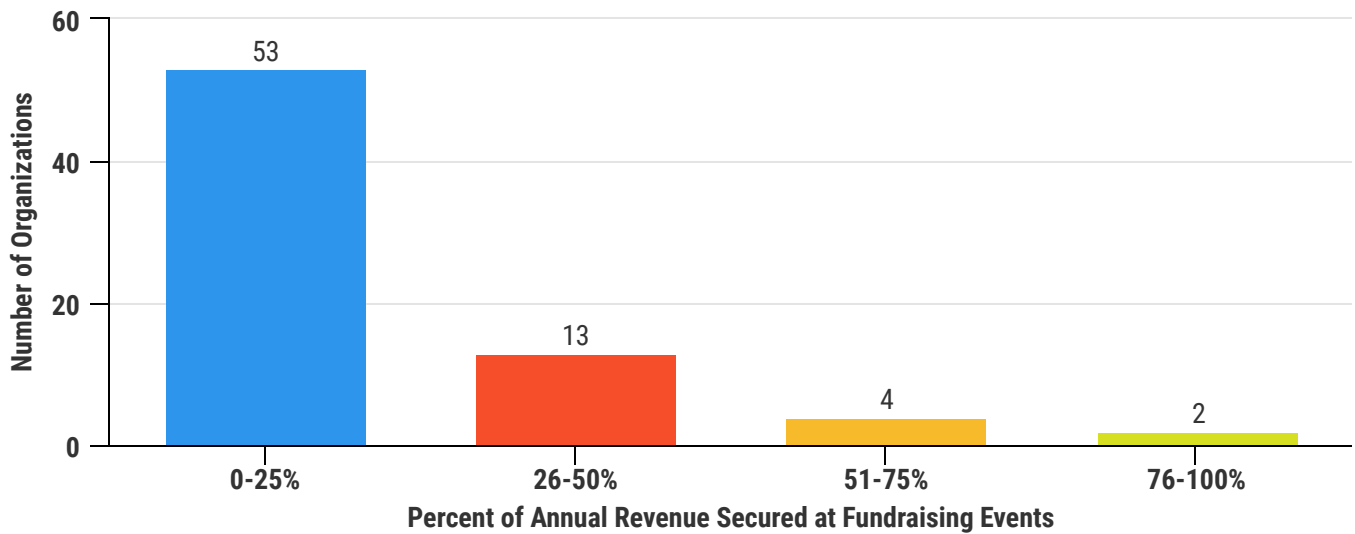
Financial Impacts



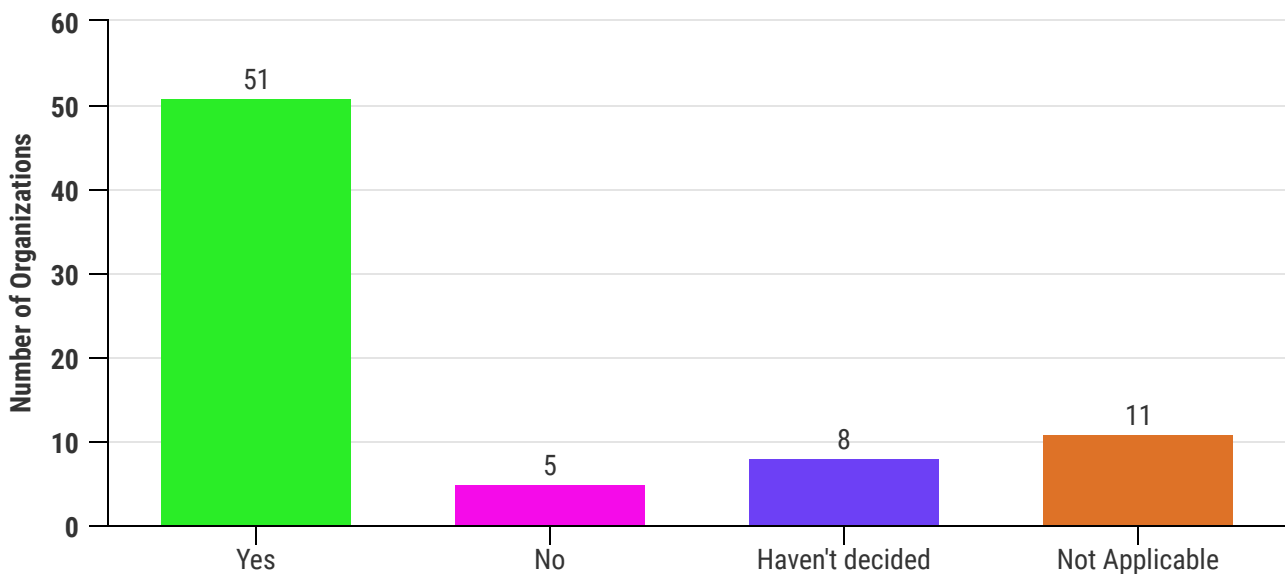
68% of respondents have already canceled events

Clearly fundraising events were hit hard at the beginning of the pandemic and continue to be a source of concern and conversation. Nearly 70% of respondents have canceled events already. Many other events are considering virtual models for the fall.

What percent of your annual revenue do you raise at fundraising events?



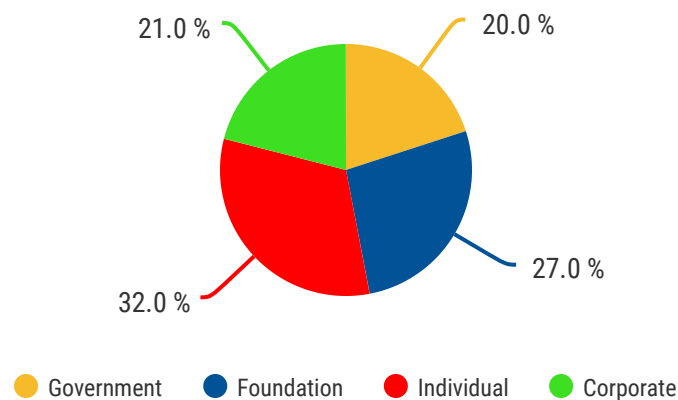
Have you made the decision to cancel any fundraising activities or events?



New Sources

On a positive note, most respondents have done a good job accessing the help available and **more than half (55%)** reported that they have secured new funders in response to the pandemic. While many received funding from government sources such as the Payroll Protection Program loan or foundational sources such as the COVID-19 emergency fund by Foundation For The Carolinas and the United Way of Central Carolinas; another positive note is that nearly one-third of all new funders are individuals.

Category of New Funders in Response to COVID-19



Specifics on New Sources of Funding:

- **82%** applied for a Paycheck Protection Program loan. 53 respondents applied and 51 received it
- **62%** of respondents applied for a COVID-19 Response Fund provided in partnership by FFTC and United Way. 40 applied and 21 have received funding. A sizable amount of people were still waiting to hear back as of the time they responded to our survey.
- Around **5%** applied for a City of Charlotte or Mecklenburg County grant
- Roughly **20%** applied for help from SBA other than Paycheck Protection Program – SBA Debt Relief or Economic Injury Disaster Loan. 13 applied and 8 received it
- A handful of other responses were recorded for other forms of assistance – NEA, company efforts (Verizon, Google, CVS Facebook), private grants specific to COVID through FFTC, etc.

Resources Needed

When asked what type of resources people needed currently, the top answers were funding for clients and funding for the organization. Technology needs were also mentioned by nearly half of the respondents – driven, of course, by the need to support the remote/virtual work by staff and the need for virtual interface with clients.

Type of Resource Needed	Percentage of Organizations
Funding resources to directly support client services	74.32%
Funding resources to directly support payroll	55.41%
Technology - laptops, hotspots, iPads etc.	47.30
Operational/ back office support - accounting, IT, finance, HR, grant writing	20.27%
Mission Specific Resources - i.e. food donations, backpacks, leashes etc.	17.57%

Top 3 Priorities if Additional Funding is Received



1. Programming

- Conversion to digital programming
- Increase virtual program offerings
- Virtual programming and networking



2. Client Support

- Emergency food purchases
- Emergency support for clients
- Financial aid for families and students

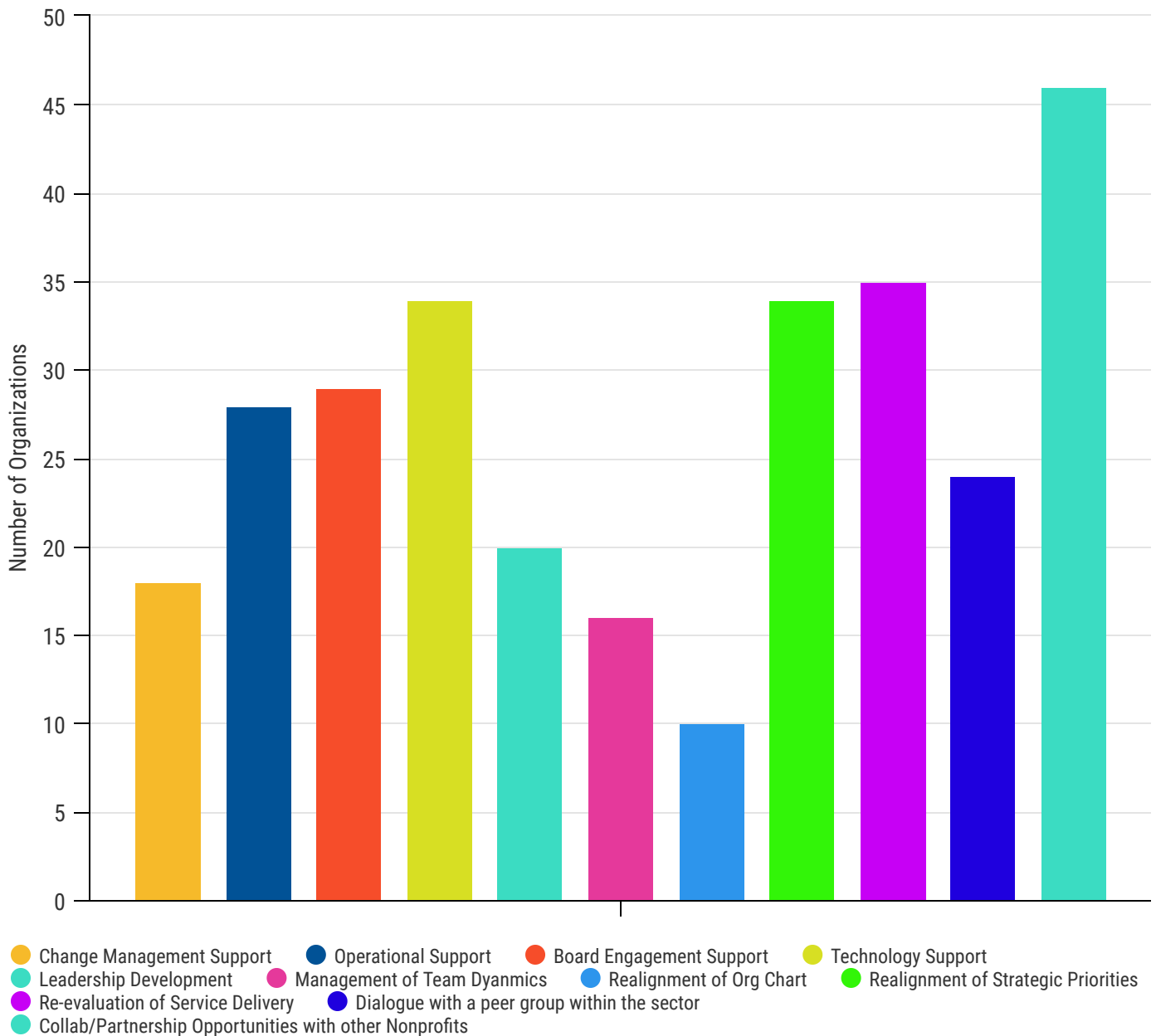


3. Staffing and Payroll

- Hire hourly employees to reduce reliance on volunteers
- Administrative staffing
- Ongoing payroll

Non-Financial Support

People who are responding are thinking about their need for support and resources other than funding too. **Nearly three quarters** mentioned collaboration and partnerships with other nonprofits. Coupled with **one-third** of respondents who mentioned the need to dialogue with a peer-group/convening within the sector, there is energy around how the sector can come together to weather the storm. **Just under half** mentioned a need for support and resources around board engagement. Another interesting grouping of responses comes in a general category of organizational support: leadership development, management of team dynamics and change-management support.



Flexible Funding

Funding remained by far the most mentioned need followed by a safe environment for staff and clients, and return to full-service delivery technology.

Our Greatest Needs Are...

"Sustainable funding (as always!)"

"Capacity in staff for fulfilling the same mission."

"Getting the word out that we are here and never stopped working; we have become unimportant to many due to COVID dominating the airwaves and thoughts of many."

"Unrestricted funding to support lost revenue."

What Should Funders Consider?

The people responding to the survey are looking for flexibility and support from their funders with joint recognition that their needs remain the same or greater even if the way that nonprofits can meet those needs is changing.

The most common themes of the organizations' voices were:

- **Our work is more important than ever**
- **Provide unrestricted funding**
- **Rethink how you measure impact**

“

“Reimbursement grants will be virtually next to impossible to accommodate. Upfront grants are needed.”

“

“Every one of our revenue lines has been significantly reduced – or even eliminated – during this crisis. Funders should consider providing unrestricted operating support, lessening match requirements, and working with nonprofits in looking for new ways to meet continuing needs.”

“

“There are smaller nonprofits that are doing great work.....just like the biggies in the Charlotte area. The bigger nonprofits seem to get most of the press, the funding, etc.”

Future State

The question of how organizations may need to respond depending on how long the disruption continues. Obviously, short-term disruption has already taken place, and now leaders of organizations are considering how they are going to respond longer term. This is a changing landscape – since this survey was in the field, North Carolina did not move to Phase 3, and face coverings have been required.

Altering operations in three months & six months

3 Months:

- Move to or expand virtual service-delivery, programming and fundraising
- Reduce spending, including furloughs, extended unpaid leave and salary reductions
- Reduce staff positions
- Reduce or cancel services/programs/events
- Move to remote work
- Use cash reserves

6 Months:

1. Payroll/Staffing
 - Review staffing plan – reduce as needed
 - Permanent downsize
 - Close/cease operations: 5 responses
 - Salary reductions
2. Services/Program
 - Re-invent service model
 - Merge
 - Eliminate non-essential programs
3. Funding
 - Raise more money
4. Technology
 - Develop long-term, more permanent virtual programming
 - Remote access – continue or increase

How Will Decisions Be Made?

When asked how people who lead organizations are going to make decisions on what to do next, it is an indication of the commitment of these leaders that **they ranked the needs of their clients as the number one way they would decide**. This was followed in order by expected revenue, government orders, staff capacity and other nonprofits.

Nonprofit Leaders also Considered:

“

“Systemic social and economic mobility challenges existed before, during, and after the COVID-19 pandemic. COVID-19 simply exacerbated the problems.”

“

“Long term impact on agency mission and service delivery.”

“

“Staff input, Board insights connections with constituents.”

“

“Guidance from state and national organization.”

Final Question

At the Lee Institute, all interviews and surveys provide an opportunity for people to share what else they want people to know. Consequently, these are included as they were offered – changing only those responses or parts of responses that remove the anonymity of the response.

Is there anything else you would like to share about how the pandemic is affecting your organization and stakeholders?

"Virtual connections alone are not enough to keep most low-income, at-risk students on pace. Our experience has shown us that a live teacher must have hands-on instruction with an evidence-based curriculum for students at a lower teacher: student ratio. But one of the good things out of this pandemic is that our system has finally sought to equip all students with laptops and internet service instead of moving along and making changes statewide with no thought to the true digital gap."

"It's a tough time. I am not sure that families will have disposable income."

"Fortunately, my staff has the experience, skillset, and passion for children and families that allowed them to swiftly move to the remote learning model. Our efforts have been well received by families. Because we are always focused on our mission, the change to our new normal was well received. We continued to work for each child to grow and learn and be prepared for school."

"While many people are using this time to "get outside", the blind community cannot go walking, running, and cycling without outside assistance."

"Like the 2008 recession and Hurricane Katrina disasters, Covid will again exacerbate housing, employment, income and mobility challenges facing Charlotte-Mecklenburg. Before Covid - we were grappling with how we overcome such challenges through a racial equity and economic mobility perspective. Rather than doing the same things over hoping to solve these challenges, our foundations, our corporations, and our governmental institutions need to support and embrace collaborative partnerships aim at building a new Charlotte economy centered around anchor institutional relationships and worker-owned cooperative business models."

"Huge spike in need for mental health counseling. Much of our focus is on helping with food, rent, emergency needs"

"The next 2 years could be very difficult financially for many nonprofits. Funders need to remember that they will need even more grants for operations and infrastructure."

"Has made more people aware of what we do. Thinking out of the box has been very good for us"

"We're exhausted...but focused on doing everything we can to serve vulnerable children in Charlotte."

"We have also started delivering meals from CMS feeding sites to our students without transportation. This requires 40 volunteers per week"

"It has changed the way we deliver care. As we continue to deploy telehealth investments, we are finding barriers in equitable access to reliable internet, data plans, and devices in order to deliver/maintain services. We will need to address disparity here in order to prevent telehealth from being only for those who are privileged."

"We feel limited in what we have to offer due to lack of funds. We feel our 300 e card program could be utilized for those who don't have access to go out for groceries, medications."

"Lack of community awareness of the impact closures have on small, underfunded arts and education nonprofits that are addressing the injustices of Charlotte's history of 50 of 50 cities. Underinvested artists are vital to the overall economy but left out of the funding opportunities given to large museums. "

Final Question Responses Continued:

"outreach to our partners and participants/clients is virtual"

"Just a greatly heightened sense of anxiety about the next 3, 6, 12 months. Will we get back to more "normal" budgeting times so that we can keep staff motivated and continue on our mission?"

"We feel both trepidation and exhilaration. If we can successfully navigate to the other side of the pandemic, we will be recognized for our calm leadership. Our organization and our stakeholders will have profited mightily from our perseverance."

"The uncertainty is palpable for both individuals and organizations, and we need to continue to provide our services during these uncertain times in order to help the most vulnerable."

"Overhead is a necessary evil; we are fortunate to be receiving extra funding but so much of it is restricted for food purchases only and we have a greatly diminished volunteer pool (for safety reason) so staff have had to do more of the direct services"

"Our participants know their chronic medical and socio-economic conditions increase their COVID-19 susceptibility. They are struggling to manage their health conditions while dealing with the direct impact of the pandemic. Many have lost their jobs or are working essential jobs for minimum wage balanced with their kids needing to be homeschooled. The increased day to day financial uncertainty coupled with isolation and lack of emotional and resource support is overwhelming. They are unclear what is safe for them to do and are scared to walk and exercise, shop for food, pick up medicine, and work. This nonstop stress is making their medical problems worse."

"Since our funds come primarily from the community marketing dollars of area corporations, as their spending decreases so does our ability to serve. There are no heart strings for our mission to endear individual donors who do not understand technology and care about strong business practices. We are unique in the nation and a true treasure for Charlotte. We will need city leaders and funders to value that through funding in order to survive."

"We are not a normal remote work team. Our work is hands on. The current environment is extremely stressful to keeping the team (staff and volunteers) motivated and connected."

"We are having a difficult time marketing our services so that more educational organizations know about the online services that we provide."

"It is very difficult for non-profits that deal with big, systemic issues like water quality to feel appreciated in these times because we aren't considered essential or front line. The message would be that systemic change organizations can't stop working when crisis hits because pause in our work leads to deficiencies in our data and our change only comes with data and evidence."

"Positive: we have learned to be more efficient and flexible. We were more adaptable than we would have expected."

"We have been continuously producing since 1927-28. This is the most serious crisis the organization has encountered."

"Stress of listening to conservative and liberal views and knowing that we need to be the "sane center" of the community!"

"Stressful for all. Volunteer and meal preparation groups 95% down which impacts our labor force tremendously."



THE LEE INSTITUTE

We want to thank all of the people who shared our request for participation around the region as well as the people who took the time to share their thoughts.

We also appreciate the generous support of Foundation For The Carolinas in making this survey possible.



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