COVID-19 Community Survey Two (May 2020) Summary Report

As the COVID-19 public health crisis continues to upend nearly every facet of everyday life, the Community Foundation of Greater Birmingham maintains our commitment to communicating regularly with our many partners, donors and community members as we respond to this unprecedented situation. We conducted our first community-wide survey in mid-March, which helped inform the first phase and over $1.3 million in grants to 82 organizations across our region. On May 12th, the Foundation closed out a second survey of the nonprofit community. For this second survey, we received nearly 265 responses from a variety of organizations. As we wrap up our first phase of COVID-19 response and look ahead, the results of this survey will provide valuable information to plan our phase of the response.

About this Survey

In the first survey, the questions fit into three categories: community needs, nonprofit needs, and funding priorities. At the time, many organizations were still grasping the magnitude of the crisis. For this survey, we wanted to get a picture of how circumstances had changed in the intervening weeks and drill down further on how the crisis is impacting different types of organizations.

Organizations were segmented along two themes: 1) organization size as determined by annual operating budget; and 2) organizational activity relative to the crisis.

**Segmentation by Size** – Organizations self-selected into four categories based on their stated annual operating budget: 1) Very small – annual operating budget less than $100,000 (17.4% of respondents); 2) Small – annual operating budget between $100k-$250k (12.9%); 3) Medium - annual operating budget between $250k-$1 million (30.2%); 4) Large – annual operating budget of $1 million or more (39.1%)

**Segmentation by organizational activity** – We also asked organizations to sort themselves into the most relevant activity category: 1) Direct Responders: Organizations focused on basic services and emergency response (i.e., food, shelter, related medical/healthcare, etc.) – (36.5%); 2) Indirect Responders: Organizations focused on supportive services during the crisis (i.e., educational support, green space, loans to small biz, etc.) – (34.5%); 3) Operations Impacted/Services Unrelated: Organizations that have been impacted by the crisis but whose services are not directly related to COVID response – (41.4%)

**KEY FINDINGS**

**Nonprofit Experience**

Experiences of nonprofits have run the gamut. The only clear through line is that all have experienced some disruption to their programs, staff, funding, and/or volunteers – and in many cases all of the above – and all have had to adjust how they work and, in some cases, adjust the actual work that they do. While
some organizations are doing better than others, there is an **overriding concern from nearly all respondents about what the future holds**. Words and themes that were commonly used in responses were: uncertainty, vulnerability, canceled fundraisers and/or revenue generating programs for 2020, and concern about the long-term impact on budgets beyond 2020.

In adjusting to the upheaval caused by the pandemic, close to **80% of organizations reported having to modify how they provide services** – ranging from acquiring proper PPE for necessary in-person activities, to completely re-working programs to fit a virtual environment, to adding or removing entire programs. Specifically, 44% reported adding new services to meet community demands. 83% reported moving to a remote work environment, with Direct Responders being least able to do so. 90% of organizations with budgets greater than $1M reported working from home, while only 65% of organizations with budgets under $50k reported the same. Our data indicate that many smaller organizations face significant challenges in transitioning to remote work. Helping these organizations with this change in service delivery and supporting their technological capacity could be vital in helping ensure their survival and service delivery through the COVID-19 crisis.

Regarding revenues, organizations of all sizes are facing funding and revenue challenges in the face of the COVID-19 crisis, with **87% reporting lost revenue** due to canceled fundraisers, canceled programming and fee-for-service activity, and/or substantial decreases in individual donations. Nearly 60% of agencies estimated revenue losses between 10 and 50% for 2020. Notably, 10% of organizations expect revenue losses greater than 50%. The majority of this latter group falls within the very small organization category (annual operating budget <$100k). These reductions in revenue have caused organizations to take a variety of measures, sometimes drastic, aimed at bolstering budget shortfalls, including, but not limited to: cutting all non-essential spending, putting holds on planned new programs, instituting hiring freezes, across-the-board pay reductions, and in some cases having to let go of staff. 22% of respondents report having already instituted layoffs or furloughs, while 13% anticipate having to reduce their staff size in the near-term. Organizations with less than $250,000 in revenue and those labeled as Indirect Responders appear to be facing disproportionate challenges compared to their peers in terms of impact to revenue and subsequent organizational consequences. In the long-term 47% of agencies think they will not be able to deliver their traditional programming for an extended period as a result of the crisis. 40% expect to completely shift the focus of their services, with 38% expecting the increase in demand they have experienced since the start of the crisis to remain consistent.

A big change that occurred between our first and second survey was the federal government’s deployment of stimulus funds to support individuals and organizations. 70% of agencies that responded to the survey reported applying for PPP funding; and, of those, 87% were approved. Further analysis revealed that **whether or not an organization applied for a PPP loan was highly related to the size of the organization**, with only 10% of respondents with annual operating budgets of $50k or less applying for PPP funding and 27% of those with budgets between $50 and $100k applying. We did not ask about amounts, nor did we inquire about EIDL funding. Across all organization sizes, 61% reported having received some form of supplemental funding since the crisis began, in the form of a grant or donation from the CFGB, the United Way of Central Alabama, a Donor Advised Fund, and/or another foundation. It
should be noted, however, that 42% of Indirect Responders and 51% of Operations Impacted/Services Unrelated organizations report that they have not received any additional funding since the crisis began. While conventional wisdom tells us Direct Responders are likely the most active and naturally receiving the bulk of contributions, this might be an area to pay additional attention to as we think holistically about the nonprofit community.

We also asked survey participants to share with us their most pressing short-term funding needs and what they see as the most persistent needs and challenges within the communities they serve. As might be expected, when asked about their two most pressing short-term funding needs, operating costs made up the greatest portion of responses, as seen in the chart below.

For the question on most pressing community needs, the five most frequent responses were: 1) job and income loss, 2) difficulty with basic living expenses, 3) an increased need for mental health support, 4) educational disruption/learning loss, and 5) the continuing need for food assistance. Although the content of these two lists is not surprising, the degree of need between categories continues to fluctuate. Whereas many organizations in the first survey thought funding for programs was their most critical need, the more recent responses highlight the need for staff salaries or replacement of lost revenues as top of mind. While job and income loss continues to be considered the most pressing community need, food insecurity moved from the 2nd most pressing concern, to the 5th. Whether these changes indicate the need to adjust funding parameters, and in what ways,
remains to be seen and will require additional conversations and research. It is clearly important to stay attuned to mental health needs (and related issues like drug and alcohol addiction, domestic violence, etc.) as individuals and families face increased emotional stress under crisis conditions.

The data from this survey point to some potentially troubling challenges down the line for nonprofits and the communities they serve. While a little over 50% of nonprofit respondents have already seen a decrease in program revenue and donations, 73% project significant revenue losses by the end of 2020. Concerns around a drop in year-end donations, canceled fundraising events, coming cuts in government funding, and ongoing limitations on earned revenue for services suggest that nonprofits are bracing for more economic shock. Similarly, as unemployment payments run out and the full impact of the crisis on the local economy takes shape, there are serious concerns about rising job losses and economic fallout for families across the board — housing, food, transportation, child care, medical care, etc. Only 44.6% of organizations responding have seen an increased demand for services, but many are expecting this demand to grow in the coming months.

What we do know, and what is clearly shown throughout the survey, is that in the short ten weeks since the start of this crisis, nonprofits have risen to the challenge of responding by making difficult choices and swift adjustments. Doing so, in most cases, with shrinking revenues and weakened volunteer and staff infrastructures. As conditions change and needs evolve, our work will continue to be listening to and communicating with our partners, to enhance our understanding of where we can best support our grantees and the community in this challenging time.