

Nonprofit Workforce Shortage Survey

In Michigan

August 2023

In April 2023, more than 1,600 charitable nonprofit organizations throughout the United States completed the nonprofit workforce shortages survey designed to gauge whether job vacancies continue to be a problem for the missions of those organizations, how the vacancies impact communities, and what actions have been taken and are proposed for alleviating the challenges. More than twenty-five Michigan nonprofits provided insights that provide the substance of this report.

Key Findings

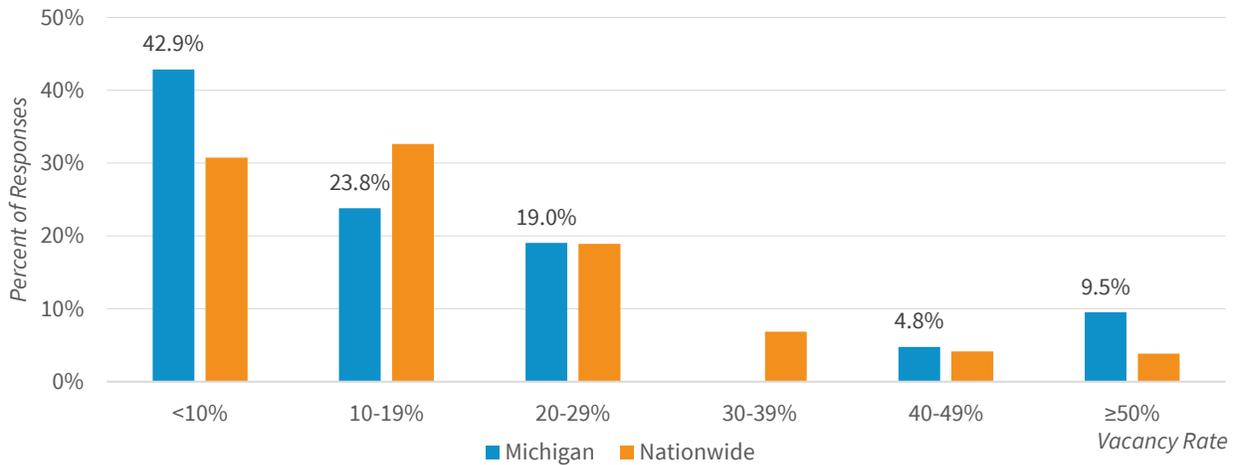
- Three-quarters (77.8%) of Michigan nonprofits completing the survey reported experiencing job vacancies.
- More than two out of five (44.4%) of nonprofits in the state responded that they have more vacancies compared to before the COVID-19 pandemic, and 33.3% have longer waiting lists for services than in March 2020.
- 61.9% of respondents with vacancies identified program and service delivery as a category with vacancies.
- 74.1% of responding organizations said budget constraints/insufficient funds affects their ability to recruit and retain employees, followed by salary competition (66.7%) and stress/burnout (44.4%).
- Nearly four out of five (79.4%) respondents anticipate the amount of donations will decline or remain flat for 2023. An even higher percentage (82.9%) expects the number of donors to decline or remain the same this year.

The Scope of The Problem

One of the key questions in the survey was, “What is your nonprofit’s current job vacancy rate?” More than two out of five nonprofits (42.9%) with vacancies shared rates fewer than 9%, while another

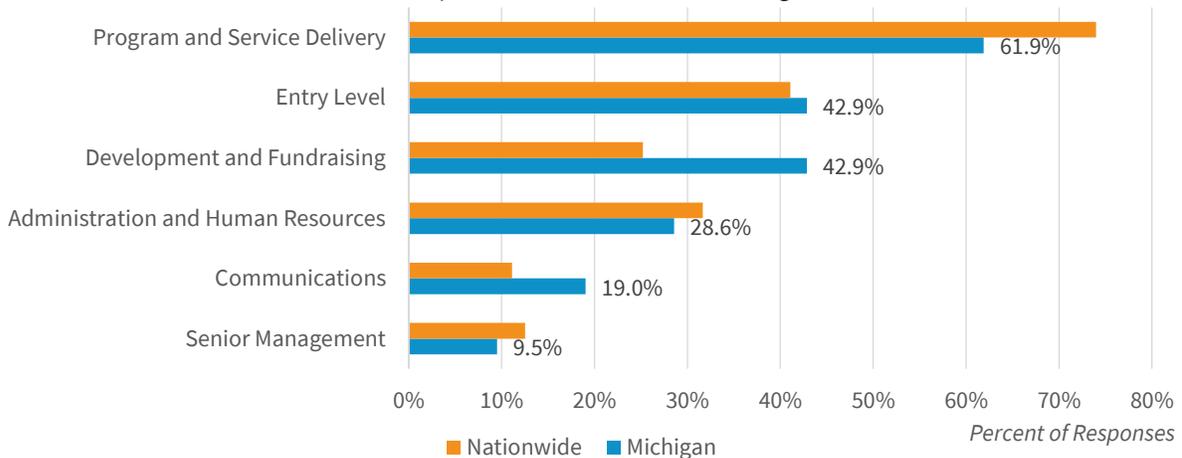
23.8% responded that their vacancy rates ranged between 10% and 19%. A third (33.3%) of nonprofits reported a job vacancy rate greater than 20%.

Figure 1: Nonprofits' Job Vacancy Rate in April 2023
 Number of Nonprofits that Provided a Vacancy Rate: 21



The job category with the most vacancies is program and service delivery, which affects 61.9% of nonprofits that reported vacancies. More than two out of five (42.9%) nonprofits also reported vacancies in entry level positions and development and fundraising positions each. Vacancies in administration and human resources impact 28.6% of organizations. Nearly a fifth (19.0%) of Michigan nonprofits reported they cannot fill vacancies for communications positions, and 9.5% have vacancies in senior management.

Figure 2: Nonprofit Job Categories with Vacancies in April 2023
 Number of Nonprofits that Identified Job Categories: 21

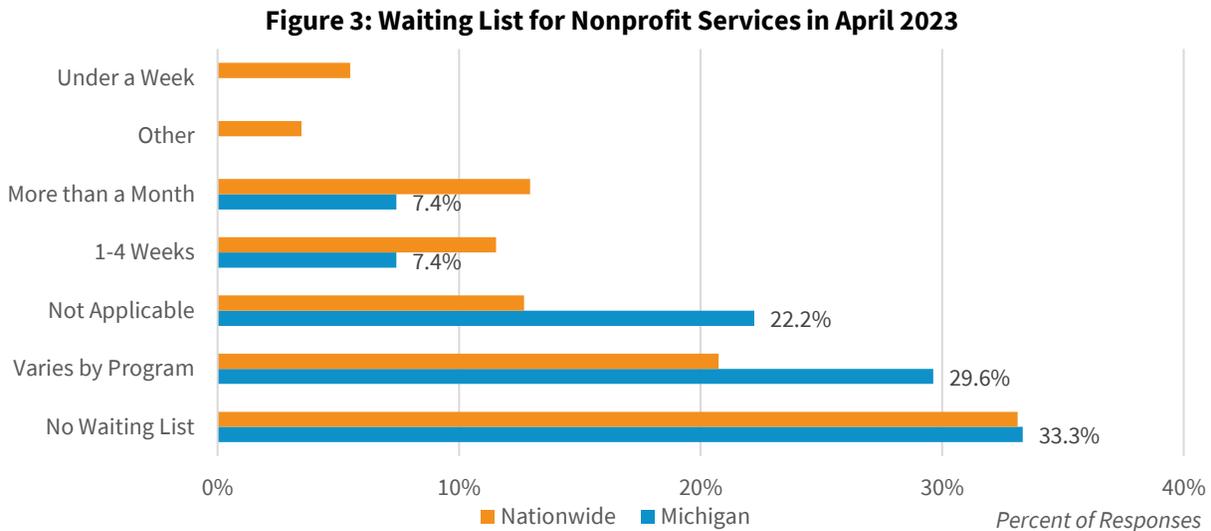


The impact of increased job vacancies is visible in Michigan’s communities, as demonstrated in comments provided by survey participants. A performing arts organization shared that vacancies are “deeply affecting their ability to return to post-pandemic levels,” and is having a “severe negative impact on staff morale and mental health.” Another nonprofit has seen individuals gain experience in their organization, only to move on to other organizations that can pay more. For a human services provider, vacancies limit the “implementation of new services that are requested.” A

nonprofit that manages Head Start programs noted that due to the teacher shortages they have a very long wait list and most children on it will not get services.”

Why It Matters: The Consequences to People, Communities, and Missions

The survey asked participants to share the extent they had been forced to resort to waiting lists or otherwise alter service delivery because of workforce shortages. A third (33.3%) of nonprofit respondents to the survey indicated that they had no waiting lists for their services. Another 29.6% explained that they could not give a time frame for waiting lists because the duration for wait times varied by program. Of those who reported a time frame, 7.4% said that their waiting lists are more than a month long, or a few days or weeks. Another 22.2% said that the question is not applicable to their operations.



The survey also asked nonprofits to compare their current challenges to prior experiences. More than two out of five (44.4%) of nonprofits in Michigan responded that they have more vacancies compared to before the COVID-19 pandemic, and one third (33.3%) have longer waiting lists for services than in 2020.

Table 1: Vacancies and Waiting Lists in April 2023 Compared to March 2020

	Changes Observed April 2023 vs. March 2020	Percent of Responses in 2023
Vacancies	More vacancies	44.4%
	Fewer vacancies	11.1%
	No change to vacancies	11.1%
Waiting List	Longer waiting list for services	33.3%
	Shorter waiting list for services	0
	No change to waiting list	11.1%

	Changes Observed April 2023 vs. March 2020	Percent of Responses in 2023
Other	Other	3.7%
	Did not select an option	22.2%

Barriers to Nonprofits Retaining and Recruiting Employees

The three leading factors affecting recruitment and retention in Michigan are budget constraints/insufficient funds, salary competition, and stress/burnout. Respondents also stated that the lack of affordable housing makes it difficult for staff to relocate.

Table 2: Factors Affecting Nonprofit Recruitment and Retention

Factor Affecting Recruitment and Retention	Number of Responses	Percent of Responses
Budget constraints/insufficient funds	20	74.1%
Salary competition	18	66.7%
Stress/burnout	12	44.4%
Other	6	22.2%
Challenges caused by government grants/contracts	2	7.4%
Lack of childcare	1	3.7%
COVID-19 and vaccinations	1	3.7%

External Factors Impacting Nonprofits

Going beyond the scope of the earlier survey, the 2023 nonprofit survey sought to quantify how much three external factors have impacted nonprofit employment challenges: 1) charitable giving; 2) natural disasters; and 3) the end of enhanced benefits provided during the declared public health emergency. The results vary widely depending on, among other things, the respondent's subsector, geographic location, and demographics of people served.

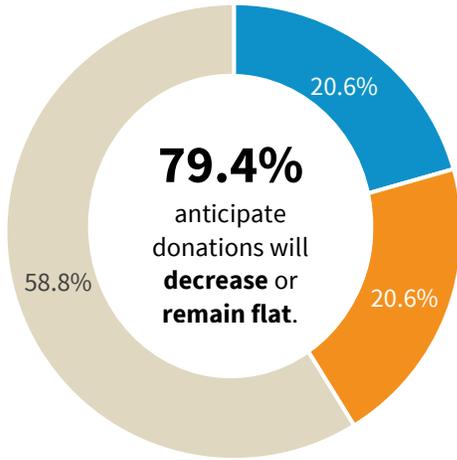
Charitable Giving

Nearly four out of five (79.4%) respondents anticipate the amount of donations will decline or remain flat for 2023. An even higher percentage (82.9%) expects the number of donors to decline or remain the same this year.

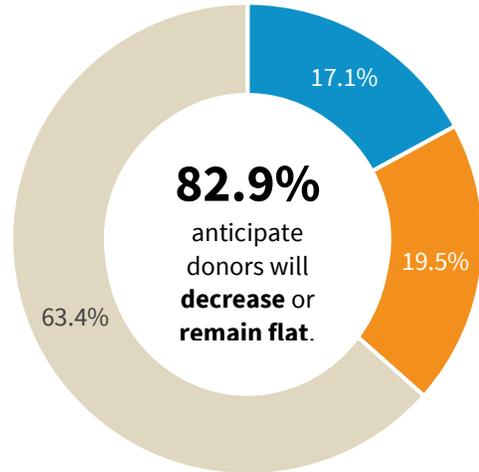
Chart on Next Page

Figure 4: Nonprofits' Anticipated Changes in Donations and Donors for 2023

Anticipated Changes in Donations for 2023



Anticipated Changes in the Number of Donors for 2023



■ Increase in donations ■ Decrease in donations ■ No change ■ Increase in donors ■ Decrease in donors ■ No changes

The anticipation by most Michigan nonprofits that total giving and the number of donors will be either flat or declining in 2023 is troubling. Charitable giving declined by 10.5 percent in 2022 compared to 2021, according to [Giving USA's Annual Report](#). This comes at a time when [inflation](#) has caused higher costs for services and demand for those services continues to rise. According to the [Nonprofit Finance Fund](#), between FY2019 and FY2021, demand for services significantly increased for 52% of nonprofits. As a result, nonprofits expect giving to effectively decline while the needs of residents remain high and are going up.

Impact of Natural Disasters on Nonprofits

As communities suffering from natural disasters turn to charitable nonprofits, they are discovering that the nonprofits where they seek relief are themselves struggling to recover from the significantly added workloads they endured throughout the pandemic. Natural disasters impact nonprofits in many ways, and in Michigan they mainly lead to increased costs of providing services and increased demand for services.

Table 3: Impact of Natural Disasters on Nonprofits

Impact of Natural Disasters	Number of Responses	Percent of Responses
Not applicable	16	59.3%
Increased costs of providing services/unbudgeted costs	7	25.9%
Increased demand for services	6	22.2%

Impact of Natural Disasters	Number of Responses	Percent of Responses
Staff impacted by natural disasters	2	7.4%
Building/office damage	2	7.4%
Unable to provide services	1	3.7%
Other	1	3.7%

The End of the Public Health Emergency

With the expiration of many federal and state relief programs created under the COVID-19 public health emergency, some nonprofits in Michigan expect this to impact their operations. For instance, one nonprofit anticipates more nonprofits will see an increase in demand due to decreases in SNAP benefits and healthcare but suspect that other challenges may emerge. An arts nonprofit that tests staff and visiting artists regularly will see more costs related to COVID-19 testing.

Solutions and Recommendations

Recognizing that the people leading, working in, and volunteering for charitable nonprofits are, by nature, problem solvers, the 2023 survey invited participants to share the solutions they had already implemented or identified for addressing the nonprofit workforce shortages crisis. They provided practical solutions and proposed public policy solutions.

Practices Implemented by Nonprofits

Michigan’s nonprofits responded to the workforce shortages crisis by providing remote work options, raising salaries, and implementing diversity, equity, and inclusion trainings and strategies. Other practices utilized by many nonprofits to attract and retain staff include offering one-time bonuses and signing bonuses, increasing benefits, and providing career advancement opportunities and wellness programs. Even with these policies, they are struggling to hire and retain staff, which makes it essential to continue to advocate for solutions at the federal, state, and local levels.

Table 4: Practical Solutions Implemented by Nonprofits

Implemented Practices	Number of Responses	Percent of Responses
Remote work options (hybrid, full-time, etc.)	19	70.4%
Salary increases	15	55.6%
Diversity, Equity, and Inclusion trainings and strategies	11	40.7%

Implemented Practices	Number of Responses	Percent of Responses
One-time bonuses	8	29.6%
Signing bonus	7	25.9%
Benefits increased (health insurance, transportation, etc.)	6	22.2%
Career advancement opportunities (training, mentorship, etc.)	6	22.2%
Wellness programs (4-day workweek, additional time off, retreats, sabbaticals, etc.)	6	22.2%
Mental health (expanded benefits, counseling, etc.)	4	14.8%
Notified employees about their eligibility for Public Service Loan Forgiveness	4	14.8%
Not applicable	2	7.4%

Solutions Proposed by Nonprofits

Nonprofits on the frontlines shared solutions they think lawmakers, philanthropy, and others should consider. One respondent called for “consistent multi-year funding” so staff can be comfortable knowing their job will remain funded for some time. Another nonprofit recommended more unrestricted funding sources that would allow more nonprofits to spend on staff, recruitment, and pay increases. A separate nonprofit believes there needs to be more funding for specific trainings, such as certifications, so staff can develop more skills. A healthcare provider pointed out that government and philanthropic funding is “very restrictive,” and does not give nonprofits the flexibility to meet changing needs. They concluded by writing that “better coordination on strategy, reduced reporting and compliance, plus increased flexibility on spending would help reduce wait lists and expand the ability to provide services.”

Profiles of Nonprofits Completing the Survey

Although workforce shortages impact nonprofits from all sectors and budgets, smaller nonprofits feel the impact more. Nonprofits with annual operating budgets below \$1 million made up a third (33.3%) of respondents to the workforce shortages survey. Those with budgets of between \$1 million and \$3 million comprised another third (33.3%) of respondents, and 3.7% of nonprofits had annual operating budgets that range from \$3 million to \$5 million. Another 29.6% of nonprofits had budgets greater than \$5 million.

Figure 5: Nonprofits' Annual Operating Budget

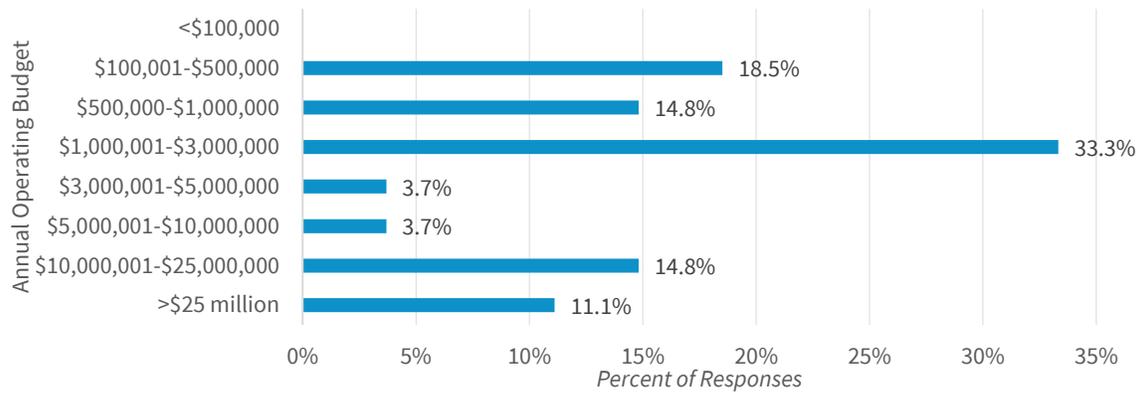


Table 5: Communities Served by Nonprofits

Communities Served	Number of Responses	Percent of Responses
American Indian or Alaskan Native, Asian, Black, Native Hawaiian or Pacific Islander, Middle Eastern/North African, Hispanic/Latino/Latina/Latinx, or multi-racial/multi-ethnic	12	44.4%
None of the above	11	40.7%
People with disabilities	6	22.2%
People living in rural communities	4	14.8%
People who identify as LGBTQ+	3	11.1%

Table 6: Responses to the Nonprofit Workforce Shortages Survey by Subsector

Subsector	Number of Responses	Percent of Responses
Other	7	25.9%
Human Services	6	22.2%
Public/Societal Benefit	4	14.8%
Healthcare	3	11.1%
Arts, Culture, and Humanities	2	7.4%
Education	2	7.4%
Community/Civic Engagement	2	7.4%
Child Care	1	3.7%