

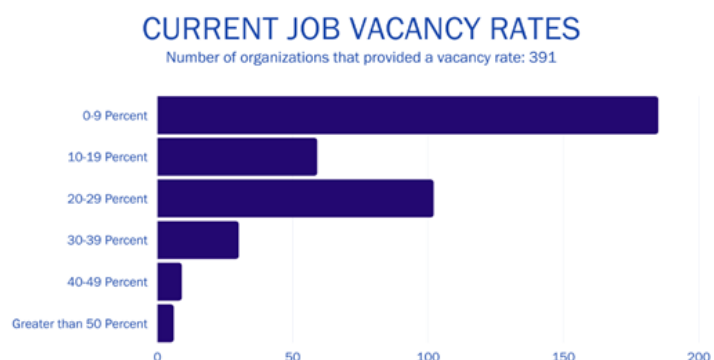
Preliminary Analysis

The Scope and Impact of Nonprofit Job Vacancies

November 15, 2021

The difficulty of employers in filling job vacancies with qualified employees has been a national news story for months. But are the challenges the same across industries and sectors? In October 2021, the networks of the National Council of Nonprofits posted an online survey to gauge the scope of the problems for charitable organizations and determine the impact on their abilities to advance their missions.

This preliminary analysis of results is based on responses of nearly 700 nonprofits from 47 states. Nearly half (47%) reported vacancies of between zero and 9%. Fifteen percent shared job vacancy rates of between 10% and 19%, and a troubling 26% responded that they had job openings for 20% to 29% of their positions. Twenty-seven percent responded that their waiting list had grown to more than a month due to job vacancies, including a domestic violence shelter in **Montana**, and another organization with more than 1,500 children waiting for services.



Causes of the job vacancies were clear to survey respondents. Eight out of 10 nonprofits identified **salary competition** as a factor preventing them from filling job openings. Nearly a quarter (23%) stated that the **inability to find child care** affected recruitment and retention. **Vaccination policies** affect more than one in five (21%) respondents.

Nonprofits participating in the survey reported accessing various relief programs during the pandemic. The Paycheck Protection Program loans were nearly universally (81%) secured; followed by access to state relief funds (36%) and American Rescue Plan Act (ARPA) Funds (26%). Importantly for current public policy debates, 15% of responding nonprofits reported having claimed the Employee Retention Tax Credit (ERTC). ERTC utilization in some states was considerably higher, according to survey responses: **Kentucky** (24%), **North Carolina** (21%), and **Oregon** (23%).

The solutions to the job vacancy challenges identified by survey participants reflect the concentration of human service providers (58%) that typically perform services on behalf of governments pursuant to written agreements, typically government grants or contracts. Several themes recurred in the comments from nonprofit professionals, often reflecting long-standing problems made worse by the pandemic and resulting economic crisis. These include a call for governments to **update reimbursement rates**, for the Bureau of Labor Statistics to collect and publish **current nonprofit employment data**, the provision of **cost-of-living adjustments**, and recognition and payment of **indirect cost rates**.

Key Findings

Scope of the Problem

Job Vacancies: Among nonprofits responding to the question “What is your nonprofit’s current job vacancy rate?,” about half (47%) reported vacancies of between zero and 9%. Fifteen percent shared job vacancy rates of between 10% and 19%, and a troubling 26% responded that they had job openings for 20% to 29% of their positions. Another 7% reported vacancies of 30% to 39%.

Waiting List and Reductions in Services: The survey also asked nonprofits to provide the impact of job vacancies as demonstrated by waiting lists for services. Twelve percent reported a wait of less than a week, but 27% responded that their waiting list had grown to more than a month.

The toll of the problem on real people’s lives is stark. Among the nonprofits reporting at least a one-month waiting list is a domestic violence shelter in **Montana**. Another organization reported having as many as 1,500 children are on their waiting list.

Nearly half of the nonprofits (44%) responding to the question acknowledged having no waiting list or that the question wasn’t applicable to their operations. Many, however, explained that they had taken actions to limit services and reduce the number of individuals they could assist. One stated, “We do not keep a wait list, but we serve less than 5% of those calling for shelter or rent and utility assistance.” Another acknowledged, “We have had to close for business several times during the past 9 months due to being at capacity.”

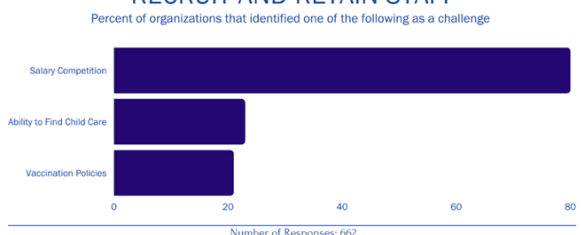
Nonprofits facing job vacancies reported a number of coping techniques ranging from “cutting programming to focus on client service delivery” to having to “turn people away many times in a month.” Some report they adjusted days and times that they provide services. Still others have been forced to refuse added caseloads and returned cases to their state department of human services, which they report is also short-staffed. This comment perhaps sums up the impact on many organizations and their employees: “Because we are a crisis agency, we will always provide services without a wait, but we are having to stretch our staff.”

Factors Affecting a Nonprofit’s Ability to Recruit and Retain Staff

The survey questions sought to identify why charitable nonprofits – organizations accustomed to attracting staff dedicated to the missions of the organizations – were having difficulty retaining and attracting employees. The factors survey respondents reported are telling.

- Eight out of 10 nonprofits responding to the survey identified **salary competition** as a factor preventing them from filling job openings.
- Nearly a quarter of respondents (23%) stated that the **inability to find child care** affected recruitment and retention.
- **Vaccination policies** affect more than one in five (21%) respondents.

FACTORS AFFECTING A NONPROFIT’S ABILITY TO RECRUIT AND RETAIN STAFF



Nonprofits explained some of these challenges. One cited the long-term problem of “not having enough revenue to pay for all the staff we need.” Another acknowledged it lacked the “Ability to provide competitive retirement and healthcare packages.” Financial challenges caused during the pandemic led to one respondent writing, “We’re largely volunteer, but we no longer have budget to

retain paid staff.” A nonprofit in the Pacific Northwest summed up the frustrations this way: “Competitive fundraising environment, creating a productive hybrid schedule and creating guidelines that work with vaccinated and non-vaccinated staff.”

The nature of the work charitable organizations perform – and the context of the pandemic – also factor into why jobs remain vacant, according to survey participants. Several reported the strain of operating 24/7 every day of the year leading to burnout. One professional wrote, “The nature of the work we do in providing support to trauma survivors and the hours we operate, take a toll on staff, during the best of times. During a pandemic, where staff have to juggle personal and professional challenges in new and wildly different ways, the rates of burnout are exponential.”

Government red tape is another concern. “Compliance with state and local laws that are constantly changing and require employers to manage” is a significant problem wrote one respondent. “The state has only put in place more requirements and hasn't offered any assistance for their mandates.”

A mental health service provider in **Kentucky** summarized the many challenges nonprofits are facing:

We are seeing higher levels of trauma and need in the community for our services which is impacting our frontline employees negatively through burnout and vicarious trauma. We also run 24/7 services which require us to have staff available around the clock. It's incredibly difficult to fill night shifts. We serve kids with enormous behavioral challenges.... We don't charge for services so we can't just increase our prices, so we are beholden to the woefully inadequate government contracts and Medicaid rates that exist.

Accessing Pandemic-Related Relief

In order to determine whether nonprofits had accessed various relief programs during the pandemic, the survey asked, “What federal or state relief has your nonprofit utilized?,” instructing respondents to select all that apply. The Paycheck Protection Program was nearly universally (81%) secured. Responding nonprofits also obtained state relief funds (36%), as well as American Rescue Plan Act (ARPA) Funds (26%). Importantly for current public policy debates, 15% of responding nonprofits reported having claimed the Employee Retention Tax Credit (ERTC). ERTC utilization in some states was considerably higher, according to survey responses: **Kentucky** (24%), **North Carolina** (21%), and **Oregon** (23%).

Solutions Identified by Frontline Nonprofits

The solutions to the job vacancy challenges identified by survey participants reflect the concentration of human service providers (58%) that typically perform services on behalf of governments pursuant to written agreements, typically government grants or contracts. Several themes recurred in the comments from nonprofit professionals, often reflecting long-standing problems made worse by the pandemic and resulting economic crisis.

Out-of-Date Rates: Governments often dictate the amount per person served or other arbitrary rate that they will reimburse nonprofits for services provided. Yet governments don't regularly update those rates. A survey participant explained, “Federal reimbursement rates to states are insufficient and often don't cover the full spectrum of services needed by our consumers.” The writer added, “Rates put out by the state are far too low to cover ever increasing costs for services as well health care for our workers.” A nonprofit professional observed, “Funding sources, both government grants and foundations, should consider the ever increasing per person payroll costs due to compensation

needing to support advancing experience compounded by inflation.” The individual explains further, “Many of our long term funders are providing exactly the same dollar amount as they did ten years ago,” while noting that “payroll costs that retain talent have almost doubled in this time.” The result is that the organization is “unable to continue to provide the same services we did ten years ago.” Another organization recommends “regular (annual) mandatory rate reviews” of reimbursement rates.

Bureau of Labor Statistics (BLS) Data: To apply an objective standard for rate setting that reflects the actual costs of services, one nonprofit proposed that “funders should use current BLS data on wages to assess costs, and be transparent about methodology for items such as fringe costs and carry costs of vacancies.” Such an approach certainly could capture true costs and reflect inflationary pressures. However, the Bureau of Labor Statistics does not presently collect and report employment data for charitable nonprofit employers. Rather, nonprofit employment data are only analyses and released every five years. In a [letter to Labor Secretary Walsh](#), more than 250 nonprofits and scholars wrote, “the lack of timely and accurate data on the country’s third largest private sector employer hampers job recovery efforts, leaves a significant portion of U.S. employers and employees in the dark, and hurts the public.” Their conclusion, if followed, would help address the contracting and job vacancies problems: “It is essential that the U.S. government release accurate and accessible data on nonprofit employment and wage trends on a quarterly basis, on par with other major industries in the country.”

Cost of Living Adjustments (COLAs): Many nonprofits provide services based on fixed rates that are not adjusted regularly. An organization reported, “As a nonprofit with a majority of cost reimbursement funding from Federal, State, and local governments, our contracts do not have built-in escalators to allow for inflationary or cost-of-living increases.” The result is that “these static contracts are placing a significant strain on our organization as we try to meet the challenges of not just market salary increases but cost increases across the board” Their recommendation: “Having contracts with inflationary adjustments or moving to outcomes-based contracts will be helpful.” Stated another way by a separate nonprofit: “Funding sources should index for inflation or other ongoing cost adjustment factors.”

Payment of Indirect Costs: Called by various names such as indirect costs, overhead, and administrative costs, the full costs of providing services are often not paid by governments despite federal rules required under the [Office of Management and Budget Uniform Guidance](#). A nonprofit responding to the survey wrote, “We are still unable to get a rate from Community Mental Health that is sufficient to cover direct and indirect costs of providing services even though we have sent in information on the OMB Uniform Guidance mandating the rate increase and we have provided detailed indirect cost analysis.” Another shared, “We have worked hard to build up our organization infrastructure since the downfall of the economy in 2008 when we had to make layoffs.” They note that small increases in reimbursements are not sufficient and that additional resources are necessary to balance the workload and salaries. The fundamental point: “Administrative/overhead costs are crucial to maintain high quality operations.”