

Nonprofit Workforce Shortage Survey

In Tennessee

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 thirty Tennessee nonprofits provided insights that provide the substance of this report.

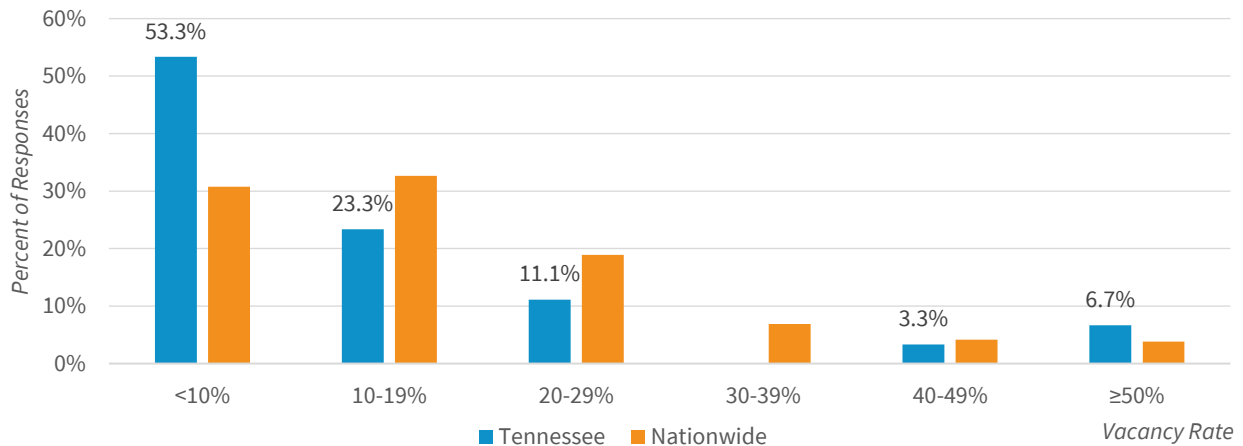
Key Findings

- More than four out of five (83.3%) Tennessee nonprofits completing the survey reported experiencing job vacancies.
- About three-quarters (73.3%) of respondents with vacancies identified program and service delivery as a category with vacancies.
- Nearly half (47.2%) of nonprofits in the state responded that they have more vacancies compared to before the COVID-19 pandemic, and about a tenth (8.3%) have longer waiting lists for services.
- 61.6% of responding organizations said salary competition affects their ability to recruit and retain employees, followed by budget constraints/insufficient funds (58.3%)
- Nearly three out of five (58.4%) respondents anticipate the amount of donations will decline or remain flat for 2023. A similar percentage (55.6%) expects the number of donors to decline or remain the same this year.

The Scope of The Problem

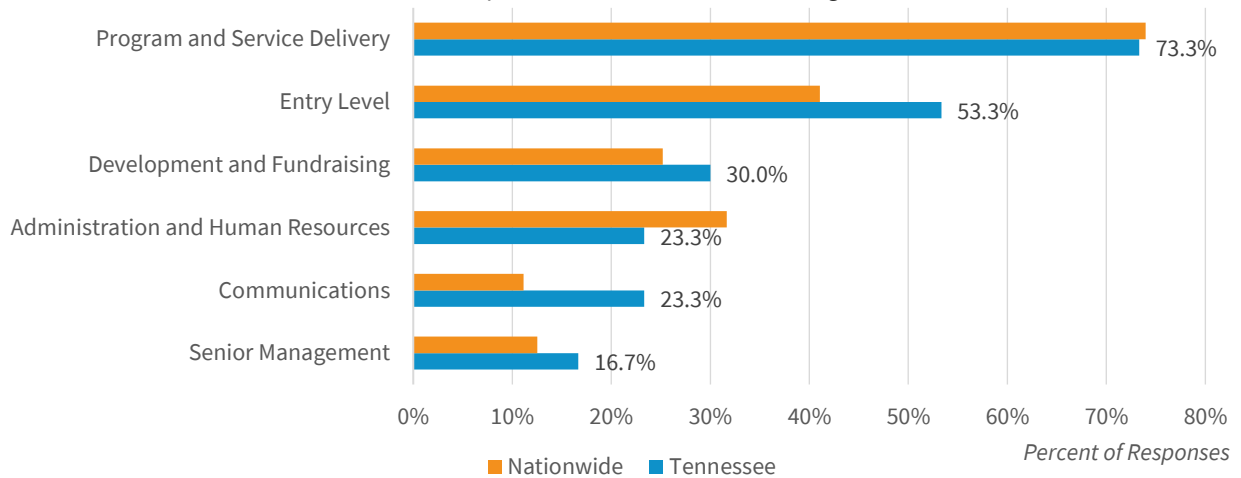
One of the key questions in the survey was, “What is your nonprofit’s current job vacancy rate?” More than half of nonprofits (53.3%) with vacancies shared rates fewer than 9% of staff positions, while another 23.3% responded that their vacancy rates ranged between 10% and 19%. A troubling finding, more than one out of five (21.1%) 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: 30



The job category with the most vacancies is program and service delivery, which affects 73.3% of nonprofits that reported vacancies. More than half (53.3%) of nonprofits also shared vacancies in entry level positions. Three out of ten nonprofits (30.0%) reported that they cannot fill development and fundraising positions. Vacancies in both communications and administration and human resources impact 23.3% of organizations, and 16.7% have vacancies in senior management positions.

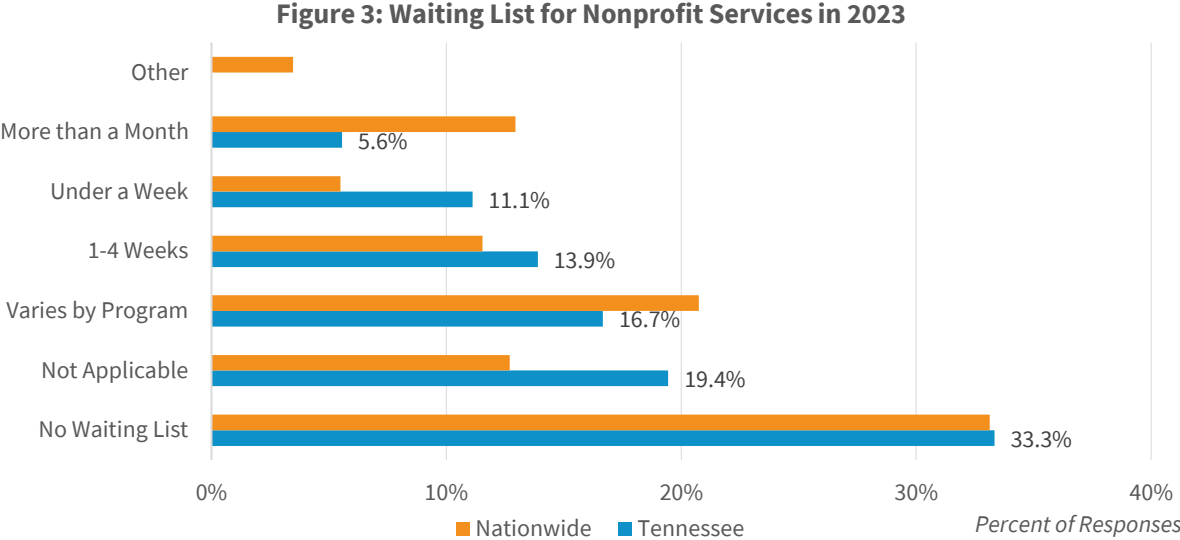
Figure 2: Nonprofit Job Categories with Vacancies in April 2023
 Number of Nonprofits that Identified Job Categories: 30



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. One-third (33.3%) of nonprofit respondents to the survey indicated that they had no waiting lists for their services. Another 16.7% 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, 13.9% said that their waiting lists are a few days or weeks long, while 11.1% reported waiting times under a week. Another 19.4% said that the question is not applicable to their operations.



The survey also asked nonprofits to compare their current challenges to prior experiences. Half Nearly half (47.2%) of nonprofits in Tennessee responded that they have more vacancies compared to before the COVID-19 pandemic, and 8.3% have longer waiting lists for services than in March 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	47.2%
	Fewer vacancies	11.1%
	No change to vacancies	11.1%
Waiting List	Longer waiting list for services	8.3%
	Shorter waiting list for services	5.6%
	No change to waiting list	22.2%
Other	Other	19.4%
	Did not select an option	16.7%

The impact of increased job vacancies is visible in Tennessee’s communities, as demonstrated in comments provided by survey participants. Shelby Literacy Center has many clients who are speakers of languages other than English, and without a bilingual person on staff, many of them cannot communicate with staff. Another nonprofit reported that it had received funding to expand services, but they cannot until they hire more people. A mental health provider sees a need for community-based supportive mental health recovery services, but it will take them longer to develop the program without the staff to lead it. A separate provider is having to make more referrals to government agencies because they cannot take on more clients. A nonprofit professional

expanded on this challenge: “The current staff is stressed because everyone is stretched to cover vacancies. This over-extension of current staff impacts the overall atmosphere and ability to take in more individuals for services.”

Barriers to Nonprofits Retaining and Recruiting Employees

The three leading factors affecting recruitment and retention for Tennessee charitable organizations are salary competition, budget constraints/insufficient funds, and stress/burnout. Respondents also stated that the applicant pool does not match the skills needed at an organization, and many people are not willing to relocate to Tennessee.

Table 2: Factors Affecting Nonprofit Recruitment and Retention

Factor Affecting Recruitment and Retention	Number of Responses	Percent of Responses
Salary competition	22	61.1%
Budget constraints/insufficient funds	21	58.3%
Stress/burnout	17	47.2%
Other	8	22.2%
Not Sure	7	19.4%
Challenges caused by government grants/contracts	6	16.7%
Lack of child care	4	11.1%
COVID-19 and vaccinations	4	11.1%

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.

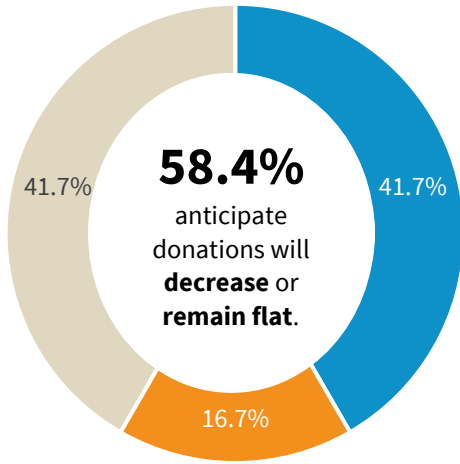
Charitable Giving

More than half (58.4%) of Tennessee respondents anticipate the amount of donations will decline or remain flat for 2023. A similar percentage (55.6%) expects the number of donors to decline or remain the same this year.

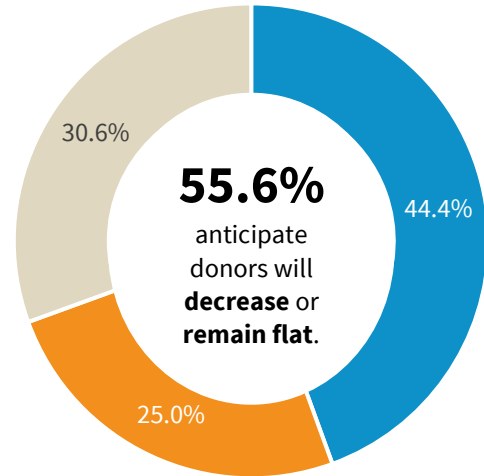
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Figure 4: Nonprofits' Anticipated Changes in Donations and Donors for 2023

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 Tennessee 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 Tennessee they mainly lead to increased costs of providing services, increased demand for services, and staff impacted by natural disasters.

Table 3: Impact of Natural Disasters on Nonprofits

Impact of Natural Disasters	Number of Responses	Percent of Responses
Not applicable	16	44.4%
Increased costs of providing services/unbudgeted costs	10	27.8%
Increased demand for services	8	22.2%
Staff impacted by natural disasters	8	22.2%

Impact of Natural Disasters	Number of Responses	Percent of Responses
Building/office damage	6	16.7%
Unable to provide services	3	8.3%
Other	3	8.3%

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 Tennessee expect this to impact their operations. For instance, a mental health provider is concerned about individuals’ eligibility for Medicare. A human services provider pointed out that the nature of the COVID-19 funds allowed organizations to receive and use their funds quickly, but going back to the normal process means it will take longer and a more conservative approach will be used.

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

Tennessee’s nonprofits responded to the workforce shortages crisis by increasing salaries, providing remote work options, and increasing benefits. Other strategies and practices utilized to attract and retain staff included providing trainings in diversity, equity, and inclusion, and in career advancement, as well as supporting mental health benefits. As part of their mental health support, a nonprofit responding to the survey shared that it has regular mindfulness and stress relieving sessions. Yet, even with these policies, they are struggling to hire and retain staff.

Table 4: Practical Solutions Implemented by Nonprofits

Implemented Practices	Number of Responses	Percent of Responses
Salary increases	23	63.9%
Remote work options (hybrid, full-time, etc.)	22	61.1%
Benefits increased (health insurance, transportation, etc.)	16	44.4%

Implemented Practices	Number of Responses	Percent of Responses
Diversity, Equity, and Inclusion trainings and strategies	15	41.7%
Career advancement opportunities (training, mentorship, etc.)	12	33.3%
Mental health (expanded benefits, counseling, etc.)	11	30.6%
One-time bonuses	9	25.0%
Notified employees about their eligibility for Public Service Loan Forgiveness	7	19.4%
Wellness programs (4-day workweek, additional time off, retreats, sabbaticals, etc.)	5	13.9%
Not applicable	5	13.9%
Other	2	5.6%
Signing bonus	1	2.8%

Solutions Proposed by Nonprofits

Tennessee nonprofits on the frontlines shared solutions they think lawmakers, philanthropy, and others should consider. One respondent highlighted that large grants that tend to go towards larger nonprofits shrink the funding pool for smaller organizations, creating a need for more capacity building grants, not just programming. A separate respondent agreed with this solution, noting that “programs don’t manage themselves,” and organizations need people to “lead, manage, report, and oversee those programs.” A healthcare nonprofit called for an expansion of student loan forgiveness programs, with a greater preference to those working in “nonprofits, rural areas, public health.” They also recommended that governments provide more incentive funding for nonprofits to recruit and retain talent.

Profiles of Nonprofits Completing the Survey

Although workforce shortages impact nonprofits from all sectors and budgets, smaller nonprofits feel the impact more. Tennessee nonprofits with annual operating budgets below \$500,000 made up 27.8% of respondents to the workforce shortages survey. Those with budgets of between \$500,000 and \$1 million comprised 5.6% of respondents, and 30.6% of nonprofits had annual operating budgets that range from \$1 million to \$3 million. Another 36.1% of nonprofits had budgets greater than \$3 million.

Figure 5: Nonprofits' Annual Operating Budget

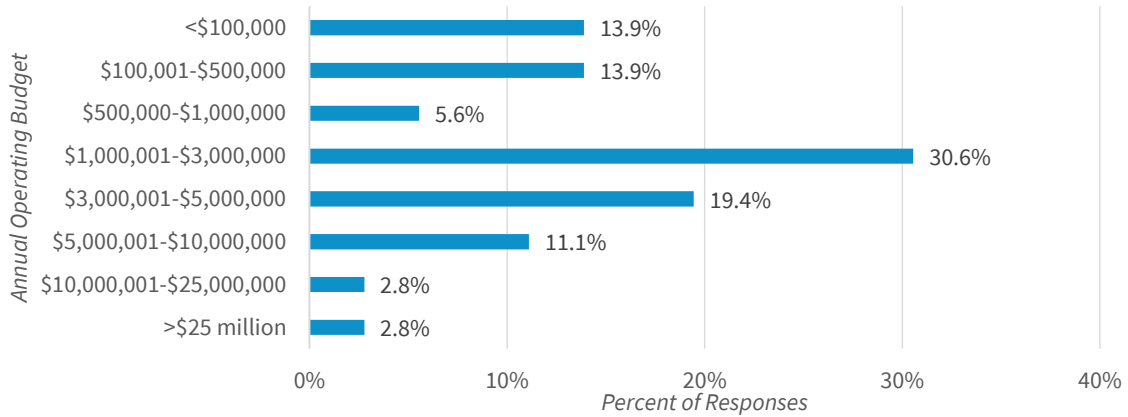


Table 5: Communities Served by Nonprofits

Communities Served	Number of Responses	Percent of Responses
None of the above	18	50.0%
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	13	36.1%
People living in rural communities	7	19.4%
People with disabilities	5	13.9%
People who identify as LGBTQ+	3	8.3%

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

Subsector	Number of Responses	Percent of Responses
Other	11	30.6%
Human Services	6	16.7%
Arts, Culture, and Humanities	6	16.7%
Public/Societal Benefit	3	8.3%
Healthcare	3	8.3%
Mental Health	3	8.3%
Education	1	2.8%
Community/Civic Engagement	1	2.8%
Housing	1	2.8%
Multiple Subsectors	1	2.8%