



2023

Nonprofit Workforce Survey Results

Communities Suffer as the Nonprofit Workforce
Shortage Crisis Continues

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Executive Summary

An initial survey of nonprofit workforce shortages in late 2021 documented that the nonprofit sector was in crisis and that the individuals and communities served by charitable organizations were suffering as a result. The data from the survey, presented in [Nonprofit Workforce Shortages: A Crisis that Affects Everyone](#), demonstrated that nonprofits were experiencing intolerably high job vacancy rates, resulting in growing waiting lists for services or the denial of services altogether. Nonprofits were clear on the causes for the job vacancies: salary competition from the for-profit and governmental sectors, the inability of potential job applicants to find child care, challenges caused by problems related to government grants and contracts, and stress and burnout. The news media and the public took notice of the nonprofit workforce crisis, and policymakers at the local, state, and federal levels, to their credit, adopted some reforms aimed at alleviating the pressures.

A second nationwide survey in Spring 2023 sought to determine whether the workforce shortages nonprofits had identified 18 months earlier were still at crisis level, had abated, or were morphing into new challenges. More than 1,600 nonprofit professionals from all 50 states and the District of Columbia completed the survey, providing both quantitative data as well as qualitative insights on their experiences, actions, and recommendations for alleviating the workforce challenges.

Collectively, the data confirm that nonprofits are still enduring a shortage of employees and, as a natural consequence, the public continues to suffer because fewer employees mean reduced capacity, longer waiting lists for services, reduced amounts and types of services provided, and sometimes a complete end of needed services.

Key Findings

- Nearly three out of four nonprofits (74.6%) completing the survey reported job vacancies.
- More than half of nonprofits (51.7%) reported they have more vacancies now compared to before the COVID-19 pandemic, and nearly three out of ten (28.1%) have longer waiting lists for services.
- The nonprofit jobs most commonly unfilled are those that interact with the public the most. Almost three out of four respondents (74.0%) reported vacancies in their program and service delivery positions, and two out of five (41.1%) reported vacant entry-level positions.
- Almost three out of four respondents (72.2%) said salary competition affects their ability to recruit and retain employees, followed by budget constraints/insufficient funds (66.3%). Additional causes for nonprofit workforce shortages reported by nonprofits were stress and burnout (50.2%) and challenges caused by government grants and contracts (20.6%).

- Seven out of ten nonprofits (70.5%) anticipate charitable giving to decrease or remain flat in 2023, while 68.7% of nonprofits anticipate the number of donors to decrease or remain unchanged.

Why It Matters: Consequences for the Public

When nonprofits cannot hire enough employees to provide vital services, the public suffers. Data from this survey and others show that along with increased demands for services, there are longer waiting lists, reduced services, and sometimes elimination of services. When any of those happen, the ripple effects cannot be ignored: communities lose access to food, shelter, mental health care, and other vital services on which people depend.

Barriers Creating Nonprofit Workforce Shortages

Nonprofits responding to the 2023 survey identified the following barriers to recruiting and retaining nonprofit staff:

- Salary competition was the most frequently cited challenge, having been identified by nearly three out of four respondents (72.2%).
- Two-thirds of those completing the survey (66.3%) named budget constraints/insufficient funds as a factor, which, of course, impacts salary competition.
- More than half (50.2%) pointed to stress and burnout.
- One out of five respondents (20.6%) identified challenges caused by government grants and contracts as a major cause of nonprofit workforce shortages.
- The lack of available, affordable child care continues to be a major problem impacting recruitment and retention, according to 14.6% of respondents.

Practical and Public Policy Solutions

Recognizing that the people leading, working in, and volunteering for charitable nonprofits are, by nature, problem solvers, the 2023 survey invited participants to share solutions they had utilized or identified to mitigate the nonprofit workforce shortages crisis. They provided ample examples of practical solutions they implemented or are considering, as well as pointed to public policy solutions of general applicability, especially essential reforms to government grants and contracting systems.

- Nearly two-thirds (66%) of nonprofits participating in the 2023 survey raised salaries, and more than half (57.7%) implemented a remote work policy in their organizations.

- Other frequently used strategies to retain employees, according to respondents, have been providing more benefits to their employees (40.9%), awarding one-time bonuses (39.3%), and implementing diversity, equity, and inclusion trainings and strategies (39.2%).
- Respondents identified other notable strategies, including offering career advancement opportunities, expanding mental health benefits and wellness programs, and notifying employees about their eligibility for the Public Service Loan Forgiveness program.
- Survey participants also recommended numerous systemic reforms that would help many organizations. These include adopting a focus on equity, expanding the professional pipeline through educational programs, confronting burnout through wellness programs, and encouraging funders to cover the full costs of programs.
- Public policy recommendations of general applicability call for expansion of student loan forgiveness and greater investment in affordable housing – two barriers that hinder the ability of workers to take jobs in the nonprofit sector.
- The most robust area of recommendations focuses on reforming the grantmaking and contracting systems of governments at all levels.

Introduction

In late 2021, the National Council of Nonprofits' networks conducted a nationwide survey examining the impact of pandemic-related nonprofit workforce shortages. [A report analyzing responses](#) from more than 1,000 nonprofits from all 50 states revealed significant adverse consequences to the public and nonprofits alike. The report demonstrated that nonprofits were enduring intolerably high job vacancy rates, resulting in growing waiting lists for services or the denial of services altogether.

Nonprofits were clear on the causes for the job vacancies: salary competition from the for-profit and governmental sectors, the inability of potential job applicants to find child care, challenges caused by problems related to government grants and contracts, and stress and burnout. A human services provider in Vermont summarized the sector-wide workforce crisis by sharing their condition: "We are overworked, underpaid, and see no relief in sight. At this point, we're just hoping to survive."

The news media and the public took notice of the nonprofit workforce crisis, and policymakers at the local, state, and federal levels, to their credit, adopted some reforms aimed at alleviating the pressures.

That initial report proposed changes to public policies and identified practical mitigating steps for nonprofits to consider. [An update in July 2022](#) highlighted some positive actions governments at all levels had taken to alleviate workforce shortages. It also underscored that for nonprofits to continue providing essential services to the public, they needed more resources and approaches to recruit and retain employees.

In April 2023, the networks of the National Council of Nonprofits conducted a second nationwide survey to secure the latest, comprehensive information about the nonprofit workforce. The following report analyzes the more than 1,600 responses collected from all 50 states and the District of Columbia. It also references data from reports by state associations of nonprofits and other charitable nonprofits to present the most current information on the challenges nonprofits face. Where appropriate, the report compares the 2023 survey data with results from the 2021 survey.

The first section of the report lays out the survey data on staff vacancies at charitable nonprofits. The next section explains why the data matter by analyzing the impact on those organizations' abilities to serve individuals in their communities and advance their missions. The third section identifies numerous factors leading to workforce shortages, including salary competition, stress and burnout, challenges caused by government grants and contracts, and other shortcomings such as a lack of available, affordable child care. A fourth section briefly addresses external factors such as natural disasters and the end of relief policies that affect nonprofit employment. The final section identifies a range of solutions that individual organizations, philanthropy, and policymakers can take to limit the

risks to the public when charitable organizations do not have adequate staffing. Throughout, the report presents comments from survey respondents – identified as “*Data In Context – Insights from Frontline Nonprofits*”¹ – to tell the story beyond the data. In total, the data and comments present a compelling narrative on the state of nonprofit workforce recruitment and retention in the aftermath of the Covid-19 pandemic.

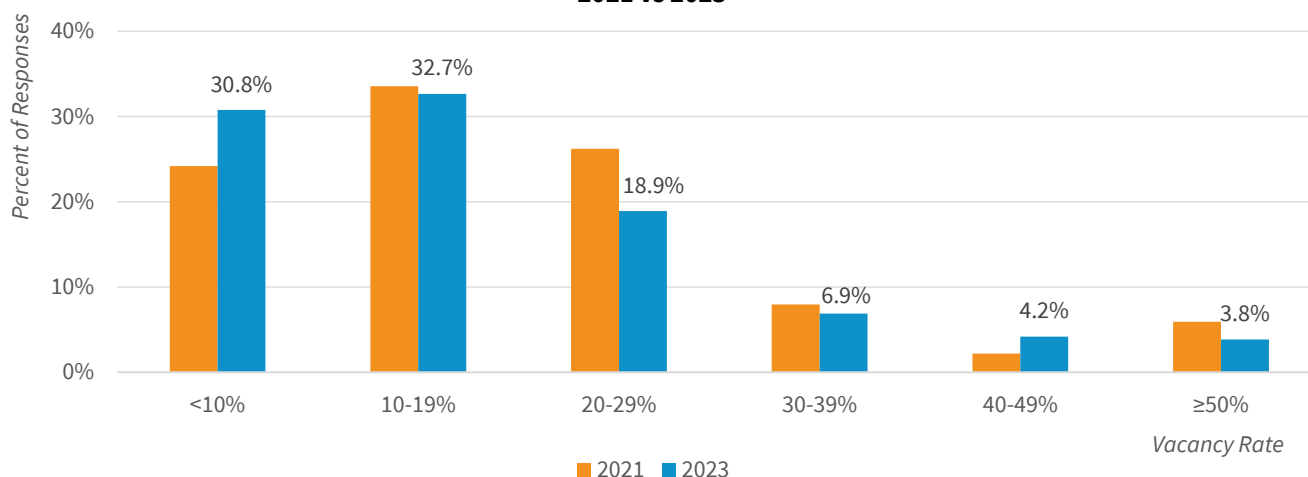
¹ The survey asked respondents to provide additional comments that would put their responses in context. The survey also gave participants the option of remaining anonymous or of having the name of their organization identified in this report. All quotes herein honor the respondents’ selections; those requesting anonymity are identified only by state and subsector where appropriate.

The Scope of the Problem

The challenge of nonprofit job vacancies is widespread and troublingly high, according to survey responses in both nationwide surveys. Three out of four respondents report job vacancies (74.6% in 2023, 76% in 2021). This finding in 2021 generated considerable attention from the news media, the public, and policymakers and resulted in greater awareness of the correlation between nonprofit staffing and wellbeing in communities.² By comparison, only a third (33.0%) of private businesses had job vacancies at any time between August 2021 and September 2022, according to U.S. Department of Labor data.³

The severity of the vacancy crisis at nonprofits appears to have ebbed slightly in the ensuing 18 months since the 2021 survey, yet a third (33.8%) of the responding nonprofits with vacancies reported 20% or more of their jobs were going unfilled. Nearly another third (32.7%) identified vacancy rates of between 10% and 19%.

**Figure 1: Nonprofits' Job Vacancy Rates
2021 vs 2023**



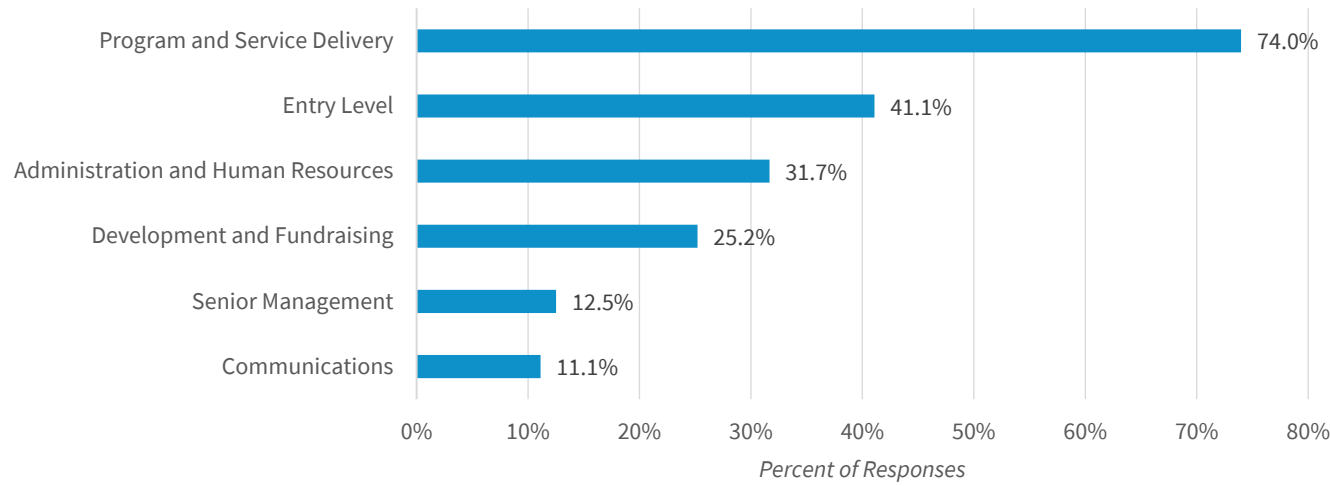
The survey separately asked participants whether they were experiencing greater or fewer vacancies now compared to before the pandemic. More than half of the respondents (51.7%) reported experiencing more job vacancies, while only 6.5% indicated they had fewer vacancies (see Table 1, below on page 6).

² For the broader impact on communities, see [Nonprofit Workforce Shortages: A Crisis that Affects Everyone](#), National Council of Nonprofits, July 2022.

³ Bureau of Labor Statistics, U.S. Department of Labor, “More than half of establishments with job vacancies in 2021–22 had fewer than 10 employees,” [The Economics Daily](#), Chart Data, Aug. 4, 2023.

The concerns about the widespread and high job vacancy rates are compounded when considering which jobs most frequently go unfilled. The data show that of the nonprofits reporting vacancies, nearly three out of four nonprofits (74.0%) identified program and service delivery positions as vacant, followed by entry-level positions at 41.1%. These positions are more likely to interact with the public the most and require in-person responsibilities, thus aggravating the challenges of providing services while navigating evolving work expectations.

Figure 2: Nonprofit Job Categories with Vacancies in April 2023
Number of Nonprofits that Identified Job Categories: 1,222



Nonprofits expressed concerns in their comments about specific unfilled direct services positions, including nurses, clinicians, social workers/counselors, and other healthcare staff. Nonprofit leaders also said they are short on specialists in finance and accounting, interns, maintenance staff, and grant writers.

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

When nonprofits cannot secure the workforce needed to provide vital services, the public suffers. Data from this survey and others show that along with increased demands for services, there are longer waiting lists, reduced services, and sometimes elimination of services.⁴ When any of these happen, the ripple effects cannot be ignored: communities lose access to food, shelter, mental health care, and other vital services on which people depend.

Delays in Services – Long Waiting Lists

The 2023 survey asked nonprofits whether demand had outpaced their ability to immediately deliver services. One out of four respondents (24.4%) indicated they had waiting lists of more than a week, with 11.5% of all respondents reporting waiting lists of one to four weeks, and 12.9% with waiting lists of more than a month long, some stretching out longer than a year. Another 20.7% reported that waiting lists vary by program, so they could not give a precise estimate. Those numbers represent some recovery from the troubling rates reported in the 2021 survey (e.g., 26% of responding organizations in 2021 reported having a waiting list that was more than a month long).

“Months long delays in receiving assessments and services can have a long-term negative impact on a child's developmental potential. This time cannot be ‘made up.’”

Human services provider in Connecticut

The survey sought to clarify the interplay between workforce shortages and length of waiting lists. It first asked whether the organization had either “more” or “fewer” *job vacancies* compared to before the pandemic. Next, the survey asked whether the organization’s current *waiting lists* were “longer” or

⁴ Other recent studies on the condition of the nonprofit workforce include [State of Nonprofits in 2023: What Funders Need to Know](#), Center for Effective Philanthropy, June 22, 2023 (based on a Jan.-Feb. 2023 survey: “Almost half of nonprofit leaders said staff-related issues were the biggest challenge facing their organization. ... These issues included managing staff capacity and avoiding burnout, hiring and staffing, retaining staff, paying equitably, and raising salaries. The obstacles leaders face internally are connected with external factors, such as the economic outlook, lingering impacts of the pandemic, and demand for services”); *Salary & Benefits Survey, 2023*, Nonprofit Association of the Midlands (40% of nonprofits in Nebraska and western Iowa responding to an early 2023 survey reported that their job vacancies lasted longer than two months and up to 12 months); *New Jersey Nonprofits – Trends and Outlook 2023*, New Jersey Center for Nonprofits (based on a Feb. 2023 survey: “The biggest obstacles to filling vacancies included difficulty offering competitive compensation due to budget constraints or lack of funding; trouble recruiting credentialed employees for positions that require them; and competition for employment from other sectors.”); and *State of the Sector – 2023*; New York Council of Nonprofits (in responses to a Jan. 2023 survey, “61% of members identifying hiring as a challenge cite the primary reason as an inability to offer competitive salaries due to budget constraints. Some nonprofits, like those addressing food insecurity and substance abuse – have seen need for their services increase in the last two years, with no sign of subsiding.”).

“shorter” compared to before the pandemic. The results reveal that nonprofits continue to experience the consequences of the dual health and economic emergencies caused by Covid-19. Greater than half (51.7%) of respondents reported experiencing more job vacancies, while only 6.5% reported fewer. The views on waiting lists were similarly dramatic: more than a quarter (28.1%) said their waiting lists had grown since March 2020, while only 2.4% reported shorter waiting lists.

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

	Changes Observed in April 2023 vs. March 2020	Percent of Responses In 2023
Vacancies	More job vacancies	51.7%
	Fewer job vacancies	6.5%
	No change to vacancies	9.0%
Waiting List	Longer waiting list for services	28.1%
	Shorter waiting list for services	2.4%
	No change to waiting list	13.1%
Other	Other	5.1%
	Did not select an option	25.4%

The data in Table 1 reveal a strong correlation between the number of job vacancies and the length of the waiting lists, with more job vacancies connected to longer waiting lists and fewer vacancies linked to shorter waiting lists. The data reinforce common sense: if an entity does not have enough employees to meet the demand for goods or services, then its waiting list gets longer.

Just as the charitable nonprofit sector is not monolithic, the impact of nonprofit job vacancies on the public can vary by populations served:

- More than half of nonprofits primarily serving people with disabilities (56.1%) said they had more vacancies now than before the pandemic.
- More than half of nonprofits primarily serving people of color (53.1%) reported experiencing more job vacancies now compared to before the pandemic.
- Nearly half of nonprofits based in rural communities (47.1%) indicated more job vacancies now.
- For nonprofits primarily serving the LGBTQ+ community, almost half (44.8%) indicated having more vacancies now compared to before March 2020

Similarly, nonprofits primarily serving these distinct populations reported having longer waiting lists compared to before the pandemic:

- 40.2% of nonprofits primarily serving people with disabilities reported longer waiting lists.
- 29.1% of nonprofits primarily serving the LGBTQ+ community reported longer waiting lists.
- 28.8% of nonprofits primarily serving people of color reported longer waiting lists.

DATA IN CONTEXT - NONPROFIT TESTIMONIALS

In response to the survey's open-ended questions, nonprofit professionals throughout the country expressed clear testimony on the adverse impact of the shortage of nonprofit employees on the people and communities they are dedicated to serving.

The Public Suffers Delays in Services Due to Waiting Lists

- A mental health provider in Oregon with a wait time for an initial assessment of four-to-five weeks painted a stark picture: "Individuals have to wait to get into services instead of being able to start services when they are ready. Weeks later, many are no longer ready to start services, or they may have relapsed, overdosed, or ended up in jail during that wait time."
- A New Hampshire healthcare provider lamented that having such a long waiting list is "essentially a refusal of services for mental health care."
- A human services provider in Minnesota shared that they have not had waiting lists in the past, but instead they are forced "to deny admissions to programs because we know we can't hire labor resources to provide the services."

The Public is Forced to Travel Further for Services

- To avoid resorting to a waiting list, a nonprofit professional in Virginia wrote they had to consolidate their service locations, but that change caused challenges for individuals furthest from those locations, which essentially denies services if someone cannot get to the alternative locations.

The Public Suffers Loss of Needed Services

- For Bridging the Gap in Oregon, workforce shortages mean that "thousands are without resources or left in dangerous situations (especially those who are in a [domestic violence] or sex trafficking situation) simply because we don't have the funds, capacity, or staff."
- A child care provider in Washington state reported it cannot open certain programs to "full capacity" because of a lack of staff, leaving working families with fewer options.

- An education nonprofit in Delaware had to cease their middle school and sports programs, leaving students without after school or summer school options.
- A heartbroken human services provider in California, recognizing that the action they needed to take would lead to a reduction in services, has been forced to refrain from seeking “new grant opportunities because we are not confident we can hire new staff to provide new services.” For nonprofits with government grants and contracts as a significant part of their revenue, this puts their financial sustainability at risk.

Barriers to Nonprofits Retaining and Recruiting Employees

When asked in the 2023 survey to identify the major factors affecting their ability to recruit and retain employees, most respondents selected these five factors:

- Salary competition is the most frequent factor limiting the nonprofit workforce, according to nearly three out of four respondents (72.2%).
- Two-thirds of the respondents (66.3%) identified budget constraints/insufficient funds, which, of course, is related to salary competition.
- More than half of the nonprofits responding (50.2%) pointed to stress and burnout.
- One out of five respondents (20.6%) said challenges caused by government grants and contracts were a major factor contributing to workforce shortages.
- The lack of available, affordable child care continues to be a major problem, according to 14.6% of respondents, although that’s an improvement from 2021, when 23% identified it as a major impediment to nonprofit employment.

Table 2: Factors Affecting Nonprofit Recruitment and Retention

Factor Affecting Recruitment and Retention	Number of Responses	Percent of Responses
Salary competition	1,183	72.2%
Budget constraints/insufficient funds	1,087	66.3%
Stress/burnout	823	50.2%
Challenges caused by government grants/contracts	338	20.6%
Other	332	20.3%
Lack of child care	239	14.6%
Not Sure	166	10.1%
COVID-19 and vaccinations	107	6.5%

The following section of the report presents these five major factors affecting nonprofit retention and recruitment of employees, listed in descending order of frequency in which they were reported. It also puts the data in context by sharing insights provided by frontline nonprofits when they completed the survey. As will be shown, some factors are felt more acutely in some subsectors, as with the impact of government grants and contracts in the human services subsector, and in

individual states, such as where natural disasters have hit.⁵ This section also presents additional key challenges that nonprofits identified that make it difficult for them to operate at full capacity.

1. Salary Competition

As with the 2021 survey, nonprofits reported that salary competition is the greatest factor affecting their recruitment and retention efforts.⁶ The 2023 survey results found that 72.2% of nonprofits confront this challenge. Breaking down the data further reveals:

- **Smaller organizations face greater salary competition challenges:** More than half (56.0%) of nonprofits with an annual operating budget of less than \$5 million – which make up 97% of all charitable nonprofits⁷ – reported they struggle with salary competition, presumably because they are less likely to have the financial resources to offer more competitive salaries.
- **Subsector differences:** Providers of human services account for almost a third (30.1%) of all nonprofits reporting salary competition as a factor affecting recruitment and retention.
- **Service area differences:** More than one out of four (26.2%) nonprofits primarily serving rural communities identified salary competition as a challenge.
- **Geographic differences:** Looking at the responses by nonprofits in states that identified salary competition as a major challenge, nearly nine out of ten (88.6%) nonprofits in Connecticut are struggling with salary competition, followed by Pennsylvania (86.8%), New York (82.2%), North Carolina (81.0%), and Illinois (80.4%).

⁵ The National Council of Nonprofits has prepared state-specific reports for the 23 states with at least 25 survey responses. Links to these individual reports can be found in Appendix A.

⁶ See [Nonprofit Workforce Shortages: A Crisis that Affects Everyone](#), National Council of Nonprofits, Dec. 13, 2021.

⁷ [Nonprofit Impact Matters](#), National Council of Nonprofits, Fall 2019.

Table 3: States with the Highest Percentage of Nonprofits that Reported Salary Competition as a Factor Affecting Recruitment and Retention

Ranking	State	Percent of Nonprofits in the State That Reported This Factor
1	Connecticut	88.6%
2	Pennsylvania	86.8%
3	New York	82.2%
4	North Carolina	81.0%
5	Illinois	80.4%

DATA IN CONTEXT - NONPROFIT TESTIMONIALS

- A human services provider in Illinois increased the starting salary for its direct service staff by 19% since 2020, but it is still having trouble with recruitment since “other organizations have been able to raise their starting salaries even more.”
- For a mental health provider in Utah, grantmaking practices contribute to challenges offering higher salaries: “We need funders to relax on their expectations around salaries. Our case managers need to be paid more to make a living wage but ... funders don't think case managers should be making so much.”
- An arts, culture, and humanities nonprofit in Minnesota said their biggest salary competition is from “larger nonprofits, the for-profit sector, and government.” They explained that with their annual operating budget of \$1 million, the organization just “cannot compete,” especially when “philanthropic dollars are not keeping pace with inflationary pressures.”
- Of course, hiking pay to remain competitive with other sectors creates sustainability challenges for nonprofits. As a child care provider in Washington shared, recent salary increases, bonuses, and increased benefits for employees have impacted their unrestricted reserves, and this year they will operate at a loss, which has forced them to increase their fees by nearly 10%.

2. Budget Constraints

Budget constraints prevent two out of three nonprofits (66.3%) from raising salaries, hiring more staff, or upgrading equipment, according to survey responses. This all-too-common barrier limiting nonprofits from overcoming their staffing challenges becomes even more pronounced for certain nonprofits.

- **Differences based on budget size:** Lack of financial resources is an even more severe challenge for nonprofits with annual operating budgets between \$100,001 and \$500,000;

nearly three out of four (73.2%) nonprofits in this category reported budget constraints as a factor affecting their recruitment and retention of employees.

- **Subsector differences:** Nearly four out of five respondents (78.6%) in arts, culture, and humanities said they struggle with budget constraints when it comes to employment, as do two out of three (66.9%) human services providers.
- **Geographic differences:** The greatest concentration of nonprofits identifying budget constraints as a factor in their workforce shortages were based in these states: Connecticut (84.1%), New Jersey (78.4%), Arizona (75.0%), Michigan (74.1%), and New York (73.8%).

Table 4: States with the Highest Percentage of Nonprofits that Reported Budget Constraints as a Factor Affecting Recruitment and Retention

Ranking	State	Percent of Nonprofits in the State That Reported This Factor
1	Connecticut	84.1%
2	New Jersey	78.4%
3	Arizona	75.0%
4	Michigan	74.1%
5	New York	73.8%

DATA IN CONTEXT - NONPROFIT TESTIMONIALS

- A healthcare provider in Alaska cited “budgeting constraints” and “award stagnation” as factors. That organization reported having not seen funding increases in more than ten years, leaving them vulnerable to changes in wages and cost of living.
- A human services provider in Nebraska acknowledged that they do not have vacancies, but only because they were forced to eliminate staff positions they could not afford to pay.
- A human services provider in Oregon noted that budget constraints make it “difficult” to pay a competitive salary for the positions they need to operate, leaving staff feeling like they are “stretched too thin, not accomplishing all that they need to, etc.” As will be seen, this challenge also leads to stress and burnout.
- In Illinois, a mental health provider recognized the need to provide even more services to the public, but they cannot add more staff due to budget constraints.

3. Stress and Burnout

In a vicious cycle, virtually all of the factors identified in the survey contribute to the stress and burnout of the nonprofit workforce that was reported by half of the survey respondents (50.2%) as contributing to difficulties in retaining and attracting employees. Not having enough resources for basic operations, let alone to offer competitive salaries, can be demoralizing. Challenges arising from government grants and contracts, discussed in the next section, typically extract a personal toll on employees because agreements to provide essential services to the public often do not pay the full costs to deliver those services, impose excessive bureaucratic burdens, and cause financial strains by delaying payments. But these factors are not the only sources of stress and burnout.

Workforce shortages themselves erode the nonprofit workforce as job vacancies shift workload burdens onto remaining staff. When an employee leaves, their responsibilities get transferred to at least one person, creating heavier loads that add stress, fueling further burnout. When nonprofits cannot hire employees soon enough, the onus on remaining employees makes it more likely that they, in turn, will leave the organization. These strains are especially heavy as the public's demand for more services continues to rise.⁸ The downward cycle of vacancies causing burnout/stress causing vacancies will continue until significant remedial action is taken – whether in the workplace or through policy changes.

- **Differences based on budget size:** Three out of ten nonprofits (30.6%) with annual operating budgets below \$1 million identified stress and burnout as a factor affecting their ability to retain and recruit employees.
- **Subsector differences:** The challenges of burnout and stress are particularly acute for nonprofit human services providers, which comprised 29.6% of all survey participants identifying stress and burnout as a factor.
- **Populations served:** Of the nonprofits reporting stress and burnout, 24.9% primarily served people with disabilities.

⁸ See, for example, recent survey results in New Jersey, where “Nearly four-fifths (78%) of surveyed nonprofits reported that demand for services rose in 2022, but only 51% said that their funding increased in the same period.” *New Jersey – Trends and Outlook 2023*, New Jersey Center for Nonprofits. The increased demands are, in fact, a nationwide phenomenon. A Federal Reserve survey in August 2022 found that about 70% of nonprofits reported an increase in demand for their services, with 43% noting a significant increase. See [Perspectives from Main Street: The Impact of COVID-19 on Low- to Moderate-Income Communities and the Entities Serving Them](#), Nishesh Chalise, Violeta Gutkowski, and Heidi Kaplan, Federal Reserve, November 2022; see also [Federal Reserve Data Reveals Continuing Disruption from COVID-19 Pandemic Among Organizations and Communities](#), Amy Silver O’Leary, National Council of Nonprofits, Nov. 19, 2022.

- **Geographic differences:** More than two out of three nonprofits responding in five states reported stress and burnout as a major cause of their workforce shortages: Connecticut (77.3%), Wyoming (67.6%), Alaska (66.0%), Oregon (63.4%), and Illinois (63%).

Table 5: States with the Highest Percentage of Nonprofits that Reported Stress/Burnout as a Factor Affecting Recruitment and Retention

Ranking	State	Percent of Nonprofits in the State That Reported This Factor
1	Connecticut	77.3%
2	Wyoming	67.6%
3	Alaska	66.0%
4	Oregon	63.4%
5	Illinois	63.0%

DATA IN CONTEXT - NONPROFIT TESTIMONIALS⁹

- A nonprofit in New York reported that staff burnout is increasing since they have to “keep pace with the increase in referrals and the program capacity demands of our funders.”
- A Montana nonprofit noted that the employees struggling the most with burnout due to their workloads are upper-level staff, while the greatest concentration of vacancies are entry-level positions, which makes it harder to operate than before the pandemic.
- A mental health provider in Utah observed a “trend of greater rates of existing burnout from new hires, presumably from world events.”
- Swan Valley Connections in Montana shared an experience many nonprofits are also facing: “We just can’t keep up with the need for fundraising, the increasing demands for our services and classes, the rate of pay that we need to pay people, and the cost of rent.”

⁹ Other observers confirm the heavy toll on the nonprofit workforce. For instance, the President and CEO of the California Wellness Foundation recently shared her observations about the current condition of the nonprofit workforce: “Folks are exhausted and stretched as they strive to meet the needs of the communities they serve, while at the same time struggling with the day-to-day pressures on their teams and wondering how to keep their organizations and their people vibrant and strong.” See [Funders Can Do More: 5 Next Best Practices](#), Judy Belk, Center for Effective Philanthropy, July 11, 2023.

4. Government Grants and Contracting Challenges

Ineffective grantmaking and contracting systems by governments at all levels that impose inefficiencies, financial hardships, and operational instability have bedeviled charitable nonprofits for decades before the Covid-19 pandemic. Nationwide research has long documented multiple systemic and fundamental problems that charitable organizations routinely endure when performing services to the public on behalf of governments pursuant to written agreements.¹⁰ Those challenges consistently fall into five categories:

- 1) failure to pay full costs,
- 2) needlessly complex application processes,
- 3) overly burdensome reporting requirements,
- 4) inappropriate mid-stream changes to grants and contracts, and
- 5) late payments.¹¹

Charitable organizations continue to point to problems with government grants and contracting as exacerbating the nonprofit workforce shortage crisis.¹² This year, one out of five respondents (20.6%) identified challenges and limitations resulting from government grants and contracts as factors causing difficulty for nonprofits to retain and recruit staff.

Governments routinely set artificially low limits on how much they will reimburse nonprofits for salaries for employees doing the work governments have hired nonprofits to perform. These and other government-nonprofit grantmaking and contracting problems generate significant employment barriers for certain parts of the nonprofit community, according to survey responses, including:

- **Subsector differences:** Within the survey population, the subsector that most often contracts with governments to provide services – human service providers – represent 37.0% of

¹⁰ See, e.g., research posted at [Government-Nonprofit Contracting Reform](#), Council of Nonprofits website, updated June 2023.

¹¹ These five challenges for nonprofits with government grants and contracts are not mutually exclusive and often overlap, as vividly shown by a recent survey of nonprofits in New York. The New York Council of Nonprofits (NYCON) surveyed its members in January 2023. Of the 67% of NYCON members reporting contracts or grants with the state government, “80% said New York State funding doesn’t cover the cost of delivering the service or program expected by the state,” while “62% of state-funded members said they experienced delays in payment from one month to more than a year,” which forced 25% to use a line of credit due to a delay in receiving state funding. See *State of the Sector – 2023*, New York Council of Nonprofits.

¹² The eight examples presented in the 2021 report, [The Scope and Impact of Nonprofit Workforce Shortages](#), are only a sampling of the scores of comments respondents submitted to the 2021 survey.

nonprofits that report a connection between government grant and contracting challenges and job vacancies.

- **Populations served:** Nearly four out of ten nonprofits (39.9%) that primarily serve Black, Indigenous, and People of Color communities reported problems resulting from government grants and contracts. Similarly, almost a third of nonprofits (30.5%) primarily serving people with disabilities point to problems with employee recruitment and retention caused largely by problems with government grants and contracts.
- **Geographic differences:** One out of three nonprofits operating in rural communities (33.7%) said government grantmaking and contracting challenges are responsible for their workforce challenges.

Nonprofits in certain states report greater strains causing workforce shortages due to challenges with government grants/contracting. The states with the highest percentage of nonprofits reporting workforce shortages attributed in part to government grants and contracting practices are Connecticut (40.9), New York (31.8%), Pennsylvania (30.2%), Vermont (26.9%), and New Jersey (24.3%). Recent research by the state associations of nonprofits in Oregon and Washington identify specific grantmaking and contracting challenges and offered important policy solutions.¹³

Table 6: States with the Highest Percentage of Nonprofits that Reported Government Grants and Contracting Challenges as a Factor Affecting Recruitment and Retention

	State	Percent of Nonprofits in the State That Reported This Factor
1	Connecticut	40.9%
2	New York	31.8%
3	Pennsylvania	30.2%
4	Vermont	26.9%
5	New Jersey	24.3%

DATA IN CONTEXT - NONPROFIT TESTIMONIALS

- St. Paul's Center in New York reported that funding from the U.S. Department of Housing and Urban Development (HUD) has not increased from their original agreement issued four years ago.

¹³ See the Nonprofit Association of Oregon ([Services, Systems, and Solutions: A Study of Government to Nonprofit Contracts in Oregon](#), 2022) and the Nonprofit Association of Washington ([2022 Government Contracting Report](#)).

- Another nonprofit in New York that primarily earns revenue performing services on behalf of governments stated that their main challenge is the grant timeline: “when grants are for only one year, more time is spent hiring and training than on the impact we are trying to make.”
- For a mental health provider in Alaska, their grants “for the most part are flat once again, not even cost of living or inflationary adjustments in them.” They concluded that the “continued ‘do more for less’ mantra is wearing quite thin.”
- A Michigan human services provider found that one of the biggest barriers to hiring and retaining staff is the “complex compliance and reporting requirements” of government grants that leave staff overworked.
- In Connecticut, a nonprofit observed that government grants have “continuously” increased the amount and frequency of reporting, but they are seeing “no increase” in funding to cover growing expenses to fulfill these administrative requirements.
- A mental health provider in Maryland found it difficult to raise wages to recruit and retain staff due to “budget constraints from Medicaid reimbursement by the government.”
- A nonprofit in Oregon reports that one-year grants serve as disincentives for hiring because job candidates do not want to work for an organization with “insecure funding,” and many funding regulations are “too restrictive” on administrative costs.

“Staff said in exit interviews that burdensome data entry requirements of government contracts and high expectations from community members were the two most common factors leading to burnout/dissatisfaction with work.”

Human services provider in Minnesota

5. Child care

The 2021 survey found that nearly a quarter of respondents (23%) stated that the inability to find child care affected nonprofit employee recruitment and retention. Comments from the nonprofits completing the survey pointed to the two-pronged challenge related to child care. First, nonprofit child care providers expressed difficulty attracting and retaining staff. Second, parents who could not find available, affordable child care for their children were not able to take job offers from nonprofits.

Subsequent research confirmed these challenges. A February 2022 survey found that 39% of women caregivers had left the workforce or reduced their work hours since the pandemic began; 83% of

women in the survey said they could not afford to stop working.¹⁴ Bureau of Labor Statistics data show that more than one child care worker in 10 had not returned to their pre-pandemic jobs by mid-2022, creating a shortage of nearly 100,000 workers.¹⁵

In response to the April 2023 nonprofit survey, 14.6% of nonprofits reported lack of child care as a factor affecting recruitment and retention of employees. While this response is less daunting than in the 2021 survey, the testimonials from child care providers and other nonprofits illustrate that significant challenges continue, reinforcing the importance of child care in the economy and communities.

- **Subsector differences:** Human services providers are also affected by a lack of child care and made up 32.6% of responses that point to a lack of child care as a factor.
- **Populations served:** For nonprofits primarily serving Black, Indigenous, and People of Color, access to child care is especially challenging: one-third (33.5%) of these nonprofits cited a lack of child care as a reason they cannot fill vacancies. Nonprofits primarily serving rural communities and people with disabilities reported similar rates of 31.4% and 30.5%, respectively.
- **Geographic differences:** Nonprofits in Alaska (35.8%), Oregon (27.7%), Maine (22.0%), Montana (20.6%), and Vermont (19.2%) posted the highest rates of nonprofits identifying child care access and affordability as a factor affecting their recruitment and retention of employees.

¹⁴ [Forced Out of Work: The Pandemic's Persistent Effects on Women and Work](#), Fact Sheet, RAPID, Stanford University, June 30, 2022. See also, [Jobs Aplenty, but a Shortage of Care Keeps Many Women From Benefiting](#), Lydia DePillis, Jeanna Smialek, and Ben Casselman, *New York Times*, July 7, 2022.

¹⁵ U.S. Bureau of Labor Statistics, [All Employees, Child Day Care Services](#) [CES6562440001], retrieved from FRED, Federal Reserve Bank of St. Louis, July 8, 2022.

Table 7: States with the Highest Percentage of Nonprofits that Reported Child Care as a Factor Affecting Recruitment and Retention

Ranking	State	Percent of Nonprofits in the State That Reported This Factor
1	Alaska	35.8%
2	Oregon	27.7%
3	Maine	22.0%
4	Montana	20.6%
5	Vermont	19.2%

DATA IN CONTEXT - NONPROFIT TESTIMONIALS

- Columbus Early Learning Centers in Ohio illustrated the challenge based on their experience: “Families cannot work without access to child care, and the young children are missing valuable pre-kindergarten education that is proven to foster school success, especially levelling the playing field for those born into generational poverty.”
- A child care provider in Alaska summarized the challenge this way: child care shortages “further strain labor markets and economic recovery.”
- A nonprofit child care provider in Texas said, “competition is tight,” which is driven largely by salary competition. They explained, “it’s challenging to compete if applicants can earn up to \$5 more an hour working in a field other than child care.” But “increasing rates to cover salary increases results in making our services unaffordable.”
- A child care provider in Oregon noted that if child care centers stop receiving subsidies, many will close, thereby creating a crisis in many communities. These providers called for funding to increase wages and cover operating costs without increasing tuition.

Other Factors

The 2023 nonprofit survey invited nonprofits to elaborate on any challenges they face in addition to the ones identified in the survey document. One in five (20.3%) survey respondents chose this response option and provided insights. Here are a few of the challenges they expressed:

- Some nonprofits shared that it is usually not just one thing, but the cumulative effect of multiple factors that cause employees to leave.
- An arts nonprofit in Minnesota has seen turnover among long-serving employees as a greater issue and acknowledged that some employees who left had been “long overdue” for raises and adequate compensation. The nonprofit also shared the impact of those departures:

“Losing institutional knowledge has created gaps in understanding and diminished the strength of relationships our organization has in the community.”

- Some employees leave their jobs and move from the community because of the increased costs of housing as they search for more affordable housing options. This same barrier in turn prevents job candidates from accepting job offers and relocating.
- Hiring delays caused by nonprofits conducting background checks cause many impatient job candidates to take other positions rather than wait.
- There is also a shortage of bilingual employees, survey participants reported. APOYO in Washington elaborated on this challenge, noting that many of their bilingual employees attend university, and then leave the region after graduating.
- Wage gaps are also a pay equity issue. As one nonprofit pointed out, since BIPOC staff “often do not have the financial support structures in place that white people do,” and without more financial resources, many nonprofits cannot recruit a more diverse workforce. A housing nonprofit in Oregon commented that pay equity has been cited as a reason for employees, specifically women, to find work elsewhere.

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.

1. Charitable Giving

Charitable giving comprises only about a seventh (14%) of resources upon which the charitable sector relies,¹⁶ yet rises and declines in giving can greatly affect whether individual organizations can expand to meet increased demand, maintain current programming, or reduce or shut down operations. Responses to the 2023 survey show that many nonprofits are seeing declines or the same rates of donations, which over time will make their ability to operate at full capacity more difficult. In survey responses, seven out of ten nonprofits (70.5%) anticipate charitable donations to decrease or remain flat in 2023. About the same number of nonprofit respondents (68.7%) anticipate the number of donors to decrease or remain flat.

Their anticipation is based on well-documented giving trends: last year, charitable giving by corporations, foundations, individuals, and bequests to support the work of nonprofits decreased by 3.4% in current dollars and 10.5% adjusted for inflation, according to the latest annual Giving USA report.¹⁷ Giving by individuals in 2022 fell by an astonishing rate of 13.4% after factoring in inflation, coinciding with federal government tax policies changes. This news is especially troubling considering the challenges nonprofits face with workforce shortages and decreasing revenue sources.

This survey finding also comes at a time when inflation has caused higher costs for services and demand for those services continues to rise.¹⁸ Also, according to the Nonprofit Finance Fund, between FY2019 and FY2021, demand for services significantly increased for 52% of nonprofits.¹⁹ As a

¹⁶ [Nonprofit Impact Matters](#), National Council of Nonprofits, Fall 2019.

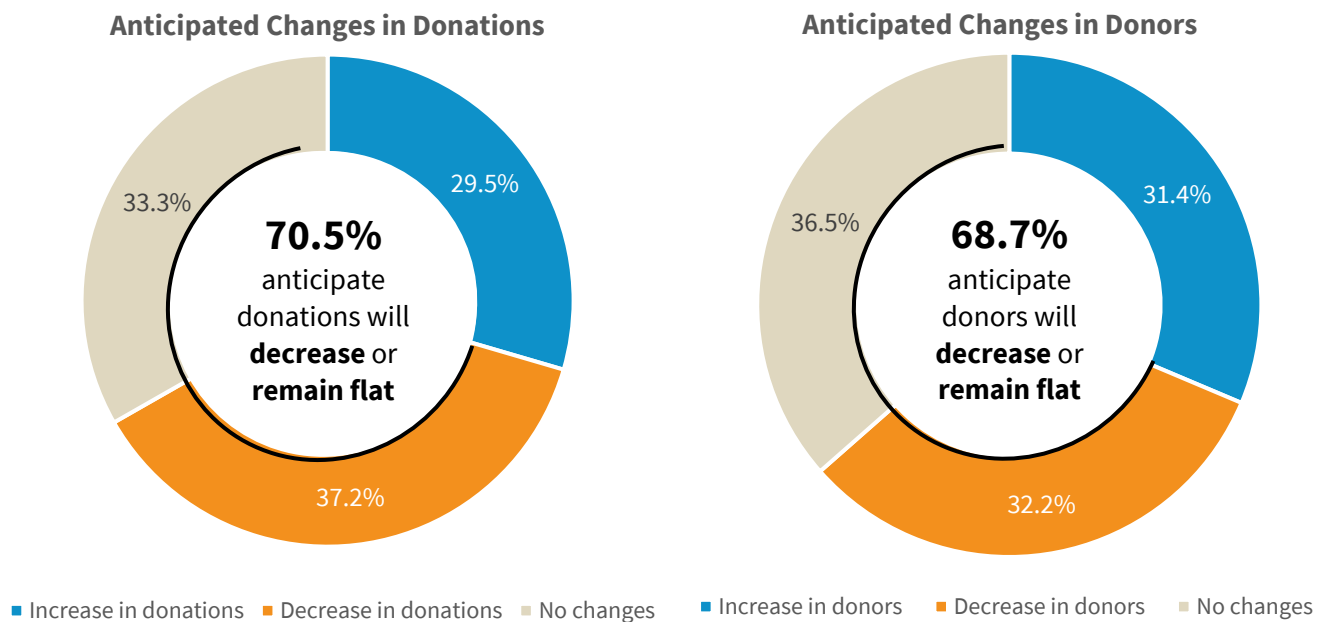
¹⁷ [Giving USA: Total U.S. charitable giving declined in 2022 to \\$499.33 billion following two years of record generosity](#), Giving USA news release, June 20, 2023.

¹⁸ Inflation ate away 13.96% of buying power on a compounded basis the last two years (7% in 2021 and a further 6.5% in 2022), yet donations did not keep pace to cover those higher costs. See Bureau of Labor Statistics, U.S. Department of Labor, The Economics Daily, [Consumer Price Index: 2022 in Review](#), Jan. 17, 2023.

¹⁹ [2022 State of the Nonprofit Sector Survey](#), Nonprofit Finance Fund, June 2022.

result, nonprofits expect giving to decline in real terms while the needs of residents remain high and are going up.

Figure 3: Nonprofits' Anticipated Changes in Donations and Donors for 2023



DATA IN CONTEXT - NONPROFIT TESTIMONIALS

- A nonprofit in Florida noted that it's "hard to find donors due to competition, less gifts from donors, changing donor demographics and giving patterns."
- For a nonprofit in Tennessee, the donor and grant pool have "all dropped off the scale."
- A human services provider in Michigan has not been able to find funding for capital improvement projects, so they cannot afford "refurbishing or new construction" for much-needed work on aging buildings.
- An Illinois nonprofit has launched an endowment-building campaign and is finding that many of their prospects are "reluctant to make significant pledges or gifts." This is causing a "longer and heavier fundraising lift" that decreases the organization's community work and programming.
- In Pennsylvania, a human services provider worries that donors are losing trust in the nonprofit sector.

2. Impact of Natural Disasters on Nonprofits and Community Service

Residents of communities suffering from natural disasters normally turn to charitable nonprofits for assistance. Too often, they find that the nonprofits where they seek relief are themselves experiencing disruptions while still trying to provide local relief – on top of struggling to recover from the significantly added workloads they endured throughout the pandemic. Natural disasters impact nonprofits in many ways, mainly in increased costs of providing services and higher demand for services, all while staff are impacted in their own lives.

The recent survey asked respondents to share their experiences in providing services during and in the aftermath of disasters and the toll on their operations. As was to be expected, the responses varied depending on where individual nonprofits operate and the frequency and impact of natural disasters in their regions. Overall, most nonprofits (63.0%) reported that the question did not apply to their organization. Among those experiencing an impact, and presumably operating in disaster zones, more than a fifth (21.8%) responded that they experienced increased costs of providing services, and 21.3% saw increased demand for services. One in ten nonprofits (10.4%) acknowledged that staff had been impacted by natural disasters.

Table 8: Impact of Natural Disasters on Nonprofits

Impact of Natural Disasters	Number of Responses	Percent of Responses
Not applicable	1,032	63.0%
Increased costs of providing services/unbudgeted costs	354	21.8%
Increased demand for services	349	21.3%
Staff impacted by natural disasters	170	10.4%
Building/office damage	116	7.1%
Unable to provide services	86	5.2%
Other, please specify	50	3.1%

According to the Center for Disaster Philanthropy, there have been more than 1,028 tornadoes confirmed in the United States as of August 17, 2023, and the year is “stacking up to be one of the highest on record” in terms of fatalities.²⁰ During the first 32 weeks of 2023, FEMA issued 67 disaster declarations in the United States for natural disasters in **30 states** and more will be expected as hurricane season continues.²¹

²⁰ [2023 U.S. Tornadoes](#), Center for Disaster Philanthropy, updated Aug. 17, 2023.

²¹ Declared [Disasters](#), FEMA, accessed August 13, 2023.

As the frequency of major natural disasters increases, so will the economic toll on communities, and the number of nonprofits that must adjust their operations to meet the needs in impacted areas. The three states with the most nonprofit survey responses noting that natural disasters affect their ability to retain and recruit employees – **Oregon, Washington, and Montana** – made up 23.6% of nonprofits that reported being impacted by natural disasters in some form. Half of Oregon’s nonprofits reported at least one way in which their operations were impacted by natural disasters, some of which include wildfires and flooding, a trend that has continued for at least a decade.²²

DATA IN CONTEXT - NONPROFIT TESTIMONIALS

- The Canyon Crisis and Resource Center in Oregon reported that the area was “devastated” by wildfires, and the organization has seen an increase in unhoused clients with mental health needs, but not enough available shelters or shelter beds.
- To continue providing youth programs, a nonprofit in Arizona had to reduce their total number of days from May to June because of extreme heat and drought.
- A human services provider in Florida shared that insurance in their state does not cover much, leading to more financial strains.
- Nonprofits in other states are also seeing increases in insurance costs or a withdrawal of insurance providers from their states altogether.²³

3. The End of the Pandemic Public Health Emergency

The survey was in the field in April 2023, shortly before the end of the national public health emergency declaration on May 11, 2023. After the public health emergency expired, many federal and state relief policies were phased out, terminating [pandemic relief for tens of millions of people](#). Consequently, the loss of financial supports mean the public needs even more services as [SNAP benefits](#) have been reduced (affecting 30 million people), [Medicaid](#) eligibility changed (cancelling health care insurance for as many as 15 million people), access to free over-the-counter COVID-19 tests for Medicare beneficiaries and no-cost coverage of COVID-19 testing under private insurance were eliminated, and [child care](#) support ends in September, “wiping out 3.2 million slots and \$9 billion in annual parent earnings.”

²² [Oregon has had a dozen weather disasters in the past decade, report finds](#), Drew Costley, *Associated Press*, Nov. 17, 2022.

²³ [State Farm decision to stop issuing homeowners insurance in California may drive up premiums](#), Katie Nielsen, *CBS Bay Area*, May 30, 2023.

According to survey responses, many nonprofits anticipated that the expiration of those supplemental programs would impact their operations. In fact, 69.1% of survey respondents shared what impact, if any, they expected:

- A human services provider in Washington expressed the worry that the lack of additional funds means “not replacing vacant staff positions, reductions in service, and more potential for staff burnout.”
- A respondent in Minnesota anticipated grants challenges: “this will result in additional tracking to manage our grant award and an increased need for additional funds.” The response continues, “We expect to see a higher demand for our services from the public when the national COVID-19 public health emergency declaration expires and upon which many federal and state support and relief programs rely because ending government programs doesn't end human needs.”

Many nonprofit providers anticipate that Medicaid recipients will lose their insurance and no longer be able to access services.

- A mental health provider in Kentucky explained: “Medicare and Medicaid patients will become uninsured, at least for a period of time,” and as a result, “they will not be able to receive treatment for behavioral, health, or dependency issues, they won't be able to afford COVID tests that were free, they may not receive booster vaccinations or a first vaccination if not already vaccinated.”
- In Montana, access to child care remains a priority, and a provider noted the influx of funding child care received, and the subsequent loss of funding, will impact availability for working parents.

The overall end of relief programs is causing nonprofits further anxiety as they adjust to challenges that remain while supports are going away.

- The Studios of Key West in Florida said they will no longer benefit directly from relief programs, and “participation in our programs, especially by older audiences, appears to be permanently impacted.”
- A shelter in Alaska stressed the importance of free COVID-19 testing to prevent outbreaks in their facility and disruptions to their services.
- For a nonprofit in Oregon, the “county and state losing funding has already resulted in cuts to contracts/services.”

Additional External Challenges and Events

Finally, the survey invited respondents to elaborate on other challenges and events that go beyond impacting workforce shortages. Many organizations underscored how inflation has affected their operating costs, specifically for utilities and supplies, leaving them with fewer financial resources.

- In Connecticut, a provider of residential programs reported experiencing increased housing costs.
- A housing nonprofit in Maine has seen rising costs of construction materials that directly impact their ability to build homes.
- A new issue for some nonprofits is cybersecurity. Yet, with smaller budgets nonprofits cannot find affordable products and services, much less hire the staff needed to protect their information.

For other nonprofits, legislative changes are making it increasingly difficult to recruit or retain a workforce and continue providing programs and services. Responses included:

- A nonprofit in Florida shared their experience with recent laws enacted in the state: “Our work is focused on helping the most vulnerable and on health equity, but the laws being passed against race education and the LGBTQIA population are actively challenging our work and the work of our partners and governments.” They continued, “As a public health organization, the anti-science and disinformation campaigns even from our own state government has posed significant challenges to provide education and support.”
- A Minnesota nonprofit expressed overall “fatigue, fear, and frustration” of and for their employees and the people they serve when it comes to their community’s “racism” and “anti-LGBTQ” mentality. Some nonprofits also seek guidance on navigating the political landscape in their community to ensure they remain nonpartisan.

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 ample practical solutions and proposed public policy solutions.

Practical Solutions Implemented by Nonprofits

Charitable nonprofits have responded to the workforce shortages crisis by implementing new internal practices and policies to prevent turnover. Two-thirds (66%) of responding nonprofits had **raised salaries**, and more than half (57.7%) had adopted a **remote work** policy for their organizations. Two out of five respondents (40.9%) increased the benefits provided to their employees, more than a third (39.3%) reported paying **one-time bonuses**, and almost the same percentage (39.2%) indicated they had implemented **diversity, equity, and inclusion** trainings and strategies to address systemic issues in the nonprofit sector. Table 9, below, reveals the wide variety of actions nonprofit leaders have been deploying.

Table 9: Practical Solutions Implemented by Nonprofits

Implemented Practices	Number of Responses	Percent of Responses
Salary increases	1,081	66.0%
Remote work options (hybrid, full-time, etc.)	945	57.7%
Benefits increased (health insurance, transportation, etc.)	670	40.9%
One-time bonuses	644	39.3%
Diversity, Equity, and Inclusion trainings and strategies	643	39.2%
Career advancement opportunities (training, mentorship, etc.)	586	35.8%
Mental health (expanded benefits, counseling, etc.)	389	23.7%
Wellness programs (4-day workweek, additional time off, retreats, sabbaticals, etc.)	371	22.6%
Notified employees about their eligibility for Public Service Loan Forgiveness	349	21.3%

Implemented Practices	Number of Responses	Percent of Responses
Signing bonus	271	16.5%
Not applicable	151	9.2%
Other	79	4.8%

One approach used by one out of five nonprofits (21.3%) may be adopted by more charitable nonprofits. When the Supreme Court recently struck down the Biden Administration’s plan to cancel up to \$20,000 in student loan debt for some borrowers, it kept the [Public Service Loan Forgiveness \(PSLF\)](#) program intact. That program allows borrowers who work full-time for charitable nonprofits to earn federal student loan debt forgiveness after working 10 years for a charitable nonprofit or government and making 120 qualifying monthly payments under a qualifying repayment plan. Nonprofits can use this program as a powerful inducement to attract employees and incentivize them to remain in the sector.²⁴

In their open-ended responses, survey participants identified other creative options they have utilized, including: an Employee of the Month bonus, quarterly retention bonuses instead of signing bonuses, student loan repayment assistance, expanded parental and family care paid leave, benefits like wellness and cell phone stipends, and transparency around salary ranges for “more equitable hiring and promotions.” An environment and animal welfare nonprofit in North Carolina reported making “significant” changes to benefits and culture because they are “deeply committed to DEI and because we need to tool up for a new workforce reality.”

Recognizing burnout and stress as key factors in employees leaving organizations, some nonprofits around the country have modeled creative approaches to ease stress and reduce burnout. For example, the Montana Nonprofit Association piloted a [four-day work week](#), which it has since adopted, that maintains pay while promoting greater efficiency.²⁵ This summer, Nonprofit New York hosted a training session, [Anti-Burnout Culture: Strategies to Prioritize Employee Wellbeing](#). Learn more about creative approaches nonprofits across the country have been using to combat stress and burnout.²⁶

Impact of American Rescue Plan Act Funds: The survey asked respondents to share their nonprofits’ success in securing resources from state and local governments that were allocated \$350 billion through the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) enacted as part of

²⁴ For more about how to use this benefit, see [The Public Service Loan Forgiveness program still solidly in place – and more valuable than ever to nonprofits and their employees](#), Tiffany Gorley Carter and Amy Silver O’Leary, National Council of Nonprofits, July 19, 2023.

²⁵ See [The Four-Day Work Week: one nonprofit’s positive experience](#), Allison Higgins and Amy Silver O’Leary, National Council of Nonprofits, June 22, 2023.

²⁶ See [Creative Approaches to the Nonprofit Workforce Shortage](#), National Council of Nonprofits.

the American Rescue Plan Act (ARPA). More than three out of four (76.6%) nonprofits provided input on whether they have received ARPA dollars and how those dollars affected workforce challenges. Many nonprofits used funds they received to keep staff employed, provide salary increases and retention bonuses, close funding gaps amid inflation, and purchase personal protective equipment (PPE) to keep operating. Because most of these funds were used for one-time grants or contracts, there has been a concern about sustaining operations into the future.

Practical Solutions Proposed by Nonprofits

As experts in their communities, nonprofits are aware of the challenges and some of the solutions that can be implemented or adjusted to reduce or eliminate their job vacancy rates. Here are several practical solutions proposed by survey participants:

Covering Full Costs: Many nonprofits called for more unrestricted funding opportunities that can cover the costs of administrative/development staff salaries, program staff salaries, and staff investments/benefits like professional development.

Focus on Equity: A human services provider in Minnesota believes there needs to be more support for nonprofit professionals, “especially those from marginalized communities, to reduce stress, build community, and advance their careers.” From a Washington grantee’s perspective, working with multiple funders can also lead to salary inequities: “With positions that are fully funded at a higher wage, it creates equity and retention issues because not all funders operate with this philosophy. As a result, two employees could be doing very similar jobs but have a huge discrepancy in their wages paid simply due to the difference in funders.”

Professional Pipeline: For a human services provider in Kentucky, there are key solutions to increase the pipeline into the nonprofit sector: “For positions that require licensing or master’s degrees, we need programs that will help to incentivize people to enter these fields (i.e., social work) and strengthen the pipeline of future professionals. There simply are not enough of them, which has exacerbated challenges.” A child care provider in Nevada suggested adjusting requirements for college graduation that include internships at nonprofits, more coordinated industry-specific job fairs, and creating workforce development grants to relieve barriers to employment such as transportation and certifications.

Small Size Matters: A human services nonprofit in Nebraska called for a shift in funding philosophy: “Smaller nonprofits fill important gaps and, because of their agility, often can reach folks larger organizations cannot. Both are needed. The trend seems to be financial support heading to larger nonprofits. Smaller nonprofits need to be able to hire/retain high quality staff too.”

Public Policy Solutions

The Fall 2021 survey report identified numerous public policy solutions to the nonprofit workforce shortages crisis, including promoting sound investment of American Rescue Plan Act resources, extension of the federal Employee Retention Tax Credit, and expansion of student loan forgiveness, as well as several longstanding reform proposals related to government grants and contracts.²⁷ A July 2022 update to the initial analysis provided examples of actions taken at the local, state, and federal levels to advance some of those solutions.²⁸

Responses to the April 2023 survey reaffirm the need for many of the previously recommended solutions and provide greater context and a sense of urgency given the ongoing crisis of nonprofit workforce shortages that affect everyone.

General Application

- **Charitable Giving Incentives:** Many nonprofits called for Congress to restore the ability for all individuals to receive tax deductions for making charitable contributions.²⁹ A mental health provider in Kentucky recommended tax incentives for landlords leasing space to nonprofits in behavioral health services.
- **Affordable Housing:** Seeing how nonprofit employees are struggling, several nonprofits expressed support for more investments in affordable housing, “transit-oriented development,” and legislation to prevent significant rent increases that force their staff and clients to leave their communities.

Reforming Government Grants and Contracting Systems

Responses to this survey and many others demonstrate that systemic and fundamental problems embedded in federal, state, and local government grantmaking and contracting systems impose unnecessary inefficiencies, financial hardships, and operational instability on nonprofits that governments hire to deliver services to the public. Among the consequences, according to 20.6% of the survey respondents, is that problems related to government grants and contracts are responsible for creating or exacerbating the nonprofit workforce shortage crisis by making it difficult for nonprofits to retain and recruit staff.

The National Council of Nonprofits has determined from previous investigations that there is not one universal legislative or regulatory fix that will realign government-nonprofit grantmaking and contracting systems. We have found, and documented,³⁰ that almost all systems break down and

²⁷ [The Scope and Impact of Nonprofit Workforce Shortages](#), National Council of Nonprofits, Dec. 13, 2021, pages 8-13.

²⁸ [Nonprofit Workforce Shortages: A Crisis that Affects Everyone](#), National Council of Nonprofits, July 2022.

²⁹ See generally, [Federal Charitable Giving Incentive](#), National Council of Nonprofits, updated regularly.

³⁰ [Towards Common Sense Contracting: What Taxpayers Deserve](#), National Council of Nonprofits, May 2014.

become dysfunctional over time. As a result, targeted reforms and adjustments are regularly needed. Below are specific reforms offered by nonprofits across the country in response to the 2023 survey. As in the earlier survey, challenges caused by government grants and contracts garnered a series of reform proposals worth advancing.

Failure to Cover True Costs: Perhaps the most common grievance of charitable nonprofits working pursuant to written agreements with governments is that governments – which cover the costs plus pay profits to for-profit entities – regularly fail to cover the costs nonprofits incur, whether those costs are called indirect costs, overhead, administrative costs, or in the next case, true costs. A large Kentucky human services provider explained that “grants and contracts should all pay the true cost of the service, including the cost of the critical infrastructure needed to run our businesses effectively.” They stress that “pay sources must include consistent increases in reimbursement rates into the future to help organizations to have the opportunity to pay better wages,” noting that “some of our reimbursements have not changed in 20 years.”

Paperwork Burdens and Workforce Shortages: A Minnesota nonprofit with staffing vacancies shared that during exit interviews, departing staff cited “burdensome data entry requirements of government contracts [as one of] two most common factors leading to burnout/dissatisfaction with work.” The correlation between burdensome and unnecessary paperwork and the workforce shortage is also explained eloquently by this Illinois nonprofit’s comment: “Many staff say the requirements for the government grants (documentation, assessments, multiple systems to have to work in) is too much and too stressful.” A New York nonprofit reported, “Monitoring of contracts with government is much more painful,” warning that “unreasonable petty demands may result in organizations closing.”

A small nonprofit providing crisis services in Connecticut revealed that “government grants have continuously increased the amount and frequency of reporting but provide no increase in grants to cover the increase in expenses to cover these tasks.” A Maine nonprofit echoed this theme, writing: “We are being asked to provide more and more information related to our work by our grantors. Yet no one wants to pay for administrative costs. We cannot keep up the demand for all the administrative work that is being required of us without it being funded.”

Data Collection: It’s not unusual for any government grantee or contractor to point to data collection requirements as an example of excessive bureaucracy. A Connecticut nonprofit expressed their exasperation this way: “Don’t gather data just to gather data.” They encourage “streamlining data to key indicators and reduce the data that is not being used or interpreted.” They also encourage governments to unify “expectations across all departments,” pointing out that “interpretation of rules varies across state and federal departments.” In addition to needed reforms and consolidation of federal grants portals and data collection requirements, frontline nonprofits recommend these two field-tested actions to reduce burdens and complexity:

- **Document Vault:** An Idaho nonprofit, that has as many as 20 federal and/or state grants at any one time, shared that most are for three years in length while one runs for five years. “All of the applications and continuation grants require many of the same organizational documents (501(c)(3) status, board list, assurances, audit, indirect rate).” That nonprofit’s plea is compelling: “Couldn’t all of these be uploaded to one place for our organization and updated annually rather than uploading them so many times?” The proposed solution – utilization of a “document vault” – is already in use by some governments.³¹
- **Standardized and Coordinated Reporting:** A nonprofit asked: “Across federal agencies, reporting varies considerably. Could semi-annual and annual or some other schedules be standardized for all federal grants?”

Complexification³²: Grant applications can be extremely long and often require a great deal of redundancy (e.g., state & federal certifications, attestations, and other documents nonprofits must fill out a dozen times each year). Smaller organizations typically do not have the capacity to undertake the extensive effort to apply. A North Carolina nonprofit opined that it seems that duplicative forms could be filled out once per year and kept on file by governments. A small Vermont nonprofit explained that federal grants are simply too complex, stating, “The most recent application that we decided not to pursue is the Community Block Economic Development Program.” The reason: “It was far too cumbersome and not nonprofit friendly.”

Overly Prescriptive Grant Requirements: A small human services nonprofit in Washington State expressed frustration that grants tend to include seemingly arbitrary and costly service requirements that are not fully funded. The nonprofit professional completing the workforce shortages survey wrote, “Narrowly focused grant or contract requirements do not provide baseline support for nonprofit administration and operations.” They go on to explain, “Nonprofits often know the community needs but fund[ing] sources dictate program design based on what they ‘think’ community needs.” Their conclusion: “This seems backwards.”

Grant Duration: The shorter the length of a grant, the less likely small or new organizations will seek to access the funding opportunity. “When grants are for only one year,” a small New York nonprofit explained, “more time is spent hiring and training than on the impact we are trying to make.” A North Carolina nonprofit focusing on substance abuse prevention observed that all the federal grants they have require reapplication each year, even when the grant award is a multi-year award. For example, for the DFC grant, “we were awarded our initial grant in 2016 and it was a 10-

³¹ See [Toward Common Sense Contracting: What Taxpayers Deserve](#), National Council of Nonprofits, May 2014, for more information.

³² See [Costs, Complexification, and Crisis: Government’s Human Services Contracting “System” Hurts Everyone](#), National Council of Nonprofits, October 2010.

year award,” yet, “each year [we] had to submit a ‘non-competing application,’ which is just as long but is generally just a formality.”

The rationale for supporting grants that extend beyond one year should be self-evident. Multi-year grants promote access for smaller organizations, reduce administrative costs for applicants and governments alike, and enable governments and nonprofits to evaluate progress and, when done right, adjust over time.

Reimbursable Grants vs. Up-Front Payments: The fact that most government grants for services are paid on a reimbursement basis is a significant challenge that charitable organizations are seeking to overcome. “Government grants and contracts are often approved on a reimbursement basis, and they do not always cover our program and/or admin costs,” wrote a large Oregon human services provider. In that state, and several others across the country, pending legislation would flip the practice and mandate lump-sum or partially pre-paid grants in many circumstances. This approach would make grants more accessible, and improve planning for nonprofits, enabling them to staff up and provide ongoing training to ensure both performance and accountability.

The system of requiring performance first and seeking reimbursement later imposes a burden on service providers to essentially front the governments’ start-up costs and trust that the government program management and accounts payable processes are properly functioning. The culture in government of only paying on a reimbursement basis is so prevalent that the U.S. Treasury Department had to expressly override it last year when instructing state and local governments on the rules governing spending of Coronavirus State and Local Fiscal Recovery Funds allocated under the American Rescue Plan Act.³³ In fact, the practice of reimbursement-only grants is so destructive that nonprofits are actively seeking reforms at the state level to ensure that grants to charitable nonprofits include an up-front expenditure component.³⁴

At a minimum, nonprofits believe Congress and state lawmakers should mandate that government departments and agencies cover the start-up costs and early operational expenses that charitable nonprofits reasonably incur in performing services on behalf of governments. The mandate should extend to the use of federal funds by pass-through entities like state and local governments.

³³ The “[Treasury] Department does not require or have a preference as to the payment structure for recipients that transfer funds to subrecipients (e.g., advance payments, reimbursement basis, etc.). Ultimately, recipients must comply with the eligible use requirements and any other applicable laws or requirements and are responsible for the actions of their subrecipients or beneficiaries.” [Final Rule for the State and Local Fiscal Recovery Funds](#), Treasury Department, Jan. 27, 2022, 87 Fed. Reg. at 4379, footnote 230. Elsewhere, the ARPA Final Rule states, “Recipients may transfer funds to subrecipients in several ways, including advance payments and on a reimbursement basis.” Final Rule, Treasury Department, Jan. 27, 2022, 87 Fed. Reg. at 4380.

³⁴ See **California** [A.B. 590](#) (stipulating an advance payment structure and request process); **North Carolina** [H.B. 259](#) (requiring full or quarterly disbursement of grant funds); and **Oregon** [S.B. 606](#) (restricting use of reimbursement as a mechanism for grant payments except in limited circumstances).

Funding Capacity Building: Frontline nonprofits report the recurring challenge of performing services on behalf of governments based on reimbursement rates that do not permit use of funds to build or maintain the required internal capacity. A very small Tennessee human services provider explained: “Most funders want to support programming, but programs don't manage themselves. There have to be people to lead, manage, report, and oversee those programs.” (Emphasis added.) Both as a practice that promotes access to federal grantmaking and as a way to ensure better outcomes, policymakers can improve outcomes and help overcome the nonprofit workforce shortages crisis by expressly funding capacity building programs such as grants management and reporting.

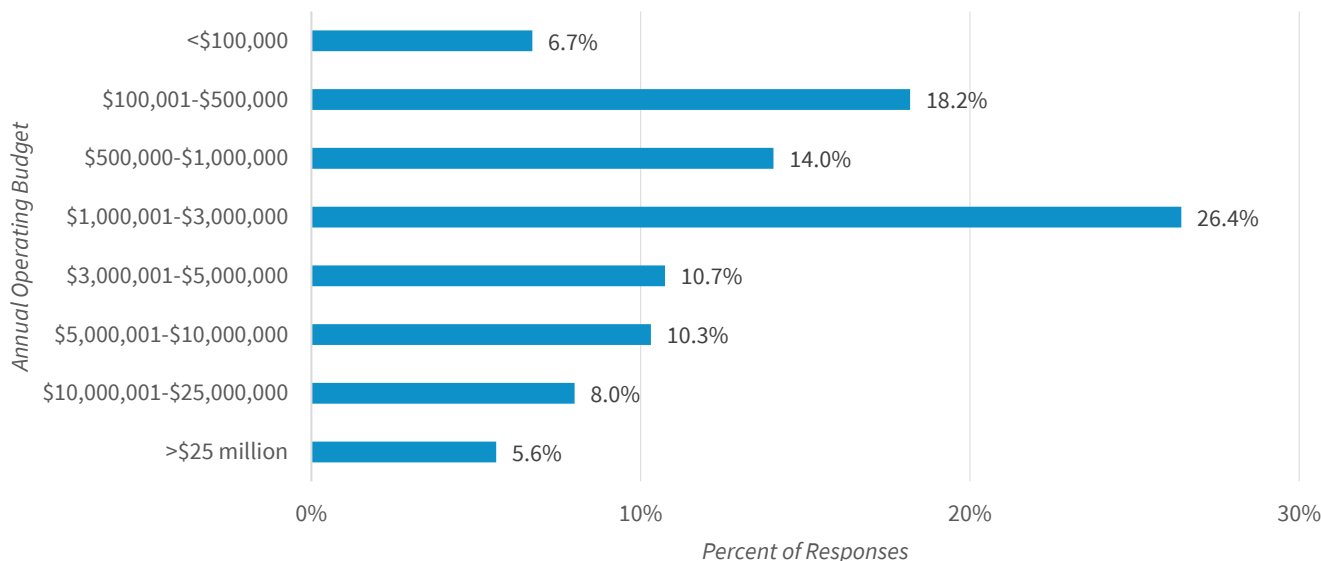
Profiles of Nonprofits Completing the Survey

This report is based primarily on responses to an online survey the National Council of Nonprofits developed and distributed electronically through its networks and newsletters in April 2023. The survey was open to all charitable nonprofits. More than 1,600 people from all 50 states and D.C. submitted responses to the survey. NCN staff collected the responses, analyzed the data, and wrote this report.

Who completed the survey - by budget size

Although workforce shortages impact nonprofits from all sectors and budgets, smaller nonprofits presumably feel the impact more. Nonprofits with annual operating budgets below \$1 million make up nearly four out of ten (38.9%) respondents, and 56.0% of them reported vacancies. Those with budgets of between \$1 million and \$3 million represent an estimated one out of four (26.4%) survey responses, and 79.9% indicated that their nonprofit had vacancies. Another 23.9% of nonprofits reported an annual operating budget greater than \$5 million, and 93.0% of nonprofits with that budget size reported vacancies.

Figure 4: Nonprofits' Annual Operating Budget



Who completed the survey - by the primary communities the nonprofit serves

Table 10: Communities Primarily Served by Nonprofits

Communities Primarily 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	490	29.9%
People living in rural communities	456	27.8%
People with disabilities	358	21.8%
People who identify as LGBTQ+	134	8.2%
None of the above	574	35.0%

Who completed the survey - by subsector

Nearly three out of ten responses came from the human services sector. Respondents that selected “other” elaborated that they worked in advocacy, agriculture, community development, economic development, legal aid, workforce development, and youth services.

Table 11: Responses to the Nonprofit Workforce Shortages Survey by Subsector

Subsector	Number of Responses	Percent of Responses
Human Services	465	28.4%
Other	244	14.9%
Arts, Culture, and Humanities	154	9.4%
Education (excluding higher education)	137	8.4%
Public/Societal Benefit	105	6.4%
Community/Civic Engagement	103	6.3%
Healthcare	88	5.4%
Housing	71	4.3%
Mental Health	65	4.0%
Multiple Subsectors	60	3.7%
Environment and Animal Welfare	56	3.4%
Child Care	55	3.4%
Research	12	0.7%
Religion	11	0.7%
Higher Education	7	0.4%
International	4	0.2%
Hospitals	2	0.1%

Appendix: State Reports

The National Council of Nonprofits has prepared state-specific reports in the 23 states with at least 25 survey responses.

- [Alaska](#)
- [Arizona](#)
- [California](#)
- [Connecticut](#)
- [Florida](#)
- [Illinois](#)
- [Kentucky](#)
- [Maine](#)
- [Maryland](#)
- [Michigan](#)
- [Minnesota](#)
- [Montana](#)
- [Nebraska](#)
- [New Jersey](#)
- [New York](#)
- [North Carolina](#)
- [Oregon](#)
- [Pennsylvania](#)
- [South Carolina](#)
- [Tennessee](#)
- [Vermont](#)
- [Washington](#)
- [Wyoming](#)