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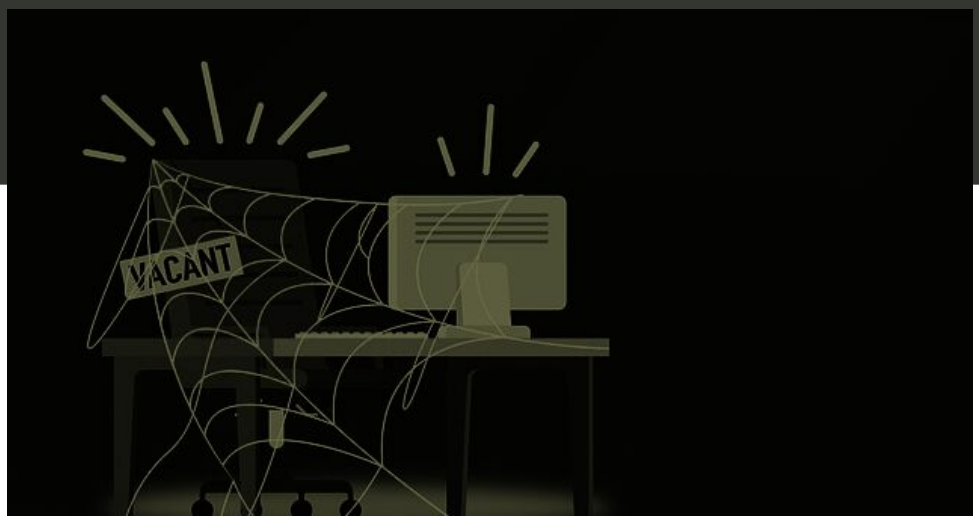
Is There (Still) A Nonprofit Labor Crunch?

03.30.23 | Linda J. Rosenthal, JD



By the end of 2021, the nonprofit sector was squarely in the bullseye of a surprising crisis; that is, on top of the unprecedented chaos and disruption of the COVID-19 pandemic more generally. All across the American economy, the "Great Resignation" was savaging a hoped-for recovery. And it was hitting nonprofit organizations particularly hard, compared with the for-profit and government sectors.

Now, eighteen months later, the data on how we're doing in terms of labor staffing or shortages is conflicting. It's so uncertain that the National Council of Nonprofits has just issued a challenge for help in collecting a substantial body of current data. See Nonprofit Workforce Survey on the NCN website.

This is the second survey round in which the National Council of Nonprofits has taken a lead to identify a crushing problem and collect accurate data about it. In October 2021, the networks of NCN circulated an online Survey on Nonprofit Workforce Shortage. The purpose: "to gauge the scope of the workforce shortage problems for charitable organizations and determine the impact on their abilities to advance their missions."

Rapidly, more than 900 nonprofits in 49 states completed and returned the survey. The results confirmed that a major worker shortage was taking a particularly devastating toll on the nonprofit sector, and that urgent attention would be needed – including from government – to address it. At that time, NCN's Rick Cohen observed that "… for the nonprofit sector and the population it serves, the high vacancy rate is "a potential tragedy at hand" because "… people in the community needing services can't get access to them." See also NCN's follow-up report: The Scope and Impact of Nonprofit Job Vacancies (November 15, 2021).

The "Great Resignation"

We covered this intriguing and devastating story back in December 2021, as the calls for action by sector leaders were growing. See The "Great Resignation" Problem in the Nonprofit Sector (December 7, 2021) ["This 'Great Resignation' crisis has swiftly moved front-and-center for the nonprofit community all around the nation."] See also The "Great Resignation": Exactly How Bad Is It for Nonprofits? (December 9, 2021) ["…[A]long with the Delta variant, a new crisis entered the mix of chaos and uncertainty. Dubbed 'The Great Resignation,' it's wreaking havoc across broad swaths of the American economy. But it's taking a particularly devastating toll on the nonprofit sector."]

That workers would not flock back to their old jobs once the lock downs of the pandemic were over was a shock all around. An organizational psychologist from Texas A&M University coined an entirely new phrase for it: The Great Resignation. Other experts offered analyses: "The pandemic, social and political events, and the relentlessness of navigating both personal and professional priorities created a perfect storm. Professionals in every sector feel burned out, disenfranchised, and are seeking a new normal which goes beyond remote work."

Nonprofits were not exempt from this trend. If anything, there were "already simmering pools of trouble," including the notoriously high rate of burnout in the sector, making it particularly susceptible to volatility. Other problems, like the "demographic time bomb" of too many executives at or near retirement age, were set to explode imminently in any event.

In the nonprofit sector, "alarm bells had already been going off for many months despite the (good-news) reports of falling unemployment rates" in 2021. There were two reasons for this concern. First, although the data suggested a rebound in employment at philanthropic organizations, it should have been more accurately described as a situation that" was "just a bit 'less bad' than in 2020." Second, the data had not been trending consistently in one direction for all of 2021 – adding to the uncertainty and confusion.

By the middle of 2022, the trouble had not subsided. See our post: The "Great Resignation": Update (June 6, 2022). According to one expert at the time: "If you thought the great resignation was a challenge last year, buckle up …. [M]ore people plan to leave their jobs this year than in 2021."

There were additional reports from seasoned observers that "many nonprofit leaders across the country" were leaving their jobs, turning over at a remarkable rate." The CEO of an executive-search firm covering the nonprofit sector for 26 years said she had never "seen anything like this."

.And there were dire predictions: See The Great Resignation could last for years, says the expert who coined the term (April 4, 2022) Colin Lodewick, Fortune.

What's Happening Now: Uncertainty

In launching this current – urgent – survey, last week, the National Council of Nonprofits is asking: "Is the Nonprofit Workforce Shortage Crisis Still a Thing?"

"Now," eighteen months after NCN circulated its first survey in October 2021 (as the Great Resignation was exploding all around), "the state of nonprofit employment is unclear."

"One view is that the nonprofit workforce has fully recovered to pre-pandemic levels. Other reports – from all over the country – suggest problems persist as charitable organizations compete for employees with governments and for-profit entities while trying to cope with increased demand for services, natural disasters, inflation, and declining revenues."

Conclusion

This "lack of accurate data makes it hard to manage the situation, much less overcome the growing challenges," according to NCN.

In connection with this current survey, the National Council of Nonprofits is hoping for an equally robust and immediate level of participation as the October 2021 effort.

"Help tell the charitable nonprofit story today. The results of the confidential survey will drive solutions for this year and beyond."

— Linda J. Rosenthal, J.D., FPLG Information & Research Director