



GENERAL

Rethinking Nonprofits' Disaster Planning

03.21.19 | Linda J. Rosenthal, JD



Recently, Bryan McQueenly raised a provocative issue to his neighbors in an op-ed in the Ventura County Star. In *The Real Costs of Disasters for Nonprofits*, this Southern California-based CEO of a 501(c)(3) asserts that the reality of recurring – and, indeed escalating – natural disasters poses a serious threat to the short- and long-term viability of most Golden State nonprofits.

Like other residents of Ventura County, he knows first-hand about the devastation brought by natural disasters to the community at large and, particularly, to the local nonprofits who are expected to bear a good part of the load of disaster aid and relief.

In his county, the year 2018 began with catastrophic mudflows and ended with worse-than-usual wildfires. As a piece in the Los Angeles Times made clear, “whether fire or earthquake, mudslide or drought, natural disaster is an inextricable part of the California experience.” And, of course, there are man-made disasters like the mass shooting in Ventura in 2018.

Mr. McQueenly lauds the emergency response by “first responders, the nonprofit community and the people of Ventura County,” but argues that the burden is unsustainable. “The immediate costs of the crises can be measured in buildings burned, people displaced, those injured and lost. Those tragic losses are compounded by longer-term costs that can be harder to quantify. For nonprofits, this can trigger yet another catastrophe.”

Insufficient Safety Net

The vast majority of nonprofit organizations are severely underfunded; they operate on a shoestring. Some 53% of nonprofits have three months or more less of cash on hand.” A significant reason is that “governments rarely or never cover the full costs of a program for 70 percent of nonprofits.”



Foundations and private donors “do only slightly better, covering the full costs of a program 48 percent of the time.” These funders want to support direct program costs, and have traditionally balked at paying for overhead or general operating support – although, as we and others have reported – there is a push to change the negative thinking about this “overhead myth.”

On a normal day, the philanthropy sector is somewhat “fragile and vulnerable.” Throw into that mix just one emergency and “nonprofits that are already stretched can break.” Just a single crisis can mean massive evacuations and dislocations as well as damage to physical facilities and necessary utilities services. There is immediately a giant leap in demand for services by the nonprofits, on top of the damage and losses suffered directly by these organizations.

Disaster Planning Must Change

Mr. McQueenly’s key point in his op-ed is that a community’s nonprofits are needed as part of an area’s critical infrastructure. The “long-term health” of the philanthropy sector must be protected as part of the overall disaster planning. Funders must rethink and reconsider objectives in light of the reality of recurring disasters.

In particular, there should be an understanding of the true, full costs that arise in the immediate hours, days, and weeks following a community-wide emergency – in addition to actual physical damage. They include, for instance, costs for evacuation, overtime, emergency care, and shutdowns when service delivery is interrupted.

They also include significant disruptions and changes in donation patterns for area nonprofits; routine donations are supplanted by money contributed for emergency response. There is often a decrease in annual support because of the emergency response, donor exhaustion, and “long-term shifts in giving patterns caused by the destruction of thousands of homes and businesses.”

Conclusion

Just as it’s important for funders to correct the traditional imbalance in support for direct program costs vs. overhead, it’s also critical for grantmakers and donors in disaster-prone areas to take into account (and allocate money for) the special, catastrophic costs arising from these predictable and expected crises.

The rationale for “funding for emergency response is no different” than the arguments set out in favor of increased general operating support funding. “Now is not the time for foundations to micromanage or second-guess nonprofits. It is time for full-throated support of a critical partner which can fill the gaps ripped open by a crisis.”

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