

The "Great Resignation" Problem in the Nonprofit Sector

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Before the pandemic, there were already simmering pools of trouble ahead for the nation's overall workforce and for the nonprofit sector's more particularly.

The demographic time bomb of too many baby-boomer workers set to retire has been a crisis about to explode in every part of the U.S. economy. Many 501(c)(3)s have been top-heavy with older workers, especially in the senior executive ranks.

The longtime problem of staff burnout (from the top posts down to entry level positions) continues to be a significant drain on the pool of talent willing to continue in the nonprofit sector. And our community's development professionals, most particularly, have been leaving their jobs in droves. While burnout in that high-pressure environment is a key factor, so – too – is sexual harassment. It's almost an open secret that many donors feel entitled to prey on (mainly) female and younger fundraisers whose job evaluations are based on getting results from these powerful patrons. This unacceptable behavior has also come – albeit to a lesser extent – from board members and supervisory staff. Despite some sunlight recently directed at this problem, much more needs to be done.

Then came COVID-19 and the long period of furloughs and layoffs. It was generally assumed that when the pandemic subsided, hordes of workers would flock back to newly opened workplaces. But in late spring 2021, when the future was looking brighter (temporarily), that didn't happen.

This major worker shortage is having a significant impact throughout the American economy. But for the nonprofit sector and the population it serves, the high vacancy rate is "a potential tragedy at hand," according to Rick Cohen of the National Council of Nonprofits. "When we have a worker shortage," then people in the community needing services can't get access to them.

The Great Resignation

The reality of workers en masse refusing to take available American jobs is not solely related to the peculiar economic disruptions caused by COVID-19. “Modern employees are reassessing their values , more aggressively protecting their time and opening themselves to possibilities that give them a greater sense of purpose.” This phenomenon was first described in 2019 by Anthony Klotz, a management professor at Texas A&M University, who coined a special term for it: the “Great Resignation.”

“The pandemic has ... accelerated a movement that had been picking up steam for years.” See As The Pandemic Recedes, Millions Of Workers Are Saying ‘I Quit’ (June 24, 2021) Andrea Hsu, *NPR* [“Four million American workers quit their jobs in April of this year, 3.6 million joined them in May, and 3.9 million followed them out the door in June.”]

In the nonprofit sector, alarm bells have been going off for many months despite the (good-news) reports of falling unemployment rates in 2021. There are two reasons for this concern. First, although the data suggests a rebound in employment at philanthropic organizations, it’s more accurately described as a situation that’s now just a bit “less bad” than in 2020. Second, the data has not trended consistently in one direction all year – adding to a sense of uncertainty and confusion.

View from the Trenches

In October 2021, the networks of the National Council of Nonprofits (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.”

Asking respondents to “share the challenges your nonprofit is facing and the effects on the people you serve,” questions include:

- What factors are affecting your nonprofit’s ability to recruit/retain staff? (select all that apply from a list including “ability to find child care, salary competition, vaccination policies, not sure, and other”)
- What is your nonprofit’s current job vacancy rate?
- How long is the current waiting list for your nonprofit’s services?
- Please share any additional detail on the challenges your nonprofit is facing

More than 900 nonprofits in 49 states have completed and returned this Survey on Nonprofit Workforce Shortage. Apparently, this information-gathering effort continues and additional organizations are welcome to participate. But key findings so far, according to NCN’s “preliminary analysis,” include:

- Vacancy rates between zero and 9%: Almost half (47%) of respondents
- Vacancy rates between 10% and 19%: About 15%
- Vacancy rates between 20% and 29%: A “troubling” 26%

In addition, 27% of respondents report that their waiting list (for client services) has jumped to more than one month due to these job vacancies. See The Scope and Impact of Nonprofit Job Vacancies

(November 15, 2021).

Notably, respondents were “clear” on the causes of the job vacancies:

- Salary competition cited as at least one factor: 80%
- Inability to find child care: 23% reported this affected recruitment and retention
- Vaccination policies: 21%

The “solutions to the job vacancy challenges” proposed by participating organizations skew heavily towards desired action and reforms from the government; some 58% of them are human-services providers working under written contracts for services with federal, state, or local partners. The NCN researchers cite several recurring themes, “often reflecting long-standing problems made worse by the pandemic and resulting economic crisis.” Most particularly, they want the government agencies to “update reimbursement rates,” implement cost-of-living adjustments, and recognize and pay indirect cost rates. In addition, they want the Bureau of Labor Statistics to collect and publish current nonprofit employment data.

On November 29, 2021, the National Council of Nonprofits issued an update: [*Addressing the Nonprofit Workforce Crisis ... the Nonprofit Advocacy Way*](#). “When organizations dedicated to serving the public good can’t secure the workforce to provide vital services, the whole community suffers. That is the case right now, as thousands of nonprofit jobs go unfilled....” NCN adds that “nonprofits around the country are doing their part to raise awareness of the challenge to whole communities, to collect and analyze data to identify the problem and solutions, and take action to protect our communities.”

This recent national focus on collective “awareness, analysis, and action” is not going unheeded. “[N]onprofit leaders have been speaking out, raising the alarm about the problems facing nonprofits that can’t hire the staff they need.” In addition to a flurry of media appearances calling attention to this issue, leaders around the country are testifying before government bodies and scheduling regional forums.

Just one example of this group problem-solving effort is the virtual conference last month by USD’s Nonprofit Institute for the greater San Diego area’s funders and organization leaders. See [*Funder-Grantee Relationships: Navigating Change*](#) (November 30, 2021). On one of the three days, the focus was exclusively on this worker-shortage crisis. Participants eagerly voiced concerns and shared ideas, grateful for the opportunity to acknowledge and confront it as a *sector-wide* issue.

Conclusion

This “Great Resignation” crisis has swiftly moved front-and-center for the nonprofit community all around the nation. We’ll continue exploring it in the next post.

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