

# The Nonprofit Labor Crunch: An Update

12.15.21 | Linda J. Rosenthal, JD



“What was initially considered a challenge” just months ago “has now become a workforce crisis.”

That’s the urgent warning from the National Council of Nonprofits (NCN) [published](#) on December 13, 2021, about the serious labor shortage recently making news.

While this is a worrisome development broadly affecting the American economy, it’s striking particularly hard in the nonprofit sector. See our posts from last week: [The “Great Resignation” Problem in the Nonprofit Sector](#) (December 7, 2021) and [The “Great Resignation”: Exactly How Bad Is It For Nonprofits?](#) (December 9, 2021).

But is the “Great Resignation,” the popular shorthand phrase splashed all over the headlines, the best description for this phenomenon? Perhaps not, observes LinkedIn’s Chief Economist, Guy Berger, Ph.D., in a [post a few days ago](#) on that platform. Maybe the “Great Reshuffling” should be substituted.

It’s a more accurate term, Dr. Berger explains, for what’s happening in this current phase of the COVID-19 pandemic. It’s not that American workers are staying home or “resigning” from the labor force. “Quits are definitely extremely elevated,” he writes, “but so are hires. Folks aren’t resigning from the workforce, they’re resigning to take better jobs! This is especially true for many workers in lower-paid industries and roles.”

Nonprofit staffers – notoriously undercompensated and burned out – are among those saying: “Enough.” And the private sector (primarily) is successfully poaching this rich cache of talent. After all, for-profit businesses offer much better pay *and* don’t require employees to labor 24/7 on the most intractable and soul-crushing problems of modern civilization.

## *New Survey Results*

It's a "crisis in need of rapid remedy and long-term commitment ...." That's the chilling plea from the folks at NCN, based on the latest evaluation of results from the survey they first circulated two months ago in October.

They wanted a real-time gauge of the breadth and severity of this emerging problem. To date, more than 1,000 organizations from all fifty states have participated. See *The Scope and Impact of Nonprofit Workforce Shortages* (updated and expanded, December 13, 2021, superseding earlier interim analyses), National Council of Nonprofits.

The questionnaire, attached at the end of the 15-page, December 13th report, has just seven items. There are five "facts and figures" inquiries; the core matter being posed first: "What is your nonprofit's current job vacancy rate?"

The numbers are alarming.

But "[d]ata points without context are merely statistics on a page," say the NCN researchers. Here, the most meaningful results have come from hundreds of poignant observations and thoughtful narratives. The survey items 5 and 6 invite these "comments from frontline practitioners to help explain whether and [why] the nonprofit workforce shortages matter in the real world, and how it affects their communities":

- "5. Please share any additional detail on the challenges your nonprofit is facing."
- "6. Please share any suggestions you have for solutions to these workforce challenges."

There have been 708 submissions describing the myriad labor challenges and another 484 offering suggestions and solutions.

The responses are "as illuminating as" they are "profound."

## *Numbers and Raw Frustration*

The report writers have masterfully distilled key facts and figures as well as a compelling snapshot of the view from the trenches of this unfolding emergency.

They helpfully sprinkle their summary of these multiple difficulties with brief snippets of respondents' direct quotations conveying deep fatigue and frustration. See for example:

- "Our frontline workers are exhausted and under stress" ... amplified by not earning ... "a living wage"
- "During a pandemic, where staff have to juggle personal and professional challenges in new and wildly different ways, the rates of burnout are exponential"
- "The nature of the work we do in providing support to trauma survivors and the hours we operate, take a toll on staff, during the best of times"
- "The stress of covering vacant positions on top of low pay is overwhelming"
- "We are taking advantage of just about every funding opportunity we hear about, but ironically it takes one person dedicated to finding and writing grants to keep up with them all; ironically, that is one of the positions we are struggling to fill currently"

- “We are overworked, underpaid and see no relief in sight. At this point, we’re just hoping we survive”

## *Recycling Solution Proposals*

The concluding report section describing the abundant suggestions and reform ideas from respondents is also deftly presented, again featuring direct-quote morsels like these:

- “Many of our long-term funders are providing exactly the same dollar amount as they did ten years ago” but “payroll costs ... have almost doubled”
- “Increased reimbursement rates are critical so that we can increase salaries and retain talent”
- “Our biggest issue is compensation, but it isn’t something that a couple of dollars an hour extra can fix....”
- Funders at all levels need “to pay for administrative infrastructure or there will not be staff to do the programs they want to support”
- “There must be ‘regular (annual) mandatory rate reviews’ of reimbursement rates”
- Our contracts [need] built-in escalators to allow for inflationary or cost-of-living increases”
- State and federal contracts have to reimburse at a reasonable rate so that our employees earn enough that they do not qualify for the aid we provide our clients”

There’s an understandably sharper tone in some of these selections. Most respondents are seasoned nonprofit executives who have previously offered thoughtful and reasonable reform ideas, only to have them rebuffed or ignored.

The report authors include their own message for government and foundation funders: “The workforce and other challenges made worse by the pandemic require an honest evaluation of the funding practices considered normal by many, but that undermine the sustainability of charitable nonprofits and the vital services and impact they provide their local communities.”

They add: “Funders must take the lead in breaking a vicious cycle that is leaving nonprofits so hungry for decent infrastructure that they can barely function as organizations — let alone serve their beneficiaries.”

## *Conclusion*

Simply put, this excellent December 13, 2021, survey report by the National Council of Nonprofits is a must-read; an urgent call-to-action.

The message is crisp and clear. It can’t be ignored.

Not any longer.

The nonprofit sector may be at a critical tipping point: Long-simmering problems exacerbated by the extraordinary upheaval of the COVID-19 pandemic are combining in a perfect storm of troubles.

– *Linda J. Rosenthal, J.D., Information & Research Director*