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THE RILEY CENTER FOR
LIVABLE COMMUNITIES



Together SC
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COVID-19 and the Status of South Carolina's Nonprofit Sector Top Line Survey Report

The Riley Center for Livable Communities at the College of Charleston conducted this survey in partnership with Together SC, the South Carolina Grantmakers Network, the United Way Association of South Carolina, the Greenville Partnership for Philanthropy, the Community Foundation of Greenville, and the NonProfit Alliance Greenville.

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The Riley Center and Together SC

COVID-19 and the Status of South Carolina's Nonprofit Sector

Background and Objectives

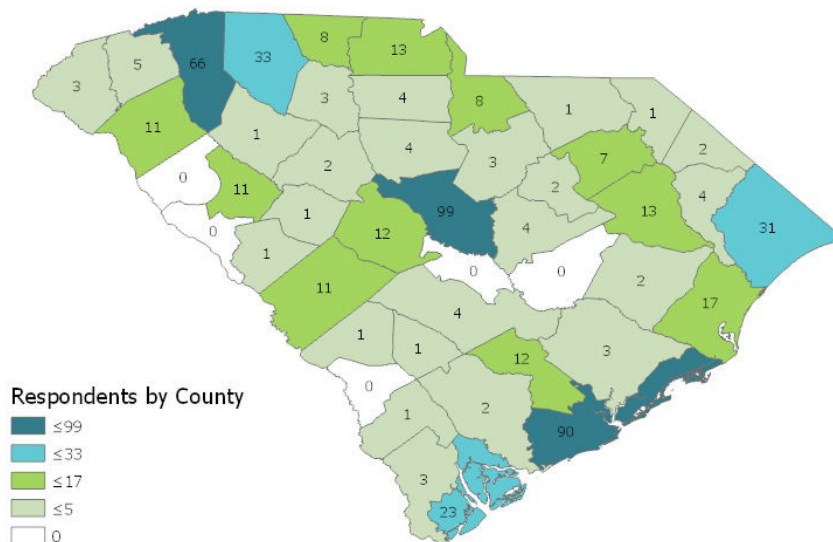
South Carolina, like many states, has been significantly affected by COVID-19 with more than 2,900 deaths and serious economic consequences across all sectors of the economy. The goal of this research is to more completely and more deeply understand the current status of the nonprofit sector during the pandemic.

The Riley Center for Livable Communities at the College of Charleston conducted this survey in partnership with Together SC, the South Carolina Grantmakers Network, the United Way Association of South Carolina, Greenville Partnership for Philanthropy, the Community Foundation of Greenville, and the NonProfit Alliance Greenville. Study objectives include:

1. Assess the financial health and status of nonprofits in SC, by sub-sector and region.
2. Understand operational and programmatic changes made by nonprofits as a result of COVID-19 and needs they may have going forward.
3. Learn if SC nonprofit organizations have changed, expanded or revised their mission or methods of service delivery as a result of COVID-19.

Participating Organization Profile

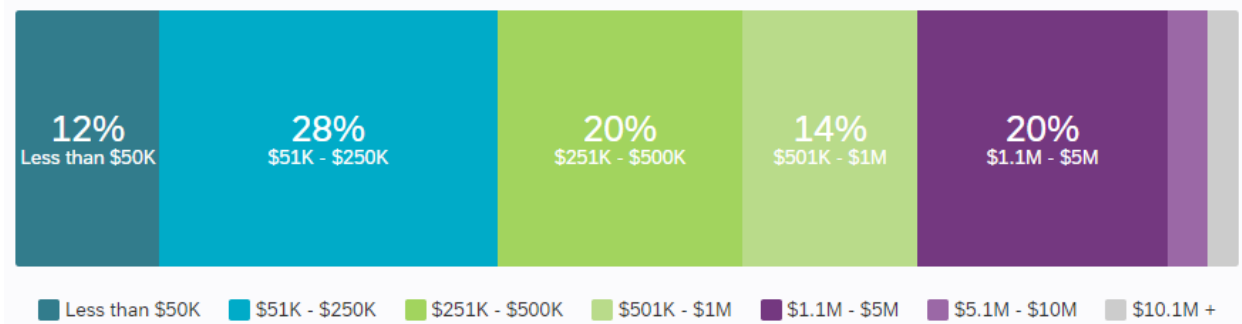
- Lists of nonprofit organizations and grantees of the survey sponsors were compiled by Together SC, yielding an effective mail-out of 2,954. Data were collected from September 1 through September 8, 2020 via an online Qualtrics survey of 33 questions. Only one response per organization was requested/allowed. A total of 566 respondents completed the survey, a 19% response rate.
- Eighty six percent of respondents are the organization's CEO or Executive Director. In about 10% of the cases, a COO, CFO or a board director responded. For just a few, a volunteer or staff person responded.
- All sectors of the nonprofit community participated in the survey with Human Services being the largest sub-sector (32%), followed by Arts, Culture and the Humanities and Health (17% each).
- Respondent organizations represent a cross section of the state by county. Seventy percent of respondents have their primary office in one of the top ten most populous counties (Richland at 19%, Charleston 17%, Greenville 12%). Thirty percent of responding organizations are from smaller, rural counties. Forty-one of SC's 46 counties are represented with at least one respondent as illustrated below. Counties without a single respondent are: Abbeville, McCormick, Calhoun, Clarendon, Allendale.



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- Sixteen percent of organizations responding serve clients statewide, with 27% focusing on the Upstate, 28% serving the Lowcountry, 21% serving the Midlands and 8% working in the PeeDee region.
- Three quarters of the nonprofits responding have 25 or fewer employees as of March 2020. Nearly half (49%) have five or fewer employees. Eleven percent report no employees.
- The sample is diverse by size. See annual budget distribution below, with most being in the \$51K - \$250K range but also 20% in the \$251K to \$500K range and the same proportion in the \$1.1M to \$5M category. Three percent of respondents are in each of the two highest categories -- \$5.1-\$10M and \$10.1M+.

Graph 1
Annual Operating Budget of Nonprofit Organizations
N = 538



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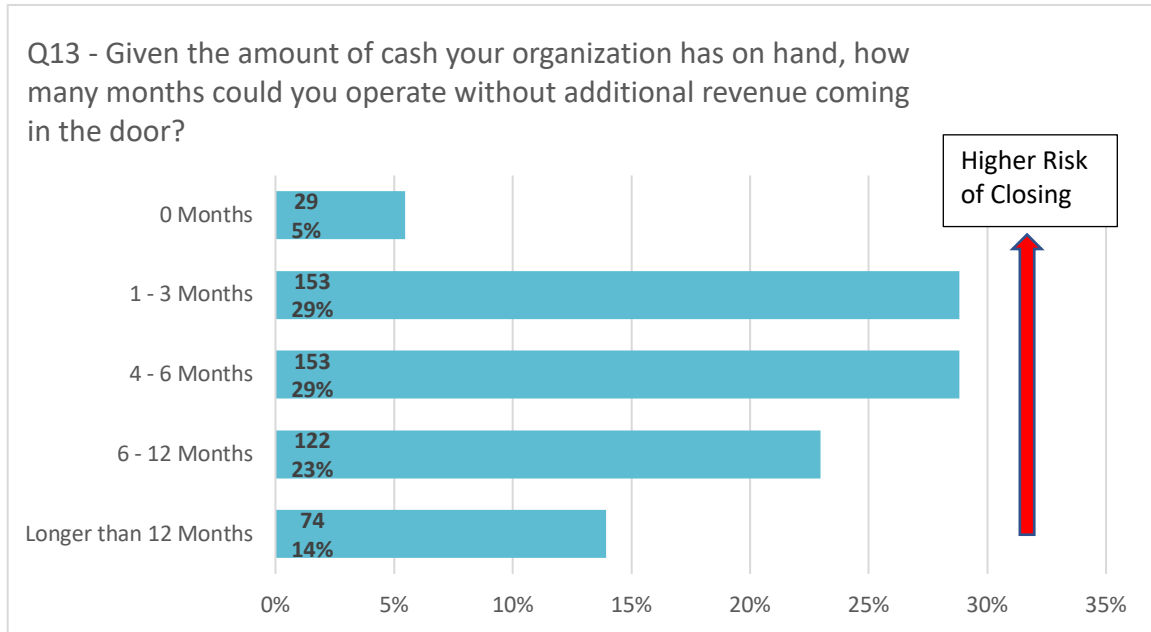
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Financial Health

- Nearly two thirds (63%) of nonprofits responding indicate they can survive for only six months or fewer without additional funding. Five percent indicate they are out of funds now and 29% say they can only operate for three more months without additional funds. *"I am concerned about the long-term effect on our viability. We can use loans to get through this year but going into next fiscal year with significant debt and anticipating that we will continue to be restricted in our capacity to earn income is concerning."*

Graph 2

Months to Operate without Additional Revenue



Number on the top of each bar is the number of organizations, followed by the percent of total.

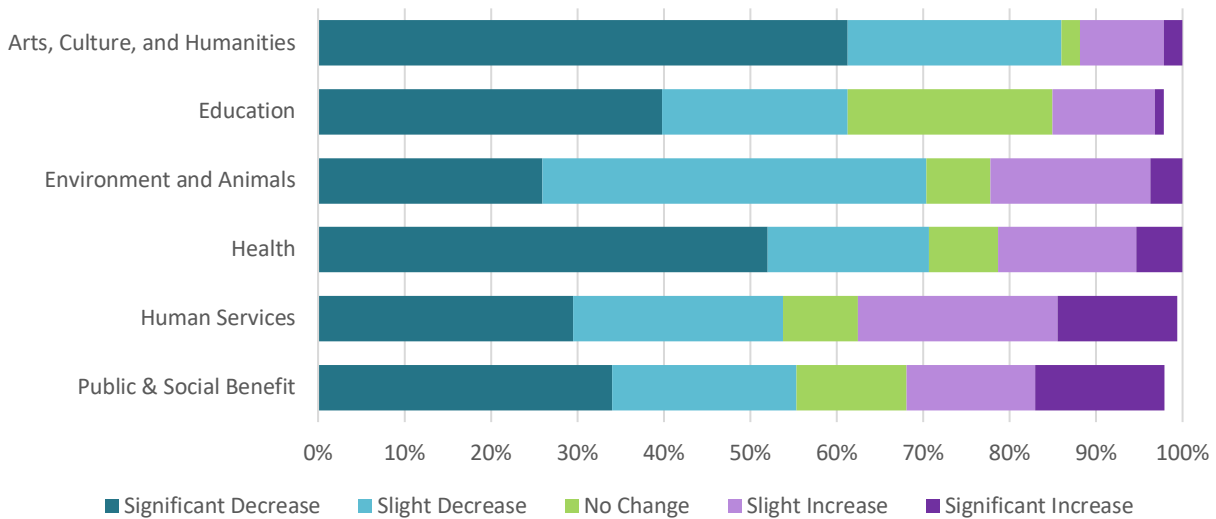
- The segment that is out of money (zero-month) is diverse in terms of size. While smaller organizations (annual budget of less than \$250K) constitute 62% of this segment, there is at least one organization of every budget size category represented, including \$10.1M plus.
- Twenty-eight percent of organizations in the zero-month segment list fees for service as their top source of revenue. Thirty-five percent list individual giving as their second highest source of revenue.
- Thirty-eight percent of these organizations are in the education sector. The education sub-sector is over-represented in the zero-month segment, while human services organizations are under-represented.
- The organizations comprising the zero-month segment are much more likely than all others to have 40% or more of their support coming from a single source (82% versus 62% of the total).
- The zero-month segment is evenly spread across the state, with all regions across the state being at risk of nonprofit organizations closing.
- Only 10 of the 29 organizations in the zero-month segment received Paycheck Protection Program funds, 19 did not.
- Sixty-two percent of the zero-month segment indicate that their single biggest need through the end of the calendar year is cash to make up for lost revenue. Thirty five percent report needing help navigating funding opportunities with philanthropy.
- Thirty-one percent report needing cash and help to restructure programs and services.

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- Another indicator of the financial challenge of these nonprofits is that 63% indicate that one source accounts for more than 40% of their revenue stream pre-COVID-19. Lack of diversified funding is a key risk factor for nonprofits, especially during the pandemic.
- Since COVID-19, in total 76% report a slight or significant decrease in funding, while 16% indicate a slight increase and 8% a significant increase. There is great variation by sector, however, with Arts, Culture and the Humanities faring the worst and Human Services and Public and Social Benefit faring much better. See graph 2.
- By far, the federal government, especially the Payroll Protection Program (PPP), is the most often cited source of COVID-19 relief related funding. In total, 227 organizations responding to the survey indicated they received PPP awards. Other federal efforts like the Economic Injury Disaster Loan Advance (58 organizations) and Emergency Solutions resources and CARES act funds are also cited (67 respondents).
- Respondents were asked to rank their top three sources of funding. Individual giving has the highest aggregate ranking, followed by foundations and the federal government.

**Graph 3
Increase/Decrease in Funding**

Has your organization experienced an increase or decrease in funding since Mid-March, the beginning of COVID-19?



Impact on Staff

- One in five of the organizations responding indicate they have furloughed staff as a result of COVID-19. Similarly, 19% indicate they have cut staff hours. *“We are very concerned for the safety of our staff and our clients. Especially concerned about mental health issues affecting isolated seniors.”*
- Thirty seven percent of respondents indicate the pandemic has had no effect on their organizations' staffing levels.

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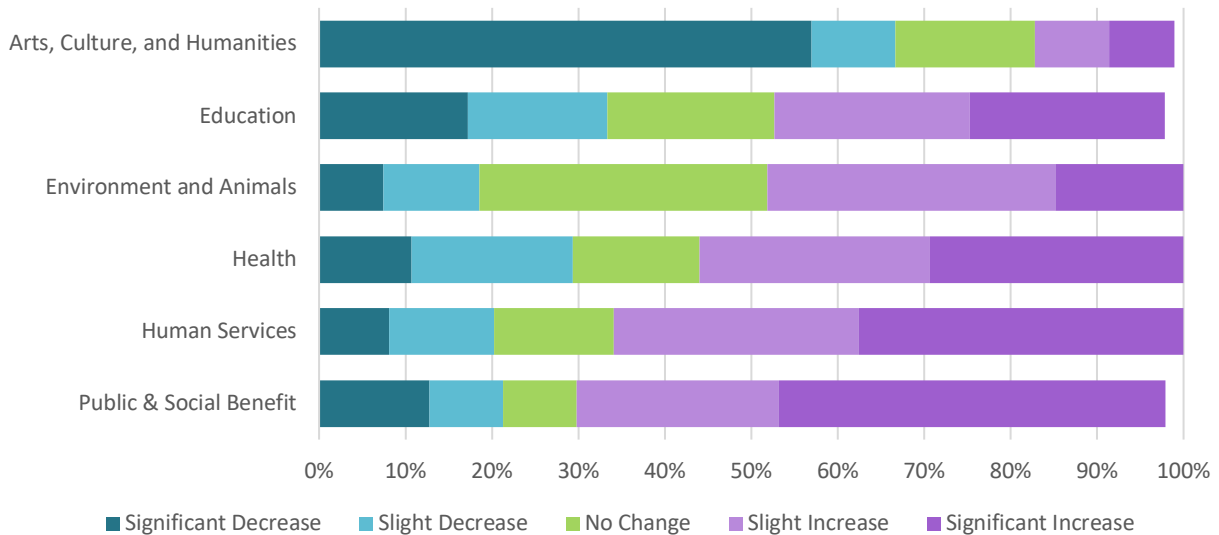
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Operational and Programmatic Changes

- Graph 3 shows the increase or decrease in demand for services since mid-March. Human Services and Public and Social Benefit organizations have seen the largest increases in demand. Arts, Culture and Humanities has experienced the largest decrease in demand for services and programs.
 - More than half (57%) report that the pandemic has impacted their ability to fulfill their mission.
 - More than nine of ten (93%) indicate that they have altered their program or service delivery methods as a result of COVID-19. Yet, only 6% see these changes as permanent while 47% indicate they are temporary and 47% report they are unsure.
- “For where we are in our development as a nonprofit, this has been a staggering blow. We are able to carry on our fee for service for the most part and EIDL and PPP have been helpful, but so far as community engagement and fundraising, we are at a standstill.”*
- The nature of programmatic change is contextual depending on the type of non-profit. Commonly, organizations talk about loss of volunteers, moving interactions online with Zoom, inability to hold public meetings and a variety of other changes. Those who depend heavily on events to fundraise have been particularly hard hit.

Graph 4
Increase/Decrease in Demand for Services

Has your organization experienced an increase or decrease in demand for services since Mid-March, the beginning of COVID-19 in the USA?



Needs Looking Forward Through the End of the Calendar Year

- South Carolina’s nonprofit sector has profound needs as they look to maintain services through the end of the calendar year. The single greatest need is **cash to meet operating needs due to lost revenue** (287 Organizations/54%). Second, SC nonprofits need assistance navigating any special funding resources (229 organizations/43%). Effectively and safely managing a return to in-person work and service delivery is a significant need for 149 organizations/28%. Other needs include supplies/personal protective equipment,

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help or cash to restructure programs and cash flow to meet increased demand. Help in understanding if loans or lines of credit are available was selected the least (35 organizations). See data table below.

**Table 1
Needs Through the End of the Calendar Year**

• In the next 4 months, through the end of the calendar year, what are your greatest needs? (multiple response)	Total %	Org. #
Cash flow to meet operating needs due to lost revenue	54%	287
Help navigating any special funding resources that exist from philanthropic sources	43%	229
Effectively and safely managing a return to in-person work and service delivery.	28%	149
Supplies (cleaning supplies, hand sanitizer, personal protective equipment, medical equipment, etc.)	27%	145
Help or cash to restructure programs and/or services	23%	122
Cash flow to meet increased demand	22%	118
Help understanding what my peers are doing	16%	84
Help with remote work technology or management	15%	79
Help understanding the laws related to unemployment or HR issues	7%	38
Help understanding if loans or lines of credit are available to our organization	6%	35

- The amount of cash needed to remain afloat through the end of the calendar year varies widely by organization. Some of the smallest organizations could maintain operations with as little as \$2,000 a month, while there are a handful of larger organizations that need a million dollars or more to make up for lost revenue. Of the 287 organizations indicating they need cash to survive through the end of year, 209 provided usable estimates which total \$61,414,691. This is an average per organization of \$293,850 needed to stay afloat to make up for lost revenue.
- Human Service organizations and Public and Social Benefit sub-sectors reflect the greatest increase in demands on their organizations' services and programs. (See graph 3 above). Twenty two percent of organizations (118) responding indicate they need more cash to meet increased demand. Of those, 87 provided usable estimates totaling \$13,255,495 for cash to respond to increased demand. This is an average per organization of \$152,362.
- Twenty two percent of organizations responding indicate they need help or cash to restructure programs/or services. Most commonly, these organizations need money and technical support to purchase and implement remote computer communications, start online stores and/or move fundraising away from event based and more to online giving.
- In addition to the cash needs, it is clear that these nonprofit organizations need assistance:
 - navigating the funding process with philanthropies
 - procuring cleaning supplies/PPE
 - planning and executing return to work protocols and remote working challenges
 - understanding HR laws and issues in regard to unemployment benefits

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Positive Impacts/"Silver Lining"

- Despite the myriad serious challenges, 60% of organizations have experienced silver linings during the pandemic. The establishment of remote work options has had convenience benefits for staff. Virtual programming has in some cases enabled organizations to reach a larger audience.
"We realized we were well set to go virtual and are in the process of moving to a smaller office space, which will save us tens of thousands of dollars annually."
- The necessity to adapt, be flexible and be creative are common themes. Some organizations believe this has led to innovation and better service delivery, organizational efficiency, or new funding sources that will continue going forward. For others, adaptations are temporary but have allowed them to remain in operation. Health organizations have been able to implement telemedicine, sometimes expanding their reach, but the level of care is not always equivalent. Overall, a number of organizations expressed that they are now more confident in their ability to be adaptive and think outside of the box.
"...there is no substitute for in-person respite programs for families living with Alzheimer's or dementia."
- Some human services organizations have seen an increase, (in some cases significant) in funding, community awareness, need for their work, and demand for services. Food banks and pantries and homeless service providers, for example, have seen increases in demand *and* funding. There seems to be a hierarchy of needs effect in which organizations focused on basic human needs have received the greatest share of public attention and donations during the pandemic.
"There has been significant (increase) in demand for our services when COVID hit. And also, an increase in recognition of (our) importance by donors and funders. Therefore, we have seen a 225% increase in donations/grants/gifts."
"The testimonies from our families have demonstrated the true impact we have had on their lives. We had nearly 75% of our medically complex students' families choose to send their children back for on-site instruction, stating the positive impact our organization has on them, and their child's quality of life."

A few organizations reported that hardships faced by the community or their clients reaffirmed the need for their services and reinforced their motivation for public service.