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Impact of COVID-19 Hits Kentucky Nonprofits Hard

Significant Loss of Revenue and Jobs Hurting Nonprofits' Ability to Meet Community Needs

(LEXINGTON, Ky.—) A [survey conducted by Kentucky Nonprofit Network \(KNN\) and Grantmakers of Kentucky](#) reveals that 92% of responding Kentucky nonprofits report being disrupted by the COVID-19 pandemic. Launched on Monday, March 16, the survey has collected 420 responses from nonprofit leaders across the state. COVID-19 and its spillover impact have made the missions of the Commonwealth's 20,000+ nonprofits more challenging than ever – threatening lives and jobs, including the community safety net staffed and supported by many of Kentucky's nonprofit organizations.

Nonprofits rely on donations from individual and corporations, contracts with state and local government to deliver required services, fee for service income (typically on a sliding fee scale based on an individual's ability to pay) and grants to finance their missions. The economic fallout due to COVID-19 is expected to be devastating for the nonprofit sector's ability to fund operations, many of which serve the most vulnerable populations.

Of the organizations responding to the survey, 86% reported decreased revenue from cancelled events and 80% report disruption of services that are often paid for by fee for service income, grants and contracts. 74% report budgetary implications and 42% report they have had to or plan to lay off or furlough staff. The nonprofit sector employs 10% of Kentucky's workforce, paying \$7.5 billion in annual wages according to the [Kentucky Nonprofits: More Than Charity](#) report released by KNN earlier this year.

These numbers are especially troubling, given that nearly 50% of responding organizations report having less than 3 months of cash reserves on hand. KNN's recent analysis of the sector also found that nonprofit expenses are at 98% of nonprofit revenue, meaning many organizations are already operating on razor thin margins and with few reserves are now facing a significant challenge to keep their doors open to meet community needs.

“In the past week, the number of emails I receive each day from a nonprofit notifying its stakeholders that they are laying off or furloughing staff members is increasing,” said Danielle Clore, CEO of Kentucky Nonprofit Network. “For a variety of reasons, many organizations were already fragile, and this crisis means a loss of vital services to Kentucky’s most vulnerable citizens, loss of jobs and shortly, organizations will be forced to close their doors,” she added.

Additionally, 57% of reporting nonprofits expect increased or sustained staff and volunteer absences, significantly impacting the organizations working to serve Kentucky’s most vulnerable such as food pantries and homeless shelters.

“Lexington Rescue Mission cannot shut down. We still have residents in our care and people relying on us for food, water, hygiene supplies and shelter. These needs are only exacerbated during a time of crisis,” said Laura Carr, Chief Operating Officer, Lexington Rescue Mission. “We are seeing twice the number of people we normally do, but we are operating with a skeleton staff on-site and few volunteers because we are trying to protect the health of those most at-risk. We need your support now more than ever to meet the needs of those who have nowhere else to go,” Carr added.

KNN is also providing regular email updates and hosting weekly virtual town hall meetings to help nonprofits address COVID-19 issues and ensure they are aware of state and federal resources available to them, their employees and the Kentuckians they serve. Nonprofits are encouraged to visit www.kynonprofits.org/coronavirus for COVID-19 related information and resources.

The state association is also actively advocating on behalf of the nonprofits with state and federal officials to ensure the unique needs of the sector are addressed in relief and recovery efforts. Federal and state measures offer some relief for nonprofit and their employees; foundations are easing grant restrictions and providing unrestricted, emergency funding; and a number of charitable giving relief efforts have been launched. But there is concern that help may not come soon enough.

“On an ordinary day, the work of Kentucky’s nonprofit organizations is inspiring. Their ability to innovate and pivot in these extraordinary days is nothing short of heroic,” said Clore. “Most charitable nonprofits desperately need support and they need it now. I urge all Kentuckians to give as much as they can to the causes they care about. The inability of nonprofits to accomplish their mission threatens our communities and increases the devastating impact COVID-19 has on the health and safety of Kentuckians.”

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About the Kentucky Nonprofit Network: KNN is the state association of nonprofits, existing to strengthen and advance Kentucky’s nonprofit community. Celebrating 18 years of service to the sector and over 750 members strong, KNN provides nonprofit organizations with a unified public policy voice, professional development opportunities and resources, and member benefits. For more information, visit <http://www.kynonprofits.org>.