How KY’s Nonprofit Sector is Faring

This snapshot summarizes results from 220 charitable nonprofits responding to Kentucky Nonprofit Network’s 2021 year-end survey. All 120 Kentucky counties are represented in the survey responses. Kentucky responses from a nationwide workforce survey conducted by our partners at the National Council of Nonprofits are also reported.

Increased Demand for Services Means Increased Costs

- 71% of responding nonprofits are currently seeing an increased need for services and/or an increase in clients.
- Additional 48,385 Kentuckians currently in need of services due to COVID-19.
- Total increased expenses to date due to COVID-19: $15 million.

Over 17% of these organizations are NOT confident that they can meet the increased demand. Some of their greatest concerns are decreases in FUNDING, STAFFING, and VOLUNTEERS.

"Increased demand has skyrocketed for community-based behavioral health services although the "demand" for residential care for youth has decreased (we do not think this is a positive indicator at all)."

"Recently, we are seeing an increase in the number of services needed and the severity of the needed services have increased. It’s not just more people, it’s also that people need more support."

"We are seeing COVID-related behavioral health needs continue to grow, overwhelming the available resources and organizations like ours who do referrals and advocacy."

"Despite COVID restrictions, we have continued to provide in-person services for children hurt by child sexual abuse. We have served more children than we have served in the last 6 years."

Decreased Revenue Means Fewer Kentuckians Served

- Total lost revenue to date due to COVID-19 (average 28% of total pre-pandemic annual revenue for those affected): $61 million.
- 42% of responding nonprofits have had to reduce services offered and/or the number of clients served.

"For the first time in 30 years, we had to suspend admissions to our program for 3 weeks. It was gut-wrenching to turn people in crisis away."

"Our current waitlist for services is 6-8 months. No one can reasonably wait that long to receive mental health services without severe and potentially deadly consequences."
The Impact of Staffing Shortages/ Workforce Issues:

- Health and human services providers specifically report they cannot attract, hire, and retain enough staff to maintain the services at pre-pandemic or even 2020 levels
- High overtime costs
- High staff turnover
- Low staffing levels
- Limiting program capacity - cuts in the numbers of clients served
- Limits on referrals or intake
- Closing programs
- Closing entire organizations
- Inability for organizations who've increased wages to sustain the increased costs long-term

“Our childcare nonprofit is getting calls from families needing care immediately, but due to the staffing shortage and the salary competition, we are unable to operate at full capacity or accept anymore children, in order to maintain adult-child ratios. This means the families cannot return to work. It’s a horribly vicious cycle.”

“We are seeing higher levels of trauma and need in the community for our services. This is impacting our front line employees negatively through burnout and vicarious trauma. We also run services that require us to have staff available around the clock. It's incredibly difficult to fill night shifts. We cannot compete with retail and fast food establishments who provide much more robust benefits and wages. We don't charge for services so we can't just increase our prices - our contracts with the state must be addressed.”

“Volunteerism increased in 2020 through remote trainings, but now we are seeing a decrease in volunteer recruitment (along with an increase in need for volunteers).”

“Although volunteers were not possible in the first year of the pandemic, we have been able to accommodate volunteers during recent months through thoughtful approaches that encourage social distancing and required mask wearing. Additionally, we offered several volunteer-from-home opportunities.”

53% of responding nonprofits say their volunteer program has decreased and not yet returned to pre-pandemic levels

92% of Kentucky respondents of a National Council of Nonprofits survey report that salary/wage competition is affecting their organization’s ability to recruit or retain staff

"Our organization now functions (barely) with one volunteer. We had 25-30 prior to the pandemic."
Financial Pressures, Uncertainty Threaten Operations

Top 3 reported causes of financial challenges:

- Costs related to pandemic guidelines, including PPE supplies - 67%
- Canceled fundraising events and associated costs - 51%
- Reduction in individual gifts/donations - 31%

Nonprofits also faced difficulties in accessing federal COVID relief programs:

- Explicit exclusion from some programs
- Limited or confusing eligibility
- Program structures that weren’t built for didn’t accommodate nonprofits
- Inaccessible application processes or timelines
- Unanswerable questions for the nonprofit context

Only 3.7% of all first-round Paycheck Protection Program (PPP) loans went to nonprofits, representing only 7% of loan dollars. In Kentucky, this figure was slightly higher at 4.3%, but only 4.4% of the state's loan dollars.

4% of nonprofit jobs were protected with Paycheck Protection Program loans

4.1 million nonprofit jobs were protected with Paycheck Protection Program loans

Less than 45% of eligible Kentucky nonprofits obtained a Paycheck Protection Program loan

Ultimately, a number of barriers left nonprofits with significantly fewer COVID recovery supports than other sectors.

Sources: "In the Time of Coronavirus," July 2020, Dorothy A. Johnson Center for Philanthropy; Community and Economic Development Initiative of Kentucky (CEDIK)
"We had to change how we engaged the community and as a result, our organization has increased participants in many of our programs."

"We are now offering telehealth due to the pandemic, something we have always wanted to do but had not done. Many of our clients prefer this service."

"We've believed in the power of partnership since our inception 26 years ago, but the pandemic brought our mission and our inclination to develop meaningful collaborations into sharper focus."

"We instituted an 'All Staff Day of Rest' once a month. We close the entire organization and encourage people to take time off for self-care. We found that people were not taking time off to rest because they felt like catching up would be too difficult when they returned. By shutting the entire organization down, people can rest without receiving emails or messages from colleagues."

"Thanks to increased donations, we were able to increase our services by 400%!

"The neighbors we serve faced unprecedented financial need last year, but we were able to meet the need thanks to increased support from our community and partnerships with other nonprofits."

"Despite the Challenges: Hope for the Sector's Sustainability & Recovery

"Our biggest concern in 2022: replacing the Paycheck Protection Program loan funds we received in 2021 in our 2022 budget."

We have survived with the help of Paycheck Protection Program loans and some other increased support. However, our business model is no longer sustainable as a result of the pandemic and yet, the services are still needed. We cannot survive and deliver services without additional support.

We cannot continue with increased budget cuts, increased referrals, and limited resources. We will not be able to effectively provide services at the current trajectory.

A strong nonprofit sector is essential to a full economic recovery in Kentucky.

Kentucky Nonprofit Network  www.kynonprofits.org
For context, 27% of ALL KY nonprofits are Human Services organizations.*

For context, 74% of KY charitable nonprofits have budgets of less than $500,000.*

*Source: Kentucky Nonprofits: More Than Charity Report 2022, Kentucky Nonprofit Network

Kentucky Nonprofits: More Than Charity

151,308 jobs at nonprofits
$8.5 billion in annual wages
$26 billion in expenditures benefiting KY's economy

A Major Employer
3,895 registered 501(c)(3) KY nonprofits with paid employees
1 in 10 private sector KY jobs are at nonprofits

LARGEST KY PRIVATE SECTOR EMPLOYERS BY INDUSTRY

FOR MORE INFORMATION, VISIT KYNONPROFITS.ORG/ADVOCATE/MORETHANCHARITY