



2022 STATE OF THE
Connecticut
Nonprofit Sector

Welcome!



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We are grateful to the community foundations that came together to fund and distribute this survey!



The Community Foundation
for Greater New Haven



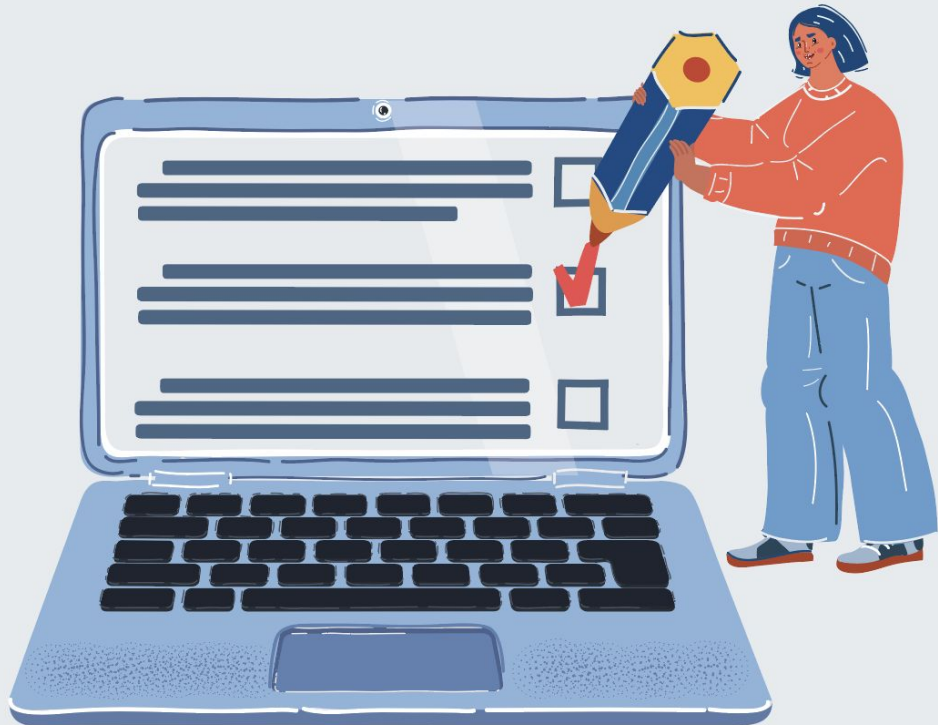
Hartford
Foundation
FOR PUBLIC GIVING



Community Foundation
of Eastern Connecticut



Overview of Survey Participants

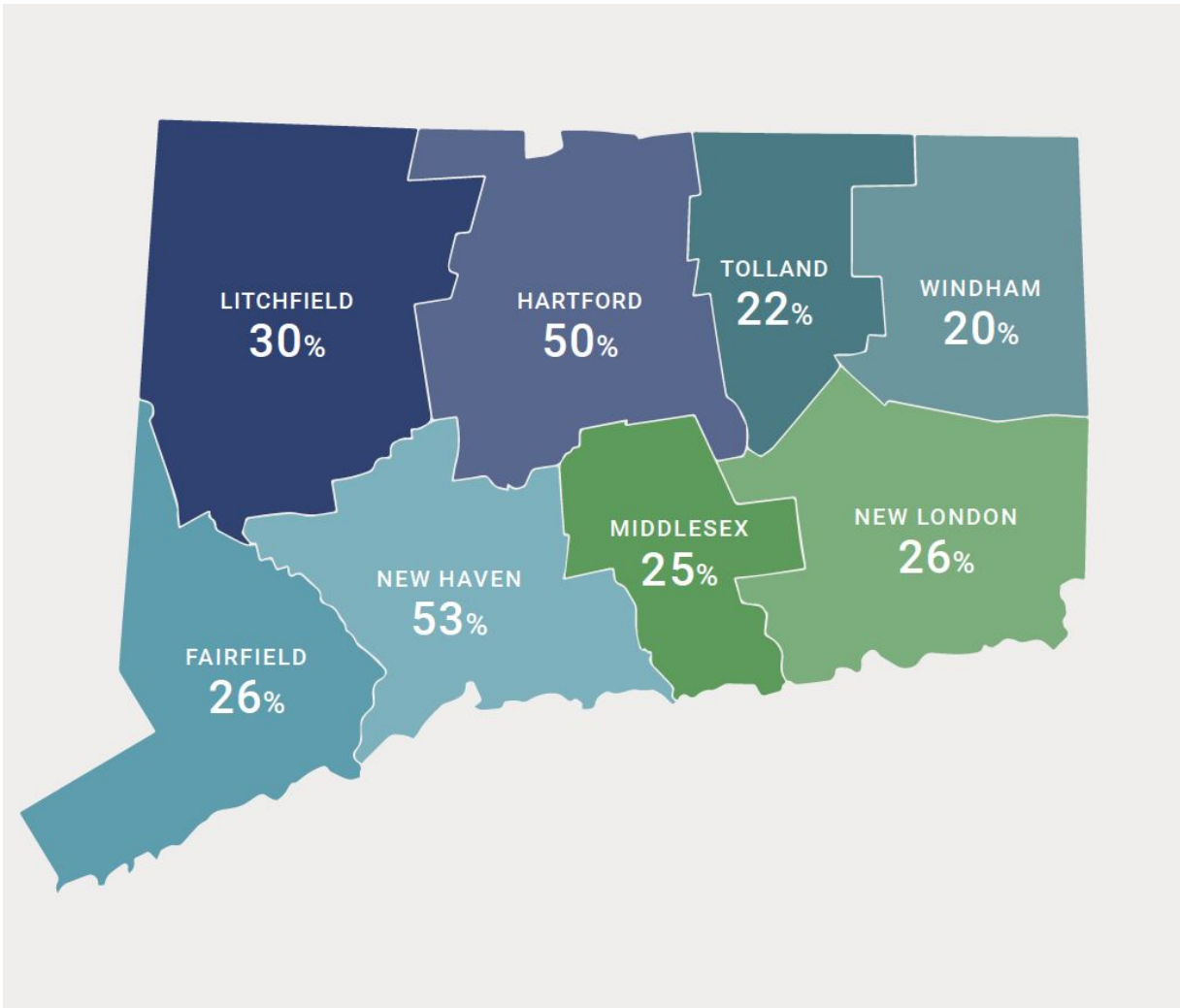


267 nonprofits
from across Connecticut
represent a range of sizes
and subsectors.

survey was
conducted in



Overview of Survey Participants



OPERATING
BUDGET

43%
OVER \$1M

57%
UNDER \$1M

Top 10 Subsectors Represented

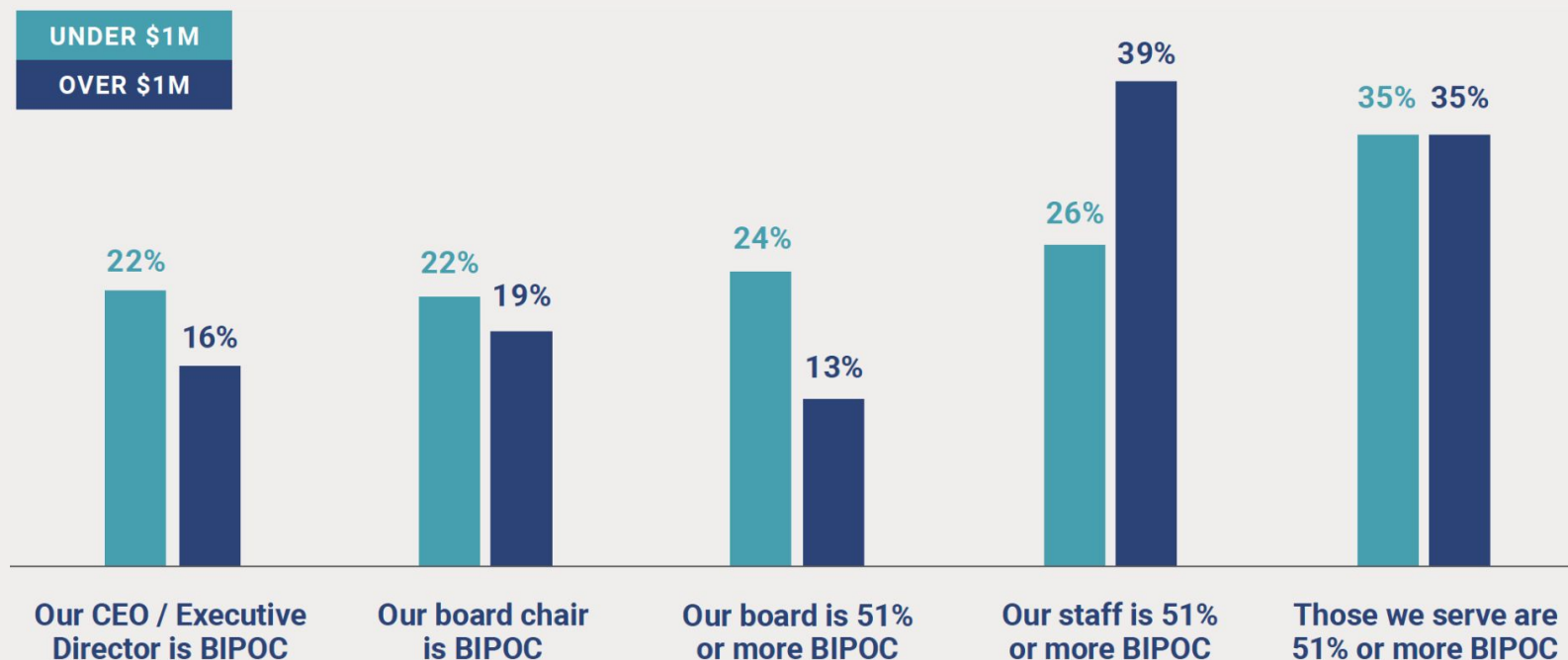
- Education (i.e., in school and after school)
- Arts, culture, and humanities
- Children's services
- Basic needs (food, shelter, etc.)
- Adult behavioral health
- Intellectual and developmental disabilities
- Place-based organization (e.g., community center)
- Housing
- Health care (other than hospitals)
- Tied: Environment / Older Adults

BIPOC Leadership & Composition

BIPOC-LED ORGANIZATIONS

Throughout this report, nonprofits with an ED/CEO that identifies as BIPOC are referred to as BIPOC-led organizations.

- 65% are smaller agencies with operating budgets under \$1M.
- About two-thirds have their main office located in Hartford (34%) or New Haven (32%).
- They are almost three times as likely as white-led agencies to have a service population (74%), staff (76%), and board (65%) that are all 51% or more BIPOC.



- For participating organizations whose ED/CEO is white, while their staff is likely to reflect the demographic profile of persons served, their overall Board composition is less likely to be representative.

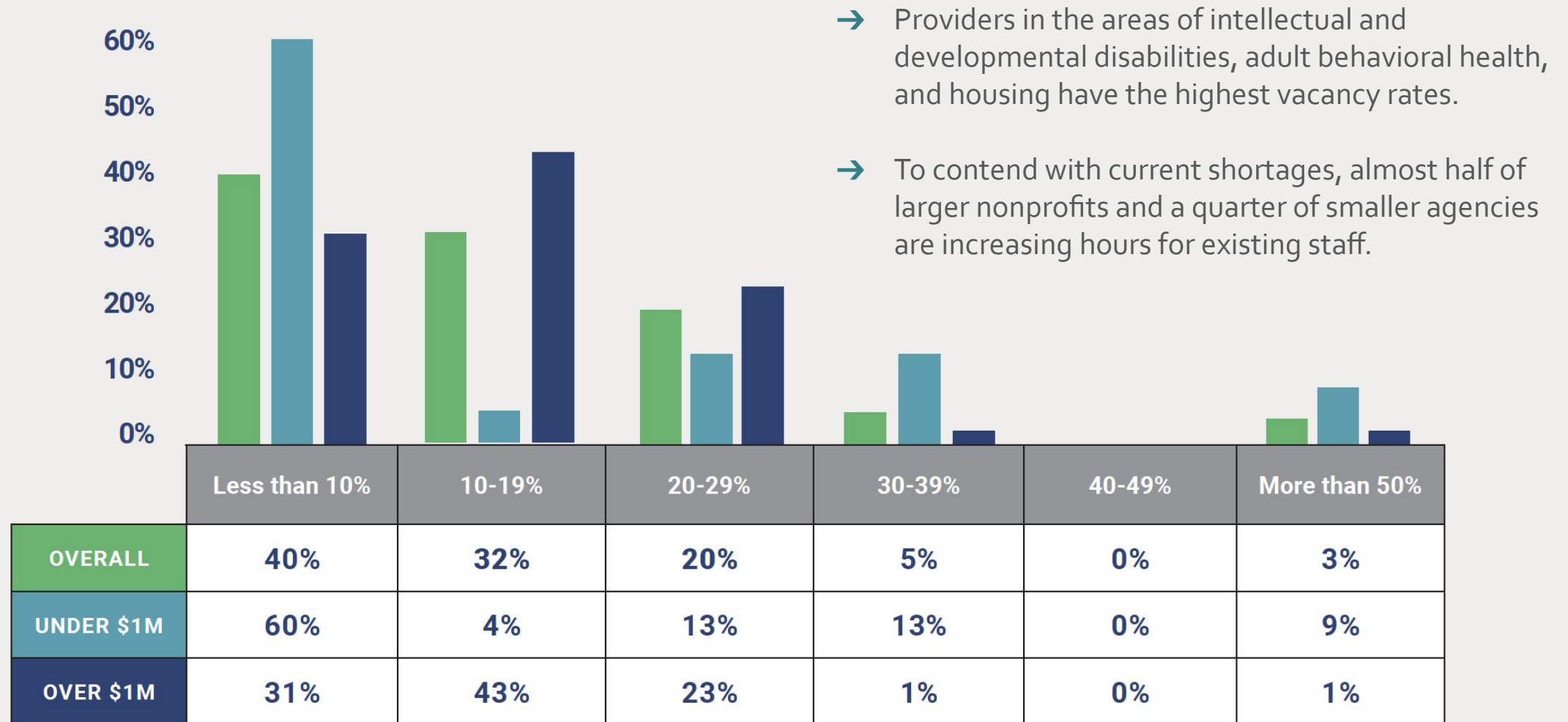
Key Findings & Reflections



Critical Issues Facing the Nonprofit Sector

1. Workforce Shortage
2. Strained Service Delivery and Demand
3. Financial Relief vs. Increasing Recurring Costs

Workforce Vacancy Rate



Top 4 Factors Affecting Staff Recruitment & Retention



1

Lack of applicants
for open positions
57%



2

Inability to offer a
competitive salary
48%



3

Staff Burnout
38%



4

Inability to offer
competitive benefits
27%

(% rated as strongly affecting)

Staff Recruitment and Retention Strategies



Increasing pay for staff is the most common strategy used by both smaller (49%) and larger (74%) nonprofits.

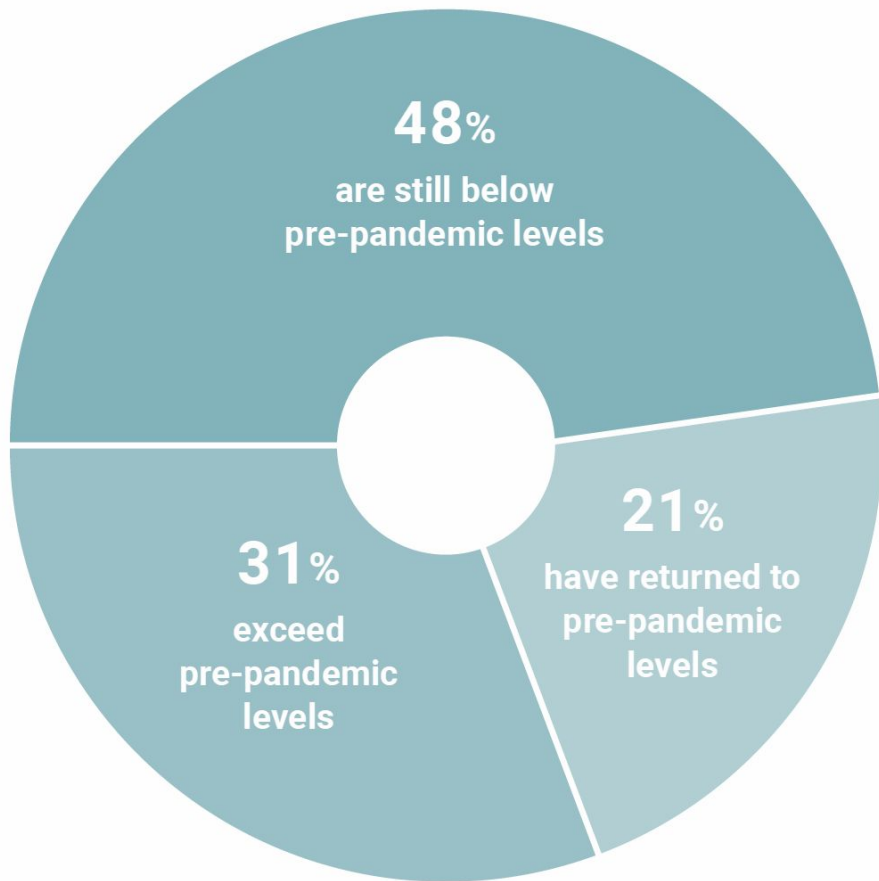


About 50% of larger agencies and 30% of smaller ones are providing **more flexibility** to work from home. About 25% of larger nonprofits are also allowing telehealth flexibility.

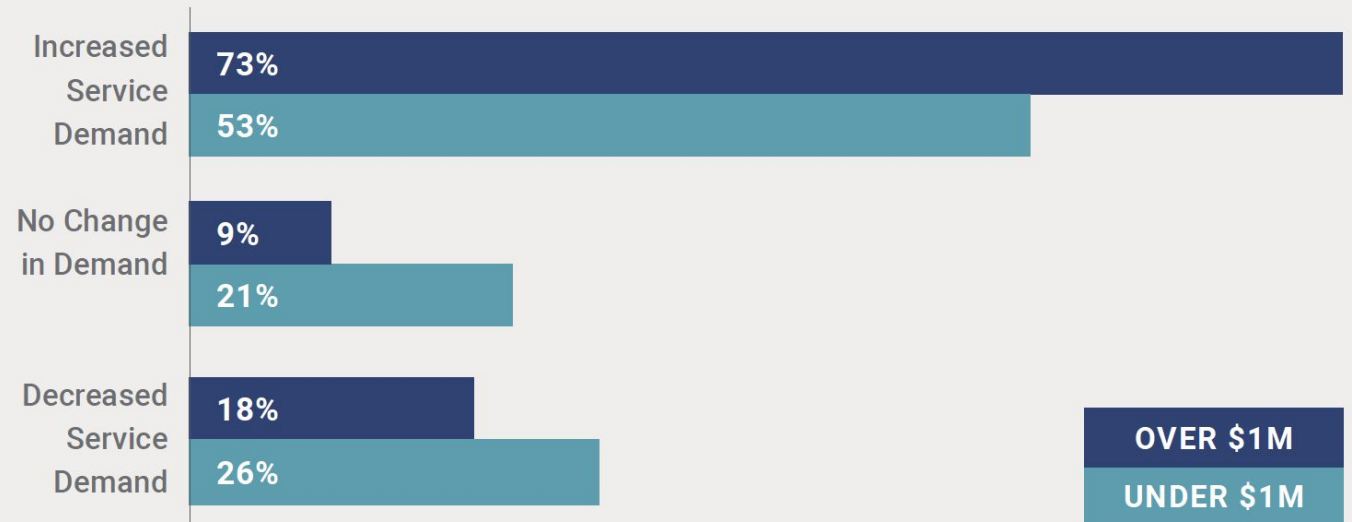


Almost a quarter of larger agencies are providing **signing and/or retention bonuses**. 12% are offering student loan repayment incentives.

Service Delivery and Demand Compared to Pre-Pandemic



- 73% of larger nonprofits and 53% of smaller agencies report an increase in demand for services since 2019.
- Stable or increasing demand but fewer people served indicates that staff capacity is likely an issue.



Ability to Meet Current Service Demand



YES, we can serve all those who come to us.



YES, we are at capacity and straining to meet demand but are currently managing to do so.



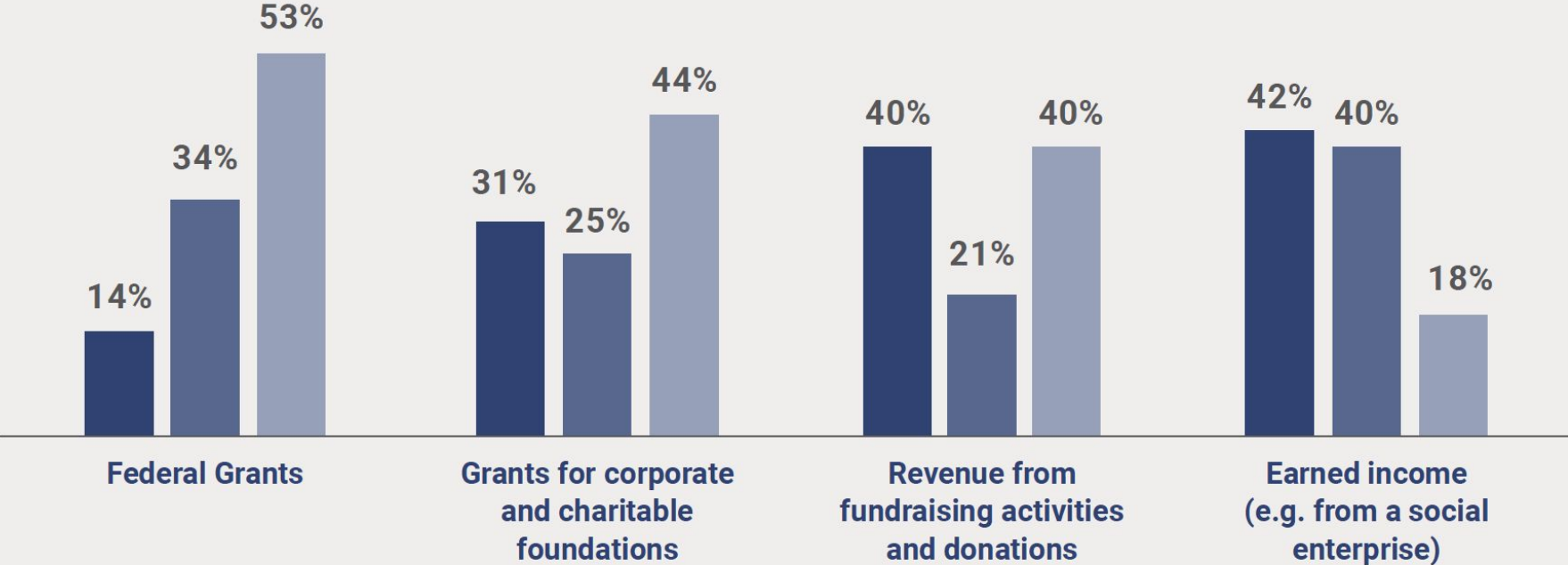
NO, we have had to put people on a waitlist for services.



NO, we have to deny services with no alternative expectation.

UNDER \$1M	53%	23%	16%	7%
OVER \$1M	26%	38%	30%	6%

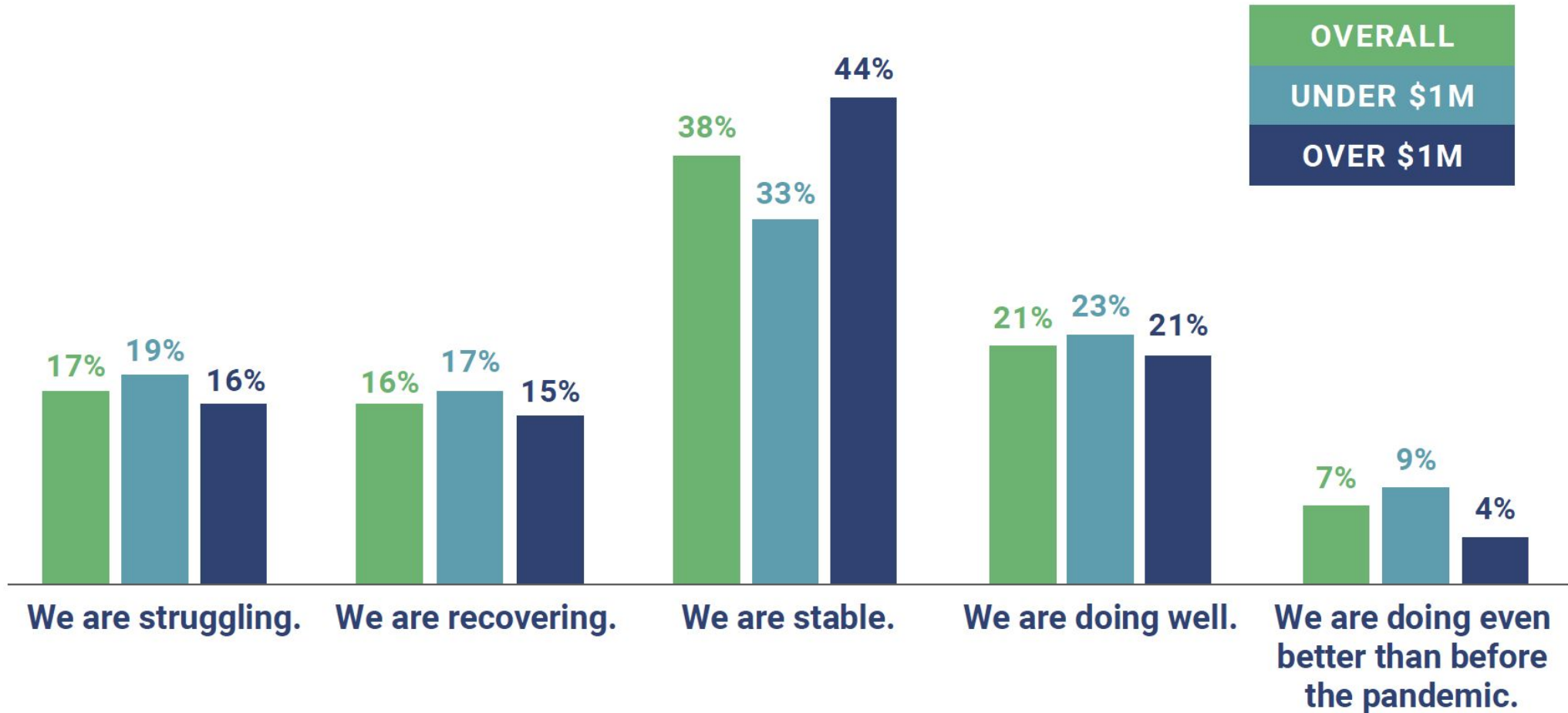
Revenue Trends Since 2019



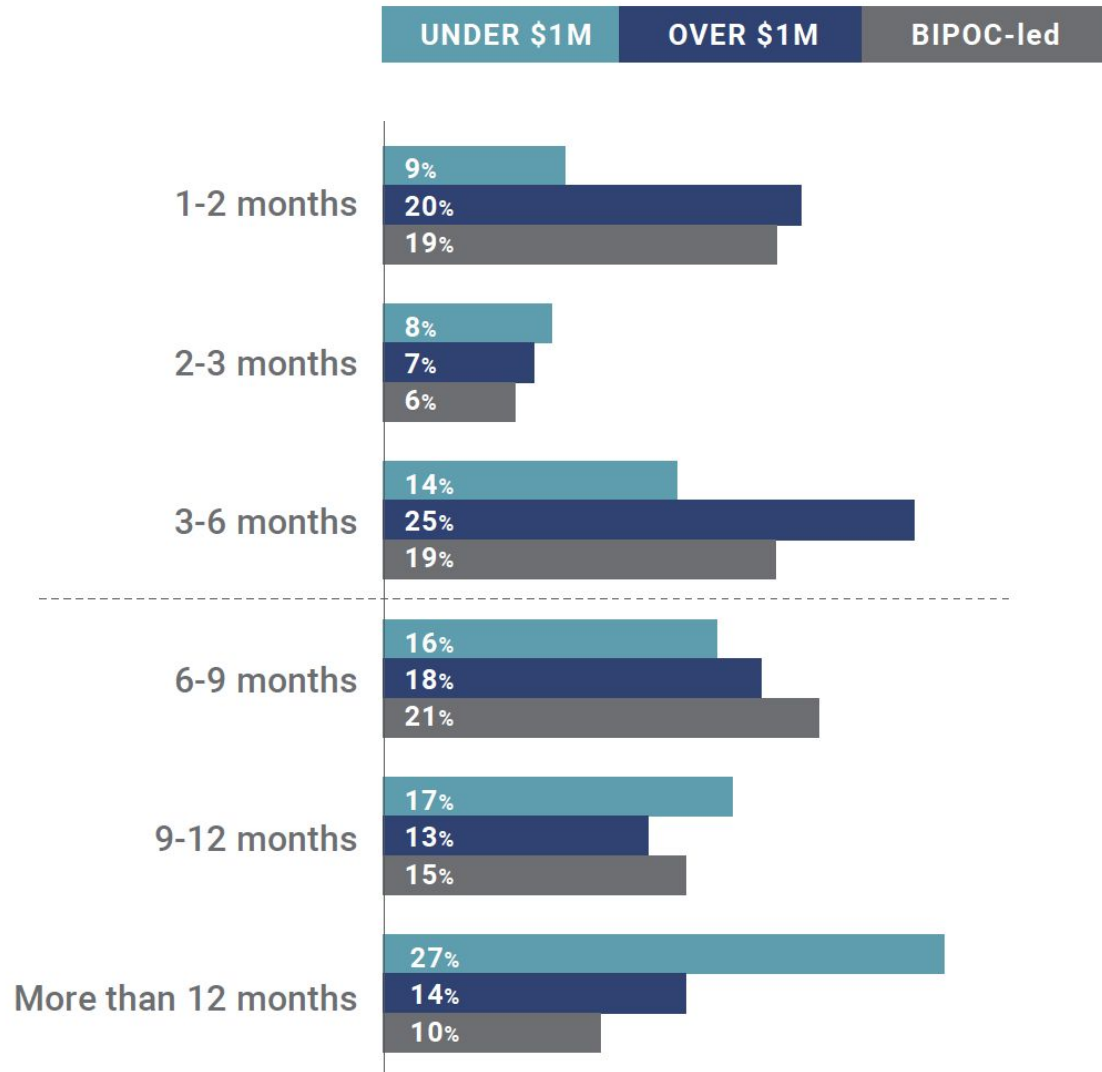
Federal or State Relief Used

RANK			FEDERAL OR STATE RELIEF USED	OVERALL	UNDER \$1M	OVER \$1M
1	1	1	Paycheck Protection Program (PPP)	63%	52%	77%
2	2	2	State Relief Funds	33%	26%	41%
3	5	3	American Rescue Plan Act (ARPA) Funds	25%	14%	38%
4		4	CARES Act Medicaid / Medicare Provider Relief Funds	18%	5%	34%
5	3		Local Relief Funds	17%	18%	15%
6	4		Economic Injury Disaster Loan (EIDL)	13%	7%	9%
7		5	Employee Retention Tax Credit (ERTC)	11%	5%	19%
			None of the above	20%	32%	5%

Overall Current Financial Health



Financial Runway / Months of Operating Reserves

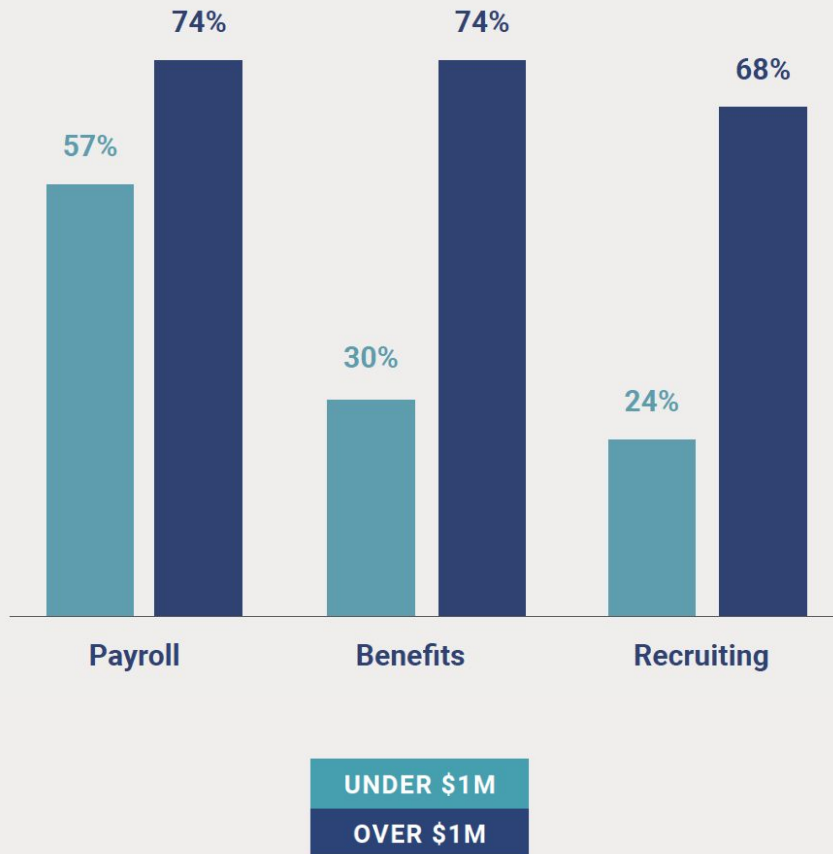


- Having at least six months of operating reserves is considered a best practice or indicator of financial health for nonprofits.
- More than half of larger nonprofits have less than the recommended 6 months of operating reserves, and 20% have only 1-2 months of financial runway.
- Smaller nonprofits are twice as likely to have more than a year of reserves (27%) than larger organizations (14%).

Increases in Expenses Since 2019

Personnel Expenses

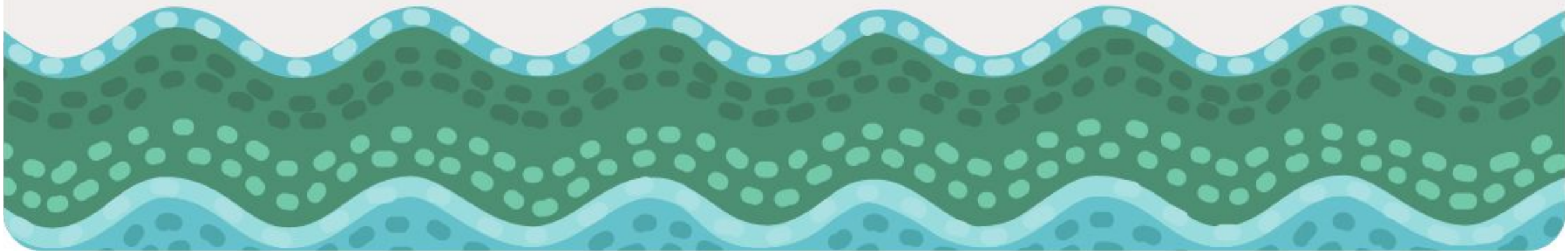
(% Respondents Noting Increased Expenses)



- **Payroll** expenses increased for most respondents, regardless of size. About a third of larger nonprofits have seen payroll expenses rise 5-14%, and a fifth have shouldered a 15-24% cost increase.
- 42% of larger nonprofits saw **benefits** expenses rise between 5-14%.
- Over half of organizations also saw increases in **utilities** expenses, most frequently in the range of 5-14%.
- 28% of smaller agencies increased spending on **technology** by 5-14%, and 48% of larger organizations invested up to 24% more.
- **Physical plant** lease/mortgage is the expense that has remained most stable since 2019, but expenses increased around Personal Protective Equipment (PPE) and physical plant maintenance, including cleaning.

Many nonprofits have resourced essential investments with one-time (or two-time) injections of capital through various federal and state relief funds.

But rising and recurring costs will need to be met with increased public funding to sustain the sector and its vital services.



Public Policy Priorities



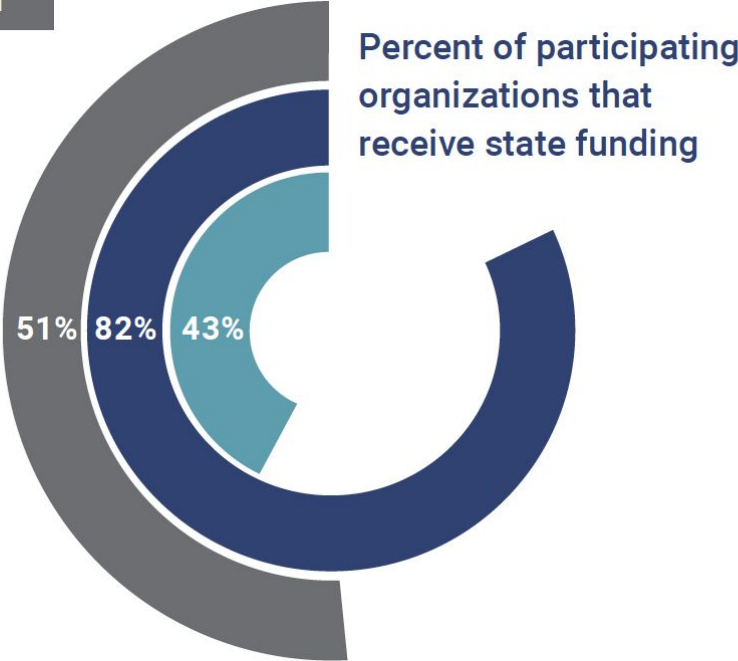
Policies to Resource Missions

1. Advocating for a State Funding Increase
2. Mitigating the Nonprofit Workforce Shortage

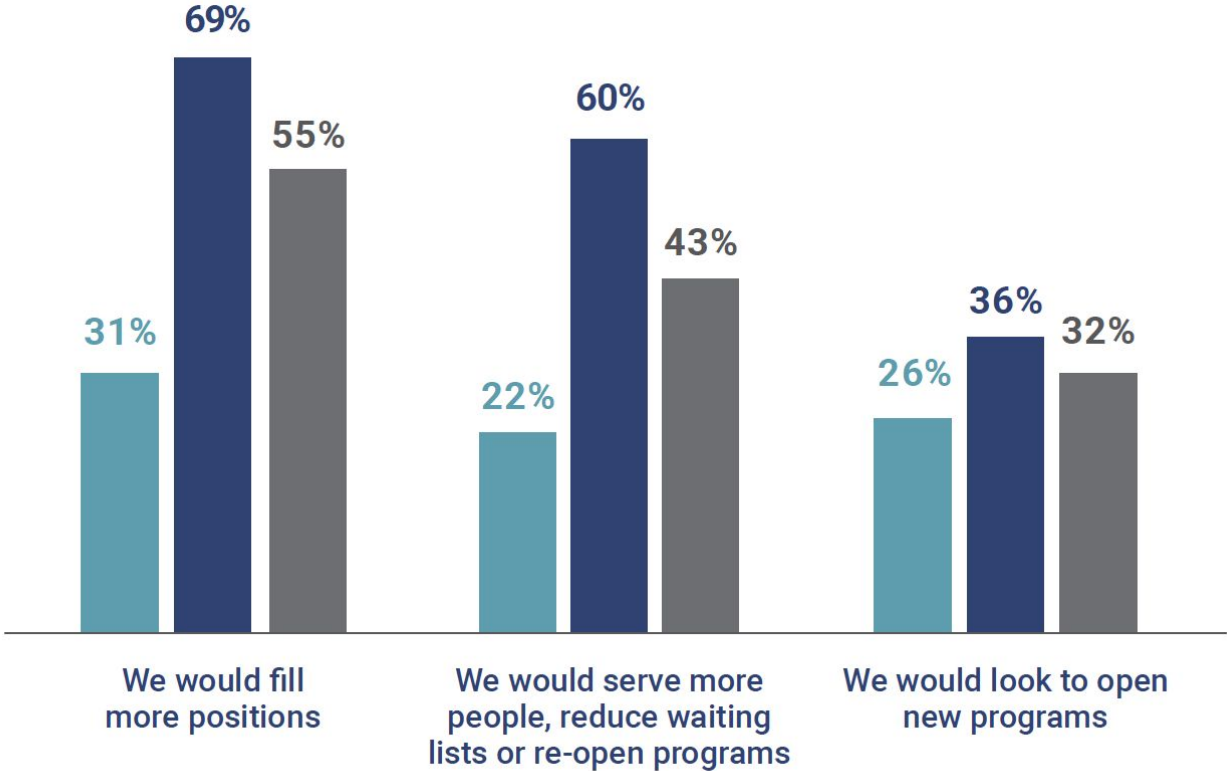


Advocating for a State Funding Increase

UNDER \$1M
OVER \$1M
BIPOC-led



If The Alliance were able to secure a state funding increase of 8% next fiscal year:



Policies to Mitigate the Nonprofit Workforce Shortage

→ Regardless of size, there is wide agreement that additional permanent funding to increase staff salaries would be the most helpful policy solution (92% overall).

UNDER \$1M

OVER \$1M

HELPFULNESS RANK			POTENTIAL POLICY SOLUTION
1	1	1	Additional permanent funding to increase staff salaries
2	2	5	A student loan repayment program for those in the nonprofit workforce
3	4	2	Reducing the amount of paperwork/regulation that causes a burden to staff
4	6	4	More job training/workforce development programs that would produce a larger pool of qualified staff
5	7	3	Increased reimbursement rates for services
6	3	6	Temporary funding to provide one-time pay, such as hiring or retention bonuses
7	5	7	Enhanced childcare subsidies or access to universal preschool

DEI & Racial Equity Efforts



Highlights of Activities Completed or in Progress

1. More than 70% have incorporated equity into their mission, vision, and/or values statements.
2. Three-quarters are engaging clients in providing feedback and strategic input.
3. 72% are working on diversifying their board.
4. About two-thirds have developed more equitable program policies and hiring practices.
5. 61% have invested in DEI or racial equity professional learning opportunities for staff.

Top 5 Areas of Demonstrable Change

1. Organizational commitment and dialogue (68%)
2. Program development
3. Organizational culture
4. Staff diversity
5. Community partnerships (44%)

Top 5 Areas of DEI Work in 2022

1. Provide professional learning opportunities for board members
2. Develop a specific DEI or racial equity plan
3. Undertake a DEI or racial equity assessment
4. Weave DEI or racial equity into strategic planning
5. Provide professional learning opportunities for staff

Future Activities & Supports Needed



Top 10 Leadership Challenges

1. Fundraising (70%)
2. Providing competitive compensation
3. State funding levels
4. Staffing shortages
5. Staff burnout
6. Aligning with shifting funder priorities
7. Client engagement or attendance
8. Service adaptation
9. DEI or racial equity work
10. Keeping clients safe (26%)

Top Anticipated Activities in 2022

1. Strategic planning (85%)
2. Board development and coaching
3. New program development
4. Brand or marketing planning
5. DEI / Racial equity initiatives
6. Technology project (e.g., database, website)
7. Program evaluation design
8. Technology assessment and planning
9. DEI / Racial equity assessment
10. Fund development planning
11. HR and organizational development strategy
12. Succession planning (65%)

Top Consulting Supports Needed

1. Technology projects
2. Board development and coaching
3. Brand or marketing planning
4. Strategic planning
5. DEI / Racial equity assessment
6. Executive coaching
7. Technology assessment and planning
8. DEI / Racial equity initiatives
9. Fund development planning
10. HR and organizational development strategy

Reflections from the Field: Leading Through the Pandemic



Leader Interview Insights

1. Leaders have learned to lead differently.
2. Virtual is not going away.
3. There are many drivers of the Great Resignation.
4. Burnout is affecting everyone.
5. DEI efforts are valued and here to stay.

Q&A

Please type your questions into the chat!



THANK YOU!



The Community Foundation for Greater New Haven • Hartford Foundation for Public Giving
Connecticut Community Foundation • Community Foundation of Eastern Connecticut
Northwest Connecticut Community Foundation • Valley Community Foundation