

Wellbeing Waterloo Region

Impacts of COVID-19 on the Non-Profit Sector

August 2020

The non-profit sector, like many others, has endured a wide range of impacts since the beginning of the COVID-19 pandemic. The non-profit sector is in a unique position of being a provider of many services that support the wellbeing of individuals and communities. This document is a summary of 2020 reports from [Lyle S. Hallman Foundation](#), [Ontario Nonprofit Network](#), and [Imagine Canada](#) on how COVID-19 has affected their respective grantees and networks. The reports detail some of the most significant impacts reported by non-profit funders in Waterloo Region, Ontario, and Canada, and their possible implications on service delivery. The summary will focus first on the impacts on COVID-19 on the non-profit sector, and subsequently some of the recommendations for mitigating the consequences of such impacts.

Quick Statistics

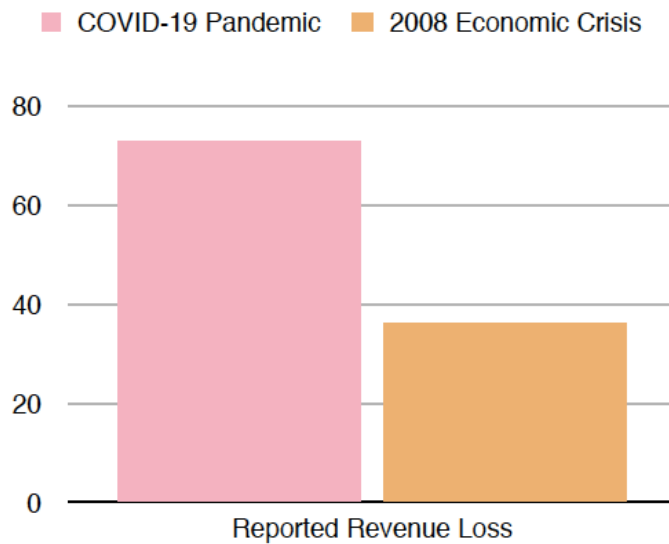
The following statistics are extracted from the reports reviewed for this summary.

- ➔ 1 in 5 Ontario Nonprofits report that they will need to close operations by the end of 2020 without financial assistance to recover from the COVID-19 pandemic (Ontario Nonprofit Network, 2020).

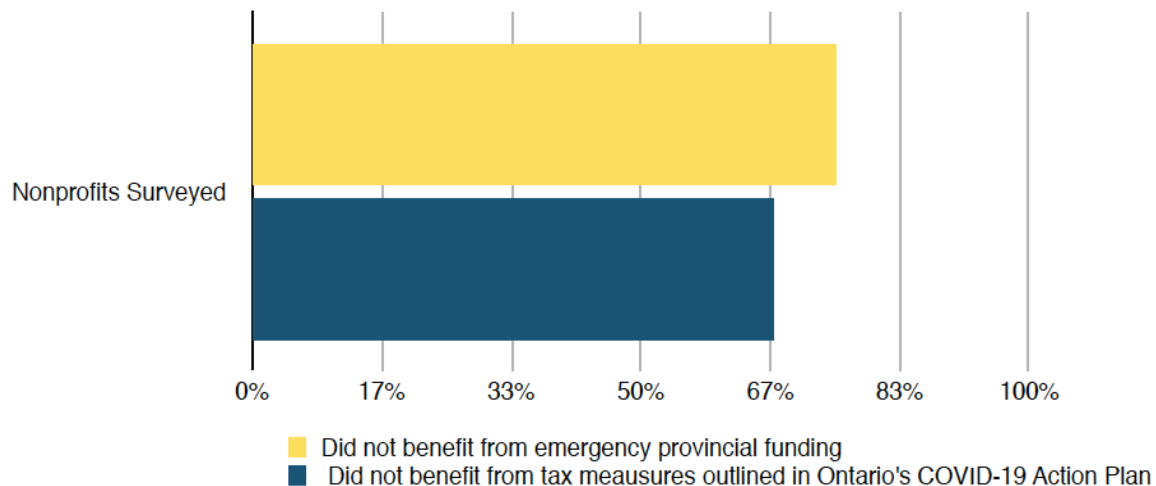


- ➔ 40% per cent of nonprofits in Ontario continue to see an increase in the demand for services (Ontario Nonprofit Network, 2020).
- ➔ Nonprofits surveyed across Canada are not optimistic about their sustainability in the coming months; 45% of organizations believe their financial condition will be worse in three to six months, and only 8% believe it will be better (Imagine Canada, 2020).

- ➔ Of Canadian nonprofits surveyed, 73% reported loss of revenue through donations, fees, events, or other fundraising methods. In comparison, only 36% of nonprofits saw similar revenue losses during the 2008 financial crisis (Imagine Canada, 2020).

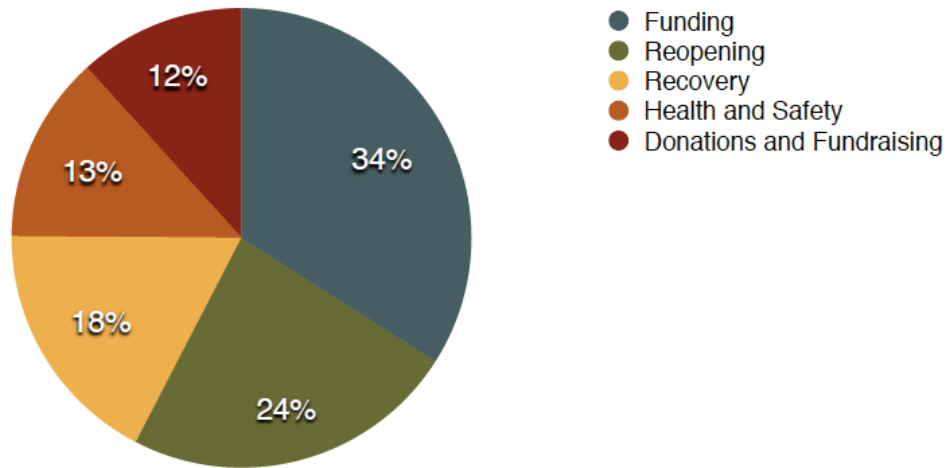


- ➔ 3 in 10 nonprofits have had to lay off paid staff. Of the organizations that have laid staff off, 48% intend to re-hire the same staff members (Ontario Nonprofit Network 2020).
- ➔ Three-quarters (75%) of nonprofits did not benefit from any provincial funding measures announced to support the nonprofit sector during the COVID-19 crisis and two-thirds (67%) of nonprofits did not benefit from any of the tax measures announced in the Ontario government's COVID-19 Action Plan (Ontario Nonprofit Network, 2020).

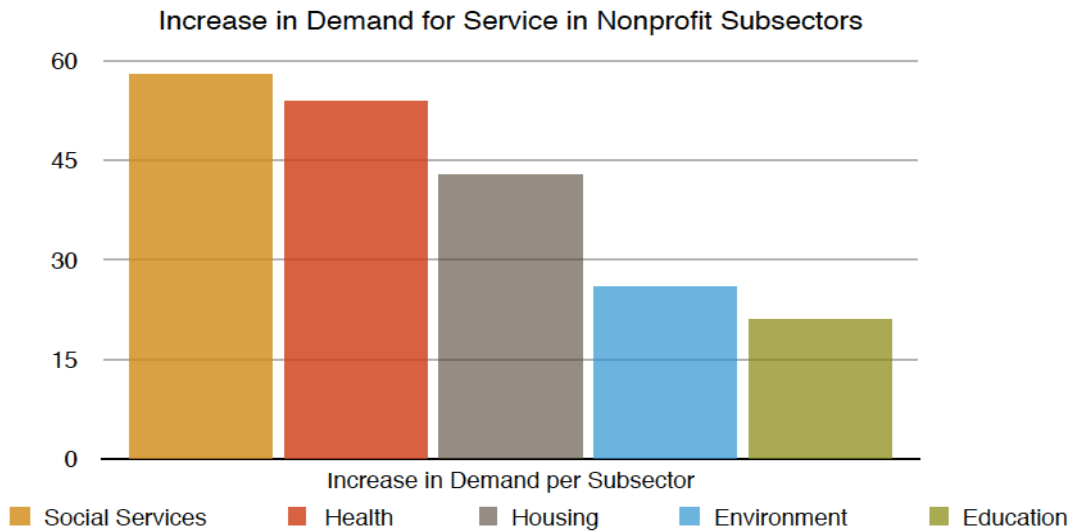


- ➔ The top concerns reported by non profits are: funding, reopening, recovery, health and safety, and donations and fundraising (Ontario Nonprofit Network, 2020).

Nonprofits' Top Opportunities and Challenges



- ➔ Highest increase in demand was reported in the subsectors of Social Services (58%), Health (54%), Housing (43%), Environment (28%), and Education (25%) (Ontario Nonprofit Network, 2020).



Summary of Reports

As with most sectors, the non-profit sphere has not yet seen the full extent of the long-term impacts of COVID-19. The global economy and modes of service delivery have shifted rapidly over the past six months, and organizations have pivoted to adapt to losses in revenue, staff layoffs, closures, reduced capacity for programming, and other factors which will likely leave a lasting effect on the non-profit landscape. Reports have noted that the levels of job and income loss and need for social security nets followed by COVID-19 have exceeded those of the 2008 economic downturn, and the social and economic shifts of a recession can be anticipated across Canada.

Reports from non-profit funders and other advocates indicate that both revenue losses and extra costs are direct impacts of COVID-19 and physical distancing measures. Organizations supporting arts, culture, and sports which rely almost entirely on earned revenue from membership and event fees have seen almost a total drop-off in income to sustain their operations. Agencies and foundations which host galas or fundraising events have had to postpone or hold such events virtually. Almost all non-profit organizations have incurred extra costs related to health and safety; installing plexiglass bubbles, providing PPE for staff, and ensuring proper and frequent sanitization have become an extra expenditure on top of sustaining operations. Many organizations have had to reduce staff hours or implement layoffs. Fortunately, many workers were able to leverage the Canadian Emergency Wage Subsidy and return to work as re-openings began, although agencies have critiqued the CEWS program as being inflexible and slow to adapt to worker needs. Most non-profit organization managements have stated that they are concerned about the long-term sustainability of their operations due to the economic impacts of COVID-19.

Impacts on Human Resources

In terms of operations, most non profits have had to adapt to virtual or phone based service delivery, reduce service capacity, and in some cases, close their doors temporarily due to physical distancing guidelines. Staff layoffs, redeployment and volunteer shortages have also contributed to reduced ability to support programs and services. Across the sector, almost all non-profits have experienced some form of interruption or reduction in their capacity to provide service. While organizations have had to decrease the amount of service they provide, the demand for service has increased in many communities. There has been a significant increase in demand for social services like counselling and food security.

Working conditions for employees of non-profit organizations have been identified as a concern within the sector. At the outset of the pandemic closures, many workers were redeployed into new roles, which managers reported as a stressor in addition to adjusting to new guidelines and balancing family and work during such uncertain times. Other organizations were forced to lay staff off and reduce work hours because of budget constraints. Due to physical distancing guidelines and increased demand for some services, some workers are having to see more clients with less support from volunteers. Many workers in front-facing roles have reported stress and concerns of burnout. Workers with children or others in their care have additionally found it stressful to find an equilibrium with career and family commitments. Non-profit managements have noted that their organizations are struggling to support the safety and wellbeing of both their staff and the communities they serve.

Impacts on Equity

Non-profit organizations are in the distinct position of being a provider of many services related to social supports and wellbeing. Many community members rely on non-profit organizations for social connection, one-on-one support, and programming which they otherwise do not have access to. Given the reduction in service capacities, non-profits have expressed a concern that social isolation will become more severe for program participants who will no longer be accessing supports. Though many programs have been able to leverage video call technology to support virtual services, there are community members who do not have access to this technology, are unable to use it, or need in-person rather than remote service. Additionally, there is concern for community members who may have far different barriers to accessing support. For example, those experiencing domestic violence are less likely to access service virtually from home out of safety or privacy concerns. These barriers to access leave many community members in a precarious situation without access to services that support their wellbeing, and communities are likely to see long term effects of overall wellbeing as a result.

Disparate outcomes are being discussed as non-profit agencies that provide services like home care, food banks, homeless shelters, nonprofit housing, community living, drop-in programs, seniors services, employment services, and countless others are facing challenging and stressful work environments. Many front-facing workers have been struggling to provide support and access to service for clients without sufficient access to PPE and sanitation measures. For both workers and clients, these situations are stressful and unsafe during a pandemic, and can lead to severe impacts on health and wellbeing.

Additionally, reports from non-profit organizations have noted that female-identified staff members have experienced disproportionate labour outcomes during the pandemic. For many women with younger children, part-time work is a way to earn income with some flexibility to provide care and support at home. When schools and most non-emergency daycares closed, many women took leaves from work in order to look after children staying home. For families without a second income, the ability to stay home and look after children is especially difficult. Racialized women and women with disabilities have experienced more severe labour outcomes like income loss related to work-life balance during the COVID-19 pandemic.

Recommendations

Though many of the impacts of the COVID-19 pandemic have been challenging for non-profits to cope with, there have been some positive changes that non-profit managers have remarked upon. For instance, the innovation and ability for agencies to pivot towards remote service delivery has been an impressive feat which demonstrates the resilience and adaptivity of the non-profit sector. Management and staff of non-profit organizations have shown incredible commitment to the people they serve in finding creative or out-of-the-box ways to safely meet community needs during a crisis. Working remotely has been challenging for much of the workforce, but there is also discussion of remote work as a time to engage in professional development and reflection on how the non-profit sector can continue to serve their clientele in new and different ways. The non-profit sector still has many challenges to face, but its work during the beginning phases of the pandemic should be commended.

All reports from funders and non-profit networks have advocated for emergency stabilization funds that are accessible to non-profit agencies with concerns about financial sustainability following revenue losses in the past months. The Ontario Nonprofit Network has reported that one of five non-profit agencies may need to permanently close its doors by the end of 2020 due to financial challenges. Calls from across the sector recommend the implementation of an Ontario Nonprofit Sector Stabilization Fund which would fill a wide gap between federal relief funds and the funds needed to sustain non-profits through the rest of the pandemic. The fund is recommended to fill a \$680 million dollar gap in funding for non-profits, and this will proactively decrease downstream costs associated with a decline in community health and wellbeing. Since non-profits provide many services that support community development and wellbeing, funders state that it is in the best interest of the public to support the sector. A graph from the Ontario Non-profit Network shows results from their April 2020 flash survey.

Employers at non-profit agencies have also called for supports for their staff. Wage subsidies for a possible second wave and easily accessible resources to support the mental health and wellbeing of non-profit staff have been recommended by employers. The concern for mental health and burnout, especially for front-facing workers, is tremendous. Additionally, the non-profit sector has identified a need for government support in accessing high speed wifi connectivity in central and rural areas. Internet access, or lack thereof, is now a barrier to services, and non-profit agencies have requested government assistance in providing better networks through which they can safely provide their programming and services.

Conclusions

Non-profit organizations have demonstrated an incredible sense of resilience and ability to adapt to the many challenges of providing service during the COVID-19 pandemic. Though the full extent of the economic and social impacts on the sector are yet to be seen, non-profit funders and advocates have recognized the significant financial struggles of individual agencies, as well as some of the challenges of supporting staff and continuing to provide services safely during strict physical distancing measures. The non-profit sector will need economic, technical, and human resource supports in order to sustain itself and continue providing crucial services and supports to community wellbeing. As communities across Canada work towards economic and social recovery from the COVID-19 pandemic, non-profit funders have stressed the need for seats at planning tables and meaningful engagement of the sector in developing recovery strategies. As the providers of vital community supports and services, the sustainability and continuation of non-profit organizations is crucial to community wellbeing.

Sources

Imagine Canada's Sector Monitor: Charities & the COVID-19 Pandemic. (2020) Imagine Canada, Toronto, ON. Retrieved at: <https://www.imaginecanada.ca/en/covid19>

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