

WHAT IS THE PRIVATE NONPROFIT SECTOR GOING TO LOOK LIKE IN THE NEW POST-COVID ENVIRONMENT?

EFFECTS ON SPECIFIC TYPES OF ORGANIZATIONS

Effects on charitable organizations and others that depend heavily on donated support

Social service organizations such as food banks, soup kitchens, counseling services, charity clinics, etc. are seeing increased public needs by those who have suffered reduced personal income and/or increased personal stress, together with a need to maintain social distancing, engage in additional sanitizing and enforce mask requirements with clients.

At the same time, fundraising may be more challenging as noted previously. The additional effort required to obtain needed resources will likely result in a higher ratio of fundraising expenses to contributions raised and a lower ratio of program expenses to total expenses. These ratios are looked to by many—rightly or wrongly—as meaningful indicators of an organization’s ‘worthiness’ as a recipient of charitable gifts. Organizations must be able to explain their ratios to donors and to the public.

Grantmaking organizations that rely on their endowment to generate the cash to make grants must continue to be prepared for greater volatility in investment markets, and a potential reduction in investment returns. They should be cautious about making long-term funding commitments without having certainly available cash. At the same time, they are likely to receive additional requests for funding by other nonprofit organizations which are themselves experiencing financial stress.

Effects on educational organizations

Remote learning will require additional resources devoted to the required technology, training and support of teachers and students.

Students might decide not to re-enroll next year. Some may just take a year off; others may never come back.

Some residential institutions may find themselves with underutilized housing and dining facilities, and all institutions with underutilized meeting facilities, which still must be maintained.

Limitations on travel will affect the ability of students from foreign countries, and in some cases even from other states, to attend in person, ability of students to study abroad, ability of faculty and students to attend educational conferences or collaborate in research with colleagues at other institutions, and of athletic teams to travel to games.

In-person group activities such as classes, meetings and athletic events may be limited to only the permitted number of attendees/participants, require re-configuring of meeting spaces, require additional medical testing, and facilities for sequestering persons who test positive.

Sports, by their nature of close personal contact, heavy breathing and travel to game locations, requires special care to ensure safety of athletes, coaches, staff and fans (if allowed).

Educational institutions have to answer to a larger variety of constituencies than most nonprofits. Besides students, there are parents, faculty, staff, donors, alumni, regulators and residents of the town where the institution is located, all of whom have—sometimes competing—agendas. For example, after a period of remote classes, students may want to return to campus sooner than the faculty or community want them to.

On-campus student organizations, such as academic and social clubs, performing arts groups and service organizations will likely be constrained as to how, when and where they can be active.

Effects on member-centered organizations

Increased unemployment and business failures will reduce the ability and willingness of members to join the organizations, advertise in the organizations' publications, and participate in meetings and other programmatic activities of associations and clubs.

Charitable and educational affiliates of such organizations will be subject to the same issues as discussed under those headings above.

Effects on public-centered organizations

Visual arts organizations are having to deal with limitations on their activities, such as availability of non-owned venues, permission by local governmental authorities to hold live in-person events, willingness of visitors to attend exhibitions and the ability to enforce protective measures, such as limitations on numbers of visitors, use of masks, sanitizing and social distancing.

Performing arts organizations have the same issues as visual arts organizations, plus willingness of performers to gather for rehearsals and performances, and of audiences to attend.

Cultural organizations may be limited in their ability to bring performers from other countries or make foreign tours.

If they plan to have virtual exhibits/performances, the specialized technology involved will have to be acquired and operated. A decision needs to be made about how to charge 'attendees' of virtual events: the same as for live events, reduced charge, free. Also, since the experience by attendees at such events is not the same as at live events, participation may be lower, which may also lead to a reduction in contributions.

If in-person events are limited or canceled, besides less revenue from admissions or ticket sales, there will be a reduction of revenue from sales by the organizations' on-site gift shops. This might be partly made up with online sales.

Effects on religious organizations

Note: "Religious organizations" is a very diverse group, including all the above types and considerations discussed previously.

Organizations that send missionaries to foreign countries may have limited ability to do so.

The unique aspect here is group worship and other services that may be limited or prohibited as well as carrying a high risk of spreading the virus if they are even being conducted.

Management and those charged with governance, as well as committees they may have established to address these issues, need to be involved and monitoring these and other issues on an almost daily basis. The ability to adapt to this ever-changing environment and the needs of your stakeholders is critical to the ability of your organization to not only survive these times but to thrive in the current environment and in the future. The organization should consider posting regular updates on the status and effect of COVID-19 on their websites and make them available to stakeholders. Communication is critical to managing these risks and answering the questions of your stakeholders.

