



WASHINGTON NONPROFITS

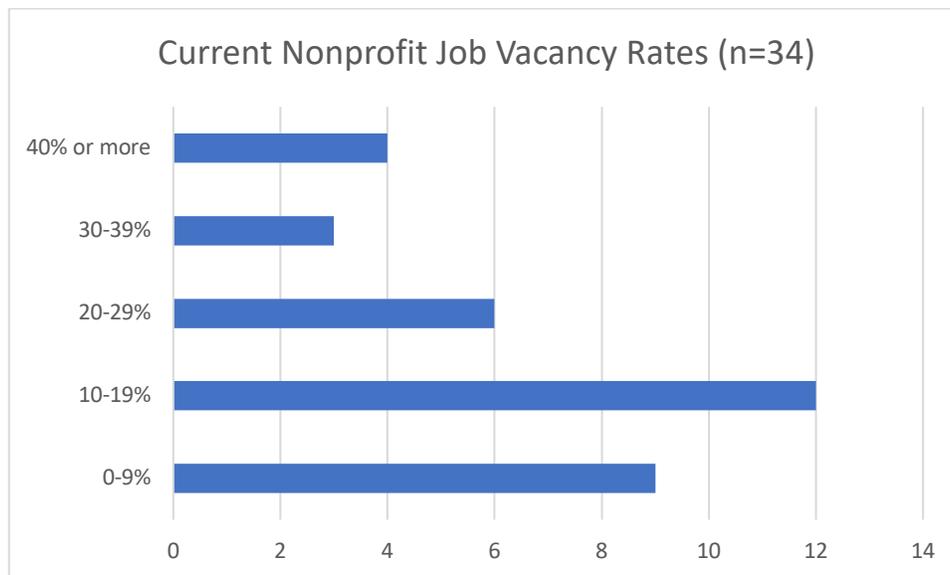
WE MAKE SURE NONPROFITS HAVE WHAT THEY NEED TO SUCCEED.

Survey Shows that Nonprofits Face Severe Labor Shortage

In November 2021, Washington Nonprofits encouraged nonprofit organizations in our state to participate in a National Council of Nonprofits survey regarding the nonprofit labor shortage. Below is a summary of the results for Washington State. National survey results are available [here](#).

71 Washington-based nonprofits responded to the survey. 52% of respondents were human services and healthcare providers, and the remainder were in a mix of other fields including arts and culture, education, public benefit, religion, and environmental organizations.

Many nonprofits are experiencing significant rates of job vacancies. Among 34 nonprofits who reported their vacancy rate, the average vacancy rate is 18%, with distribution shown in the following chart. 38% have a vacancy rate of 20% or more.



The following are key factors affecting nonprofits' ability to recruit and retain staff:

- Salary competition (76%)
- Ability to find childcare (27%)
- Vaccination policies (27%)

Respondents reported accessing various types of COVID relief funding.

Type of Relief	Percent of Respondents who Received Relief
Paycheck Protection Program	75%
State Relief Funds	32%
Employee Retention Tax Credit	14%
American Rescue Plan Act (ARPA) Funds	28%

Key Challenges

Via comments in the survey, nonprofits painted a picture of how long-time issues related to compensation in the sector, combined with new pressures, are causing a crisis that threatens nonprofits' ability to provide continuity for community services.

Labor costs are rising quickly, due to economic factors and new state mandates. Though not addressed directly in this national survey, Washington Nonprofits hears from nonprofits regularly that new state labor laws, including the rising minimum wage and the rising overtime threshold, are creating fiscal strain. The comments below speak to salary competition in many fields.

"We are competing with big business for SHRM-certified HR consultants, IT consultants and engineers, accounting professionals and CPAs, and Salesforce consultants...Salaries have climbed 10% in this last year in our area." - Nancy Long, 501 Commons

"We struggle to compete with both profit and nonprofit businesses and government agencies that can offer higher wages and benefit packages." – Central Washington Human Services Provider

"We serve homeless and at-risk youth. Years of underfunding has kept wage rates artificially low for case managers, shelter staff, etc.—many positions require bachelor or masters level education. MSWs are now required in public positions (schools, police departments, hospitals, etc.) who can budget for wages appropriate for education and experience, offering \$10-15/hr more in pay, with much better benefits. Our grant-funded positions cannot compete." – Kitsap County Human Services Provider

"We are front line workers so there is not an option to work from home. Our lowest paid staff are the ones at most risk as they interact with our clients daily. I think many of them think the risk is too high. And, they can work in a fast food place and make more money." – Spokane Human Services Provider

"It's difficult to compete with the for-profit sector with regard to commercial driving needs. The wage range is too high for a nonprofit sector like ours to match the going rate of a commercial driver." – Anonymous Nonprofit

"We are unable to keep up with wage increases and other state mandates, as we have not had a service rate increase in over 10 years." – South Sound Human Services Provider

The labor shortage has real consequences for communities.

- Many more respondents commented on short staffing contributing to burnout for existing staff.
- Staff turnover also impacts service quality, as nonprofits report being forced to spend more time recruiting and training new staff (rather than serving clients) and clients not being served by consistent and experienced providers.
- Washington state is suffering job losses which may increase: several nonprofits reported that they are choosing to hire remote workers outside Washington State or considering relocating their offices to another state.

The comments below illustrate how the labor shortage is impacting quality and quantity of services.

“HUD eligible low-income housing is hard to find in Spokane. We have funds to distribute but NO STAFF to do the work and NO housing availability to place clients.” – Jeanette Hauck, YWCA Spokane

“Many of our on-call positions are vacant, leaving us vulnerable as our Indigenous community has higher COVID-19 infection, hospitalization, and morbidity rates than other ethnicities in King County, Washington. (We also have the highest vaccination rates.) Caring for family members is another issue we face, with little time for setting up and staffing extended leaves.” – Leslie Haynes, United Indians of All Tribes Foundation

“Inability to hire is having negative impact on current staff as it leads to inability to fulfill job duties, take time off, etc. This is on top of burnout due to working throughout the pandemic with no closure of our site.” – Puget Sound Childcare Provider

Nonprofits are oftentimes a training ground for public and private sector workers, leading to retention issues. Nonprofits employ and provide important training for countless professionals who later move into other sectors in search of better compensation and benefits. Examples include social workers, counselors (who often receive clinical supervision necessary to practice independently via nonprofits), childcare workers and teachers.

“We are a nonprofit childcare center. If we do get an employee, we train them only to have them go to work in K-12 because they have higher wages, benefits and the summer off.” – Northwest Washington Childcare Provider

“Finding quality skilled individuals that will stay in positions longer term especially after investing in job training and development has been challenging. Training takes time but produces highly skilled employees that are often snatched away by other organizations/agencies able to pay higher wages and benefits.” – Central Washington Human Services Provider

“We can't compete with the salary and benefits government jobs offer, so we are losing trained staff and when we hire new folks, once they get trained, they get government jobs.” – South Sound Human Services Provider

Funding levels are not keeping pace with increasing costs of doing business, especially labor costs. Funding from private foundation and government contracts tends to remain flat, while operating continue to rise.

“Funding sources, both government grants and foundations, should consider the ever increasing per person payroll costs due to compensation needing to support advancing experience compounded by inflation. May of our long-term funders are providing exactly the same dollar amount as they did ten years ago. Payroll costs that retain talent have almost doubled in this time. We are unable to continue to provide the same services we did ten years ago.” – Puget Sound Environmental Organization

“How can I get funders to support the increases in compensation and benefits I need to implement to keep my staff? Individual donations continue to be soft, and we're seeing some real indications of ‘compassion fatigue.’” – Central Washington Arts Organization

“It would sure help if the state agencies contracting with us to provide the essential services they need, increase our contract rate. We have not seen an increase in the amount we get reimbursed for over 10 years. A COLA needs to be added to our contracts each year.” – Carrie Morehouse, Work Opportunities

We need to work with our funders to allow us to work within our contracts to increase pay, add hazard pay, and/or extend benefits.” – Leslie Haynes, United Indians of All Tribes Foundation

“Funders should be required to pay full cost of services including reasonable overhead rates. We need to advocate for livable wages for all nonprofit positions.” – Steve Daschle, Southwest Youth and Family Services

Solutions

Survey respondents pointed to potential solutions to the current crisis in nonprofit employment.

- More reliable and/or expanded government funding for essential community services.
- Investment of ARPA funds to support better compensation.
- Improving access to benefits such as group health insurance and a group retirement plan via a collective benefits trust or cooperative available for nonprofits of all sizes to join.
- Annual “cost of living” increases on government contracts and foundation grants
- Continued funding to cover COVID-related costs
- Hazard pay for direct service workers working in high-risk situations
- Increase availability of affordable childcare
- Government contracts that cover the full cost of delivering services, including administration
- Improve student loan forgiveness program

Washington Nonprofits supports these proposed solutions and is currently conducting additional outreach to create a prioritized list of policy proposals related to government contracting reform, optimal investment of ARPA funding, and other issues raised here. In addition, we will continue to study options for pooled benefits for nonprofits. Please contact us to provide input or learn more.

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