POLITICOPRO

Nonprofits beg for Congress' help with staffing shortages

By Eleanor Mueller

09/12/2022 05:00 AM EDT

This fall could bring some of the deadliest-ever hurricanes, wildfires and other natural disasters as climate change accelerates and seasonal Covid cases mount.

But the nonprofits that respond to them, along with those that meet other needs, are struggling to compete with for-profit employers in a historically tight labor market, leaving them short-staffed — even as overall employment surges past pre-pandemic levels — and ill-equipped to meet demand.

The third-largest sector of jobs in the U.S., nonprofits employed nearly 12.5 million Americans and paid them more than $670 billion in wages at last official count in 2017— more than manufacturing that same year.

But since businesses reopened their doors in 2021 after the initial Covid wave subsided, many charities and other groups say that record-high wages and surging inflation have made it nearly impossible for them to compete with for-profit employers for workers.

“It’s more serious than it’s been in the last several decades,” said David Biemesderfer, president and CEO of the United Philanthropy Forum. “I don't remember a time when it's been this bad.”

The result has been sagging retention and hiring rates that Biemesderfer and others say hobble nonprofits' ability to effectively serve the communities that rely on them.

Pandemic-exacerbated economic hardship and climate change-spurred natural disasters are just a few of the trends that have rendered their roles more critical than ever. The District of Columbia, for instance, is struggling to absorb a surge in refugees from the southern border, while social workers are still grappling with a shutdown-sparked spike in domestic violence.

Without adequate staff, nonprofits warn that even emergency funding from FEMA and others will not be enough to fill all the gaps — leaving many Americans without help in the moments they need it most.

“If McDonald's doesn't have enough employees inside, you wait an extra five to 10 minutes in the drive-thru line,” National Council of Nonprofits President and CEO Tim Delaney said. “When the nonprofit doesn't have enough employees, then the public suffers.”

Groups like Delaney’s are urging policymakers to take action, including by reinstating a handful of expired tax credits.

Among them: the Employee Retention Tax Credit, which refunded qualifying employers for keeping workers on their payroll. Even though nonprofits are exempt from income taxes, they are still responsible for the payroll taxes that fund Social Security, which the ERTC was aimed at relieving.

Nonprofits also point to other policies that could help, like public service loan forgiveness and federal incentives for state and local governments to raise reimbursement caps on contracts with nonprofits.

But so far, they say, it’s been mostly radio silence.

“A lot of our issues tend to get bipartisan support” given that “you don’t often find a lot of lawmakers who are against helping nonprofits,” Biemesderfer said. “But often in the order of priorities, we tend to not be at the top.”

Senate Finance Chair Ron Wyden acknowledged that while he “did not support cutting the Employee Retention Tax Credit off early to pay for other priorities,” trying to bring it back could be a dead end.

“I have strongly supported help for charities on the front lines of the pandemic response, but from a legislative perspective, it’s difficult to re-instate an incentive that was ended early,” the Oregon Democrat said.

The White House, Senate Majority Leader Chuck Schumer, House Speaker Nancy Pelosi, and House Ways and Means Chair Richard Neal (D-Mass.) either declined or did not respond to requests for comment.

The Bureau of Labor Statistics only publishes data on nonprofits every five years — which means the federal government won’t produce any numbers on how Covid-19 impacted the sector until 2024.

“Not knowing what's going on with these organizations … really leaves us with some major blind spots,” said Chelsea Newhouse, who helped analyze data on nonprofits at the now-defunct Johns Hopkins Center for Civil Society Studies.

But Newhouse estimates the industry was likely still missing nearly 80,000 workers, or 5 percent of its workforce, in August — even as overall employment surged. And it’s possible the real number is even higher.

Nonprofits employees perform “emotionally taxing work,” said Jody Levison-Johnson, president and CEO of Social Current, which represents some 1,800 social service organizations. “It’s a lot easier to go to Amazon, make more money, and not have to deal with things that are really difficult, challenging and sad.”

At the end of last year, three in 10 nonprofits reported job vacancies of greater than 10 percent. More than 4 in 10 had 20 percent or more of their positions open.

It doesn’t take a hurricane or wildfire to expose the sector’s cracks. In the District of Columbia, the nonprofits that greet buses of immigrants dispatched by the GOP governors of Texas and Arizona have been “stretched to — maybe even stretched beyond —their limits,” D.C. Council Chair Phil Mendelson said.

FEMA recently contracted with a D.C.-area nonprofit, SAMU First Response, which so far has met 75 buses and 2,935 immigrants. Amid a historically tight labor market, the 28-person organization had to scramble to onboard enough staff who met their qualifications — being fluent in Spanish and English, and “understand[ing] the work that we do," the organization’s managing director, Tatiana Laborde, said.

“We’re building the plane as we fly in the middle of the storm,” Laborde said. At one point, “we had to stop and take a one-day break, because our staff was working 20-hour shifts day after day.”

A recent round of offer letters will ensure the nonprofit has enough workers in place to “really fill those gaps,” Laborde said. Others have not been so lucky.

Social service organizations across the country report having to significantly scale back enrollment due to employee turnover rates as high as 60 percent, Levison-Johnson said — a trend that has become self-perpetuating.

“We’re seeing increased demand, and a lot less of an ability to deliver, because people are having to put people on waiting lists or close programs because the staffing shortage is forcing them to serve fewer people,” Levison-Johnson said. “At the same time, existing staff are being asked to do more — and that also feeds the turnover.”

YMCAs nationwide have canceled swim classes, nix drowning prevention programs and limit pool hours due to an inability to hire and retain lifeguards, in short supply after the pandemic limited training opportunities, tanked younger workers’ labor force participation, and shrank the availability of foreign workers.

“There hasn't been a YMCA that hasn't been impacted by needing a lifeguard,” said Lindsay Mondick, YMCA’s director of aquatics and safety. “All of them are in need of staff to support their pools.”

YMCAs have also had difficulty hiring teachers for their early learning and school-age programs. In D.C., the YMCA of Metropolitan Washington gave its teachers raises between 15 and 25 percent after overall turnover hit 20 percent last year — “astronomical, for the Y,” said Stacey Busija, its senior vice president of human resources.

The higher salaries have forced the organization to hike tuition rates enough that they can no longer serve the same number of people they used to.

Many nonprofits don’t have the option of passing costs on given that the services they provide are often free.

“You can't just tell them the mom at the domestic violence shelter, ‘OK, if you just slide us an extra $5,000, we'll find a bed for you tonight,’” Delaney said.