The Impact of COVID-19 on Texas Nonprofit Organizations

AUGUST 2020
United Ways of Texas and OneStar Foundation recently administered a statewide survey to better understand how the COVID-19 pandemic is affecting 501(c)(3) organizations in Texas and the communities they serve. This report highlights key findings from the survey—administered from late March through May 2020—as well as data and insights from regional and local surveys administered by nonprofits during the same timeframe.

The survey and report are part of the Built for Texas initiative, an initiative aimed at elevating the power and role of the nonprofit sector, the value of nonprofits to local communities and the state’s economy, and their critical role in civil society, led by United Ways of Texas and OneStar Foundation.

Additional findings from eight regional surveys are incorporated throughout this report. We wish to acknowledge and thank regional partners for sharing key data and insights. Partners include:

<table>
<thead>
<tr>
<th>Mission Capital &amp; community partners</th>
<th>Harris County Long Term Recovery Steering Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Way of Metropolitan Dallas</td>
<td>Texas Gulf Coast Regional VOAD Executive Committee</td>
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<tr>
<td>North Texas Cares</td>
<td>The University of Texas Rio Grande Valley Nonprofit Resource Center</td>
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<tr>
<td>United Way of San Antonio and Bexar County</td>
<td>City of Denton</td>
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<tr>
<td>Bush School Center for Nonprofits &amp; Philanthropy at Texas A&amp;M University</td>
<td>United Way of Denton County</td>
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<tr>
<td>Greater Houston Community Foundation</td>
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<td>United Way of Greater Houston</td>
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For more information on Built for Texas and COVID-19 resources for Texas nonprofits, visit txnonprofits.org.

ABOUT THE AUTHORS

UNITED WAYS OF TEXAS (UWT)
As the state association of local United Ways across Texas, UWT works on both building nonprofit organizational capacity and on enhancing the impact of local nonprofits across the state, including nonpartisan advocacy and policy efforts focused on improving the health, education, and well-being of individuals and communities at both the state and national levels. Learn more at uwtexas.org.

ONESTAR FOUNDATION
OneStar Foundation was created to support the State of Texas by strengthening the nonprofit sector, encouraging civic engagement through service and volunteering, promoting innovative strategies to address local issues, and facilitating public-private partnerships to expand the reach of the sector. As the Texas State Service Commission, OneStar administers a portfolio of $18.7 million in federal grant funds for AmeriCorps Texas programs. OneStar also has been designated by Texas Governor Greg Abbott to raise and distribute funds to eligible organizations working on the ground to support the economic recovery of Texas communities impacted by COVID-19. Learn more at onestarfoundation.org.
# Table of Contents

Table of Contents 3

About the Texas Nonprofit Sector 4

## SUMMARY OF KEY FINDINGS & RECOMMENDATIONS

- Mission Impact 7
- Workforce 9
- Revenue Impact 11
- Organizational / Operational Impact 13
- Sustainability 15
- Demand for Service 17
- Additional Assistance Needed 18

## IDEAS FOR ACTION

- For Businesses & Corporate Leaders 21
- For Philanthropy 22
- For Policymakers & Elected Officials 23

Appendix A: Statewide Survey Demographics 25

Appendix B: Regional & Local Texas Surveys & Reports 27

References 28
As noted in Built for Texas: The Impact and Opportunity of Our Nonprofit Sector, nonprofits play a significant role in Texas by contributing to each one of the state’s major industries as well as by offering a range of supports to their communities: providing critical services, convening stakeholders to address issues, creating long-term impact to improve the quality of life of all Texans, and generating financial and social returns to the state’s economy as employers.1

DID YOU KNOW TEXAS NONPROFITS...?

Support and contribute to every major industry in Texas

Hold over $300 billion in assets

The majority operate with a budget of less than $1 million

Have a yearly growth rate of almost 10%, doubling the size of the sector this past decade

Have diverse business models and rely on a mix of revenue sources

Provide 1:8 jobs across the state

106,764 nonprofits in Texas statewide

1.4 million permanent jobs (direct and indirect)

$217 billion spent, rippling through local and regional economies

$100 billion toward Texas’ GDP

$4.89 billion public dollars leveraged with investments from donors

Sector and Economic Data Sources: The Center for Nonprofits and Philanthropy at The Bush School at Texas A&M University, and the Perryman Group.

Every day, nonprofits touch the lives of all Texans while also playing a vital role in the state’s economy and provision of services. In response to COVID-19, Texas’s nonprofits have stepped up without hesitation to serve their communities, safeguard public health, and support their own employees. However, nonprofits throughout the state have been severely affected by the pandemic; even those not directly responding to COVID-19 (e.g. arts and cultural organizations) are facing difficulties. With the impact of the pandemic expected to increase as the crisis and fallout unfolds, nonprofits need—now more than ever—additional support and resources from the state, local governments, business, and philanthropy to continue serving communities in the months ahead.
From late March through May 2020, United Ways of Texas and OneStar Foundation administered a survey open to all Texas nonprofits inquiring about their staff, programmatic, and organizational needs in light of the COVID-19 pandemic. We received a total of 458 responses from nonprofit workers representing diverse communities and areas of focus, with 130 responses from the human services sector alone (e.g. foster care, child care, counseling, financial coaching, housing, employment, youth development). A range of budgets was also represented, with more than 40% of nonprofits having annual budgets under half a million dollars a year. The largest category of survey respondents (32%) reported budgets ranging between $50K and $499K a year, while 15% reported budgets of more than $8 million annually.

REGIONAL HIGHLIGHTS

At least eight regional and local surveys were conducted during this same time in communities across the state to assess the effects of the pandemic on the sector. Important regional findings and quotes from these surveys are included throughout this report. Please see Appendix B for additional details.
This report highlights key themes from various surveys assessing the impact of COVID-19 on Texas nonprofits and offers opportunities for improvements to strengthen the nonprofit sector. We have included data on the role of nonprofits in the state, a summary of survey findings, and specific ideas to take action for policymakers, funders, and the business sector based on survey results, other state practices, and the Built for Texas report.*

**Consistent messages from nonprofits across the state:**

- The COVID-19 pandemic is crippling the sector’s ability to sustain an important workforce and provide critical services all Texans depend on.
- Organizations and the communities they serve need flexible financial resources right now.

**To ensure Texas’s nonprofit sector can continue its important role for our state:**

- Nonprofits, funders, businesses, and governments must work together to mitigate negative short and long-term impacts of COVID-19 on the sector and communities served.
- Texans must advocate to ensure that all responses by key decision-makers include nonprofits and that solutions strengthen the resilience of communities.

* Limitations should be noted. Many things have changed since the survey was administered and we recognize the situation continues to evolve.
The majority of Texas nonprofits are providing direct support to those most impacted by the pandemic and are stepping up to do more.

The survey results highlight the responsiveness, willingness, and nimbleness of the Texas nonprofit sector. The majority of respondents (60%) said their organization provides a service that directly supports the health or basic needs of those most affected by the COVID-19 pandemic. Furthermore, 70% of respondents stated that their organization has changed its operations and services to support COVID-19 response more directly.

Please check all that apply (if any) to the services your organization currently provides. (n=407)

<table>
<thead>
<tr>
<th>Service Provided</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>My organization has changed its operations or services so that it can more directly support the COVID-19 response.</td>
<td>70%</td>
</tr>
<tr>
<td>My organization provides a service that directly supports the health or basic needs of those affected by the COVID-19 pandemic.</td>
<td>60%</td>
</tr>
<tr>
<td>My organization provides a service that mitigates the spread of COVID-19.</td>
<td>18%</td>
</tr>
</tbody>
</table>

REGIONAL HIGHLIGHTS

SAN ANTONIO The San Antonio region survey identified three themes that show how nonprofits are adapting and/or changing their services to better meet community needs:

- Staffing model adjustments (for example, hybrid on-site and remote work models, increased staffing to meet current service demands);
- Organizational approaches to serving clients (for example, a full transition to or inclusion of elements of virtual program delivery, remote service delivery through drop-off and pick-up services or home visits); and
- Adopting emerging innovation (for example, remote and virtual services to clients, increase in the use of social media and online video, increased collaboration with other organizations).

LOCAL VOICES

“Our community of filmmakers and media creators are currently widely unemployed due to the pandemic. Our community is also unable to access our Cinema as a cultural hub. Our filmmaker and producer community are currently unable to access the resources they need, affecting their livelihood.”

~ Arts & culture organization, Central Texas region
Nonprofits are finding it challenging to fulfill their missions due to the widespread impact of the pandemic.

Prior to COVID-19, Texas nonprofits did not have the resources to respond to a continuous increase in need or to stay afloat during a prolonged crisis. As the pandemic continues to unfold, nonprofits are increasingly worried about not being able to carry out their mission or meet the needs of vulnerable and underserved populations—especially older adults, communities of color, children, people experiencing homelessness, poverty, chronic health conditions, and mental health issues.

Here were some of the most frequent concerns reported:

**ORGANIZATIONAL-SPECIFIC CONCERNS**
- Ability to respond quickly with limited resources
- Distribution of resources and supplies to clients, such as food
- Inability to hold events, trainings, or see clients in person
- Staff and client health and wellbeing
- Communications with vulnerable clients
- Technical resources and supports to staff

**COMMUNITY / CLIENT-SPECIFIC CONCERNS**
- Disruption in service provision, especially housing, food, healthcare, and mental health services
- Job losses
- School closures, including learning loss
- Lack of community connection/cohesion due to isolation
- Increases in substance use, domestic violence, child abuse, and neglect

**LOCAL VOICES**

“We serve individuals with intellectual and developmental disabilities, who are already isolated. Now with social distancing, that population is even more isolated than ever and feeling disconnected. We cannot have in-person events to support our participants.”

~ Social services provider, Houston region

“So some of our clients do not have access to a computer or an iPad to do their online work. They have children that are needing to do their online work as well. We have learned to improvise with anything that is free online. As we are without funding at this time to pay our staff, some are volunteering and others are doing their best as most of my staff are [living] paycheck to paycheck. They are dedicated to teaching and that is awesome.”

~ Adult education provider, Rio Grande Valley region
The pandemic and shutdown have impacted nonprofit staff and volunteer workforce, with deeper impacts anticipated.

Texas nonprofits rely on hardworking employees and volunteers to carry out their mission and meet community needs. However, COVID-19 has affected the availability and retention of this critical workforce, with survey respondents “experiencing” or “expecting to experience” the following workforce-related impacts:

<table>
<thead>
<tr>
<th>Impact</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased or sustained staff and volunteer absences</td>
<td>40%</td>
</tr>
<tr>
<td>Reduced employee hours or instituted furloughs or lay-offs</td>
<td>24%</td>
</tr>
<tr>
<td>Instituted hiring freeze</td>
<td>19%</td>
</tr>
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Moreover, Texas nonprofits are very worried about the health and wellbeing of their staff. Respondents noted concerns about their ability to support staff as well as volunteers safely and effectively.

**LOCAL VOICES**

“We are a capacity building organization. We worry that on the other side of this crisis, individuals may be less willing to volunteer in groups. We also worry that the economic strain on nonprofits could lead to many closures.”

~ Food assistance organization, Houston region

**REGIONAL HIGHLIGHTS**

**BRAZOS VALLEY** The survey conducted in the Brazos Valley region discovered that while many organizations (72%) found it “very likely” that they could fund payroll four weeks out, their certainty decreased when asked about meeting payroll eight weeks out, with just 45% of respondents indicating that they very likely would be able to fully fund payroll over that longer period of time.

**DENTON** The Denton survey found that as of the end of April 2020, 45% of respondent nonprofits had already made reductions in workforce as a result of COVID-19.
LOCAL VOICES

“We have a 55% of reduction in our workforce. The number of furloughed employees is 11, with one having reduced hours and the remaining six taking a reduction in salary but continuing to work from home and going to the office one day a week.”

~ Capacity building organization, Denton County

NATIONAL PERSPECTIVE

As an employer, the damage caused by the crisis and the economic shutdown has had a profound impact on the nonprofit sector. While this statewide survey does not fully capture the workforce impacts of COVID-19 on our state’s nonprofit sector, results of the 2020 Nonprofit Employment Report (June 2020) estimates that a staggering one in eight people employed by a nonprofit in February (13 percent) was not employed as of the end of May. In sum, 1.64 million nonprofit workers nationwide lost their jobs in three months.²

<table>
<thead>
<tr>
<th>National Nonprofit Job Loss, March through May 2020, by Industry Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional, scientific &amp; technical</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Health care</td>
</tr>
<tr>
<td>Childcare</td>
</tr>
<tr>
<td>Social assistance (not including childcare)</td>
</tr>
<tr>
<td>Arts</td>
</tr>
<tr>
<td>Other services (civic, advocacy, religious, etc.)</td>
</tr>
<tr>
<td>Miscellaneous / other</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
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Nonprofits anticipate significant changes in revenue because of COVID-19.

Market instability and job losses are examples of the negative impact COVID-19 has had on the economy. As a sector that relies on donations from individuals, businesses, and foundations to carry out their mission and support their communities, nonprofits are especially concerned about this economic instability. The majority of survey respondents (70%) said that their budgets have been impacted or will likely be impacted by COVID-19’s strain on the economy. Additionally, 82% of nonprofits have canceled or plan to cancel revenue-generating programs and events, which will affect their financial prospects and ultimately their ability to have the greatest impact on their communities.

<table>
<thead>
<tr>
<th>Revenue Impact</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cancellation of programs or events and corresponding reduced revenue</td>
<td>82%</td>
</tr>
<tr>
<td>Changing in-person events to virtual events using video conferencing software (e.g. Zoom, Meet, etc.)</td>
<td>72%</td>
</tr>
<tr>
<td>Budgetary implications related to strains on economy</td>
<td>70%</td>
</tr>
</tbody>
</table>

(n=458)

**LOCAL VOICES**

“Our business model involves revenue from insured clients to support operations and infrastructure, and the addition of philanthropic funds to care for the uninsured. Revenue has decreased impacting operations, fundraising has been negatively impacted and our ability to serve the uninsured has been hampered.”

~ Health access provider, Houston region
REGIONAL HIGHLIGHTS

CENTRAL TEXAS  The Central Texas survey found that changes in revenue were much greater for organizations serving primarily communities of color.

As a result of the COVID-19 pandemic, what financial ramifications has your organization experienced to date?

- Reduced grant funding: 28% (Total n=197), 38% (Serves population that is primarily communities of color n=84)
- Reduced in-kind donations: 29% (Total n=197), 43% (Serves population that is primarily communities of color n=84)
- Delayed grant payments: 16% (Total n=197), 29% (Serves population that is primarily communities of color n=84)

SAN ANTONIO  A survey of nonprofits in the San Antonio region found that 78% of organizations are experiencing some degree of decrease in revenue and more than half (54%) are simultaneously experiencing an increase in operational costs associated with increased service demand.
Nonprofits are already experiencing significant organizational impacts and expect this to intensify.

Changes in funding and workforce capacity as a result of COVID-19 are impacting the day to day operations of Texas nonprofits, who are quickly adapting to stay afloat and meet the needs of Texans during this crisis. As shown by this survey, most respondents (77%) estimate that COVID-19 has had or will have a significant impact on their program, services, and organization overall.

Specifically, nonprofits reported experiencing or anticipate experiencing the following impacts:

<table>
<thead>
<tr>
<th>Impact</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Cancellation of programs or events and corresponding reduced revenue</td>
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<td>72%</td>
</tr>
<tr>
<td>Budgetary implications related to strains on economy</td>
<td>70%</td>
</tr>
<tr>
<td>Disruption of services to clients and communities</td>
<td>69%</td>
</tr>
<tr>
<td>Increased demand for services/support from clients and communities</td>
<td>62%</td>
</tr>
<tr>
<td>Challenges related to staff and volunteers needing to work remotely</td>
<td>57%</td>
</tr>
<tr>
<td>Disruption of supplies or services provided by partners</td>
<td>45%</td>
</tr>
<tr>
<td>Increased and sustained staff and volunteer absences</td>
<td>40%</td>
</tr>
<tr>
<td>Need to revisit or institute updated remote work and sick leave policies and updating employees</td>
<td>35%</td>
</tr>
<tr>
<td>Reduced employee hours or instituted furloughs or lay-offs</td>
<td>24%</td>
</tr>
<tr>
<td>Instituted hiring freeze</td>
<td>19%</td>
</tr>
</tbody>
</table>

(n=458)

**LOCAL VOICES**

“We usually serve our families once per month, we now serve once a week. We’ve completely changed our operation, from shopping for food, to packing it, to delivering it. We have a new process for even identifying families in need.”

~ Food assistance organization, Denton County
REGIONAL HIGHLIGHTS

BRAZOS VALLEY  Brazos Valley nonprofit organizations were asked about operations during spring 2020. Many are struggling to continue meeting the needs of Brazos Valley residents; including the provision of new or limited services and cancellation of events. Only 6% of respondents continue to operate as usual, with 20% operating to a greater extent, 58% operating in a reduced capacity, and 17% not operating at all.

HOUSTON  86% of organizations have made “moderate” to “significant” accommodations for the safety of staff and service to the community. Accommodations include considerable sanitation and technology investments as well as adapting program operations to mitigate the spread of COVID-19.

CENTRAL TEXAS  Further, the Central Texas survey results revealed that the effects of COVID-19 on local nonprofits were worse for organizations serving primarily communities of color.

As a result of the COVID-19 pandemic, what operational ramifications has your organization experienced to date?

<table>
<thead>
<tr>
<th>Disruption of supplies or services from your partners</th>
<th>Increased demand for services or support from your clients &amp; communities</th>
<th>Instituted hiring freeze</th>
<th>Significant expansion in the types of needs your clients or communities have</th>
<th>Engaged in strategic partnerships with other organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>29%</td>
<td>52%</td>
<td>26%</td>
<td>37%</td>
<td>30%</td>
</tr>
<tr>
<td>38%</td>
<td>Serves population that is primarily communities of color (n=85)</td>
<td>36%</td>
<td>48%</td>
<td>45%</td>
</tr>
</tbody>
</table>

To what extent are you currently delivering your normal programs and/or services during the COVID-19 pandemic?

- Continue to operate as usual: 6%
- Not operating at all: 17%
- Operating at reduced capacity: 58%
- Operating to a greater extent: 20%

Impact of COVID-19 on Texas Nonprofit Organizations
Texas nonprofits are worried about their ability to continue delivering relevant impact over the long term, but are ready and well-positioned to continue serving Texans.

As noted in the Built for Texas report, approximately two-thirds of the state’s nonprofits bring in more funds than they spend annually to build financial reserves. Additionally, Texas nonprofits collectively have more than $300 billion in assets.¹

However, as this pandemic continues to disrupt every aspect of society, sector leaders are increasingly concerned about the sustainability of nonprofits—i.e., how long before the aforementioned financial reserves and assets run out?

How many months of cash operating reserve do you have to help your organization weather this crisis? (Cash reserves refers to an unrestricted fund balance set aside to stabilize finances.)

- More than a year: 20%
- 6 to 12 months: 31%
- 2 to 6 months: 34%
- 1 to 2 months: 15%
- Less than one month: 8%
- No cash reserves: 11%
- Less than one week: 2%

Assuming no significant additional investment or support, how long do you estimate your organization could operate at current capacity with your current expenses and income?

- More than a year: 8%
- 6 to 12 months: 20%
- 2 to 6 months: 38%
- 1 to 2 months: 15%
- Less than one month: 8%
- No cash reserves: 11%
- Less than one week: 2%
REGIONAL HIGHLIGHTS

Similar results were found in regional surveys.

Assuming no significant additional investment or support, how long do you estimate your organization could operate at current capacity with your current expenses and income?

<table>
<thead>
<tr>
<th></th>
<th>RIO GRANDE VALLEY</th>
<th>CENTRAL TEXAS</th>
<th>STATEWIDE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2 months</td>
<td>24%</td>
<td>10%</td>
<td>21%</td>
</tr>
<tr>
<td>2 to 6 months</td>
<td>33%</td>
<td>44%</td>
<td>34%</td>
</tr>
<tr>
<td>6-12 months</td>
<td>35%</td>
<td>25%</td>
<td>31%</td>
</tr>
<tr>
<td>More than a year</td>
<td>9%</td>
<td>19%</td>
<td>14%</td>
</tr>
</tbody>
</table>

LOCAL VOICES

“The COVID-19 pandemic exponentially increased our operating costs and reduced our operating revenue, putting the sustainability of our 50 years old establishment at risk.”

~ Medical services provider, Houston region
Nonprofits are facing significant stress due to increased demand.

Unlike other sectors, Texas nonprofits are doing more with less to meet the increasing demand for services across the state. More than half of nonprofits (62%) have experienced or anticipate experiencing an increased demand for support from clients and communities.

**LOCAL VOICES**

“The demand for our services is increasing every day, with little to no increase of financial support from donors and foundations.”

~ Social services provider, Ector County

**REGIONAL HIGHLIGHTS**

**HOUSTON** As early as March 13, the Houston area survey showed that organizations were reporting an increase in demand for services, primarily requests for basic needs and financial assistance (e.g. food, supplies, household/cleaning supplies, gift cards and funds to address lost wages/financial strain). Most nonprofits (85%) expected demand to increase, with 66% expecting a “significant” or “exponential” increase.
Nonprofits need additional resources and support to best respond to COVID-19 and build community resilience.

Respondents noted a variety of supports needed to ensure that Texas nonprofits can operate and survive this difficult time, continue to provide critical services, and overall meet the needs of their communities long-term.

Here are some of the most frequent sector needs reported in the statewide survey:

- **Financial support that is flexible** to respond to the varying and uncertain needs of the current environment, including grants (not loans) from the government.

- **Technology to better meet the needs of staff**, operations, and those served by nonprofits, such as telecommuting software, video conferencing, internet access, etc.

- **Reimbursement for paid leave** to support staff and the organization.

- **Extension of unemployment benefits** with attention to the financial impact of this on nonprofits. One respondent noted, “extension of unemployment benefits beyond June would be a consideration. However, we [nonprofits] will all be hit hard with UEI rates next year. As a non-profit, that’s going to hurt.”

- **Capacity building and other infrastructure support.** Technical assistance and infrastructure needs (other than technology) including free access to software and other subscriptions like telecommuting software; staff support, training on technology, and navigating financial/relief assistance—including SBA loans/opportunities and networking/partnership access.
Additional funding from governmental entities or foundations should be directed at (1) supporting the sector’s ability to respond to community needs, (2) economic recovery, and (3) strengthening the basic safety net for all Texans.

As frontline service providers, nonprofits not only have expertise regarding community needs but also insight into the strategies needed to get Texas through and beyond this crisis. As revealed by the survey, Texas nonprofits are primarily concerned about the economy and the basic safety net. They also overwhelmingly stated that general operating support is needed to sustain their work in the short and long term. Lastly, the ability to pay staff and keep people employed was another point of concern among nonprofits surveyed.

Respondents suggested that additional funding be directed towards:

- **Basic needs**, such as housing, rent, utility assistance, etc. and direct relief to individuals in need. Many noted vulnerable populations (i.e., older adults, children, and low-income households).

- **Critical response needs**: testing, emergency health services, personal protective equipment (PPE), and vaccine research, development, and distribution.

- **Access to technology or software** that would allow organizations to adapt to the restrictions of social distancing and continue to fulfill their missions virtually.

- **Support to small businesses and investment in workforce initiatives**, including workforce education and training to best position our state for economic recovery.

**REGIONAL HIGHLIGHTS**

**NORTH TEXAS** A survey of nonprofits in the Dallas area showed that the needs gap is widening. Nonprofits expressed that:

- Funds aren’t coming in quick enough.
- The longer people are unable to work, the greater the needs become as people go through what little savings they may have had.
- Non-emergency needs are going unmet, like chronic disease management.
- Technology needs and distance learning challenges are going unsolved.
- Continued needs for PPE and cleaning supplies, as well as basic living essentials like food.
"Our biggest concern is the increase in inequities. As often happens in a down-market is only those with means can take advantage of the economic growth that will come. This means those who lost their homes, businesses, jobs, etc. will not have an opportunity to participate as economy expands—thus, creating a greater wealth gap. It is incumbent on the community to do what we can to not only create safety nets, but a true lift for all. If there is anything the Shelter-In-Place order has magnified, it is exactly that—lack of access to food, healthcare, safe housing, technology and basic needs."

~ Education nonprofit, North Texas region
Ideas for Action

As donors, volunteers, and advocates, all Texans can play a role in ensuring nonprofits have the capacity, voices, and resources needed to continue their pivotal work throughout the state.

Business leaders, philanthropy, and policymakers benefit from a strong nonprofit sector and play an important role in ensuring this sector remains strong. To guarantee that Texas nonprofits have the capacity, resources, and flexibility to best serve their communities now and well beyond COVID-19, leaders at all levels need to strengthen and support the nonprofit sector.

The following action items for consideration reflect best practices from nonprofit associations in other states, the sector-wide opportunities outlined in the *Built for Texas* report released in 2019 as well as key findings from the statewide COVID-19 survey. This report and the ideas noted below present an opportunity for all Texans to explore ways they can support the nonprofit sector in building its capacity, so that it can continue to step up and respond to community needs during and well beyond COVID-19.

### For Businesses & Corporate Leaders

- **Consider giving unrestricted donations.** Unrestricted donations to nonprofits will help ensure that they have the flexibility to direct the money to where it is most needed.

- **Speak to your nonprofit partners.** Work with them to understand the new challenges they are facing and consider how to support them and create a shared purpose.

- **Use your voice and collectively work with nonprofits to drive systemic change.** Nonprofit organizations work to fill gaps in services for underserved communities. Businesses can play an influential role in driving leaders, including policymakers to solve our state’s most pressing challenges.

- **Educate employees on the effects of the crisis in the community and empower them to give back.** When companies show that they are dedicated to improving their communities, they are more likely to attract and retain valuable, hardworking, and engaged employees.

- **Invite the nonprofit sector to be at the table when making business or economic decisions.** As a result of having strong community relationships and intimate local knowledge, nonprofits often understand better than anyone else their communities’ needs and the best ways to meet them.
FOR PHILANTHROPY

- **Use your voice to strengthen partnerships and serve as a broker for the sector.** Philanthropy can play many roles, including: building and maintaining relationships with community leaders to keep up with issues and challenges, providing space for strategic long-term planning across sectors, and serving as brokers of communication between the private sector and public/nonprofit sector on opportunities to support the community, especially underserved communities.

- **Provide flexible, unrestricted funding and increase giving to support a variety of organizational needs.** Now more than ever nonprofits need maximum flexibility to respond to this crisis and alleviate unforeseen financial burdens. Also, private foundations should consider awarding more than the minimum threshold required by the IRS given the challenges this pandemic has put on all our communities.³

- **Reduce and streamline the requirements of nonprofit partners.** During this challenging time, funders should simplify and streamline paperwork and reduce other demands (e.g., postponing reporting requirements, site visits, etc.) due to the limited staff capacity of nonprofits.

- **Invest and engage in advocacy efforts.** Advocacy maximizes the impact of funding by philanthropy. Nonprofits are well positioned to leverage this crisis to advance and defend policies critical to the health and well-being of our most vulnerable and underserved populations including communities of color, older adults, children, and low-income families.

- **Promote and practice equitable grantmaking.** The pandemic has reminded everyone that disasters disproportionately impact vulnerable communities, such as rural, poor, and communities of color. Funders should invest in the recovery and resilience of these communities by supporting grassroots organizations and by targeting funding to underserved populations.

- **Deepen efforts to coordinate with fellow funders as well as local and federal governments.** Nonprofits want philanthropic investments and collective efforts to be coordinated. They also want to leverage existing resources as well as public assistance/resources that will be made available.
Craft budgets that strengthen nonprofits serving Texas communities. Throughout this pandemic, state and local governments have relied on thousands of nonprofits to support Texans during this critical time. By ensuring public funding is directed to critical services and support, nonprofits can make a greater impact.

Include nonprofits in small business relief. Like other small businesses, many nonprofits need immediate financial support to continue to operate and provide services. As federal, state, and local governments develop or expand loan programs, grants, or other measures to help small businesses, it is essential that nonprofits have full access to these programs.

Update government contracting processes with nonprofits. During this crisis, policymakers and elected officials should find ways to increase flexibility with contractors and streamline regulations, applications, and reporting and auditing requirements for nonprofit service providers. Also, as is the case with other contracts, overhead and administrative costs should be included in government contracts with nonprofits.

Increase transparency of government contracts to better understand the state’s reliance on nonprofits to carry out their business. The government often looks to nonprofits to provide critical services and programs. While other states track the government’s reliance on the nonprofit sector, Texas cannot distinguish how much of the state’s business relies on nonprofits. Especially during a time of disaster like COVID-19, it is critical to understand how much the state depends on nonprofits to support Texans in need, and what contracting, grant award and other best practices can be put into place to support the success of nonprofits working with the state.

Ensure nonprofit input on governmental plans and policies, including the budget, that affect nonprofits or their constituents. It is essential that government leaders consult with nonprofits to get the fullest, clearest picture of the issues facing communities and opportunities for improvements—especially as Texas nonprofits continue to proactively respond to this current crisis.

Provide funding for 211 to better connect people with vital services. In March 2020, state leaders officially declared 211 as the primary resource for Texans seeking information and referrals related to COVID-19. As a result, since then, the number of calls to 211 increased 42% as compared to the same period the year prior, stretching the capacity of the system. While 211 is an essential service to Texans in need, it requires additional investment and support to maintain this volume of calls and to remain a viable strategy to connect Texans to local resources such as food banks, employment support, and information related to COVID-19.
Bridge the digital divide facing Texas communities. The internet is increasingly becoming a lifeline that all households and businesses need access to, especially as work, learning, and resources are being or have been moved online. More than 2 million Texans lack access to high-speed internet (broadband) and small businesses in rural Texas are disconnected. As an issue of equity, the digital divide has become more evident during COVID-19 and solutions are needed to ensure every Texan has the opportunity, resources, and skills to navigate the digital world.4

Promote charitable giving and volunteerism. Unfortunately, charitable giving overall has not kept pace with our state’s growing economy. Similarly, Texas ranks low (37th) in terms of residents volunteering, as cited in the 2018 Volunteering in American Report.5 Volunteerism is a critical component of a thriving community during times of disaster as well as during blue skies; it connects individuals, creates a sense of purpose, and provides essential support to those most vulnerable.

Now, more than ever, Texas nonprofits are stretched to their limits while meeting increasing community needs. They are on the front lines of this pandemic and demand further investments to not only respond to this crisis but also be agents for the recovery. We know that this is not the first crisis faced by the nonprofit sector and that nonprofit organizations are adaptive, resilient, and tirelessly working in pursuit of their missions. Nonprofits are Built for Texas! With both the public’s trust and support from leaders at all decision-making levels, our sector will continue to innovate and work towards fulfilling our missions and driving community impact forward.

United Ways of Texas and OneStar Foundation look forward to growing our network of Built for Texas partners and bringing stakeholders together to explore key challenges and opportunities for improvements. To learn more about how you can join us in supporting the impact sector and resources for Texas nonprofits responding to COVID-19, go to txnonprofits.org.
Which category best describes the primary focus of your organization’s work? 
(n=457)

- **Human Services**
  - (e.g. foster care, child care, counseling, financial coaching, housing, employment, youth development)
  - 28.5%

- **Education**
  - 10.9%

- **Environment & Animals**
  - (e.g. animal welfare, food banks, food programs)
  - 7.9%

- **Religion or Faith Based**
  - 5.3%

- **Public/Societal Benefit**
  - (e.g. membership, civil rights, advocacy, capacity building)
  - 5.5%

- **International**
  - 0.2%

- **Arts, Culture & Humanities**
  - 4.6%

- **Other**
  - 19.7%
What range best describes your organization’s total annual operating budget, prior to the outbreak of COVID-19? (n=455)

Prior to the outbreak of COVID-19, how many full-time equivalent (FTE) staff were employed at your organization? (n=456)

Prior to the outbreak of COVID-19, how many volunteers did you depend on to support your services? (n=453)
## APPENDIX B

### REGIONAL & LOCAL TEXAS SURVEYS & REPORTS

**DOCUMENTING COVID-19 IMPACT TO THE NONPROFIT SECTOR, MARCH–MAY 2020**

<table>
<thead>
<tr>
<th>SURVEY / REPORT LINK</th>
<th>REGION</th>
<th>NUMBER OF RESPONDENTS</th>
<th>DATES ADMINISTERED</th>
<th>HOSTED BY</th>
<th>COUNTIES COVERED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TX Nonprofits and COVID-19: Impact and Support</strong></td>
<td>Texas (statewide)</td>
<td>457</td>
<td>March–May 2020</td>
<td>United Ways of Texas OneStar Foundation</td>
<td>All 254</td>
</tr>
<tr>
<td><strong>Nonprofit COVID-19 Pulse Survey</strong></td>
<td>Central Texas region</td>
<td>458</td>
<td>March 26–31, 2020</td>
<td>Mission Capital &amp; community partners</td>
<td>Primarily Travis, Williamson, Bastrop, Caldwell, Hays</td>
</tr>
<tr>
<td><strong>Nonprofit COVID-19 Pulse Survey #2</strong></td>
<td></td>
<td>428</td>
<td>April 28–May 8, 2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>COVID-19 Needs Assessment Survey</strong></td>
<td>North Texas region</td>
<td>198</td>
<td>April 2020</td>
<td>United Way of Metropolitan Dallas North Texas Cares</td>
<td>14 North Texas counties, including Collin, Dallas, Denton, Rockwall</td>
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<tr>
<td><strong>COVID-19 Nonprofit Assessment Survey</strong></td>
<td>San Antonio &amp; Bexar County</td>
<td>173</td>
<td>March 13–April 23 and April 24–June 4, 2020</td>
<td>United Way of San Antonio and Bexar County</td>
<td>Bexar</td>
</tr>
<tr>
<td><strong>The Brazos Valley Nonprofit Leaders’ Response to COVID-19</strong></td>
<td>Brazos Valley region</td>
<td>90</td>
<td>March 23–April 13, 2020</td>
<td>Bush School Center for Nonprofits &amp; Philanthropy at Texas A&amp;M University</td>
<td>Brazos, Burleson, Grimes, Robertson, Leon, Madison, Washington</td>
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<tr>
<td><strong>Nonprofit Needs and Capacity Survey - COVID Response</strong></td>
<td>Houston region</td>
<td>76</td>
<td>March 13–22, 2020</td>
<td>Greater Houston Community Foundation United Way of Greater Houston Harris County Long Term Recovery Steering Committee Texas Gulf Coast Regional VOAD Executive Committee</td>
<td>Primarily Harris, Fort Bend, Waller, Montgomery</td>
</tr>
<tr>
<td><strong>COVID-19 Nonprofit Climate Survey</strong></td>
<td>Rio Grande Valley region</td>
<td>56</td>
<td>Summer 2020</td>
<td>The University of Texas Rio Grande Valley Nonprofit Resource Center</td>
<td>Hidalgo, Cameron, Willacy, Starr</td>
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<tr>
<td><strong>COVID-19 City of Denton Nonprofit Impact Survey</strong></td>
<td>Denton County</td>
<td>34</td>
<td>April 17–30, 2020</td>
<td>City of Denton United Way of Denton County</td>
<td>Denton</td>
</tr>
</tbody>
</table>


