

# Nonprofit Workforce Shortage Survey

## In Arizona

August 2023

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In April 2023, more than 1,600 charitable nonprofit organizations throughout the United States completed the nonprofit workforce shortages survey designed to gauge whether job vacancies continue to be a problem for the missions of those organizations, how the vacancies impact communities, and what actions have been taken and are proposed for alleviating the challenges. More than thirty Arizona nonprofits shared insights that provide the substance of this report.

### Key Findings

- Nearly two out of three (65.6%) Arizona nonprofits completing the survey reported experiencing job vacancies.
- Half (50.0%) of nonprofits in Arizona responded that they have more vacancies compared to before the COVID-19 pandemic, and greater than one third (34.4%) have longer waiting lists for services than in March 2020.
- 71.4% of respondents with vacancies identified program and service delivery as a category with vacancies.
- Three-fourths (75.0%) of responding organizations said budget constraints/insufficient funds affects their ability to recruit and retain employees, followed by salary competition (71.9%) and stress/burnout (56.3%).
- More than seven out of ten (71.9%) respondents anticipate the amount of donations will decline or remain flat for 2023. Nearly two out of three (65.7%) expect the number of donors to decline or remain the same this year.

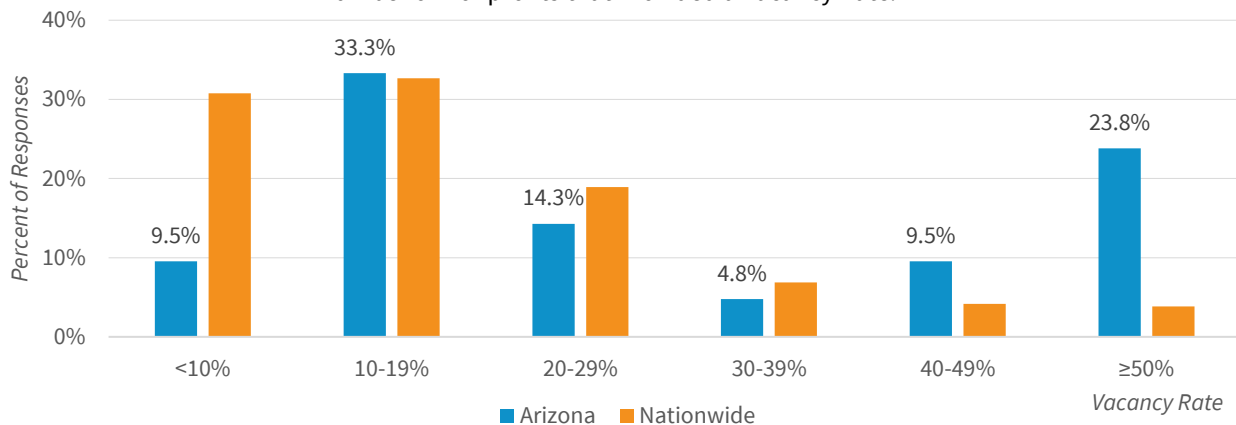
### The Scope of The Problem

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One of the key questions in the survey was, “What is your nonprofit’s current job vacancy rate?” About a tenth of Arizona nonprofits (9.5%) with vacancies shared rates of fewer than 9%, while one-third (33.3%) responded that their vacancy rates ranged between 10% and 19%. Disturbingly, more than half (52.4%) of nonprofits reported job vacancy rates of 20% or greater.

**Figure 1: Nonprofits' Job Vacancy Rate in April 2023**

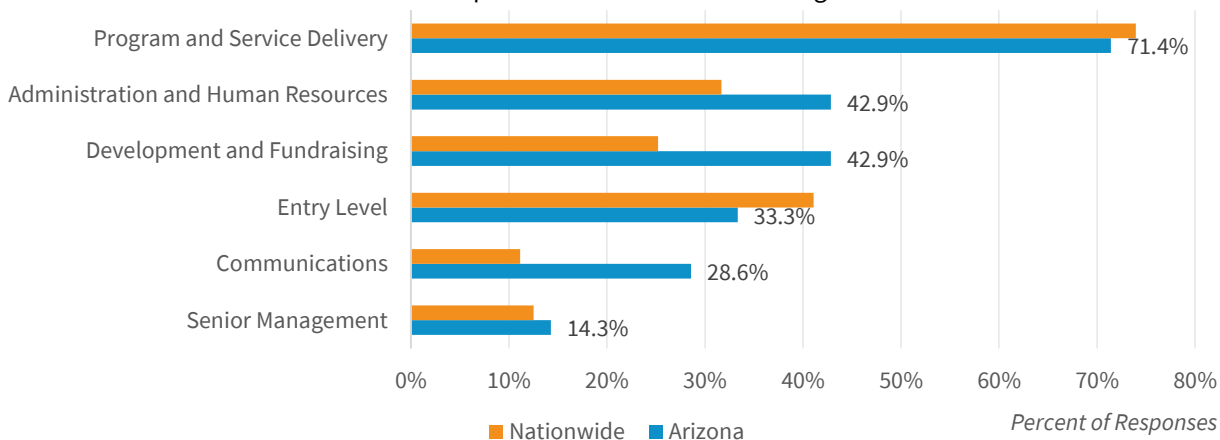
Number of Nonprofits that Provided a Vacancy Rate: 21



The job category with the most vacancies is program and service delivery, which affects 71.4% of nonprofits that reported vacancies. More than two out of five (42.9%) nonprofits also reported vacancies in administration and human resources and development and fundraising. Vacancies in entry level positions impact one-third (33.3%) of organizations, according to survey respondents. In addition, 28.6% of nonprofits reported vacancies in communications positions and 14.3% cannot fill senior management positions. Respondents also shared that they have vacancies for primary care providers, child care and education positions, as well as janitorial/preservation staff.

**Figure 2: Nonprofit Job Categories with Vacancies in April 2023**

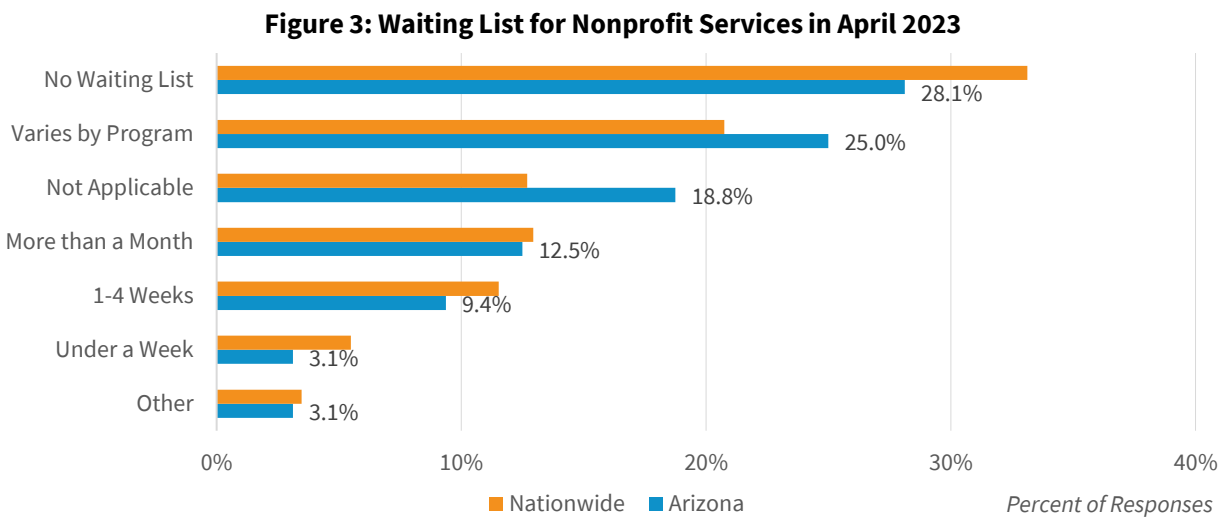
Number of Nonprofits that Identified Job Categories: 21



The impact of increased job vacancies is visible in Arizona’s communities, as demonstrated in comments provided by survey participants. A nonprofit professional shared that workforce shortages impact the availability of quality child care. Another nonprofit has seen a “dramatic increase” in homelessness, creating new needs in their community. Fewer families who experience trauma can access resilience-building services, according to a human services provider.

# Why It Matters: The Consequences to People, Communities, and Missions

The survey asked participants to share the extent they had been forced to resort to waiting lists or otherwise alter service delivery because of workforce shortages. More than a quarter (27.8%) reported having waiting lists; 12.5% said that their waiting lists are more than a month long. More than one out of four (28.1%) nonprofit respondents to the survey indicated that they had no waiting lists for their services. Another quarter (25.0%) explained that they could not give a time frame for waiting lists because the duration for wait times varied by program. Another 18.8% said that the question is not applicable to their operations.



The survey also asked nonprofits to compare their current challenges to prior experiences. Half (50.0%) of nonprofits in the state responded that they have more vacancies compared to before the COVID-19 pandemic, and more than one-third (34.4%) have longer waiting lists for services than in March 2020.

**Table 1: Vacancies and Waiting Lists in April 2023 Compared to March 2020**

	Changes Observed April 2023 vs. March 2020	Percent of Responses in 2023
<b>Vacancies</b>	More vacancies	50.0%
	Fewer vacancies	6.3%
	No change to vacancies	3.1%
<b>Waiting List</b>	Longer waiting list for services	34.4%
	Shorter waiting list for services	0
	No change to waiting list	9.4%
<b>Other</b>	Other	9.4%
	Did not select an option	37.5%

Nonprofits in Arizona with waiting lists elaborated on how they are impacted by increased job vacancies or turnover. A human services provider shared that vacancies have created challenges with volunteer recruitment and training, relationship-building with partner agencies, and providing services. For a healthcare nonprofit, ongoing staffing shortages have resulted in consolidated locations, closed programs, and having to place referrals on hold for some of their programs. Another nonprofit cannot take in new clients because of staffing concerns, which leaves families and individuals without other options. The nonprofit Read Better Be Better was able to expand services every school year, but now must consider having to cut back services because they cannot fill positions.

Nonprofits in Arizona are also concerned about a lack of affordable housing, child care, healthcare, and public transportation. A nonprofit professional shared that their work depends on receiving documentation from other entities, such as schools, and those entities are also experiencing shortages that impact their ability to operate. An arts nonprofit is also concerned about an aging donor base.

In short, job vacancies, and resulting waiting lists or cancellation of services, have direct, adverse effects on the people nonprofits serve and their local communities. The challenges Arizona charitable nonprofits face are not a sector problem, but one that affects Arizonans throughout the state.

### **Barriers to Nonprofits Retaining and Recruiting Employees**

The three leading factors affecting recruitment and retention for Arizona charitable organizations are budget constraints/insufficient funds, salary competition, and stress/burnout. One respondent also pointed to challenges with securing consistent funding to cover competitive employee benefits. For another nonprofit participating in the survey, the biggest challenge is offering competitive and attractive compensation and benefits packages, and being able to cover increasing operating costs when funding mostly goes towards programming and services.

**Table 2: Factors Affecting Nonprofit Recruitment and Retention**

<b>Factor Affecting Recruitment and Retention</b>	<b>Number of Responses</b>	<b>Percent of Responses</b>
Budget constraints/insufficient funds	24	75.0%
Salary competition	23	71.9%
Stress/burnout	18	56.3%
Other	6	18.9%
COVID-19 and vaccinations	3	9.4%
Not Sure	2	6.3%
Lack of child care	2	6.3%
Challenges caused by government grants/contracts	1	3.1%

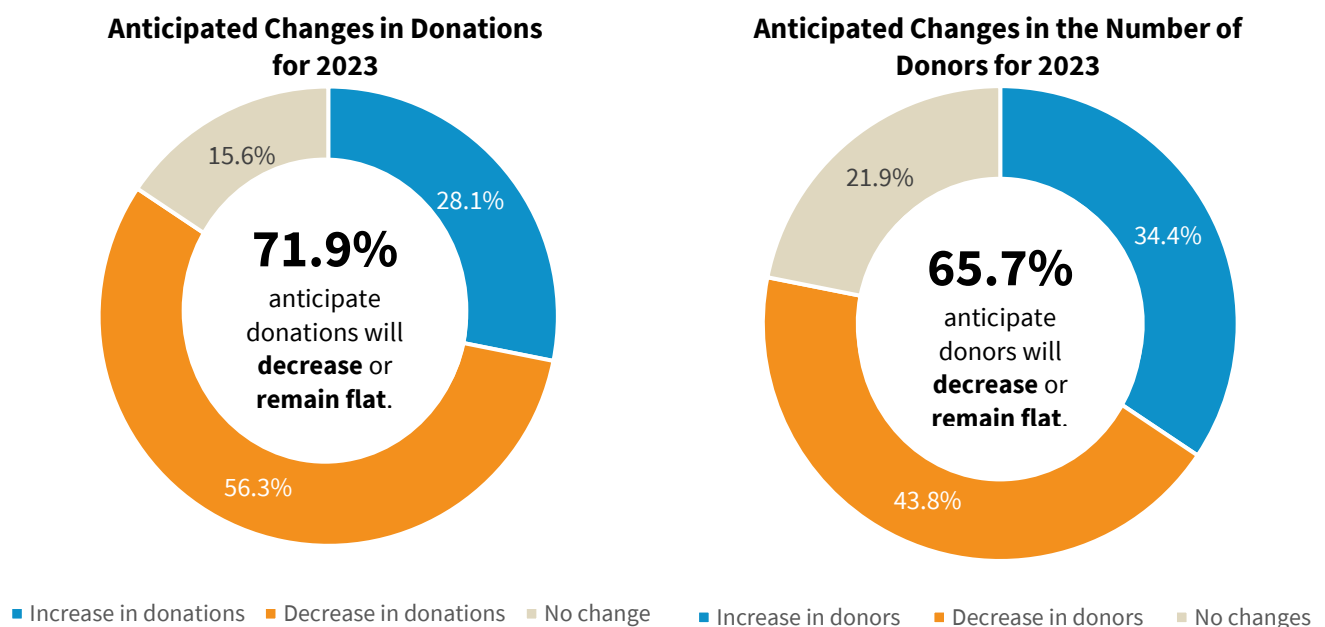
## External Factors Impacting Nonprofits

Going beyond the scope of the earlier survey, the 2023 nonprofit survey sought to quantify how much three external factors have impacted nonprofit employment challenges: 1) charitable giving; 2) natural disasters; and 3) the end of enhanced benefits provided during the declared public health emergency. The results vary widely depending on, among other things, the respondent's subsector, geographic location, and demographics of people served.

### Charitable Giving

More than seven out of ten (71.9%) respondents anticipate the amount of donations will decline or remain flat for 2023. Nearly two-thirds (65.7%) expect the number of donors to decline or remain the same this year.

**Figure 4: Nonprofits' Anticipated Changes in Donations and Donors for 2023**



The anticipation by most Arizona nonprofits that total giving and the number of donors will be either flat or declining in 2023 is troubling. Charitable giving declined by 10.5 percent in 2022 compared to 2021, according to [Giving USA's Annual Report](#). This comes at a time when [inflation](#) has caused higher costs for services and demand for those services continues to rise. According to the [Nonprofit Finance Fund](#), between FY2019 and FY2021, demand for services significantly increased for 52% of nonprofits. As a result, nonprofits expect giving to effectively decline while the needs of residents remain high and are going up.

# Impact of Natural Disasters on Nonprofits

As communities suffering from natural disasters turn to charitable nonprofits, they are discovering that the nonprofits where they seek relief are themselves struggling to recover from the significantly added workloads they endured throughout the pandemic. Natural disasters impact nonprofits in many ways, and in Arizona they mainly lead to increased demand for services and increased costs of providing services/unbudgeted costs.

**Table 3: Impact of Natural Disasters on Nonprofits**

Impact of Natural Disasters	Number of Responses	Percent of Responses
Not applicable	24	75.0%
Increased demand for services	6	18.8%
Increased costs of providing services/unbudgeted costs	4	12.5%
Building/office damage	3	9.4%
Unable to provide services	3	9.4%
Staff impacted by natural disasters	1	3.1%
Other	1	3.1%

## The End of the Public Health Emergency

With the expiration of many federal and state relief programs created under the COVID-19 public health emergency, some nonprofits expect this to impact their operations. For instance, Youth Outdoor Experience anticipates a significant impact on their organizations’ capacity to secure/attract more donors and program contracts. They are also concerned that competition for limited funding will further strain organizations. Other respondents think that their community members will be adversely impacted, which can then affect their ability to meet changing demands for services.

## Solutions and Recommendations

Recognizing that the people leading, working in, and volunteering for charitable nonprofits are, by nature, problem solvers, the 2023 survey invited participants to share the solutions they had already implemented or identified for addressing the nonprofit workforce shortages crisis. They provided practical solutions and proposed public policy solutions.

## Practices Implemented by Nonprofits

Arizona nonprofits have responded to the workforce shortages crisis by increasing salaries, providing remote work options, and providing career advancement opportunities. One nonprofit pointed to paid maternity leave as an example of their new policy.

**Table 4: Practical Solutions Implemented by Nonprofits**

Implemented Practices	Number of Responses	Percent of Responses
Salary increases	18	56.3%
Remote work options (hybrid, full-time, etc.)	16	50.0%
Career advancement opportunities (training, mentorship, etc.)	14	43.8%
Benefits increased (health insurance, transportation, etc.)	13	40.6%
Diversity, Equity, and Inclusion trainings and strategies	13	40.6%
Wellness programs (4-day workweek, additional time off, retreats, sabbaticals, etc.)	10	31.3%
One-time bonuses	9	28.1%
Mental health (expanded benefits, counseling, etc.)	6	18.8%
Not applicable	6	18.8%
Notified employees about their eligibility for Public Service Loan Forgiveness	5	15.6%
Signing bonus	3	9.4%
Other	3	9.4%

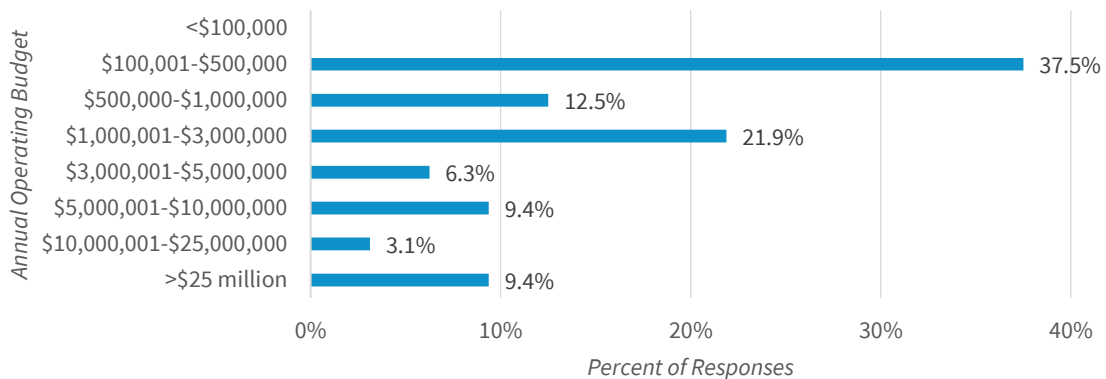
## Solutions Proposed by Nonprofits

Nonprofits on the frontlines in Arizona shared solutions they think lawmakers, philanthropy, and other nonprofit professionals should consider. A respondent emphasized that nonprofits need more flexibility with funds to respond to employment challenges more quickly. Another nonprofit asked for general operating support, adding that project grants are great, but “add to workload rather than relieve pressure.” Other policy solutions shared by respondents are increasing access to affordable housing, child care, and public transportation, which could support employees’ ability to remain in the sector.

# Profiles of Nonprofits Completing the Survey

Although workforce shortages impact nonprofits from all sectors and budgets, smaller nonprofits feel the impact more. Nonprofits with annual operating budgets below \$1 million made up half (50.0%) of respondents to the workforce shortages survey. Those with budgets of between \$1 million and \$3 million comprise 21.9% of respondents, and 6.3% of respondents had annual operating budgets that range from \$3 million to \$5 million. Another 21.9% of nonprofits had budgets greater than \$5 million.

**Figure 5: Nonprofits' Annual Operating Budget**



**Table 5: Communities Served by Nonprofits**

Communities Served	Number of Responses	Percent of Responses
American Indian or Alaskan Native, Asian, Black, Native Hawaiian or Pacific Islander, Middle Eastern/North African, Hispanic/Latino/Latina/Latinx, or multi-racial/multi-ethnic	17	53.1%
None of the above	11	34.4%
People with disabilities	8	25.0%
People living in rural communities	5	15.6%
People who identify as LGBTQ+	5	15.6%



**Table 6: Responses to the Nonprofit Workforce Shortages Survey by Subsector**

Subsector	Number of Responses	Percent of Responses
Human Services	7	21.9%
Education	7	21.9%
Arts, Culture, and Humanities	7	21.9%
Public/Societal Benefit	3	9.4%
Healthcare	3	9.4%
Community/Civic Engagement	2	6.3%
Other	2	6.3%
Child Care	1	3.1%