

Nonprofit Workforce Shortage Survey

In Minnesota

August 2023

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 seventy Minnesota nonprofits shared insights that provide the substance of this report.

Key Findings

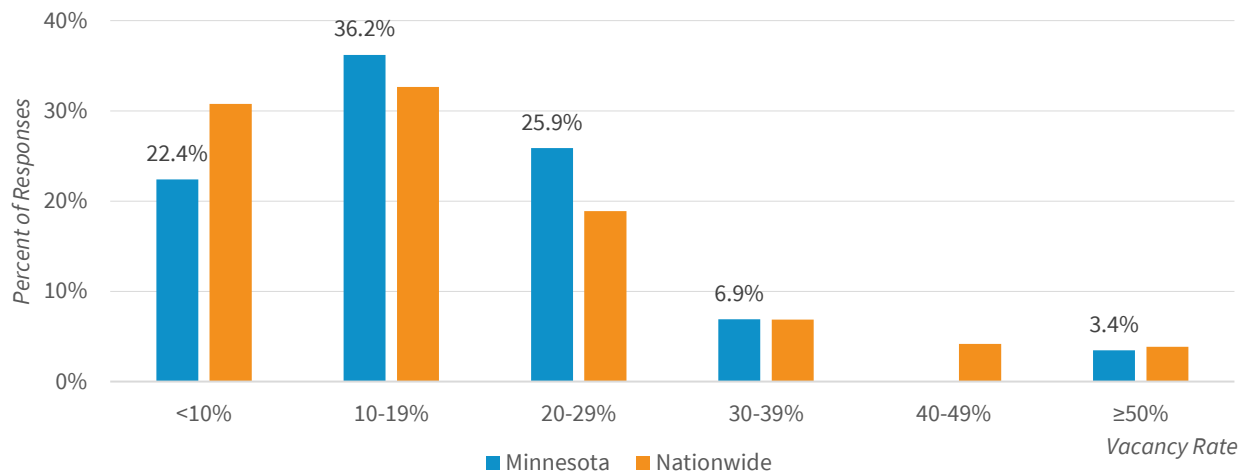
- Four out of five (80.6%) Minnesota nonprofits completing the survey reported experiencing job vacancies.
- Nearly two-thirds (63.9%) of nonprofits in the state responded that they have more vacancies compared to before the COVID-19 pandemic, and 37.5% have longer waiting lists for services than in March 2020.
- 70.7% of respondents with vacancies identified program and service delivery as a category with vacancies.
- Almost three-fourths (73.6%) of responding organizations said salary competition affects their ability to recruit and retain employees, followed by budget constraints/insufficient funds (62.5%) and stress/burnout (54.2%).
- Nearly seven out of ten (69.4%) respondents anticipate the amount of donations will decline or remain flat for 2023. A higher percentage (72.2%) expects the number of donors to decline or remain the same this year.

The Scope of The Problem

One of the key questions in the survey was, “What is your nonprofit’s current job vacancy rate?” More than one-fifth of Minnesota nonprofits (22.4%) with vacancies shared rates fewer than 9%, while more than one-third (36.2%) responded that their vacancy rates ranged between 10% and 19%. Disturbingly, the same percentage (36.2%) reported a job vacancy rate of 20% or greater.

Figure 1: Nonprofits' Job Vacancy Rate in April 2023

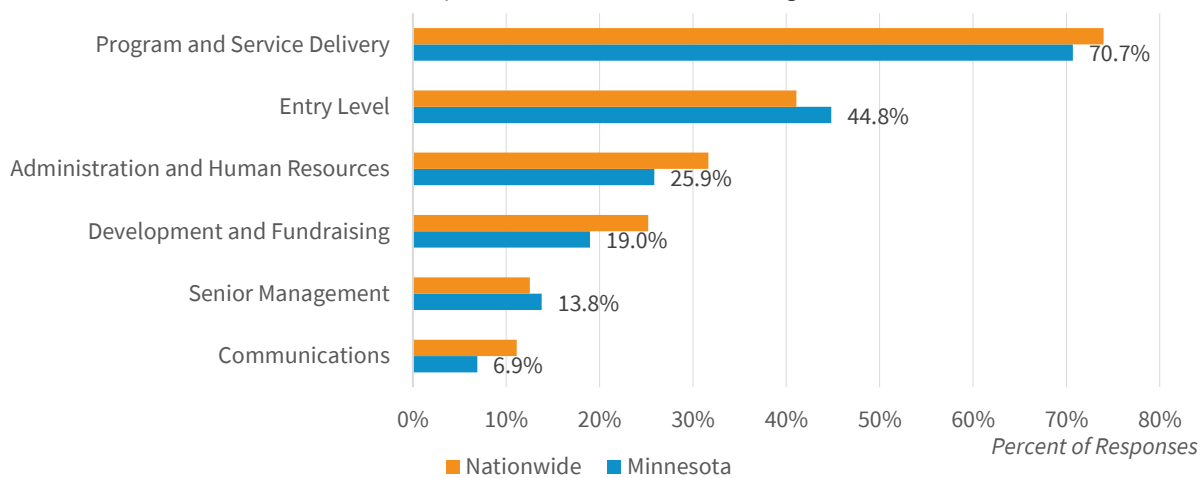
Number of Nonprofits that Provided a Vacancy Rate: 58



The job category with the most vacancies is program and service delivery, which affects 70.7% of nonprofits that reported vacancies. More than two out of five (44.8%) nonprofits also reported vacancies in entry level positions. Vacancies in administration and human resources impact a quarter (25.9%) of organizations. More than one out of ten (13.8%) nonprofits in Minnesota that reported vacancies cannot fill senior management positions. Other categories reported are in accounting, technician, and recruitment positions.

Figure 2: Nonprofit Job Categories with Vacancies in April 2023

Number of Nonprofits that Identified Job Categories: 58

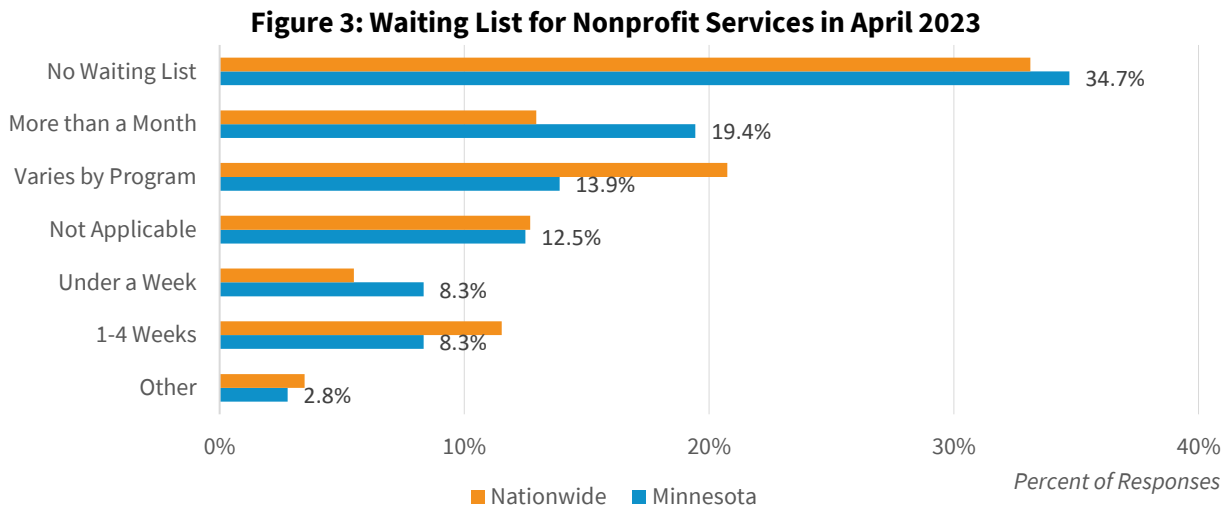


The impact of increased job vacancies is visible in Minnesota’s communities, as demonstrated in comments provided by survey participants. An arts nonprofit that served over 7,000 young people each year before the pandemic now has fewer youth programs and had to reduce their hours to five days a week. Great River Homes shared that vacancies have left people without the support they need, and that also directly impacts the number of abuse and neglect cases involving their most vulnerable populations. Another provider now has areas in the state where they cannot provide services because of staff shortages. A nonprofit professional expressed concern about the victims and survivors that are going without services. According to a survey respondent, there are parents

waiting for child care to be available so they can begin jobs, but the nonprofit cannot operate at full capacity.

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 one-third (34.7%) of nonprofit respondents to the survey indicated that they had no waiting lists for their services. Another 13.9% explained that they could not give a time frame for waiting lists because the duration for wait times varied by program. Of those who reported having waiting lists, 16.6% reported waits of only a few days up to a month. Nearly a fifth (19.4%) said that their waiting lists are more than a month long. Another 12.5% said that the question is not applicable to their operations.



The survey also asked nonprofits to compare their current challenges to prior experiences. More than three out of five (63.9%) of nonprofits in the state responded that they have more vacancies compared to before the COVID-19 pandemic, and 37.5% 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
Vacancies	More vacancies	63.9%
	Fewer vacancies	2.8%
	No change to vacancies	5.6%
Waiting List	Longer waiting list for services	37.5%
	Shorter waiting list for services	0
	No change to waiting list	9.7%
Other	Other	0

	Changes Observed April 2023 vs. March 2020	Percent of Responses in 2023
	Did not select an option	19.4%

A nonprofit that did not have a waiting list now must deny admissions to service programs because they know they do not have the staff to meet demand. Another has delayed training programs because of turnover and reduced walk-in hours due to staff availability. A human services provider cannot take on more clients from partner organizations, which means there are vulnerable adults who are unable to be driven to their employment and other programs.

Barriers to Nonprofits Retaining and Recruiting Employees

The three leading factors affecting recruitment and retention for Minnesota charitable organizations are salary competition, budget constraints/insufficient funds, and stress/burnout. Respondents also pointed to a mental health crisis, lack of insurance, organizational transitions, skill gaps, and systemic barriers that make it difficult to support work-life balance as recruitment and retention challenges.

Table 2: Factors Affecting Nonprofit Recruitment and Retention

Factor Affecting Recruitment and Retention	Number of Responses	Percent of Responses
Salary competition	53	73.6%
Budget constraints/insufficient funds	45	62.5%
Stress/burnout	39	54.2%
Other	16	22.2%
Challenges caused by government grants/contracts	14	19.4%
Lack of child care	11	15.3%
Not Sure	9	12.5%
COVID-19 and vaccinations	6	8.3%

A human services provider noticed that “young BIPOC staff have especially high levels of turnover,” and that most of our employees who left in 2022 went to “jobs outside of the nonprofit sector because of better pay and reduced stress.” They added that their staff said in exit interviews that “burdensome data entry requirements of government contracts and high expectations from community members” were the two most common factors leading to burnout/dissatisfaction with work.

An arts nonprofit shared that their main challenge has been salary competition, and added that with their budget, they cannot compete with other sectors, observing that many funding sources are “not keeping pace with inflationary pressures and our earned revenues have not returned to pre-

pandemic levels.” Another nonprofit said that their primary funding has remained flat for over eight years, which equates to a decrease after accounting for inflation.

An education nonprofit acknowledged that their teachers are burned out and that while the pay rate has increased, it is “not competitive with what school districts can pay.” They stated further, “Many teachers have also left the field and at this point don't want to work in the sector at all.”

A survey respondent shared that their organization has contracted with temporary agencies to cover shifts, but it has resulted in significant financial stress. For an arts nonprofit, turnover is especially an issue among long-serving employees: “Losing institutional knowledge has created gaps in understanding and diminished the strength of relationships our organization has in the community.” They continued, “These employees had been long overdue for raises, career growth, and adequate compensation, and the pandemic only made things worse.”

Additional Challenges

A human services provider pointed out that they cannot compete with the private and government sector on salary, and that essentially funders are asking “low paid and often low skilled workers to work with people who have complex trauma histories,” and by paying them a lower wage they are “doing them a disservice.” A separate respondent is seeing that contract payments are coming in “later than usual,” affecting their cash flow. For a nonprofit professional, the turnover in management and leadership positions makes it “challenging to maintain positive working relationships with community partners.” Another nonprofit is experiencing “fatigue, fear, and frustration regarding some of our community’s racism, anti-LGBTQ, etc.”

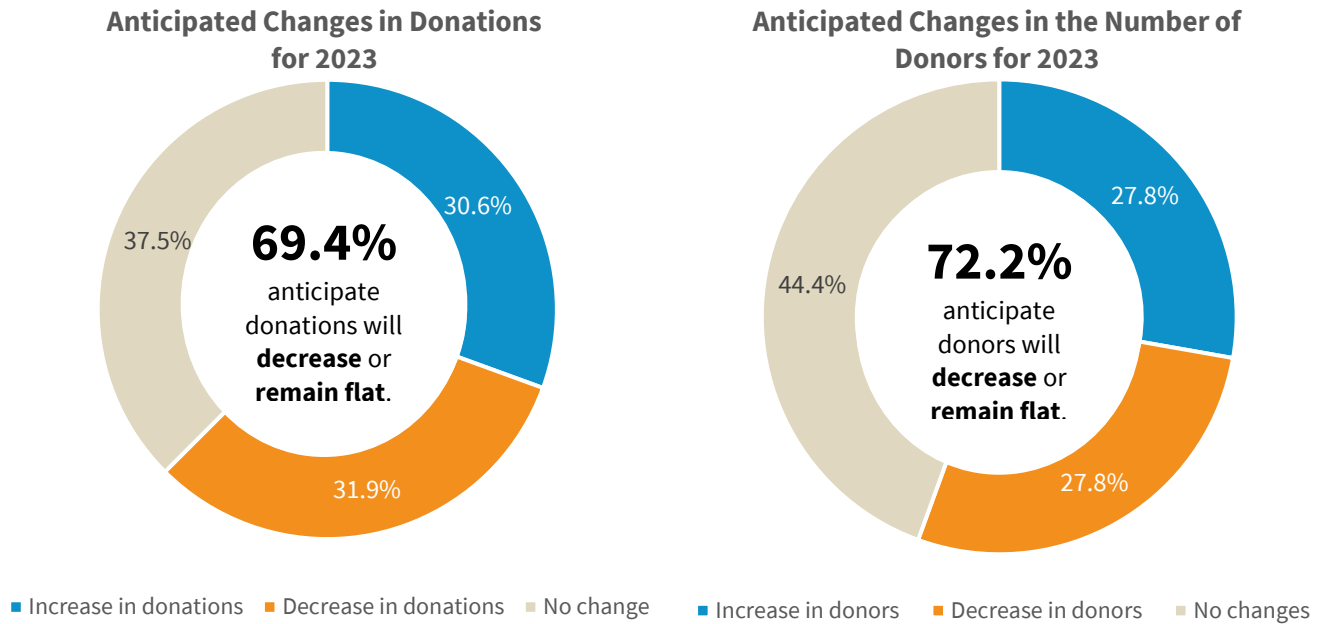
External Factors Impacting Nonprofits

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 two-thirds (69.4%) of respondents anticipate the amount of donations will decline or remain flat for 2023. A higher percentage (72.2%) expects 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 Minnesota 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 Minnesota those organizations experiencing hardships report having suffered 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	50	69.4%
Increased costs of providing services/unbudgeted costs	13	18.1%
Increased demand for services	10	13.9%

Impact of Natural Disasters	Number of Responses	Percent of Responses
Staff impacted by natural disasters	8	11.1%
Building/office damage	4	5.6%
Unable to provide services	2	2.8%
Other	1	1.4%

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, a human services provider anticipates an increased burden on staff to help clients complete renewal paperwork and apply for public benefits. Another provider is concerned about a decreased availability of government grants, and that clients may no longer have SNAP benefits or rental assistance.

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

Minnesota nonprofits have responded to the workforce shortages crisis by increasing salaries, providing remote work options, and implementing diversity, equity, and inclusion trainings and strategies. Some have increased benefits and provided career advancement opportunities, among other options.

Table 4: Practical Solutions Implemented by Nonprofits

Implemented Practices	Number of Responses	Percent of Responses
Salary increases	56	77.8%
Remote work options (hybrid, full-time, etc.)	43	59.7%
Diversity, Equity, and Inclusion trainings and strategies	33	45.8%

Implemented Practices	Number of Responses	Percent of Responses
Benefits increased (health insurance, transportation, etc.)	30	41.7%
Career advancement opportunities (training, mentorship, etc.)	27	37.5%
One-time bonuses	18	25.0%
Mental health (expanded benefits, counseling, etc.)	17	23.6%
Notified employees about their eligibility for Public Service Loan Forgiveness	13	18.1%
Signing bonus	13	18.1%
Wellness programs (4-day workweek, additional time off, retreats, sabbaticals, etc.)	10	13.9%
Not applicable	6	8.3%
Other	2	2.8%

Solutions Proposed by Nonprofits

Nonprofits on the frontlines in Minnesota shared solutions they think lawmakers, philanthropy, and other nonprofit professionals should consider. A nonprofit professional recommended that programs be consistently funded at a level that provides “livable, competitive wages and benefits.” According to a human services provider, they have been “too trained to do more with less,” and it is time to increase the funding available through public funds specifically for staff salaries and require “fewer hoops to jump through.” Another nonprofit suggested more multi-year grants and reducing burdensome reporting requirements. Volunteers of America – Minnesota shared that there is a need for better reimbursement rates to support program expenses like insurance, more uniformed training opportunities to “prepare staff for the difficult jobs, especially direct care,” and “training for leaders to develop a health work culture.”

A small human services provider recommended either a reduction in reporting requirements or funding increases to “properly staff data management and administrative tasks” given that their highest turnover is in program areas funded by governments contracts that have burdensome reporting requirements and “volatile” funding. The respondent added that there also needs to be more support for young nonprofit professionals, especially those from “marginalized communities, to reduce stress, build community, and advance their careers. On employee support, a respondent would like to see “more trust in employees to be able to execute goals within a four-day workweek.”

Finally, while funding is part of the solution, according to a human services provider, educating the public and elected officials about the importance of nonprofits can convince them to “value us enough to vote in ways that help us.”

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 more than one-fourth (27.8%) of respondents to the workforce shortages survey. Those with budgets of between \$1 million and \$3 million comprise 26.4% of respondents, and 20.8% of respondents had annual operating budgets that range from \$3 million to \$5 million. Another 25.0% of nonprofits had budgets greater than \$5 million.

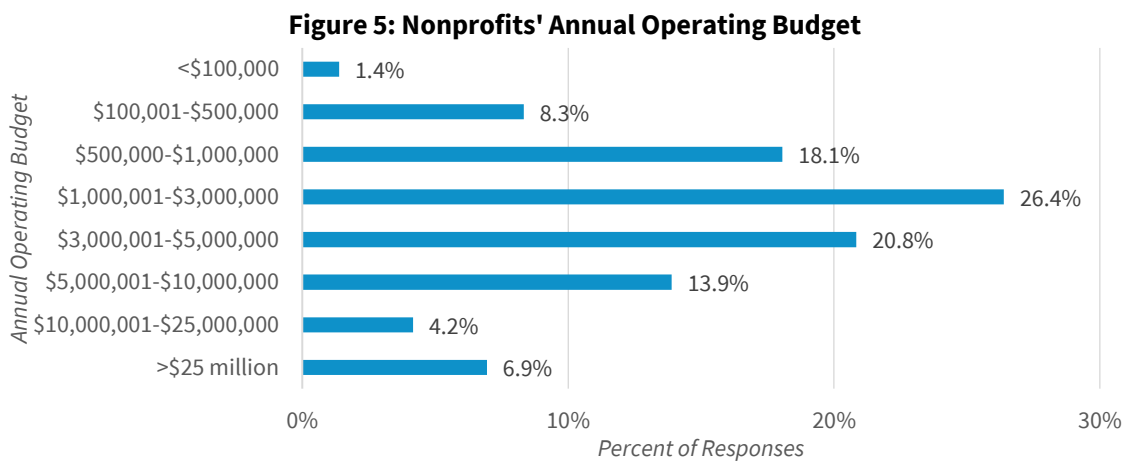


Table 5: Communities Served by Nonprofits

Communities Served	Number of Responses	Percent of Responses
None of the above	32	44.4%
People with disabilities	22	30.6%
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	15	20.8%
People living in rural communities	11	15.3%
People who identify as LGBTQ+	4	5.6%

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

Subsector	Number of Responses	Percent of Responses
Human Services	28	38.9%
Other	13	18.1%
Arts, Culture, and Humanities	12	16.7%
Community/Civic Engagement	7	9.7%
Healthcare	3	4.2%
Education	2	2.8%
Public/Societal Benefit	2	2.8%
Environment and Animal Welfare	1	1.4%
Housing	1	1.4%
Multiple Subsectors	1	1.4%
Child Care	1	1.4%
Mental Health	1	1.4%