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# THE BRAZOS VALLEY NONPROFIT LEADERS' RESPONSE TO COVID-19

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**The Impact of COVID-19 on Nonprofits in the Brazos Valley  
and How Leaders Are Responding**

**April 2020**

**Compiled by the Bush School Center for Nonprofits & Philanthropy at Texas A&M University**



## About the Center for Nonprofits & Philanthropy

The Center for Nonprofits & Philanthropy supports a vibrant nonprofit and philanthropic sector in Texas and beyond through high-quality research, professional outreach, and engaged learning.

Nonprofit and philanthropic organizations are the backbone of healthy and vibrant communities. Echoing President Bush's "thousand points of light," local communities are strengthened by a voluntary sector that facilitates community engagement, supports giving and volunteering, and fosters social innovation and entrepreneurship. The Center for Nonprofits & Philanthropy works to build capacity, disseminate knowledge, and prepare students to work in nonprofit and philanthropic organizations and the collaborative systems in which they operate.

Learn more about our center at: [nonprofit.tamu.edu](http://nonprofit.tamu.edu)

### Our Team

Dr. William Brown, Director

Dr. Kenneth Taylor, Director of Outreach and Professional Development

Nicole Collier, Research Associate

Denise Parker, Administrative Associate

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Bush School of Government & Public Service

Texas A&M University

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## Table of Contents

About the Center for Nonprofits & Philanthropy .....	2
Overview and Background of the Nonprofit Sector in the Brazos Valley .....	4
Key Insights .....	4
About Nonprofits in the Brazos Valley.....	5
Survey Results .....	6
Financial Challenges.....	7
Financial and Organizational Concerns.....	9
Needed Organizational Assistance .....	10
Conclusions and Recommendations .....	11
Key Findings .....	11
Implications and Recommendations .....	11



## Overview and Background of the Nonprofit Sector in the Brazos Valley

Nonprofit organizations serve a vital role in times of crisis. They identify those in need and channel resources to address community concerns. Throughout history, nonprofits have positioned themselves on the front lines of community responses to disasters. The 2020 novel coronavirus pandemic (COVID-19) presents challenges unlike any other when we consider the health of our citizens and fear of the unknown as we attempt to recover. Everyone is affected and our understanding of how to respond evolves daily. While we know the importance of staying home and social distancing, we are unclear about how long this will go on and how deeply it may impact our economy and our community.

While the Brazos Valley is inherently resilient, demand and need in our community are significant as the number of workers furloughed and laid off has reached unprecedented levels in modern times. The local nonprofits and our community of businesses have risen to the task, but confront challenges that require all of us to understand and engage with our communities in new ways.

This initial report is an effort to understand how nonprofits are responding to COVID-19. In cooperation with the University of San Diego's Nonprofit Institute, the Center for Nonprofits & Philanthropy at Texas A&M University distributed a survey to nonprofit organizations in the Brazos Valley. The purpose of this report is to provide real-time information to government officials, community members, and the overall community to better understand the operating environment of local nonprofits.

The survey used a convenience sample of nonprofit leaders in the Brazos Valley and was distributed through our network and partners. A total of 90 nonprofit leaders representing a wide range of organizations and industries responded between March 23 and April 13, 2020. Though the data were derived from a convenience sample of respondents, the results reflect the sector's actual composition.

### Key Insights

- Bifurcated response shows that about 20% of respondents are working more because of the pandemic, under increasing pressure and demand for services, and about 75% are struggling to provide services due to limited ability to engage clients and customers.
- All organizations are struggling to adjust their service strategies, adapt new techniques, and sustain operations.
- Engaging volunteers, demonstrating board leadership, and retaining staff are pressing concerns.
- Many nonprofits face an uncertain funding environment.
- Examples abound of groups working together, and these strategies have never been more important.



## About Nonprofits in the Brazos Valley

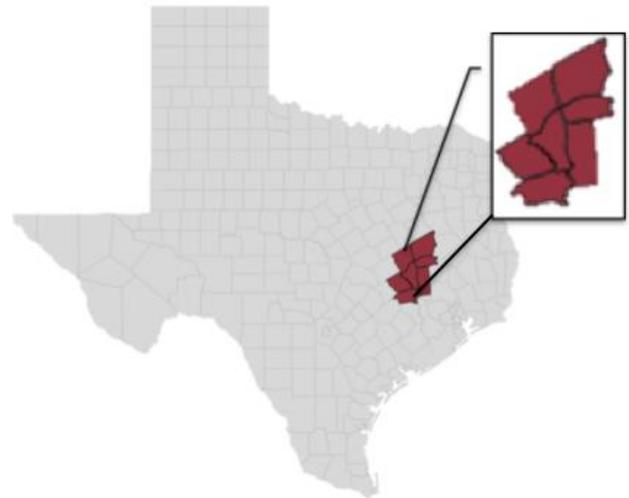
There are an estimated 1,800 nonprofits in the seven counties that comprise the Brazos Valley of Central Texas (Brazos, Burleson, Grimes, Robertson, Leon, Madison, and Washington.)

Total annual revenue is over \$1 billion.

Texas nonprofit organizations make up approximately 6% of the state's workforce.

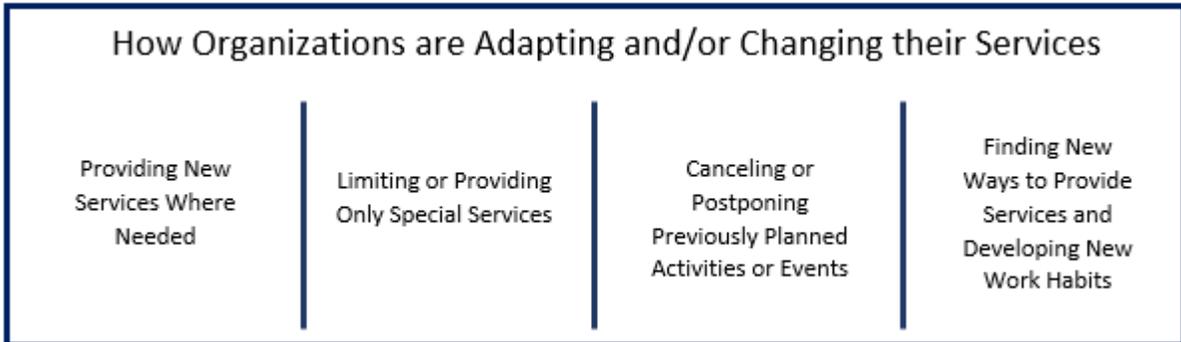
Typical annual revenue is about \$120,000 per organization.

Most revenue comes from fees for programs and services (40%) and from fundraising (25%). Remaining income comes from various other sources, including government grants and contracts.



## Survey Results

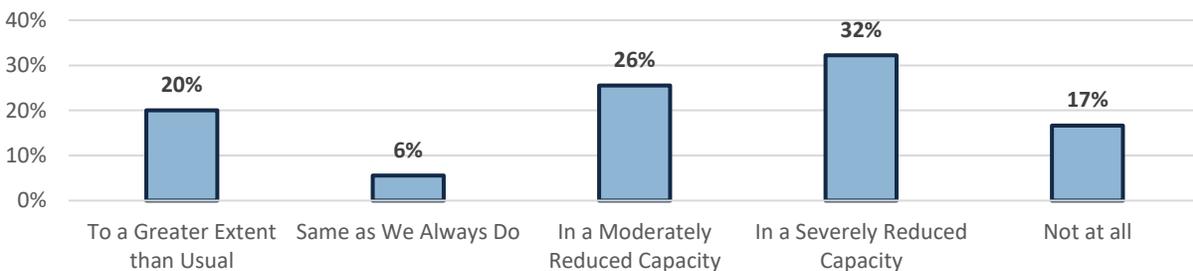
Very few organizations are continuing as normal.



Brazos Valley nonprofit organizations were asked how they are operating during the spring 2020 portion of the COVID-19 pandemic. Many are struggling to keep meeting the needs of Brazos Valley residents. This includes providing new or limited services, and canceling events. Of the responding organizations, only 6% continue to operate as usual, 20% are operating to a greater extent, and 17% are not operating at all, as shown in Figure 1.

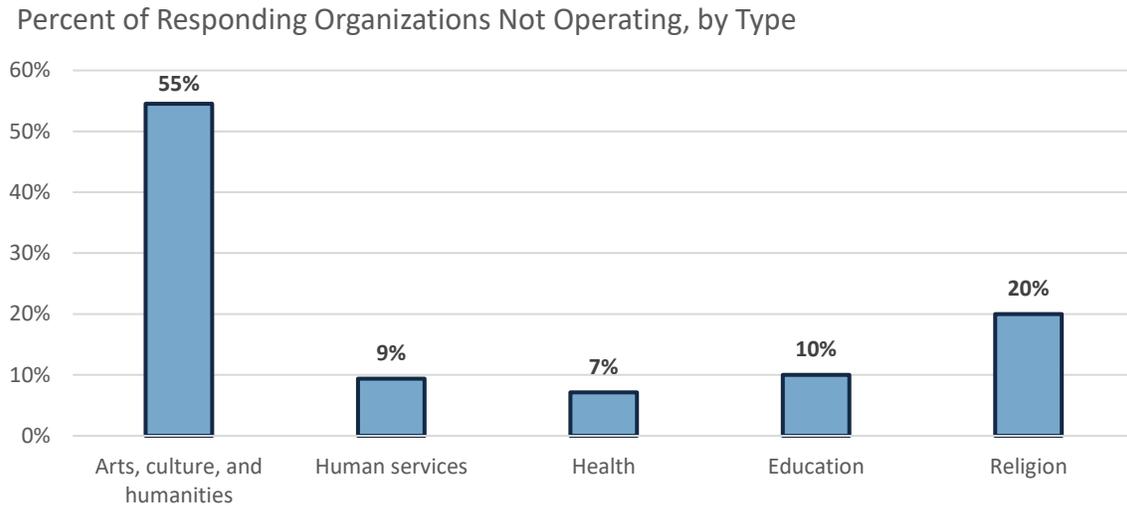
Figure 1

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



Arts, culture, and humanities organizations, including theaters, orchestras, and so on, are facing the most disruption and many have ceased operations (see Figure 2).

Figure 2



Many organizations that offer services attempt to focus on their clients' most urgent needs. Respondents identified that many people are in need of financial assistance to cover housing and other costs due to no longer earning a steady paycheck. In addition, individuals require healthcare and medical equipment, educational tools and supplies for children now being taught at home, and basic necessities like cleaning supplies.

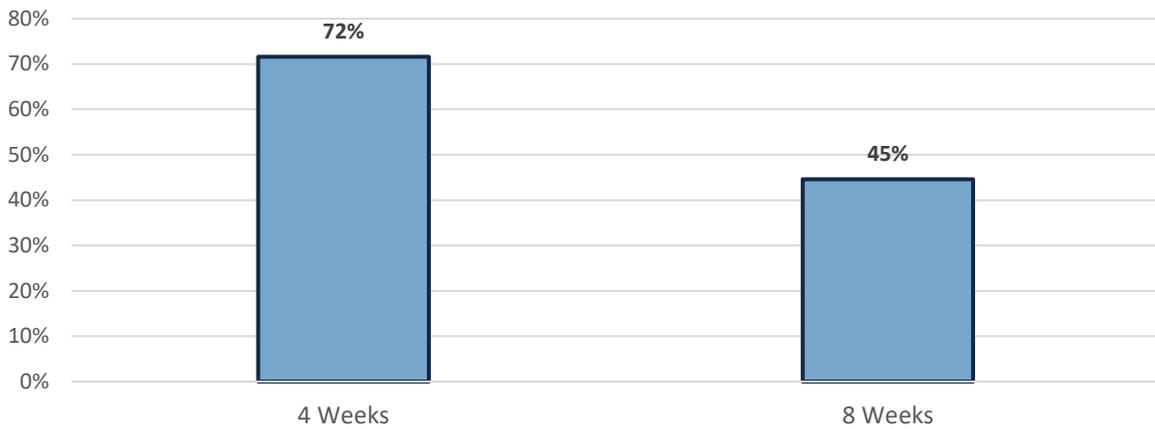


## Financial Challenges

Nonprofits also face significant financial strains as they work to provide needed services, while also grappling with decreased revenue. We asked organizations about their ability to fully fund payroll four weeks and eight weeks out from the date of the survey (between March 23 and April 13, 2020). 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 (see Figure 3).

Figure 3

Organizations **Very Likely** to Fully Fund Payroll in the Next 4 Weeks and 8 Weeks

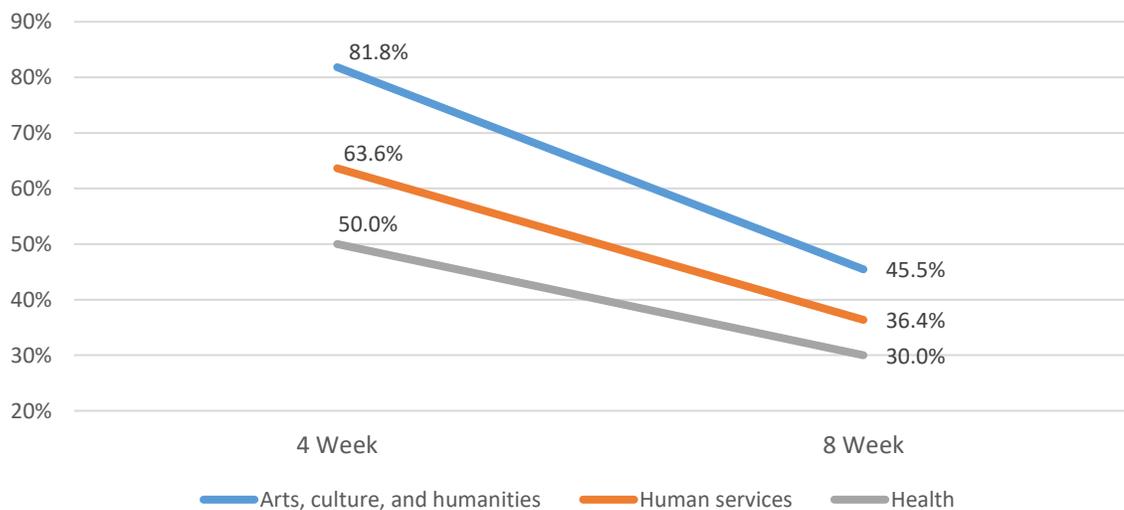


Previous research found that a little over half of Brazos Valley nonprofits have surplus income each year. The uncertainties brought by COVID-19 further strain these organizations. Many reported concern about a loss of revenue and its impact on keeping staff.

All types of organizations showed a decrease in the likelihood of fully funding payroll, but arts and culture organizations showed the steepest drop, from 82% to 46% of responding organizations (see Figure 4).

Figure 4

Organizations Very Likely to Fully Fund Payroll, by Type





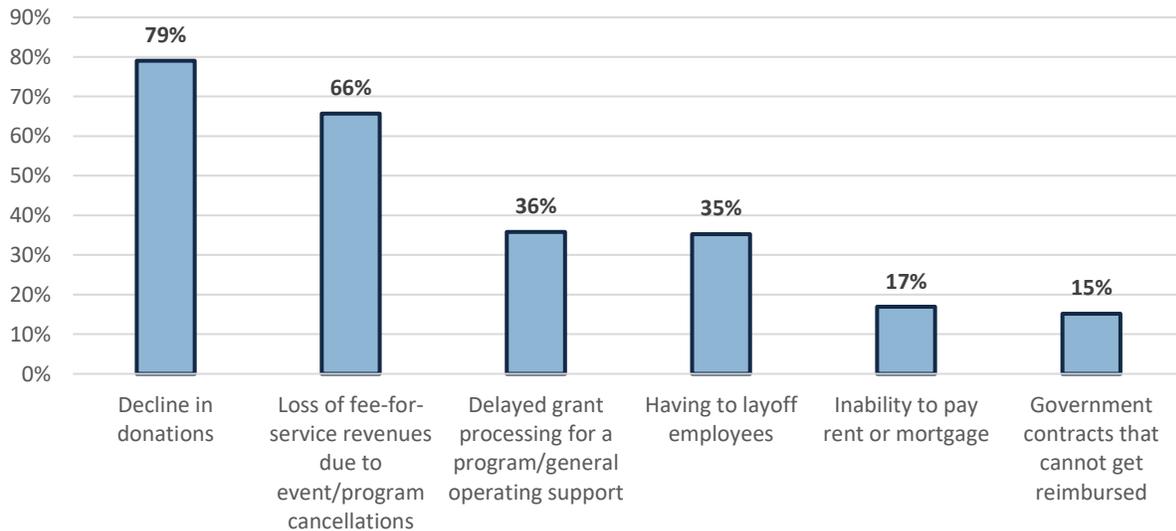
## Financial and Organizational Concerns

Organizations face a multitude of financial and organizational challenges. Many leaders anticipate a decline in donations and reduced revenue from fee-for-service programs (see Figure 5). Many also noted that they were unsure of the best way to simultaneously meet the needs of the community and their employees.



Figure 5

### Percent of Respondents Moderately or Very Concerned

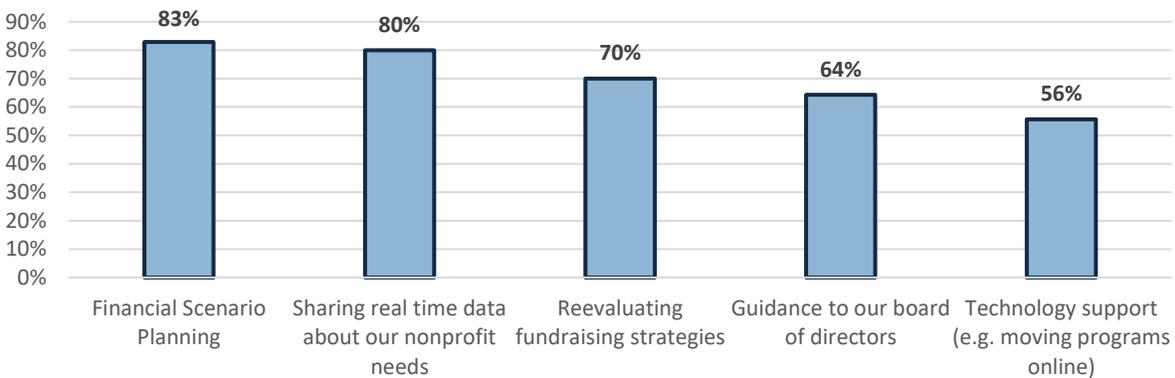


## Needed Organizational Assistance

Respondents were asked what services they would rank as most beneficial during this time (see Figure 6). A majority indicated that financial assistance would be most useful, and other ranked choices included sharing real-time data with leaders, and assisting organizations’ boards of directors. These responses were consistent among all respondents, including those not currently operating or operating to a greater extent than usual.

Figure 6

Top Needs of Nonprofit Leaders





## Conclusions and Recommendations

### Key Findings

- Very few organizations are operating as normal.
- Organizations not currently operating include arts, culture, and humanities organizations such as theaters and orchestras.
- 72% of organization leaders reported that they could fully fund payroll in four weeks after the survey, while only 45% express similar confidence for a period of eight weeks.
- Leaders are most concerned about declines in donations and loss of fee revenue from programs and services.

### Implications and Recommendations

#### *Donors/Funders*

- Nonprofit organizations that are still operational need financial support to address pressing needs and increased demand. Simultaneously, organizations that have had to curtail programs and services also need support.
- Realize that nonprofits operate on thin margins and need support to continue programs and respond to community needs going forward.

#### *Board Members*

- Stay engaged to advocate for organizations that you value.
- Support organization leadership by asking difficult questions about organizational capacity and how to adjust operations to meet current conditions and demand for service.
- Contribute to making contingency plans to sustain the organization.
- If your organization is having to wait to re-engage its programs, use this time to connect with your board in planning and brainstorming. While it is nearly impossible to plan for all contingencies, your ability to use this time is critical. For example, you could focus on the following:
  - Set in place a strategy to build reserves
  - Consider cost-cutting alternatives
  - Explore new models for program delivery



### ***Nonprofit Leaders***

- All managers should consider carefully their organization's capacity to respond to needs. We caution to avoid the temptation to move beyond areas of expertise and mission focus.
- Managers should utilize the networks available to you and your leadership team. Take time to connect with stakeholders.
- Communication is key: consider all stakeholder segments and communicate your plans, your concerns and positive stories that reflect and highlight your mission.
- To the extent possible, secure funding opportunities that become available to address the crisis.

### ***Fundraisers***

- Remember that funding opportunities tend to come in waves. Corporations and government funding might be available quickly, while private philanthropy might take longer to arrive since it requires a strategic response.
- Pivot your organization's fundraising case toward your most urgent needs.
- Communicate now with all your constituents, especially your most loyal supporters who have given to your organization for five or more years. Ask how they are doing. Assure them the organization is taking steps to respond to COVID-19 and that you will keep them posted on developments.
- Continue to tell the story about your organization's purpose. If your mission was relevant prior to the outbreak, it remains relevant today. Tell your constituents how the organization is responding and share your plans to continue providing needed services.
- Be creative in handling events that have been disrupted. You might postpone an event or create an online or virtual version of the event. Alternatively, you might ask donors to sustain their funding despite not being able to participate in the traditional event.