# New Jersey COVID-19 Business and Nonprofit Organization Survey: Nonprofit Organization Insights

**by Jessica Starace and Carl Van Horn[1]**

**July 2020**

## INTRODUCTION

The **New Jersey COVID-19 Business and Nonprofit Organization Survey** compiled responses from more than **3,500 New Jersey business and nonprofit leaders between May 21 and June 3, 2020** to assess the pandemic's impact on their organizations.[2] Survey respondents were asked to describe the fiscal situation they are facing as business owners due to the pandemic, and forecast what the financial future of their businesses and organizations might look like as they continue to operate or reopen for business. The survey also asked owners of businesses and organizations about their plans to reopen, their concerns about their customers and employees, and what they need from government to reopen safely. This brief outlines some of the survey's data on **responses from 348 leaders of New Jersey nonprofit organizations that responded to the survey.[3]**

## PRIMARY FINDINGS

**Half of nonprofit organizations that responded to the survey (48%) were ordered to close their doors at the beginning of the pandemic.**

- 40% of nonprofits remained open and operating to some extent during the pandemic. Another 13% chose to close.[4]

- Of the nonprofits that either opted to close or were ordered to close, one-fifth (18%) indicated they were unsure if their closure would be temporary or permanent.

- The majority of those organizations that remained open reported experiencing financial losses since before the pandemic (79%).

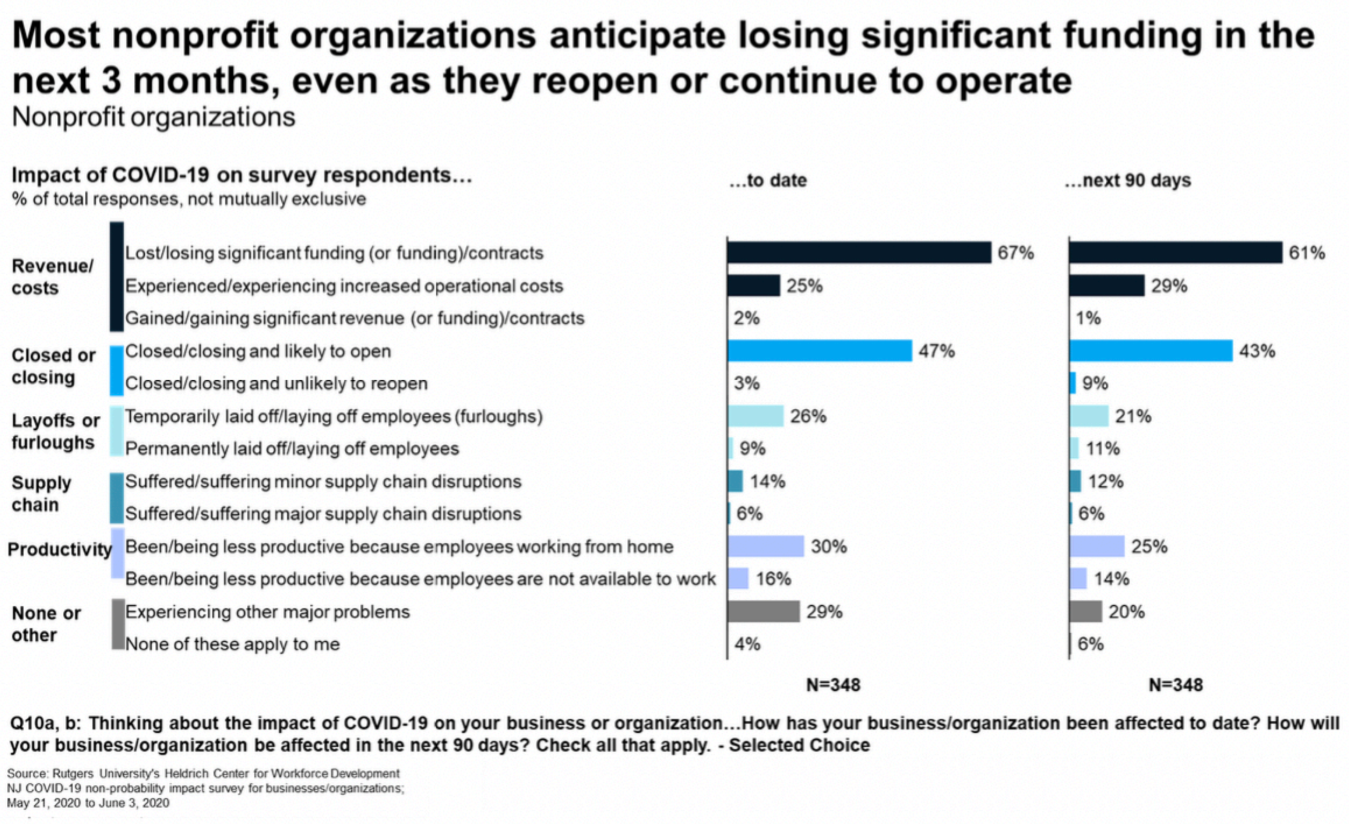
**A sizeable number of nonprofit organizations that responded to the survey did receive some form of financial assistance from an assortment of sources.**

- 5 in 10 organizations (47%) reported that they received the Small Business Administration's Paycheck Protection Program funding.
- 40% of respondent nonprofits reported they received some form of financial assistance from their primary financial institution or bank.
- 6% of respondent nonprofits received a New Jersey Economic Development Authority grant or loan. Another 9% had applied and were waiting for a response at the time the survey was conducted.

**Most nonprofit organizations said they have lost significant funding to date due to the pandemic, and expect that will continue in the next three months as they reopen or continue to operate. While the data show that business owners from for-profit industries think their bottom line will be hit harder compared to the predictions of funding loss by nonprofits, leaders from nonprofits are prepared to make critical financial decisions to compensate for those shortfalls.**

- 7 in 10 nonprofit organizations (67%) have lost significant funding to date, and 6 in 10 (61%) anticipate the same fate in the next three months as they reopen or continue to operate (see Figure 1).
- One-third (32%) of nonprofit leaders expect they will lose at least 50% of annual funding due to the pandemic. Another quarter (27%) think they will take a 26% to 49% cut to their annual funding. While considerable, these predicted losses are not as ominous as projections by for-profit, customer-facing businesses hit hardest by the pandemic, as shown in Figure 2.
- 4 in 10 nonprofit leaders (42%) think it will take at least six months, if not longer, to return to pre-COVID-19 funding levels. Another 1 in 10 (14%) said that the timeframe when they will get back to business "depends."
- Nonprofit leaders enumerate a variety of ways that they will plan to adjust for lost funding, including layoffs or furloughs, reducing workers' hours, cancelling fundraisers, asking for donations, applying for private grants, increasing borrowing, and cutting expenses (see Figure 3).

## FIGURE 1




## FIGURE 2

### ~1/3 of nonprofits expect to lose at least 50% of annual funding

% of total responses: 100%-75% | 74%-50% | 49%-26% | 25%-0%

**Impact of COVID-19 pandemic on revenue/funding,** % of total responses

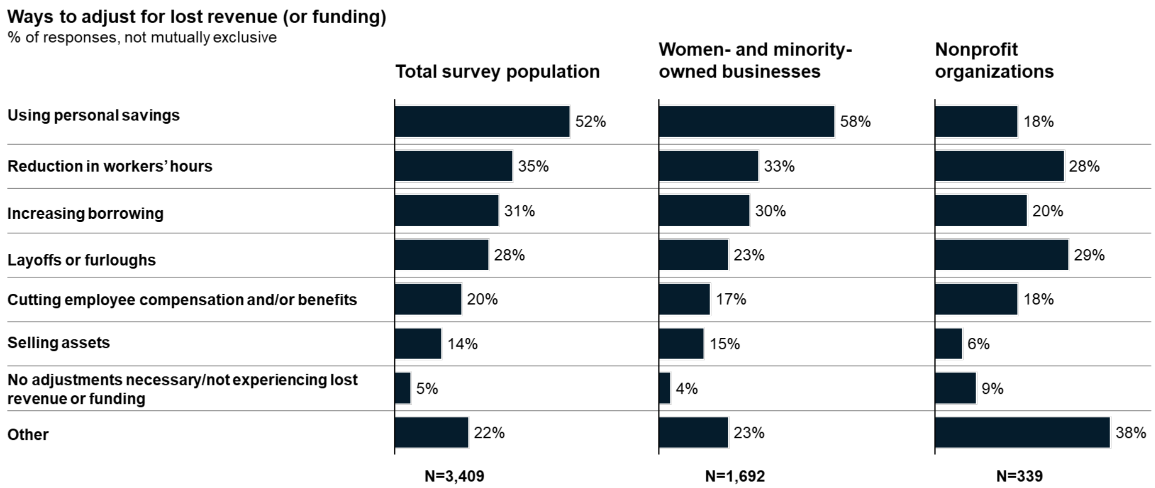
| | | Arts, entertainment, recreation | Personal services | Nonprofit | Retail and wholesale | Professional and business services | Healthcare | Restaurant/ bar/catering | Education or childcare | All other |
|---|---|---|---|---|---|---|---|---|---|---|
| Less revenue | 0% | 1% | 1% | 5% | 3% | 3% | 1% | 1% | 0% | 4% |
| | 1%-10% | 0% | 0% | 10% | 1% | 8% | 4% | 0% | 2% | 7% |
| | 11%-25% | 7% | 6% | 27% | 9% | 21% | 22% | 8% | 12% | 22% |
| | 26%-49% | 24% | 33% | 27% | 33% | 29% | 35% | 23% | 29% | 29% |
| | 50%-74% | 37% | 37% | 21% | 32% | 26% | 30% | 42% | 36% | 26% |
| More revenue | 75%-100% | 32% | 22% | 11% | 22% | 13% | 8% | 26% | 21% | 11% |
| | | N=492 | N=418 | N=365 | N=365 | N=361 | N=226 | N=226 | N=209 | N=695 |

Q12: What percentage of annual revenue (or funding) do you expect your business/organization to lose as a result of the COVID-19 pandemic?

Source: Rutgers University's Heldrich Center for Workforce Development
NJ COVID-19 non-probability impact survey for businesses/organizations;
May 21, 2020 to June 3, 2020

## FIGURE 3

**Nonprofit organizations will use a variety of ways to adjust for lost revenue or funding; "other" responses include cancelling fundraisers, asking for donations, applying for private grants, cutting expenses, and cancelling internship programs**



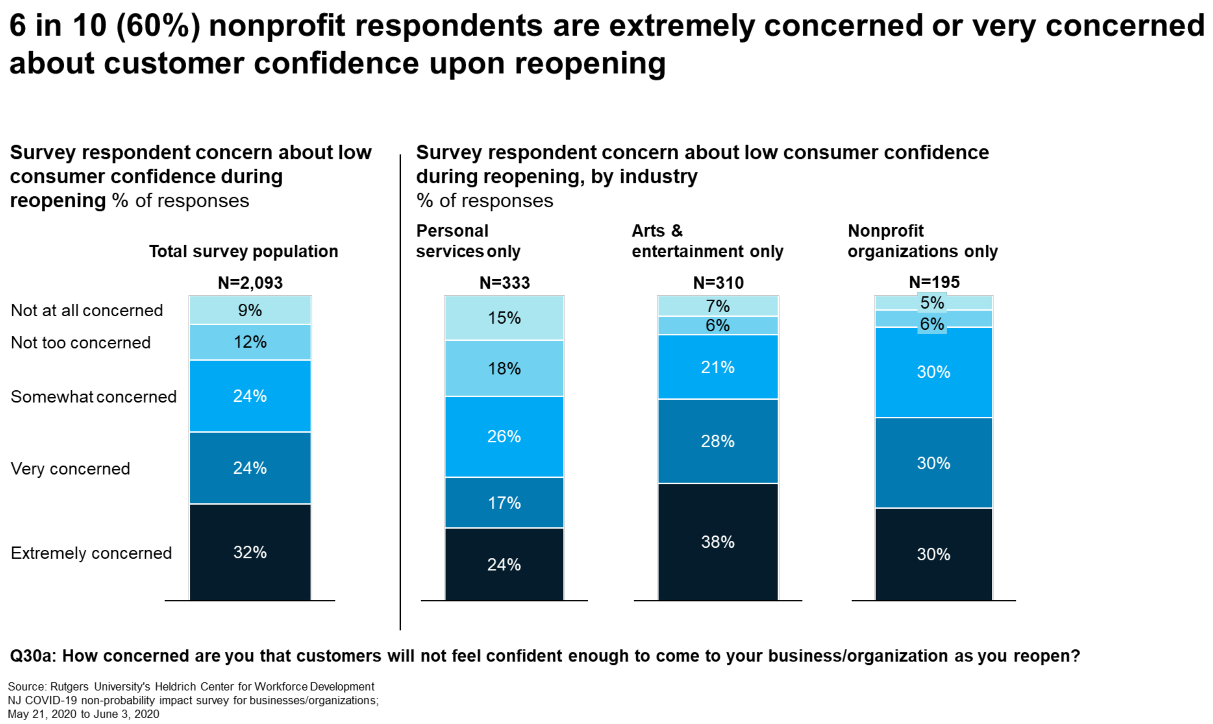

**Q21: In what ways will you adjust for lost revenue (or funding) in the next three months? Check all that apply. - Selected Choice**

Source: Rutgers University's Heldrich Center for Workforce Development
NJ COVID-19 non-probability impact survey for businesses/organizations;
May 21, 2020 to June 3, 2020

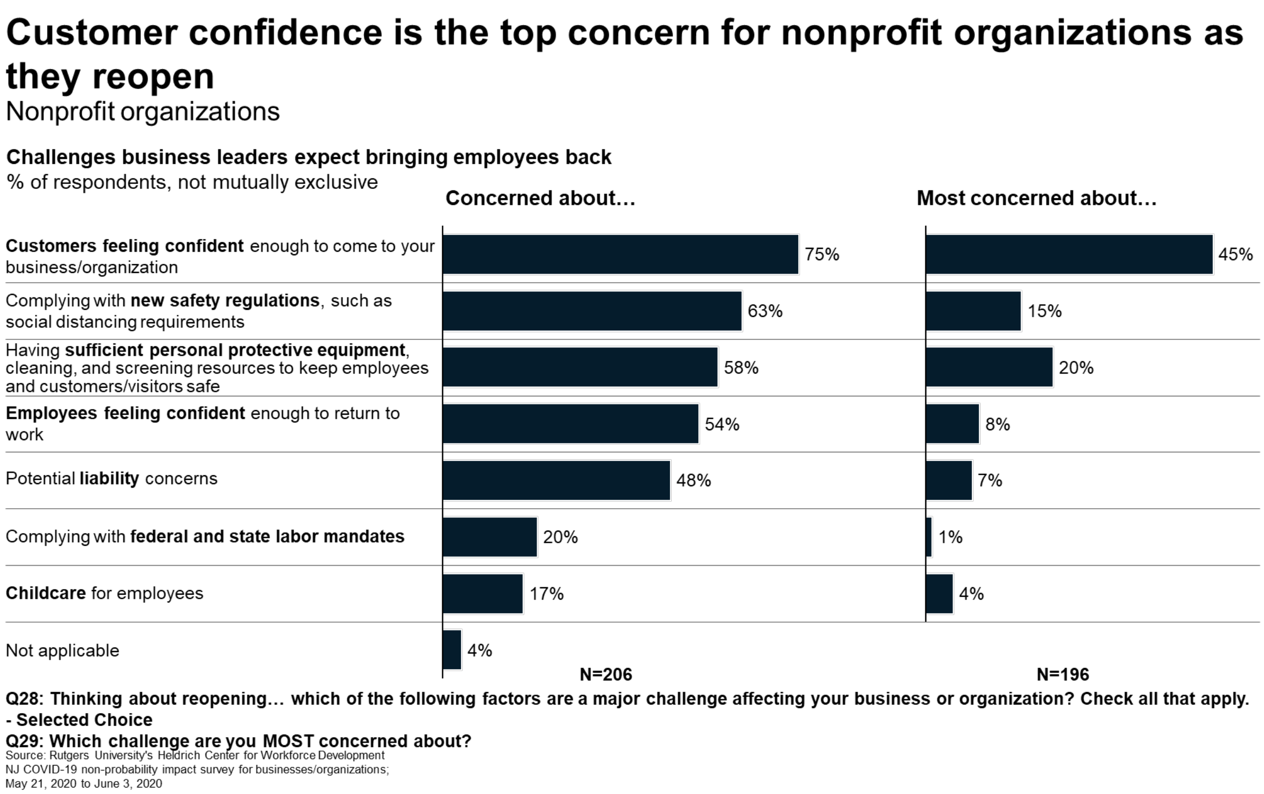
### Nonprofit leaders are ready to open for business, but have concerns about customer patronage, the financial challenges they will face, and keeping their workplaces safe.

- More than half (53%) said they will open immediately or one to two weeks after restrictions are lifted.[5]
- About half of respondent nonprofits (48%) will need to bring back greater than 75% of their workforce in-person to operate productively.
- When they do reopen, the majority (60%) said they are very or extremely concerned about consumer confidence (see Figure 4). As shown in Figure 5, consumer confidence is a major challenge for almost 8 in 10 nonprofit leaders planning to reopen (75%). Another 6 in 10 said complying with new safety regulations (63%) and having sufficient personal protective equipment, cleaning, and screening resources (58%) are major challenges.
- Payroll is their biggest financial concern when they reopen (41%), followed by their ability to implement safety/social distancing requirements (22%) and paying rent/mortgage/utility expenses (22%).
- When asked what safety measures would be the most difficult to implement upon reopening, nonprofit leaders are concerned about limiting the capacity of their places of business (30%) and requiring customers/visitors to socially distance by six feet (21%). Fewer said arranging frequent cleanings (17%), requiring customers or visitors to wear face masks (17%), and requiring employees to wear face masks (15%) will be the most challenging safety measures to put in place when reopening.

## FIGURE 4




## FIGURE 5



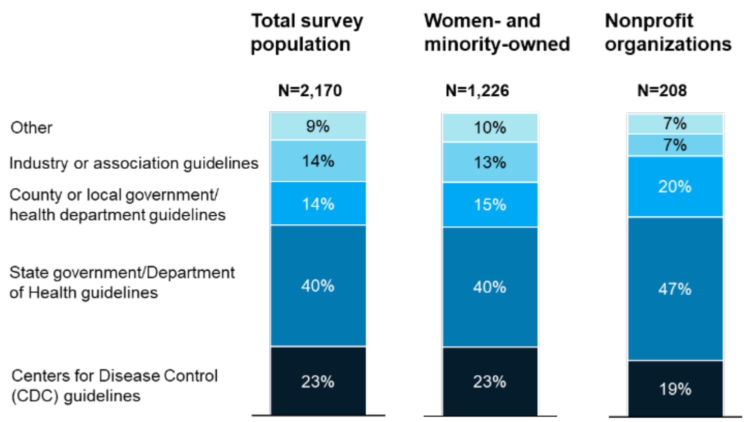
**Nonprofit leaders said they are most likely to look to state, county, and local government entities for safety guidance, and indicate they need that guidance to aid in reopening.**

- 5 in 10 nonprofit organizations (47%) will rely on state government/the New Jersey Department of Health when making decisions about reopening (see Figure 6).
- Another 2 in 10 (20%) will rely on county or local government or the county/local health department for guidance.
- 7 in 10 nonprofit leaders said they need guidance on reopening rules/restrictions (71%) and guidance on what is needed to keep employees and customers/visitors safe (66%). About half also said they want assurances from public health officials that it is safe to reopen (52%), help acquiring disinfecting/cleaning products (46%), and assistance with acquiring personal protective equipment for employees (45%). These results are outlined in Figure 7.

**FIGURE 6**

## 47% of reopening nonprofit respondents will rely on state government/Department of Health guidelines when making decisions about reopening

**Sources of guidance survey respondents will rely upon**
% of responses, not mutually exclusive

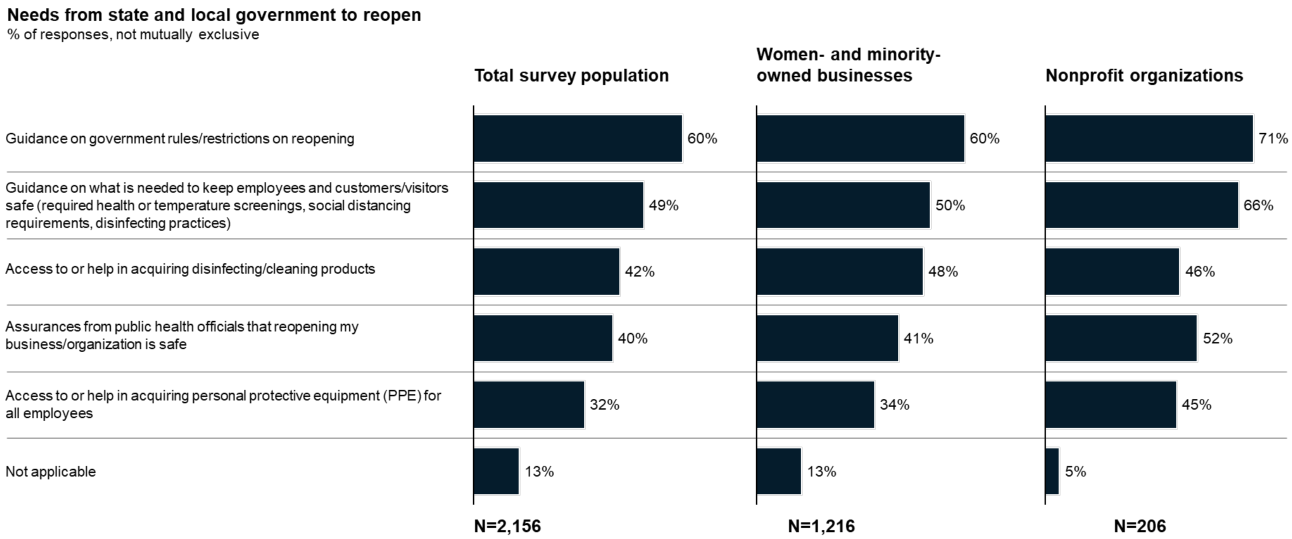



**Q36: When making decisions about reopening, which of the following sources of guidance on workplace health and safety are you MOST likely to rely upon in making decisions for your business or organization?**

Source: Rutgers University's Heldrich Center for Workforce Development
NJ COVID-19 non-probability impact survey for businesses/organizations;
May 21, 2020 to June 3, 2020

**FIGURE 7**

**The primary need from state and local governments to reopen is guidance on government rules and restrictions**




**Q37: Thinking about safety, what do you need from state and local government officials as you reopen? Check all that apply. – Selected Choice**

Source: Rutgers University's Heldrich Center for Workforce Development
NJ COVID-19 non-probability impact survey for businesses/organizations;
May 21, 2020 to June 3, 2020

## CONCLUSION

New Jersey nonprofit leaders face critical decisions in the coming months to compensate for lost funding. In addition, grave concern about customer confidence and implementing safety measures present major fiscal and logistical challenges for their organizations. Leaders will look to state, county, and local government to provide the guidance and assurances they need to reopen or continue to operate safely.

## ABOUT THE SURVEY

The non-probability, online survey of New Jersey business and organization owners/primary decision-makers was administered in partnership by the John J. Heldrich Center for Workforce Development at Rutgers, The State University of New Jersey and the State of New Jersey between May 21 and June 3, 2020 via dozens of industry, chamber of commerce, and nonprofit associations, and was conducted in both English and Spanish. Respondents were evenly distributed across northern, central, and southern New Jersey. Half of the sample represented women- and minority-owned businesses. Most respondent businesses employ fewer than 10 workers and vary across sectors.

## ABOUT THE HELDRICH CENTER

The John J. Heldrich Center for Workforce Development at Rutgers University is devoted to transforming the workforce development system at the local, state, and federal levels. The center, located within the Edward J. Bloustein School of Planning and Public Policy, provides an independent source of analysis for reform and innovation in policymaking and employs cutting-edge research and evaluation methods to identify best practices in workforce development, education, and employment policy. It is also engaged in significant partnerships with the private sector, workforce organizations, and educational institutions to design effective education and training programs. It is deeply committed to assisting job seekers and workers attain the information, education, and skills training they need to move up the economic ladder.

As captured in its slogan, "Solutions at Work," the Heldrich Center is guided by a commitment to translate the strongest research and analysis into practices and programs that companies, community-based organizations, philanthropy, and government officials can use to strengthen their workforce and workforce readiness programs, create jobs, and remain competitive. The center's work strives to build an efficient labor market that matches workers' skills and knowledge with the evolving demands of employers. The center's projects are grounded in a core set of research priorities:

- Career and Technical Education
- Data Collection and Analysis
- Disability Employment
- Job Seekers in Transition
- Program Evaluation
- Trend Analysis

Learn more: www.heldrich.rutgers.edu

## ENDNOTES

[1] Jessica Starace, MPP is Research Assistant at the Heldrich Center. Carl Van Horn, Ph.D., is Distinguished Professor at Rutgers University and Director of the Heldrich Center.

[2] See the full survey results at: https://static.business.nj.gov/public/covid19/covid_business_survey_topline.pdf.

[3] Because the survey was administered using a non-probability distribution method/approach, findings discussed in this brief are not intended to suggest that the results are statistically significant, but rather anecdotally significant.

[4] Percentages for some questions may not total 100% due to rounding.

[5] Those that plan to "immediately" reopen include the businesses/organizations that closed their doors by Executive Order or by choice, but reported being "already open" for some type of allowed business activity at the time of the survey. This group is included in the "closed businesses" and "planning to reopen" subsample of the survey.