Impacts of COVID-19 on the Nonprofit and Voluntary Sector:

Themes from Interviews with Executive Directors Community Sector Council of Nova Scotia

July 2020

During the month of May, the Community Sector Council of Nova Scotia followed up with executive directors (EDs) in the Nonprofit and Voluntary Sector across the province to see what the continuing impacts of COVID-19 have been on their organizations, their staff, and their future prospects. This research built on an earlier survey of the sector that took place at the start of the pandemic. https://www.csc-ns.ca/covid-19-impact-survey/

Thirty-seven leaders participated in the confidential interviews, which were then transcribed and thematically analyzed. The analysis led to the emergence of five overarching topics: Reflections on COVID-19 Government Support; COVID-19 and The Digital Transition; Impacts on People; Partnering and Organizational Structure; and Impacts on Revenue. These are summarized below and brought to life by quotes from the EDs. Each section clearly reflects challenges and emerging opportunities presented by the pandemic for every level of the Nonprofit and Voluntary Sector, ranging from clients and volunteers, to staff, leaders, operations, and the organizations as a whole.

Reflections on COVID-19 Government Support

The provincial and federal governments' response to addressing critical needs of the economy in the face of COVID-19 has elicited mixed reactions from the Nonprofit and Voluntary Sector organizations, whose operations have experienced seismic shifts since the onset of the pandemic. Many organizations applauded the rapidness of the governments' response with support, and almost all those that have been most acutely financially affected have tapped into at least one of CERB, CEWS, and CEBA to support staff or business operations. Our interviews, however, exposed a number of problems related to aspects of the funding programs, including clarity, eligibility, access, and logistics.

> "So, the thing that's been most helpful is CERB, the individual staff, almost entirely have been able to access that. So just knowing that you can pay rent, knowing right? Knowing that your basics are taken care of is huge. So, you know great, great, great credit to the Canadian government for instituting that whilst spinning wildly on a dime."

Interviews exposed a lack of clarity about support for nonprofit organizations. Moreover, the rapidly changing nature of available support was often cited as contributing to information overload. Many of the announcements also lacked critical details respecting eligibility and timelines for rollout or receipt.

> " It's difficult to really determine what is an existing program that is immediately available versus one that is in a pipeline that will happen soon. So, it's really confusing to learn who's administering what and what is clickable? What can I push right now? And how can I roll that out"

> " And then some of it is still not really clear like the money that's available to students for instance is still not really clear how they're supposed to make up the rest of the funds that they can't get because they can't get a job right now"

> " None of them are applicable. The 75% wage, you have to show that you were 15% below revenue in March and then 30% below in April. Well, we don't make revenue in March and April. We make revenue in June, July, August, September, October."

Many interviewees remarked on challenges related to eligibility. For example, the way in which programs repeatedly changed eligibility criteria has been a barrier to interpreting available support. Moreover, seasonal operations have so far been ineligible for funding because of their current revenues (lower, as they are not in full swing); these groups uniformly expressed the concern that by the time their seasons begin to ramp up there will no longer be available assistance.

Some programs' eligibility criteria have also meant that many case workers are ineligible to receive much-needed support while other workers, who are very part-time or may be at relatively low financial risk despite COVID-19's economic impacts, are nevertheless eligible to receive relief funds. Furthermore, some employees with multiple jobs would only be eligible if they stopped working entirely.

" I originally yeah we were all questioning like whether we should go on CERB but because the original iteration didn't allow for any income really our technical director was the only person for whom it made sense that there would be eligible because my General Manager and I also have other employment and so we would have to be, stop working at all our employment in order to access.."

Some interviewees also cited access to relief funds—especially for organizations as a whole—as a shortcoming of government response. For example, some flagged that while provincial small business funding has been easily accessible, it has also been limited in scope. Furthermore, many interventions have been aimed at individuals (e.g., CERB) rather than organizations. This attention on the individual rather than the group, combined with restrictions due to protective health legislation, has left many community sector organizations either scrambling to modify their operations or ceasing them entirely.

"My impression right now is that this is being set up rightfully and justifiably for organizations that have a greater volume of income or have, you know, they have perishable goods or you know those kinds of things. So, I'm just not sure yet whether we can take advantage of most of the grants that seem to be out there or if it's going to be worthwhile for us to do something."

"At the provincial level we got the $5000 small business impact grant that literally I submitted on a Thursday at noon and by Saturday at noon we had $5000 in our bank account. The provincial government responded so quickly with that one. We are hopeful that there will be a response for the charitable sector."

"We've been through a round of offers with staff to try to bring some of them back on. But typical of the non-for-profit sector we gave people crap wages and therefore not to their advantage in many, many cases to come back to work at the 75% subsidized level as opposed to staying on as CERB."

" I think the bigger challenge for us is more around helping our clients navigate those government programs and what's available to them"

The most commonly cited problem was logistics surrounding the launch of many of the programs. Another logistical challenge has been that programs such as CERB have offered financial support that is higher than the low wages many in the community sector receive, thus disincentivizing individuals to return to work. Further the honour system for distributing funds, while frictionless, has alarmed some organizations, who are concerned for clients who may have received funds in error that they will be responsible to return.

COVID-19 and the Digital Transition

Digital technologies have enabled nonprofits to continue fulfilling their organizational missions, engaging with their communities, and meeting regularly during COVID-19. Though technology has hardly steadied all the chaos the pandemic has provoked in the community sector, it has played an integral role in most organizations' operations. It has facilitated a transition to working from home and it has offered critical operational support. For some organizations, digital communication platforms such as Zoom, Microsoft Teams, and GoToMeetings, have enabled boards and staff to meet as needed (with each other or with communities more broadly) and to develop webinars and other virtual instructor-led sessions for professional development and staff training.

> "Online training is interesting and something that certainly our work forces embraced full heartedly you know, as part of their normal work week."

For others, diverse technologies have afforded organizations the opportunity to adapt programming to be available via the Internet. These have ranged from online museum exhibits to client support services. What is more, pandemic-related restrictions have been the catalyst for some organizations, who had fallen behind technologically, to develop in ways that have enhanced their accessibility for the long term.

> "So, you can go online and do your workout or we've got some group fitness offerings. Locally we have some of our group fitness instructors doing Facebook live, yoga classes or similar kinds of things. So able to offer something. The latest rollout is gym class. Led by professionals and giving you know, parents like you something to put your kids to get some exercise at home."

> "We're an environmental organization. I drive 100 kilometers a day if you count a trip to and from work, and I always feel slightly guilty about the gas I'm burning. So, I'd like to be able to continue to [work from home for] maybe a day or two and I think as we find ways to efficiently do that, then I think we'll hopefully be able to adapt some of that and put it into practice."

> "We've had to put more into electronic resources, probably I'm going to say about $45,000 more than we normally would have, because we're buying things that we normally wouldn't be able to afford."

Although technology has undoubtedly been beneficial during the pandemic, it has also presented new obstacles to many community sector organizations. For example, while many client-focused organizations have been working to adopt online platforms as an avenue for providing services to clients in need, those dealing with sensitive matters (e.g., restorative justice, mental health, emergency supports) are concerned about security, confidentiality, and the ability to match the personal level of care of they provide during their regular operations.

Additionally, many client populations have been experiencing significant barriers to accessing and using technology. These include digital literacy (particularly in aging populations and in populations with certain types of disabilities) and privacy.

> "There's things that we could be doing that would enhance our work but we have to set it up the right way. So, I'm nervous to jump too quick to set something up and – and then find out it's either not safe, not secure or it's not sustainable. And then – then we've created another problem that we didn't need, right?"

> "They're not all people who like technology. So, this has really made it difficult for them to feel connected to us and have a purpose with us. So, we'll probably lose some of our really great volunteers."

With the closure of most community spaces (e.g., libraries), access has also been a problem for many client populations. Those in rural areas with little or no access to high speed Internet have been confronted with the same problem.

> "This creates one of the things that we're trying to do with the Program is create better access. So this brings up the question of the fact that people who have the money to have good internet or who reside in towns or cities or places in Nova Scotia where there is good, solid internet will be advantaged over those who don't have the technology."

> "We are so far behind technologically you know it has made our jobs even harder to try to adapt. Whereas like you know government offices they all just went home and they're all set up and it's all good right? Whereas we didn't have that infrastructure."

Confronted with so many changes, many organizations—especially those whose mission and usual operations have been badly affected by the current dependence on digital technologies—are facing (or fearing) significant challenges to their ability to generate revenue, meet their financial obligations, or continue their operations.

Even those organizations who have not been presented with such seemingly insurmountable barriers have noted that working from home has impaired their ability to disconnect and recuperate from work and has left them feeling isolated and detached from their colleagues and clients.

Impacts on People

COVID-19's profound impact on every level of the community sector, from clients and volunteers to staff and leadership, has been felt emotionally, physically, and financially. Rapid and demanding transitions to working from home have intensified difficulties for executive directors and leaders in finding a work–life balance. Layoffs and the loss of essential staff and volunteers—who are themselves confronted with unprecedented personal or familial risks or whose work has been affected by such practical realities as the requirement for physical distancing—have meant substantial reductions in operations and modifications to stability, structure, and support. These have in turn affected client needs and access.

> "I've never been stressed like this in my entire life. I've had cancer, I've had a divorce you know, I've lost a job. So you know just putting all of my energy into making sure that the staff that I have can do their jobs and that they feel you know, valued and that they don't go off the rails through all of this."

Moreover, organization and sector leaders repeatedly articulated a sharp rise in job-related stress that they connected with both practical matters, such adjusting to a digital environment and supporting others in the same, and emotional ones, such as assuming full responsibility for ensuring their organization's continuation and the well-being of their staff and clients.

> "When the state of emergency was announced we had a lot of staff that went to their doctors and applied for a leave of absence, whether it was for pre-existing conditions, whether it was oh you know, I have an aging parent that I don't want to give the virus to. It was anxiety driven right? And at that the government had announced the CERB so people saw it as, oh well I can get $2500 staying at home…we lost – you know I think the first week we lost about 40 staff."

> "I personally take on a lot of responsibility for everything and so, I've been struggling about it. I'm not a person who can sit at home and not do things."

Leaders also pointed out accompanying spikes in fatigue and burnout. Long hours and lapses in vacation time due to an inability to detach from work as leaders navigate a new reality have contributed to the emotional and physical stresses COVID-19 has provoked.

Many leaders cited experiences of isolation, related not only to their physical separation from co-workers but also to their feelings of being unsupported by board members or colleagues as they confront the effects of working from home on employees, volunteers, and clients.

> "Executive Directors are in a kind of a lonely role. I've realized that my board isn't as involved as they could be."

Concerns about the loss of and changes to essential services and day-to-day activities for clients that many organizations in the community sector regularly offer were also communicated. These changes and losses have presented difficult realties for clients who may not now be able to access social or mental care and support. Particular anxieties were expressed about the most vulnerable clients' ability to access online services that they may have previously procured via public spaces.

> "A few of them are reaching out but again, a lot of our clients will go to the library if they needed to use the computer and internet. They don't have that opportunity. Those that are very challenged are feeling it even stronger, you know people are resilient. So, clients who had minimal resources at home had found ways to get their needs met. Now they can't, so it's even more challenging those who fall through the crack have fallen through an even bigger crack."

Interviews also revealed worry about clients' ability to manage and adhere to public health orders, learn about and apply for government assistance, and receive support for other aspects of maintaining their independence, such as finding paid employment, engaging in meaningful and rewarding activities, and receiving vocational training.

> "The province strongly requested that we suspend all supported employment services and vocational training and social enterprise offerings to the general public. So unfortunately, our forty folks that we had in supported employment were essentially laid off after that request."

Despite the many challenges with which organizations across the sector have been confronted, it is clear that these groups are striving to support colleagues and clients wherever possible and endeavouring to ensure their organizations' survival.

Partnering and Organizational Structure

Organizations are navigating through environments they never dreamed of prior to COVID-19. In the face of the extraordinary challenges this pandemic has presented, many organizations have launched innovative partnerships, networks, supports, and mentoring opportunities with groups both within and outside of the community sector. Some of these partnerships are with private enterprises and could lead to ongoing relationships that could continue to generate critical revenue for the nonprofit and voluntary sector. Even those organizations who have not felt as financially threatened hope that these partnerships catalyze a renewed focus on localism that will foster ongoing business-to-business relationships.

"A silver lining in this is the sense that I mean being a distribution point for beer is definitely not part of our mission and mandate but you know there's a chance to establish a relationship here because we do offer a bar. And so, there's you know potential for some business partnership that could rise out of this. So you know there's something there either in terms of a sponsorship or in terms of you know some other business arrangement as a provider."

Leadership networks offering intangible personal support in the community sector are among the most significant partnerships that have formed in the current crisis. Executive directors of similar organizations are meeting to offer mutual support, and directors of larger and more stable organizations are mentoring, helping, and strengthening relationships with smaller, less secure, or newer ones.

"I really appreciate the support that I got from the other centers' Executive Directors. We're meeting twice a week and at first I wasn't sure if that was necessary but I'm really glad we're doing it because sometimes it is just a matter of being able to say, 'Oh my God! I'm so exhausted', and have somebody else be in the same boat."

"I received some excellent resources just yesterday from Partner Organization and they gave me the best tools yet as far as just Excel sheets for calculating cash burn rates and some very, very usable things. I need tools to get the nitty-gritty done to get through this and to present to the board and that's what I need and Partner Organization has given me that."

"We had already been on a couple of years' worth of discussions on the potential for amalgamations. So, imagine Nova Scotia small as it is, has more independent operations than every province with exception of Ontario. We have six, with six boards of directors and six CEOs or whatever. Six people in charge of payroll. So, we've been on a path separate from what's going on at the federation level trying to be smarter. So that maybe in future community sector council isn't talking to six different organizations but one."

The community sector's experience with new financial restraints and thus with increased operating restrictions has led many organizations to focus on regional consolidation, with one result being increased efficiency. This has also permitted directors to feel better prepared to weather future economic challenges while continuing to deliver on their mission and community obligations.

A number of organizations also noted that they have increased their participation with umbrella organizations, sometimes at the provincial or national level. The support they have received from this action has not only offered them some relief but has also permitted them to carry out their mission during COVID-19.

Finally, though not strictly an example of interorganizational relationships, some groups pointed out COVID-19's role in driving conversations about organizational consolidation at the provincial level.

Impacts on Revenue

COVID-19's effect on organizations' capacity to generate revenue has been wide-ranging: some organizations have experienced almost no change to their operational funding while others have reported precipitous declines of 80 to 100%. Those organizations with relatively high levels of recurring government funding have not been so hard-hit. Many have been able to maintain staffing and continue providing client services. Others have effectively adapted to work-from-home environments while introducing innovative program delivery.

"We have not laid off anybody. That was the Board's position but also, we received pretty much solid direction from the province that they did not want us to lay people off. That is, we could, we would keep people on the payroll for as long as we could."

Groups who rely on diverse revenue streams, including community and corporate donations, have also fared better than some, but they are anxious about the sustainability of their current revenue model in the face of a new, more strained economy.

"We open June 1 and we will have anywhere from 15 to 20 full-time, part-time students, nonstudents, a mix of people. So, we're very fearful in that predictions for this peak tourist season are that revenue will be down at least 80%. And so, predictions are that it's not going to come back to expected levels until 2022. So, we're in a fairly good state in that we don't have any debt. But what I've been trying to get across to people is that we're doing a cash burn like nobody's business."

Organizations who have experienced the greatest impact are those who depend on goods or services for their revenue and those who generate revenue via extensive fundraising. Some are aiming to combat damage to revenue by running digital fundraising campaigns, but they still anticipate losses.

"Our even was supposed to take place in April. Of course, we haven't been able to do that. We had a goal of 65,000 and then we have a big box lottery that we've put on pause. So, we're anticipating a loss of around 100,000 in three months. So that's a big chunk of money."

"I'm meeting with my board of directors later this week on Zoom to talk about what fundraising options are there in this context and can we still kind of fundraise a little bit more to have to borrow as little as possible."

Many other organizations who had been working toward expanding or gaining stability through purchasing their place of operation have noted that their capital campaigns have been significantly or totally derailed.

Social enterprise organizations have been uniquely impacted. Their market-based revenue streams have been eliminated or severely curtailed. Some of these organizations have been directly impacted through loss of revenue; others have found their ability to perform their mission has been temporarily suspended.

> "From a financial perspective our biggest grant contributor is from community services but they fund on average 48–49% of our total operating budget. The other half is funded through our social enterprise activity and we're not bringing in any revenue right now."

> "We're assuming some normalcy but we're really, really limited because social enterprises, adult service centers are still closed. The home order is still in effect so we are really limited."

> "So, if we're going to be fully closed for six months what's that going to cost you? If we're going to be closed for three months what's that going to cost you? And we've got some tools to work on modeling for recoveries but it's the uncertainty. What's the first day we put in? What are the health professionals going to continue to direct us to do? Is it social distancing? Is it groups of ten instead of groups of five? At the end of the first month of reopening do 5% of our members return? Do 10%, do 50%?"

Hiring delays and temporary layoffs have been but two of the many strategies executive directors have initiated in response to decreased revenue. Those organizations who have experienced substantial disruption have made modifications to their financial projections in the face of negative cash flow and an uncertain timeline for returning to pre-COVID-19 levels of operation and revenue.

Many organizations have accessed COVID-19 relief programs for their employees or clients, or for the organizations themselves. However, they have expressed concerns about their newly decentralized workforces. They fear that, in the face of such a model, a precedent might have been set which could prohibit them from securing funding in the future for overhead and expenses related to physical assets.