

Nonprofit Trends: Employment How to Combat the Nonprofit Workforce Crisis

A study of the nonprofit workforce conducted in 2021 by the National Council of Nonprofits revealed a rising workforce crisis. According to the study, nonprofit organizations were experiencing “intolerably high job vacancy rates,” causing harm to the individuals and communities they serve.

Policy makers at the local, state, and federal levels took notice and adopted some reforms to help solve the problem. However, a follow-up study conducted last year concluded that nonprofits are still dealing with an employee shortage, and their constituents continue to suffer as a result.

Three out of four nonprofits that responded to the 2023 *Nonprofit Workforce Survey* said they currently have job vacancies, and more than half (51.7%) stated they have more vacancies now than they did before the pandemic. Additionally, 28.1% said they have longer wait lists for services now than before the pandemic.

Common Nonprofit Job Vacancies

The most common nonprofit job vacancies are positions that interact frequently with the public and require in-person responsibilities. This includes three out of four nonprofits that report vacancies in program and service delivery positions. Here’s the breakdown of other vacancies:

- Entry-level positions: 41.1%



- Administration and human resources positions: 31.7%
- Department and fundraising positions: 25.2%
- Senior management positions: 12.5%
- Communications positions: 11.1%

Survey respondents listed a number of specific unfilled positions they are especially concerned about, including nurses, clinicians, social workers/counselors, maintenance staff, interns, grant writers, and specialists in finance and accounting.

Reasons for the Workforce Crisis

The survey identified a number of reasons for the nonprofit workforce crisis:

- **Salary competition from for-profit and government sectors: 72%.** Nonprofits with annual operating budgets of less than \$5 million face greater salary competition challenges than larger nonprofits. Of course, boosting salaries creates sustainability challenges for nonprofit organizations and may impact their unrestricted reserves.

Continued on page 3

Should Your Nonprofit Accept Crypto Donations?

In 2018, the Pineapple Fund donated Bitcoin grants worth \$55 million to 50 nonprofit organizations. Since then, more donors have expressed interest in donating cryptocurrency to the charities they wish to support.

This raises the question: Is it smart for your nonprofit to accept cryptocurrency donations? To determine the answer, you must first understand this unique form of currency and the potential benefits and risks of accepting it.

Pros and Cons of Accepting Cryptocurrency

The biggest benefit of accepting Bitcoin, Ethereum, and other cryptocurrencies is that it may expand your donor base. Given the growing popularity and acceptance of cryptocurrency in the marketplace, particularly among many younger and technologically savvy donors, this could be incredibly important. According to Pew Research, the majority of cryptocurrency users are males between 25 and 44 years of age.

Research has also found that cryptocurrency donors tend to be more philanthropic than traditional donors. According to one study, however, nearly half of crypto owners say it's currently difficult to find nonprofits willing to accept their donations.

Cryptocurrency donations can be especially valuable to donors if there is a large unrealized capital gain, as donors do not have to recognize the gain upon making a donation. Similar to marketable securities, donors can deduct the full fair-market value of cryptocurrency at the time of donation if the asset was held for longer than one year.

But there are significant risks involved in accepting cryptocurrency. For starters, crypto is a largely unregulated and highly volatile asset class. Fraud is widespread and there is little if any recourse if cryptocurrency is hacked. Since crypto is



designed to be held anonymously, it can be hard to prove that assets originated from a legitimate source.

How to Accept Cryptocurrency Donations

There are several safe ways to accept cryptocurrency donations. By accepting donations via an intermediary, such as a donor-advised fund (DAF), you won't take custody of the assets. This reduces legal, accounting, administrative, and tax-filing responsibilities. The intermediary will handle IRS form filings (specifically Form 8283), tax receipts, and cash conversion, as well as ensure that all crypto regulations are followed.

If you choose to receive the assets directly, here are a few ways to do so:

- 1. Use a cryptocurrency donation processor or gateway.** Specialized payment processors such as Giving Block and BitPay can accept crypto donations on your behalf and automate receipts and cash conversion into a crypto wallet. This way, you can hold on to the cryptocurrency as an investment if you choose. Service fees vary among processors.

- 2. Use a cryptocurrency exchange.** These exchanges allow you to embed the crypto donation and checkout experience onto your own website. Similar to donation processors, crypto exchanges also provide automatic conversion of cryptocurrency to cash.

- 3. Use your own crypto wallet.** This "do-it-yourself" option requires some technical expertise to choose the best crypto wallet and monitor the crypto transactions. Popular crypto wallets include Coinbase, Binance, Gemini, and MetaMask.

Plan to create a process for collecting donor information since blockchain transactions are usually anonymous, along with strict policies governing access to the digital wallet.

Decisions and Considerations

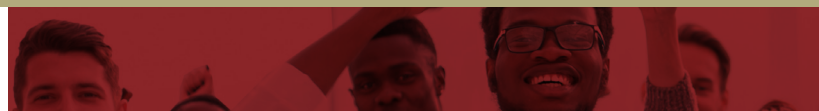
Once you receive cryptocurrency donations, you must decide whether to hold the asset as cryptocurrency or convert it to cash. This process is similar to receiving marketable securities like stocks and bonds. Given the high volatility of cryptocurrency, it's generally recommended that nonprofits convert crypto to liquid cash as soon as possible to lower risk. Crypto gateways and exchanges can convert assets to cash automatically.

If you decide to accept crypto donations, it's important to amend your gift acceptance policy to reflect this. Keep your policy simple yet broad so you can easily adapt it to the ever-changing cryptocurrency landscape. To increase flexibility, your policy should not entail a blanket acceptance of all crypto donations. For example, your policy could state:

"XYZ Nonprofit Organization may accept cryptocurrency donations. When appropriate, such donations will be approved by the Executive Committee."

Is It Right for Your Organization?

Accepting cryptocurrency donations may not be feasible for every nonprofit, but it's worth investigating given the growing awareness and popularity of digital currency. Talk to your executive committee and board of directors about whether accepting crypto is a smart move for your organization.



How to Combat the Nonprofit Workforce Crisis Continued from page 1

- **Budget constraints and insufficient funding: 66.3%.**

Nonprofits with annual operating budgets between \$100,000 and \$500,000 reported that lack of financial resources is a severe challenge in hiring qualified staff. One nonprofit in Oregon said budget constraints make it difficult to pay competitive salaries, leading to staff members feeling like they're stretched too thin and ultimately resulting in stress and burnout.

- **Stress and burnout: 50.2%.**

The challenges of stress and burnout are especially acute for nonprofit human services providers. One nonprofit in Montana reported that upper-level staff are struggling the most with burnout due to heavy workloads.

- **Challenges caused by ineffective government grantmaking and contracting systems: 20.6%.**

These systems impose inefficiencies, financial hardships, and operational instability on nonprofit organizations of all sizes and across all sectors. One nonprofit in New York stated that funding from the US Department of Housing and Urban Development (HUD) had not increased from their original agreement issued four years earlier.

- **Lack of available and affordable childcare: 14.6%.**

Childcare is especially challenging for nonprofits that primarily serve Black, Indigenous, and other constituents of color, as well as rural communities and people with disabilities.

Solutions to the Workforce Crisis

After addressing their vacancies and potential pain points, survey participants were invited to share ideas for solutions to the nonprofit workforce crisis they had identified or implemented themselves. Here are the most common responses and the percentage of nonprofits that listed them:

- Increase salaries: 66%
- Offer remote work options: 57.7%

- Create a more robust benefits package: 40.9%
- Pay one-time bonuses: 39.3%
- Implement diversity, equity, and inclusion training/strategies: 39.2%
- Offer career advancement opportunities via training/mentorship: 35.8%
- Offer expanded mental health benefits: 23.7%
- Offer wellness programs, including four-day workweeks and additional paid time off: 22.6%
- Offer signing bonuses: 16.5%

One novel idea cited by 21.3% of participants is to notify employees about their eligibility for the Public Service Loan Forgiveness (PSLF) program. This allows student loan borrowers who work full-time for charitable nonprofit organizations to earn federal student loan debt forgiveness after working there for 10 years and

making 120 qualifying monthly payments. This can serve as a powerful inducement for hiring young employees carrying student loan debt.

Nonprofits also identified several public policy solutions to the employment crisis. These included calling on Congress to restore the ability for all Americans to deduct charitable contributions on their federal tax returns and calling on the federal government to invest more money in affordable housing and transit-oriented development.

Plan Strategies Now

Now is the time to plan strategies for how your organization will conquer the nonprofit workforce crisis. Meeting this challenge could be instrumental in achieving your program goals moving forward.

Impacts of the Nonprofit Workforce Crisis

When nonprofits can't remain fully staffed, the public suffers due to longer wait lists, reduced services, and even the denial of services altogether. The ripple effects can be devastating for vulnerable community members who may lose access to food, shelter, mental health care, and other vital services.

One out of four nonprofits responding to the *2023 Nonprofit Workforce Survey* reported they had wait lists for services longer than one week, 11.5% had wait lists between one and four weeks, and 12.9% had wait lists longer than one month.

Not surprisingly, there is a strong correlation in the data between the number of job vacancies and the length of wait lists. In other words, if a nonprofit doesn't have enough employees to meet community demand for its goods and services, its wait lists will be longer.



