Report: COVID-19, harsh funding climate compromise non-profits’ ability to meet increased demand for services

For immediate release – March 1, 2021
Contact: Linda M. Czipo
lczipo @ njnonprofits.org

The challenges facing New Jersey’s non-profits and the people, causes and communities they serve were drastically exacerbated in 2020, according to a new report by the Center for Non-Profits. New Jersey Non-Profits: Trends and Outlook, representing the findings from the Center’s late-January/early-February survey of the non-profit community, presents in stark terms the impact of the COVID-19 pandemic, the economic fallout, and ongoing racial inequities on the ability of non-profits to address continually escalating community needs.

The survey shows that non-profits have stepped up throughout the crisis to provide essential services, caring, comfort and inspiration, demonstrating yet again their essential role in our social, economic and community fabric. But the past year has also laid bare the dire and disparate consequences wrought by years of underfunding and under-investment in key societal infrastructures, including non-profits, the communities they serve, and particularly people and communities of color.

- Even with many organizations having to suspend services for temporary or extended periods due to pandemic, nearly half of surveyed non-profits reported that demand for services rose in 2020.
- Demand for services continued to outpace funding overall. Nearly half of surveyed non-profits reported that demand rose in 2020, but only one-third said their funding had gone up.
- Among those reporting higher demand in 2020, only three-quarters said that they had served more clients/constituents.
- Forty-five percent of respondents reported that overall funding had decreased in 2020 compared with the year before – a significant jump from prior years’ surveys and a clear indicator of the negative impact of the pandemic.
- More than one-fourth of respondents said that they had laid off or furloughed staff in 2020. Half of these organizations still had not restored any of these cuts when the survey was taken.
- Government relief programs were critical to many non-profits in 2020. Two-thirds of respondents reported receiving COVID-19 relief from the government such as U.S. Small Business Administration Paycheck Protection Program (PPP) forgivable loans or Economic Injury Disaster Loans (EIDL), grants and loans from the New Jersey Economic Development Authority, and others. Sixty percent said this assistance was important to their ability to maintain staffing and programs.
- Nearly one-quarter have said that more government COVID-19 assistance is needed if they are to make it through 2021.

The report also emphasized that the consequences of the crisis were made even worse by many years of under-funding of core non-profit supports prior to the pandemic.

“For years, researchers and advocates have been sounding the alarm about the danger that this chronic under-investment poses for long-term ability to deliver programs and services,” noted Linda Czipo, president and CEO of the Center for Non-Profits. “Now, thrust into a crisis no one could have anticipated, too many non-profits are fighting just to make their way through, with potentially dire consequences for the communities and causes they serve.”
Through it all, non-profits have continued to adapt to the rapidly changing landscape, working collaboratively and creatively to keep programs running safely and address needs.

Looking to the year ahead, non-profits were especially concerned about the impact of the uncertain funding climate and COVID-19 recovery on their organizations and programs and the non-profit community at large. Other issues included the need for branding and communications, strengthening non-profit boards, the need to advance diversity and equity, and non-profit infrastructure and capacity building.

“The social and economic importance of a strong, vibrant non-profit community has never been more apparent than during the past year,” stated Czipo. “If we are to continue to preserve and strengthen non-profits over the long haul for the greater good, it is essential that we provide the funding and supports necessary for their success.”

*New Jersey Non-Profits: Trends and Outlook*, the Center’s annual survey of the non-profit community, was conducted online in January and early February 2021 to gauge the experiences, trends and expectations of New Jersey’s non-profit groups. The survey tracks prior year funding and expenses, outlook for the coming year and actions taken by non-profits to address trends. The Center has conducted this survey since 2001. The 2021 survey report is based on responses from 251 New Jersey 501(c)(3) organizations.


---

The Center for Non-Profits is New Jersey’s statewide network and champion for the charitable community. Founded in 1982, the Center exists to build the power of New Jersey’s non-profit community to improve the quality of life for the people of our state. The Center provides professional education, advocacy, resources, training and information to strengthen non-profits and help them thrive in pursuit of their charitable work. For more information, visit [www.njnonprofits.org](http://www.njnonprofits.org).

---

3635 Quakerbridge Road, Suite 35, Mercerville, NJ 08619
732-227-0800 | [www.njnonprofits.org](http://www.njnonprofits.org) | center@njnonprofits.org

[www.facebook.com/njnonprofits](http://www.facebook.com/njnonprofits)
[www.twitter.com/NJ_Nonprofits](http://www.twitter.com/NJ_Nonprofits)
[www.linkedin.com/company/center-for-nonprofits](http://www.linkedin.com/company/center-for-nonprofits)
[www.njnonprofits.org/blog](http://www.njnonprofits.org/blog)
[www.instagram.com/njnonprofits](http://www.instagram.com/njnonprofits)