REPOSITIONING FOR STRENGTH

The Northeast Florida Nonprofit Sector and COVID-19
REPOSITIONING FOR STRENGTH

EXECUTIVE SUMMARY

As federal, state and local governments made plans for a phased economic re-boot, the Nonprofit Center asked members of the local nonprofit sector to form a Working Group to examine best practices, pool resources and information, and create a knowledge center to support our community of businesses following the initial shockwave of the coronavirus in Northeast Florida. We also asked them to help us catalogue the radical shifts that have taken place in the few short months since the pandemic's landfall. The result is a living resource providing both practical guidance and profound learning for nonprofit businesses. This report aims to define a path forward for the next phases of work and service, divided into three sections:

1. Using NonprofitCtr.org to provide information and resources to help nonprofit businesses manage phases of re-opening. Many nonprofits are at the center of the COVID-19 response, providing critical safety net services and facing escalating demand. Some converted their work to remote or a hybrid of in-person and virtual; still others temporarily closed. When phased re-opening began, nonprofits needed resources to help them plan for and participate in re-opening. The report tackles the urgent task of identifying and sourcing materials, guidance, tools, and policies nonprofits can use to safely move back into their offices and engage with customers, clients, and the general public.

2. Cataloguing lessons learned and practice improvements. Forced to transform business models almost overnight, flexibility, creativity, communication and collaboration emerged as crucial characteristics in the inherently risk-averse nonprofit culture. The report captures examples of new practices that have increased capacity and improved nonprofit businesses.

3. Defining strategies for pursuing and promoting a "new normal." Nonprofits are influential and essential contributors to a healthy, equitable society and economy. This report begins the work of defining policies and resources needed to come back stronger, more resilient and more aware of and able to address inequities. Our recommendations include strengthening nonprofit/government partnerships; prioritizing testing and PPE for community, childcare, and healthcare employees; extending the State moratorium on evictions; permanently amending tele-health regulations; critically examining nonprofit compensation, governance, restructuring, and diversity practices and policies; and using data from CARES Act and local stimulus programs to better understand the viability of cash assistance programs as a consumer choice and empowerment tool.

A crisis of this magnitude requires focus on the super-short term, but we are obligated to chronicle what we are experiencing and learning for the long term. Regardless of the pace and success of economic re-ignition, millions of Americans have experienced health and financial setbacks that will have lasting ramifications. We offer these lessons, observations, and recommendations for action and advocacy. They are a first reflection on how an extraordinary crisis has changed nonprofit business practices now and in the future.
The majority of nonprofits in Northeast Florida never “closed” though many shifted operations to remote work or a hybrid of direct and virtual services. It is important to recognize (and honor) the many nonprofits that are entirely essential to pandemic relief and support. These organizations continue to respond to enormous social needs – with no end to the demand in sight at this time. Distributing food and rent support, providing shelter and medical care, supporting families with mental and behavioral counseling, as well as countless other services; they remain at work, on site, in the trenches.

These and many other nonprofits are important to the successful phased reopening of the economy (such as childcare, education and workforce development). Still others are part of a society’s benchmark for “normal” living (such as faith and cultural institutions, volunteering and civic engagement). No matter what their mission or size, nonprofits are key ingredients to a safe and successful society.

The Working Group tackled the urgent task of identifying and sourcing materials, guidance, tools, and policies important to the nonprofits that are considering how and when to safely and successfully move back into their offices and engage with customers, clients, and the general public.

The Nonprofit Center website is now home to resources that range from federal guidelines to how-to toolkits. The evergreen site, kept fresh by continuous submissions, can be found at NonprofitCtr.org/repositioning.

It includes:
- **Official government guidance** on everything from Paycheck Protection Program Loan Forgiveness to EPA approved disinfectants
- **Samples, toolkits and shared resources** from national, state and local sources
- **Crisis response and adaptive business programs** from the Nonprofit Center of Northeast Florida
- **Communications and advocacy** resources and toolkits

**NONPROFITCTR.ORG/REPOSITIONING**

**JULY 2020**
PART 2
LESSONS LEARNED
CHANGE FOR GOOD

The pandemic forced massive and almost-overnight changes to the economy: shutdowns, overburdened public health systems, millions of layoffs and furloughs, cancellations and service interruptions. The openness and mutual respect that philanthropy and nonprofits exhibited is important to carry forward if we want to tackle tough issues in a worsening economic landscape.

Creativity, flexibility, and open-mindedness became important characteristics of leaders. Nonprofits with the technology, resources and ability to adapt their business model “pivoted, and re-pivoted” to transform their work to virtual. Others found new allies in government and philanthropy that relaxed compliance, reporting and contracts to give nonprofits time and runway to convert program outcomes and deliverables. Flexibility, creativity, and collaboration emerged as crucial characteristics in the inherently risk-averse nonprofit culture. The Working Group was tasked with capturing examples of new practices that have increased service capacity and improved business for nonprofits.

**1. Virtual work.** What began as a forced adaptation for many nonprofits soon proved to be productive, good for the environment, supportive of life/work balance, and in some instances, cost-saving. Nonprofits report rethinking their commercial office space, developing new partnerships to double up service delivery sites, and an explosion of competence in new virtual office tools, like Microsoft Teams, Zoom, Google Suite, and Slack.

**2. Trust Philanthropy had a moment.** Nonprofits report funders calling and checking on them, being flexible about moving program funds to operating needs, offering extensions and waiving reports.

**3. New frontiers in service delivery.** What started as a survival mechanism often morphed into an opportunity for some nonprofits. Emergency relaxations of tele-health regulations provided nonprofits an avenue to continue services that soon proved successful and effective for some programs. Non-medical services, like job training, literacy programs or after school tutoring discovered new ways to connect with their constituents with successful results. Nonprofits reported both a decrease in barriers to participation — like transportation, childcare and work schedules — and an increase in access and family integration. Not all programs lend themselves to virtual delivery, but nonprofits now have proof that they can successfully deploy new tech tools for better outcomes.

**4. Governance that guides but doesn’t stifle executive action.** Executives pivoting fast to create new lines of business, apply for loans, make hard personnel decisions, and find scarce resources needed on-point advice from board members and a governance structure that defined when and how far they could make solo calls. Nonprofit executives told us they were slowed down by boards that didn’t understand their role or the organization’s financial position. Some boards balked at nonprofits applying for relief fund loans, failing to leverage available capital because they wrongly assumed their
PART 2 CONTINUED

4. (continued) role is to prevent the organization from assuming any risk or debt. Boards that had little insight into the organization’s cash flow, revenue streams, and vulnerabilities couldn’t help executives structure their crisis response. Those nonprofits learned that in the midst of a crisis is too late to start working on good governance.

5. Knowing your business model. Leading during super-heated change means that executives who could immediately identify the pain points and the possible opportunities, quantify both accurately, and forecast super-short and short-term operational needs were also the first to pivot, partner, retrench, and access relief funds. Going through a risk assessment should be a priority consideration for executives that struggled with identifying and prioritizing actions to secure their organization’s well-being.

6. Heightened awareness of team well-being. As many nonprofits shifted to working from home or had team members working in health-compromised conditions, smart organizations prioritized new ways to support isolated, stressed, over-worked employees.

Solutions included:
- Creating on-site childcare solutions for staff delivering essential services
- Promoting employee access to tele-health, Employee Resource Groups and Employee Assistance Programs
- Communicating in new ways. Nonprofit staff quickly became experts in adapting virtual office tools to build in time for connection
- Developing flexible employee supports and schedules, in particular to accommodate working parents

7. The importance of operating reserves. Nonprofits in the enviable position of possessing cash reserves to help weather economic downturns or make strategic investments breathed a little easier in the first months of the shutdown. Those without reserves faced immediate and tough economic choices to preserve their organization. But even some with reserves found they lacked protocols to give the executive guidance on how much of the reserve can be tapped under emergency conditions.

8. Having a useful disaster plan. The coronavirus pandemic revealed how little-used many disaster plans are. Organizations needed policies that covered everything from crisis communications to emergency succession planning. An organization’s disaster preparedness documents need to be evaluated and made relevant by including: pandemics and man-made tragedies like mass shootings; definitions of essential employees; connections to local disaster support organizations; remote work protocols; and cybersecurity protocols.
PART 3
WE’RE NOT GOING BACK TO NORMAL

As Michelle Braun, CEO of the United Way of Northeast Florida put it, "We're not going back to 'normal' if that means accepting that half a million people in Northeast Florida continue to struggle to make ends meet every day." As essential contributors to a healthy, equitable society and economy, what must nonprofits do differently as organizations, employers, and as a business sector for our communities to come back stronger, more resilient and more equitable?

Key strategies we identified to start down the path toward a new normal require legislative and structural actions.

STRUCTURAL

1. Naming, challenging, and changing internal and external inequities. Racism, and other forms of discrimination and oppression take place on the internalized, interpersonal, institutional, and structural levels. We find ourselves at this moment in history with the opportunity to take advantage of disruption of the status quo to advance racial justice, diversity, equity, and inclusion practices across systems. The nonprofit sector cannot realize the social impact we seek without addressing these fundamental disparities.

2. Enhancing local government and nonprofit partnerships to take on systemic problems. In Northeast Florida, urgent public/private coalitions and task forces sprang up or were strengthened to coordinate resource identification and distribution. Millions of Americans have experienced health and financial setbacks that will affect them for the foreseeable future.

Nonprofits that have been called on to preserve the social fabric will continue to see increasing demand for their services. Strengthening working relationships between government and the independent sector will only become more important in the months to come. Government must not shift its focus away from joint efforts to tackle inefficient or inequitable structural and cultural practices heightened by the pandemic, such as disaster recovery, access to health care, livable wage employment, nutritious food, and fast, reliable internet service for all.

3. Exploring new operating models to sustain mission. A recent survey by the Charities Aid Foundation of America found about one-third of responding charities may have to close their doors in the next year; 7.5% were already shuttered. Every nonprofit business should focus first on delivering on their mission, and ask if that requires remaining a standalone entity. Disruption related to a crisis is an opportunity to investigate mergers, fiscal sponsorships, and creative collaborations that share cost-burdens and expand services.

4. Examining compensation practices. Some laid-off employees are reluctant to return to work for wages below what they were receiving through unemployment. This raises the issue: do nonprofits perpetuate underemployment of healthcare, senior service, childcare and other persons critical to our economic and social well-being? Addressing the nonprofit sector's role in helping their employees achieve economic stability is overdue.
PART 3
CONTINUED

STRUCTURAL

5. Renegotiating grant and contract service terms. Unable to provide services because of closures and safety concerns, some nonprofits and funders were challenged by tightly drawn contracts that gave no room to adapt deliverables. Nonprofits suffered long delays in payment, and in some cases simply could not fulfill their contracts and lost important revenue. Before entering into new contracts, nonprofits should renegotiate payment terms keeping these lessons front and center.

LEGISLATIVE

2. Extending Florida’s state-wide moratorium on evictions and foreclosures. The steady increase in the number of unemployed and positive COVID-19 cases argues for extending and the state’s moratorium on evictions, and setting targets for local housing availability and shelter access as a condition of lifting the moratorium.

3. Extending relaxed tele-health regulations. Extend the waiver by Florida regulators for tele-health services to allow safe client interaction with fewer barriers for participation. Create legislation to permanently amend regulations to allow expanded tele-health and other virtual medical and counseling services in the coming legislative session.

4. Piloting Direct Cash Assistance (DCA) and Social Impact Projects. The federal government made individual stimulus payments to millions of Americans, and some local governments used used CARES Act funds for individuals and small businesses experiencing economic hardship because of the pandemic. It’s time the nonprofit sector and public and private funders looked more systematically at the pros and cons of DCA and social impact opportunities. The potential to leverage more financial resources and advance consumer choice and empowerment can’t be overlooked.

1. Prioritizing and subsidizing testing, PPE and site cleaning/disinfecting for health, elder, child care and community organizations. Parents and others with family members to care for can’t return to work if they don’t have confidence in the safe practices of the childcare, health, and community organizations they depend on. However, these organizations have suffered blows to their bottom line that make the deep cleaning and super-staffing required for safety and compliance a burden many cannot meet. Local and State governments should create a fund to support these services for organizations that a successful re-opening depends upon.
CONCLUSION

The harrowing impact of the coronavirus has helped us see the consequences of the inequities embedded in our economy and institutions. We must call attention to these challenges and answer a critically important question: As essential contributors to a healthy, equitable society and economy, what must we do differently as organizations, employers, and as a business sector for our communities to come back stronger, more resilient and more equitable?

The Repositioning Report is the first of what needs to be a series of critical reflections as we continue to experience remarkable disruptions. We hope that nonprofits will use it to spark discussions and pursue internal and external practices for improved service delivery, develop smarter business processes and preparedness, invest in technology and people, and commit to exploring new structures, partnerships, and futures for our industry in service to community.

Thank you.

The Nonprofit Center of Northeast Florida is grateful to the many people who contributed to this report. They made it a priority when there were urgent and competing demands on their time and expertise. The sector’s volunteers and professionals have always been the heart of any nonprofit, but never have they been more important to our communities than in the last four months. How the nonprofit community manages the next 12 months is equally important and perhaps even more challenging. Being careful to record what we learn, document what we achieve, and speak up clearly when strategy and ethics dictate will help us navigate in this changed landscape. Nonprofits have to continue to press for the internal and external practices and policies that will help our sector and communities emerge better, stronger and more equitable.

The nonprofit sector has never been more essential.

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