



Cornhusker Economics

The Impact of COVID-19 on Nebraska’s Nonprofits

Market Report	Year Ago	4 Wks Ago	9-4-20
Livestock and Products,			
Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	*	*	*
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	170.01	161.51	162.45
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	148.65	146.86	147.14
Choice Boxed Beef, 600-750 lb. Carcass.	229.51	204.52	227.39
Western Corn Belt Base Hog Price Carcass, Negotiated	*	*	*
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean.	72.64	68.51	75.60
Slaughter Lambs, woolled and shorn, 135-165 lb. National.	154.62	103.50	103.03
National Carcass Lamb Cutout FOB.	395.99	NA	420.04
Crops,			
Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	3.46	4.06	NA
Corn, No. 2, Yellow Columbus, bu.	3.51	2.86	NA
Soybeans, No. 1, Yellow Columbus, bu.	7.54	8.21	NA
Grain Sorghum, No.2, Yellow Dorchester, cwt.	5.23	6.00	NA
Oats, No. 2, Heavy Minneapolis, Mn, bu.	3.00	2.96	NA
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	*	*	*
Alfalfa, Large Rounds, Good Platte Valley, ton.	*	*	*
Grass Hay, Large Rounds, Good Nebraska, ton.	105.00	*	*
Dried Distillers Grains, 10% Moisture Nebraska Average.	137.50	121.67	152.25
Wet Distillers Grains, 65-70% Moisture Nebraska Average.	42.50	35.92	42.82
* No Market			

This article describes the impact of COVID-19 on nonprofit organizations in Nebraska based on evidence gathered in two business surveys coordinated by a research consortium. The consortium is made of the State of Nebraska, the Nebraska Chamber of Commerce, the University of Nebraska (UNO, UNL) and several local project partners. Additional information was provided by the [Nonprofits Association of the Midlands](#) (NAM), through two surveys of its membership and interviews with core staff at NAM, to corroborate the survey results. The business surveys took place in April and June 2020 gathering response of 646 (April) and 137 (June) nonprofit entities. The COVID-19 pandemic has been a challenge for many humanitarian organizations, and nonprofits are no exception.

Nonprofit organizations represent a sizeable portion of Nebraska’s economy and provide a myriad of goods and services to every corner of the state. In recent years, nonprofits in Nebraska paid out nearly \$4 billion in wages and employed one of every eleven Nebraskans. The sector as a whole represents roughly 10% of Nebraska’s economy. Nonprofit organizations span a diverse range of industries from cultural programming to healthcare services. Many Nebraskans rely on these organizations to provide them with critical services that they would not have access to in their absence. Sixty-eight percent of the surveyed nonprofits had monthly revenue figures of less than \$100,000 pre-pandemic. Sixty-six percent of the sur-

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veyed nonprofit organizations had less than 20 employees on their payroll before the pandemic began. This small size characteristic makes nonprofits particularly vulnerable to fluctuations in finances and funding, and uncertain demand, both of which have become a reality in the pandemic. The pandemic has created a stronger need for rationalization, scale, and resilience in the nonprofit sector.

During the first round of the Nebraska Business Survey, the top five sectors reported were Health Care and Social Assistance (163 organizations), Other Services (churches and religious organizations, civic and social organizations, automotive repair and services, equipment repair, barber/beauty shops, funeral services, dry cleaning, business and professional associations, and labor union organizations) (146 organizations), Entertainment & Recreation (141 organizations), Educational Services and Arts (63 organizations), and residual Other Industries (27 organizations.) In the second survey completed in June 2020, the top five industry respondents included Arts, Entertainment, and Recreation (31 respondents), Other Services (27 respondents), Health Care and Social Assistance (23 respondents), residual “Other Industries” (21 respondents) and Educational Services (14 respondents).

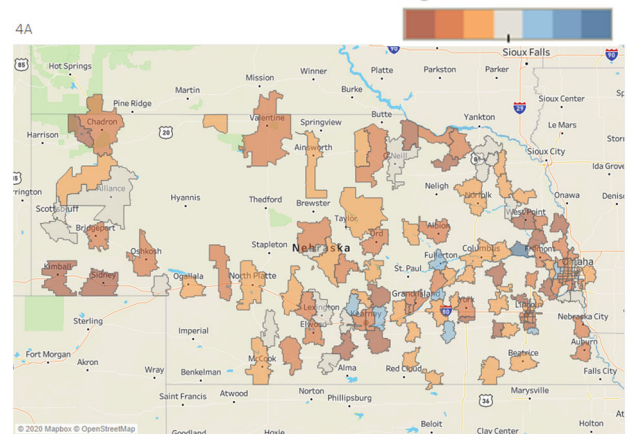
Impact of the pandemic

The pandemic’s impact has created concerns for most nonprofit organizations. Regulations and guidelines have changed rapidly since the pandemic reached the United States. The initial April survey reported the top concern of financial impact on operations and/or liquidity and capital highlighted by a majority of respondents. The second top concern was about the duration of the outbreak and/or quarantine efforts. The third-ranked concern was decreasing consumer confidence/spending. The results of the June 2020 Survey confirmed these concerns with similar most-pressing concerns.

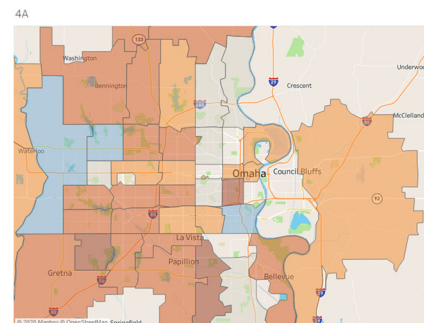
Following guidelines, many nonprofits have required a remote workplace and limited the number of customers and employees allowed within the physical workspace. In April, 64% of nonprofits reported their employees working remotely and 70% of nonprofits placed restrictions on employee access and return to the physical worksite. The June 2020 Survey reflected a slight decrease of employees working from home down to 62% and had placed more restrictions on the public entering the physical workspace with an 8% increase with respect to the first survey. During these times, managers adapted and utilized video conferencing for staff meetings and appointments. In addition, employees who work in-office must follow CDC guidelines. Overall, nonprofits have been more successful adjusting to a remote workplace than many for-profit sectors of the state’s economy (less than 50% working remotely for the total of respondents in the two business surveys in which for-profits respondents dominated).

The COVID-19 pandemic has negatively affected revenues for most nonprofits. Following the April 2020 Survey, respondents stated their current revenues decreased by an average of -43.5%. Further, survey results noted a pessimistic outlook for May 2020 with projected decrease at -42%. As nonprofits headed into June, they predicted that revenues would improve some, with a projected decrease of -37.56% (unweighted average of responses). The following maps display the April 2020 survey results of the impact on revenue by zip code location with additional detail for the metropolitan areas of Lincoln and Omaha. A few zip codes do show an increase in revenues; however, the negative revenue impact is largely widespread. The June survey response rate was too small to be mapped

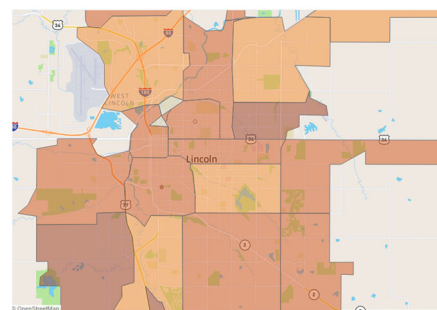
Impact on nonprofits income and revenue with scale from -100% to +100%



Impact on nonprofits income and revenue in Omaha metro



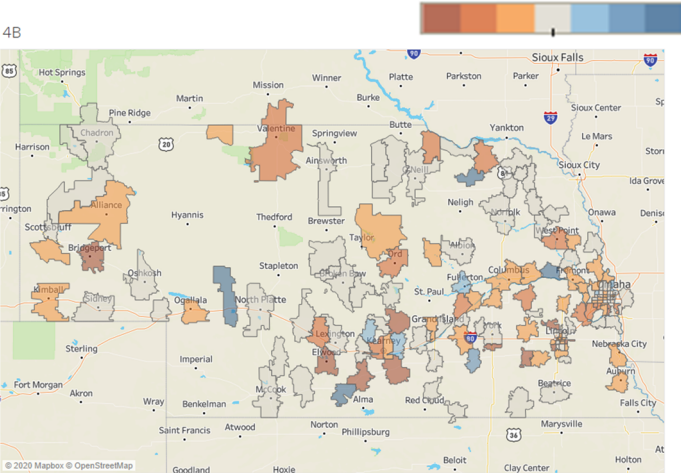
Impact on nonprofits income and revenue in Lincoln metro



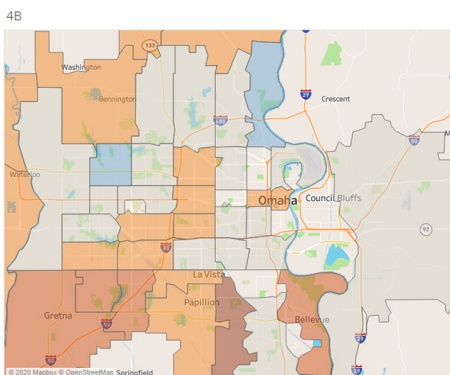
According to the April 2020 Business Survey, the average reported COVID-19 impact is a 33% decline in current employment and a 34% anticipated decline in employment for Nebraska nonprofits. Many nonprofit sectors are considered “essential to the public” as 45% of respondents reported no current reduction or plan to reduce staff or working hours. However, overall responses reflect that 23% of nonprofits reduced the number of hours worked and 27% reduced both staff numbers and hours. The June 2020 Survey suggests that nonprofits expected a -25% employment impact. The revenue impact is more pronounced than the labor decline. The essential aspect of the service provided may explain this difference. Fundraising has been challenging for many nonprofits constrained by virtual access to donors.

The following set of maps displays the impact on employment (April 2020 Survey) by zip code location with additional detail for the metropolitan areas of Lincoln and Omaha. The number of survey responses was sparser for employment relative to the answers on the revenue impact, which explains the reduced density of impact. Further, the employment impact is negative in the majority of zip codes reporting employment impacts and accompanying the loss of revenues.

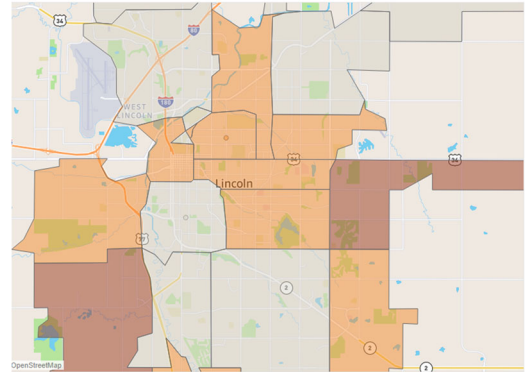
Impact on nonprofits employment with scale from -100% to +100%



Impact on nonprofits employment in Omaha metro



Impact on nonprofits employment in Lincoln metro



Thanks to the CARES Act, nonprofits were able to apply for federal assistance, such as the Payroll Protection Plan (PPP), which offered incentives to maintain current payroll for staffing. Additional assistance programs noted include the Economic Injury Disaster Loans (EIDL) and filing for unemployment benefits. The April 2020 individual responses stated 60% of nonprofits had applied or will soon apply for federal assistance and 16% were unsure. Notably, 23% of respondents request help filing for federal assistance. Analysis of the June 2020 survey, 87% of those who applied for government assistance received it and 18% of organizations report receiving other economic and fiscal support from the private sector. According to NAM’s estimates, the nonprofit sector in Nebraska received about \$85 million of CARES Act assistance. A number of nonprofits also have had access to loans from local community banks.

Looking forward

Nonprofit organizations have many decisions to make on how to recover from the COVID-19 Pandemic once lockdown policies are relaxed and eventually removed. The most frequent challenges mentioned in the survey include the need to regain customer confidence, reduce and cut budget items, and an urgency to reopen. When asked what the State of Nebraska can do to assist nonprofits the text analysis revealed that access to loans, grants and funding were mentioned most frequently; help with personal protection equipment (mask, gloves, tests) and insuring safety came second, and help with safe re-opening and relaxing restrictions came third. Respondents also suggested providing tax relief via payroll, property, and/or unemployment and establishing clear communication between government and constituents.

Despite this relief and adaptation, times have been challenging for many small nonprofits. The outlook is poor for those with compromised funding and inability

to reduce, spread, or share the fixed cost of being in a business-like infrastructure cost. Some innovative restructuring and merging will have to take place in the year ahead, as it will in for-profit sectors most affected by the pandemic. The ability to function remotely and reduce office costs is an advantage in this context. Online delivery of services will also be pivotal for the future. Donor fatigue may also be a new reality for nonprofits. This is the context of Nebraska's outstanding record of philanthropy and noting that the economic downturn was short-lived in financial markets. Wealth has recovered much faster from than labor markets following the initial wave of the pandemic and associated policies which stalled economic activity. Nonprofits providing services for vulnerable populations, such as food banks, have experienced increased demand for their services, exacerbating the tensions between the ability to provide and the increased demand for services.

The resilience of the nonprofit sector in Nebraska will depend on all these factors influencing their resource base, their creativity to adapt their services cost effectively and evolve in the continuing uncertainty of the pandemic and the associated policy and regulatory environment.

References for further information

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