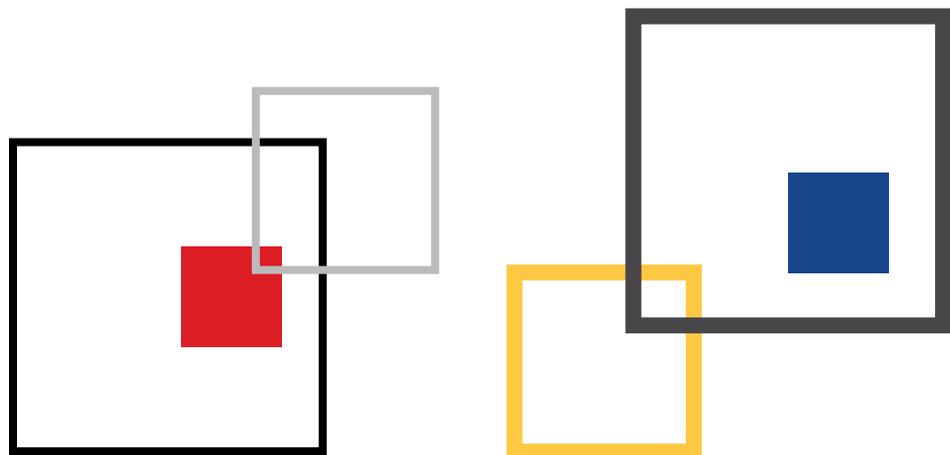


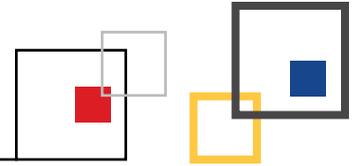
# COVID-19 IMPACT ON NEBRASKA BUSINESSES

NEBRASKA BUSINESS RESPONSE SURVEY REPORT  
IMPACT ON THE NONPROFIT SECTOR

JUNE 2020



# SPONSORS



The report was prepared by Alice McDonald, Sushant Timalisina, and Samuel Waechter-Cass, who are summer interns at the Yeutter Institute of International Trade and Finance at UNL, under the direction of John Beghin. They thank Josie Schafer (UNO), Eric Thompson (UNL), Catherine Lang (UNO), Jill O'Donnell (UNL), Jacy Thoman (UNL), and Anne Hindery (NAM) for comments and discussions.

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## Introduction

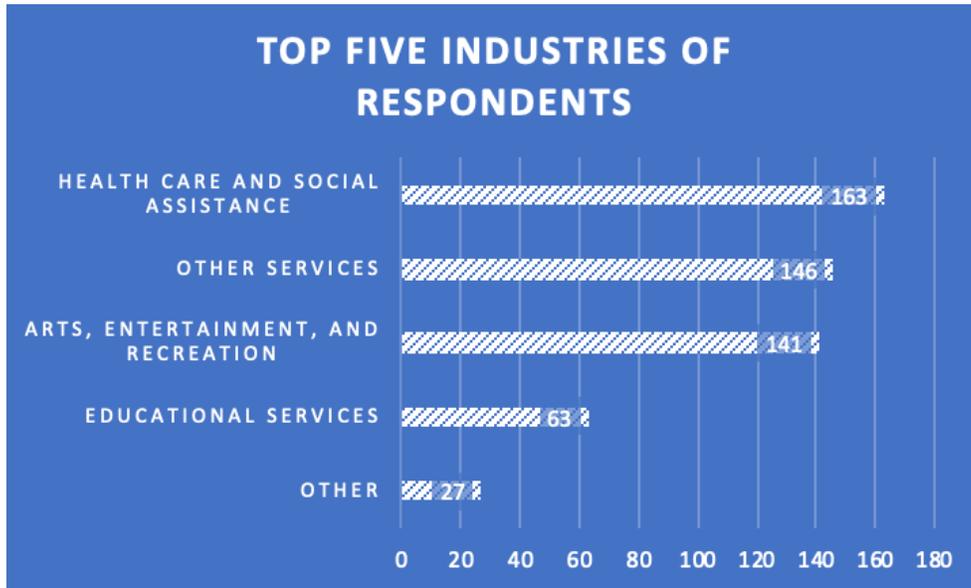
The State of Nebraska, the Nebraska Chamber of Commerce, the University of Nebraska and several local project partners came together to develop and share the Nebraska Business Response Survey to understand the impact coronavirus (COVID-19) is having on the revenue and workforce of organizations across the state and find the best ways to support the business and nonprofit communities during the crisis. The survey took place online from April 15 to April 24, and 5,785 respondents participated. [Two reports](#) have been issued, a first one on the general findings of the survey, and a second one on the regional impacts of the crisis, as revealed by the survey. This new report focuses on the nonprofit community, based on responses of the 646 organizations, which answered the business survey. The nonprofit sector fulfills important cultural and social missions in Nebraska and contributes to economic activity. Its vitality has been challenged by the pandemic. The survey results are compared to the [Nonprofit Association of the Midlands'](#) (NAM) short Pulse Polls that were conducted in mid-March and during April 24-29, 2020 to corroborate the business survey results.

The report highlights the sectors of the Nebraska economy in which these nonprofit organizations operate, and their characteristics. Then the report describes the economic impact the pandemic and distancing policies have had on their activities, revenues, and staffing decisions. The report also summarizes their concerns and the impediments they face as of late April 2020, and their anticipated assistance needs. The report combines descriptive summary statistics, and qualitative analysis of the expressed concerns and situations. The report is useful for decision makers in various government agencies and philanthropy, to better assist nonprofit organizations to continue their mission during the pandemic and after.

A follow-up statewide business survey is ongoing this June 2020, as part of a longitudinal study of the impact of COVID-19 on the Nebraska economy. The objective is to continue to assess the concerns and needs of businesses and nonprofits to recover after the lockdown and other widespread distancing policies.

## Profile of the Nonprofit Sector

Among the nonprofit respondents, the five predominant sectors represented include Health Care and Social Assistance; 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); Educational Services (elementary and secondary schools, colleges and universities, technical and trade schools, and educational support services), and Arts, Entertainment, and Recreation, and a residual "other industries."



## Revenues and Employment of Nonprofits

Table 1 below shows the distribution of nonprofits' revenues before the pandemic, by revenue range, for 547 respondents who answered that question. The most frequent category is monthly revenues less than \$100K, followed by \$100k to \$299K. A few nonprofits have sizeable revenues above \$1 million.

#	Table 1. Monthly Revenue Ranges (pre-pandemic)	% of Respondents	Count
1	Less than \$100K	68.37%	374
2	\$100K to \$299K	15.90%	87
3	\$300K to \$499K	2.19%	12
4	\$500K to \$999K	3.29%	18
5	\$1 million to \$2.9 million	6.22%	34
6	\$3 million to \$4.9 million	0.91%	5
7	\$5 million to \$9.9 million	0.73%	4
8	\$10 million or more	2.38%	13
	<b>Total</b>	<b>100%</b>	<b>547</b>

The nonprofit employment information (pre-pandemic) is shown in Table 2. The most frequent category is less than 5 employees, followed 20 to 49 employees, and third 5 to 9 employees. Few nonprofits have employment exceeding 50 employees, although 19 nonprofits have employment exceeding 1000 employees.

#	Table 2. Monthly Employment Ranges (pre-pandemic)	% of Respondents	Count
1	No employees other than the sole proprietor	5.49%	35
2	Less than 5 employees	31.82%	203
3	5 to 9 employees	14.58%	93
4	10 to 19 employees	13.17%	84
5	20 to 49 employees	14.73%	94
6	50 to 99 employees	7.68%	49
7	100 to 249 employees	5.80%	37
8	250 to 499 employees	2.35%	15
9	500 to 999 employees	1.41%	9
10	1000 or more employees	2.98%	19
	<b>Total</b>	<b>100%</b>	<b>638</b>

## Impact on Nonprofit Sector

As expected, survey respondents report that COVID-19 is negatively impacting Nebraska's nonprofit sector. Many nonprofit organizations have made necessary adaptations to their business models to maintain operations. The original March Pulse Poll of the NAM anticipated a 56% negative impact on nonprofits and the following April Pulse Poll of the same association increased that negative projection to 63% experiencing a significant impact. The business survey reveals 93% of surveyed nonprofits have been affected negatively, and only 4% positively. The April Pulse survey had fewer respondents, which may explain the lower reported impact.

**93% of nonprofits reported a negative impact due to COVID-19**

The three most frequent concerns regarding the pandemic's impact out of 13 potential choices listed, include:

1. Financial impact on operations and/or liquidity and capital (378 respondents)
2. Duration of outbreak/quarantine efforts (364 respondents)
3. Decreasing consumer confidence/spending (274 respondents)

Due to the Centers for Disease Control and Prevention (CDC) recommendations, respondents report that social distancing became an immediate challenge for connecting with the public. 85% of Nebraska Nonprofits respondents report imposing restrictions on how the public can interact within their primary location. Nonprofits also report locking doors and posting signage requesting scheduled appointments.

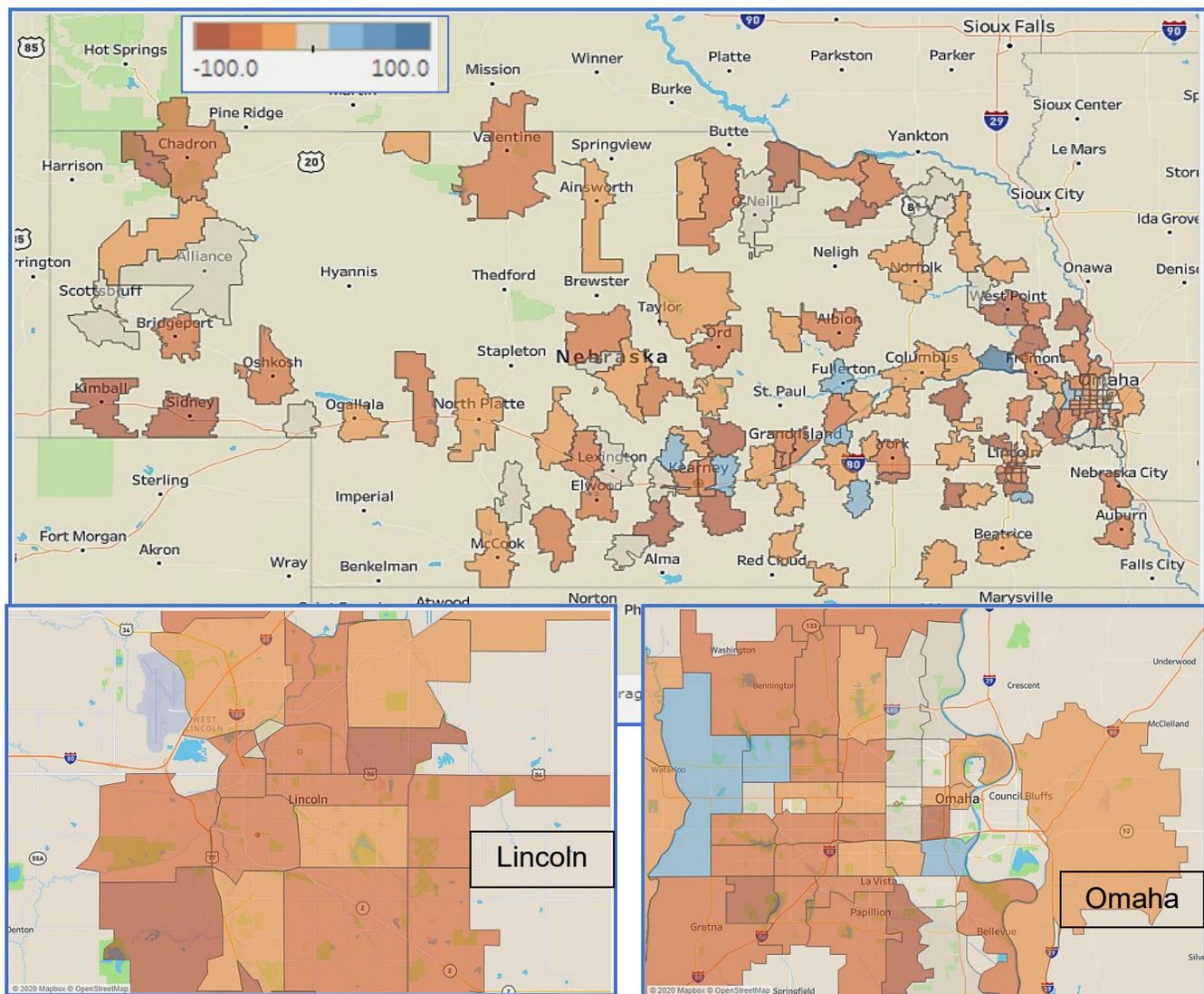
Survey respondents note that 65% of their employees are able to work remotely and most do (64%). 70% of nonprofits have placed restrictions on employee access to physical sites.

Managers request video conferencing for staff meetings and appointments. Employees who work in-office must follow CDC guidelines. Organizations request employees not come in if a family member has symptoms of COVID-19. Deliveries by mail and freight carriers are directed to specific locations. Finally, a number of nonprofits report closing temporarily.

## Revenue Impact

COVID-19 has negatively affected revenues of most nonprofits; respondents stated their current revenues (in April) have decreased by 43.5% on average, and they were pessimistic for the month ahead (in May) with projected decreases at -42% (unweighted average of responses).

The following set of maps displays the revenue impact results by zip code location with additional details for the metropolitan areas of Lincoln and Omaha. A few zip codes show increases in revenues; however, largely, the negative revenue impact is widespread.<sup>1</sup>

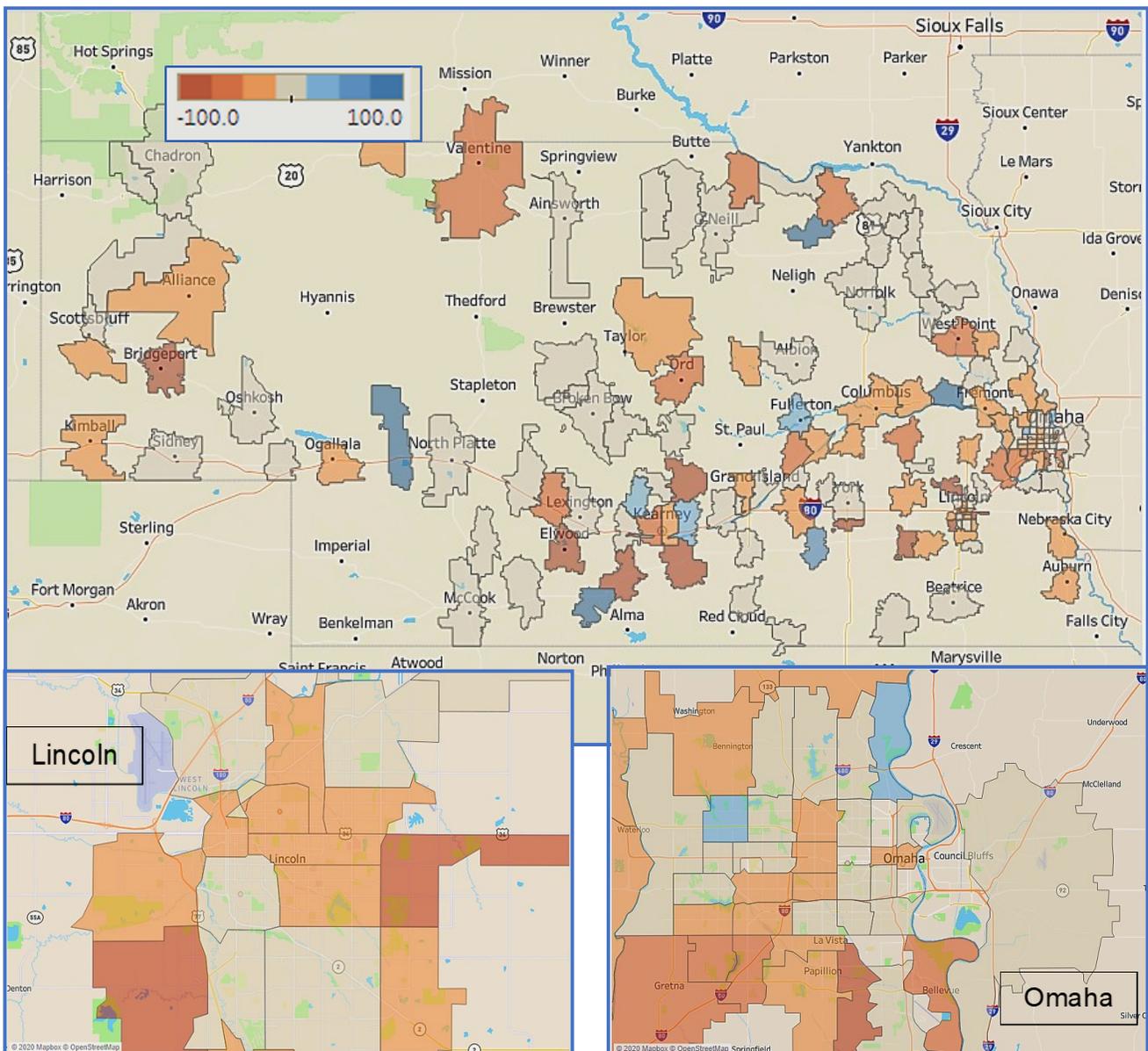


<sup>1</sup> Zip codes with no responses for the revenue impact are set equal to non-change (0%).

## Employment Impact

According to the business survey, the average reported COVID-19 impacts are a 33% decline in current employment (as of April) and a 34% anticipated decline in employment for Nebraska nonprofits. Many nonprofit sectors are considered essential to the public as 45% of respondents report no current reduction or plan to reduce staff or working hours. However, responses reflect that 23% of nonprofits reduced the number of hours worked and 27% of them reduced both staff numbers and hours. We note that the revenue impact is more pronounced than the labor decline. The essential aspect may explain this difference.

The following set of maps displays the employment impact results by zip code location with some additional details for Lincoln and Omaha. The number of survey responses was sparser for employment relative to the answers on the revenue impact, which explains the lesser density of impact. Still, the employment impact has been negative in the majority of zip codes that reported employment impacts, accompanying the loss of revenues.<sup>2</sup>



<sup>2</sup> Zip codes with no responses have been set equal to no-change (0%)

## Assistance

On March 27, the House of Representatives unanimously passed, and following passage in the Senate, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a \$2 trillion economic stimulus law intended to provide immediate relief for individuals, nonprofits, businesses, and state and local governments. The CARES Act is the third law enacted in response to the COVID-19 Pandemic.<sup>3</sup>

Thanks to the CARES Act, nonprofits can apply for federal assistance, such as the Payroll Protection Plan<sup>4</sup> (PPP), which offers incentives to maintain current payroll for staffing. Other assistance offers noted include Economic Injury Disaster Loans<sup>5</sup> (EIDL) and filing for unemployment benefits. From respondents' individual responses, 60% of nonprofits have applied or will soon apply for federal assistance and 16% are unsure. 23% of respondents request help filing for federal assistance. The proportions of respondents seeking assistance under PPP and EIDL are comparable between the April Pulse Poll and the Nebraska Business Survey, but with higher proportions among the Pulse Poll respondents.

Assistance Type	April Pulse Poll (231 respondents)	Nebraska Business Survey (646 respondents)
PPP	156 (68%)	329 (51%)
EIDL	27 (12%)	55 (9%)
Unemployment	Not Reported	20 (3%)

## Recovery

Non-profit organizations have many decisions to make on how to recover from the COVID-19 Pandemic once the lockdowns are removed. The most frequently challenges mentioned in the survey include the need to regain customer confidence, reduce and cut budget items, and the urgency to reopen. When asked what the State of Nebraska can do to assist nonprofits, text analysis reveals that access to loans, grants and funding was mentioned 173 times; help with PPE (mask, gloves, tests) and insuring safety 95 times; and help with safe re-opening and relaxing restrictions 92 times. Respondents also suggest providing tax relief via payroll, property, and/or unemployment, and establish clear communication between government and constituents. Other answers were scattered on different suggestions.

<sup>3</sup> (Source: National Council of Nonprofits).

<sup>4</sup> Paycheck Protection Program Loans (emergency SBA 7(a) loans): Create an emergency loan program providing loans of up to \$10 million for eligible nonprofits and small businesses, permitting them to cover costs of payroll, operations, and debt service, and provides that the loans will be forgiven in whole or in part under certain circumstances. Section 1102.

<sup>5</sup> Economic Injury Disaster Loans (EIDL): Create emergency grants for eligible nonprofits and other applicants with 500 or fewer employees enabling them to receive checks for \$10,000 within three days. Section 1110.