

COVID-19 New Mexico Nonprofit Impact Report

June 2020



New Mexico Thrives advocates for the New Mexico nonprofit sector and promotes, strengthens and connects individual organizations.

COVID-19 Implications for Nonprofits in New Mexico

Nonprofits are helping our communities during the COVID-19 pandemic. This report provides insight on the impact of the pandemic and how it is affecting the work of nonprofits.

The demand for services has increased, while nonprofit revenues have declined. In addition to their regular services, many nonprofits have had to expand to address the basic needs of their clients.

How financially vulnerable are nonprofits?

- 65.8% of nonprofits cancelled fundraising events negatively impacted revenues.
- 44.4% of individual donations are down compared to the same period last year.
- Foundations had varied responses: 19.5% switched program funding to operating expenses; 14.6% extended due date of deliverables; 39% made no adjustments.
- In spite of drastically changed circumstances, most government contracts or grants remain unchanged: 77.8% federal, 68.8% state, 86.7% county, 77.4% city.

66.7% of nonprofits reported cash flow was their biggest challenge.

Will nonprofits be able to continue their work when the economy re-opens?

- Nonprofits are struggling to remain financially viable, while responding to increased community needs.
- As financial pressures intensify, many nonprofits will close permanently.
- Closing nonprofits means lost jobs, lost vital services for our communities, and lost revenue for the state.

57% of nonprofits are unsure of their ability to continue operations if there is another shelter in place order.

What challenges are nonprofits facing as a result of the pandemic?

- Cash flow
- Disruption of volunteer activities
- Programs do not translate to remote delivery
- Limited or no internet access for staff and clients
- Lack of computer hardware and software

Government Agencies, Legislators, and Funders can support New Mexico nonprofits and their communities by addressing CIP.

Cash Flow

Cash flow is the biggest challenge to nonprofits and the main factor in organizational survival.

Nonprofits need general operating funds and simplified grant application processes.

Government contracting is cumbersome and slow. Delays in payouts threaten the survival of some organizations. Updating and streamlining processes will lead to increased efficiency, accountability, and cost savings.

Funders and Granting Agencies should expedite payouts to alleviate many cash flow challenges.

Internet Access

Lack of internet access is a significant barrier to nonprofits providing online services.

The State needs a comprehensive plan to expand the broadband infrastructure in New Mexico. In the 21st century, internet access is a basic necessity.

The State should expand broadband infrastructure and address affordability to provide equitable access to the internet.

Personal Protective Equipment

Nonprofits need access to low cost or no cost personal protective equipment for their employees, volunteers, and clients.

If government and funders provide PPE to frontline nonprofit workers, the nonprofits can devote themselves to providing essential services.

The Governor should appoint a community agency to establish and manage a system to distribute PPE to nonprofit frontline workers.

Conclusion

New Mexico is at risk of losing over half of its nonprofits. Nonprofits need to be included in economic stimulus incentives. Nonprofits closing means lost jobs, lost out-of-state funding, and lost services. Therefore, nonprofits must have a seat on the New Mexico Economic Recovery Council. The Economic Recovery Council represents a variety of industries, but has excluded nonprofits. Appoint New Mexico Thrives to bring the nonprofit perspective.

The Economic Recovery Council should include New Mexico Thrives to provide guidance about the services needed by communities throughout the economic recovery.

Many nonprofits require support to build capacity to access and manage federal recovery funds. Some nonprofits will need technical assistance to convert their programs to remote or modified delivery, incorporating COVID-safe practices.

Investment in a nonprofit infrastructure support network may improve access to supports such as navigating federal aid bills, state economic incentives, transitioning programs, fundraising, and operations. An infrastructure support network will also aid in statewide communication and collaboration.

The survival of nonprofits is vital to maintaining the services and jobs they provide all over New Mexico.

Method

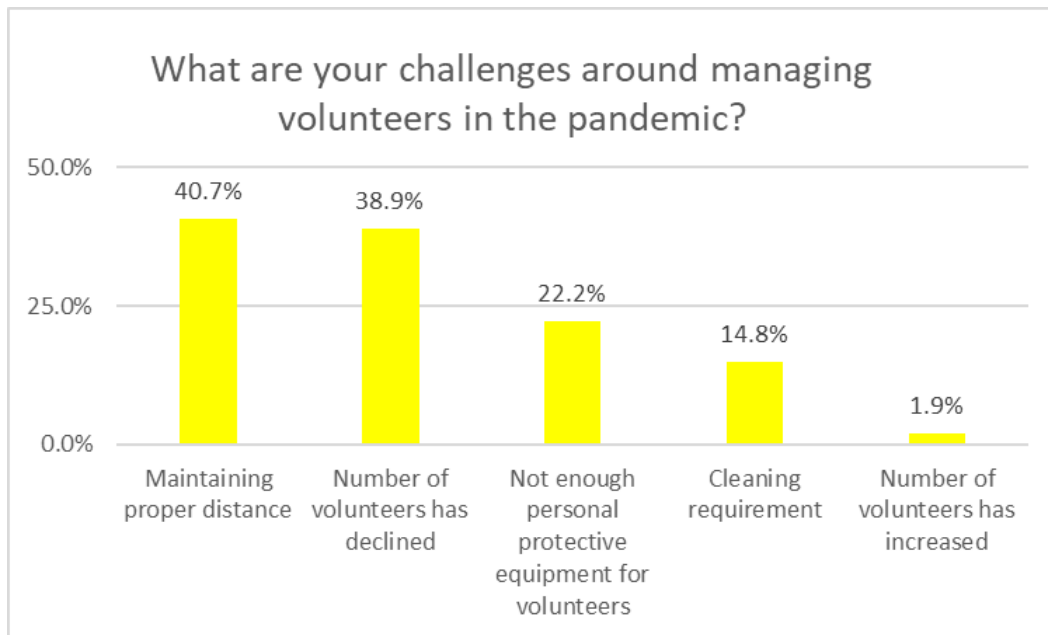
New Mexico Thrives conducted the survey between April 5 and May 12, 2020. This survey was sent to approximately 360 nonprofit personnel, 54 responded. Respondents were located in: Albuquerque, Santa Fe, Las Cruces, Taos, Gallup, Farmington, Bernalillo, Hobbs, Capitan, Silver City, Edgewood, Rio Rancho, Los Ranchos, and Madrid. Of 54 respondents:

- 48% had budgets under \$250,000
- 29.6% had budgets \$250,000-\$1,000,000
- 13% had budgets \$1-\$5 million
- 9.3% had budgets over \$5 million

Pivot Evaluation Inc. reviewed the data and provided some guidance on the report.

APPENDIX

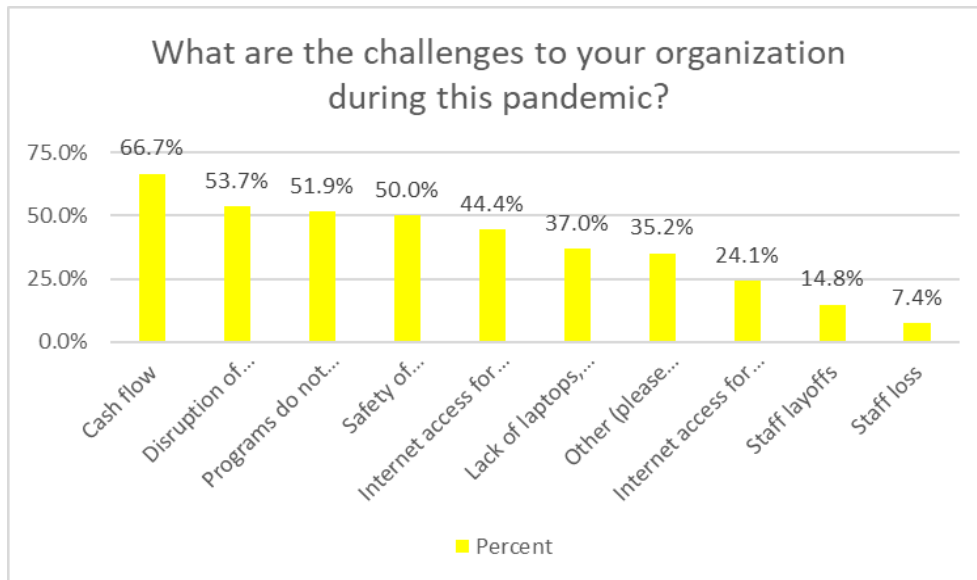
In addition to cash flow, the disruption of volunteer activities was a major impediment to providing services. Many volunteers have stopped volunteering because they are older and in a high-risk category. The difficulty in acquiring personal protective equipment has exacerbated the problem.



Just over half of respondents indicated their programs did not translate to remote delivery. It is unclear whether they will be able to resume operations under the new COVID-safe practice guidelines.

Internet access and the lack of hardware and software are impediments to remote work and service delivery.

- 24.1% of respondents indicated that their employees did not have internet access.
- 44.4% indicated their clients did not have internet access.
- 37.0% indicated the lack of laptops, tablets and software for remote work was a hindrance.



- 66.7% Cash flow
- 53.7% Disruption of volunteer activities
- 51.9% Programs do not translate to remote delivery
- 50.0% Safety of employees: protocols, cleaning supplies, personal protective equipment
- 44.4% Internet access for clients
- 37.0% Lack of laptops, tablets, software for remote work
- 24.1% Internet access for staff
- 14.8% Staff layoffs
- 7.4% Staff loss

Sample Comments:

“We are dependent on our state contract paying for the deliverables required. We have had a hard time having our state invoices paid for in a timely manner. We actually have not received any payments since March. If we don't begin receiving this money, we will not be financially viable.” May 4, 2020

“Federal matches are always difficult in rural areas but as we are looking at federal grants now, these matches are becoming impossible.” April 23, 2020

“We will be able to operate but may have to drastically reduce our programming, numbers of families served or services provided. Difficult decision around what we may look like in the fall.” April 23, 2020

“We are working with as many patients and families as we can to provide tele-therapy and providing emergency care to all patients who need it, but without service income coming in, and our fundraising events being cancelled, our ability to continue serving the families of New Mexico does not look promising.” April 9, 2020