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New Survey of R.I. Nonprofits Highlights Dire Need for State and Public Support for Sector, Warns of Risk to Vital, Overburdened Programs

Rhode Island is the only state in the country to experience job loss in its nonprofit sector over recent ten-year period

PROVIDENCE, R.I. (Nov. 28, 2022) — As Rhode Islanders and people throughout the country prepare to participate in Giving Tuesday, the results of a new survey paint a stark picture of the challenges facing the state’s nonprofit sector. Local community-based organizations continue to provide services for communities still facing pandemic-level needs, while facing inflation-driven costs and inadequate staffing caused by the physical and emotional toll of the last two years.

The concern, advocates warn, is that without a significant investment in the nonprofit workforce and the organizations that anchor communities across the state, essential programs that tens of thousands of Rhode Islanders depend on will become inaccessible, and the state’s economic recovery will be hamstrung by damage to one of its most important workforce sectors.

Nearly 17 percent of the state’s workforce — one in six workers — are employed by a nonprofit, making it a sector larger than manufacturing in the Ocean State.

“Rhode Island nonprofits and their staff have been heroes over the last two years, but without long-term investment in these organizations and their talented, effective workers, the current situation is unsustainable,” said Cortney Nicolato, United Way of Rhode Island’s president and CEO. “We know Rhode Islanders appreciate what nonprofits bring to their community — That they continue to serve as needs grow demonstrates their resilience and outsized impact. Nonprofits need support throughout the entire year.”

According to the survey of nearly 300 organizations, conducted by [Grantmakers Council of Rhode Island](#) and [United Way](#), most Ocean State nonprofits operate on a razor-thin margin and trends are going in the wrong direction as COVID resources end. Key findings include:

- 60% reported that community demand for programs and services remains higher than pre-pandemic levels
- 55% of responding organizations have five or fewer paid staff, and one in four operate with no paid staff
- 46% have lost experienced staff who have left the nonprofit sector, and 59% have current staff who are considering doing so, most because of burnout and exhaustion
- 40% have three or fewer months of cash reserves

“As demand for nonprofit services remains at crisis levels, and as inflation increases costs and decreases individual donations, nonprofits continue to do more with less,” said Nancy Wolanski, executive director of Grantmakers Council of Rhode Island. “But these are organizations that have already been operating on a shoestring, and their staff are emotionally and physically exhausted. They don’t have the ability to further stretch their budgets or their staff. They need ongoing investment and partnership, from public and private funders, and individual donors.”

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And there is room for that investment to grow. The Ocean State has historically struggled to reach the level of charitable giving seen in other states, ranking 45th in the country for charity by Wallet Hub. 50% of local nonprofits in the survey have fewer than 100 individual donors contributing to their work.

“It is more important than ever that Rhode Islanders’ generosity extend beyond Giving Tuesday — Although the pandemic is not as front and center as it was, many of us have had to expand programs or start new services due to increasing demand,” said Annie De Groot, the volunteer executive director of [Clínica Esperanza](#), which provides culturally-attuned medical care to uninsured adults in Rhode Island. “It is essential that there is support for Rhode Island’s most marginalized and vulnerable communities. But right now, resources are simply stretched as far as they can go.”

The survey’s findings also validate the dangerous trajectory of the state’s nonprofit sector with regards to its role as an employer. Over the most recent ten-year period for which data is available, Rhode Island was the only state in the country to experience job loss among its nonprofits. Advocates stress their belief that COVID only exacerbated this issue locally.

“We need to treat nonprofits like the small businesses and economic drivers that they are — We’re missing a huge opportunity as we recover and rebuild our economy,” added Nicolato. “It would be unfair to assume nonprofits will continue to be here to meet the needs of our communities without systemically addressing their capacity.”

To better support Rhode Island’s nonprofit community, advocates point to the need for more long-term planning and actionable investments aimed at sustaining the organizations that are pillars in their communities.

“Nonprofits are the Ocean State’s essential ‘service infrastructure,’ said Wolanski. “Just like it is critical to invest in our bridges and roads, so we can be safe, and connected, and have a growing economy, it’s critical to make a long-term investment in the organizations that so many of our neighbors rely on for safety, and connection, and prosperity. This is all about building a Rhode Island where everyone can thrive.”

The initial survey results are as follows:

Continued Community Need — Still Above Pre-Pandemic Levels

- More demand than pre-pandemic — 60.62%

Impact of Inflation

- 80.44% increased expenses
- 27.31% decreased individual giving
- 20.30% decreased purchases to cut costs
- 15.13% postponed hiring to cut costs
- 12.55% canceled or reduced programs or services to cut costs

Margins Are Down and No Cushion to Fall Back On

- While the percentage operating at a deficit has remained relatively steady around 16.5% (16.54% in 2021, 17.34% in 2022, 15.89% anticipated in 2023), the number of organizations operating with a surplus is decreasing as COVID resources dry up: 39.71% in 2021, 31.00% in 2022, and 25.19% anticipated in 2023.

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- 39.76% have three months or less of cash operating reserves, and only 25.87% have more than six months of reserves.

Organizations Are Already Lean and Staff Are Struggling

- More than half (54.38%) have five or fewer full-time equivalent paid staff
- 24.56% have no full-time paid staff
- 46.97% have staff vacancies lasting over three months because of difficulty in recruiting and hiring new staff
- 81.71% of organizations say some or all staff are struggling with burnout; 74.69% have staff struggling with emotional exhaustion; 66.25% have staff struggling with physical exhaustion
- 45.72% have lost staff who have left the nonprofit sector entirely
- 59.13% have staff who are considering leaving the sector

More Resources Necessary

- More than half (54.13%) of organizations had 100 or fewer donors
- 37.59% had fewer than 50 individual donors

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United Way of Rhode Island is uniting our community and resources to build racial equity and opportunities for all Rhode Islanders. A member of the world's largest nonprofit network, we bring together individuals, businesses, nonprofits, community leaders, and government to tackle the root causes of inequity and achieve specific, measurable goals. Our programs include 211, the statewide front door connecting Rhode Islanders with social services, resources, and vital programs. Both directly and through grants to nonprofits, we are investing to build economic opportunity, advance childhood learning, expand philanthropy, and drive policy and participation. To learn more, visit unitedwayri.org, or follow us on [Facebook](#), [Instagram](#), [LinkedIn](#), or [Twitter](#).