

The Impact of Nonprofits on Lexington's Economy, Employment, & Quality of Life

February 2, 2021

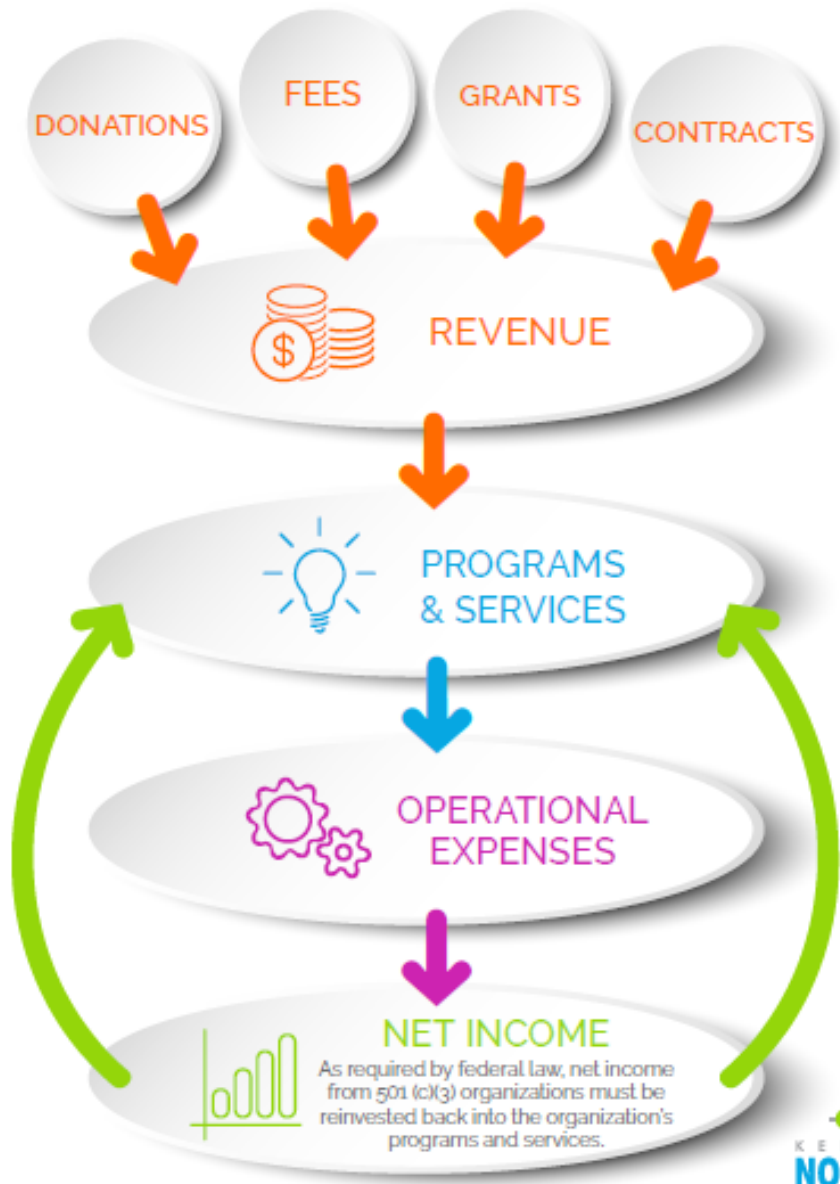


WHO IS

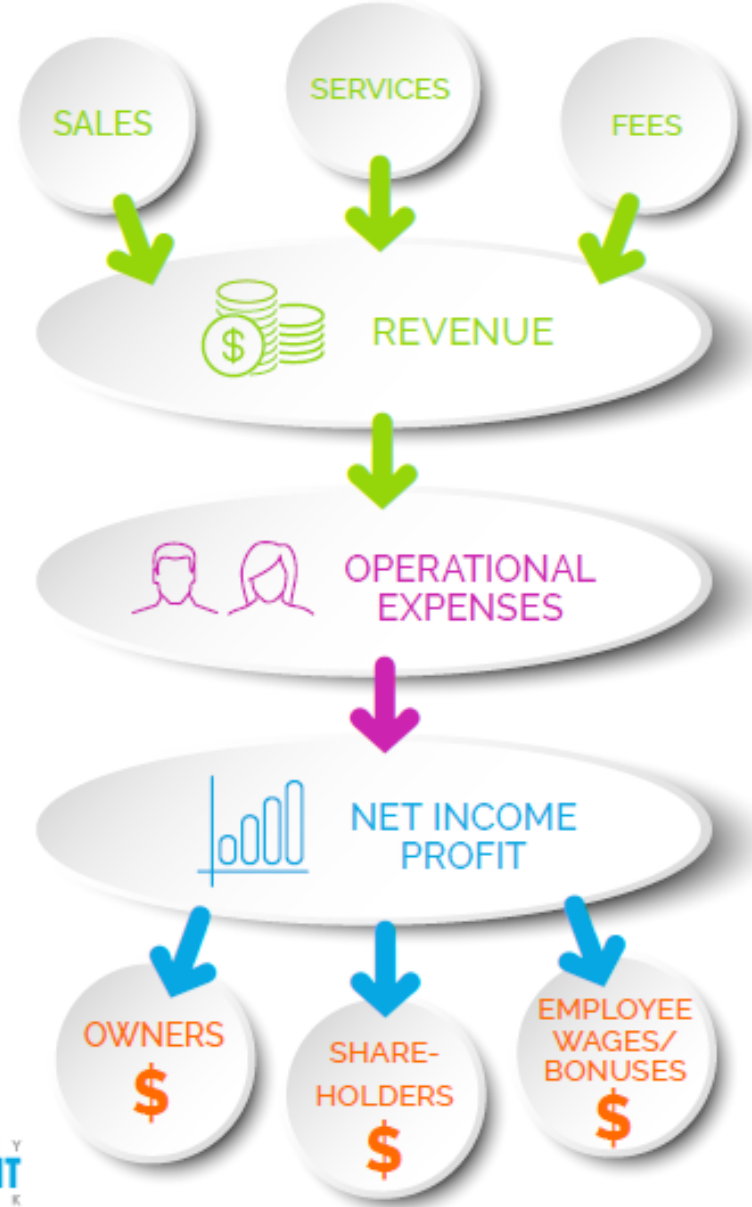


- A local alliance of Kentucky Nonprofit Network members
- Officially launched in late 2020, meeting since spring
- Goal: strong, more unified, collaborative nonprofit sector serving Lexingtonians
- Work to date: urging the Urban County Council to restore funds for city partnerships with nonprofits; facilitating collaborative partnerships to support kids and families during NTL; engaging nonprofits in solutions to address racial and social inequities.

NONPROFIT



FOR-PROFIT



2,292

Registered nonprofit organizations
in Fayette County

DOLLARS



\$3.8 billion
in annual revenue

Source: IRS Business Master File, November 2019, www.irs.gov/charities-and-nonprofits

WWW.KYNONPROFITS.ORG/JOIN/LNC

Charitable nonprofits employ

9%

of the Lexington/Fayette Co. workforce:

14,060 people

Charitable nonprofits account for

9.6%

of annual Lexington/Fayette Co. wages:

\$674 million

REVENUE TO FUND THE CITY



Generating over

\$15 million

in annual occupational license fees

Source: US Bureau of Labor Statistics, Nonprofit Establishment Employment & Wage Estimates, 2017

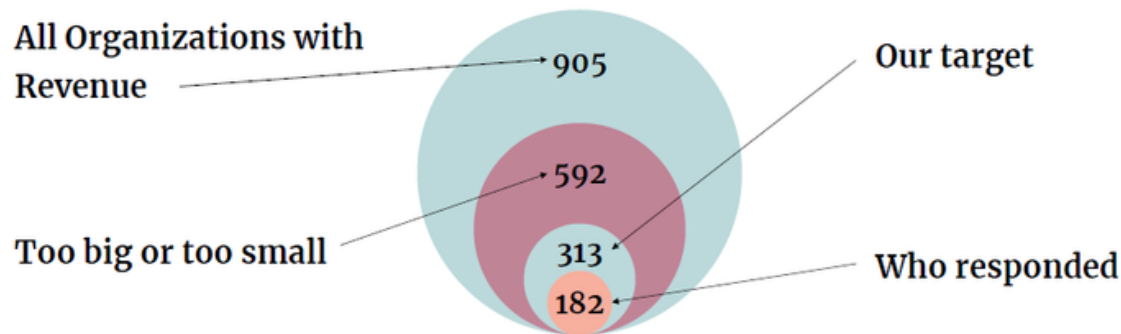
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Toward Viability

AN ANALYSIS OF FAYETTE COUNTY'S
NONPROFIT WORKFORCE HEALTH

There are 1,964 registered nonprofits in Fayette County.



SURVEY DATA COMES FROM 350+ NONPROFIT WORKERS IN FAYETTE COUNTY FROM 182 DIFFERENT ORGANIZATIONS.

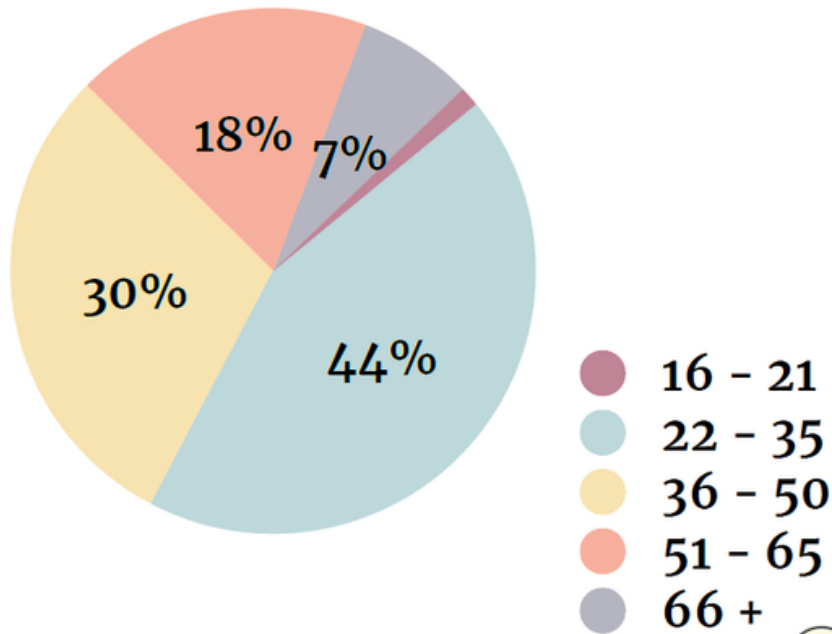
STUDY'S SCOPE



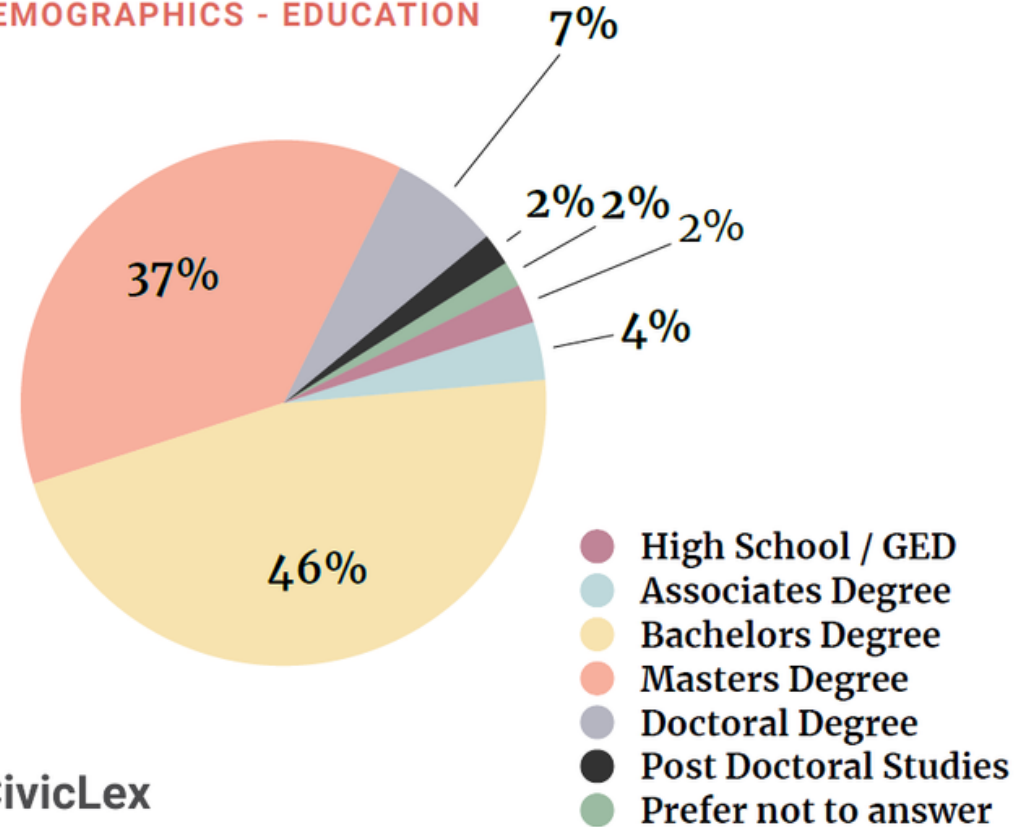
Demographics / Age / Education / Gender Identity / Racial Identity / Organizational Sector / Organizational Scope / Budget Size / Employee Basis / Work Status / Retention Length / Organizational Structure / Governance Documents / Whistleblower Policies / COI Policies / Nondiscrimination Policies / Procedure Manuals / Criteria for Board Selection / Strategic Plan / Fundraising Plan / Performance Reviews / Employee and Board HR Bypass / HR Structures / BOD Engagement / Board Accountability / Clarity of Board Roles / Interaction between Board and Staff / Executive Interaction with Board / Pride in Work / Estimated Retention Time / Retention Costs / Effectiveness of Leaderships / Micromanaging of Staff / Executive Communication Effectiveness / External Communication Effectiveness / Staff Accountability / Employee Empowerment / Openness to Innovation / Organizational Knowledge / Annual Pay / Annual Pay Use Case / Living Wage Status / Steps to Meet Financial Needs / Benefit Status / Benefit Take Up Rates / EBHI / Financial Security / Executive Opinion on Staff Compensation / Fairness of Financial Compensation / Financial Worries and Stress / Mental Health Impacts / Mental Health Status / Preparedness for Mental Health By Budget Size / Work/Life Balance / Fayette County Worker Retention / Equity Commitments / Explicit Policies Related to Race / Discrimination in the Workplace / Organizational Actions to Address DEI issues / Demographic Representation / Diverse Voice Actuation / ADA Accessibility / Non-English Language Accessibility / Professional Development Opportunities / Organizational Career Advancement / Career Advancement in Lexington / Leaving Lexington / Compensation Rates Compared to AMI / Root Cause / Communication Effectiveness / Robust Community Partnerships / Policy Influence / Local Government Understanding of Issues / Local Government Support Adequacy / Philanthropic Support / Philanthropic Support Adequacy / Business Community Support / Business Community Support Adequacy / Struggling to Find Operating Support / Discretionary Funds...

WORKFORCE OVERVIEW

DEMOGRAPHICS - AGE



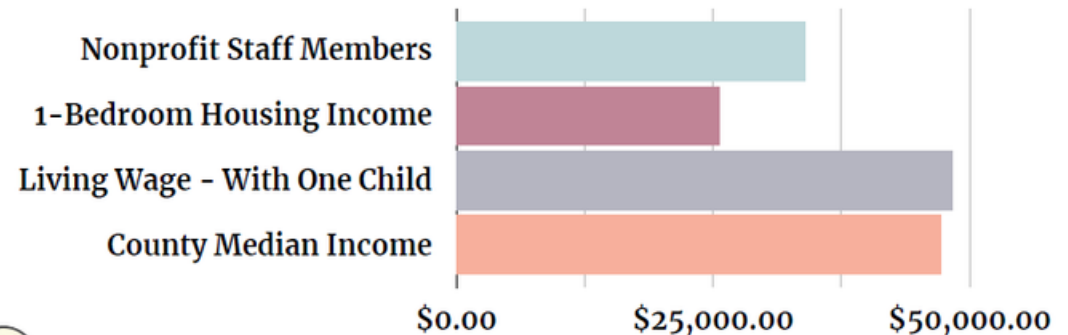
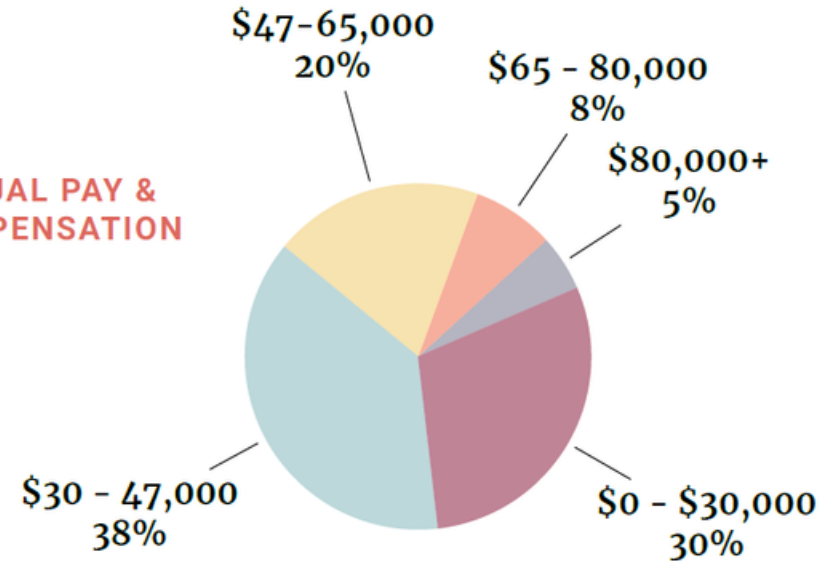
DEMOGRAPHICS - EDUCATION



WORKFORCE OVERVIEW

Median wages for nonprofit workers fell between being able to afford a 1-bedroom apartment (\$25,560 annually; renting at \$639 per month), but not able to afford a child (\$48,287).

ANNUAL PAY & COMPENSATION



WORKFORCE RETENTION

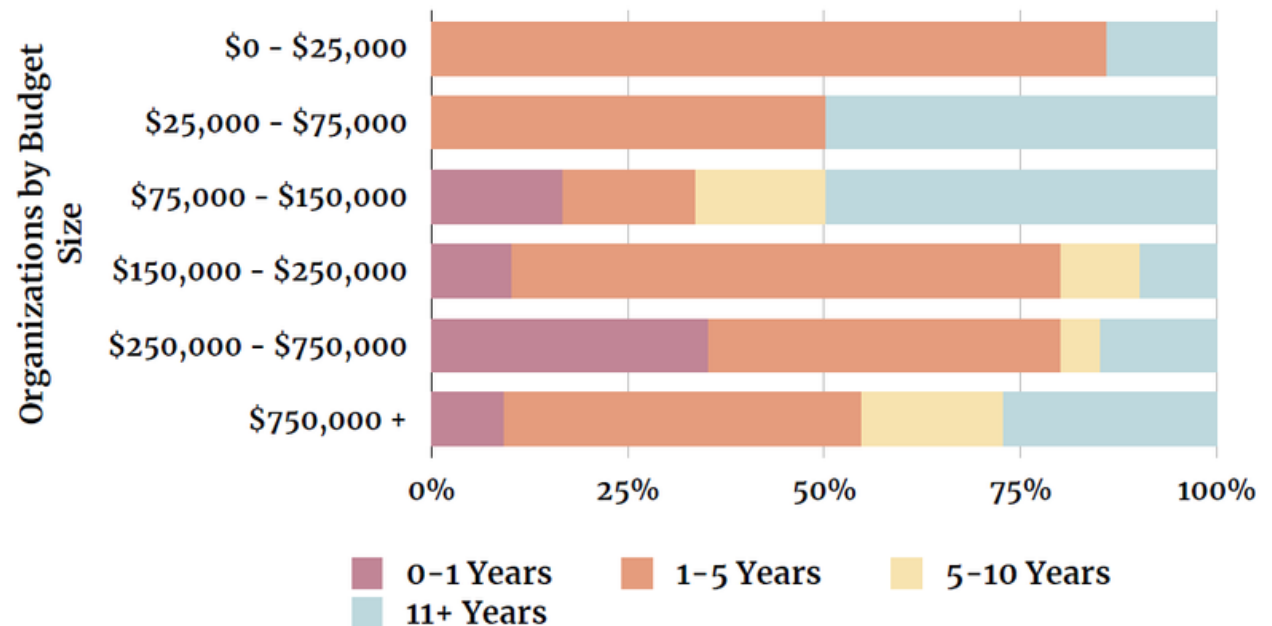


- **The Fayette County nonprofit sector is at high risk for losing its talented workforce.**
- **Young workers have it the worst - 75% of nonprofit workers under 35 earn less than the area median income; they earn less than their for-profit peers, and than other nonprofit workers. They don't see Fayette County as a place to advance their careers.**
- **Workers in the sector also have a grim view of how Lexington supports the nonprofit sector.**

WORKFORCE RETENTION

According to our research, over 50% of the sector is planning on leaving their jobs in the next 1-5 years, with a significant majority thinking about leaving on an annual basis.

ASSUMING NOTHING CHANGES, HOW LONG DO YOU PLAN TO REMAIN IN YOUR POSITION?

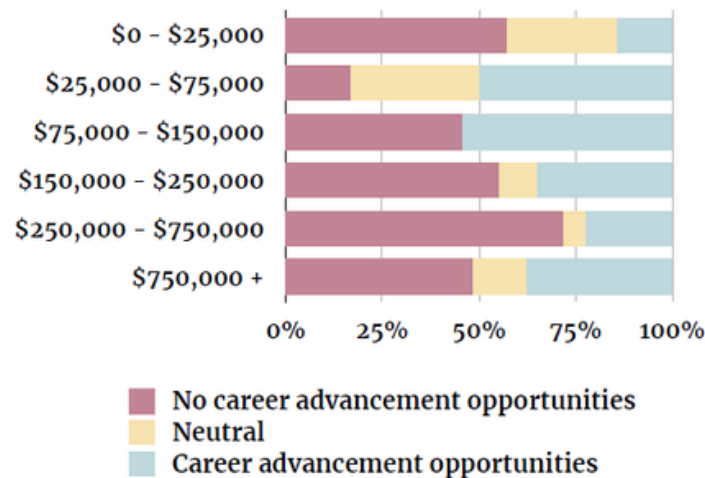


WORKFORCE RETENTION

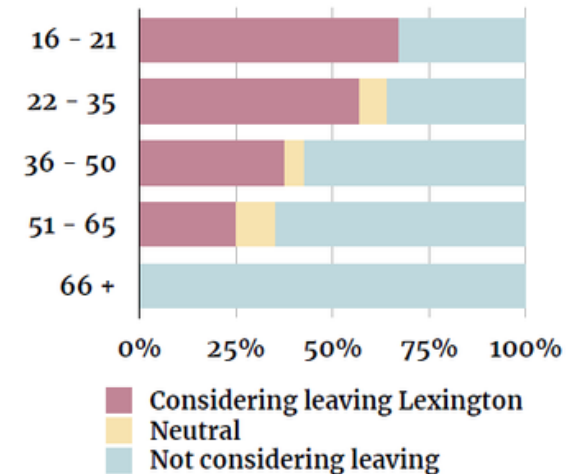
Many nonprofit employees don't see opportunities for career advancement in Lexington or in their workplaces.

As a result, many young nonprofit workers are considering moving away from Lexington.

DO YOU HAVE ADEQUATE CAREER ADVANCEMENT OPPORTUNITIES?



ARE YOU CONSIDERING LEAVING LEXINGTON DUE TO THE LACK OF CAREER ADVANCEMENT OPPORTUNITIES IN THE NONPROFIT SECTOR?

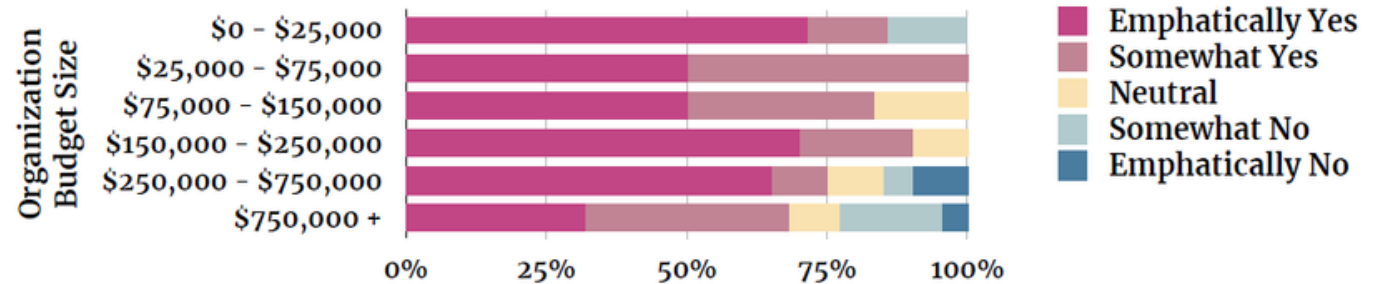


WORKFORCE RETENTION



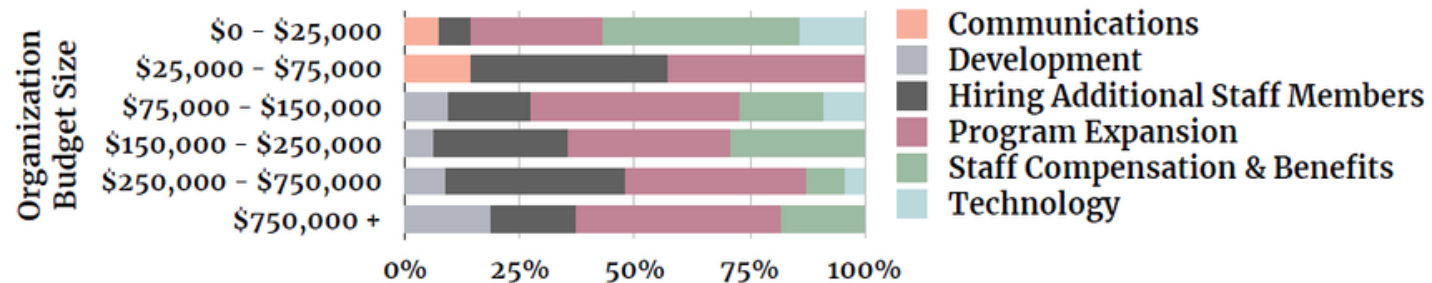
Over 70% of nonprofit organizations in Fayette County indicated that they struggle with finding operating support.

DOES YOUR ORGANIZATION STRUGGLE TO FIND OPERATING SUPPORT IN LEXINGTON?



Over half indicated that if they received additional unrestricted funds they would be devoted to increasing staff compensation or hiring new employees.

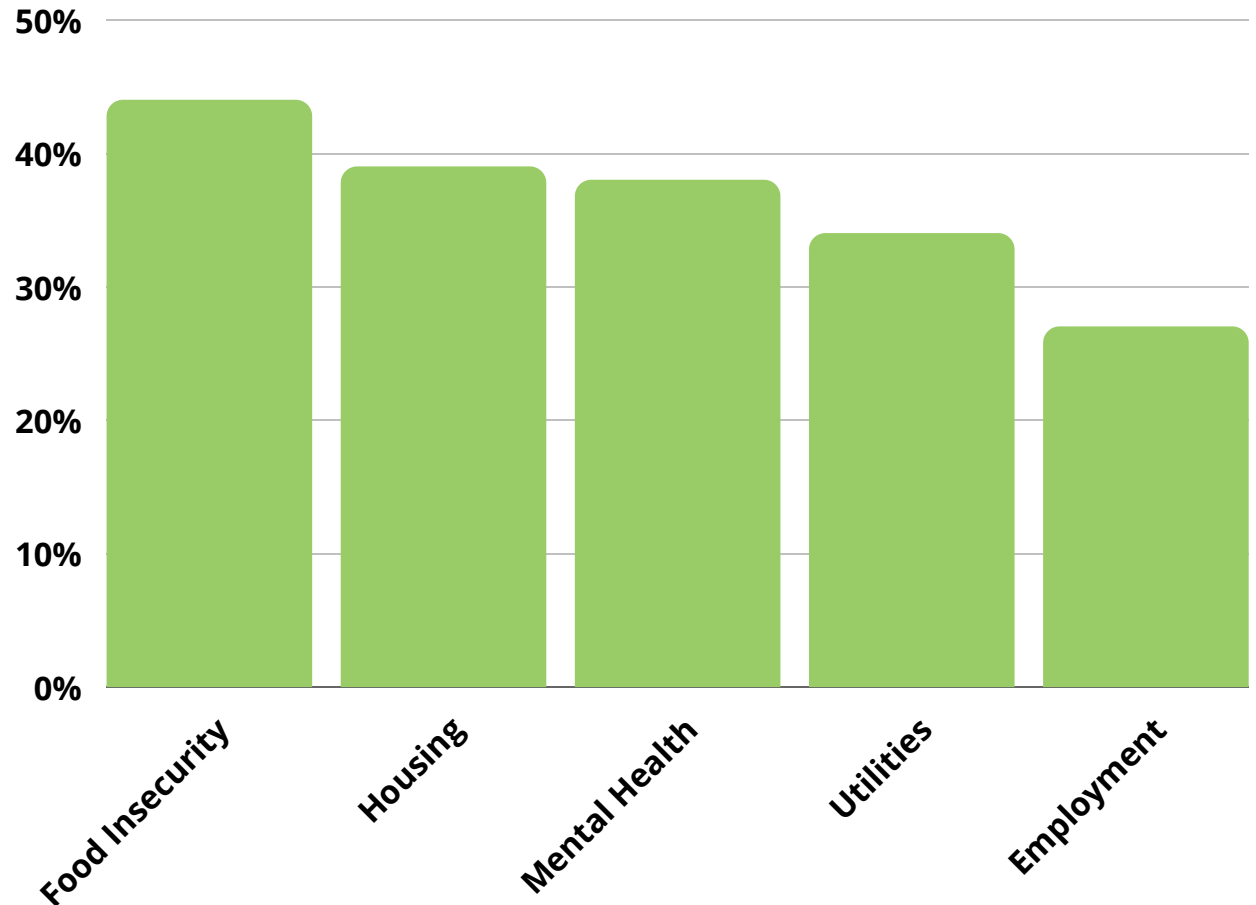
HOW WOULD YOU USE ADDITIONAL UNRESTRICTED FUNDS?



STEPPING UP DURING COVID



- Food
- Shelter
- Financial assistance with rent, utilities, bills, accessing critical benefits
- Mental health
- Child care
- NTI support
- Educating the community about relief, safety, and vaccines
- Cultural activities to keep our citizens engaged
- And so much more...



COVID THREATENING AN ALREADY FRAGILE SECTOR



As a result of the pandemic, Fayette County nonprofits have experienced:

- \$11.6 million in lost revenue, average of 30%
- \$6.8 million in increased expenses, average of 7%
- 236,045 Lexington residents impacted by 50% reporting they have reduced/are planning to reduce services, affecting 49% of their client base
- 54% are seeing an increased need for services and/or an increase in clients, an average 20% increase in their client base: 13,620 Lexington residents

- Nonprofits are essential to Lexington's economy and quality of life, now and in the future.

THE BOTTOM LINE



- A fragile nonprofit sector does not pose the same threat as a fragile business sector.
- A loss of a nonprofit organization means a loss of services and enrichment to constituents - Lexingtonians will look to the city to provide.

THE BOTTOM LINE



- Data indicates that Lexington is at risk of losing a highly educated, experienced nonprofit workforce.
- This impacts service delivery and the economy.

- The city of Lexington **NEEDS** its nonprofit partners, now more than ever.

- Investments in nonprofit expertise and partnerships, not cuts, are what will help Lexington recover and thrive.

