Background

The OC Community Resilience Fund, which reached more than $3M in contributions within two weeks of launching, is a coordinated philanthropic effort to support non-profit organizations working to mitigate the impact of COVID-19 on Orange County residents. The Fund allows the region’s foundations and donors to focus resources, share infrastructure, reduce duplicative efforts, support innovative responses, and maximize impact in areas of greatest need.

The Fund is awarding grants ranging from $10,000 to $50,000 to local nonprofits that support our county’s most vulnerable residents, including veterans, low-income seniors, households under the poverty line, children of all ages and their families, and individuals who are homeless, disabled or underinsured.

The Fund was designed to support three types of grants:

- Support for community clinics that provide services to prevent or treat COVID-19
- Support for individuals through grants to organizations that can re-grant to individuals affected by COVID-19
- Support for community-based organizations facing direct impact on operations or finances from COVID-19

The Fund’s key objectives for success include:

- Effectively triage needs and respond to emergency requests
- Reduce grant administration and grant application burden for both donors and nonprofits
- Push $3M in emergency philanthropic support to the nonprofit sector quickly and effectively
- Align and coordinate philanthropic funding
- Keep open lines of communication between donors and nonprofit organizations
- Build a plan to provide longer-term support that incorporates what we are learning from our front-line nonprofit providers.

Round 1 funding in the amount of $1M was distributed on April 1 to 36 organizations. First round grant decisions were made with reference to a priority framework, which was created to provide the selection committee objective criteria to identify the highest needs. Additional rounds of funding will be deployed as more contributions are received. What follows is a report that captures what we have learned from the nonprofits who submitted the first round of applications, and represents a first glimpse of the impact of COVID-19 on the Orange County nonprofit sector.

1 Each application received a “priority score” which helped to rank applications based on level/amount of essential services provided, vulnerable communities served, and potential for greatest and immediate impact. Those organizations that were anticipating shortfalls in revenue (e.g. canceled events) or that were not providing essential services to vulnerable populations did not score as high. Beyond the score, the committee was able to review their OC Nonprofit Central profile when available to gauge financial health, level of reserves, and scope and capacity to help determine final awards.
Identified Needs

Immediate Revenue Shortfalls

The most common identified need of organizations was, unsurprisingly, financial. 93 organizations (79%) reported significant revenue shortfalls. These came in two main forms:

1. 53 organizations (41%) reported needing to postpone or cancel major fundraising events such as galas, golf tournaments, or dinners due to shelter in place and social distancing orders. Many are planning on rescheduling these events, but uncertainty about when the shelter in place orders will be lifted or when people will be comfortable congregating are complicating planning. Some are looking to virtual events but are anticipating less enthusiasm and giving from those.

2. 48 organizations (38%) are facing immediate revenue declines, mostly from decline in fee-for-service, ticket sales, or contract revenue. For example, educational or after-school programs lost their students when schools closed and were forced to refund parent fees. Organizations that rely on contracts based on people served, especially reimbursable ones, face their revenue drying up with their service numbers. Finally, some nonprofits reported individual donations already declining as people became concerned about their own financial status.

Increased Costs

The flip side to decreased revenue was reflected in increased costs. While a majority of applicants, (113 organizations (88%)) reported that they were still able to offer services, most had to adapt service delivery to the new reality (this is discussed further in a following section). Additionally, providing these services have become more expensive than before the outbreak, for a variety of reasons.

For community clinics, the shortage of Personal Protective Equipment (PPE) forced them to either reuse equipment or purchase it at inflated prices. Organizations that rely on donated goods – especially the 28 applicants which distribute food – also suffered. As people became concerned about their own supplies, donations of food and other donated resources declined dramatically, forcing organizations to either purchased goods or decrease their distributions.

Organizations that switched to or increased delivery of services via the telephone or internet often needed to spend money on software, hardware, training, and/or compliance to do so.

Homeless shelters that cannot follow social distancing procedures in their regular sites are moving high-risk residents to motels at increased cost. They also have increased needs for PPE as they may support afflicted clients.

Some organizations face increased staff costs. Organizations that rely on volunteers lost many due to social distancing and often had to replace these functions with paid staff. Staff on sick leave has increased, and staff that are high-risk to COVID-19 are self-isolating, leading to increased overtime to fill gaps. Housing programs that support homeless individuals or at-risk youth are required to retain certain ratios of staff to clients at all times; if clients are not going to school or work due to closures, they must increase their staff presence.
Severity of Problem

While every applicant reported challenges, and some feared impending layoffs, only a handful of organizations signaled that they were in immediate danger of permanent dissolution and 15 (12%) identified already facing major issues such as widespread layoffs or long-term program closures. There are three potential reasons why organizations are not indicating more severe effects.

1. Organizations may be confident of their ability to weather the crisis – while they may face hard times, they are not worried about going out of business.

2. Organizations may be concerned but did not want to present the appearance of desperation or weakness, thinking it would make them less likely to be funded.

3. Organizations may be taking on a wait and see attitude, thinking they are able to get through this as long as it does not take too long (or may not have a full grasp of the problem).

As a result, the severity of the issues facing the nonprofit sector may be greater than originally captured in these applications. One organization expressed the uncertainty of the pandemic and its impact on their organization: “The full impact the pandemic will have on both our ability to sustain effective service delivery under the current conditions and the resultant financial stress this will put on ongoing operations is yet to be known.”

Community Clinics

While only nine community clinics applied, there were several recurrent challenges specific to clinics. Many applicants described the atmosphere in their clinics as “stressed” or “frenetic” as they experienced increased demand. But some also reported decreases in patients from certain demographics. In particular, four noted lower than expected numbers from undocumented immigrants, suggesting that a three-year trend in their reluctance to seek services may be exacerbated by the crisis.

As noted earlier, clinics were unable to get PPE or forced to purchase them at inflated prices. They also face increases in equipment costs as they are disposing of instruments more frequently as they come in contact with possible COVID-19 patients. Furthermore, they often lacked access to COVID-19 tests; even if they were available, staff was often not trained to perform them.

Clinics that rely on retired medical professionals volunteering are unable to provide services as these volunteers self-isolate. Reduced capacity is exacerbated by increased demand for non-COVID-19 services, as people are afraid or unable to go to hospitals or urgent care for these needs. As one clinic expressed, “If we were not able to provide care to these individuals, a hospital emergency room may be their only source of medical care, further straining limited resources. [Also,] for the first time, being in a hospital emergency room presents an additional potential risk of exposure to those with COVID-19 virus.”

Finally, with the order that preventative dental and vision services are to be delayed until the crisis is over, clinics that specialize in those services are essentially shuttered, impacting their revenue stream and contractual obligations.
Organizations That Serve Individuals

As noted earlier, only 10 organizations applied for funding to re-grant to individuals. Almost all of these organizations reported that they served low-income and vulnerable people who worked in relatively low-wage jobs, such as hospitality, retail, or service sector – exactly the fields most threatened by extensive layoffs. As a result, they identified seeing an immediate and tremendous need.

Child Care

One of the pressing issues for the community is the lack of child care for essential workers, as nonprofit and for-profit centers closed their doors to minimize the spread of COVID-19 and their own exposure per the statewide order to shut down. As schools were closed, this problem was exacerbated as thousands of families now had to consider all-day care for children old enough to go to school or young enough to require supervision during the day. Twelve (9%) applicants said they had provided child care, but most of them were after-school programs which were uniformly shuttered. A survey of over 600 providers coordinated by Early Childhood OC found that there were many Early Care and Education programs operating for essential workers throughout the county, but all state and federally funded programs were closed. In addition, very few organizations were providing all-day care for older children, and services outside of traditional work hours and for infants were severely curtailed. In some cases, essential workers were turning to grandparents to watch their children, potentially exposing this high-risk population to infection.

Transformed Service Delivery

As noted briefly earlier, most organizations were still offering services, although many needed to transform their delivery methods. Twenty-nine applicants (22%) reported an increase in clients and demand for services. Increased demand was greatest in health care, food, and emergency housing. To respond to the need, many organizations, whose staff are primarily remote, were offering telephone or internet support, including 16 (12%) that offered tele-health, including mental health and addiction and recovery services. As one organization describes, “Clients now call in and virtually meet with their case manager in order to help them create their customized plan towards self-sufficiency.” Many organizations providing basic need items to their vulnerable populations such as food, hygiene supplies, and more, quickly created novel drive-through or delivery methods to get these necessary items safely into their clients’ hands. Other organizations are using YouTube, Facebook, and similar social media platforms to ensure clients stay connected to them and each other. Several sites that serve youth are developing special online content or resources to provide for their clients. As a potential silver lining, many organizations are using this time as an opportunity to become more proficient in these remote services, and may have an expanded ability to serve their clients in innovative and accessible ways – if they are able to get through the crisis period.

Applicant Overview

The OC Community Resilience Fund launched formally on March 16, 2020, inviting nonprofits to submit an online application and letter to see rapid respond funding
to address challenges due to the COVID-19 outbreak. By March 26, the Fund had received 130 proposals, which constituted the first Round of applicants.

The large majority of applications received (111, or 85%) were for nonprofit operations; 10 (8%) were for individual support and nine (7%) were from community clinics. The majority of organizations served those living below the poverty line; Table 1 shows the full list of populations served.

Table 1: Population Served

<table>
<thead>
<tr>
<th>Population</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households below the Poverty Line</td>
<td>92</td>
<td>71%</td>
</tr>
<tr>
<td>School Aged Children</td>
<td>60</td>
<td>46%</td>
</tr>
<tr>
<td>People with Disabilities</td>
<td>33</td>
<td>25%</td>
</tr>
<tr>
<td>Seniors</td>
<td>20</td>
<td>15%</td>
</tr>
<tr>
<td>Veterans</td>
<td>20</td>
<td>15%</td>
</tr>
<tr>
<td>Uninsured</td>
<td>19</td>
<td>15%</td>
</tr>
<tr>
<td>Immigrants and Refugees</td>
<td>18</td>
<td>14%</td>
</tr>
<tr>
<td>Children 0-5</td>
<td>17</td>
<td>13%</td>
</tr>
</tbody>
</table>

Percentages add up to more than 100% as an organization can serve multiple listed populations.

117 (91%) of applicant organizations were based in Orange County; all but one of the remaining 12 had a presence in Orange County. Table 2 shows the types of agencies that applied for funding and their general scope of services.

Table 2 Nonprofit Agency Types/Scopes of Service

<table>
<thead>
<tr>
<th>Type of Agency</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Childcare/Education</td>
<td>28</td>
<td>22%</td>
</tr>
<tr>
<td>Health Care</td>
<td>22</td>
<td>17%</td>
</tr>
<tr>
<td>Human Services*</td>
<td>22</td>
<td>17%</td>
</tr>
<tr>
<td>Homeless Services</td>
<td>18</td>
<td>14%</td>
</tr>
<tr>
<td>Disability Services</td>
<td>11</td>
<td>8%</td>
</tr>
<tr>
<td>Behavioral &amp; Mental Health Services</td>
<td>7</td>
<td>5%</td>
</tr>
<tr>
<td>Ecology</td>
<td>4</td>
<td>3%</td>
</tr>
<tr>
<td>Food Bank</td>
<td>4</td>
<td>3%</td>
</tr>
<tr>
<td>Immigrant &amp; Refugee Services</td>
<td>2</td>
<td>2%</td>
</tr>
<tr>
<td>Legal Services</td>
<td>2</td>
<td>2%</td>
</tr>
<tr>
<td>Senior Services</td>
<td>2</td>
<td>2%</td>
</tr>
<tr>
<td>Veterans Services</td>
<td>2</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>5%</td>
</tr>
</tbody>
</table>

*Those in the “Human Services” category include specific mission focuses, for example, directed toward women, youth, job/skill development, and more. What unites them is their commitment to meeting basic human needs and thus focusing on the most socio-economically vulnerable.

There was a wide spread in size of applicant organizations. The smallest served 32 people; while eight organizations reported serving over 100,000. The median budget size was $2.1M with the smallest budget at $10,000; the largest was $760M (although this was a national organization with a smaller footprint in Orange County).
Conclusion and Next Steps

The snapshot of these 130 nonprofits provides a picture of nonprofits that are very concerned about and significantly affected by the COVID-19 pandemic. Organizations are seeing immediate revenue decreases and facing certain further declines. Compounding the revenue lost, costs are increasing due to extra staffing, technology, or equipment needs. While organizations are trying to be innovative in the new environment, those services that cannot “go remote” are temporarily shutting down.

During this pandemic, nonprofits are facing the same uncertainty that everyone is. As they do not know how long their facilities will need to remain closed, these nonprofits do not know how long they will go without earned-income, without their traditional face-to-face fundraisers, and more. This is also a time when nonprofits will have to be more creative and analytical than ever about their budgets, their revenue streams and expenses.

This is also a time in which nonprofits and the populations they serve will benefit immensely from responsive and informed philanthropic response. Philanthropy serves as critical bridge funding and immediate support in times of disaster, as regions await public resources. The federal Families First and CARE Acts, which expand benefits, leave, and offer loan programs to small businesses and nonprofits, will begin to hit localities in May. The State of California has released an additional $50M in small business loans to release capital to those who need it. Not all nonprofits or residents will be able to benefit from these programs, but the landscape will evolve quickly, and so too must regional foundations and donors who are in the fight.

The Fund continues to raise support, and Round 2 and Round 3 grants are anticipated to be dispersed in mid-April and in May. The Fund will disperse emergency grants for as long as it has funding to do so, but the intent is to quickly push these critical dollars to the front line.

It is important to note that these early applications may not yet reflect the full extent or impact of the pandemic and shutdown. Many more applications are still coming in. Analysis of those and future applications likely will reveal changing situations as the reality on the ground changes. Charitable Ventures will continue to evaluate applications and nonprofit needs, while communicating with applicants in the first round to explore how their situations change and to measure the impact of the OC Community Resilience Fund grant making. The Fund is committed to sharing the findings of this evaluation with community, nonprofits, and funders, in order to inform the continuing response to the pandemic.