COVID-19 in Orange County:
An Impact Assessment of the Pandemic on the Region’s Communities and Nonprofits

OC COMMUNITY Resilience Fund
Powered by Charitable Ventures, OC Grantmakers, Orange County Community Foundation and St. Joseph Community Partnership Fund
Executive Summary

The Orange County Community Resilience Fund (OCCRF), a partnership between St. Joseph Community Partnership Fund, the Orange County Community Foundation, Charitable Ventures, and OC Grantmakers, was launched to respond to the immediate and lasting impacts of COVID-19 in Orange County. By June, OCCRF had distributed $4.3M to 164 organizations. In addition to the direct support, OCCRF commissioned a broader impact evaluation to look at many data sources – including grant applications, surveys, interviews, economic data, news stories, reports from other organizations, and other resources – to capture the impact of the pandemic on our communities and nonprofits.

Findings

COVID-19 and its attendant economic shutdowns has had a major deleterious effect on Orange County’s communities and the nonprofits that support them. What follows is a listing of top-level findings from this evaluation:

Impact on Community

- Job losses and economic slowdowns have had a larger impact on lower income families, communities of color, and immigrants. There are widespread concerns about a wave of evictions that will start once local, state, and federal protections expire.
- There is a dramatic increase in demand for the social safety net—food banks have reported a 4 to 40 times increase in demand and calls to 2-1-1 have more than doubled.
- There has been significant impact on the physical and mental health of our community.
- COVID-19 itself has had a disproportionate effect on people of color and low income individuals. For example, while only 35% of the county population is Hispanic/Latino, 56% of cases are.
- Residents have delayed preventative services due to cost, availability, or concerns about exposure to COVID-19.
- Mental health is becoming a growing concern as stress, anxiety, and depression build, and worries mount of people turning to unhealthy coping mechanisms.
- Agencies are also worried about growing incidence of domestic violence that is lurking unreported, as children lose their access to mandated reporters.
- Irregular schooling and the closure of day cares and preschools also raise fears of diminished child development for children of all ages. Reports indicate as many as 40% of private child care centers are in danger of closing.

Impact on Nonprofits

- The nonprofit community is being asked to mitigate these issues while facing increased demand for services, decreased revenue, and increased costs to provide more basic needs supplies, remote services or increased safety measures.
- Assistance such as the PPP Loan Program (received by 65% of respondent organizations, and 90% of those who applied) and emergency philanthropic efforts have helped nonprofits weather the initial impact.
• Only 20% of survey respondents had to perform layoffs; 49% of organizations cut staffing via layoffs, furloughs, and/or reducing hours

• Nonprofits have responded with a positive spirit of innovation, reconfiguring services and events to remote delivery when possible, or instituting social distancing and safety measures for in-person services. 75% of organizations are now offering services online, and 48% reported increasing the amount of services they provide.

• While remote services are not perfect, there is optimism among the sector that now that nonprofits have learned how to deliver them, and community members are realizing they can use them, these may represent a net improvement in access in the long run.

• Smaller nonprofit organizations had fewer resources, reserves, and options to begin with, were less likely to get substantive relief from government, and are at greater risk of facing closure.

• Each sub-sector has its own unique circumstances on how they have been affected by, and respond to the pandemic. For example, food banks and health clinics saw more dramatic increases in demand, while cultural organizations are more likely to face major loss of revenue due to temporary closures.

• There are growing concerns that some nonprofits have pulled all their levers to remain functional, and with philanthropic and government aid slowing, there will be a wave of layoffs or closures coming in the next 6 months.

Recommendations and Next Steps

The philanthropic community has responded to the first wave of COVID quickly and strongly, with several other initiatives marshalling more than $10M in direct emergency support to nonprofits and individuals. Philanthropy is now looking for other ways to support organizations, such as technical assistance, building collaborative capacity, and exploring models for change. While there are some positive signs of slowing of the spread, COVID will likely be present for quite some time, and its after-effects will be felt for years. To mitigate its damage in the near and long term, philanthropy should:

• Recognize the universal impact of COVID-19, but prioritize those communities that have fewer resources to respond.

• Identify and buttress critical smaller organizations that are in danger of massive cuts or closure

• Ensure safety net organizations and mental health providers have the resources to address continued increases in demand

• Address the important role schools, youth programming, and early childhood education have in child development and allowing parents to work and the economy to function

• Encourage specialized funding opportunities to focus on important subsectors such as arts and culture

• Focus on collaboration between organizations to avoid duplication of services and realize operational efficiencies, which are now more important than ever.

The work of nonprofits and philanthropy has done so much to mitigate the disaster of the first six months of the COVID-19 pandemic. The next six months are just as critical, and a continued response that focuses on relief, recovery, and long-term resilience will help our residents and nonprofits. Working together through the fatigue and financial challenges to craft a continued response will show the path to stronger, more resilient communities and institutions.
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Background

The Orange County Community Resilience Fund (OCCRF) was launched in March 2020 as a partnership between St. Joseph Community Partnership Fund, the Orange County Community Foundation, Charitable Ventures, and OC Grantmakers, and was designed to respond to the immediate and lasting impacts of COVID-19 in the region. As widespread shutdowns began in mid-March, OCCRF readied to provide emergency grants to nonprofits impacted by COVID, and to nonprofits serving highly vulnerable individuals. By June, OCCRF had distributed 4.3 million dollars to 164 Orange County serving organizations.

In addition to rapid response grants, OCCRF committed to continuous communications with both the nonprofit applicants seeking funding, and the philanthropic community utilizing the relief vehicle. A preliminary report was distributed capturing the current state of nonprofits at the beginning of the pandemic. As the pandemic continued, and as a deeper recession loomed, OCCRF commissioned a broader impact evaluation to look at a cross section of data sources – including grant applications, surveys, interviews, economic data, news stories, reports from other organizations, and other resources – to capture the impact of the pandemic on our communities and nonprofits. This report, published in August, is the result of that evaluation and serves both to describe the impacts of the past five months and to provide concrete recommendations on how the philanthropic, government, and nonprofit communities can respond to the ongoing effects.
The report findings reveal much to be concerned about, but also shows optimism, adaptation, and resiliency in the regional nonprofit sector. The pandemic has affected our communities economically and socially, and has left a mark on both physical and mental health. Without in-person school, children are at risk of being left behind educationally and developmentally, and there is widespread worry that domestic violence is growing and escaping detection outside the view of mandatory reporters. Many nonprofits are facing the dual challenge of reduced revenue and unanticipated costs, alongside increased demand for services. They have responded to the challenge with positivity, creativity, collaboration, and innovation. The philanthropic community and government sector have stepped up with emergency funding that has kept many organizations afloat, but more is needed as we head into the next phase of response.

This evaluation will explore these four main questions:

1. What are the short, medium, and projected long-term impact of the pandemic on the communities of Orange County?
2. What is the short, medium, and projected long-term impact of the pandemic on the nonprofit organizations of Orange County?
3. How is the nonprofit community responding to the pandemic and its effects?
4. How is and can the philanthropic sector respond to the pandemic to mitigate its negative impacts, and maximize the value of the adaptation it has caused?

The report is organized into the following five sections:

1. An overview of the methodology and data sources of the report
2. Assessment of community impact
3. Assessment of the impact on nonprofits
4. How the philanthropic community has responded
5. Moving forward—recommendations and next steps
Methodology

To conduct this evaluation, evaluators used three primary sources – nonprofit information provided through applications to the OC Community Resilience Fund, a survey of Orange County nonprofits, and interviews with nonprofit leaders focused on specific areas of service. These sources were augmented by a broad environmental scan. Applications were culled for specific descriptions of how nonprofits and communities were affected in the first days of the pandemic. The survey focused on how nonprofits were responding to the needs of the community and adapting their services, the impact of COVID-19 on fundraising and contracts; required changes in communication and outreach, and what nonprofits anticipated needing as they move forward. The interviews went deeper into how individual sub-sectors have been affected by and are responding to the pandemic. The represented sub-sectors included the 2020 Census, community health care, domestic violence, early childhood, food and basic need provision, immigration services, and women’s health services. The environmental scan incorporated formal review of secondary sources such as news reports, other surveys, and impact data, as well as conversations, exchanges, and meetings with nonprofit leaders, government agencies, and funders. Table 1 provides the timeframe and sample size of each primary source.

The application review served as a capture of the initial impacts and challenges of the pandemic, while the survey and interviews provided a picture of the effects two to four months after the initial shutdown, allowing this report to look at how needs and opportunities evolved over time.

Table 1: Data Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Sample Size</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCCRF Applications</td>
<td>378</td>
<td>March-May 2020</td>
</tr>
<tr>
<td>Grantee Survey</td>
<td>148(^1)</td>
<td>May-June 2020</td>
</tr>
<tr>
<td>Non-Recipient Survey</td>
<td>83(^2)</td>
<td>May-June 2020</td>
</tr>
<tr>
<td>Sector Leader Interviews</td>
<td>7</td>
<td>June-July 2020</td>
</tr>
</tbody>
</table>

\(^1\) The grantee survey was sent to 164 recipients of the OC Community Resilience Fund; response rate was 90%

\(^2\) The non-recipient survey was similar to the grantee survey and was sent to 214 organizations that did not receive funding, for a response rate of 39%
The onset of the pandemic

The first confirmed case of COVID-19 in the United States was reported on January 21, 2020. While the World Health Organization declared a global health emergency on January 30th, in February action in the US was limited. Some organizations and government agencies began contingency planning, but cases counts were small and localized, and people continued their daily lives.

The situation changed dramatically and quickly in March. On March 9th, the Dow Jones Industrial Average lost more than 2,000 points as investors began to fear the economic impacts of the virus. On March 11, after the National Basketball Association shut down its season, President Trump gave an Oval Office address on COVID-19; two days later he declared a national emergency. Disneyland, the second largest taxpayer in the County\(^3\), closed on March 14th. On March 17th, the Orange County Health Care Agency issued a shutdown order of non-essential businesses through the end of March. There were 29 confirmed cases in Orange County at the time.

The economic impact of the shutdown were immediate. With non-essential business such as tourism, hospitality, dining, and most retail shuttered, thousands were furloughed or laid-off immediately. Schools sent students home, forcing parents to suddenly juggle watching their kids during the day and managing remote learning, while still fulfilling their other responsibilities. Nationally, the unemployment rate had its single ever largest weekly increase, hitting 14.7% by April. Many nonprofits were left to determine whether or not they were “essential,” how they could stay open safely, and how they could pivot their work and service delivery to a remote format.

Most plans were calling for a few weeks of shutdown, but initial steps were effective in slowing the spread but not entirely halting it. As a result, the public health order persisted through April and schools announced they would be remote only through the remainder of the school year. However,

\(^3\) Second to the Irvine Corporation.
people and nonprofits began to adapt to the new normal. Nonprofits learned how to provide services remotely and instituted practices for staff to work from home. Community members who remained employed balanced their responsibilities, while many, but not all, of those that lost their jobs received financial support to bridge the gap.

By May, when many of this reports’ survey respondents returned their surveys, there was widespread optimism that the country had “flattened the curve.” On May 23rd, Orange County officially moved into “Stage 2” of the reopening process. The 7-day case average was at 161 per day. Beaches were packed on Memorial Day, restaurants opened indoor dining, and Disneyland even announced plans for reopening in July. Nonprofits made plans to return to in-person services and work, and some even reopened their doors.

Unfortunately, this optimism proved to be premature. As the County and nation began to reopen, COVID-19 surged. By July 1st, the 7-day case average was up to 805 a day, and was far worse in neighboring Los Angeles County. While the increase in cases was partly attributable to more testing, there was no doubt that the virus had spread, and new action was taken. At the state and local level, reopening plans were slowed, restaurants went back to closing indoor dining, Disney delayed its return indefinitely, and school districts across the county switched their Fall plans to remote learning. At the same time, families face increased uncertainty as increased federal benefits such as unemployment ended at the end of July, with unclear plans to continue such programs. By late August, the status of federal aid was still murky. Case numbers had begun to drop, and Orange County was removed from the state’s watch list, leading to some guarded optimism that schools and businesses may reopen reasonably soon.

COVID-19 itself and the months of resulting shut-downs have had an immediate and evolving effect on Orange County residents. The longer term impact may be more severe. Clearly, Orange County’s most vulnerable members of the community have felt this impact disproportionately. The most striking effects include job losses and economic insecurity, increased need for the social safety net, increased physical and mental health needs, increases in domestic violence, and children being left behind developmentally and educationally by school and early child education closures.

What follows below is a brief snapshot of Orange County across these impact areas at the five-month mark of the pandemic.

**Job losses and economic impacts**

According to the California Employment Development Department (EDD), unemployment in Orange County as of July 2020 was at 12.6%, more than 9 percentage points higher than the 3.1% of July
2019, but somewhat down from the May peak of 14.7%. This represents a loss of 203,100 jobs. However, the job loss was not evenly distributed, and tended to hit lower income and more vulnerable people harder. For example, 89,500 jobs were lost in the leisure, hospitality, or retail sectors—sectors which traditionally provide lower pay and employ more people who are immigrants and/or people of color. Even those families that may not have been laid off face challenges due to lack of available transportation or child care. The economic impact of COVID-19 can also be more acute for women, who comprise the majority of workers in many frontline positions, as well as education, child care, retail, and health care.

The loss of a job is difficult for any family, but low-income families who already lack sufficient savings or other support options are more affected. Furthermore, while the federal government did institute some stimulus payments for citizens and those who lost their jobs, undocumented immigrants were not eligible for such support. Efforts in the state of California to provide financial support for undocumented immigrants mitigated these effects somewhat, but limited funding, low awareness, process concerns, and the natural reluctance of undocumented and mixed status families to seek support may have led to some families being shut out of this support. There is also fear surrounding the safety of accessing benefits and services due to misinformation about public charge and scams targeting immigrants. Finally, some resources around support may not be fully available in immigrants’ native languages, especially those not considered “threshold languages.”

One of the biggest concerns for low-income families is that they would face mass evictions due to loss of jobs and salaries. Every level of government passed some form of an eviction moratorium. When Governor Newsom allowed local governments to protect residents from evictions until June 30th, most large Orange County cities including Santa Ana, Anaheim, Garden Grove, Fullerton, Westminster, Costa Mesa, Buena Park, and Placentia followed suit. The Governor subsequently extended the order through September, but not every city granted the extension, so eviction proceedings may have already started. Furthermore, the eviction moratorium did not place a halt on rent payments, so many residents have incurred a huge unpaid rent burden; when eviction protections expire, many will face immediate court proceedings.

**Increased need for the social safety net**

Due to these economic impacts, there has been a dramatic increase in the need for the safety net—resources such as food banks, the provision of basic needs including diapers, hygiene items, housing and utility assistance, and other emergency support. As one measure of increased demand, larger food banks reported 4 to 7 times as much demand for food in April and May, while some small ones had a 40 fold increase, compared to pre-pandemic levels. 2-1-1 reports inquiries have more

<table>
<thead>
<tr>
<th>Inquiry Type</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg Daily Calls</td>
<td>109%</td>
</tr>
<tr>
<td>Avg Searches &amp; Resource Views</td>
<td>65%</td>
</tr>
<tr>
<td>Food/Meals</td>
<td>104%</td>
</tr>
<tr>
<td>Housing</td>
<td>45%</td>
</tr>
<tr>
<td>Utilities Assistance</td>
<td>410%</td>
</tr>
<tr>
<td>Income Support Assistance</td>
<td>361%</td>
</tr>
<tr>
<td>Health care</td>
<td>178%</td>
</tr>
</tbody>
</table>

In June 2019, these sectors made up 22% of the employment of Orange County. 44% percent of job loss was in this area, demonstrating the disproportionate impact.
than doubled compared to last year, with those calls now prioritizing food (housing was previously the highest request). Table 2 reflects the percentage increase in calls to 2-1-1 in May-July 2020 compared to 2019.

This increase in need is being driven by two sources. People who were already using the safety net now have a more acute need for these emergency supplies. In addition, a substantial new swath of clients is seeking support. This group was doing fine before the pandemic hit, but have now been pushed into vulnerability. Many of these people have never used this system before and do not know how to navigate it. This exacerbates their challenge in the short term, as they may not be getting needed services. This population is particularly susceptible to the misinformation, disinformation, and scams that have arisen since the pandemic started. One positive change that has helped all people seeking services has been that the Orange County Social Services Agency has allowed enrollment for services such as CalFresh and CalOptima to be done remotely; previously in-person enrollment was required.

**Health Concerns**

COVID-19 has had a strong negative effect on the health of our communities, in several different ways. First of all, the impacts of COVID-19 itself are severe and continuing to spread. As of August 26 according to official numbers from the Health Care Agency, Orange County had 47,090 confirmed cases and 918 deaths. As is the case nationally, people of color suffer a disproportionate number of these cases. Of the cases, at least 56% were Hispanic/Latino; only 35% of the overall county population is Hispanic/Latino. At least 36% of the deaths are Hispanic/Latino individuals; considering that the Latino population of the county skews younger and the general mortality rate for older individuals is much higher, this may still be evidence of health inequity. Santa Ana and Anaheim, with largely Latino and lower-income population, have borne 37% of the cases with only 21% of the population. There is also a shortage of in-language materials on COVID-19, meaning some immigrant communities may not have accurate information.

As many immigrant communities of Orange County may live in multigenerational housing, the threat of a younger person bringing home COVID to a vulnerable senior lives large. Furthermore, undocumented immigrants may not have insurance to pay for testing and fear the contact tracing a positive diagnosis.

5 Calculation of data by race/ethnicity is complicated the large number of cases being listed as “unknown” or “other” in official HCA records; these were excluded from the calculation.
may bring. Many who have retained their jobs work in high risk positions such as restaurants, childcare, hotels, house cleaning, retail stores, or day laborers, further increasing their exposure.

Also concerning are the secondary health effects of the pandemic. As has been widely reported nationally, individuals are deferring medical care due to facility closures or a fear of exposure to COVID-19; many local nonprofit health clinics reported a decline in patients seeking preventative services or other treatments. In addition, dental and optical services were deemed non-essential for two months. Finally, economic pressures and potential loss of health insurance for those who were laid off has led to people delaying medical services due to the cost of service.

Third, the effects on mental health are serious and lasting. Stress, depression, and anxiety are significant concerns for all community members, and are worsened by job loss, school closures, isolation from friends and families, and concern for loves ones. There is clear evidence that mental health issues are becoming more prevalent as the pandemic persists. While the original applications mentioned mental health concerns as one of many concerns, 35% of survey respondents from June and July cited it as the most pressing issue they saw in the community; substantially higher than any other issue. As some have deferred mental health care for the same reasons they would defer physical care, this issue may get worse in the months ahead. Many providers are worried that those in recovery from mental illness or addiction will resort back to negative behaviors to cope or because they cannot attend meetings or support groups easily. The socio-emotional and mental health impact can be particularly more pronounced for women, as there is a disproportionate burden on women working from home, and many women who are mothers or caretakers are facing emotional pressures and guilt for how to fulfill those roles in the COVID-19 context.

**Domestic Violence**

Many domestic violence advocates are concerned that child abuse and neglect and intimate partner violence has increased since COVID-19 due to economic stresses, mental health pressures, and families being in closer proximity. Abuse numbers have not appreciably increased, but this is likely a reflection of reduced reporting, and not reduced incidences. Children have not been going to school, child care, camps, or medical appointments, meaning they are losing their access to mandated reports who serve as the early warning system. As a result, the increase may be lying below the surface and bringing another severe impact to our families.

**Impact on Child Development**

The impact of COVID-19 on children and parents has been severe. While most evidence indicates that children are not a high risk population for COVID itself, the closure of schools and early care and education sites has been traumatic. While the schools worked hard to institute remote education and provide free school lunches for those who needed it, few would say this process was a complete success. Parents who had reliable internet and devices, could afford to hire help, or could guide their children’s education were best off. Those who had technology access issues, were unable to work from home, lived in crowded conditions, or had language barriers had far more difficulty. For younger children, the loss of routine and the development opportunities that come in pre-school or day care may have effects that will not be known for years.

Children’s mental health is also a concern, as they struggle with social isolation, not being able to do things they love, and their own stress. The way that adults are managing their own mental health also has a direct effect on the children. Appointments for physical health are also being delayed, and there has been a decline in well child checks due to parental concern about safety and other reasons.

With schools now closed for the start of fall, and with data from the National Association for the Education of Young Children (NAEYC) suggesting as many as 40% of early childhood care centers may permanently close without additional public assistance, these problems will persist and worsen.
The pandemic has had a significant effect on Orange County’s nonprofit organizations, which have been faced with decreased revenue and unanticipated costs at a time when the demand for their services was increasing. Most nonprofits faced this challenge with a spirit of innovation, adapting their service delivery and communication to a remote environment while maintain their morale. However, as the pandemic continues, many are starting to feel less secure and worried about their continued survival.

**Nonprofit Sample**

As noted in the methodology section, the majority of this report was drawn from applications to OCCRF and subsequent surveys of grantees and applicants. Table 3 provides an overview of the number of organizations and their size; survey respondents tended to be larger than applicants.

**Table 3: Source Organizations Overview**

<table>
<thead>
<tr>
<th>Population</th>
<th>N</th>
<th>Median Revenue</th>
<th>Median People Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicants</td>
<td>381</td>
<td>1.47 million</td>
<td>3,000</td>
</tr>
<tr>
<td>Grantees</td>
<td>164</td>
<td>1.84 million</td>
<td>3,800</td>
</tr>
<tr>
<td>Survey Respondents</td>
<td>231</td>
<td>1.70 million*</td>
<td>2,500*</td>
</tr>
</tbody>
</table>

*30 survey respondents chose to remain anonymous; revenue and people are served are calculated from the organizations that did provide information.
The surveys included 22 questions about changes in service delivery and communication, the short and long term effects of the pandemic on their organization and constituents, fundraising challenges and efforts, internal communications, and the needs of nonprofits moving forward. The full surveys are included in the appendix.

Table 4 provides the communities served by the survey respondents; respondents could select more than one community so the responses add up to more than 100%.

<table>
<thead>
<tr>
<th>Population Served</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children 6 - 18</td>
<td>75%</td>
</tr>
<tr>
<td>Communities of color</td>
<td>74%</td>
</tr>
<tr>
<td>Food Insecure</td>
<td>67%</td>
</tr>
<tr>
<td>Uninsured or Underinsured</td>
<td>64%</td>
</tr>
<tr>
<td>Homeless or Housing Insecure</td>
<td>62%</td>
</tr>
<tr>
<td>Children 0 - 5</td>
<td>61%</td>
</tr>
<tr>
<td>Immigrants and Refugees</td>
<td>58%</td>
</tr>
<tr>
<td>Disabled</td>
<td>56%</td>
</tr>
<tr>
<td>College Students</td>
<td>54%</td>
</tr>
<tr>
<td>Seniors</td>
<td>53%</td>
</tr>
<tr>
<td>Individuals at risk of domestic violence</td>
<td>50%</td>
</tr>
<tr>
<td>LGBTQ+</td>
<td>49%</td>
</tr>
<tr>
<td>Veterans</td>
<td>45%</td>
</tr>
</tbody>
</table>

**Decreased Revenue**

One of the immediate effects of the pandemic on nonprofits was a significant loss of revenue. 94% of organizations that responded to the survey reported significant loss of revenue from fee-for-service, contracts, contributions, and/or fundraisers. Graph 1 shows the major lost sources of revenue.

**Graph 1: Lost Revenue Sources (n=204)**

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6 N sizes reflect responses per question. As some respondents skipped some questions, n does not equal 231.
While this loss of revenue is significant for most organizations, many have been able to replace or supplement some of their income through a variety of approaches. Some nonprofits have been able to be innovative in replacing lost sources through such approaches as online fundraisers, remote auctions, or offering paid educational or artistic content via the internet. 90% of organizations reported increasing their grantwriting efforts, and 81% increased their individual donation solicitations, which often included special emergency messaging. Many others have been able to access emergency funds from public or private sources. Graph 2 reflects sources of income that nonprofits have been able to tap into to address this gap.

Graph 2: Income Sources (n=210)

90% of respondents reported receiving at least 1 private emergency grant; more than 50% received at least 2 such grants. 157 of the respondents reported having applied for the federal government’s Paycheck Protection Program (PPP). While initial returns from this program were slow, by June 141 (90%) of these organizations had received funding. 28 organizations (out of 40 applicants) also received an Economic Injury Disaster Loan (EIDL). Respondents reported this additional revenue to be critical in keeping their programs running, their staff paid, and their organization solvent.

More than half of organizations also drew on reserves or were able to redirect previously restricted grants or contributions to cover general operating costs. While this was not “new money,” it still was instrumental as bridge funding for these organizations. Of those that drew on reserves, the average percentage taken from reserves was 42%. Of those that had not drawn on reserves, many reported anticipating needing to by the end of the summer. Larger organizations were more likely to have reserves and draw on them. However, some organizations expressed reluctance to use their reserves, most often coming from their board. There may be an opportunity to engage organizational leadership in the purpose of having reserves; as one funder said “You have reserves specifically to deal with a situation like this.”
**Increased Costs**

Beyond replacing lost revenue, organizations needed this infusion of money because many faced increased costs – 60% of organizations reported incurring unexpected emergency costs. Due to increased community need, many organizations faced an increase in demand, which required more staffing and supplies to address. Organizations that relied on donated items such as food, diapers, or other critical items saw declines in donations as people kept the items for their own use or were unwilling to deliver them. Organizations that used volunteer labor saw volunteers staying away out of concern for their own safety; this was most acute for health care clinics that used retired health care professionals. As a result, organizations needed to buy items or pay staff to fill these gaps. Social distancing requirements also could increase costs in space and staffing.

Other unanticipated costs included the purchase Personal Protective Equipment (PPE) for staff and technology and training costs to allow for more remote work and service delivery. Graph 3 captures the survey responses on how relief dollars were used to address increased costs.

**Graph 3: Use of relief funds (n=210)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>80%</td>
</tr>
<tr>
<td>Program Supplies</td>
<td>70%</td>
</tr>
<tr>
<td>Program Technology</td>
<td>60%</td>
</tr>
<tr>
<td>PPE</td>
<td>50%</td>
</tr>
<tr>
<td>Essential Needs</td>
<td>40%</td>
</tr>
<tr>
<td>Rent or Utility Support (for clients)</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Budget Cuts**

Even with relief dollars, 62% of organizations were forced to make substantial expense cuts. Some were forced to reduce staffing or locations; Graph 4 shows the percentages of respondents who had done so as of June.

As PPP loan money is expended and the pandemic continues, staff layoffs will likely increase. As of June, 38 organizations laid off staff, 45 furloughed staff, and 59 reduced staff hours; 95 (49%) were forced to cut staffing – that is, do at least one of these steps.

Larger organizations were more likely to cut staffing than smaller organizations. This may be because organizations that are larger
are more able to reorganize responsibilities or fill in staffing gaps temporarily than a small organization that has little or no redundancy or cross-training, and may not have any capacity to perform layoffs. As might be expected, organizations that had layoffs, furloughs, or hours cut were more likely to have a decrease of services; it is debatable which caused the other. 10 organizations reported having to increase services while also laying off people, placing them in a difficult squeeze.

There were no other significant differences on the types of organizations that have cut staffing, such as the population they served or the source of their declines in revenue. Surprisingly, organizations that received PPP were not less likely to cut staff than those who did not, despite prohibitions in PPP that prevent recipients from cutting personnel; this may indicate that such organizations cut staffing before receipt of the PPP.

**Changed Services and Communication**

The pandemic has forced substantial changes in how organizations provide services and communicate with clients. In the immediate shutdown period, nonprofits had to wrestle with the question of whether to stay open and provide services. Some services, such as homeless shelters, community clinics, and food banks remained open, but most nonprofits stopped their in-person services while working to try to shift their service delivery to a remote format. By June, most had succeeded; only 5% of respondents reported they were not delivering services or communicating with clients. 48% of respondents reported actually increasing the volume of services they were offering. However, only 23% were serving clients face-to-face, and most of those organizations were ones that had never shut down.

Instead, nonprofits have shifted to delivering services in new ways. By June, 75% of organizations were now offering services online in some fashion. These include telehealth visits, online delivery of educational or cultural content, and virtual case management meetings, tutoring sessions, workshops and social gatherings. 39% deliver services via the phone. Only a few nonprofits have made wider use of the mail to communicate. Other innovations include drive-through food and supply pickup or direct home delivery, and “pop-up” shelters.

Offering services remotely has advantages beyond simply providing services that would be impossible to do in-person at this time. Access barriers such as travel time and costs, scheduling difficulties, and concerns that some undocumented individuals may have about seeking services can be mitigated by remote delivery. Nonprofits have learned how to offer remote services, and clients have learned how to use them, which promises to improve access in the future. However, it is not without disadvantages. The digital divide is still real, and not everyone has access to the internet and thus cannot use these services; for some seniors, lack of comfort with technology is also a barrier. In addition, remote services such as physical or mental health visits, educational classes, and social gatherings are not the same as face-to-face as it is harder to pick up nonverbal cues, nuance, and the like, and physical examinations or contact are not possible.
Varying Impact by Size and Focus of Nonprofits

The impact of COVID-19 has not been uniform across all types or sizes of nonprofits; smaller nonprofits have generally been more strongly affected, and nonprofits that serve specific needs or population groups have had different experiences.

Small organizations, defined for this report as organizations that had 2019 fiscal year revenue under 1 million dollars, differ greatly from larger organizations. There is no clear evidence that small organizations were more likely to have decreased (or increased) their services compared to larger organizations, and they were also equally likely to have lost fundraisers, contracts, or grants. So on average, compared to larger organizations, their services and revenue were affected similarly. However, they are less likely to have received relief funds that would provide a short and longer term buffer for their financial crisis. 54% of small organizations received the PPP, compared to 73% of larger organizations. Small organizations were more likely to receive the EIDL Loan, which is not expected to be as widely forgiven as the PPP, meaning those organizations may incur long term loan liability. Smaller organizations were less likely to receive private relief funds, and received smaller grants on average. Smaller organizations

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<tr>
<td>Medium</td>
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</table>
were also less likely to have reserves to draw on, have smaller reserves relative to their budget, and are more likely to have used those reserves to fill budget deficits. And as noted earlier, smaller organizations were less likely to have cut staff in the short term, possibly meaning those organizations may be forced to cut core staff in the face of budget crunches. All of these factors combined indicate that many small organizations are soon facing very difficult challenges, and in some cases, existential threats.

To dig deeper into how the pandemic has affected individual sub-sectors, interviewers were conducted with leaders of several sub-sectors. Sub-sectors were chosen based on initial findings from the applications and landscape scan. Analysis of the quantitative data from the survey was also performed, but in many cases, the sample sizes for sub-sectors were small, which limited the extent of the findings.

Interviews were conducted with the following:

- Sandy Avzaradel, Early Childhood OC – Early Childhood Care and Education
- Mark Lowry, OC Food Bank – Food and Emergency Needs
- Georgina Maldonado, Community Health Initiative of Orange County – Health Care Services and Access
- Sarah Middleton – Mission Up/Charitable Ventures – Census
- Vattana Peong and Sophia Cheong, The Cambodian Family – Immigrants and People of Color
- Maricela Rios-Faust, Human Options—Domestic Violence
- Allyson Sonenshine, OC Women’s Health Project – Women’s Rights and Health

In addition, deeper environmental scans were performed on three sub-sectors – seniors, arts and culture, and homeless – to determine their unique challenges.

**Food Banks**

The impact of COVID-19 has been “extreme” according to the Executive Director of the OC Food Bank, Mark Lowry. As the need for food exploded, many distribution centers shut down and others stepped up and grew from “modest service providers just a few months ago to major food distribution providers today” becoming “heroes” or “superstars” of the crisis; as noted earlier, food banks saw a 4 to 40 times increase in their initial demand. Those that found themselves having to close predominantly did so do the vulnerability of the volunteers, staff, or target population.

Food distribution models changed quickly to adapt to physical distancing, with in-person distribution transitioning to packaged boxes of food, following ample physical distancing, other safety precautions, and contingency plans for containment should someone become ill. With the changes, there were learning hurdles, but they were overcome.

Collaboration and coordination improved from where it was before COVID. The organizations that stepped up as new food distributors began working with the main food banks in new, different, and bolder ways. The county’s two food banks, OC Food Bank and Second Harvest, coordinated the receipt and distribution of food from the limited-term USAA program to ensure distribution and efficiency.

Although there was less time than usual for usual advocacy for policy and systems issues, the food banks did stay involved as much as possible. For example, on the local level, the county’s two food banks applied together for $3M of pooled funding from the county, and they worked to extend the ability of amazon to deliver boxes of food. State and national advocacy groups had several wins that led to expanded CalFresh benefits, pandemic EBT cards, and more.

The biggest challenge going forward is sustaining the necessary resources to meet the expanded need. According to Lowry, the initial response from the philanthropic community “was bold and generous”. Further, the “message (about need) was clear, and heard, and understood”, and there was nightly news
coverage about the topic. However, after 4 or 5 weeks, giving slowed greatly. If the food need remains elevated as economists and the social sector expect it to, the food distribution system is concerned about how to sustain funding at the same level as in the initial relief response period.

**Health Care**

Another critical basic need is health care, and organizations that provide navigation services, such as The Community Health Initiative of Orange County (CHIOC), have also faced a huge shock. They have seen a surge in need and applications for unemployment, health insurance, and basic needs programs such as Cal-Fresh.

Although the nonprofits have been able to adjust and adapt to providing enrollment services over the phone and via zoom and other platforms, according to CHIOC’s Executive Director Georgina Maldonado, there are challenges such as misinformation and lack of understanding about how to navigate the healthcare and other systems, zoom fatigue or lack of technology access. SSA’s change that allows enrollment to occur over the phone without the need for in-person signature has mitigated some of this impact.

Health care providers such as emergency clinics faced a huge adjustment period as they scrambled to find PPE, deal with new procedures and the rapidly changing treatment protocols for COVID-19, faced staffing and volunteer losses as at-risk medical staff self-isolated, and saw patient numbers drop as residents delayed care due to fear or cost.

According to Maldonado, the philanthropic community responded well and quickly to emergency relief for this ecosystem, and although there is an awareness that the funding could be constrained more difficult to come by for sustaining recovery and resilience needs, her bigger concern is around racial inequity.

For Maldonado, the issue of racial inequity is the biggest issue related to the impact of COVID-19 and moving forward from this impact. In her words, “The policy and systems ecosystem needs to change. COVID has pulled the curtain in the Latino community, the Asian Pacific Islander community, the Black community, health and socioeconomic disparities have been magnified. So how can we build a more equitable system? The health plans are pivotal, the hospital are an essential component to this… This is an opportunity to do things better, but we can’t do it alone. We need all of the key players to have a conversation… and help us fix this.”

**Immigrant Serving Organizations**

58% of organizations in the survey sample reported serving immigrants and refugees; there were no significant differences in how they have been affected by the pandemic. However, a closer look at the 18 organizations that provided their names and focus primarily on immigrant and refugee services shows some differences. 11 of the 18 (61%) reported increasing their services, with 10 of them “dramatically” increasing. 39% were forced to make staffing cuts – slightly fewer than overall.

As noted before, immigrants and people of color faced unique challenges including language and technology barriers, fear surrounding the safety of accessing benefits and services due to misinformation about public charge, and scams targeting immigrants. In the face of these challenges, agency leaders expressed that the nonprofit, philanthropic, and the public sector communities have responded largely positively, in particular regarding immediate community needs. In an interview with Vattana Peong, Executive Director, and Sophia Cheong, Program Director, of the Cambodian Family, they identified several positive changes including:

- The aforementioned direct relief funding, which allows for nonprofits respond to immediate community needs.
- Nonprofits have maintained and increased their collaborative efforts. In the Asian and Pacific Islander community, nonprofits have worked to collectively discuss and respond to anti-API racism related to the pandemic.
• Preservation of funding for nonprofits that serve as health enrollment navigators. Nonprofit advocacy prevented those cuts.

Organizations are also prioritizing the coming need. According to Joel Cazares of Santa Ana Building Healthy Communities, as rent moratoriums expire and aid packages run out, nonprofits are working with and supporting organizations who can offer legal help and fight for protections. This also overlaps with the need for deportation defense, for those families who fear the immigration repercussions of this administration’s handling of the pandemic. They also see a great need to acknowledge and address intersectionality in aid interventions, primarily for the members of the undocumented community who also identify as LGBTQ+. Many of the organizations serving one population in the crisis are not necessarily equipped to adequately serve the other.

 Domestic Violence

As noted earlier, among agencies, there is an increase in domestic violence and fear that it is continuing undetected. According to Maricela Rios-Faust, the CEO of Human Options, agencies have a difficult task in responding to this new environment. The impact of COVID on this community has included delays in accessing services and prolonged abuse, including more severe forms of abuse such as strangulation. Organizations serving this population had to shift their service delivery dramatically, especially making adaptations to the way shelter and housing services are provided. Although tele-service options have been available, it is difficult for some survivors to access these when the abuser is nearby.

These organizations have received an outpouring of support and willingness to be flexible from the philanthropic community. However, Rios-Faust worried “In times of crisis, the need everywhere increases creating additional barriers to accessing needed support in a timely manner. This results in higher rates of depression and anxiety among an already vulnerable population. The need for support will continue far beyond the pandemic”?

At this point that the community is out of the initial shock of the pandemic, service organizations are in a learning stage about how to best serve the population, evaluating to what extent they can better communicate with their populations and get information to them when they are at home. Rios shared that in a service industry such as that which serves survivors of domestic violence, even while adapting many services to telephone and/or video delivery, it is important too to be innovative so as not to lose the warmth and human touch. For example, one organization provided art project supplies for residents and a staff member taught a class in therapeutic art while the residents remained in their apartments. Organizations working on this will evolve to become organizations that integrate technology and human service well.

 Women’s Health

As noted earlier, the pandemic has had a particularly effect on women and women’s health. It has also affected providers that focus on Women’s health. As noted earlier, providers of services for DV survivors, as well as sexual reproductive health and mental health providers have responded innovatively to the barriers to accessing care in a number of ways. For example, almost every STI clinic in Orange County saw a 50% drop in use, and Planned Parenthood and others converted their delivery system to accommodate drive through testing, treatment access, and telehealth follow-up. These innovations were partly made possible and incentivized by policy change at the Federal and State level, with regard to flexibility with service modality (Via zoom) and in reimbursement parity (for telehealth vs. in-person visits).

Allyson Sonenshine, Founding Director of the OC Women’s Health Project spoke to several challenges and opportunities for women’s health in the near and longer term future. While COVID-19 impacted

7 Cazares was not interviewed; these observations were provided via email after the interviews concluded.
communities have seen a groundswell of positive support for relief, she is concerned about the long-term impact of COVID-19 on organizations and communities and hopes we will see sustained funding opportunities for recovery and rebuilding. There is a need for sustained collective impact recovery. Also, as inequities regarding the impact of COVID-19 have shown themselves, in both the short and long-term, she says, “advancing equity in healthcare is going to be top of mind” and that the sector must be “really innovative as we put a gender lens, a race lens, an immigrant lens, an income lens, on any planning, program design, delivery, evaluation funding that we want to move forward with.”

Homelessness Service Organizations

Organizations serving the homeless, particularly shelters, faced a dilemma as it is not possible to deliver shelter remotely. Shelters needed to find a way to institute social distancing while providing food, housing, and supportive services for their clients. They staggered conjugate meals, split up roommates, and in some cases moved high-risk residents to motels so they could remain distant. They also needed to acquire PPE for staff and residents, sometimes at inflated prices, while dealing with loss of staff and volunteer hours as they sought to isolate themselves. All of these raised costs considerably. At the same time, shelters found their revenue declining; almost every survey respondent reported having to cancel a major fundraiser.

Fortunately, most shelters were able to tap into emergency funds – all but one survey respondent received multiple emergency grants, and 70% received the PPP. As a result, most have been able to continue operating and only a few had needed to cut staffing. However, as with many other sub-sectors, there is concerned that this respite is short-lived. Furthermore, as economic pressures increase and fears of a wave of evictions rise, there is worry that housing insecure families and individuals will fall into homelessness, dramatically increasing the need for shelters – with no clear plans to increase capacity.

Early Childcare and Education

According to Sandy Avzaradel, the Program Director of Early Childhood OC, providers of Early Childcare and Education have been hit hard by the pandemic. Many centers closed immediately, due to already tight and heavily strained budgets and difficulty in safely reopening. Many centers continued to provide care throughout the Pandemic, but enrollment declined because parents were/are afraid to send their children to childcare. Providers in Orange County found some relief through stipends, supply distributions, small business loans, payroll protection, etc. thanks to the CARES Act funding and other allocations specific to early care and education providers.

In the face of these difficulties, the OC Emergency Childcare Task Force, a collaborative of nonprofit and public sector agencies facilitated by Early Childhood OC, including CA Community Care Licensing, Children’s Home Society of California, Orange County Department of Education, Early Learning Division, Quality Start OC, OC Child Care and Development Local Planning Council, First 5 Orange County, and OC Social Services Agency, has flourished and has completed an Emergency Child Care plan to identify policies, procedures and practices to support a public emergency.

A positive byproduct of COVID-19 on the area of early childhood services is that it has shone a light on the importance of childcare in our community among other stakeholders. It is now easier for this community to convince a wider group of stakeholders of the importance of building resilient families, health care, mental health and wellbeing of families, and the financial status of families. Clear guidelines or recommendations from public agencies in a way that safely allows them to get back to serving children in social settings would be critical for this group to recover.

Senior-serving Organizations

Organizations that serve seniors were in a very difficult position as the population they serve is at the highest risk from COVID-19, and some seniors’ lack of comfort with technology made remote service
delivery difficult. Adult Day Health Centers and Adult Day Service centers quickly had to close their doors to prevent COVID-19 spread among their clients, temporarily preventing delivery of services ranging from meals to occupational therapy and caregiver counseling to participants and their family caregivers.

Many organizations have adapted by finding ways to reach participants in their caregivers through telehealth or via telephone, but it has not been easy. Therapies, classes, and more are delivered virtually. Providers are working to overcome barriers for some participants to receiving these services, such as lack of equipment, knowledge, or desire to engage online. Other innovations have included, outdoor solutions where services are provided outdoors at a safe distance, meal delivery and care/activity packages for participants, and “swing-by’s” where caregivers drive their family members by the adult day centers to cope with social isolation.

Most of the providers were able to receive COVID relief funding from federal, state, and philanthropic sources. However, as organizations that also receive much of their funding from reimbursable service provision and private pay, their budgets still struggle. Additionally, the California State budget process put Community Based Adults Services (CBAS), such as theirs on the chopping block, which seriously threatened the future of these organizations. Through collaborative advocacy, the proposed budget cuts were prevented.

Moving forward, the biggest challenge for these organizations is planning for reopening when guidelines for reopening are constantly changing and in the face of that uncertainty. As they aim to plan with often conflicting and unclear information, they also have to find ways to maintain revenue streams to continue delivering their services.

**Arts and Culture Organizations**

Arts and culture organizations have suffered uniquely from the pandemic. Since most of these are reliant largely on fee-for-service income such as ticket sales, entry fees, or merchandise, they have seen a significant loss of revenue. According to an Arts OC report, in the first month of the shutdown alone, arts organizations lost at least 16 million dollars of revenue and almost 1 million admissions. The “false start” of reopening gave a short window of operation which quickly disappeared, while making organization incur expenses for PPE and other safe opening needs. While some have been able to offer remote content, the scale is not sufficient for their operations. When these organizations are able to reopen again, they will face capacity challenges due to social distancing and people's fear of crowded spaces. Finally, they have reported difficulty in raising revenue as funders and donors may prefer their dollars go to more critical safety net programs; the OC Arts and Culture Fund, discussed further in the philanthropic section, was created specifically to address this. As a result of these challenges, arts organizations have been more likely to have to reduce staff and dip into their reserves, and face a major crisis if partial shutdowns persists.

**Census 2020**

COVID-19 and the safer at home order hit just as large-scale, in-person Census 2020 outreach targeted to reach the Hard to Count populations was set to take place. Despite this challenge, the Community Table – the network of Census outreach community partners that funded and trained through Charitable Ventures as the regional ACBO - remained focused on the goal of achieving a complete count. According to Sarah Middleton, who headed up the ACBO’s census efforts, partners “responded with resilience and grace” finding ways to adapt and continue outreach. They dropped in-person canvassing and events and transitioned to digital outreach and phone banking, while many were responding to other COVID concerns in their own communities. Census Caravans brought car parades to particularly hard to count areas; this idea has been emulated all over the state. In addition, the collaborative, mission-centered infrastructure and funding was in place for Census outreach before COVID hit, which enabled partners to pivot into new methods of outreach nimbly. Furthermore, the
partnership with the County of Orange has been positive and responsive even with over 100 planned Questionnaire Assistance Centers having to keep their doors closed. Thanks in part to all of these efforts, Self-Response Rate for 2020 is similar to that of 2010.

One of the challenges related to the 2020 Census moving forward is to be able to maintain partners’ attention and motivation to continue outreach through the end of the response period, while respecting their reduced bandwidth and other priorities. On the other hand, there is also an opportunity over the next 6 to 18 months to leverage the infrastructure and communication channels of the Community Table to broader civic engagement once the Census has completed.
It was clear from almost as soon as the pandemic hit that a major response would be needed to mitigate the effects on communities and nonprofits. While the federal, state, and local governments have all responded with critical support such as the Paycheck Protection Program, expanded unemployment benefits and other support for individuals, the Disaster Relief Assistance for Immigrants program, and county supervisory district focused aid, this aid required time and administrative processes before it became available. The philanthropic sector needed to fill the gap quickly, and was instrumental in organizations and individuals weathering the storm in the first few months.

Two major Orange County funds were launched in the first month of the shutdown – the Orange County Community Resilience Fund, from St. Joseph Community Partnership Fund, Orange County Community Foundation, and OC Grantmakers, and the Orange County United Way Pandemic Relief Fund. Other funds from foundations such as Tarsadia Foundation, the Sisters of St. Joseph Healthcare Foundation, the Anaheim Community Foundation, and Laguna Beach Community Foundation followed quickly. Soon, funds were formed around specific purposes, such as the In’Lakesh Relief Fund (immigrants and working families), the Orange County Arts and Culture Fund, and child care. In all, these funds totaled more than 12 million dollars in support, with the bulk coming from the OC Community Resilience Fund ($4.3 million) and the OC United Way ($4.8 million as of July).

The philanthropic response buttressed the public response, and the combined assistance proved instrumental to the survival of nonprofits across the County. Many survey respondents pointed to

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8 This is not intended to be an exhaustive list. While many funders chose to coordinate through the OC Community Resilience Fund, others have also given through their own channels. An exhaustive review of the philanthropic giving is beyond the scope of this report but will be undertaken in the future.
the philanthropic response, either alone or with the PPP, as the primary reason they had been able to weather the pandemic to this point. This was also supported by interviewees, who almost uniformly spoke about how the philanthropic community had supported their organization and sector. Another advantage to the large funds are process efficiencies for both applicants and funders. Instead of an organization needing to apply to multiple Orange County funders, they could fill out one (streamlined) application to a single fund. Funders saved resources that would otherwise be used running their own process.

However, both the survey and interview respondents spoke of their concern about what will happen next, as they were not expecting a similar second wave of support from philanthropy or government. Many funders are now looking towards providing capacity building assistance to buttress nonprofits as they seek to adjust to the new normal. Survey respondents largely agreed that this would be valuable – 83% agreed with that statements that funding that incentivized collaboration and incentivized system and policy change would be useful. 52% of respondents (108 total) said they would benefit from technical assistance; Table 6 shows the services they would find most useful.

While it was not identified as often as Fundraising and Marketing, there is a clear need for more technical assistance and support on Human Resource issues, particularly among smaller organizations. As noted earlier, larger organizations were more likely to have cut or furloughed staff, in part because they had a better understanding of how to legally do this. For smaller organizations, technical assistance on how they can navigate untenable HR costs while continuing to provide services and treating employees fairly may be the difference between those organizations survival and closure.

The philanthropic community responded to the COVID-19 crisis quickly and effectively, and there is clear evidence that this response has been critical to the continuing work of the nonprofit sector and their support of vulnerable community members. The great challenge for the philanthropic community ahead is how they respond to the continuing, longer-term crisis. With another emergency response on the scale of the OC Community Resilience Fund seeming unlikely, regional funders and donors must find strategic, ongoing responses to buttress the safety net organizations that support our communities not to mention the nonprofit sector as an industry itself. The final section of this report discusses what how the philanthropic community can focus its response to greatest impact.

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Table 6: Technical Assistance Needs for Nonprofits
The pandemic has both shaken local nonprofits focused on providing services to the region’s most vulnerable, and prompted innovation and introspection. One striking commonality in the original April applications was the positive attitude on display – nonprofits affirmed the challenge ahead of them but looked to it with confidence that they and the community would weather the storm. By the June survey, and with the understanding that the pandemic and its corollary economic impacts would not be waning anytime soon, this confidence had started to wane as organizations became more concerned about their survival. Several expressed fear that once emergency funding such as PPP or relief funds dried up, without new revenue coming in, they may face closure.

As the second wave of COVID-19 hit California and the nation in July, these concerns continue to grow. Programs that ran in parallel with the school year had adopted a “wait until Fall” mindset, but with schools remaining closed for the foreseeable future, they may not be able to resume operating for several more months. Cultural institutions which were able to begin welcoming guests back in have needed to shut down again. Organizations that had converted to remote delivery as a short-term option now need to look to institutionalizing those programs. Nonprofits that cannot deliver services remotely need to adjust to increased distancing and safety protocols being longer term realities.

In the survey, many nonprofits spoke of a new appreciation of the need for crisis planning, accessing working capital, bolstering reserves, and running “lean” into the future. Now as the reality of COVID-19 persists, nonprofits may be shifting to survival mode while hoping that they will be able to put these lessons to use in the future. Almost every Orange County nonprofit is facing these questions, but not all are equally vulnerable. A strategic approach that focuses on the sectors and community members that have the most need is critical. The data is clear that the pandemic has affected lower-income communities, communities of color, and immigrants the hardest. Further response strategies recognize the universal impact of COVID-19, but should prioritize those communities that have fewer resources to respond.

Recommendations and Next Steps
Smaller organizations are greatly threatened. Small organizations always operate under tight conditions, and the increased costs and decreased revenues they face may be pushing them to the edge of solvency. These organizations were less likely to receive relief funds or government assistance, had fewer reserves to draw on, and were less able to cut costs. Many will close if dramatic steps are not taken, which will have many impacts. The clients that are supported by these organizations, which sometimes include niche populations with specific needs, will lose their services. Larger organizations and government agencies which rely on these nonprofits as a distribution and service system will find their own networks crippled. Also, as smaller organizations are more likely to have leaders of color and younger executives, both the equity and development of the nonprofit sector leadership will be lessened if these nonprofits close.

Safety net organizations have faced unprecedented increases in demand. While many small food pantries have temporarily or permanently closed, thanks to philanthropic, donor, and government support, most organizations have been able to handle the demand. However, they now face a decline in that support at the same time as demand promises to continue or increase. Ensuring these organizations are able to continue their services is paramount.

Organizations that provide mental health services are going to be facing a dramatic increase in demand as well. As stress, depression, and anxiety persist and grow, organizations that can tend to the mental health, as well as physical health, needs of the community will become more important than ever. As some mental health challenges can lead to negative outcomes such as substance abuse, economic crisis, self-harm, domestic violence, and homelessness, focusing on mental health has an invaluable prevention aspect, making it a valuable investment that will save costs in the long-term.

As has been commented many times in the national conversation, “reopening” is not possible without an intentional focus on child care and schools. With most Orange County schools opening remotely or with part time instruction, and fears of up to 40% of early childhood care and education locations closing, many parents will be stuck with a decision between watching their children or going to work. In multi-generational or crowded households, sending a child to a site that does not have strong safety protocols means risking spreading COVID more widely or exposure for a high-risk individual in the household. Furthermore, the effects of lost educational, co-curricular, and social programming for our children risks slowing development, and for teens, may create an opening for negative behavior. Addressing these crises will require coordinated effort to support safe, high quality options for youth of all ages.

While these sub-sectors may be priorities, other focal areas are important and all face tremendous challenges. The development of sub-sector focused funds such as the OC Arts and Culture Fund fill an important gap, as they allow donors and funders to direct their support to areas that are aligned with their funding philosophy. While the concentration of philanthropic funds into large funds provided efficiencies and supported strategic giving, the second wave of giving has room for more individualized initiatives.

The philanthropic community is uniquely positioned to encourage coordination between nonprofits and to provide technical assistance to the sector. The nonprofit sector tends to balance between collaboration and competition, as organizations all strive for the same resources. In a time of scarcity, there is a nature tendency towards more completion and isolation. The successful pandemic response of the nonprofit sector has been founded on adaptability and innovation. But many of those nonprofits developed their responses in a vacuum, without communicating with other nonprofits. There is great value in further pulling those nonprofits together, and the philanthropic sector is positioned to provide it.

An intentional focus on collaboration could encompass the following concepts

- How collaboration between organizations can enhance the collective response to COVID-19
- Innovative fundraising strategies such as virtual fundraisers
• Human Resources strategies, including how to identify the need to cut staff and how to do it while minimizing the human impact
• Best financial practices, including the use of reserves
• Safely reopening and providing services
• Use of technology, and overcoming barriers such as the digital divide
• Creation of in-language materials and cultural and linguistically competent approaches

These are unprecedented times for the community, providers, and philanthropic sector. Each has shown remarkable resilience, innovation, and spirit. Each will need to continue to show those traits. The nonprofit sector has been asked to make difficult decisions about priorities, staffing, mission, and finances. As the crisis continues, these decisions will become harder. The philanthropic sector has also been pushed out of its comfort zone, and has responded with greater resources, streamlined processes, and flexibility. Now, in the second wave of COVID-19, philanthropy must look to see how else they can help. They must be even more strategic in their giving, and consider new ways of working. And, much like nonprofits are realizing this situation requires dipping into their reserves, philanthropy must examine their own reserves and giving and see what else they are able to do.

The work of nonprofits and philanthropy has done so much to mitigate the disaster of the first five months of the COVID-19 pandemic. The next five months are just as critical, and a continued response that focuses on relief, recovery, and long-term resilience will help Orange County, particularly the most vulnerable, get through the crisis. Together, we must all work through the fatigue and financial challenges to craft a continued response that shows the path to stronger, more resilient communities and institutions.