Toward Viability

AN ANALYSIS OF FAYETTE COUNTY’S NONPROFIT WORKFORCE HEALTH

Full Report

CivicLex
Thank You.

This report was made possible through the generous support of the EE Murry Foundation.

It was developed in partnership with the Blue Grass Community Foundation.

And as always, nothing would be possible without the support of our CivicLex Members.

CivicLex is a nonprofit civic education organization working in Fayette County to provide better access to civic information, and to build relationships across the spectrums of people, place, and power.

Research for this project was conducted by Megan Gulla, Loren Wood, and Richard Young with support from the entire CivicLex Team.

The Report was written by Richard Young.

CivicLex relies on support from folks like you to keep us going. Please consider supporting our work, or checking out what else we are up to at civiclex.org
Table of Contents

5 - CONTEXT
15 - WORKPLACE ENVIRONMENT
29 - WORKFORCE ENGAGEMENT
39 - WORKFORCE HEALTH
61 - WORKFORCE EQUITY
73 - WORKFORCE RETENTION
91 - TOWARD VIABILITY
93 - SEEING VIABILITY
94 - MOVING TOWARD VIABILITY
95 - ARRIVING AT VIABILITY
98 - ADDITIONAL RESEARCH
Why are we doing this?

The following study examines the nonprofit sector as it is in Lexington in 2019: whom it employs, what it offers, and how it functions.

The nonprofit sector is integral to a city’s civic life. Nonprofits offer an array of valuable services that fall outside of market desires and public necessities. In Lexington alone, nonprofit organizations serve the community by providing educational programming and exposure to the sciences and humanities, access to medical care and support, opportunities to interact with animals and the natural world, and enrichment through volunteer experiences and social events.

Along with their role as providers of essential community services, nonprofits also function as a significant economic sector in Lexington. They employ and support a substantial portion of Fayette County’s workforce. Through cultural effects, they promote tourism and make Lexington more hospitable to individuals and businesses looking to relocate.

Their services not only attract potential residents, but they also play a role in retaining Lexington’s talent and potential. We know the city is concerned about “brain drain” - the loss of university graduates and early to mid-career professionals to larger metropolitan communities that can offer more opportunities. Fostering and maintaining a robust nonprofit sector helps Lexington stand out from bigger surrounding cities. We can be a community where graduates from local and nearby colleges and universities can grow and thrive while engaging in challenging, meaningful work that gives back to their communities.

With the data provided in this study, we hope readers come away with a better understanding of how workers are faring within nonprofit organizations. We also hope readers start to think about potential changes in the sector and city that could help nonprofit workers and organizations better address their missions. What can make this sector a place where young workers want to be? What can organizations do to ensure that employees want to stay? How effective are organizations? The answers to these questions have to be the starting point if we want to end up at a nonprofit sector that is healthy, effective, and a strong supporter of the civic fabric of Lexington.
The Context
There are 1,964 registered nonprofits in Fayette County.

These organizations range from large-scale institutions like Transylvania University to fraternities, sororities, and associations. With such a large sample, we eliminated what noise we could by removing organizations with no revenue or assets in 2016.

Combined, these organizations have $5 Billion in Assets, and in 2016, produced over $3 Billion in Revenue.

These figures are weighted heavily by large institutions like Saint Joseph Health Systems, Appalachian Regional Healthcare, and Transylvania University, which combined makeup $1.7 Billion of total assets. Organizations at this scale operate with a different scope than the plurality of nonprofit organizations, so for this report, we decided to strip away the large institutions from our target study group. We also removed small fraternal associations with little revenue, as they mostly operate as volunteer-only organizations.

Instead, we focused on the small-to-medium service organizations that people traditionally think of when they think of nonprofits.

We targeted 313 Fayette County service-focused organizations. We heard from 182 of them.
We thank the 252 employees and volunteers from these organizations (and more) for participating in our research process.

Access Language Solutions / Allegro Dance Project / Alpha Beta Lambda Education Foundation / American in Bloom Lexington, Inc / American Red Cross / Ampersand Sexual Violence Resource Center / Arbor Youth Services / Autism Society of the Bluegrass / BBBS / BCTC Fayette County Adult Education / Be That Person INC / Big Brothers Big Sisters of the Bluegrass / Blue Grass Community Foundation / Bluegrass Greensource / Bluegrass Land Conservancy / Bluegrass Youth Ballet / Bluegrass.org / Broke Spoke Community Bike Shop / Carnegie Center for Literacy and Learning / CASA of Lexington / Catholic Charities / Central Kentucky Audubon Society / Central Kentucky Youth Orchestras / Central Music Academy / Child Development Center of the Bluegrass / Children of the Americas / Children’s Advocacy Center of the Bluegrass / Children’s Law Center / Christian Appalachian Project / CivicLex / Common Good CDC / Community Action Council / Community Farm Alliance / Community Inspired Solutions / Down Syndrome Association of Central Kentucky / East End Community Development / Fayette Alliance / Fayette Cooperating Preschool / Feeding Kentucky / FoodChain / Friends for Skateparks / Friends of the Lexington Public Library / Girl Scouts of Kentucky’s Wilderness Road / GleanKY / God’s Pantry Food Bank / GreenHouse17 / Growing Together Preschool / ICF Foundation / Independence Place / Institute 193 / International Book Project / ITN Bluegrass / Kentuckians For The Commonwealth / Kentucky Black Pride Inc. / Kentucky Center for Performance By Excellence / Kentucky Equal Justice Center / Kentucky Humanities Council / Kentucky Interpreter and Translator Association / Kentucky Refugee Ministries / KET / Kidney Health Alliance of Kentucky / KORE Academy / Lady Veterans Connect / Legal Aid of the Bluegrass / LexArts / Lexington Area Parkinson’s Disease Support Group (LAPSG) / Lexington Art League / Lexington Ballet / Lexington Community Radio / Lexington Fair Housing Council, Inc. / Lexington Habitat for Humanity / Lexington Hearing & Speech Center / Lexington History Museum, Inc. / Lexington Humane Society / Lexington Philharmonic / Lexington Pit Crew / Lexington Rescue Mission / Lyric Theatre and Cultural Arts Center / Making A Difference Now (MADN) / Mary Todd Lincoln House / Mental Health America of Kentucky / Mission Lexington / MLK Neighborhood Association / NAMI Lexington / Nathaniel Mission / National Association of State Procurement Officials / NHOA / North Limestone Community Development Corporation / Nursing Home Ombudsman Agency of the Bluegrass, Inc. / On The Move Art Studio / Organic Association of Kentucky / Partners for Youth Foundation, Inc. / Paws 4 the Cause / Plantory / Prevent Child Abuse Kentucky / Pride Community Services Organization / Radio Eye / Riding for Hope / Ronald McDonald House / Save the Children / Seedleaf / Sisohpromatem Art Foundation Inc. / Sisters Road To Freedom, Inc. / Spay Our Strays, Inc. / Sphinx Academy / Step By Step / Surgery on Sunday / The Lexington Children’s Theatre / The Living Arts and Science Center / The Parachute Factory / TWEENS / University Press of Kentucky / Urban League of Lexington / WUKY
Based on our response group, the nonprofit workforce does not demographically match Fayette County in age, education, race, or gender identity.

The nonprofit workforce is younger - 44% of surveyed workers were ages 22-35.

(This age group makes up less than 25% of the Fayette County population)

It is substantially more well-educated - only 6% of the workforce did not have a collegiate degree.

(51% of Fayette County does not have a collegiate degree)
It is whiter - 83% of nonprofit workers identified as White/Caucasian.

(75% of Fayette County identifies as White/Caucasian.)

It is substantially more female - 74% of surveyed workers identified as female.

(50.8% of Fayette County identifies as female.)
Organizations we surveyed were mainly focused on Arts & Culture and Human Services...

... and worked at the local level.
Most of the organizations surveyed were fairly large, with over 1/3 having a budget of over $750k per year. They had staff sizes to match, with 72% having more than 4 employees.
Throughout our process, we talked with 137 staff members, 74 executive staff members, and 41 board members.

The workers were mostly full-time.

And they had not worked there for very long.
For this report, we targeted employees in 313 of the 1,986 nonprofit organizations registered in Fayette County. We intentionally excluded large organizations (like Transylvania University) and organizations with no revenue for the year 2017 (sororities, fraternities, etc.).

We reached 182 of those organizations.

Our survey found that Fayette County’s nonprofit sector is relatively young, white, educated, and female. These demographics do not match the demographics of Lexington, which is more diverse across age, race, education, and gender identities.

We reached a significant number of large organizations, a smaller number of small organizations, and talked to a total of 252 employees.
Throughout the rest of this report, we will be diving into how this young, educated workforce feels about their time in Fayette County’s nonprofit sector.

We will organize this information into five sections:

1. **Workplace Environment** - How do these organizations function?

2. **Workforce Engagement** - Do workers feel engaged in their workplace?

3. **Workforce Health** - Do workers feel well-compensated, mentally balanced, and healthy?

4. **Workforce Inclusion** - Do organizations focus on building welcoming spaces for those from marginalized communities?

5. **Workforce Retention** - Do these workers feel motivated to stay in our community?
Workplace Environment
To understand the viability of Fayette County’s nonprofit sector, we started with how the organizations themselves function.

Through our survey tool, we asked a variety of questions that examined how nonprofit workers feel about their workplaces. In addition to that, we relied on data from Blue Grass Community Foundation’s annual *Report to the Community*, which analyzes the data behind organizations as part of their Goodgiving Guide.

Through these two tools, we were trying to get at a few basic questions:

1. How are organizations structured?
2. What policies and procedures are in place at these organizations?
3. How productive is the relationship between these organizations and their Boards of Directors?
Here’s what the average nonprofit organization’s governance structure looks like in and around Fayette County.*

- THE BOARD IS MADE UP OF AN AVERAGE OF 15 PEOPLE
- EACH WITH A TYPICAL 3 YEAR TERM
- 6.8 ANNUAL MEETINGS
- 77% ATTENDANCE

Toward Viability - 17
Here are the policies, procedures, and governance documents that these boards have in place *

**WHISTLEBLOWER POLICY**
An internal process for addressing complaints about financial practices that protect whistleblowers from retaliation. **

- No - 55%
- Yes - 45%

**CONFLICT OF INTEREST POLICY**
A written policy that requires board members with a conflict (or who think they may have a conflict) to disclose it; prohibits interested board members from voting on any matter in which there is a conflict. **

- No - 30%
- Yes - 70%

**NONDISCRIMINATION POLICY**
A written policy containing organizational measures to prevent discrimination based on race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status, in any of its activities or operations. **

- No - 36%
- Yes - 64%

* Data courtesy of Blue Grass Community Foundation
** Policy descriptions courtesy of National Council of Nonprofits
PROCEDURE MANUAL
A written document that clarifies what policies apply to the workplace and sets standards for employees and board members to follow and offers guidance for supervisors to treat employees consistently and fairly.

- No - 51%
- Yes - 49%

CRITERIA FOR BOARD SELECTION
A written document that determines the ideal characteristics of board members and the ideal composition of the entire board of directors.

- No - 57%
- Yes - 43%

STRATEGIC PLAN
A written document that identifies the strategies that will best enable a nonprofit to advance its mission, including measurable goals, priorities for implementation, and a schedule for revisiting the organization’s strategies on an ongoing basis.

- No - 63%
- Yes - 37%

FUNDRAISING PLAN
A written document that identifies what earned and contributed revenue strategies are appropriate for an organization and creates measurable goals for advancing those strategies.

- No - 70%
- Yes - 30%

* Data courtesy of Blue Grass Community Foundation
** Policy descriptions courtesy of National Council of Nonprofits
We also took a deeper look at two specific policies: employee performance reviews and employee-to-board HR reporting.

Overall, only 56% of surveyed nonprofit organizations in Fayette County had any performance review systems in place. Regular, consistent performance review systems are critical for providing constructive feedback for employees on their job performance. They also allow employees to voice their concerns about issues in the workplace.

The organization Nonprofit HR suggests that regular feedback to employees is important - according to a study they cite by the firm Accenture, “89% of employees believe job performance would significantly improve if performance management were changed.”
Even more critically, few organizations have policies that allow staff members to directly report issues to board members, circumventing executive directors.

**EMPLOYEE/BOARD HR BYPASS POLICY**

Only 28% of nonprofit organizations have policies that enable employees to bypass Executive Staff and take personnel issues they have directly to the Board of Directors. This structure creates potential liability for organizations if the staff are having issues with the Executive Staff of an organization.

Indeed, in our survey process, we received several reports of inappropriate behavior that went unreported because of this issue.

**A TROUBLING ACCOUNT:**

“[a]... director once "kidnapped" [a staff member] because [they were] not meeting goals. Took [them] for a 4 hour car ride against [their] will. ... ED has anger issues and is supportive of public ridicule of unsatisfactory work. If you are unable to meet your goals, you are made to do "closed door meetings" that tear apart your work ethic and micromanage you.”

— A quote from a respondent

**EMPLOYEE/BOARD HR BYPASS POLICY ADOPTION BY BUDGET SIZE**

According to our survey, in no single organization size category did a majority of organizations have an HR bypass policy adopted. In small organizations, a lack of a bypass policy, combined with no formal performance review process, creates a potentially hazardous situation for staff.
In traditional Human Resources structures within nonprofit organizations, Executive Directors are responsible for hiring, firing, and reviewing employee complaints and behaviors. This structure creates a filter which could potentially prevent staff from coming forward with personnel or other issues.

In this revised HR structure, employees can report HR and personnel problems directly to a committee of the board of directors. The HR Committee would not be responsible for hiring and firing staff members, but could instead host annual performance reviews of all staff, be a sounding board for employee concerns, and would oversee any hiring or firing policies.
Many staff and executive staff members also viewed their board members as not being engaged enough with their mission or organization.

**IS YOUR BOARD OF DIRECTORS ENGAGED?**

- Yes: 60%
- No: 40%

**BOARD MEMBERS - ARE YOU HELD ACCOUNTABLE FOR YOUR ACTIVITY/INACTIVITY?**

- Held Accountable: 59%
- Not Held Accountable: 22%
- Neutral: 19%

Many board members surveyed felt that they were not held accountable by the rest of the board.
This finding is in contradiction to surveyed Board Members indicating that they regularly interact with staff of their organizations and that they understood their roles and responsibilities.

A potential explanation for this is a lack of adequate materials to onboard potential Board Members. As previously indicated in this section, less than 50% of organizations have criteria to select board members or procedure manuals to explain the role distinction between staff and board. This lack of clear procedures and criteria could explain why board members see their roles as clear, but staff members see them as disengaged – their roles aren’t fully defined.
We wanted to dig further into this disconnect between board and staff, so we asked Executive Staff what they spent their time on each week.

Only the largest organizational size bracket reported spending a part of their week on their Board of Directors - only 4.17% of the total time spent by all Executive Staff. When we broke this down by gender, we found that it was only women Executive Staff in organizations over $750,000.
TL;DR:

Fayette County nonprofits are missing a significant number of policies that are commonplace across the sector more broadly. Organizational infrastructure is lacking across the sector, whether it be core, essential documents like a strategic plan, or systemic plans like criteria for board member selection.

Few organizations have policies that allow staff members to report HR issues directly and discreetly to their Board of Directors. The absence of this policy is a massive vulnerability in their HR systems, opening organizations up to physical, mental, and sexual harassment in the workplace.

The significant disconnects between staff, executive staff, and boards of directors need to be rectified through clearer board position descriptions and more consistent engagement time between executive staff and boards.
Once we gained an understanding of the state of the nonprofit workplace, we then focused on four critical aspects of the workforce experience: their engagement, health, equity, and retention.
Page Intentionally Left Blank
Workforce Engagement
Recent research from Gallup and Facebook show the importance of engaged employees having pride in where they work. The studies revealed that less pride leads to lower employee retention and reduced productivity. A 2016 survey by Gallup found that only 29% of millennials were engaged in their work, largely a result of a lack of pride in their employer.

Once we understood how nonprofit workplaces operated in Fayette County, we wanted to see how our target workforce engaged with their workplace. We defined employee engagement as the extent to which employees feel passionate about their jobs, are committed to the organization, and put discretionary effort into their work.

We asked nonprofit workers questions focused around the following areas:

- Pride in work
- Leadership effectiveness
- Organizational communication
- Accountability
- Employee empowerment
- Innovation
Fayette County nonprofit workers are incredibly proud of their work but are hesitant about remaining in their position.

Nationally, employee pride in their workplace is at a low 35%. Fayette County nonprofit organizations are significantly ahead of their peer employers, with over 90% of surveyed employees stating they were proud of their work. In addition to this, just over 70% said they would refer friends or family to their organization for employment at their organization.

Despite having relatively great pride in their work, we found that a narrow majority of nonprofit employees regularly consider leaving their job. This figure is significantly higher than the general employment landscape. The Nonprofit Center at La Salle University’s School of Business estimates that around 20% of the overall labor force considers leaving their position annually.

In fact, we found that almost 50% of nonprofit workers in Fayette County plan to leave their position in the next 1-5 years.
The effect of workers leaving their job can be enormous if it results in high turnover. Estimates for the cost of replacing highly specialized workers - like nonprofit workers - can range from 50 - 400% of their annual salary, according to the Nonprofit Center at the La Salle University School of Business in Philadelphia.

<table>
<thead>
<tr>
<th>SEPARATION COSTS</th>
<th>REPLACEMENT COSTS</th>
<th>INDIRECT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Exit interviews</td>
<td>• Job advertising</td>
<td>• Lost productivity</td>
</tr>
<tr>
<td>• Severance pay</td>
<td>• Candidate search</td>
<td>• Inefficiencies of temporary workers</td>
</tr>
<tr>
<td>• Higher unemployment taxes</td>
<td>• Screening</td>
<td>• Lower productivity during onboarding</td>
</tr>
<tr>
<td>• Hiring temporary workers</td>
<td>• Interviewing</td>
<td>• Reduced staff morale during transition</td>
</tr>
</tbody>
</table>

To get to the bottom of why nonprofit workers regularly consider leaving, we started with determining how workers felt about their leadership.

Around a third of nonprofit workers indicated that they felt their CEO or Executive Director was not an effective leader for their organizations. About 40% stated that they felt micromanaged by their leadership regularly.

When breaking these figures down by organizational size, larger organizations tended to have more workers who felt their CEO / ED was an ineffective leader. Over 20% of workers at organizations with budgets over $250,000 describe their leadership as ineffective.
Next, we looked at organizational communication and personal accountability, where we found a similar pattern.

About a third (32%) of nonprofit workers indicated that their organization was not effective at communicating internally across the organizational hierarchy. Roughly the same amount viewed their organization as ineffective in communicating externally with their community.

Internal and external communication are essential aspects of how an organization functions, guiding both the productivity of the work team and the relationship between an organization and its constituency. Without comprehensive and effective communications, it is apparent that some employees are going unheard in their organizations and feel hampered in communicating with their community.

Over a third of nonprofit workers (38%) also felt that individuals associated with their organizations were not held accountable for their activity in the organization. Around the same percentage also thought that they were not held accountable for their actions (41%).

This lack of accountability inside organizations, combined with leadership viewed as ineffective, could produce disillusionment. This could be a potential explanation for why staff members who are proud of their work may also want to leave their organizations.
One-third of the nonprofit workforce considering their leadership to be ineffective and not accountable is problematic. We wanted a closer look at the systems that leadership have put in place at their organizations.

A slim plurality of workers confirmed that the systems and processes in place at their organizations were effective at achieving their mission. A sizable section said they were only “somewhat” effective. Given our earlier findings relating to board policies and strategic guidance documents, it is not a surprise that many organizational systems were viewed as inadequate in the Fayette County nonprofit landscape.

Surprisingly, smaller organizations were more likely to indicate that their systems were effective. On average, only 1.5% of workers at organizations with annual budgets below $250,000 viewed their processes as not effective, compared to almost 12% of workers at organizations with budgets over that amount.

We also wanted to see if these organizations had environments that were empowering and exciting for employees.

A 2015 study in The American Review of Public Administration showed that employees that are less engaged by their workplace are more likely to leave the position. A similar study in the International Journal of Academic Research in Business and Social Sciences shows a correlation between innovative workplaces and lower turnover.

To understand how empowerment and innovation play out in Fayette County’s nonprofit workplaces, we asked employees if they felt that leadership acted upon their recommendations and if they were open to innovative ideas.
According to responses from our survey, one of out every four respondents said that the leadership of their organization does not act on recommendations that come from employees. Employee Empowerment seemed to be the lowest at large organizations budgets over $750,000 per year, where 31% indicated that their leadership did not act upon their recommendations.

Responses regarding innovation in the workplace were slightly different, with about one out of every five respondents indicating that their leadership was not open to innovative ideas. We found that smaller organizations were considered to be more innovative by their employees, while organizations with budgets over $250,000 were less innovative.
One of the most startling aspects of the surveyed workforce was how many employees didn’t know the essential components of their organization.

A lack of basic understanding about the fundamentals of the organization speaks to poor leadership and employee engagement among many nonprofits in Fayette County.
Nonprofit workers in Fayette County seem to love the concept behind their job more than the job itself.

Almost all workers are proud of their organization, but many would not refer a friend or family member to their organization for employment. In fact, 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.

Roughly a third of employees consider leaving their organization because of its ineffectiveness - leadership is not effective, they micromanage, and communications with their constituents are poor.

Many workers felt as though they are listened to in their organizations, and that their employer gives them the space to be innovative.
Workforce Health
In an age of staggering income inequality, nonprofit workers stand at the forefront of combating societal inequities.

Despite this, in 2014, the Chronicle of Philanthropy published an op-ed saying that when it comes to combating inequality, “nonprofits are either missing from action or part of the problem.” They go on to say that “while charities and foundations do much to help those in poverty, some groups actually perpetuate it through their own compensation practices.”

With this in mind, we wanted to study compensation and benefits offered by Fayette County nonprofits.

In addition to the monetary value that organizations place on their workforce, we also wanted to study an often taboo subject within the sector - the impact that the work has on the employee emotionally.

Collectively, we labeled these aspects Workforce Health.
A third of the surveyed Nonprofit workforce in Fayette County earns less than $30,000, and almost 70% of the sector makes below the area median income for the county.

Salary distribution varied considerably across organizations of different sizes. The largest proportion of salaries under $30,000 occurred in organizations with annual budgets of under $25k, and organizations with budgets from $75k - 150k.

The highest reported salary in our survey was $120,000, and the lowest full-time employee earned only $12,000.
The median Nonprofit salary in Fayette County among those we interviewed was $40,000.00.

The median salary of Nonprofit workers (including Executives) fell $7,000 short of the County Median Income for male, year-round, full-time workers ($47,000). When Executive salaries were removed, that gap grew to $13,000.

There was divergence when these salaries were disaggregated by race.

We found that the median salary of African-American staff members was $5,000 less than their white colleagues, while African-American Executive Staff members had a $5,000 higher median salary than their white counterparts. There was not enough data for other races and ethnicities to draw any reliable conclusions.
Median wages for nonprofit workers fell between being able to afford a 1-bedroom apartment (renting at $639 per month), but not able to afford a child.

**FAYETTE COUNTY NONPROFIT WORKER ANNUAL PAY USE CASE**

<table>
<thead>
<tr>
<th>Category</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Nonprofit Workers</td>
<td>$0.00</td>
</tr>
<tr>
<td>1-Bedroom Housing Income</td>
<td>$12,500.00</td>
</tr>
<tr>
<td>Living Wage - With One Child</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>County Median Income</td>
<td>$37,500.00</td>
</tr>
<tr>
<td></td>
<td>$50,000.00</td>
</tr>
</tbody>
</table>

The wages for staff were also less than their for-profit counterparts.

**NONPROFIT ANNUAL PAY VS. SIMILAR INDUSTRIES**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Nonprofit Staff</th>
<th>Business &amp; Financial Operations</th>
<th>Education, Training, &amp; Library</th>
<th>Construction &amp; Extraction</th>
<th>Food Preparation &amp; Serving</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0.00</td>
<td>$15,000.00</td>
<td>$30,000.00</td>
<td>$45,000.00</td>
<td>$60,000.00</td>
</tr>
</tbody>
</table>

And this is mirrored by management positions.

**NONPROFIT EXECUTIVE PAY VS. SIMILAR INDUSTRIES**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Nonprofit Executives</th>
<th>For-Profit Management</th>
<th>Architecture &amp; Engineering</th>
<th>Legal</th>
<th>Computer Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0.00</td>
<td>$22,500.00</td>
<td>$45,000.00</td>
<td>$50,000.00</td>
<td>$72,500.00</td>
</tr>
<tr>
<td></td>
<td>$25,000.00</td>
<td>$47,500.00</td>
<td>$67,500.00</td>
<td>$90,000.00</td>
<td>$90,000.00</td>
</tr>
</tbody>
</table>
Of the total number of staff members, 20% do not make a living wage, and cannot afford to live in Lexington.

Many staff members reported taking extreme steps to make ends meet while working at their organization.

<table>
<thead>
<tr>
<th>HOW ENDS ARE MET:</th>
<th>Work a Second Job</th>
<th>Apply for Gov. Assistance</th>
<th>Sublet a Room</th>
<th>Sell Items / Property</th>
<th>Borrow Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>13%</td>
<td>25%</td>
<td>38%</td>
<td>50%</td>
<td></td>
</tr>
</tbody>
</table>

"[My] spouse makes double my salary, but couldn't make it as a single person. So, I have great concern for my staff who make significantly less than I."

"[I] depend on money from life insurance settlements and social security survivor benefits."

"[I] have family pay for items for my daughter."

"[I] work a 3rd occasional 4th job in order to make ends meet. 12 hour work days."

"[I] write hot checks."

- Quotes from respondents
When it came to additional employment benefits, there was significant variation across the surveyed respondents.

Most respondents indicated that they were either provided direct Health benefits or a stipend, paid time off, and flexible working conditions. The two most noticeable gaps were Mental Health benefits and Parental Leave, which came in at 21% and 32%, respectively. The lack of paid Parental Leave is of particular note for a sector that consists of a 75% female-identifying workforce.

There was extreme variation in the provision of benefits depending on the size of the organization’s annual budget.
The majority of respondents that worked for organizations with annual budgets of less than $150,000 did not report having health benefits.

This trend was mirrored in all other benefit categories.
These trends show us that organizations with small-to-medium budget sizes have significantly less benefits than those with larger budgets, except for flexibility of working conditions. This is the rare example in which small organizations outperform larger ones.

In only one organization size - $750,000+ / year - did nonprofit organizations in Fayette County meet the national average for health benefits. According to a 2018 report by the Bureau of Labor Statistics, 88% of full-time Civilian workers had access to health benefits, far greater than the percentage of those with access to this crucial benefit in small-to-medium organizations in Fayette County.

When these benefits are offered, however, the take-up rate is substantial. On average, 71% of benefits offered in Fayette County's nonprofit sector are used and reported as adequate by the nonprofit workforce.
Workers not covered by employer-based health insurance tracked as having a lower annual income, with a median of $26,900.00.

The combination of lower annual income and the high costs of marketplace-based insurance makes it even harder for these workers to make ends meet.

Even with federal subsidies, the average health plan for individuals at this income level costs $164 per month, leaving these workers with just $140 per month in spendable income, after conservative estimates for housing, food, transportation, and more.

At this income level, even with health insurance, services that are vital to the workforce are still difficult to afford and access - especially Mental Health, which was covered by less than 25% of nonprofit employers.
Though it should come as no surprise, nonprofit employees in Fayette County self-report troubling statistics about how their pay scale impacts their well-being.

Just under 50% of nonprofit employees in Fayette County face economic insecurity that impacts their mental health. When disaggregated by pay scale, there is a clear correlation between how much money someone makes, and how financially secure they feel.

No employee that makes over $65,000 self-reports that they feel financially insecure.

*PAY SCALE IMPACT ON FINANCIAL SECURITY FOR FAYETTE COUNTY NONPROFIT WORKERS*
The leadership of some organizations believe that their staff aren’t paid at the levels which they deserve.

When asked, Board Members and Executive Directors of Fayette County nonprofits split on whether or not they believed their staff is paid fairly.

Almost all Executive Directors earning over $80,000 per year thought their staff was paid fairly. Despite this, no organizational budget bracket had a majority of staff earning over the Fayette County Area Median Income.
Despite this, when directly asked, slightly more than 50% of nonprofit staff and executives do not believe they are paid fairly.

When directly asked if their pay is fair for their work, 49.52% of nonprofit workers say that they are paid fairly. This changes significantly depending on how much annual pay the worker reported making.

A significant majority of staff that make over $47,000 per year say that they are paid fairly. Yet, less than 50% of those that earn less than the Area Median Income say they are paid unfairly. There is an inadequate understanding on the part of many nonprofit workers of just how much their labor is worth.

There was also a correlation in organization size (which should come as no surprise) - the smaller the organization’s budget, the more likely staff were to consider themselves unfairly paid.
Despite discrepancies in pay, there was one trend that carried across almost all nonprofit workers - the adverse effect of money on their mental health.

It is hard to argue that in a time of unprecedented income inequality, money is on the top of the mind of almost every American. No matter the income level reported, nonprofit workers worry about money at approximately the same rate.

A report from the Archives of General Psychiatry shows a staggering correlation between financial insecurity and mental health issues. The report indicates that “low levels of household income are associated with several lifetime mental disorders and suicide attempts, and a decrease in income is associated with a higher risk for anxiety, substance use, and mood disorders”.

The data shows that at least 30% of Fayette County’s nonprofit workforce is at increased risk for incident mood disorders due to their income.
When asked explicitly if they struggled with mental health issues, workers were split almost exactly down the middle.

Almost half of the nonprofit workforce surveyed reported personally struggling with Mental Health issues.

This issue was common across all identifiers, including racial identity.

There was significant variation in Mental Health issues based on the size of the organization in which the respondent was employed.
There was also significant variation in the mental health impact that the workplace had on individuals based on the size of the organization, with a majority saying that work makes their mental health worse.

**FAYETTE COUNTY NONPROFIT WORKER IMPACT OF EMPLOYMENT ON MENTAL HEALTH**

<table>
<thead>
<tr>
<th>Organization Budget Size</th>
<th>Work Makes it Worse</th>
<th>Neutral</th>
<th>Work Makes it Better</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $25,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$25,000 - $75,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$75,000 - $150,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$150,000 - $250,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$250,000 - $750,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$750,000 +</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

0% 25% 50% 75% 100%

**ON BENEFITS:**

“... Not providing any other health benefit or retirement option is limiting to say the least, especially for employees who rely on employee medical insurance due to health concerns. In addition, it is not a sustainable or too long-term of an option if there is no retirement benefit. You lose wonderful, dedicated employees if you can’t provide these things.”

“Unfortunately, we cannot afford to purchase these benefits for our staff. Flexibility with our staff is the only "perk" we can afford to provide.”

“If you aren't going to be paid well, and be expected to do more than one person could possibly accomplish, at least your hours were flexible…”

“I spend more time in therapy than in the doctor's office.”

- Quotes from respondents
When broken out by income, a significant portion of workers in the middle three income brackets reported that their jobs made their mental health worse. Workers in the bottom income bracket were almost evenly split.

Not one single employee in the top income bracket reported that their job made their mental health worse.

This implies that for those in the top income bracket, work does not have a significant impact on their mental health. With that said, almost all of these workers are employed at organizations with annual budgets over $750,000 - where the largest percentage of workers claim their job makes their mental health worse.
Surveyed workers were split on whether they felt their employer was prepared to deal with the mental health needs of its staff.

While many that worked for smaller organizations said that their work made their mental health better, they were also realistic about their organizations not being prepared to deal with the mental health needs of their staff. These organizations had the highest percentage of respondents say they were unprepared to deal with these needs.

Overall, workers in social service subsection reported their organizations were well-equipped to deal with these issues. The employers which were viewed as the most ill-equipped to handle employee mental health issues were in the cause areas of arts and culture, education, and environment-related jobs. In these subsections, 60% of workers said their employers were not prepared to deal with mental health issues.
The last crucial element of creating a healthy workplace is to ensure that employees have a positive work-life balance - ensuring that they can leave their work at the office at the end of the day.

When asked, a majority of respondents indicated that their position allowed them to leave their work at the office and have a healthy work-life balance. However, when broken out for more detail, we can see that organizations in the mid-size range have the opposite balance of almost all the others and staff members report that their work/balance is more unhealthy than Executive Staff.

FAYETTE COUNTY NONPROFIT WORKER WORK/LIFE BALANCE BY ORGANIZATION SIZE
These unhealthy work-life balances have significant impacts on worker retention. Employees in mid-size and large organizations regularly consider leaving their position because of work-life balance.

Interestingly, workers making over $80,000 per year were most likely to report that their work–life balance made them consider leaving their position of all income brackets. However, when the respondents were broken out by position type, staff were much more likely to consider leaving their position than executive staff.
Nonprofit workers in Fayette County do not earn as much as their peers in for-profit industries. Over 20% of the workforce earns below a living wage and close to 70% earns less than the area median income.

Half of nonprofit staff members in Fayette County earn enough to afford a one-bedroom apartment, but not enough to raise a child.

Speaking of children, while the nonprofit workforce is predominantly young (45%) and female (75%), less than 25% of their employers have parental leave policies.

If you see ten nonprofit workers in a room, chances are, five of them suffer from mental health issues. Only two will receive mental health benefits.

A majority of all nonprofit workers surveyed say that their job makes their mental health worse, except for those making over $80,000 per year.
Workforce Equity
Equity is defined by PolicyLink - the national leader in equity-oriented policy strategies - as creating a just and fair society in which all can participate and prosper.

Organizations that are committed to advancing a social good must be committed to addressing the systemic *inequities* that are a result of historic racial and class-based oppression.

While many organizations are working towards equity in their mission, in order to truly build social change they must first work towards social and racial equity in their workplaces.

There is countless research from organizations like TSNE MissionWorks and the Kellogg Foundation that make it clear - it is impossible for organizations to be truly effective without first taking care of internal equity issues impacting their own workforce.

This section of this report will examine findings related to organizational policies that concern diversity, equity, and inclusion policies in the workplace.
Organizations that are working to address issues of social change in their work should have an explicit commitment to equity across their organization.

In our survey process, we asked Fayette County nonprofit organizations whether or not they had an explicit commitment to diversity, equity, and inclusion. We found that 70% of organizations had an explicit commitment to addressing issues of diversity, equity, and inclusion. When broken out by sector, there was considerable variation.

**COMMITMENTS TO EQUITY BY NONPROFIT SECTOR**

- Arts, Culture, & Humanities
- Human Services
- Food, Agriculture, & Nutrition
- Education
- Commnunity Improvement
- Civil Rights, Social Action, Advocacy
- Mental Health & Crisis Intervention
- Youth Development
- Housing, Shelter
- Animal Related
- Public & Societal Benefit
- Diseases, Disorders, & Medical Disciplines
- Environment
- Health Care
- Philanthropy
- Public Safety, Disaster Preparedness & Relief
- Crime & Legal - Related
- Employment

FAYETTE COUNTY NONPROFITS WITH COMMITMENT TO EQUITY

- No Explicit Commitment 14%
- Neutral 15%
- Explicit Commitment 70%
Interestingly, the organizational sectors that had the least expressed commitment to issues of diversity, equity, and inclusion were public safety & disaster preparedness; housing, shelter; and civic rights, social action, advocacy. Organizations with budgets ranging from $150,000 – 750,000 were also the most unlikely of all budget sizes to have this explicit commitment.

**COMMITMENTS TO EQUITY BY ORGANIZATION SIZE**

Organizations that have explicit commitments to diversity, equity, & inclusion are less likely to have staff members experience discrimination in the workplace.
More respondents in large organizations reported knowing of discrimination occurring in the workplace than in small organizations, as did people of color and those who chose not to disclose their race/ethnicity in the survey.

**FAYETTE COUNTY NONPROFIT DISCRIMINATION IN THE WORKPLACE BY ORGANIZATION SIZE**

<table>
<thead>
<tr>
<th>Organization Budget Size</th>
<th>Know of discrimination in workplace</th>
<th>Don’t know of discrimination in workplace</th>
<th>I don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $25,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$25,000 - $75,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$75,000 - $150,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$150,000 - $250,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$250,000 - $750,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$750,000 +</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**FAYETTE COUNTY NONPROFIT DISCRIMINATION IN THE WORKPLACE BY RACIAL IDENTITY**

<table>
<thead>
<tr>
<th>Racial Identity</th>
<th>Know of discrimination in workplace</th>
<th>Don’t know of discrimination in workplace</th>
<th>I don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>African-American</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caucasian or White</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latinx or Hispanic*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native American*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prefer not to answer</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Sample size <= 5 individuals - too small for reliable extrapolation

Toward Viability – 65
ON DISCRIMINATION:

“Much of our staff has faced some form of discrimination within and outside of our organization. Microaggressions…, outright aggressions… via social media, and experiences previous to employment around race, class, sexual identity, gender identity, and sexual orientation.”

“Too many incidents to name, honestly.”

“I am a white man and I still have so very much to unlearn. I fear that there is a real possibility that we have been a part of some discrimination in some way over the past decade. I am agnostic about this-- cannot be sure we have not.”

“This is currently not the status at [organization] but young employees, especially females were discriminated against, including myself. The previous CEO, with the knowledge of the Executive Committee, discriminated, manipulated employees with regards to pay, position title, promotion and employee evaluations (which were not conducted in regards to the HR rules set by the Board).”

ED had a folder of my Facebook posts to use as time stamps to say I am not working. 120% turnover due to high stress environment, unrealistic goals, and bullying. They hired an african american [employee] who spoke [non-english language] and told [them that they were] hired solely because he would help them get grants.”

“Unfortunately I’ve never been anywhere for any length of time where I haven’t heard someone say something biased. I don’t know of any acts of discrimination by the [organization] staff or board, but I do know of experiences that people had inside the [organization] perpetrated by others. Generally these came either from community members…, partners, or occasionally from inter- organizational conflict. Personally speaking, we had a donor who sexually harassed me, and a community member whose behavior bordered on stalking and had to be addressed.”

“A former employee had severe medical issues, and the organization was less than accommodating for time needed away for treatment and healing. …While there has been a culture shift internally to better promote self-care, if a staff member needed an extended leave of absence, I doubt it would go over well with leadership.”

- Quotes from respondents
In order to determine how organizations deter these types of issues, we asked respondents to identify what specific actions their organizations take to promote diversity, equity, and inclusion amongst staff.

While few organizations had publicly available diversity and inclusion policies, many organizations identified that their organizations had staff and leadership from marginalized backgrounds.
Most organizations said that they represented their community in class, race/ethnicity, education, and individuals directly impacted.

FAYETTE COUNTY NONPROFIT SELF-REPORTED DEMOGRAPHIC REPRESENTATION
But demographic data shows us that organizations are whiter and more well-educated than the Lexington population in general.
When it comes to diverse voices inside organizations, the vast majority of respondents indicated that they were listened to and appreciated.

But when respondents were disaggregated by race, we found that those who preferred to not identify their race said diverse voices were not listened to at a significantly higher rate.

* Sample size \(\leq 5\) individuals - too small for reliable extrapolation
Two other crucial aspects of building a more equitable workplace relate to language access and ADA accessibility. Based on the responses, many organizations reported being ADA accessible, but few reported that they were well suited for non-English speaking populations.

**FAYETTE COUNTY NONPROFIT ADA ACCESSIBILITY**

**FAYETTE COUNTY NONPROFIT NON-ENGLISH LANGUAGE ACCESSIBILITY**
TL;DR:

Many nonprofit organizations in Lexington believe they demographically represent their community. In fact, most are whiter and more well-educated.

Few organizations take specific measures to address equity in their organizations. These actions could range from equity and inclusion policies to understood, but informal commitment within the organization. Without these measures, organizations seem to experience higher instances of discrimination in the workplace.

While many respondents indicated that diverse voices were listened to inside their organizations, almost 50% of those that chose to keep their racial identity anonymous reported the opposite.

Many organizations seemed to be well-equipped for those that are differently abled. They are not for those who speak a language other than English.
Workforce Retention
Successful nonprofits should be well-built to ensure that employees have the opportunity to contribute and advance within the organization in order to retain their talented workforce.

Studies show that the financial cost of losing an employee can be up to 400% of their annual salary.

But organizations are not solely responsible for the conditions which retain a talented workforce. It is also incumbent upon the greater Lexington community to build the conditions that make workers want and be able to stay in place.

This section explores the relationship between organizations and the greater Lexington community when it comes and retaining a talented nonprofit workforce. This includes:

- Opportunities for career advancement
- Ability to stay in place affordably
- Potential for enacting systemic change
- Broad community support for nonprofits
The baseline that organizations can provide for career advancement is offering professional development opportunities.

At this level, many large Fayette County nonprofits seem to perform well.

But when asked about career advancement within the organization, employees reported that they had very little opportunity.

Only one organizational budget bracket had over 50% of respondents report having opportunities for career advancements within their organization.
Without opportunity for career advancement inside their organization, it is no surprise that almost 50% of workers in the nonprofit sector are planning to leave their position in the next 5 years. In addition to no internal advancement, many workers also do not see opportunity for them to advance in Lexington more broadly.
This is especially true for individuals who plan to leave their organizations in the next 0-5 years, and for young professionals, more than a quarter of which see no opportunity for advancement in Lexington.

And many of these young workers report that they may leave Lexington due to this lack of opportunity.
And that is not the only reason these workers may consider leaving Lexington - over 75% of workers under 35 in the nonprofit workforce make below the Area Median Income.

**FAYETTE COUNTY NONPROFIT WORKER ANNUAL PAY BY AGE GROUP**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>0-30k</th>
<th>30-47k</th>
<th>47-65k</th>
<th>65-80k</th>
<th>80k+</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 - 21</td>
<td>0%</td>
<td>25%</td>
<td>50%</td>
<td>75%</td>
<td>100%</td>
</tr>
<tr>
<td>22 - 35</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36 - 50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>51 - 65</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>66 +</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

These issues combined leave young nonprofit workers - ostensibly, the talented workforce that cities around the nation are trying to attract - with few choices that would lead to higher incomes in the same sector, driving them away from Lexington.

This doesn’t only impact the organizations that employ these workers, but strips away the vitality and innovation that young nonprofit workers bring to our entire community.
Income and career advancement opportunities are not the only aspects of retaining a talented workforce in the nonprofit sector. Many workers want to see their work make a long-term, systemic impact.

To gauge this impact, we asked respondents if their organization was working towards more systemic changes in their community.

The first step towards addressing more systemic change is understanding the root causes of the issues an organization is trying to address.

When disaggregated by organization size, smaller organizations were said to have a slightly better understanding of the root causes of their organization’s issues compared with large organizations.
To address systemic change, organizations must also be well-equipped to communicate with the broader Lexington community.

This includes the ability to communicate their mission, the root causes that create the circumstances to which they are responding, and how they carry out addressing these issues.

While overall, organizations seemed to be in a position to do this effectively, there was some deviation based on organization size.
Organizations must also have robust community partnerships to have a long-term systemic impact.

These partnerships are essential for taking a cross-sectoral approach to tackling the complex issues that organizations are seeking to solve. Sometimes referred to as a “collective impact” model, organizational partnerships must have a structured understanding of inter-agency collaboration.

As with previous examples, organizations seemed to be in a position to do this effectively broadly, but there was deviation based on organization size.
Lastly, for organizations to be seeking systemic impact, they must be attempting to influence policy change.

Policy change is essential for attempting any sort of systemic impact. Often, nonprofits shy away from attempting to influence policy due to concern about lobbying and potential violations of their 501(c)3 nonprofit certification.

There are countless resources for navigating these waters, but an essential one for finding the dividing line between service organization and advocacy organization was published in the *Nonprofit and Voluntary Sector Quarterly* in 2015 entitled “Advocating for Policy Change in Nonprofit Coalitions”.

According to our survey, less than half of all respondents indicated that their organization was seeking to address policy change.

Not surprisingly, workers showed a correlation between being employed by organizations that seek policy change and feeling like they personally have the power to impact change in Lexington.
Beyond organizational effectiveness, income, and career advancement, a key to retaining Lexington’s talented workforce is the broad community support that organizations receive.

To understand how organizations feel supported, we asked nonprofit workers to identify how they felt about government, philanthropy, and business support of their work.

We started by asking organizations if these three entities understood the issue impacting Lexington, and then followed by asking them in what ways they felt support from these entities was adequate.
Toward Viability - 84

Animal Related
Arts, Culture, & Humanities
Civil Rights, Social Action, Advocacy
Commnunity Improvement
Crime & Legal - Related
Diseases, Disorders, & Medical Disciplines
Education
Employment
Environment
Food, Agriculture, & Nutrition
Health Care
Housing, Shelter
Human Services
International, Foreign Affairs, & National Security
Mental Health & Crisis Intervention
Mutual & Membership Benefit
Philanthropy
Public & Societal Benefit
Public Safety, Disaster Preparedness & Relief
Recreation & Sports
Religion - Related
Unknown
Youth Development

Local Government

Does local government understand the issues that impact Lexington?
DOES LEXINGTON'S LOCAL GOVERNMENT ADEQUATELY SUPPORT LOCAL NONPROFITS IN ANY OF THE FOLLOWING WAYS?

- Financial Contributions
- In Kind Services
- Strategic Partnerships
- Volunteering
- Communications Support
- Other
- None of the Above

Philanthropy

DO PHILANTHROPIC DONORS UNDERSTAND THE NEEDS OF THE ORGANIZATIONS THEY CONTRIBUTE TO?
DO PHILANTHROPIC DONORS UNDERSTAND THE NEEDS OF THE ORGANIZATIONS THEY CONTRIBUTE TO?

<table>
<thead>
<tr>
<th>Category</th>
<th>0%</th>
<th>25%</th>
<th>50%</th>
<th>75%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal Related</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arts, Culture, &amp; Humanities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civil Rights, Social Action, Advocacy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Improvement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crime &amp; Legal - Related</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diseases, Disorders, &amp; Medical Disciplines</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food, Agriculture, &amp; Nutrition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Care</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing, Shelter</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International, Foreign Affairs, &amp; National Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mental Health &amp; Crisis Intervention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual &amp; Membership Benefit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philanthropy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public &amp; Societal Benefit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety, Disaster Preparedness &amp; Relief</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recreation &amp; Sports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Religion - Related</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unknown</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DOES LEXINGTON’S PHILANTHROPIC COMMUNITY ADEQUATELY SUPPORT LOCAL NONPROFITS IN ANY OF THE FOLLOWING WAYS?

<table>
<thead>
<tr>
<th>Support Type</th>
<th>0%</th>
<th>25%</th>
<th>50%</th>
<th>75%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Contributions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Kind Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Partnerships</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volunteering</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None of the Above</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Toward Viability - 86
As one can see, none of these three essential sectoral community partnerships have any aspect of their support clear the 50% mark. This perceived lack of support for nonprofit organizations causes systemic crises for organizations, making them places that are more difficult to work.

One of the largest issues that is caused by this support level that impacts organizations across the board is the lack of financial support for the operations of organizations.
The colloquial understanding among the sector is that donors do not like to contribute to “overhead” or “administration”, they just want to contribute to programmatic work.

Overhead and administration are both essential parts of organizations and require staff and workers to enact. With organizations afraid to ask donors for support for their staff, donors are reluctant to provide it.

As we have seen through this report, compensation, benefits, engagement, and more are all important aspects of retaining a talented workforce - which is what build a successful organization.

We wanted to dig a bit more into this issue, so we asked Executive Staff of organizations how they felt about their organization's operating budget, and how they would allocate additional unrestricted resources if they were to become available.
Over 70% of nonprofit organizations in Fayette County indicated that they struggle with finding operating support, and a significantly majority said that emphatically.

**FAYETTE COUNTY NONPROFITS STRUGGLING TO FIND OPERATING SUPPORT**

And over half of nonprofit organizations indicated that if they received additional unrestricted funds they would be devoted to increasing staff compensation or hiring new employees.

**FAYETTE COUNTY NONPROFITS USE OF ADDITIONAL DISCRETIONARY FUNDS**
TL;DR:

The Fayette County nonprofit sector is at high risk for losing its talented workforce. Many employees, especially younger workers aged 22 - 35, do not see Fayette County as a community in which they have the opportunity to advance their careers.

Furthermore, these same employees (which make up almost 40% of the workforce) earn less than their peers in the for-profit sector, and less than their peers in nonprofit organizations. 75% of nonprofit workers under 35 earn less than the area median income.

Workers in the sector also have a grim view of how Lexington supports the nonprofit sector. Almost 50% of workers say that in no way do the business, governmental, or philanthropic sectors adequately support nonprofits.

These indicators point to a sector overburdened by employee turnover, costing organizations tens of thousands of dollars annually, making them much more inefficient.
So what?

The data is helpful to help us understand the context of what is happening in Fayette County’s nonprofit sector, but what do we do now?

Now we start the hard work of seeking to address the issues that impact our sector. We can use this document when we talk to partners, funders, and more about our organizational needs, and the impact that not prioritizing the health of our workforce has on our effectiveness.

But more than that, we need a structure that helps us understand what an effective nonprofit actually looks like. What are the benchmarks and goals that organizations can set internally to get to a place of viability?

The remainder of this document will be devoted to envisioning a new, more viable nonprofit sector. It will include recommendations for the sector derived from nonprofit employees and a framework for organizational excellence.
People are valued above everything else, both the "helped" and the "helpers". Best practices are understood and valued.

Mission driven business. Focus on the mission, operate as a business. Develop leadership within the staff, leadership will become the norm in the everyday work.

The ideal nonprofit workplace is one in which staff are empowered to impact change, while being fairly compensated, respected, valued...all while having fun.

The ideal non-profit workplace would be intersectional in its hiring, pay at least a mean salary compared to for-profit institutions and take a holistic approach to attack its mission.

A 35-hour work week, where the team effectively communicates at all times, donors give unrestricted funds without a dog and pony show or flaming hoops, and I can go home feeling like I can switch off and relax.

One that advocates for and honors the strengths and possibilities of those served, those who serve and engages the community to be part of the solution.

The ideal nonprofit is well understood by government, board, employees, & those it supports, matched with donors who share commitment to the mission and are well compensated for their time and expertise.

The ability to work one job should not be a luxury.

It would be a place that reflects the communities we serve, with engaged and dynamic leadership and board and staff who are empowered to be innovative and creative!

Dedicated, optimistic, non-cynical staff. A financially stable organization with a clearly defined and focused mission which reaches the target demographic and community. AND the staff are paid fairly (that's very important – it is the reason I will likely leave non-profits)
Moving Toward Viability

Upon release of this report, the authors conducted a workshop with over eighty Fayette County nonprofit workers. The goal of this workshop was to generate three goals that we can move collectively towards as a sector. These are the goals that we — as a sector — identified as the top priorities for building a more viable nonprofit landscape over the next year.

Goal for Executive Staff/Staff

Set internal benchmarks that empower employees inside the work environment. This should include regular performance reviews, opportunities for staff feedback about their benefit and compensation structure, and opportunities for professional development and career advancement.

Goal for Boards

Adopt industry-standard policies that create an effective governance model and organizational structure. This should include board governance documents, strategic and development planning, and comprehensive human resources.

Goal for Community Support Systems

Reeducate community support systems within philanthropy, business, and local government so that they better understand the necessity of direct, unrestricted operational funding for non-profits. This should include the stories of nonprofit workers, data about the nonprofit workplace, and national benchmarks for unrestricted giving.
A viable organization will have a full slate of organizational policies, including:

- Strategic Plan
- Fundraising Plan
- Board Selection Criteria
- Whistleblower Policy
- Conflict of Interest Policy
- Social & Racial Equity Policy
- Procedure Manual

A viable organization will have an HR structure that allows:

- Regular Performance Reviews
- HR Committee of the Board
- Employee / HR Bypass Policy

A viable organization will have a Board of Directors interface that contains the following:

- Consistent Board Meetings involving staff
- Clear Board Position Descriptions
- Mandatory written Board contracts
- Performance Criteria for Board Members
WORKFORCE ENGAGEMENT

A viable organization will have a culture that inquires, receives, and acts upon employee feedback:

- Facilitate regular opportunities for staff to provide feedback on organization’s direction
- Create paths to act upon this feedback
- Develop systems that allow staff to provide feedback on executive staff directly to the board of directors
- Hold regular reviews of high-turnover positions

WORKFORCE HEALTH

A viable organization will work towards fully taking care of their staff, understanding that no work can happen without them:

- Conduct a review of current employee compensation and benefit packages, including a staff questionnaire regarding their efficacy
- Provide all staff with a living wage and health benefits - including mental health
- Provide parental leave benefits
- Conduct regular evaluations to determine if the workload is negatively impacting employee mental health
WORKFORCE EQUITY

A viable organization will ensure that they demographically represent the community that they serve, and will lead with those most impacted by the issues:

- Conduct regular demographic surveys of target clientele/audience
- Ensure that staff, executive staff, and board matches these demographics as closely as possible
- Consider conducting annual or biannual equity audit for organization
- Translate all necessary materials for the audiences which they serve
- Ensure appropriate ADA accessibility as well as accessibility for those that are visually or aurally impaired

WORKFORCE RETENTION

A viable organization will provide robust opportunities for career advancement and will work towards providing an inspiring environment for its workforce:

- Create budget line item for professional development if it is not there
- Provide staff with flexibility and resources to attend professional development opportunities during the workday
- Adopt formalized approach towards policy change on local issues that workforce can rally behind
Additional Research

WORKFORCE ENGAGEMENT

Employee Engagement
Fast Company - Here's What Facebook Discovered From its Internal Research on Employee Happiness

Employee Engagement
Gallup Research - Gallup Daily: US Employee Engagement

Millennial Employee Engagement
Gallup Research - Business Journal: Few Millenials are Engaged at Work

Employee Satisfaction
Gallup Research - State of the American Workplace

Costs of Employee Turnover
The Nonprofit Center at La Salle University - Employee Turnover
https://www.lasallenonprofitcenter.org/employee-turnover/

Costs of Employee Turnover
The American Review of Public Administration - Employee Empowerment and Turnover Intention in the U.S. Federal Bureaucracy; May 19, 2015

Costs of Employee Turnover
http://hrmars.com/hrmars_papers/
The_Impact_of_Employee_Training_and_Innovation_on_Turnover_Intention_An_Empirical_Research.pdf

WORKFORCE HEALTH

Housing Expenses for Fayette County
Out of Reach - National Low Income Housing Coalition
https://reports.nlhhc.org/oor

Toward Viability – 98
Living Wage for Fayette County
Massachusetts Institute of Technology - Living Wage Calculation for Fayette County Kentucky
http://livingwage.mit.edu/counties/21067

National Employee Benefit Figures

Health Insurance for Fayette County
The Henry J Kaiser Family Foundation – Health Insurance Marketplace Calculator
https://www.kff.org/interactive/subsidy-calculator/

Income Calculations for Age Demography
DQYDJ - Income Percentile by Age Calculator for the United States in 2018
https://dqydj.com/income-percentile-by-age-calculator/

Correlations between Mental Health and Low Income
Archives of General Psychiatry – Low income associated with mental disorders and suicide attempts, study finds; April 2011

WORKFORCE EQUITY

Equity Toolkits and Research
PolicyLink – Equity Manifesto
policylink.org

Racial Equity in the Economy
Altarum Institute & W.W. Kellogg Foundation – “The Business Case for Racial Equity” quantifies the cost of racism in the U.S.
https://www.wkkf.org/resource-directory/resource/2013/10/the-business-case-for-racial-equity

Importance of Inclusion in the Nonprofit Workplace

WORKFORCE RETENTION

Nonprofit HR – Rethinking Performance Reviews
https://www.nonprofithr.com/rethinking-performance-review/