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The Harsh Reality of Nonprofits and the Government

Nonprofit organizations are a bright beacon of hope for communities, especially underserved ones. They provide a large array of services which typically include housing assistance, education and human services. These organizations can be seen as backbones for their communities to thrive, they step up to assist everyone which allows the incompetencies of the government to provide these same services to their people to be forgotten and swept under the rug. I believe the government should not be able to rely on nonprofits to do things that they should be doing themselves, or at the very least, the government should better fund nonprofits if it's going to be like this. In New York, especially, nonprofit organizations provide many essential services that the government should be required to give but don't, resulting in being overdependent on nonprofits and unequal or split support for everyone, which can be further seen in moments of crisis.

Through many sources, this essay will dive deeper into how nonprofits are considered the backbone of New York City. I will explore my belief that the government is not doing enough for the community and even the organizations they're relying on, which are the nonprofits. Additionally, I will be covering how crises like COVID-19 or the Great Depression have made problems of split support

and unequal access even larger and how it hurts everyone involved, not just the people who can't access these services, but also the organizations and workers who work tirelessly to give these services, while the government fails to step up.

As mentioned before, nonprofits offer many services that the government does not administer to the community correctly. The nonprofits are seen as the places to go when you're in need since they provide extremely helpful resources in food pantries, housing aid, mental health assistance, etc. Nonprofits are doing so much while the government is doing so little. This imbalance is further seen during the crisis of COVID-19. Author Chloe Sarnoff, in *Strengthening New York City's Human Services Sector*, argues that nonprofits have been the City's safety net for way too long. She mentions that during the pandemic, nonprofits were able to serve many communities by giving the services listed above and more. All of these services experienced an enormous increase in demand, as well as an increase in problems when it came to funding. Sarnoff mentions that there are many nonprofits in New York that have government contracts to give services that the city is literally liable for. Even then, the government chooses to just pay 80% of the true cost for those services, which is outrageous. This then leads to nonprofits having to either back down from giving some services, cut wages, or carry debt so they can stay open. She then talks about wanting to up the wage floor for human service workers within NYC and makes the point that nonprofits won't be able to support the city if they aren't supported.

The underfunding within the nonprofit sector is a main factor for there not being stability for workers and the people who need the services. This is proven by The New York State Comptroller's report, *The Critical Role of Nonprofits in New York*, which provides interesting statistics which show how fragile funding for nonprofits has been. Amidst the pandemic, employment for nonprofits dropped

dramatically, and led to many nonprofit organizations closing. Some organizations were able to reopen after the pandemic was over but irreparable damage has been done as the number of nonprofits still haven't recovered to what it was before the pandemic. The report talks about how payment and contract delays are also what led it to this point of nonprofit instability, as over half of the state contracts in 2023 were late. The delays hurt the services that nonprofits strive to give and pushes people away from wanting to work in the nonprofit sector. Another factor which creates these problems is the wage disparities nonprofit workers face. Nonprofit workers earn about 24% less than private sector workers. Additionally, nonprofit workers earn 14% less than public services workers too (DiNapoli).

All of this is further echoed in the Nonprofit Finance Fund episode "The Backbone of Just About Everything", Sheena Wright talks about how she thinks the city has had a long history with paying nonprofits on time. She also discusses how the problem is even worse for nonprofits, which may be led by people of color. She goes into depth about how nonprofit organizations are what keep this up and the urgency needed by the government to fix delays with payments and the inequalities plaguing these organizations, stopping them from bettering the world. Wright stands by her belief of nonprofits being not only underpaid but also underappreciated since she believes that they do the most for underserved communities.

The reliance on nonprofits isn't only a product of inefficiency, which has consequences for the communities these organizations serve. When funding is delayed and wages remain low, the quality as well as availability of services suffer, this then creates gaps that can hit the most vulnerable communities who need it first. For example, housing assistance programs, as Kaya and Maass talk about in "*Queue Routing Strategies to Improve Equitable Housing Coordination in New York City.*",

often experience bottlenecks which can leave families waiting for resources they urgently need. Food pantries and mental health services face similar problems, especially during crises, Sarnoff emphasizes this in her report on New York City's human services sector. This absence of stability demonstrates that even when nonprofits are doing what they can, they still can't fully replace the government's role in providing these essential services. As York and Berger note in *The Nonprofit Fix*, "in the case of my current agency and virtually every agency I've worked for where we're doing direct service, 90 to 95% of our funding comes from government," this shows how deeply nonprofits are dependent on government support while navigating bureaucratic challenges (4:54 - 5:13). Looking at how communities can struggle when nonprofits are stretched thin makes it clear that the current system relies on benevolence rather than accountability, which is just flawed.

This problem is also made worse by the pressures that are faced by the nonprofit workers themselves. As Piatak and Pettijohn discuss in "*Within Source Diversification When the Going Gets Tough: Examining Alterations to Human Service Nonprofit Funding by Levels of Government*" nonprofits typically adjust services and funding techniques when there is insufficient government support. This then leads to non ideal work conditions for employees. Sarnoff and DiNapoli similarly discuss that nonprofit employees earn way less than others in the public and private sectors, even while having similar difficulty in regards to responsibilities. There are many nonprofit workers that are simply motivated by the purpose and commitment to their communities but then contract delays, underfunding, and wage disparities put them into unfortunate situations like having to reduce services, incur debt to continue services, and even risk burnout. As someone who has worked in nonprofits personally, the people I have worked with are so passionate and selfless, seeing their

dedication to giving these services highlights how unfair it is to expect nonprofits to function as government replacements without the right support.

The Inequities in nonprofit funding also intersect with systemic racial and social disparities. Wright emphasizes that nonprofits led by BIPOC individuals are affected even more by delays in funding and inequitable contracts, which also creates additional challenges in serving communities which need it most. DiNapoli's report reinforces that not having stable funding affects not only operations but also the ability to plan out long term initiatives, which can increase feelings of inequality. Additionally, Piatak and Pettijohn realize that shifts in government funding priorities mostly impact smaller or community-focused nonprofits hardest, many of which typically serve underserved populations. Kaya and Maass also mention that without meticulous planning and thoughtful distribution of services there will be certain areas or groups that may be left behind. This shows how the nonprofits operate while under strain, they struggle to make ends meet while the government continuously fails to give the right support.

As a whole, these issues interact and prove that it is very hard for nonprofits to hold the full weight of responsibility with assisting underserved communities, especially without proper funding, equitable contracts, and useful government support that is on time. Across all sources, Sarnoff, DiNapoli, Wright, Piatak and Pettijohn, York and Berger, and Kaya and Maass a central idea becomes clear, which is the idea that nonprofits are doing the work of the government without being treated as equal partners, it's almost like nonprofits are doing 70% of the work and the government is only giving 30%. The main reasons why it feels this way is chronic underpayment, delayed contracts, and unequal funding which weakens the passionate

organizations that the city leans on most. This then results in workers feeling overextended and communities underserved. As Sarnoff and Wright mention, meaningful reform must start with funding nonprofits at the true cost of services, paying workers fairly, and ensuring contracts are processed on time. Until the city shares responsibility and supports the organizations sustaining it to the high standard they deserve, the safety net will continue to depend on those least supported to hold it together.

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