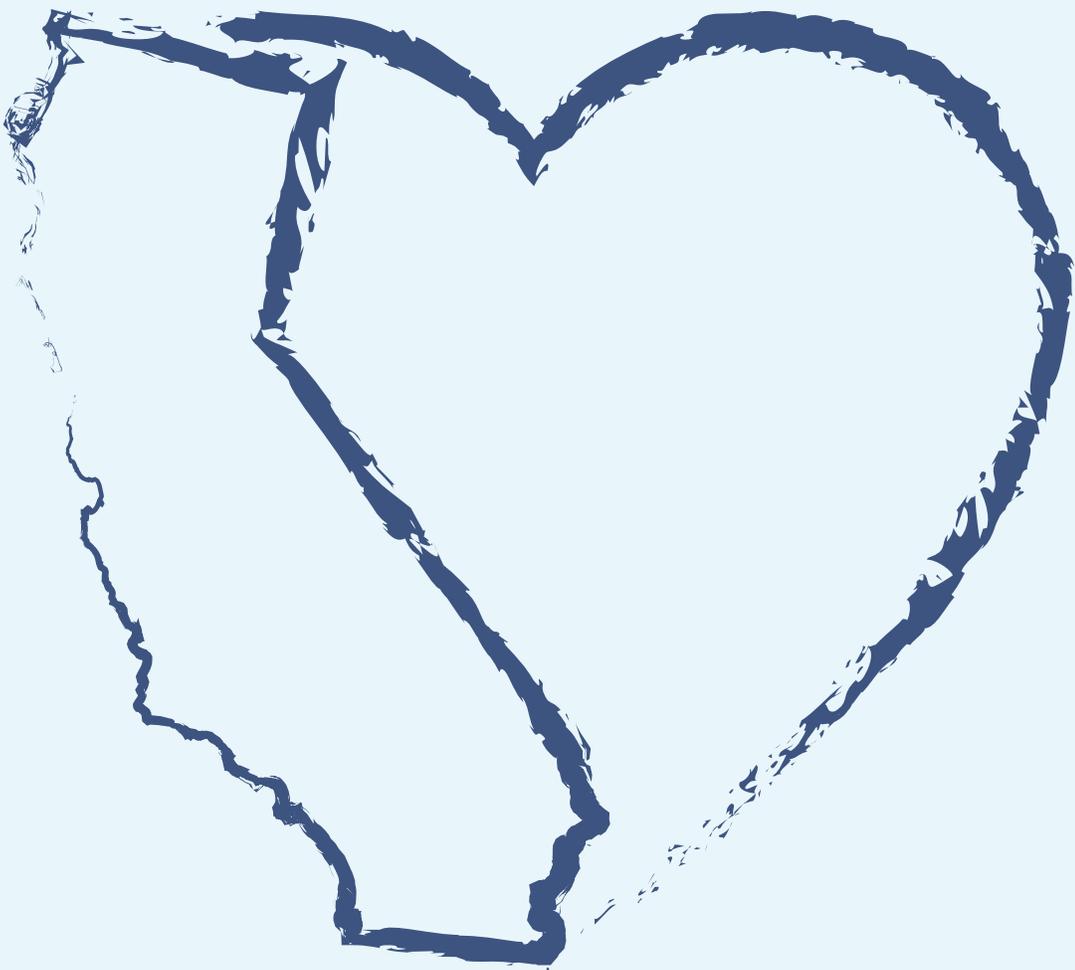


The Heart of the Sector

How Funders Can Support Nonprofit Worker Well-being

Investing in nonprofit staff + Building thriving communities
Strategies for lasting impact



Nonprofit Finance Fund®

The Heart of the Nonprofit Sector

Nonprofit workers keep communities strong.

They show up every day with commitment, creativity, and deep local knowledge, even as many face financial strain, burnout, and structural barriers that undermine their well-being. When nonprofit workers thrive, organizations deliver stronger programs, and communities benefit. The reverse is also true: When workers are stretched thin, the whole ecosystem feels it. Across all sectors, it is estimated that turnover and lost productivity as a result of burnout costs 15-20% of an organization's payroll on average – costs which ripple into communities.

Through nearly 50 interviews with nonprofit, foundation, and government leaders, and responses from over 500 California nonprofits in Nonprofit Finance Fund's 2025 State of the Nonprofit Sector Survey, we heard a clear message: Worker well-being is mission critical. As one nonprofit leader summed up:

“Worker well-being is community well-being. When our staff are taken care of, our community is taken care of.”

Organizations want to invest in their people and many are doing so in innovative ways. But they can't do it alone; improving nonprofit worker well-being is a collective effort. Funders – public and private – have a powerful role to play in removing constraints and fueling solutions. This report lifts up what nonprofits and funders shared with us, homing in on the promising practices already underway and the concrete ways funders can strengthen the nonprofit workforce, and in turn, the communities they serve.

This summary report was developed as part of a larger project on the state of nonprofit worker well-being in California. Although our research focused on one state, we believe the learnings and insights are widely applicable across the United States.

For more information and to read our detailed report, please visit nff.org/insights/worker-well-being.

Defining Worker Well-being

Worker well-being does not have a single definition; it can mean different things to different people, depending on their experiences and the nature of their work. Across interviews, leaders described worker well-being in ways that were practical, actionable, and deeply personal. While definitions varied, two themes repeatedly emerged: **the need for economic security and the ability to thrive professionally and personally.**

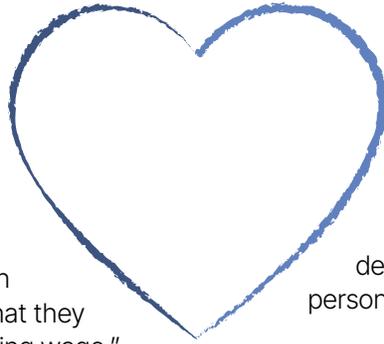
Economic Security

The ability to meet basic financial needs – pay the rent, cover healthcare costs, afford childcare – is foundational to an individual's well-being. Yet in our 2025 Survey, more than half (54%) of California nonprofits [reported](#) that they are unable to pay all full-time staff even a “living wage,” the minimum income needed for a full-time worker to cover necessities for themselves and their family. And even a living wage is a floor: [true economic security](#) is not just about having the resources to meet basic needs, but also about comfort, enrichment, and stability – having funds to pay for unexpected costs, invest in self-care and growth, and save for the future.

Leaders spoke about the importance of fair compensation – often above and beyond a living wage – and its strong connection to well-being, but the constraints of existing funding structures often don't allow for it. We heard a similar tension regarding benefits: Workers need health insurance that meets their needs, paid time off without guilt, and mental health services that acknowledge the emotional toll of nonprofit work – but there are often limited resources to provide these for staff. While economic security alone does not equate to well-being, without it, well-being can be elusive.

“Individual wellness [programs] will impact your ability to show up and do the work, [but they have] to be coupled with actual shifts in people's material conditions.”

—Nonprofit leader



Thriving Personally and Professionally

Beyond economic security, leaders described well-being as the ability to thrive personally and professionally, encompassing:

- Having a connection to the mission, and finding meaning and value in their work and contribution to the organization and/or community.
- Feeling agency and autonomy over their work.
- Showing up as their “full self” at work, unafraid of any negative treatment or judgement.
- Having a positive relationship with their colleagues and manager.

These components of worker well-being may seem more abstract and subjective than the more easily quantified facets of economic security, but they are reflected often in [national research](#) on job quality. Workers [want to feel](#) trusted, seen, and like their work matters, within a workplace that treats them as whole people.

“Well-being means that people want to work at the organization and identify with [its] mission and values. ... The care that you bring to delivery of your mission is the same care that you bring to folks in your organization.”

—Nonprofit leader

Dynamics Shaping Worker Well-being in the Nonprofit Sector: What Makes It So Hard?

Nonprofit worker well-being is shaped by the interconnected systems nonprofits operate within and the dynamics they navigate daily:



Funding that doesn't cover full cost. Grants and contracts tend not to cover the [full cost](#) of what it actually takes to deliver services. To fill the gap, organizations may keep wages low, stretch staff capacity, and delay investments in critical infrastructure. When the system is underfunded by design, difficult tradeoffs arise between supporting staff and keeping the doors open.



Persistent narratives that undervalue nonprofit work. A common, long-standing myth among both funders and organizations is that nonprofit workers should accept low pay and long hours because the work is “meaningful.” While mission alignment does motivate many people to enter the sector, it alone doesn't pay the bills or prevent burnout.



Emotionally demanding and high-stakes work. Many nonprofit jobs involve high emotional labor, exposure to past and vicarious trauma, and long timelines for positive impact. While staff are often deeply connected to the mission – and many have lived experience in the communities they serve – this can make it hard to set boundaries within the work and for organizations to truly support health, stability, and healing.

Worker well-being is more than an individual or organizational issue; it's a systems issue. Supporting it means funding the full cost of services, allowing flexibility in how money is used, and truly recognizing workers as essential to community impact, not separate from it.

“Particularly in the kind of work that we do, there is such a personal connection and tie to the work and the outcome of the work. We don't have deliverables like a bottom line; the outcome is a child's life, literally life and death.”

—Nonprofit leader

Promising Practices Nonprofits Are Implementing to Improve Worker Well-being

Just as there is no single definition of worker well-being, there is no one formula for how organizations can support worker well-being. While there are some concrete benchmarks, especially around wages and benefits coverage, how an organization invests in worker well-being should be tailored to the needs of their workforce. And the path to get there will look different for each nonprofit.

There are many nonprofits leading the way, making a commitment to improving worker well-being, implementing responsive and creative efforts, and seeing tangible outcomes for their workers and the communities they serve. In this section, we highlight five promising practices nonprofits are enacting that emerged in our discussions with leaders. While these practices may not be right for all organizations and do not come without challenges to initiate and implement, they are examples of what's possible when nonprofits and funders recognize the well-being of the workforce as essential to mission. The five examples we will highlight are:



The nonprofit leaders we spoke with shared how these examples led to increased retention, fewer absences, more productive employees, and a happier, healthier team. This in turn fueled stability, improvements, and/or growth in their programs, and ultimately enhanced services and access for the community. Across these examples, one thing is clear:

Improving worker well-being is about making intentional, sustained investments in the people who make positive community impact possible.

Equitable Pay

Increasing pay is typically prioritized by nonprofit leaders as the key lever they can use to address the interrelated issues of worker well-being and burnout, and staff attraction and retention. Intertwined with the issue of increasing pay is equitable pay. Leaders described equitable pay as:



“The work that we do – centering lived experience over a college degree – we’ve continued to try to advance equitable compensation, which contributes to well-being significantly. Cost of living is always scaling up, and unfortunately in the nonprofit sector, folks don’t fund people, they fund the work. We try to be clear that pay equity is an organizational value, and not determined on budget. Our work on that doesn’t stop. Folks get really uncomfortable talking about money. ... I would love if people talked more about money. Without talking about it, it’s hard to advocate for more and better.”

—Nonprofit Leader

- Pay that ensures workers at all levels earn at least a living wage, with a path to moving beyond that.
- Compensation practices that reflect a clear and transparent pay structure that values all worker roles.

Examples of equitable pay strategies from our research include:

- **Benchmarking:** Implementing across-the-board raises after benchmarking to industry standards, or setting the goal of all staff earning at or above industry median wage.
- **Internal pay equity:** Prioritizing raises for lower-paid employees; setting salary ratios (e.g., the highest salary in an organization is no more than 4x the lowest salary).
- **Salary floors:** Establishing a minimum salary for any role in the organization, at or above a living wage.
- **Tenure pay:** Automatically increasing salaries with each year of tenure to recognize and reward employees’ ongoing service to the organization.

Benefits

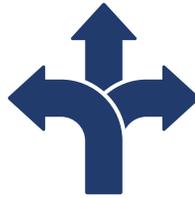
Leaders consistently pointed to a core set of benefits as essential for all organizations: health insurance, disability insurance, and paid sick and vacation time. Beyond these, our research elevated numerous other supports that further worker well-being for those at different life stages or with different household needs. Examples include:



- **Full coverage of insurance premiums.**
- **A choice of healthcare plans.**
- **Caregiver assistance**, including stipends to cover costs of care, adoption, and paid leave.
- **Transportation stipends.**
- **Professional development and coaching**, shaped by staff, with flexibility in how funding can be used.
- **Employee hardship funds for emergencies.**
- **Mental health services**, availability of on-site therapy, insurance that covers mental health services, and/or private rooms for therapy or other self-care activities.
- **Time off for wellness**, including regular “wellness” days that everyone takes.
- **Sabbaticals.**

Flexible Work Schedules and Locations

The COVID-19 pandemic changed the world in many ways, including how and where people work. What started as a necessary response to health and safety restrictions has become a key way organizations are positively impacting the day-to-day experience of work. [Research shows](#) that the flexibility of remote work is the top reason social impact employees stay in their jobs – cited even more frequently than mission alignment, a supportive work environment, and adequate pay/benefits. Nonprofits are implementing other flexibility strategies as well, such as the four-day work week, in which employees work four days a week instead of the conventional five for the same pay and with the same workload.



“We eased into a four-day work week over six months’ time. We asked [ourselves], ‘What makes this possible and successful for our team?’ ... We were constantly checking in on how it’s going as we were implementing: What is working? What is challenging?”

—Nonprofit Leader

Collaborative Leadership and Decision-Making

No matter where they work or how much they earn, workers want to feel that they can [effect change](#) in their workplace and job. In nonprofits, this may be even more pronounced: Workers want a real voice in shaping their organization’s direction. In recent years, there’s been movement away from traditional workplace hierarchies and top-down decision-making. One strategy for increasing worker involvement in organizational decisions is the creation of formal internal structures that distribute decision-making power across a broad, representative swath of staff. From what we saw, these types of structures are typically focused on a particular aspect of organizational operations, for example, budgeting. The involvement of staff from all levels is key, as is the inclusion of staff from all functional areas of the organization – not just those whose roles are directly connected to the committee’s focus.



“We have a commitment that all of our decisions are made by the people who are impacted by them. So all staff-impacting decisions are discussed with the full team.”

—Nonprofit leader

Nonprofit Staff Unionization

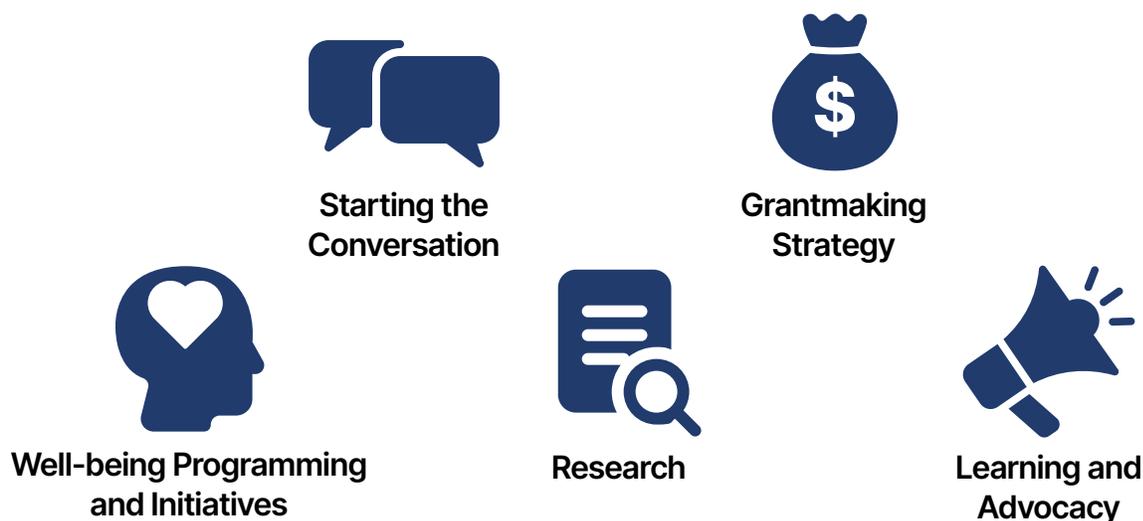
A union is a formal way for workers to share power and shape workplace decisions. Unionized workers tend to have higher wages, more benefits, paid leave, and control over their schedules, and use fewer public benefits than their non-unionized peers. Unionized workplaces [have fewer occupational fatalities](#) and smaller internal gender and racial wealth gaps than non-unionized ones. The issue of unionization in nonprofits is increasingly visible, and drawing interest from workers, leaders, and funders, even while only a small number of nonprofits are unionized. Unionization comes with its own challenges and may not be right or possible for all nonprofits. But as more nonprofits explore the approach, it can raise overall expectations and standards across the sector, and – even for non-unionized organizations – the model can offer important practices and ideas for supporting well-being.



How Funders Can Support Improved Nonprofit Worker Well-being

Most nonprofits operate with constraints such as limited budgets and restricted funding. While there are promising ways organizations are supporting well-being without new dollars, funding often plays a critical and decisive role. How nonprofits are funded can either enable or limit their ability to pay equitably, offer benefits, and create healthy and sustainable work environments.

This section outlines practical ways philanthropic funders can support worker well-being, including both financial and non-financial tactics, taking into consideration multiple levers funders may be able to access. Examples we highlight include:



Our goal is not to suggest a single approach, but to encourage funders to take intentional steps – even seemingly small ones – to strengthen the nonprofit workforce serving the communities they care about.

Starting the Conversation

One of the simplest things funders can do is ask grantees about how their staff are doing. This can be a powerful signal that funders understand the connection between a healthy workforce and mission impact, and can open doors for leaders to invest in their staff.

In light of the power imbalance in funder-grantee relationships, it's especially important for funders to initiate these types of conversations rather than waiting for nonprofits to raise them. These conversations can help grantees to understand that funding can go toward worker well-being and doesn't automatically mean an expectation to expand the work.



"We've made it a point to ask, 'What is the organization doing to advance wellness and sustainability?' People appreciate that we ask about it. The general operating support that we provide doesn't have to be used on wellness, but the conversation allows them to think about and be more intentional about how they use unrestricted dollars."

—Foundation leader

Grantmaking Strategy



The good news is that philanthropy already has a key tool for supporting worker well-being: grants. Prioritizing well-being does not always require bigger grants – although it certainly can – but it does require intentionality and thoughtfulness about how funding is structured. Funders can provide:

Full cost funding

[Full cost funding](#) allows organizations to cover all of their programmatic and operational expenses, build reserves, and plan for future change. In some cases, this means bigger grants. When that is not feasible, funders can also adjust expectations of what is realistic with their existing support. Organizations may also need support in figuring out their full costs, amid a system that has conditioned them to undervalue their work and conform with arbitrary and outdated standards about minimizing compensation and overhead.

Multiyear and unrestricted funding

Multiyear and unrestricted funding give leaders the flexibility to decide how they best invest in their staff and plan for the future, while reducing some of the pressure of annual fundraising. Even when unrestricted funding isn't possible, funders can look for ways to offer greater flexibility and make their funding "unrestricted-like" – for example, by allowing generous overhead and reducing rigidity around budget line items.

"Unrestricted funding is the best strategy; it allows us to maximize funds, to have the most impact, and to take care of our workforce who is moving the work forward. I was able to build relationships and have direct conversations with funders about having a more trust-based approach, including the need to move toward multiyear, unrestricted funding. I was able to get some funders to transition program restricted funds to unrestricted funds. This allows us to be nimble and pivot when the time calls for it."

—Nonprofit leader

One-time or supplementary grants

Additionally, funders can provide one-time or supplemental funding alongside a grantee's core grant for well-being initiatives or investments identified by the grantee. This supplemental funding should come with choice and flexibility in how grantees use it to support their workforce, based on staff needs and priorities. When provided on top of core support, these grants allow nonprofit leaders to not have to make trade-offs between worker well-being and other critical organizational needs. [Staff Operating Support](#) grants have emerged as one tool for funders to flexibly invest in the well-being of nonprofit staff.

"It can be hard for nonprofits to use the general operating support for self-care or worker well-being; it's in the DNA of the nonprofit mentality that staff sacrifice – and suffer. I often make an [unrestricted grant] that I know they will use for programs, and another small grant that is for worker well-being. Even if I encourage them to use the [unrestricted grant] for well-being, it's hard for them to do that. That second grant feels like 'permission' to them to use it to invest in their staff."

—Foundation leader

Grantmaking Strategy in Action

Examples of foundations providing flexible and/or long-term support include [The California Endowment](#) and [The California Wellness Foundation](#) through their general operating support grants, the Walter and Elise Haas Fund through the [Endeavor Fund](#) and [WE Initiative](#), and The James Irvine Foundation through the [Better Careers Initiative](#).

Well-being Programming and Initiatives



In addition to direct grantmaking, a number of foundations are investing – individually and collectively – in nonprofit worker well-being through dedicated programs and special initiatives focused on well-being. These efforts provide resources or supplemental support that organizations might not be able to provide on their own. And they often have the added benefit of creating connections and shared learning between staff from different organizations. Examples we heard include:

- **Sabbatical programs**, which provide financial support for nonprofit leaders to step away from work, contributing to organizational sustainability by reducing burnout and providing a chance for other team members to step into leadership roles while their colleagues are on sabbatical.
- **Cohort-based initiatives**, which bring staff from multiple organizations together for well-being programming and/or provide space for collective reflection, professional development, and rest.
- **Support for professional development**, which contributes to individual growth and job satisfaction over the long-term.

Funding Rest, Connections, and Professional Development

Several California funders offer sabbatical programs, leadership fellowships, and professional development opportunities that prioritize worker well-being and organizational sustainability. These programs are often flexible, trust-based, and designed to strengthen both individuals and their organizations.

Examples include sabbatical programs offered by [The California Wellness Foundation](#) and [The Durfee Foundation](#), The John W. Mack Movement Building Fellowship funded by [The Weingart Foundation](#), and [The Ralph M. Parsons Foundation](#)'s funding of leaders to participate in executive learning and professional development programs.

"You can't get at the impact of what happens when you invest in well-being without these real-world examples. People don't hear these stories very often, and ... [the value of well-being efforts] can be such a squishy thing. Funders are often all about return on investment and that's hard to measure [in this space]. Case studies can help demonstrate how the squishy, invisible stuff elevates the work and the organizations."

—Foundation leader

Research

Another important role for funders is supporting research related to worker well-being. In general, the nonprofit field is understudied and suffers from a lack of data that limits our understanding of how workers are doing, and what works when it comes to improving well-being in the nonprofit context over time. This is especially important given the resource constraints of the field; better data can help both funders and nonprofits target their investments in worker well-being on efforts that will have the greatest impact.



Opportunities for funder support include:

- Case studies of effective practices that organizations have employed to improve worker well-being.
- Research and resources related to nonprofit unionization.
- Longitudinal studies of worker well-being, including how to create effective paths for career advancement.

Learning and Advocacy

Funders can also support worker well-being by creating spaces for learning, sharing, and advocacy. When foundations create platforms for nonprofits to speak candidly about their experiences supporting their staff, it reinforces for the field that worker well-being matters and has a place within funder-nonprofit relationships. Convening is also a way for both nonprofits and funders to amplify their work and promising practices, and to catalyze additional investment in worker well-being.

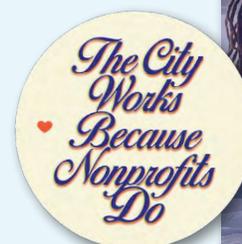


Funders can also advance nonprofit worker well-being by supporting public education and advocacy campaigns that highlight the essentiality of nonprofits and call for needed changes in the policy and public funding landscape to address endemic challenges in the sector, such as delayed reimbursements and funding that does not cover full costs.

Raising the Profile of the Nonprofit Sector through Public Campaigns

Several recent campaigns highlight the importance of the nonprofit sector and call attention to the structural challenges that impact both organizational health and worker well-being.

In October 2025, Trinity Church Wall Street launched the [#TheHeartofNY campaign](#) to bring attention to the issues of underfunding and delayed payments to nonprofits in New York City. The campaign features portraits of nonprofit workers and emphasizes that “nonprofits are the heart of NY” and that “when nonprofits struggle, essential programs vanish and the burden falls hardest on low-income communities, immigrants, and people of color.”



The [Nonprofits Get It Done campaign](#), sponsored by the National Council of Nonprofits, urges advocacy around proposed changes to the charitable tax code, federal funding, and regulatory frameworks for nonprofits, describing nonprofits as “neighbors helping neighbors” and providing “urgent, even life-saving services where government and business can’t.”

Campaigns like these elevate the roles of nonprofits and help to connect nonprofit worker well-being to community well-being, and are key to countering longstanding and damaging narratives about the nonprofit sector. But they don’t happen for free; rather, they require dedicated resources to both seed and sustain.



Other Practical Ways Funders Can Support Worker Well-being

There are a number of relatively low-cost, high-impact tactics funders are employing to help nonprofits address worker well-being, including:

- **Streamlining or reducing reporting requirements** – for example, allowing grantees to only submit updated budgets in the case of grant renewals or to use reports created for other funders.
- Instituting **automatic cost-of-living adjustments** in grants or other across-the-board increases that address the impact of inflation.
- Providing **grants to cover gaps in public funding**, making workers “whole” for the work they are already delivering.
- **Talking with grantees** about how salaries compare to local living wages.
- **Offering stipends** for mental health or other wellness needs.

Moving Forward

Improving worker well-being is complex work.

Meaningful change takes time, money, and an ongoing commitment to dialogue and partnership, both within organizations and between nonprofits and their funders. It is not something that individual nonprofits or funders can fully address alone. Rather, sustained investment in worker well-being calls for greater collaboration across the entire nonprofit ecosystem.

With this report, we hope to give a sense of what is possible when worker well-being is treated as central to – not separate from – nonprofit missions and community impact. Change starts with the recognition that the well-being of nonprofit workers is inseparable from the well-being of the communities they serve – even more so given that many nonprofit workers come from the communities they serve – and it is carried forward through strong leadership, dedicated resources, trust, and collaboration. By taking practical steps, including actions highlighted in this report, together nonprofits and funders can strengthen the nonprofit workforce, and with it, the communities they are dedicated to serving.

Acknowledgements

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NFF is deeply grateful to the 47 nonprofit, foundation, and government leaders; researchers; and consultants we spoke to as part of this project who generously shared their insights, experiences, and recommendations investing in and supporting nonprofit worker well-being. Thanks as well to the 506 California-based respondents to NFF's 2025 State of the Nonprofit Sector Survey.

Please visit nff.org to learn more about this work and read our detailed research report.

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About NFF

Nonprofit Finance Fund® (NFF®) is a nonprofit lender, consultant, and advocate. Since 1980, we've helped organizations access the money and resources they need to realize their communities' aspirations. Alongside others, we're working to build community wealth and well-being and put affordable housing, essential services, quality jobs, and excellent education within reach of more people.

NFF's research advances knowledge of key issues facing the social sector. Find all our reports, including our State of the Sector Survey on nff.org.

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