

Trends in Government Funding

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Introduction

In April, the Michigan Nonprofit Association and the Johnson Center at Grand Valley State University surveyed over 175 nonprofits in Michigan to assess the trends of government funding in Michigan's nonprofit sector. This survey was conducted to follow up on a January report which revealed that 45% of nonprofits were experiencing delays in scheduled government payments.

In this most recent survey, organizations were asked to identify specifically where the delay in government funding was occurring: 39% reported delays at the Local level, 26% reported delays at the State level, and 16% reported delays at the Federal level.

The survey also found that 49% of responding organizations reported raising less financial/in-kind support in 2009 compared to previous years.

Figure 1
Federal Agencies by Percentage of Responding Nonprofits Receiving Their Funds

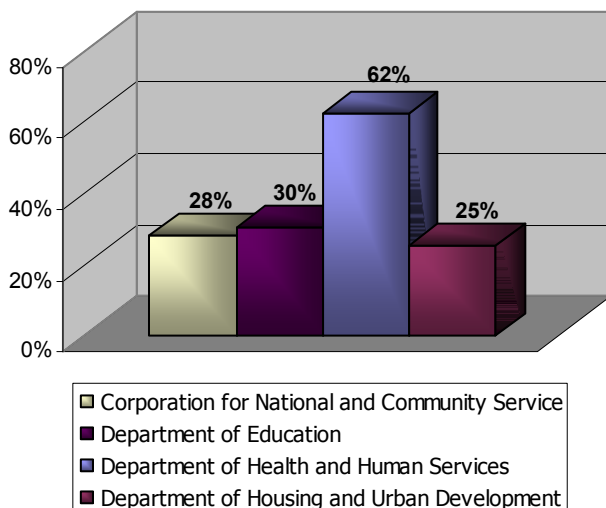
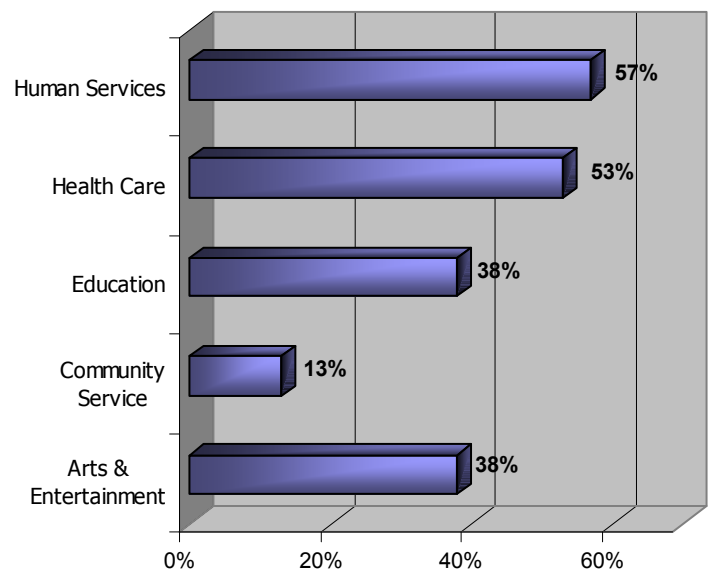


Figure 2
Nonprofits That Receive Federal Funding by Primary Activity Focus



Federal Funding

Forty five percent of participating nonprofits receive funding from the Federal Government.

- As shown in *Figure 2*, more than half of Human Services and Health Care nonprofits receive federal funding.
- Respondents were most likely to receive federal funding from the Department of Health and Human Services (62%) followed by the Department of Education (30%) and the Corporation for National and Community Service (28%), as is shown in *Figure 1*.
- Of the nonprofits that receive Federal funding, 16% have experienced a delay in scheduled payments.

State Funding

Fifty two percent of participating nonprofits receive funding from the State Government.

- Organizations were most likely to receive State funding from the Department of Human Services (51%) followed by the Department of Community Health (39%) and the Department of Education (25%), as is shown in *Figure 3*.
- Of the nonprofits that receive State funding, 26% have experienced a delay in scheduled payments. Human Services (33%) and Arts and Entertainment organizations (23%) were the most likely to experience delays in State payments.
- The majority (87%) of organizations that had experienced delays in State payments reported that the Department of Human Services was the source of the delayed payments.

Figure 3
State Agencies by Percentage of Responding Nonprofits Receiving Their Funds

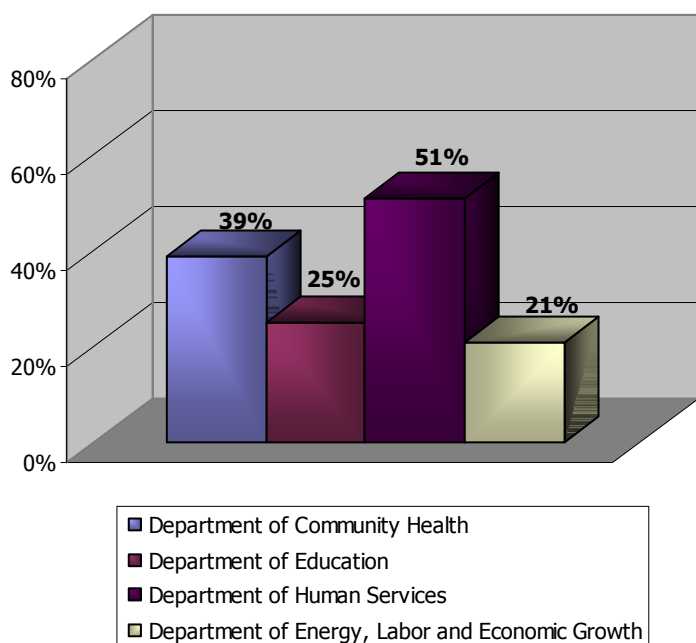
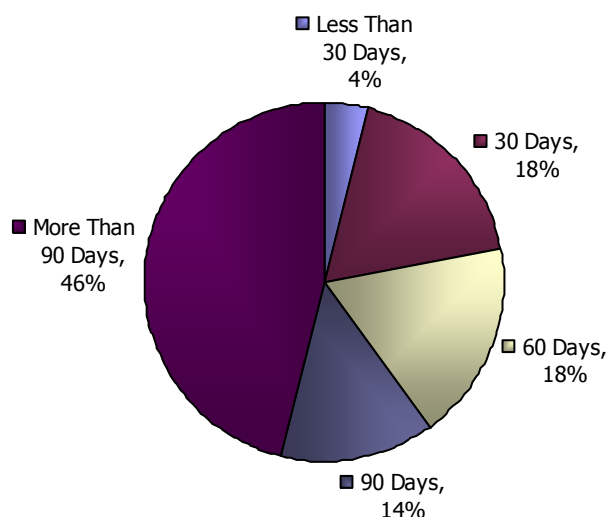


Figure 4
Number of Days Local Government Payments Have Been Delayed



Local Funding

Thirty seven percent of participating nonprofits receive funding from Local Government.

- Of the nonprofits that receive Local funding, 39% have experienced a delay in scheduled payments.
- As shown in *Figure 4*, 46% of respondents that have experienced delays in Local Government payments reported that the payments have been over 90 days late.
- Over three quarters (76%) of organizations that experienced a delay in Local payments reported that the reason for the delay was the Local Government's processing of the funding. The remaining 24% of organizations believe cash flow concerns for Local Governments was the reason for the delay.

2009 Financial/In-Kind Support

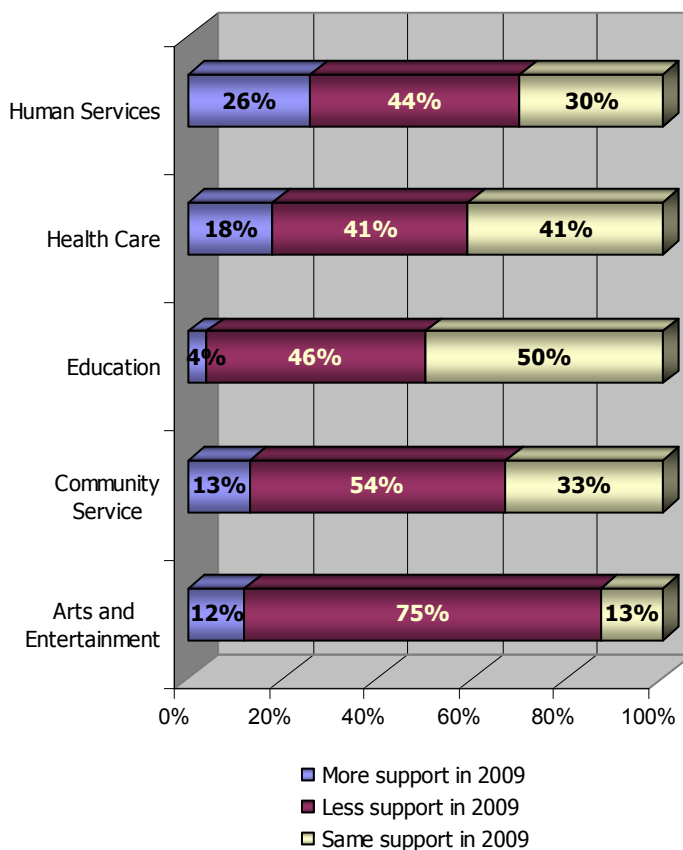
The survey asked participants how their 2009 financial/in-kind support compared to previous years.

- About half (49%) of organizations reported raising less financial/in-kind support in 2009 compared to previous years, with 16% of respondents raising more support this year and 35% having raised the same amount of support.
- As shown in *Figure 5*, Arts & Entertainment nonprofits have had the greatest difficulty in raising financial/in-kind support with 75% of these organizations stating that they have raised less support in 2009.
- Human Services nonprofits were the most likely to have raised more funds in 2009 compared to previous years, as is also shown in *Figure 5*.

Conclusion

As highlighted in previous reports, nonprofit organizations are experiencing a significant increase in demand and decrease in revenue. Short on resources, any delay in payment from government makes it difficult for nonprofit organizations to meet the needs of Michigan’s children and families. Although this report highlights a small sample of nonprofit organizations, its findings are consistent with the concerns expressed by nonprofits across the state.

Figure 5
2009 Financial/in-kind Support Compared to Previous Years
by Primary Activity Focus



Michigan Nonprofit Association

Michigan Nonprofit Association increases the capacity of Michigan’s nonprofits to serve, strengthen and transform communities. MNA is affiliated with Michigan Campus Compact, NPower Michigan and Volunteer Centers of Michigan.

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