



Michigan Nonprofit Association

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For Immediate Release

Nonprofits Need Reform in Michigan Government Contracting

New Report from the Urban Institute Highlights Problems Hurting People in Michigan

October 7, 2010 – Lansing, MI - The Michigan Nonprofit Association has released the following analysis of the first-ever national survey documenting the challenges experienced by nonprofit human service providers under contract with governments at the local, state and national levels, based on a report issued by the Urban Institute today.

The report, [*Human Service Nonprofits and Government Collaboration: Findings from the 2010 National Survey of Nonprofit Government Contracting and Grants*](#), provides essential national and Michigan data on contracting practices, and ranks states from worst to best on several areas of concern to individuals in need of services, to taxpayers, and to entire communities.

“The news from the Urban Institute report confirms what Michigan nonprofits and the people they serve have known since well before the recession began: government contracting needs reform,” said Kyle Caldwell, president and CEO of Michigan Nonprofit Association. “Fixing the system for the benefit of the people of Michigan must be an imperative of nonprofits and policymakers, including candidates for office, and we call on all parties to commit to working together for responsible solutions.”

Key Michigan Findings and What They Mean:

- **Payments do not cover full cost of contracted services:** According to seven in ten Michigan nonprofits providing services on behalf of government, governments’ payments to nonprofits fail to cover the full costs of contracted services.
 - Over half (55.3 percent) of nonprofits in Michigan reported that underpayments are a big problem.

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Michigan Nonprofit Association increases the capacity of Michigan’s nonprofits to serve, strengthen and transform communities.

Michigan Nonprofit Association is affiliated with Michigan Campus Compact and Volunteer Centers of Michigan.



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- Three out of four (76%) of the responding nonprofits complain that governments arbitrarily limit the reimbursement for indirect costs, such as administrative and overhead expenses, of the program being performed under the contract.
- **Changing contract terms midstream:** Two-thirds (67.6 percent) of nonprofits reported that governments made changes to contracts and grants in midstream.
 - Organizations are not able to properly budget for the work they are performing and employ the needed staff, much less achieve the efficiencies that taxpayers demand and deserve, if governments change the rules under which the nonprofits operate.

Further Reading

In conjunction with the release of the Urban Institute's survey results, the National Council of Nonprofits issued a Special Report that provides additional context to the Urban Institute findings, including identifying specific practices that contribute to the problems nonprofit human services providers have experienced. The National Council's report also explains how the contracting problems affect people receiving services and entire communities, and proposes solutions that nonprofits and government officials can adopt to improve services for individuals, restore value for taxpayers, and strengthen communities.

For more information, visit www.mnaonline.org/research.aspx.

About Michigan Nonprofit Association

Celebrating 20 years, Michigan Nonprofit Association (MNA) increases the capacity of Michigan's nonprofits to serve, strengthen and transform communities. With more than 1,100 members, MNA serves as a statewide network for the sector, a resource center on effective management practices, and as an advocate for the nonprofit community. For more information, visit www.MNAonline.org.

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