



INDUSTRY IS ONE OF STATE'S BIGGEST EMPLOYERS

Nonprofit Funding Dries up on Federal, Local Levels

By Myers Reece, 10-06-08

The nonprofit industry, one of the biggest employers in Montana, is watching major funding sources dry up, partly due to the nation's economic slowdown, and is preparing for an even larger fallout in the upcoming months and year.

In the Flathead, Susan Christofferson, director of the Nurturing Center, said she has rarely seen such dire economic times for nonprofits in her 30 years in the industry. When she applies for grants today, she is regularly told there's not enough money to go around. At the same time, her organization's services are in higher demand.

"I was shocked to note that I've had more turndowns than I've ever seen in my entire career," she said. "It impacts families in very tangible ways."



Caption: Kellie VanBrunt, left, gets to know Chris Hamilton during the first meeting of a leadership core group at Evergreen Junior High School. - Lido Vizzutti/Flathead Beacon

On Oct. 8, the Washington, D.C.-based Center for Lobbying in the Public Interest is hosting a conference at Kalispell's Hampton Inn in conjunction with the Montana Nonprofit Association (MNA) and Flathead's Nonprofit Development Partnership (NPDP) to discuss pertinent matters facing the industry today, including legislation, media advocacy and the turbulent economic times. The event comes on the heels of the MNA's annual conference on Sept. 22-24 in Helena.

Nonprofits in Montana contribute more than \$1 billion in wages per year and provide nearly 40,000 jobs across the state. According to figures from the state's Department of Labor and Industry, in 2005 and 2006 the nonprofit sector paid more in wages than all industries in the state except for local government and retail. And each year nonprofits multiply at a much faster rate than the business sector.

"It's a well-kept secret that nonprofits are such a big part of the economy," said NPDP program director Ned Cooney.

The nation's economic slowdown hits nonprofits from all directions. On one side are the volunteers, who already are pinching pennies but now face skyrocketing gas costs among other high expenses. For volunteers in Montana, the prospect of traveling long distances across the vast state is unwelcoming at best. Under federal statutes, the reimbursement rate for nonprofits is 14 cents to the mile, while the Internal Revenue Service standard for businesses is around 50 cents.

"Some of (the volunteers) have hung in there as long as they can, but now they're so financially strapped, they're saying I can no longer do it," Brian Magee, executive director for MNA, said.

Funding sources are drying up. Federal grants are disappearing, as are local grants and the reserves of foundations. Private donors are "tightening their belts" as well, Magee said. Some states, especially those with urban centers, can better withstand similar circumstances because they have larger financial resources to fall back on, not to mention strong corporate bases. When funding dissipates in Montana, nonprofit organizers are forced to scramble.

Kari Gabriel, director of the drug prevention organization Flathead CARE, said since the No Child Left Behind initiative was put into place years ago, her agency has lost more than \$100,000 in federal grant money. "Money that used to go to us, now goes to No Child Left Behind," she said. Also, two weeks ago Gabriel lost a local grant for multiple reasons, including the economic downturn. She was forced to cut a position.

Gabriel said nonprofits can't rely on grants and must look to private donors, as she has been doing recently with local businesses for the upcoming "Red Ribbon Week."

"Every nonprofit, if they're not looking at funding sources other than grants, they're going to be sorely disappointed," she said.

The NPDP aims to help local nonprofits through education, training and networking. While other areas of the state are attempting to create similar partnerships, Cooney said the NPDP is the only such organization that is fully established. Magee said the NPDP is an important model for the rest of the state, particularly in these harsh economic times when many nonprofits need guidance.

"What's transpired up in the Flathead with that group is truly outstanding," Magee said. "In fact, we celebrate it."

Cooney anticipates a series of NPDP workshops in the near future directly aimed at addressing these financial difficulties. Among the advice he has for nonprofit managers is diversifying funding sources and he directs people to a database at the Flathead County Library that contains listings for more than 90,000 potential grant and funding options.

"The surviving-in-hard-times kind of a workshop, you'll see one coming up here soon because that's the exact topic people are going to be hungry for," Cooney said. "I look for people to look to us for new strategies on funding."

Christofferson echoed both Cooney and Gabriel's calls for changing the way nonprofits do business.

"Most of us are trying to rethink how we operate," she said. "Cut more corners, reduce costs, streamline services and diversify funding."

In the Flathead, nearly 3,000 people are employed by nonprofits with a payroll of around \$85 million. According to a 2004 report, there were 147 nonprofit organizations in Flathead County that reported income over \$25,000. Organizations earning less than \$25,000 aren't required to fill out a certain form with the IRS, which makes it hard, Cooney said, to precisely count all of the nonprofits in the area. Churches don't fill out the form either.

Cooney said tougher times are most likely on their way.

"My sense is that the crest of the wave hasn't quite hit nonprofits yet," Cooney said. **[End of article]**

This article was printed from flatheadbeacon.com at the following URL:

http://www.flatheadbeacon.com/articles/article/nonprofit_funding_dries_up_on_federal_local_levels/5913/

© 2007 Flathead Beacon, All Rights Reserved

Use of this site is subject to Flathead Beacon's Terms of Service and Privacy Policy.