



Trends in Government Funding

October 24, 2008



Michigan Nonprofit Association

Overview

- Michigan's nonprofit sector
- Power and impact of the sector
- Federal Fiscal Status
- State Fiscal Status
- Trends



Michigan Nonprofit Association

Michigan Nonprofit Sector

- 43,000 nonprofit organizations.
- 23,000 are 501(c)(3) nonprofits,
- Purposes are religious, educational, charitable, scientific, literary or cultural



Michigan Nonprofit Association

Michigan's Nonprofit Sector

- Fifth largest industry
- Employ 315,000 people
- Generate an additional 135,000 jobs
- Hold assets of over \$80 billion



Michigan Nonprofit Association



Impact of Nonprofit Sector

- Receive more than \$44 billion in revenue
- Generate more than \$35 billion in personal income
- Generate nearly \$69 billion in total economic activity
- Have grown faster than the state's overall economy



Michigan Nonprofit Association

Michigan Giving & Volunteering

- 9 out of 10 give to charities in Michigan
- Nearly half of Michigan residents volunteer (47%)
- Michigan ranks in the top 1/3 of states for volunteering
- First year respondents said they might give less



Michigan Nonprofit Association

Massive Transfer of Wealth?

- In 50 years, \$972 billion is expected to pass from one generation to the next in Michigan. In just 10 years, \$140.6 billion will have transferred.
- National research projects a \$53 trillion transfer of wealth across the United States. But while the average transfer nationwide will peak after 50 years, wealth transfer in many Michigan counties will crest in twenty to thirty years.
- Much of this wealth is currently invested in family homes and farms, retirement accounts and other appreciated assets.



Michigan Nonprofit Association

Grant Making Organizations

- 2200 foundations
- hold nearly \$23.6 billion in assets
- make annual contributions of over \$1.4 billion.



Michigan Nonprofit Association

Number of Foundations by Type

Independent	1,189
Corporate	86
Community	96
Operating	180
Total:	2,251



Michigan Nonprofit Association

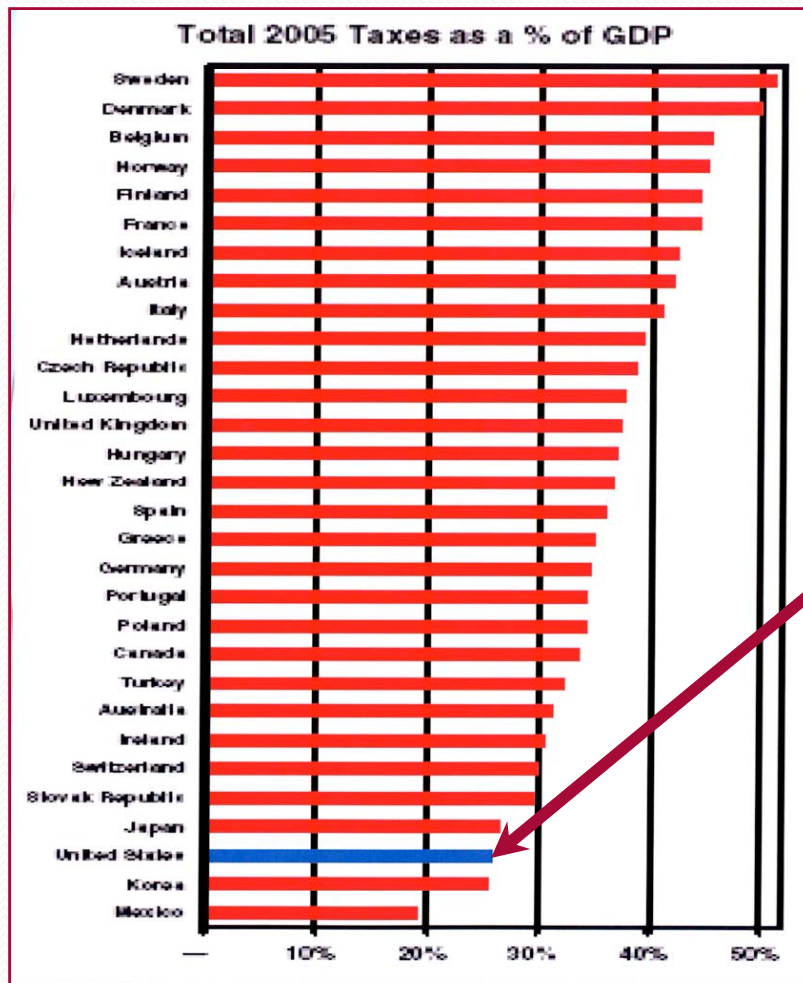
Federal Fiscal Status

- Over ten trillion national debt
- $\frac{3}{4}$ trillion financial bailout package
- Overall spending will shift to entitlements over the next decade.



Michigan Nonprofit Association

U.S. Tax Rate



- The fact is that the U.S. has one of the lowest overall tax rates of any country.



Michigan Nonprofit Association

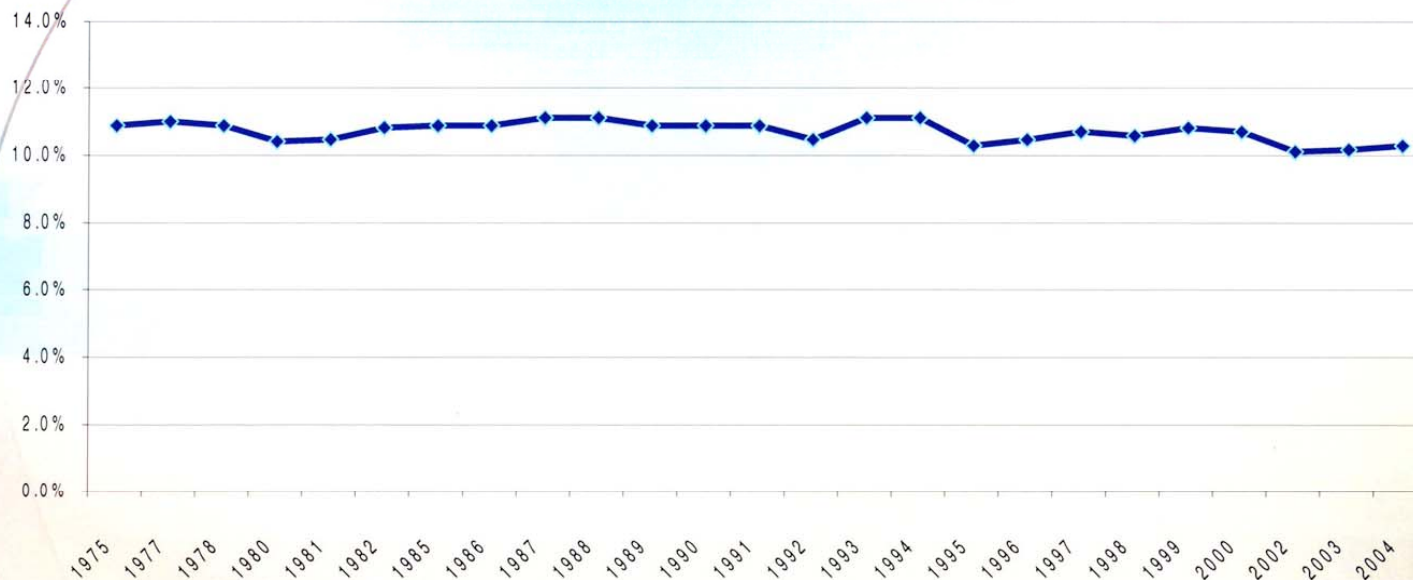
State Fiscal Status

- Michigan's Structural Deficit
 - Revenues have not kept pace with expenditures
 - Taxes have remained flat or reduced
 - One-time fixes to balance the budget have run out



Michigan Nonprofit Association

MICHIGAN State and Local Taxes as a Percentage of Personal Income 1975-2004



State and local tax payments (as a percentage of personal income) have not changed significantly in the last 30 years.

Personal income data are from the Bureau of Economic Analysis, U.S. Dept. of Commerce, Regional Economic Accounts, at <http://www.bea.doc.gov/bea/regional/data.htm>; Tax revenue data are from the U.S. Census Bureau's State Government Tax Collections, at <http://www.census.gov/govs/www/statetax.html>.

In Michigan, state and local tax payments (as a percentage of personal income) have not changed significantly in the last 30 years.

Trends for the Future

- Federal
 - Belt tightening on domestic spending
 - Battle between revenue generation and budget cut
- State
 - Belt tightening on domestic spending
 - Battle between revenue generation and budget cut
 - 2010 election – turnover of the House and Senate



Michigan Nonprofit Association

Bright Spots

Candidates interests in nonprofit sector

McCain

Obama

Expand National Service

Expand National Service

Solutions Fund

Solutions Fund

Faith and Comm.

Faith and Neighborhoods

Flat gov. cap

Realignment of Fed Rev

Individual Action

New National Service Prog



Michigan Nonprofit Association

Help

Michigan Fiscal Responsibility Project

- www.mitaxtruth.com

Michigan Nonprofit Association

www.mnaonline.org



Michigan Nonprofit Association



Michigan Nonprofit Association

- Increases the capacity of nonprofits to serve, strengthen and transform communities
- Focus Areas
 - Public Policy
 - Capacity Building
 - Member Services
 - Philanthropy
 - Technology



Michigan Nonprofit Association



Questions?

www.mnaonline.org



Michigan Nonprofit Association