

The Funding Landscape in East King County



EASTSIDE HUMAN SERVICES FORUM



Actively Strengthening Lives in Eastside Communities

Purpose

EHSF is seeking a greater understanding of the challenges and opportunities to creating sustainable funding for nonprofits based on the Eastside.

Methods and Approach



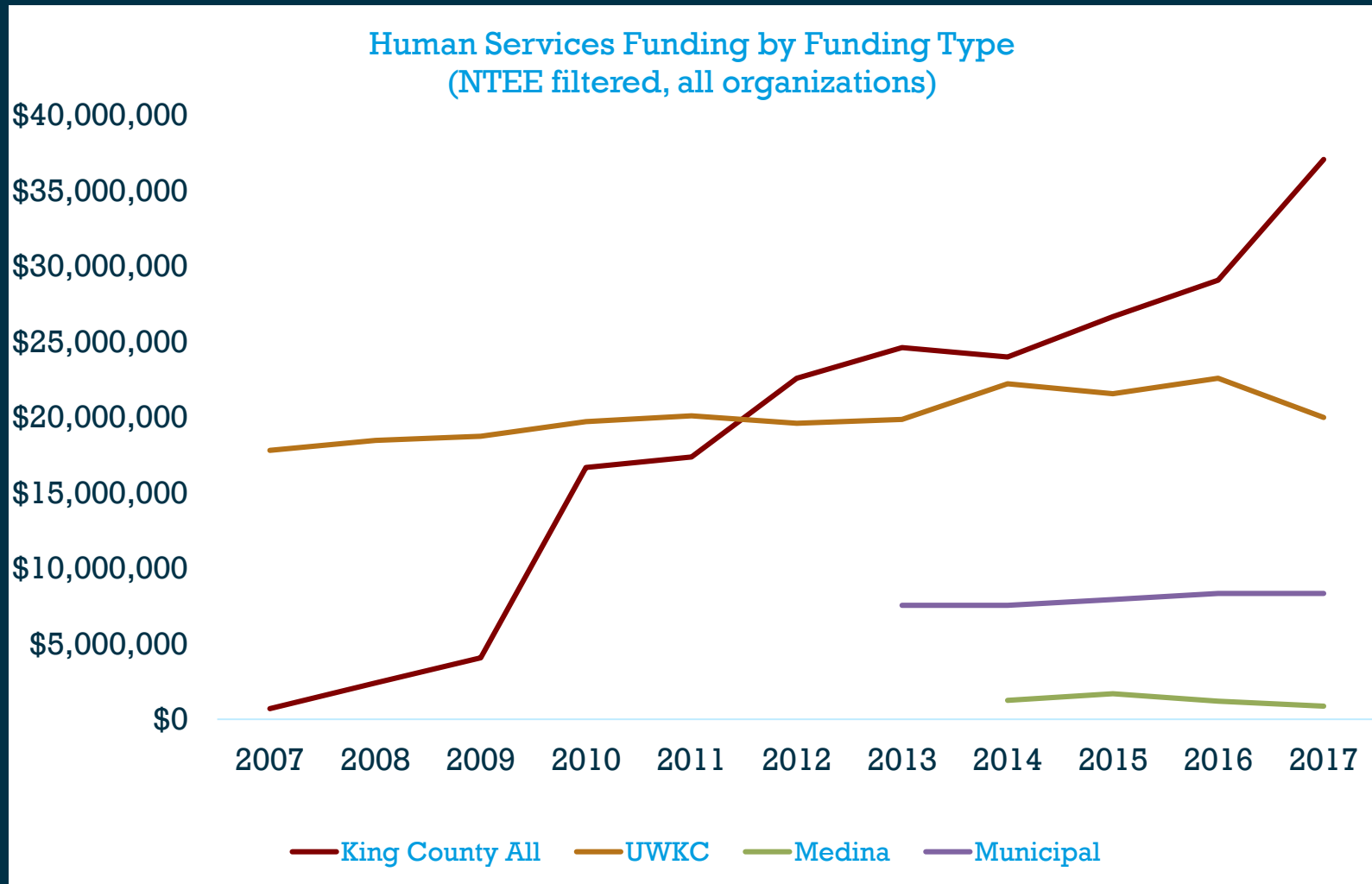
Funding Composition

- There have been new and increased investments from local government sources.
- The proportion of local funding to Eastside organizations varies.
- Tax data shows that Eastside organizations have seen a steady decline in government support and an accompanying increase in direct support as a proportion of total contributions.

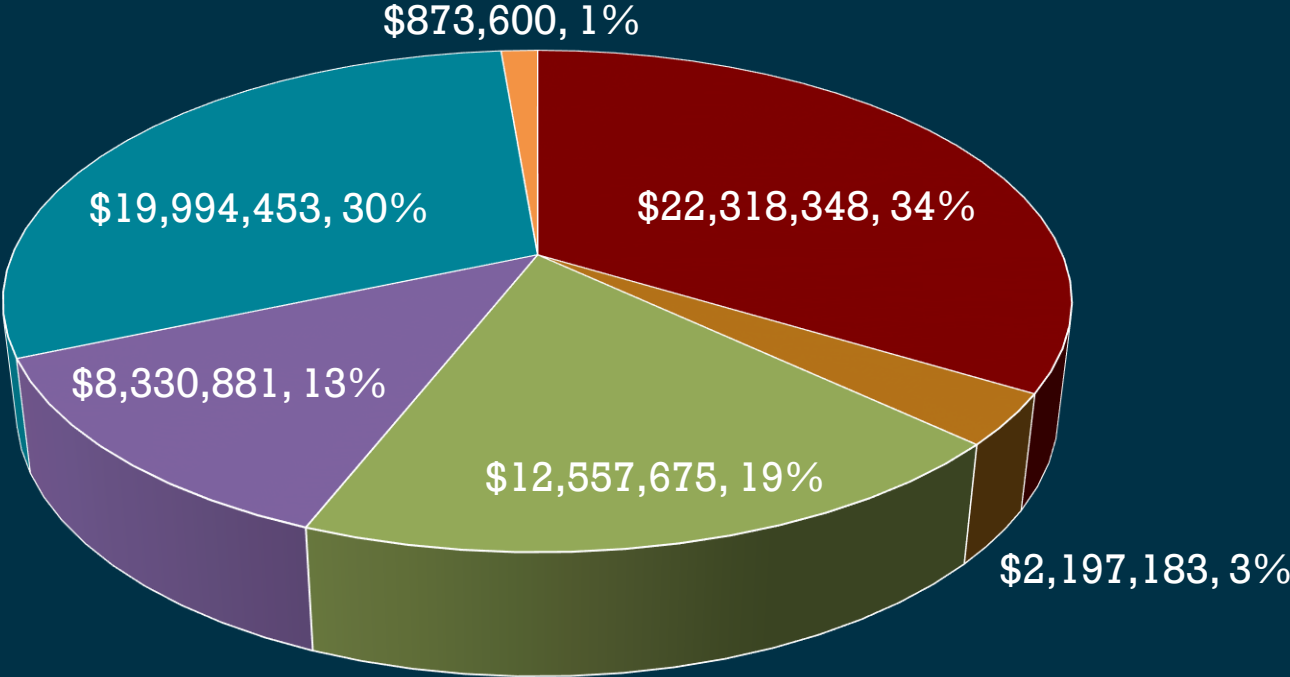
Local investments in human services over last 10+ years.

	NE Cities	SKC Cities	MIDD	Vets	BSK	UWKC	Medina
2007						\$23,038,619	
2008						\$24,163,107	
2009				\$9,461,771		\$25,034,096	
2010			\$21,308,269	\$9,632,724		\$25,743,410	
2011	\$5,212,504	\$3,518,701	\$19,859,349	\$9,851,688		\$25,994,819	
2012	\$5,212,504	\$3,518,701	\$25,775,407	\$8,605,286		\$25,188,176	
2013	\$5,433,252	\$3,827,119	\$28,440,304	\$17,151,613		\$27,647,450	
2014	\$5,433,252	\$3,827,119	\$28,661,432	\$4,467,961		\$30,807,264	\$2,060,250
2015	\$5,800,954	\$4,014,508	\$33,162,225	\$10,617,910		\$30,057,651	\$2,767,750
2016	\$5,800,954	\$4,014,508	\$32,248,254	\$2,772,491	\$5,048,204	\$31,586,778	\$2,062,800
2017	\$6,609,425	\$4,160,583	\$28,560,606	\$5,740,315	\$15,027,648	\$28,069,648	\$1,453,600

Local government investments are increasing over time.



SNAPSHOT
2017 Investments by Funding Source
Filtered NTEE all organizations



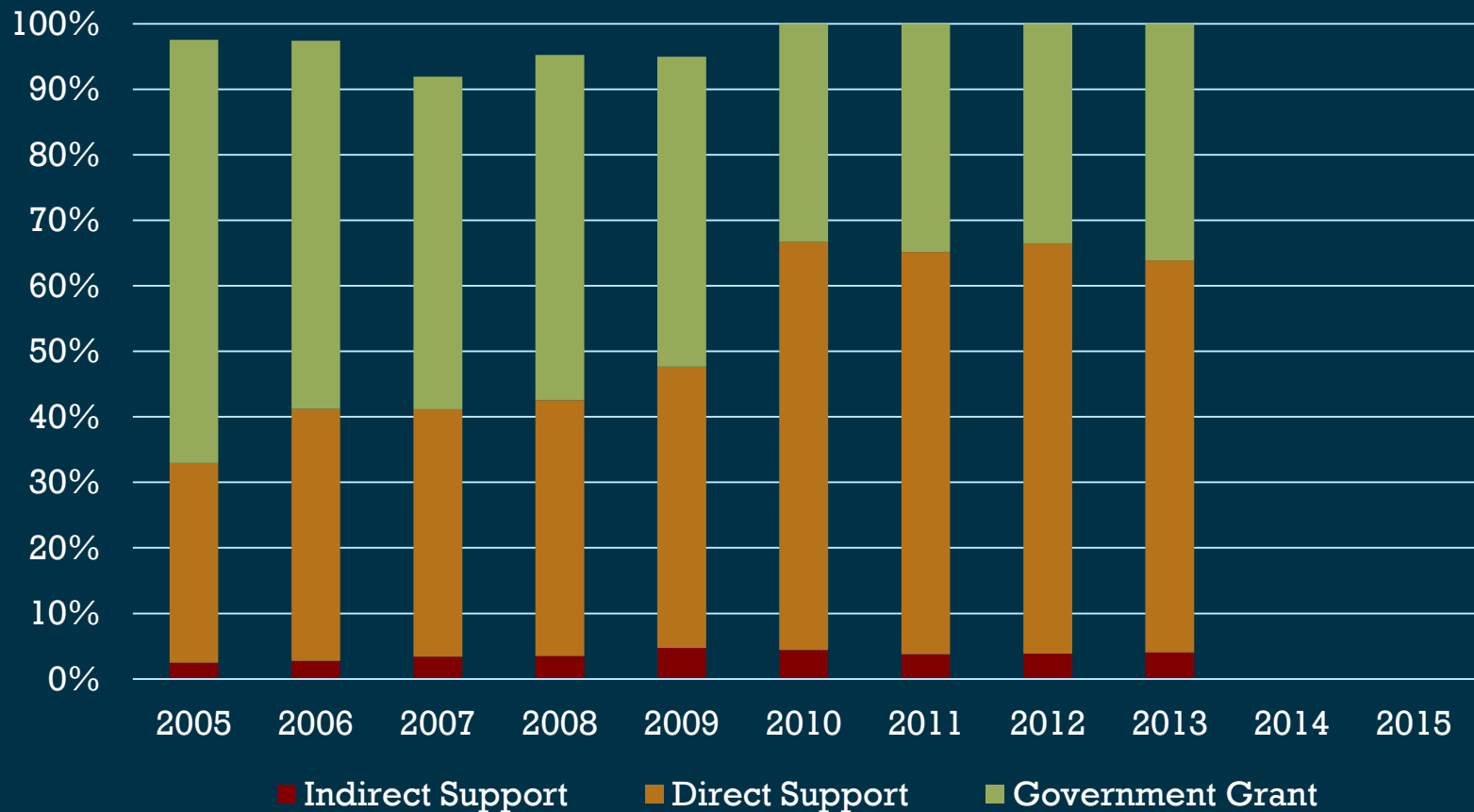
MIDD **Vets** **BSK** **Municipal** **UWKC** **Medina**

- Proportion of funding to Eastside organizations varies by funder type and over time.

Proportion of Funding to Eastside Organizations		
	Average	Range
BSK (2016-2017)	3%	0-18%
MIDD (2009-2017)	4%	0-5%
UWKC (2003-2017)	8%	6-10%
Vets (2007-2017)	9%	0-21%
Medina (2014-2017)	11%	6-15%
Municipal (2013-2017)	34%	32-39%

- Tax data shows that funding composition has changed over time.

Funding Composition for Eastside-based Orgs
Source: Tax data



“[Increased government funding] did not make us solvent, however. We are still reliant on grants and we still are reliant on private donations and we still are reliant on trying to recoup the cost of the [services] that we provide”

- Provider Interview, 3/6/2018

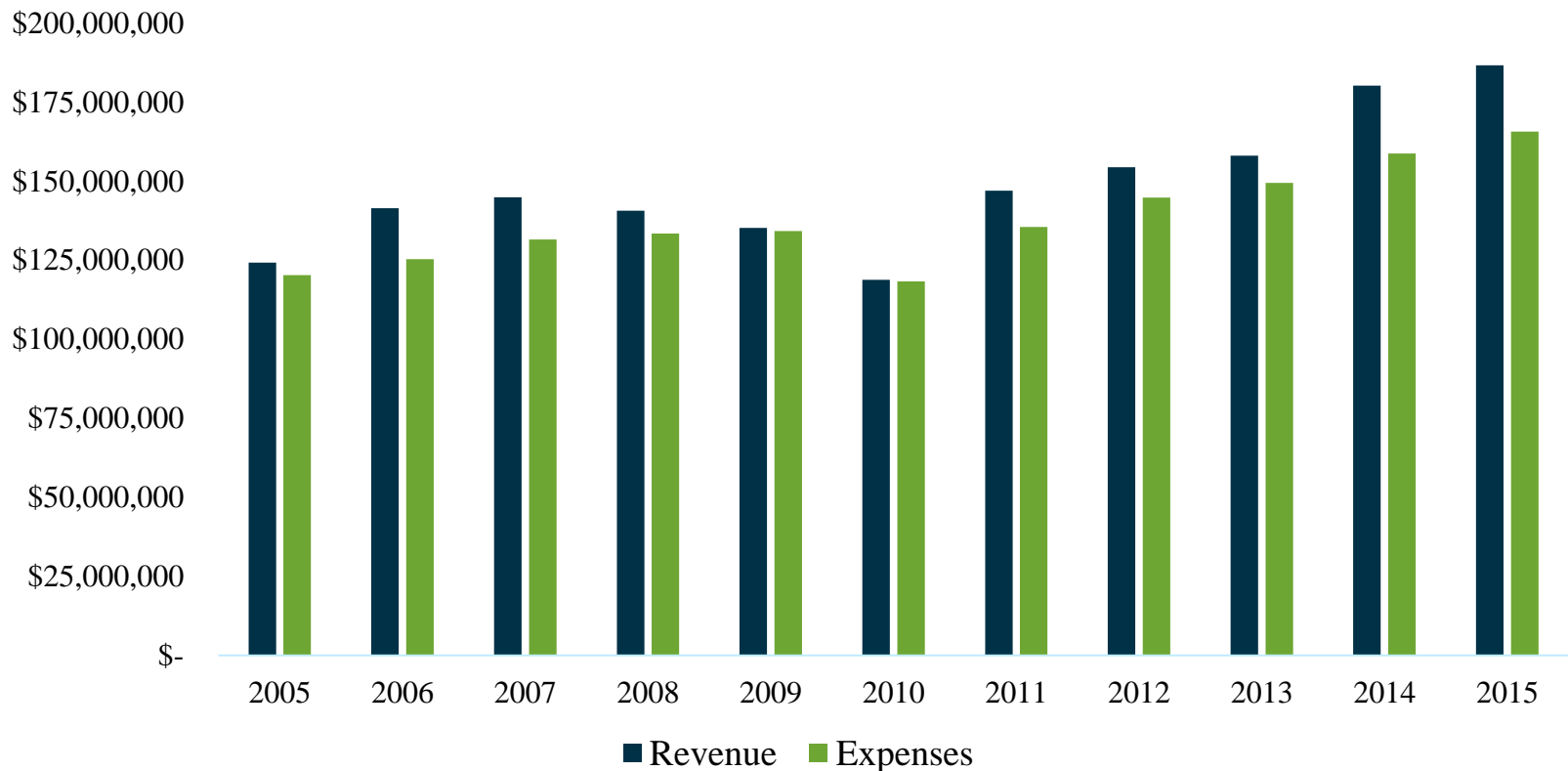
Organizational Sustainability

- Eastside organizations currently exhibit higher operating margins, a comparative measure of nonprofit organizational health.
- Many agencies report that they have kept pace with inflation.

- Eastside organizations' revenue has exceeded reported expenses, and the gap between revenue and expenses has only grown over time.

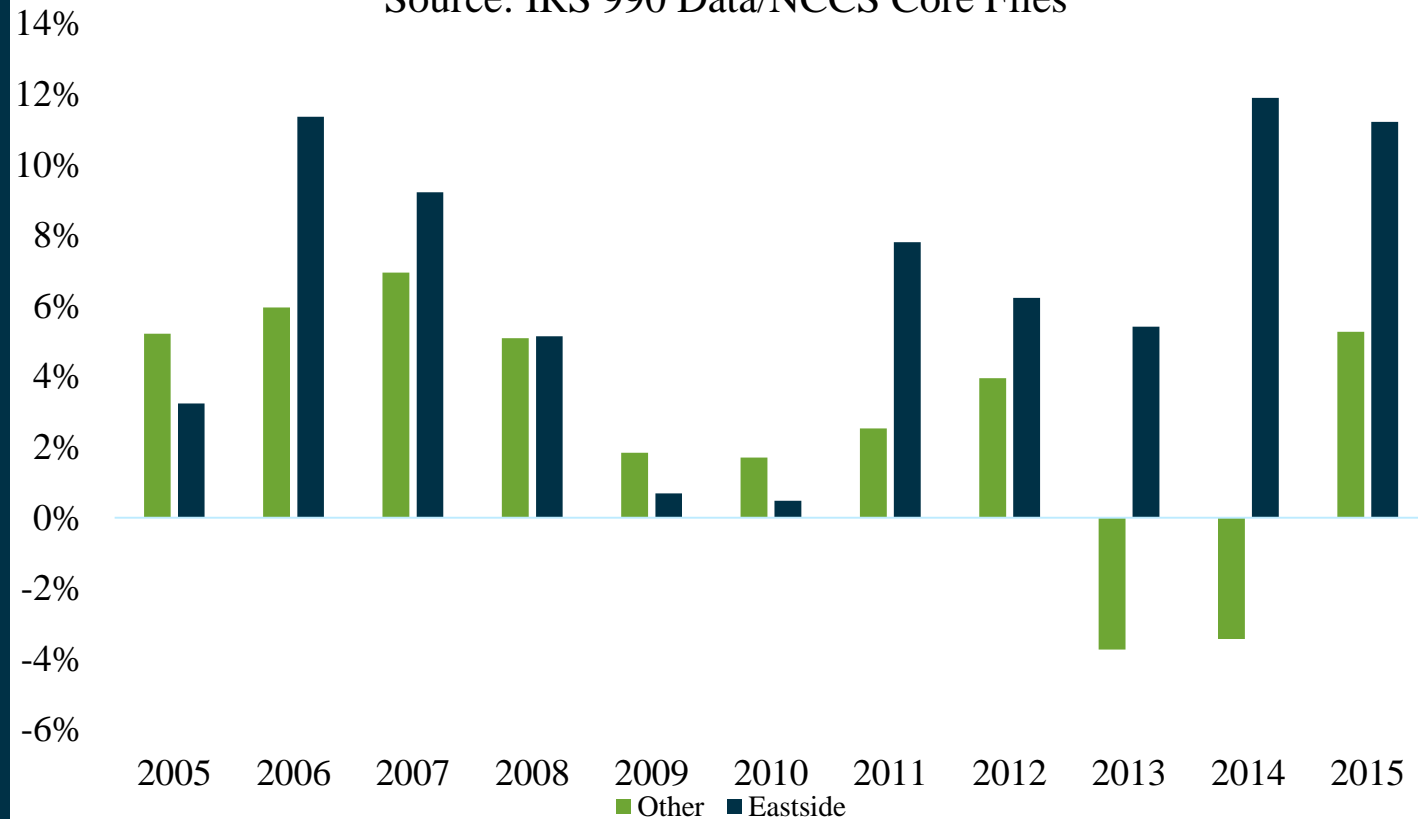
Revenue and Expenses: Eastside Organizations

Source: IRS 990 Data/NCCS Core Files



Overall Operating Margin by Organization Location

Source: IRS 990 Data/NCCS Core Files



- Eastside organizations demonstrate healthier operating margins than their counterparts across the region. Eastside organizations regularly exceed an operating margin of 5%.
- During recession, Eastside organizations were particularly hard hit, as operating margins starkly declined from 9% in 2006 to only .5% in 2010.

- Many agencies report that they have kept pace with inflation.
- 37% of organizations whose budgets have not kept up with inflation would need, on average, an 11% increase to their budgets to meet the rising cost of inflation.



“We’ve definitely changed the structure of our development department. It is a much more robust department with a heavy focus on private fundraising, which has been very necessary thing for us to do as we have seen public dollars remain flat or we have small increases over time, which basically results in flat funding. That’s been a huge investment”

– Provider Interview, 3/5/2018

Perceptions and Observations

- The Eastside is perceived:
 - As having fewer needs, as compared to other parts of the County.
 - As resource-rich environment, thus not in need of region-wide support.
- Application processes remain competitive.
- Deterrents to applying may include the perception that they may not receive funds and/or complexity of the process.
- Shared concern regarding reliance on levies and one-time funding potentially resulting in a funding cliff.

Application Process

Reference of the Call for Proposals	European Union Civil Service
Title of the Call for Proposals	New State Action and Local Authorities - Public awareness and education for Development in Europe
Name of the applicant	Accordia Italia
N° of the proposal ¹	DC/NSA/2008/07

PART B. FULL APPLICATION FORM

I. THE ACTION

1. DESCRIPTION

1.1. Title

European Citizens working for the global development agenda

1.2. Description

Only citizens of France and Germany, Bulgaria, Italy, Romania (including Belgium (Brussels))
 + action where TV Measurements will be done (Greece, Italy, Malta, Romania, Spain, Luxembourg, Syria, India)

1.3. Cost of the action and amount requested from the European Commission

Estimated cost of the action (A)	Amount requested from the European Commission (B)	% of total eligible cost of action (B/A x 100)
EUR 4627000	EUR 4000000	70.9%

¹ Please indicate all requests to European Commission

“[Philanthropy] primarily just does one-time funding. And so they'll come in for a couple years... and so it might tide an agency over for a couple of years and then there's a funding cliff. **And then everybody looks to the government to say 'Okay, now meet this funding cliff'”**

- Funder interview, 3/13/2018



Funding Gaps

- Funding is not keeping pace with increased demand.
- Rising wages and the need for staff with additional training has led to more intense market competition among nonprofit agencies.
- Increased funding is needed to fully achieve agency's mission/strategic plan goals.

Figure 21
Frequency of Reporting Full Service Cost

Source: Online Survey

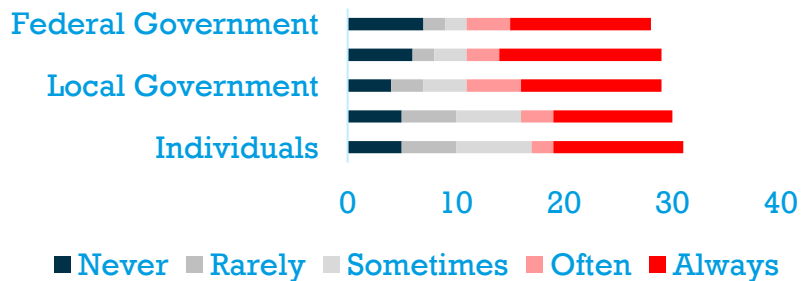
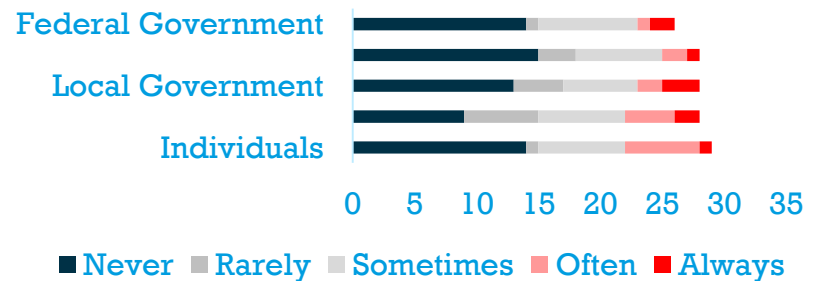


Figure 22
Frequency of Full Service Cost Coverage

Source: Online Survey



“We’ve had to have a stronger infrastructure: we have a full-time support staff person, which we used to have somebody that was just part-time. We used to have volunteers [do that work]. That was a big additional cost for us and our billing office has a higher level of staffing to process, all that data and paperwork and such, for all the requirements that we have”

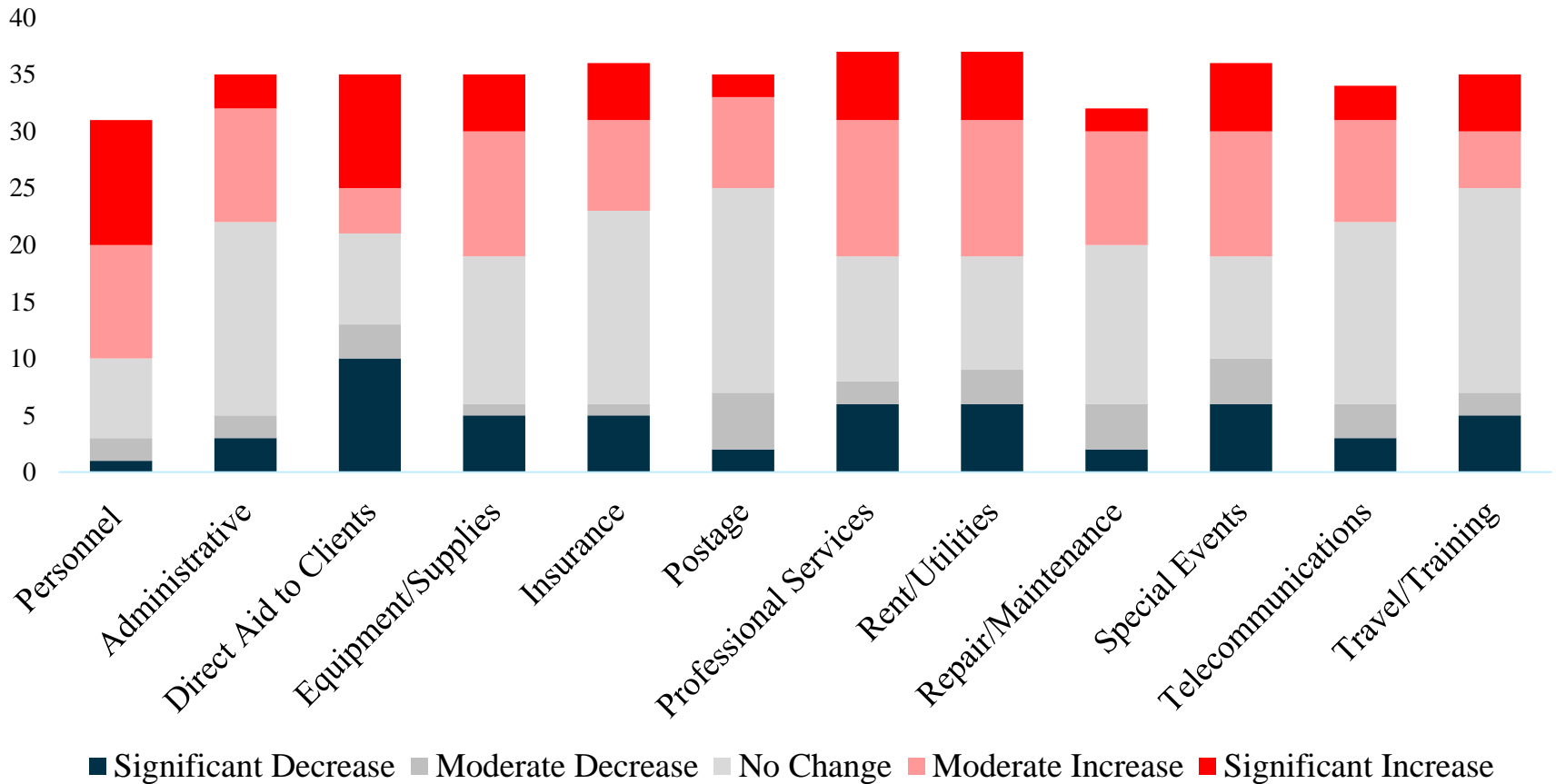
- Provider Interview, 3/5/2018

- 70% of agencies reported that budgets have not kept up with service demand.



- Agencies report that expenses have changed within last 5 years.

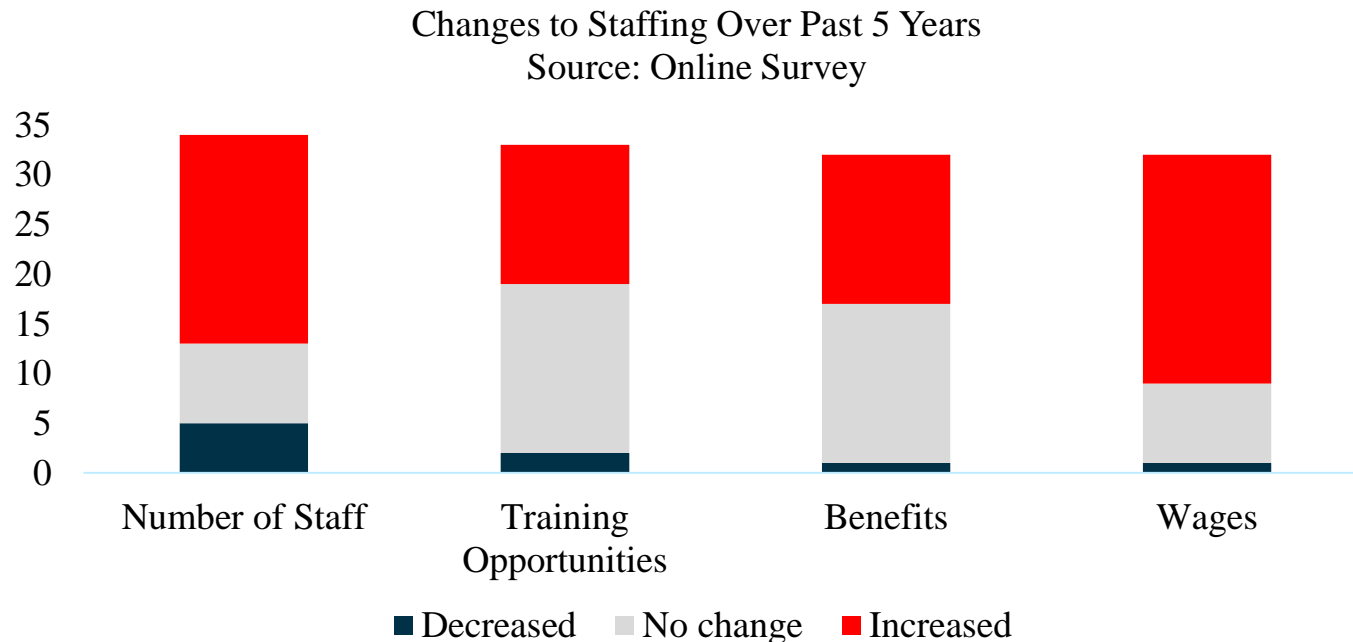
Changes in Expenses by Type
Source: Online Survey



Staffing Challenges

“We’ve found it a lot harder to hire people. People are not applying, so **we have kind of across the board raised salaries in order to become more competitive** and we still aren’t seeing that many applicants”

- Provider Interview, 3/5/2018



“The need is growing, which means that there’s more funding that’s needed in order to serve the people who are living in poverty in the community. So that competition for those resources – and the fact that more resources are needed, that we need to pay higher salaries, that it costs more to operate our building...”

- Provider Interview, 3/13/2018

“We have invested an additional \$700,000 over the last three years in our salaries, over and above our typical 3% increases . . . We did that to try and be competitive, and it’s still not enough, unfortunately”

- Provider Interview, 3/13/2018

- Respondents reported an average increase of 95% to budgets to fully achieve their mission.

“I think there’s a lot of support here on the Eastside for the work that the nonprofits are doing. So I don’t think it’s a lack of community support that would block us from achieving our mission. The reality is that the resources – we have the plans, we could execute the plans if we had enough funding to do it”

Provider Interview, 3/13/2018

Questions?



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