

Minnesota Rural Nonprofits Struggling

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Minnesota's nonprofits are feeling the pinch of the sour economy. Some worry that some rural nonprofits may be forced to close their doors.

In Bemidji, the Beltrami County History Museum is operating in the red. The museum is housed in a restored 1912 Great Northern train depot, with brick walls and high ceilings, and heating and cooling costs are skyrocketing.

Last year's gas and electric bills were around \$12,000, and next year looks even worse, Historical Society Director Wanda Hoyum said.

"Right now we have a utility bill of more than \$9,500, so you can see by increments alone that by December, we're going to be well over that \$12,000 mark," Hoyum told Minnesota Public Radio.

The museum runs on \$70,000 a year, and Hoyum doesn't know where the money will come from.

The museum used to get a lot of its funding from Beltrami County, but the northern Minnesota county has cut its support in half. Other funding sources include paid memberships, but those also are down.

Hoyum said some people can't afford it anymore. Even visitors who pay to see the museum have dropped off.

"It certainly is a mushroom effect, a domino effect that's happening because of everything," Hoyum said "It's the economy. It's the price of food. It's the price of gas. I think it is all connected."

Groups that provide help for struggling families are struggling themselves.

Ruth Sherman works with 40 nonprofits that do work in four counties from her office in Bemidji. The region has some of the highest poverty rates in the state. Sherman says rising prices mean more people are looking for help, but money to support those programs isn't rising.

Charitable giving is down dramatically, Sherman said. Money from federal, state and local governments has been reduced or eliminated. Grants from foundations are becoming smaller with more strings attached.

In addition, the rising price of gas is effecting the number of people willing to help, Sherman said.

"I'm hearing reports from nonprofits that their volunteer rates are going down dramatically," Sherman said. "Their volunteers are returning to work because they can't afford not to. The volunteers they do have are requesting more and more mileage reimbursement, because it's so expensive to get there."

Most rural nonprofits are already bare-bones operations, and if bad economic conditions continue, some won't survive, Sherman said.

"I think it's slowly crashing," she said. "It's going to be simply the shutdown of programs. Some of it is going to be the closure of agencies, because there isn't enough money to keep even the base of administration of those things together."

According to a report from the National Committee for Responsive Philanthropy, rural nonprofits don't get the same funding attention as urban agencies. That means rural groups are getting proportionately fewer dollars, Minnesota Council of Nonprofits Director Jon Pratt said.

"At the national level there's been a lot of discussion on the philanthropic divide, that the rural organizations have fewer philanthropic sources," Pratt said. "There are fewer options for funding, and often there's greater competition."

This year the Legislature cut support for nonprofit efforts and, with the state facing a potential budget deficit of \$2 billion, the money crunch for nonprofits probably will get worse.

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