

Nonprofits face funding cuts and waning donations

By **NEAL ST. ANTHONY**, Star Tribune

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Several years ago, Jody Horner, a Cargill Inc. manager and mother of a preschool son with behavior issues, turned to help from the Washburn Center for Children.

Washburn, the 125-year-old nonprofit agency that focuses on child and family mental health, was Horner's first stop on the road to diagnosis and therapy that helped her son eventually become "a successful seventh-grader active in an academic enrichment program, an accomplished athlete and all-around great kid."

Inspired by her experience with Washburn, Horner joined the board of directors and volunteered for the agency that started as an orphanage in south Minneapolis and which this year will serve more than 1,500 kids and families.

Horner, now the president of Cargill's salt division, said two-thirds of Washburn's client families are poor or working-poor and most lack private health insurance or the cash to cover counseling and other help.

"As a parent, you don't know what to do sometimes with your child," said Horner. "Washburn is a place to go to get help and solutions. I have now experienced this as a mother and board member. They are experts and the types of cases Washburn often serves are the most difficult ones involving the neediest kids."

About 25 percent of Washburn's budget, which has been flat since 2006 at about \$4.9 million, comes under contract with Hennepin County, including state and federal funds. In September, Washburn, Catholic Charities, Family Networks and other providers learned that Hennepin County, in anticipation of state and federal cuts, is budgeting for a 2 percent cut in human service funding.

There's a looming funding gap at Washburn and across the nonprofit social services sector. And fundraising is not going to get easier. Unemployment is rising and economists tell us we are probably already in a recession. Steep declines in the stock markets mean people of means have less to give, say charitable-development officers.

Rex Holzem, a Hennepin County Human Services Department director, said the county this week will present a \$500 million-plus human services spending budget to commissioners that is essentially flat with 2007. The county also expects to lay off up to 150 child protection, social workers and others to make that budget work in the face of contract-wage increases and higher expenses. Child care, child protection and foster care programs are going to take a hit.

Federal government spending has grown in recent years, driven by spending on everything from rising health care expenses to the Iraq war to K-12 education to farm subsidies. Suffice to say, low-income kids with mental health issues don't have a lot of lobbying clout.

Most of Washburn's revenue comes from client fees, insurance, philanthropy and investment income.

Steve Lepinski, Washburn's 20-year executive director, and Richard Neuner, a veteran Washburn board member who is a Blue Cross/Blue Shield executive, estimate that they're going to have to raise at least \$250,000 in the next few months just to keep service at 2008 levels. Washburn raises less than \$400,000 annually in bequests and unrestricted contributions annually.

"We're not the Guthrie," Neuner said of Washburn's small scale and volunteer fundraising. "We don't have a private philanthropy machine. We're respectful of the county. But the commissioners have to realize that we aren't in a position to just absorb these cuts."

Lepinski said demand for service is double what Washburn is able to provide.

"Children's mental health is as important as physical health," he said. "They do fail in school sometimes, end up in psychiatric wards, end up shooting up places or just living unproductive, unhappy lives. And these kids consume 70 percent of our time."

Hennepin County Commissioners Randy Johnson and Gail Dorfman have met with Washburn and other agencies in similar situations. They want to do more. But there is tremendous competition to fix potholes, bridges and other priorities.

Washburn was just recognized with the 2008 "Nonprofit Excellence Award" from the Minnesota Council of Nonprofits for its programs, financial management and transparency. It also is endorsed and funded by United Way.

Economists tell us that the best investment the taxpayer can make is in getting kids ready for school and keeping them there. It's far less costly than paying for an unplanned pregnancy, prosecuting criminal activity or the \$50,000-plus a year it takes to maintain a prisoner in a jail cell. Kids who get in trouble tend to have mental health issues and difficulty in school, and are less likely to join the ranks of productive, working taxpayers.

Washburn board members will redouble their efforts starting Saturday night as the agency celebrates its 125th year with a fundraiser featuring the Minneapolis Youth Chorus of public school kids at the Minnesota History Center.

It sounds like a good investment. More information: www.washburn.org

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