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Nonprofits saw growth in 2002, but 2003 is likely to be much different

St. Paul, MN . . . Sept. 26, 2003... The Minnesota Council of Nonprofits (MCN) will release the 2003 Minnesota Nonprofit Economy Report at its 17th Annual Conference Oct. 1 and 2, at the Touchstone Energy Place at RiverCentre in St. Paul. The report shows that 2002 was a year of slight growth in the nonprofit economy in Minnesota. However, preliminary data for 2003 shows that this year and beyond is likely a different story.

The report indicates that nonprofits saw a rate of growth surpassing the rest of the economy in 2002. The nonprofit workforce grew by 3.5 percent from 2001 to 2002. During the same period of time, total employment in the state actually declined by one percent. That figure turns around in 2003. In the first seven months of 2003, nonprofit workers filed over 7,000 unemployment claims, up by 20 percent from the same period one year ago and up 55 percent from two years ago.

“While the nonprofit sector showed strong growth in 2002, we know the recession will make 2003 a different story,” said MCN Executive Director Jon Pratt. “Nonprofits tend to experience economic downturns one to two years after the rest of the economy. And now all major nonprofit revenue sources are down at the same time – foundation grants, individual contributions, and government receipts.”

The revenues for charitable organizations reflect the nonprofit sector’s mixed economy. For example, nonprofit organizations with assets under \$1 million in 2002 received 39 percent of their revenue from program services, 31 percent from charitable contributions, 22 percent from government grants, five percent from investments and sales, and three percent from membership dues.

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Minnesota Nonprofit Economy Report

In 2002, Minnesota nonprofits spent 86 percent of their revenues on program services and less than 14 percent on management and fundraising. Standards issued by the Charities Review Council of Minnesota recommend that charities spend at least 70 percent of their revenues on program services and no more than 30 percent on management and fundraising.

The 2003 Nonprofit Economy Report also includes statistics broken down by region – Twin Cities, Northeast, Northwest, Central, Southeast and Southwest. The full version of the report will be available for public download at www.mncn.org on Oct. 1.

The 2003 Nonprofit Economy Report will be released at the Minnesota Council of Nonprofits Annual Conference, which will be held jointly with the Minnesota Council on Foundations, Oct. 1 and 2 in St. Paul. For additional information about the Conference visit www.mncn.org/conference.htm.

The Minnesota Council of Nonprofits produces the Minnesota Nonprofit Economy Report each fall. MCN is the statewide association of 1,400 nonprofit organizations. Through its Web site, resource publications, workshops and events, cost-saving programs, and advocacy, MCN works to enhance the effectiveness of the Minnesota nonprofit community and strengthen individual organizations by increasing the nonprofit sector's influence in public policy, increasing the public's understanding of the role and contributions of nonprofits in Minnesota, and developing new products and services to meet the evolving needs of its members.

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