

COLLABORATING FOR OUR COMMUNITIES IN A CHANGING NONPROFIT FUNDING LANDSCAPE: A CALL TO ACTION

GRAND TRAVERSE REGIONAL COMMUNITY FOUNDATION

ROTARY CHARITIES OF TRAVERSE CITY



SUMMARY:

This paper is intended for nonprofit leaders and regional funders navigating the uncertainty of recent federal funding shifts. It offers a snapshot of our region's current reality, insights from data and direct experience, and concrete ideas for responding together. As three of our region's funders, we recognize the power we hold in this system. This paper is not a set of prescriptions. Rather, it is a reflection of what we are observing and learning in real time, alongside the nonprofit organizations and staff living these disruptions every day. We share this not as guidance, but as a way to name the pressures at play, lift up emerging practices, and invite more shared learning and coordinated response in our region.

INTRODUCTION: DISRUPTION MEETS OPPORTUNITY

Across Northwest Michigan, nonprofits are sounding the alarm. Sudden pauses and reductions in federal funding threaten the viability of critical community programs just as social and economic pressures increase demand for services. The implications go far beyond individual organizations and the families, seniors, veterans, and children they serve. This challenge is especially acute in our rural communities, where ripple effects reach small businesses, local economies, and regional development goals.

In early 2025, the Grand Traverse Regional Community Foundation (GTRCF), Oleson Foundation, Rotary Charities of Traverse City, and United Way of Northwest Michigan began convening to assess the regional scope of funding disruptions and identify how we might align in supporting nonprofits through this period of uncertainty. Through survey data, nonprofit convenings, and funder dialogues, the collaborative has sought to explore how we might support shaping coordinated strategies for regional resilience. Using a data-driven approach grounded in the first-hand experiences of nonprofit leaders, we launched an examination of the social and economic costs of federal funding cuts across our region and surfaced potential responses.

DATA SNAPSHOT: SURVEY ANALYSIS & PUBLIC DATA

To understand the potential scope of disruption, a targeted survey was distributed to nonprofits across the five-county region, yielding responses from more than 50 nonprofit organizations spanning human services, arts and culture, education, environment, community development, and more. To complement the survey, local consulting firm Avenue ISR synthesized public employment and economic data.

Key insights from combined analysis:

- 55% of responding nonprofit organizations receive federal funding.
- Federal funds account for about 19% of nonprofit organizations' budgets according to statewide data.
- 85% of federal grant recipients report potential impacts ranging from reductions in services to termination of programs if federal funds are lost.
- Nonprofits in Northern Michigan employ thousands of people and provide vital services to communities, from childcare to mental health, food access to housing support. Assuming loss of revenue directly translates to reductions in employment, as many as 1,000 jobs in the 5-county region are at risk.

The clear conclusion: our nonprofit infrastructure is essential and under serious strain.

THE REALITIES FACING NORTHWEST MICHIGAN NONPROFITS

Over the course of the late winter and spring of 2025, listening sessions and one-on-one conversations with nonprofit leaders reveal an ecosystem under acute stress.

Unpredictability Undermines Strategy

Leaders described how instability in federal funding and shifting policies undermine core operations and planning. Organizations operating under reimbursement models are especially vulnerable to delays and freezes. As one leader put it, “We’re in permanent contingency mode.” In this environment of constant change, many leaders have shared how difficult it is to plan with confidence. Some have found value in short, focused conversations with their boards or teams to explore “what if” scenarios and identify key decision points. These moments of pause, though not always easy to make time for, can strengthen collective readiness.

The Cost of Funding Fragility

Nonprofits are having to make tough choices in real time. Organizations are pausing projects, laying off staff, and postponing contracts. These disruptions ripple out to small businesses impacted by stop-work orders and vulnerable populations losing access to de-funded services. Over \$800,000 in funding to a Benzie County nonprofit for the coordination of broadband expansion across Northern Michigan has been indefinitely paused. Another agency reported \$4 million in projects on hold, impacting both the organization and local contractors who had committed to completing the work on the ground.

Exhausted Capacity, Diminished Voice

Demand for services is rising even as resources shrink. Staff burnout is accelerating. Communication breakdowns with government partners are eroding trust in the systems nonprofits rely on to meet their communities’ needs.

At the same time, organizations are under pressure to “prove” their relevance while continuing service delivery with fewer resources. Organizations are navigating the complex challenge of honoring the dignity of the individuals whose stories they share, while also striving to be transparent and advocate effectively for the communities they serve.

A Call for Interdependence

Nonprofit leaders affirmed that local philanthropy cannot fill the federal funding gap. Yet rather than increased competitiveness, we are noticing nonprofits across sectors calling for a shift towards deeper collaboration. They are appealing for coordinated, regional responses rooted in mutual aid and trust.

We appreciate the courage and clarity nonprofit leaders are bringing as they name what is hard in this moment. Sharing those truths with funders and peers can deepen trust, build shared understanding, and inspire more thoughtful collective responses. Now is the time to lean into trusted relationships, between peer organizations and between nonprofits and funders. By exchanging insights, elevating shared concerns, and exploring ways to adapt together, even a brief check-in can create space for empathy, connection, and new possibilities.

POSSIBILITIES FOR NORTHWEST MICHIGAN FUNDERS

Nonprofits are the backbone of thriving communities. Regional funders are uniquely positioned to help bridge the gap between instability and resilience. Knowing nonprofit staff not just as grantees but as our partners and our neighbors, we can act with trust and flexibility.

Across philanthropy, resources are emerging for funders to consider in response to a rapidly changing environment. Funders are beginning to evaluate opportunities to lower barriers to funding, including streamlining processes, prioritizing mission-critical work, and reducing administrative burden on our nonprofit partners.

Here are ways that our organizations – GTRCF and Rotary Charities – are also working together to begin to align with nonprofits' needs:

- As an initial advocacy effort, GTRCF is circulating an open letter to lawmakers about the disproportionate harm that current funding and policy decisions have on our rural communities. More than a dozen nonprofit organizations, units of government, and small businesses are co-signers on this letter, [which you can read here](#).
- We are assessing our application pools for emerging themes and critical needs in real-time. With both rolling and fixed submission deadlines across our organizations, we anticipate spotting patterns and trends early on, allowing for more rapid responsive action.
- To give our nonprofit partners an opportunity to share the effects of new funding cuts, freezes, and grant cancellations, we have updated the Grant Partner Federal Funding

Impact survey. [A new survey link for the nonprofit community is here.](#) The survey is open through July 14. We plan to repeat this survey quarterly to track and report on impacts to our region over time.

- To provide our nonprofit partners with a place to share impact stories on an ongoing basis, we have created an online story submission form, which can be completed at any time by anyone at nonprofit organizations in the 5-county region. By default, stories shared there are treated as confidential. With permission, we may share anonymous stories to illustrate real-world effects of funding and policy changes in our communities. [The link to the story submission form is here.](#)
- We are exploring ways to support nonprofits in contingency and scenario planning such as through Rotary Charities' Capacity Advisory Pool or workshop series.

Locally, we are seeking to engage other regional funders to consider how we adapt individually and collectively, on these existing efforts. We are also exploring how we might respond to the following guiding questions that have emerged so far from our exploration of the regional landscape:

Storytelling & Advocacy

How might local funders elevate and amplify storytelling about the impacts of federal funding cuts on nonprofit partners?

Northwest Michigan's nonprofit partners enrich and sustain families and children, seniors, veterans, food and baby pantries, artists, teachers, and students. Consider providing tools and support – funding, training, or consultants – that support nonprofits' capacity to tell community-centered stories rooted in data and dignity that highlight systemic impacts and resonate with policymakers and neighbors alike. By leveraging our platforms and networks, we can help lift up the voices of our neighbors who are directly feeling the fallout from funding losses.

As Northwest Michigan funders, we do not share a single philosophy or funding priority. This is a strength. By sharing stories and data with our networks, associations, and partners we can raise awareness of what is at stake for the people and places we care about. Because many federal dollars flow through state agencies before reaching our region, it is equally important to engage policymakers in Lansing and Washington, D.C., sharing specific examples, stories, and data about how potential disruptions to federal funding would affect local families, nonprofits, and economies. We encourage funders to take action via [CMF's Policy Alert](#) or by using this [One Click Politics tool](#) to make your voice heard.

Support Nonprofit Readiness & Wellness

How might we support nonprofit partners in strengthening their adaptive capacity while also attending to the wellbeing of the people doing the work?

Even in the face of external uncertainty, the funding community can help nonprofits gain clarity about their own operations, risks, and strategies for sustainability. Funders are beginning to support scenario planning and building adaptive capacity. This looks like mini-grants for consultant stipends or for organizations to conduct financial contingency planning and audit preparation, cyber security and legal reviews, or communication strategies. Even in the face of external uncertainty, the funding community can help nonprofits gain clarity about their own operations, risks, and strategies for sustainability.

As funders, we have more to offer nonprofits than just financial support alone. Non-monetary support is critical to operational capacity and organizational wellness. How might we be a listening ear and a connector for nonprofit partners: check in on how their teams are coping, or ask grantees about what they are seeing and what challenges they are facing? By listening deeply for opportunities to provide support “beyond the check” and helping make connections with other funders or potential collaborative partners, we can show up for our nonprofit partners in meaningful ways and reinforce the trusting relationships we have built together.

Adapt Grantmaking

How might we reimagine our processes to center trust and relationships, especially when time and capacity are limited?

Funders from other regions are increasing payouts and expanding opportunities for general operating support. Flexible funding enables resilience. In a time where operational resilience is at risk, grants are needed that allow nonprofits to respond quickly and sustainably to rapidly evolving financial realities.

Simplifying applications and speeding up funding decisions can help nonprofit leaders and staff focus on their mission and providing critical services, not filling out forms. A low-barrier application and shortened turnaround time can allow nonprofit partners to do the work our communities need them to do with confidence in the resources needed to do it.

CONCLUSION: BUILDING TOGETHER

As one nonprofit leader reminded us, “*We’re not starting from zero.*” Northwest Michigan has a deep-rooted tradition of collaboration, creativity, and care. We have seen what is possible when funders, nonprofits, and community partners come together with shared purpose, trust, and a willingness to listen and adapt.

This moment calls us to build on that legacy in new ways. For nonprofits, it may mean naming hard truths, leaning into peer connection, or making space for strategic reflection. For funders, it means staying curious, being responsive, and rethinking how we support and walk alongside our partners.

We offer this paper not as a roadmap, but as a reflection of what we are noticing, trying, and wondering. The challenges ahead are complex, but we do not have to navigate them alone.

By moving forward with humility, clarity, and care we can strengthen the fabric of our region. Together, we can ensure that our communities, and the nonprofits that serve them, are not only sustained but supported to thrive in the face of change.