

Fiscal Stress Test Framework

Objectives

- Guilford County receives federal funding to:
 - Support Guilford County Government administer /certifying federal programs
 - Direct benefits to individuals
 - Funding to institutions/organizations to provide services, provide benefits, or conduct research.
- Understanding these funding sources helps the county determine impacts when funding streams are disrupted.

Value of a Stress Test

*A stress test will primarily reveal three things: the **susceptibility of certain revenue streams, the flexibility of expenditure decisions within the budget,** and the **margin a government has for enduring this new reality.***

GFOA - Stress Tests: Building Budgeting Resilience in an Ever-Changing World

- Understanding the role of federal funding to the local economy.
- Understanding assets within the community that can be strategically leveraged.
- Understanding the secondary impacts to community organizations, colleges, and most importantly residents. Collaborating with a cross-sectional network can define exposures and support developing strategies for adaptation and resilience.
- All of these impacts can affect the local economy, which can have an impact on the county's other revenues, including sales tax revenues.

	Entitlements		Programs			Other
Category	Healthcare Entitlements	Other Entitlements	People	Places	Innovation	Distinct Assets
Annual Funding	~\$1.2+ billion	~\$2.5+ billion	~\$500+ million	~\$150+ million	~\$200+ million	4,257 federal employees in Guilford County. Federal funds support local transit operations, PTI airport, and local university employment.
Funding Sources	<ul style="list-style-type: none"> Medicare Medicaid Affordable Care Act subsidies 	<ul style="list-style-type: none"> Social Security Supplemental Security Supplemental Nutritional Assistance Program (SNAP) TANF Unemployment Benefits Veteran Services 	<ul style="list-style-type: none"> Headstart Child Care Development Block Grant Title I ESEA Universal Free and Reduced Cost Lunch IDEA support for students with disabilities Pell Grants Federal Student Loans FHA Loans Housing Choice Vouchers 	<ul style="list-style-type: none"> Community Development Block Grants LIHTC HOME Block Grants Highway Trust Fund Discretionary Grants (for capital projects) Food Banks FEMA 	<ul style="list-style-type: none"> Department of Defense The National Institute for Health National Science Foundation Department of Energy R1/R2 Research Institutions HBCU Funding 	<ul style="list-style-type: none"> Direct Federal Spending (procurement) Federal facilities Production facilities
Capital Form	Income transfers		Formula Grants Discretionary Grants Tax Incentive Financing	Formula Grants Discretionary Grants Tax Incentive Financing	Formula Grants Discretionary Grants Tax Incentive Financing	Employment Procurement

Next Steps

- The County continues to build out this framework to understand the community's financial resiliency and the impacts to the county and community partners.
- The recent federal shutdown helped identify risks.
- The County's fund balance is a critical component of this equation as fund balance maintains flexibility to respond to federal changes; however, the scale of federal funding cannot be backfilled with county resources alone.



Nonprofit Update



Mary Herbenick, Guilford Nonprofit Consortium



Established in 2003, the Consortium is a collaborative of 340+ local nonprofit organizations that foster mutual assistance and support to create a more efficient, effective nonprofit sector in service of a thriving Guilford County.

The Consortium:

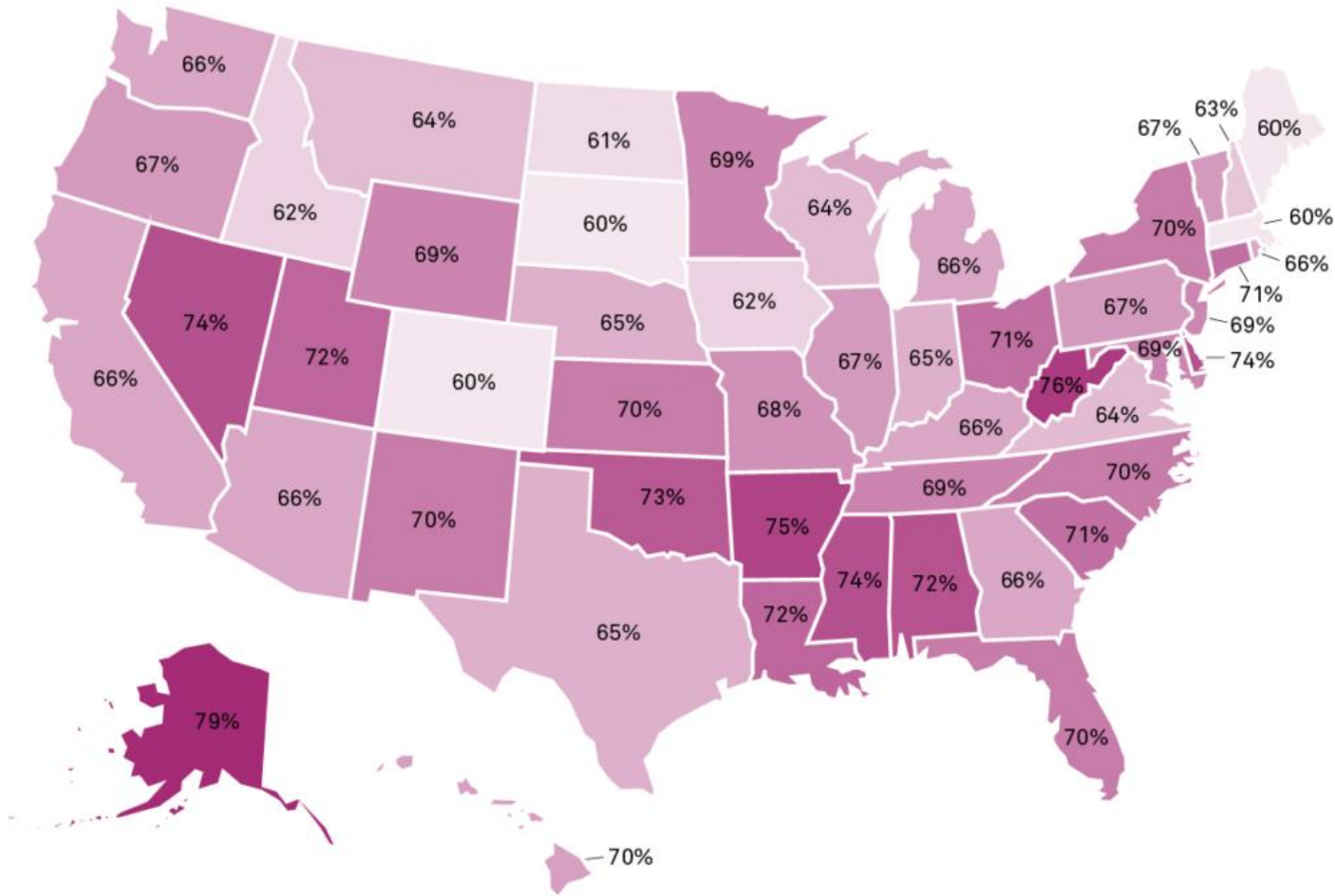
- Provides educational opportunities for nonprofit staff and board members
- Creates networking opportunities to match nonprofit needs with community talent
- Creates opportunities for collaboration among nonprofit organizations
- Celebrates “wins” of nonprofit organizations and leaders
- Builds structures and tools to help community members advocate with and for our nonprofit sector (One Sector, One Voice Triad - new in 2025)
- Builds structures to support improved rates of volunteerism and

Federal funding freeze & shutdown

Office of Management and Budget (OMB) issued a memo instructing federal agencies to **pause all financial assistance**, including grants and cooperative agreements, pending a review to ensure alignment with new executive orders.

- A federal judge **temporarily blocked** the funding freeze shortly before it was set to take effect, adding uncertainty about the future of federal grants.
- "This extreme order will not only pause countless federally funded research projects but will also ... withhold **essential funding from first responders, schools, infrastructure improvement projects, healthcare centers, small businesses, veterans, seniors, and more.**" - Rep. Valerie Foushee, NC Congressional Representative
- And...federal government shutdown from Oct. 1 – Nov. 12, with impacts continuing to be felt by local

Share of government grantees in deficit without government grants



Candid & Urban Institute Feb/Mar 2025

In 2021, 103,473 public charities received over \$267 billion in government grants, adjusted to over \$300 billion for inflation.

Large nonprofits more impacts - 55% of nonprofits with budgets above \$5 million receive at least one government grant.

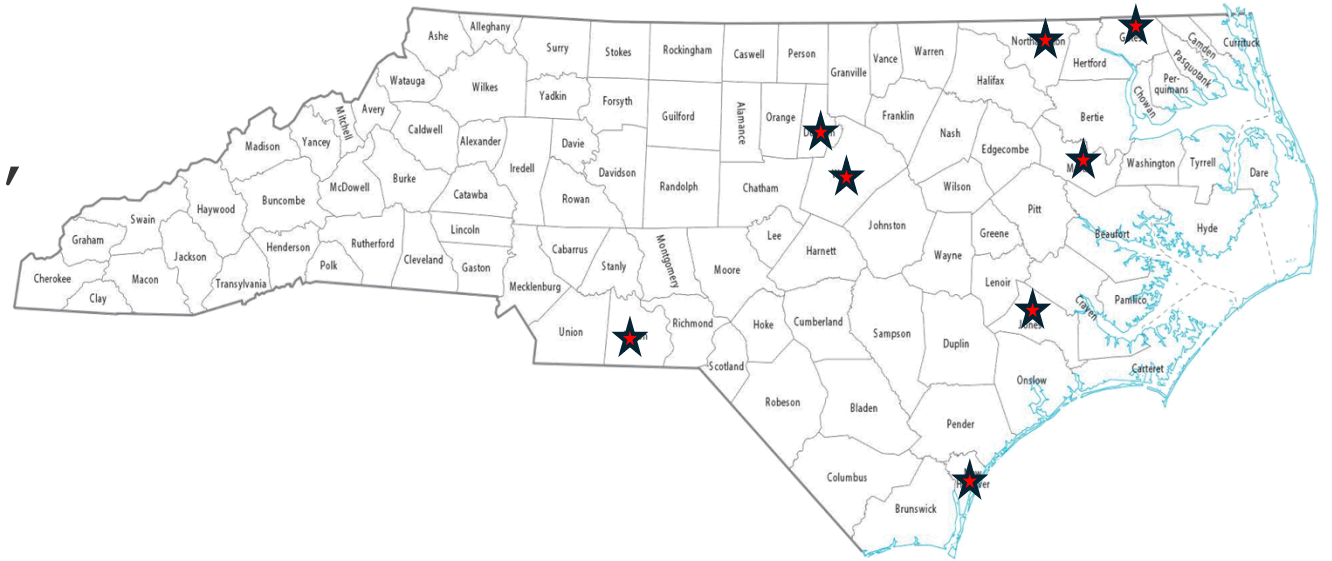
Nonprofits in every state, congressional district, and over 95% of U.S. counties rely on government grants.

60-80% of nonprofits receiving government grants risk financial shortfalls if these funds are lost.

Loss of funding could lead to major disruptions, including reduction in essential programs and services.

Financial Risk of NC Nonprofits Losing Government Grants

- In North Carolina, nonprofits received a total of \$7.2B in government grants.
- Nonprofits in New Hanover, Durham, and Wake counties received the most government funding.
- Nonprofits in Anson, Jones, and Northampton counties would have the biggest gap to fill if they lost their government grants.
- Nonprofits in Anson, Gates, and Martin counties have the highest share of nonprofits at risk of not





Federal funding freeze (with other factors) creates chaos for North

Carolina nonprofits

- Nonprofits like the North Carolina Coalition to End Homelessness (NCCEH) faced potential layoffs and reduced capacity due to delays in processing nearly \$1 million in HUD planning grants.
- *“We can’t help those who are homeless, who need a hand up and help break the cycle of homelessness without HUD funding.”* Kerry Bashaw, Executive Director at Brick Capital Community Development Corporation
- The funding freeze coincided with a 19% increase in homelessness in North Carolina, underscoring the critical need for uninterrupted support to vulnerable populations.

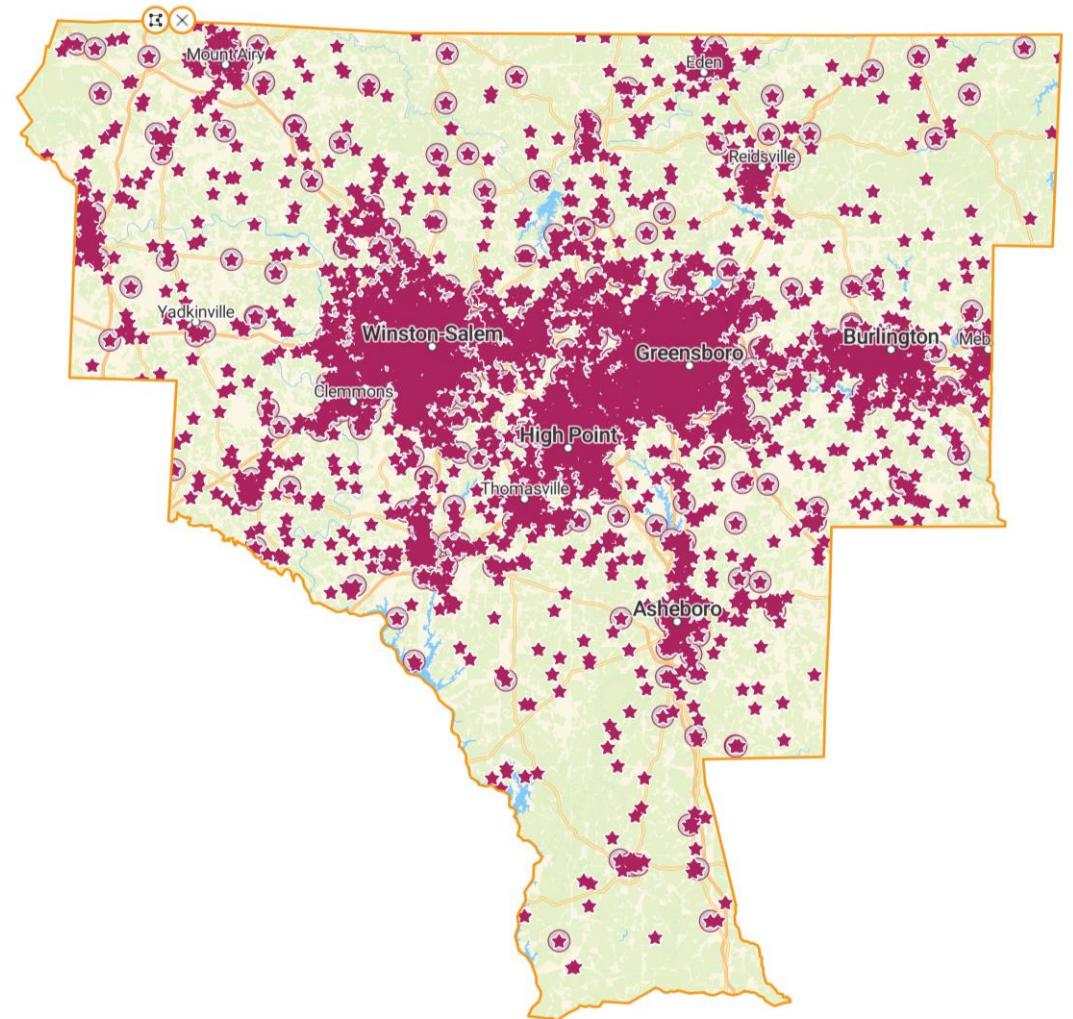
Nonprofits in the Piedmont Triad Region

1,989 nonprofits in the
Piedmont Triad Region (12
counties)

\$19.4 B in goods &
services purchased by Triad
Nonprofits

77,229 employees

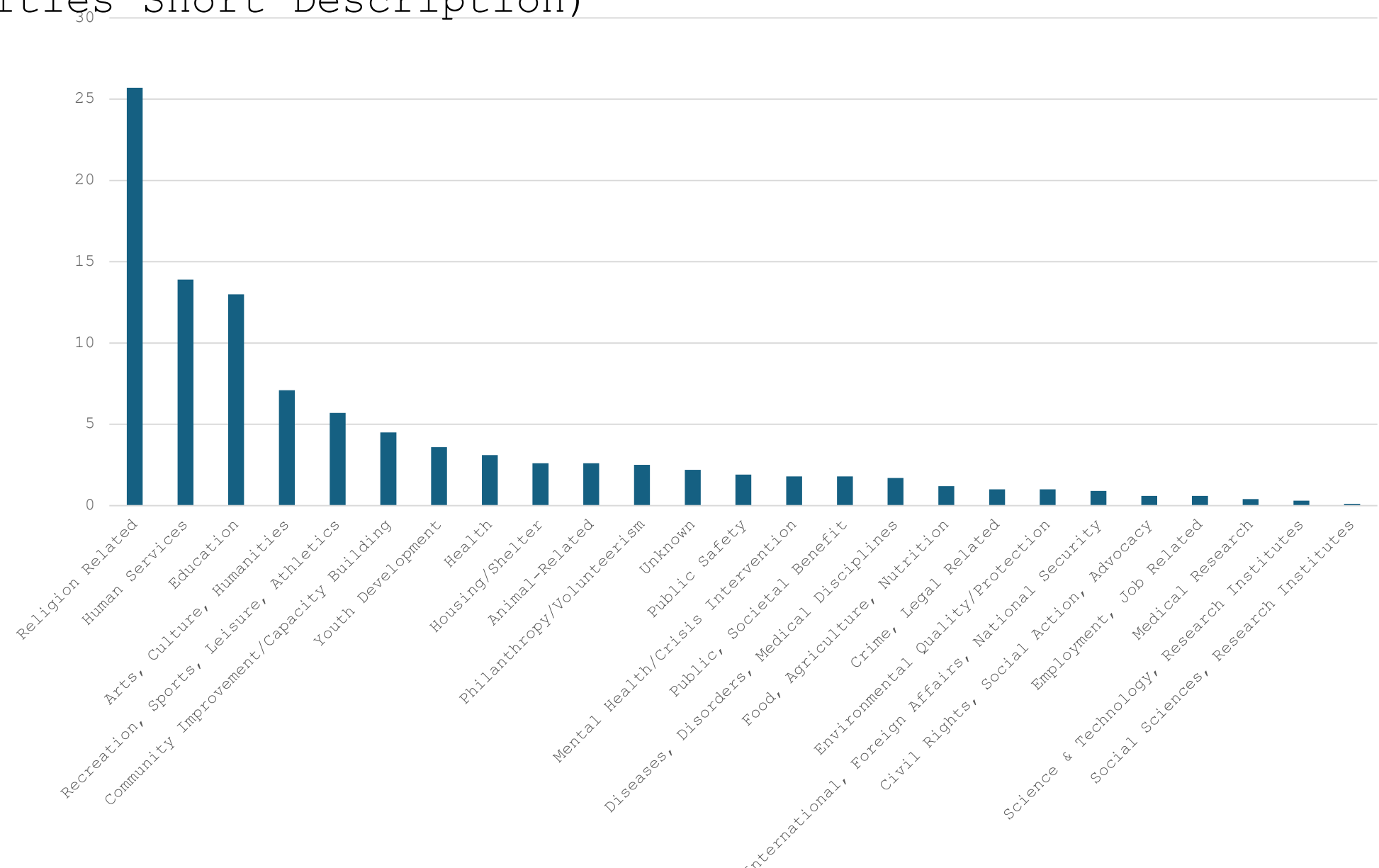
\$5.2 B in annual wages



Source: NC Center for
Nonprofits, 2025

Types of Triad Nonprofit Organizations

(Percentage by category based on National Taxonomy of Exempt Entities Short Description)





Impact of Loss of Federal Grants on Triad Non-Profits

According to the Urban Institute/Candid Study (Mar 2025):

- 7.44% (n=552) of Piedmont Triad nonprofits received federal funding
- \$704,701,889 in total funding across the 12-county region
 - \$296,789,534 Guilford (42% of federal funds to region)
 - \$233,841,021 Forsyth (33% of federal funds to region)
- 78% of nonprofits with federal funding in the region are at risk as they do not have sufficient operating surplus to

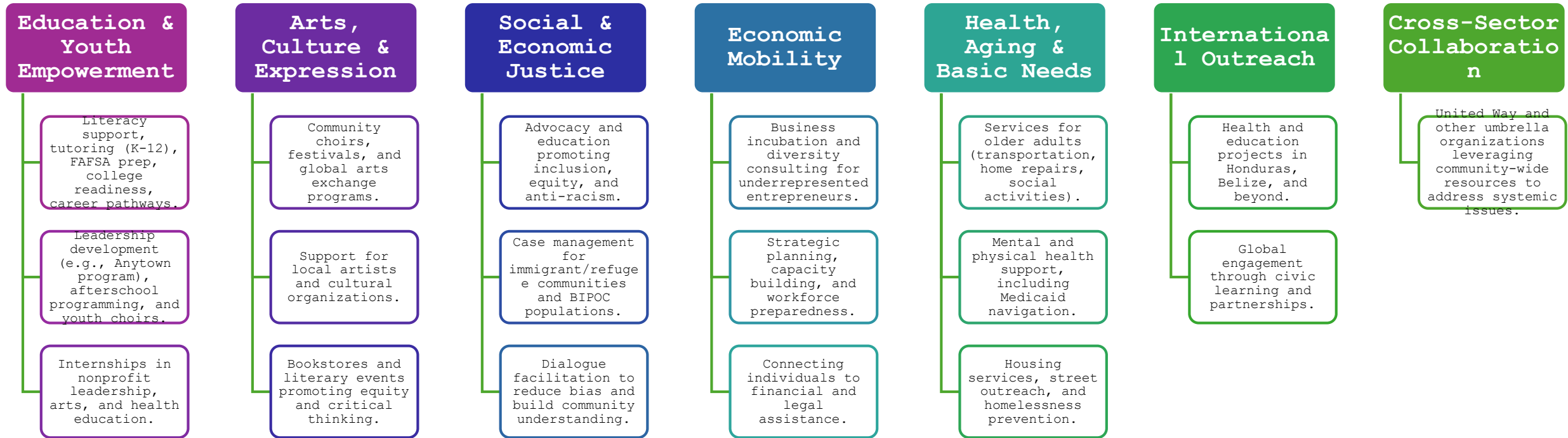
Urban Institute/Candid Study – Piedmont Triad Data

Geography	Number of 990 filers with government grants	Total government grants (\$)	Operating surplus with government grants (%)	Operating surplus without government grants (%)	Share of 990 filers with government grants at risk
United States	103,475	\$267,700,640,005	9.05%	-12.83%	67.35%
North Carolina	3,264	\$7,190,690,326	9.29%	-19.34%	69.55%
Alamance County	45	\$50,697,607	14.47%	-25.10%	77.78%
Caswell County	7	\$4,076,212	9.54%	-43.36%	85.71%
Davidson County	37	\$27,174,889	9.28%	-17.21%	59.46%
Davie County	22	\$5,257,468	12.28%	-58.62%	72.73%
Forsyth County	173	\$296,789,534	5.89%	-19.25%	69.94%
Guilford County	167	\$233,841,021	4.80%	-18.88%	72.46%
Randolph County	24	\$37,792,346	4.88%	-12.26%	75.00%
Rockingham County	16	\$15,492,591	9.39%	-67.81%	93.75%
Stokes County	12	\$3,133,268	-5.20%	-74.63%	100.00%
Surry County	34	\$19,466,480	20.22%	-23.33%	64.71%
Yadkin County	15	\$10,980,473	1.92%	-25.79%	93.33%

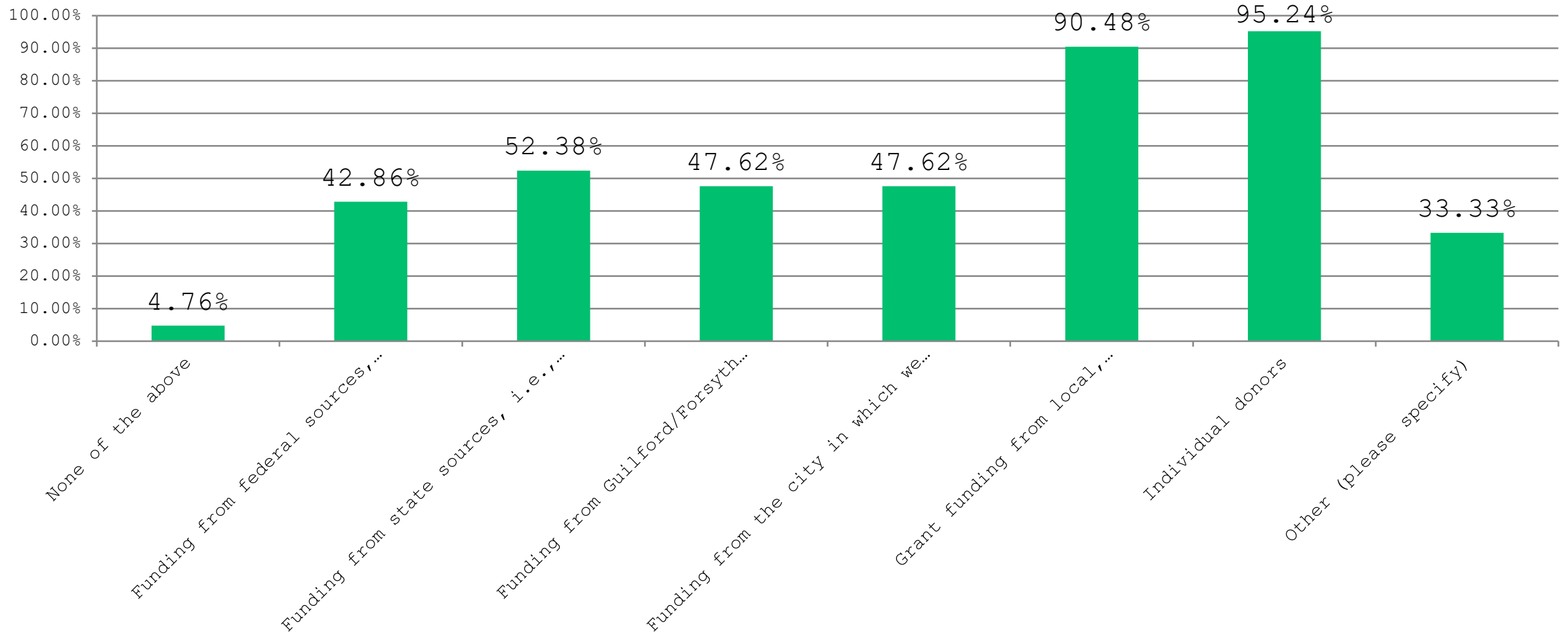
Survey conducted by Guilford Nonprofit Consortium in March 2025

Overview of Participating Organizations' Missions & Services

Represents responses from 56 Guilford County organizations



What types of funding does your organization receive today? (Check all that apply)



Source: Survey Conducted by Guilford Nonprofit Consortium
March 2025

Since January, how has your nonprofit organization been affected by changes -- or anticipated changes -- at the federal or state level?

Answer Choices	Responses
Organization made changes to policies and procedures	23.81%
Decreased grant funding	23.81%
Do not know if changes have occurred	23.81%
None of the above	14.29%
Other (please specify)	47.62%

Source: Survey Conducted by Guilford Nonprofit Consortium
March 2025

Since January, how has your nonprofit organization been affected by changes -- or anticipated changes -- at the federal or state level?

Funding Challenges & Delays

- Threats to SBA grants and loss of other federal/state support.
- Delayed reimbursements from federal, state, and local sources.
- Lower donor contributions and shifting funder priorities.

Operational Adjustments

- Hiring freezes and expense reductions underway.
- Exploration of alternative program models due to uncertainty.





Organizational Uncertainty

- Increased anxiety among staff; morale affected.
- Difficulties in planning and program expansion amid unclear funding landscape.

Proactive Adaptation

- Seeking diversified funding and new partnerships to maintain sustainability.
- Monitoring policy changes in healthcare, arts, and education that may impact mission-aligned programs.

Biggest Challenges Faced by Organizations

					
Uncertainty Around DEI-Related Funding	Financial Instability and Planning	Mission Communication Challenges	Program Sustainability Risks	Broader Socio-Political Risks	Operational Uncertainty
Loss of federal, state, and private funding tied to DEI and mental health programs. Pressure to reframe or remove DEI language to maintain funding.	Concerns over timely reimbursement and declining donor support. Need to cut costs, diversify revenue, and plan for economic downturns.	Difficulty in expressing core values and mission without triggering political backlash. Staff and board confusion about shifting language and positioning.	Potential discontinuation of key services (e.g., housing, mental health) due to funding cuts. Increased service demands amid reduced resources.	Anxiety over recession, free speech constraints, and global instability. Impact of federal decisions trickling down to local levels.	Safety and security of staff and clients. Clients delaying engagement due to instability.

Source: Survey Conducted by Guilford Nonprofit Consortium
March 2025

Biggest threats to populations served

Loss of Critical Funding & Support Services

- Threats to funding for housing, higher education, healthcare (Medicaid), SNAP, and social safety nets.
- Potential expiration of Older Americans Act impacting senior services (Meals-on-Wheels, APS, etc.).

Rising Fear, Anxiety & Uncertainty

- Increased fear among BIPOC, immigrant, refugee, and LGBTQ+ communities due to hostile policies and rhetoric.
- Anxiety over deportation, loss of services, and anti-DEI sentiment.

Impact on Vulnerable Populations

- Growing homelessness, particularly among the working poor and housing-insecure.
- Youth and college-bound students facing uncertain access to education (e.g., Pell Grants).

Disruption to Community-Based Programming

- Risk to sustainability of community programs supporting food, mental health, child welfare, and legal aid.
- Concerns about the future viability of small businesses led by women and people of color.

Barriers to Access & Engagement

- Reduced access to wraparound services and essential care.
- Participants delaying engagement due to fear and

Questions nonprofits have been wrestling with...

- federal funding, and what percentage of budget comes from government grants?
- What contingency plans are in place in case of a prolonged federal funding freeze or grant reduction?
- What immediate steps should nonprofit leaders take to prepare for potential federal funding delays or reductions in the coming months?
- How can nonprofits collaborate to advocate for policy changes or legal challenges to mitigate the impact of federal funding disruptions?
- How can organizations effectively communicate the impact of funding cuts to stakeholders, including donors, clients, and policymakers?
- How can our organization continue meeting our mission in creative ways

Additional factors to consider

- No state budget to date
 - Federal government shutdown reverberations (and ongoing threats of shutdown)
 - Ongoing threats to health and safety of groups of residents
 - Increased need for services from new populations
 - Increased cost of providing services
 - Fundraising:
 - Declining individual donations due to changes to the tax code and other economic factors?
 - Increased funding from mega donors?
 - Philanthropy not poised to fill the gap
- "The Trust's entire funding budget for the year is so relatively small, it would be considered a rounding error in the state budget."*
- Former CEO, Kate B. Reynolds Charitable Trust (second largest philanthropic entity in NC)*

A few observati ons

- Many nonprofits are acting with courage and are among the most trusted entities in Guilford County
- Exploration of new structures
 - Mergers
 - Dissolutions
 - Fiscal sponsorships/fiscal agency
- Goal of building stronger partnerships but structures get in the way
- Broad questions about rebalancing mission
 - Charity
 - System building/change
- Nonprofit leaders (board and staff) need continued development opportunities especially in governance, finance, and advocacy
- We benefit from significant community energy around volunteerism, which increases health and wellness of those who engage

Thank You

Additional Resources:

[National Council of Nonprofits](#)

[North Carolina Center for Nonprofits \(Policy Updates\)](#)

Questions?

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