2024

Survey on Policy Solutions to State Grant/Contract Challenges

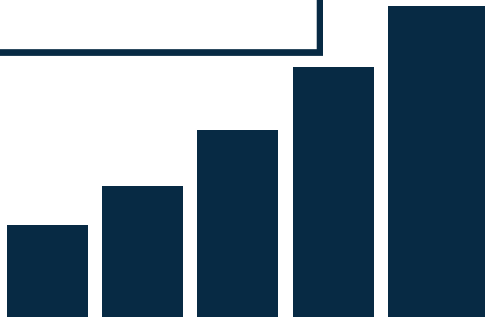**Prepared by**
Nonprofit Allies of
Virginia (NAVA)

Powered by
Center for Nonprofit
Excellence (CNE)

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About NAVA

The Nonprofit Allies of Virginia (NAVA)is a coalition of nonprofit capacity builders that currently includes the Center for Nonprofit Excellence, Dan River Nonprofit Network, NetworkPeninsula, and Council of Community Services. These organizations have come together to educate legislators and government actors and advocate for policies that strengthen the nonprofit sector. In the past year the capacity builders that currently make up NAVA have heard from nonprofits about challenges with government grants and contracts. The Nonprofit Allies of Virginia (NAVA) want to help identify the barriers, challenges and solutions for nonprofits navigating government grants and contracts.

Introduction and Summary

Introduction

- The NAVA survey on state grants and contracts was launched on July 22nd, 2024. In the past year the capacity builders that currently make up NAVA have heard from nonprofits about challenges with government grants and contracts. The Nonprofit Allies of Virginia (NAVA) want to help identify the barriers, challenges and solutions for nonprofits navigating government grants and contracts. This survey was developed with that goal in mind.
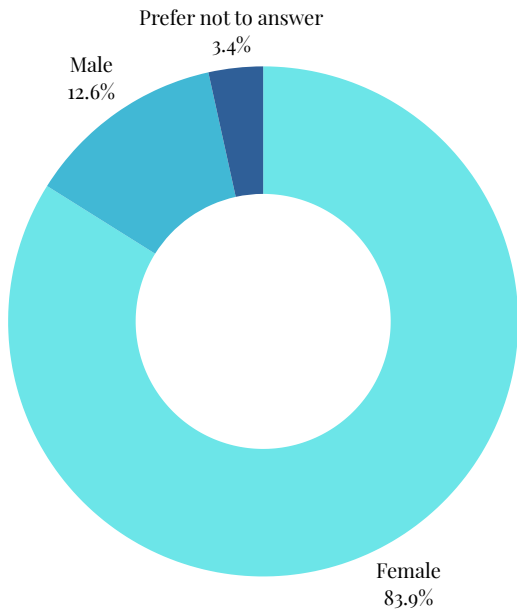
Summary

- Almost three quarter of respondents have challenges with application procedures or timelines.
- Many respondents citing the difficulty of having to "float" government costs while waiting for payments.
- Despite a strong history of positive outcomes, organizations are facing reduced funding in grants, meaning less money is available even for those with proven track records.
- More than half of organizations indicate overly complicated or restrictive budgeting and invoicing requirements as significant challenge with government funding and service agreements.
- Mandatory caps on indirect cost reimbursement continue to remain a significant challenge.
- A large portion of organizations support advance payments rather than reimbursements.
- Availability of multi-year contracts with organizations who have a history of state contracts was indicated as great solution.
- Streamlined applications for State grants/contracts, the use of document vaults, and having a designated state nonprofit liaison were also highlighted as beneficial solutions for navigating state systems efficiently.
- Supportive and responsive agency staff throughout the application and reporting processes, along with availability of online systems and clear instructions, were highlighted as positive experiences.

Survey Demographics

Gender Identity

Prefer not to answer
3.4%

Male
12.6%

Female
83.9%

Race/Ethnicity Distribution

1.2%

11.2%

3.7%

83.8%

- White
- Middle Eastern or North African
- Black or African American
- Hispanic or Latino
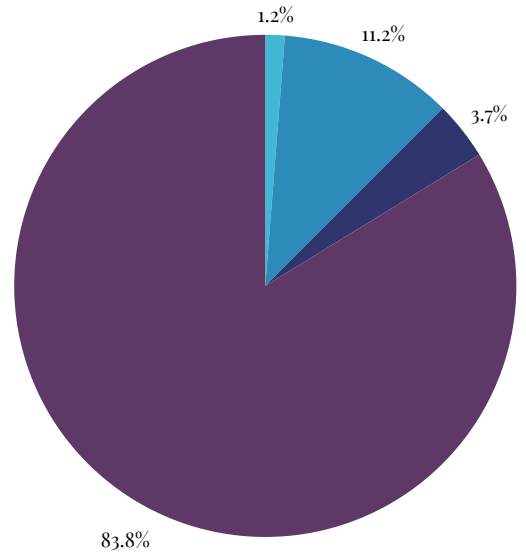
Current Position Overview

Other
18.8%

Board Member
8.2%

Program Director
3.5%

VP or Development Officer
9.4%

CEO/COO/CFO/other Executive Level
60%
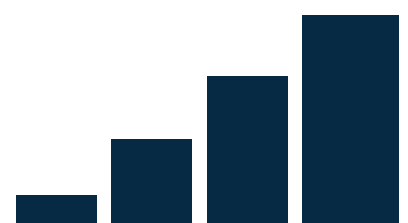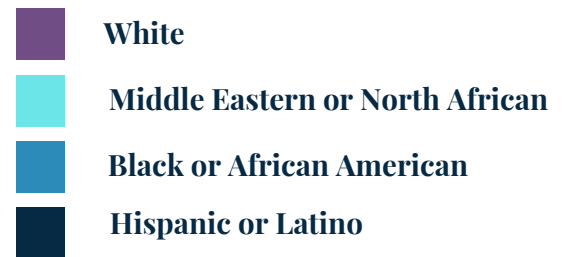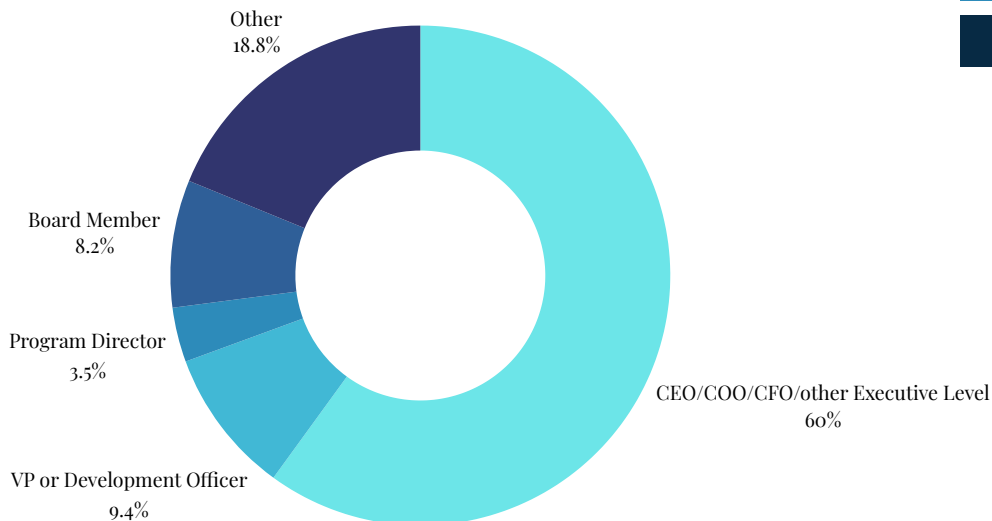
Organizational Characteristics

Community Type of Nonprofit Headquarters

Other
3.5%

Rural community
18.6%

City or urban community
55.9%

Suburban community
22%
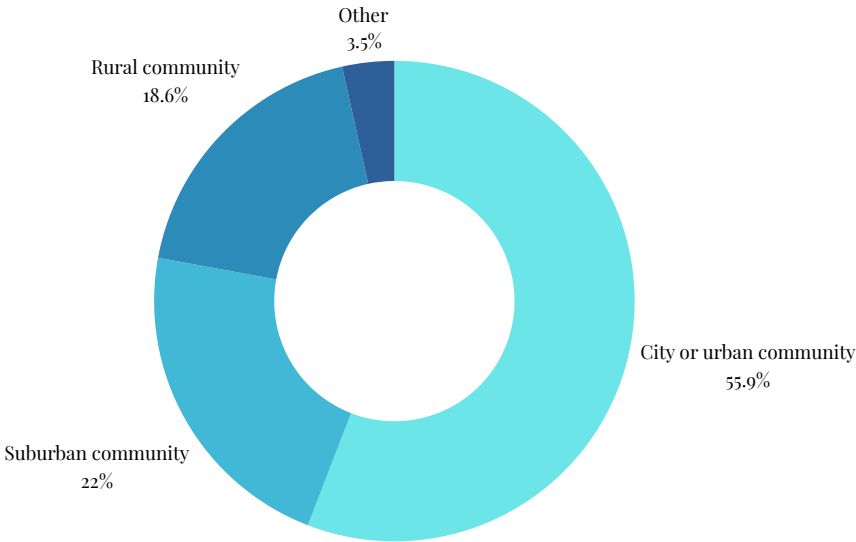
Regional Location

REGION	Number of Respondents
Central	34
Shenandoah Valley	1
Southside	8
Southwest	15
Northwest	5
Eastern	23

Locality of Nonprofit (City, County, or Town)

•Charlottesville: This location had the highest number of respondents, with multiple entries indicating it as their home service area. (20)
•Richmond: Several respondents indicated Richmond as their home service area, including variations like Richmond City and Richmond, VA. (20)
•Roanoke: Another common location, with multiple respondents specifying Roanoke or Roanoke City as their home service area. (9)
•Newport News: A notable number of respondents identified Newport News as their home service location. (7)
•Yorktown and York: There were several mentions of Yorktown and York, suggesting a concentration of services in this area. (4)
•Other Locations: The survey also included a diverse range of other areas such as Norfolk, Suffolk, Virginia Beach, Hampton, Albemarle, Warrenton, and Chesterfield County, Danville among others

Annual Budget

4.3%

8.6%

15.1%

35.5%

36.6%

36.6%	$250,000 - $1,000,000
35.5%	Less than $250,000
15.1%	$1,000,000 - $4,000,000
8.6%	$4,000,000 - $12,000,000
4.3%	More than $12,000,000

Focus Area

21 Children/ Youth Non - Education

25 Health

15 Advocacy

9 Special Needs

35 Human Services

30 Education

5 Legal Justice

11 Arts & Culture

2 Animal Service, Wildlife Conservation

18 Community Development

15 Other (Addiction, Economic Developments, Entrepreneurship, Career Development, etc.)

27 Hunger, Housing, Poverty
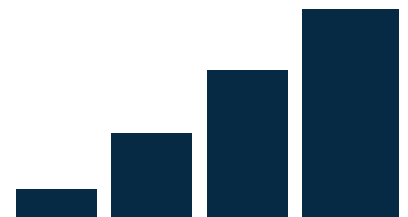
13 Environment

Organizational Workforce Size

Full-Time (Total): 1,218
Part-Time (Total): 387

Full-Time (Average): 14
Part-Time (Average): 5

Government Grants and Contracts

Grants/Contract Application

The survey results revealed that 81.52% of organizations have applied for government grants or contracts, highlighting a significant reliance on public funding. This suggests that a large majority of organizations view government resources as crucial to their financial sustainability. In contrast, 18.48% of respondents have not apply to such funding. Furthermore, 88.04% of respondents researched applying for the grants, contracts or billable services while 12% did not.

The reasons listed below illustrate the multifaceted challenges organizations face when considering whether to apply for grants.
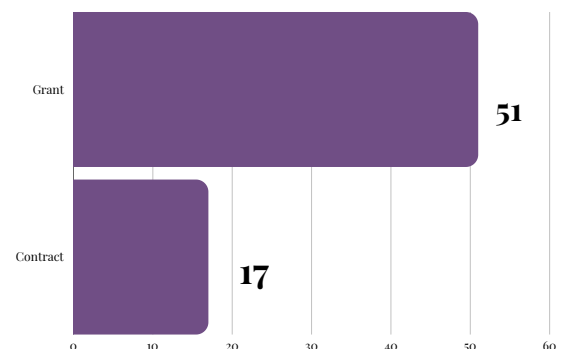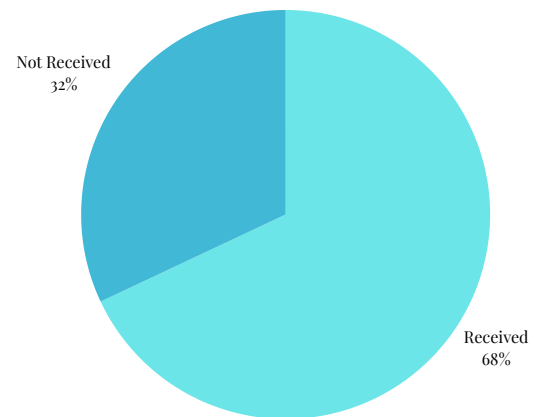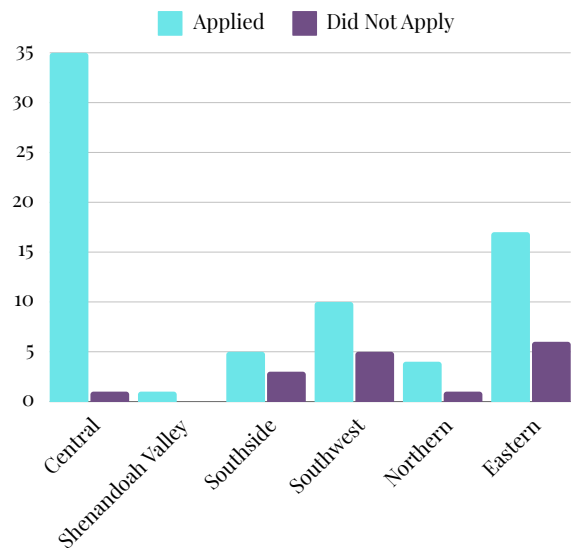
- **Difficulty in Application Process:** The sheer complexity, coupled with the time-consuming and often overwhelming demands of the application and subsequent reporting processes, discouraged many from applying.
- **Mission Misalignment:** For some organizations, the requirements tied to grants or the expectations from government entities clashed with their core mission or the type of services they offered, rendering them ineligible or misaligned with the funding objectives.
- **Organizational Constraints:** A significant number faced internal hurdles, such as the absence of professional grant writers, limited staffing, or operating as an all-volunteer organization. These constraints made the application process particularly daunting.
- **Eligibility Issues:** Specific eligibility criteria proved to be exclusionary. For instance, being a transitional housing program, classified as a 501(c)(6) organization, or serving as a basic needs provider with limited measurable outcomes left some organizations out of the running.
- **Resource Limitations:** The extensive paperwork involved, stringent asset stipulations, and the need for specialized expertise in grant writing further complicated the application process, making it inaccessible for many.

Award of Government Contract or Grant

A significant portion of the organizations surveyed (68%) were chosen for a government contract, grant, or both, while 32% were not.

Respondents were asked to identify whether they received funding through grants, contracts, or both. The results are as follows:

- **Grants:** An overwhelming majority of respondents (96.23%, n=51) reported receiving grants as a source of funding. This indicates that grants are a widely utilized and perhaps more accessible or preferred form of financial support among the surveyed group.

- **Contracts:** In contrast, 32.08% of respondents (n=17) indicated that they received funding through contracts. While contracts are still a relevant source of funding, they are less common compared to grants.

Applied   Did Not Apply

Central, Shenandoah Valley, Southside, Southwest, Northern, Eastern

Not Received 32%
Received 68%

Grant 51
Contract 17

Number of Grants and Contracts Received

In response to the question, "How many grants/contracts did your organization receive that you are aware of?" the following data was gathered:

Grants

A total of 231 grants were reported by 53 organizations. On average, each of these organizations received approximately 4.36 grants. This suggests that grants are a significant source of funding among those who successfully obtain them.

Contracts

A total of 94 contracts were reported by 29 organizations. The average number of contracts per organization was 3.24. Fewer organizations received contracts compared to grants.

Level of Government Funding

Government funding plays a crucial role in supporting the surveyed organizations, with varying contributions from different levels of government:

• Local Funding: A notable 63.46% of respondents (33) secured funding from local government sources, underscoring the importance of municipal support in their financial ecosystems.
• State Funding: Leading the way, 78.85% of respondents (41) received funds from state governments, highlighting the prevalence of state-level grants and contracts as the dominant financial lifeline for these organizations.
• Federal Funding: Although less prevalent, federal funding remains a vital component, with 51.92% of respondents (27) reporting financial support from national sources. This indicates that while federal contributions are comparatively lower, they are still significant within the broader funding mix.

Local | State | Federal

63%
79%
52%

0   10   20   30   40   50
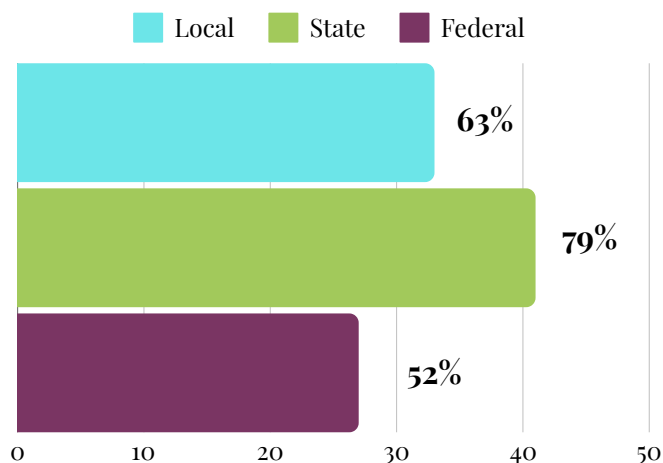
Challenges Associated with Government Funding and Service Agreements

68% of organizations struggled with complex and time-consuming application processes

53% struggled with overly complicated budgeting or invoicing requirements

53% reported that the reporting requirements were excessively burdensome

49% had to "float" costs due to reimbursement being paid after service delivery.

40% were challenged by the need for matching funds

36% faced mandatory caps on overhead cost reimbursements

30% noted that agreement rates did not keep up with rising costs.

26% found that short-term agreements hindered effective planning and staffing

25% encountered redundant reporting requirements across different state entities

26% noted costly unfunded requirements such as insurance or IT

23% reported that agreements didn't allow for paying competitive wages

1% reported failures to adhere to OMB Uniform Guidance

The respondents identified several other key challenges

- Securing grants often involves several rounds of applications, sometimes extending over multiple years before an award is granted.

- Some organizations have not yet applied for grants as they are focusing on improving their internal capacity and preparation for future opportunities.

- The time required to complete grant applications is a significant barrier.

- Despite a strong history of positive outcomes, organizations are facing reduced funding in grants, meaning less money is available even for those with proven track records.

- The data collection and reporting requirements for some grants are overly complex and time-consuming, often demanding resources that are not covered by the grant itself.

- The reimbursement process is time consuming.

One respondent noted that all of these issues are relevant, and they highlighted the concerns most frequently raised by leaders of small nonprofits. They also added the problem of onerous, non-negotiable language in the required contracts.

One respondent shared that most of their experience involved grants and the Virginia Day Care Subsidy Program during COVID. While they are eager to access more government funding and partnerships, they find it difficult to locate such opportunities.

Respondents expressed concerns about the requirement for complicated and extensive data and reporting, describing it as overly burdensome and extremely time-consuming, with no coverage for these efforts under the grant funding.

Respondents mentioned challenges such as high competitiveness , lack of communication about funding availability at the state level, frequent staff turnover at the federal level leading to no stable point of contact, long wait times between application and award notification, and delays in receiving the actual award.

One respondent pointed out that they are required to begin programs and services before knowing the exact amount of funding they will receive from the government. Also, they don't receive payment until the entire program has been completed and paid for out of pocket.

Positive Experiences with Government Funding and Service Agreements

We asked the survey respondents to indicate the positive experiences their organizations have had, and the results are as follows.

46% (n=27) found that invoices were paid promptly, aiding in financial management.

37% (n=23) encountered manageable and fair reporting requirements.

18% (n=11) appreciated RFPs that clearly disclosed how funds would be used.

18% (n=11) reported that agreement rates allowed their organizations to pay living wages to staff.

16% (n=10) of respondents experienced smoother and more efficient application processes.

15% (n=9) indicated that agreement rates adequately covered administrative (indirect) costs.

3% (n=2) benefited from simplified auditing procedures.

- Supportive and responsive agency staff throughout the application and reporting processes
- Availability of online systems and clear instructions
- Effective communication during application process – prompt responses
- Positive long-term relationships successful program funding
- Helpful guidance and resources - access to help desks, guidance teams, and training sessions
- Efficient reimbursement and payment processes
- Impactful funding – government grants and contracts lead to impactful community programs
- Positive experience with specific grants such as the Gloucester Community Foundation Grant and the Maternal, Infant, and Early Childhood Home Visiting Grant

Policy Solutions for Government Funding Reform

Advance Payments Rather than Reimbursements

This solution has the highest support and indicates that nonprofits tend to favor receiving funding in advance rather than dealing with reimbursement procedures. It was also prioritized as a problem that needs to be reformed, with many respondents (33%) citing the difficulty of having to "float" government costs while waiting for payments.

Multi-Year Contracts for Nonprofits with a History of State Funding

Many respondents agreed that extending contracts for organizations with a proven track record of working is a good idea. These contracts could help cut down on work and offer the stability necessary for long range planning. Short term deals were singled out as a challenge, in planning and staffing decisions underscoring the significance of securing lengthier contracts from the government.

Streamlined Applications for State Grants/Contracts

Applying for grants can sometimes pose a challenge as the process can be complex and time consuming for applicants to navigate through smoothly and efficiently. Difficult application procedures or tight timelines were also highlighted as an significant barriers, making this a priority for improving the efficiency of the funding process.

Prompt Payment Requirements for State Agencies

Though not as widely supported as other measures, ensuring timely payments from state agencies could address ongoing delays that hinder nonprofits' ability to meet their financial obligations.

Less Supported Solutions:

- Use of Document Vaults to Minimize Redundant Filings/Reporting
- Having a Designated State Nonprofit Liaison to Help Navigate State Systems
- Clear Information About the Expected Timing of Payments
- Requirements that State Agencies Make Payments Electronically

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