



Summary

Nonprofit Report on Government Grants and Contracting

A Solutions-based Approach to Strengthening Vermont's Government-Nonprofit Partnerships

Across Northern New England, over 62% of recently surveyed nonprofits report receiving state or local government funding through state grants and contracts ([2022 Nonprofit Wages & Benefits Report](#)). In Vermont, 79% of responding nonprofits reported receiving state or local government funding with this funding source making up an average of 30% of their budgets.

While government-nonprofit partnerships are critical to meeting community needs, nonprofits report increasingly being asked to do more with less. Pandemic and economic pressures have exacerbated existing challenges for nonprofits, as organizations struggle to retain and recruit workers, keep up with rising costs, and meet increased demand for services.

Hearing more frequent and urgent concerns from nonprofits surrounding government grants and contracts, at the request of these nonprofits, Common Good Vermont agreed to launch a Government Grants and Contracting Survey in September 2022 to better understand nonprofits' experiences.

Survey Population

The survey received responses from 40 Vermont nonprofits of varying sizes and missions, all of which receive government funding. Participation was greatest in Chittenden County and 50% of responses were from Human Services organizations. Forty percent of participants had budgets between \$1-\$3 million and most respondents had 1-5 government contracts in a typical year. Findings do not assume the experience of ALL nonprofits, nor are they a statistically significant representation of the sector. These key takeaways are intended to be used to inform discussion and decision making for state leaders, policymakers, and nonprofits.

Challenges Reported

The three most important challenges with government grants and contracting to address identified by respondents (in order of frequency) are:

- Contract rates do not cover the cost of services OR do not rise with cost increases over time (level/under funding)**
- Overly complicated or restrictive budget or invoicing requirements**
- Contract rates do not fund overhead or administrative costs**

“The amount of time and resources required to operate government grants ironically takes away from our ability to effectively manage and invest in our work.

-Survey Participant”

Impact on Nonprofits & Services

Respondents reported three primary impacts of challenges with government grants and contracting:

Workforce:

The ability of nonprofits to attract and retain workers is hindered by underfunding, as well as the unpredictability of funding year to year. Nonprofits struggle to offer competitive compensation and temporary positions are even more challenging to fill.

Service Delivery/Programming:

Navigating complex and burdensome processes and requirements, as well as having to fundraise to make up the difference between government funding and the full cost of services, takes away from the time and resources organizations can put towards service delivery.

Long-Range Planning:

Uncertainty around funding streams forces organizations to take a short view with their work; this compromises the quality of their services, puts staff in a precarious position, and changes in funding may cause shifts in programming.

These challenges force us to spend a greater portion of our time fundraising and writing applications. We are also unable to take a longer view on some work since funding forces us into scarcity mode, focusing on the task in front of us instead of how the system might be improved.

-Survey Participant

Solutions

Survey respondents recommended both systematic and policy solutions that would alleviate the challenges nonprofits are experiencing. Drawing on these recommendations and reported experiences of respondents,

Common Good VT has identified three key improvements that would strengthen government-nonprofit partnerships:

Fund the Full Cost of Services

Increase Overhead & Administrative Fees

Adjust for Inflation & Rising Costs

Permit Budget Changes

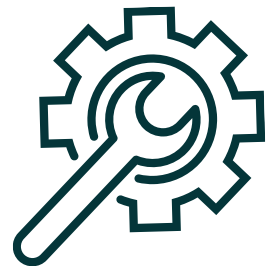
Fund Consistently



Simplify and Streamline Processes

Simplify Application & Reporting Requirements

Coordinate Systems Statewide



Increase Equity and Access for Under-Resourced Nonprofits

Address Reimbursement Challenges

Provide Technical Assistance & Capacity Building Resources



“Grants need to automatically have a cost of living increase built in. There needs to be recognition that overhead costs need to be covered so that the work of the grants can happen. More grants need to be on a multi year cycle so that organizations have better predictability in their budgets.”

-Survey Participant

Next Steps

These findings should be used by state leaders, policy makers and nonprofits to collaboratively address structural challenges and inequities with government grants and contracting. By creating efficiencies, strengthening relationships, and expanding access to financial resources, we can drastically improve the quality of life for nonprofit employees, provide organizations with the stability, capacity, and resources they need to be effective in their missions, and ultimately, meet the needs of individuals and help communities thrive.

For additional information:

- 2022 Northern New England Nonprofit Wages & Benefits Report
- Vermont Nonprofit Economic Impact Report
- The Scope and Impact of Nonprofit Workforce Shortages (National Council of Nonprofits Report)

Contact

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Common Good Vermont is the only statewide program in Vermont dedicated to uniting and strengthening all mission-driven organizations that serve the Green Mountain State. Common Good Vermont is the go-to resource for nonprofits to share resources, gain skills, and build partnerships. Common Good Vermont is a recently merged statewide program of United Way of Northwest VT and a nonprofit ally member of the National Council of Nonprofits.

