

To: House Committee on Government Operations and Military Affairs  
From: Nicole Miller, Executive Director, Vermont Afterschool  
Date: January 11, 2024  
Re: H.140 - An act relating to requirements for State-funded grants

Good morning. I am Nicole Miller, and I am the Executive Director for Vermont Afterschool. We are a statewide nonprofit dedicated to strengthening programs, empowering youth, and expanding access to afterschool and summer programs so that all Vermont youth are active, engaged, connected, and heard.

I'm speaking with you today to share our experiences as a nonprofit organization in Vermont that has a long history of working with several State agencies. We understand that through H.140 there is an opportunity to improve the varied systems for State-funded grants, and my hope is that this committee finds our feedback helpful in identifying areas where these systems can be made more efficient and less challenging.

Our biggest challenge concerns the timeliness of grants being executed and reimbursement for work completed.

- **Regarding the timeliness of Grant Execution**, while not without the hard work of many State employees, grant agreements often are not executed until 3- to 6-months into the work period, even after budgets and scopes of work are prepared several months in advance. When they arrive, they are backdated, but that does not help nonprofits, who during the interim must still plan for and execute the work, with no written guarantee of when the agreement will be finalized. These delays in turn delay any subcontracts and cause great uncertainty for leadership within organizations. Without agreements in place, we cannot request reimbursement for completed work, endangering the livelihood of our employees. The burden of ensuring employees are taken care of is one that leaders across many sectors undertake knowingly, however the difference for nonprofits with State grants and contracts is that we are not in control of the timeline. We can end up carrying months of expenses, well beyond what was expected, causing significant cash flow challenges.
- **Regarding the timeliness of Reimbursement Requests**, in our experience, grants are typically on a monthly or quarterly reimbursement basis, usually with a payment term of net 30 days. When operating smoothly, this process works okay. Of course, the nature of reimbursement is challenging, but it is doable. When any delays occur, though, becomes very financially risky. For example:
  - The reporting period is July, August, and September. After we close our books to ensure all expenses are captured, our report would be turned in at the end of October.
  - If the reimbursement is on time, it would arrive by the end of November.
  - Meanwhile, we are already incurring expenses for the months of October and November, two-thirds of the way into the next quarter.
  - If payment of the original reimbursement request is delayed even by 30 days, we are carrying six months of expenses, causing many challenges.

For both of these issues, I've spent countless hours tracking down answers and documents, making alternative programmatic and financial plans, and adjusting timelines. None of this is planned for when we agree to a scope

of work and budget and it adds to an already full set of responsibilities, which inevitably impacts our effectiveness in meeting our set deliverables. We are held accountable for ensuring our reports are submitted on time, but from our perspective, that accountability is often not returned in kind.

**The impact of these delays are felt beyond our organization and affect our rapport with the individuals and entities accessing services.** As nonprofits, we work very hard to implement needs identified in the state, developing long-standing relationships with individuals and entities accessing the services we provide. For some initiatives, a nonprofit might be tasked with sub-granting to other organizations through a State grant agreement. Those sub-subrecipients would submit their own reimbursement requests to us, which we would combine into one request to the State. Those entities trust that we'll follow through with the payment terms in their subgrants, just as we, the State's subrecipient, trust that we'll receive timely payment. That trust is eroded when delays occur, damaging the very entities or individuals we are supposed to be serving. There are cases where we've been able to request advanced payment, based on what we expect the sub-subrecipients to spend, and through careful accounting on our end and that of the State, which has proven to be successful in eliminating this concern.

**Reporting variations.** Lastly, each of the State grants we have has a different reporting format and level of detail, sometimes even within the same Agency or Department. Any streamlining of those processes would make our efforts more efficient, and allow us to focus more on the work at hand.

As I mentioned at the beginning of my statement, our experience with State employees is that they are all working very hard to meet the needs of nonprofits, so we in turn can meet the needs of Vermont. But they are working within their own constraints, often understaffed or without proper technology and infrastructure. One State employee recently shared that the individuals tasked with grant and contract processes in their agency went from 60 agreements to over 200 each within the last few years. That is not sustainable and we empathize with the individuals. In addition to the ideas within H.140, we would support a working group to consider needed reforms to the state's grant and contracting system to make it more viable, predictable, and efficient.

I am grateful for the time to speak with you today. And thank you for all that you do on behalf of Vermonters.