

State Grant Updates

House Government Operations Committee

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2/6/26

Updates on State Grants

- We appreciate the work and effort the state has put into this over the past 6 months, including Nick Kramer's work organizing and facilitating the meetings, Jordan Black-Deegan and Kimberly Baker for all their work behind the scenes and managing the working group, and the Administration and all the Agencies and Departments who have worked collaboratively on this. We also appreciate other stakeholder entities who have engaged in this process – RPCs, VLCT, Conservation Districts, and nonprofits, as well as your committee's thoughtful attention to the issue.
- We are very encouraged and optimistic that our work together will result in improvements to state grants, but that doesn't mean we don't have more work to do or that we shouldn't continue to monitor for changes or where additional attention is needed.
- While we don't have specific information about all of the changes that will come out of our conversations, what has been shared with us and discussed at our final meeting indicates significant progress. Bulletin 5 updates that have been discussed include:
 - o Standardizing budget line-item flexibility up to a certain percentage for most grants
 - o Streamlining reporting so certain information will only have to be collected once instead of for each grant and simplifying applications where possible
 - o Updating the risk assessment processes for advanced payments (unclear what this will look like specifically or if it will result in more organizations receiving upfront payments)
 - o Clarifying language differentiating grants from contracts
 - o Guidance and resources around indirect rates – this won't make it easier to receive an indirect rate but the goal is to provide more guidance so grantees can determine if they would qualify for one before going through the costly process of calculating/negotiating one.
 - o Jordan and Kimberly have also started developing a host of new resources and guidance to support both granters and grantees which will be available on [this website](#) soon.
- Finally, an important outcome has been the creation of an ongoing working group that includes agency/department staff and external stakeholders, including nonprofit representatives. This group will focus on resource and training needs, as well as identify emerging challenges or areas that need attention. We had our first meeting in January and identified priorities, including indirect rates and advanced payments.
- Regarding timely payments and contract execution, things have been improving but there are no changes to address these issues in the updates. We hope that strengthened relationships and

ongoing collaboration will help to address delays more quickly going forward. Clarity around who nonprofits should go to when challenges arise was also brought up at our first working group meeting, so perhaps we can establish a protocol around that.

- I also want to name that this work solely focuses on grants, not contracts. We've learned a lot from this process and hope that we can replicate it or take similar actions with BGS in the future.
- While we are encouraged by this progress, I'm not ready to say that we are where we need to be. We have not yet seen the language in Bulletin 5 as it needs to be reviewed by AoA, AGO, and internal teams before external stakeholders can review. My understanding is that we are now unlikely to see those changes until March, which will be a tight turnaround for feedback before it needs to be finalized for the 7/1 effective date.
- Given that we won't see the impact of these changes until then, I do want to highlight that the Senate Government Operations Committee is working on a government accountability bill that would require a report from AoA at the end of the year on recommendations for improvements to state grants. While I think that this language could be revised to focus on monitoring and recommendations for further improvements given where things stand at this time, I do think it would be valuable to have this update and revisit the state of grants after Bulletin 5 changes go into effect. For the record, we also would like to see language about identifying ways to reduce work granted out to nonprofits removed.
- Overall, we look forward to having the opportunity to review and provide feedback on the proposed Bulletin 5 updates before they are finalized and continuing to work with the state and through the working group.

Funding

- Related to this work, Common Good Vermont is requesting state funding to strengthen Vermont's nonprofit sector. We are asking for:
 - o \$295,665 in one-time funding to help nonprofits navigate federal cuts, executive orders, and policy shifts that affect service delivery.
 - o \$267,777 in base funding to improve nonprofit capacity, financial management, and compliance, strengthening the State's own grantmaking and contracting systems.
- Our proposal has already been endorsed by more than 60 nonprofit organizations who are prepared to work collaboratively and efficiently in this moment of change, and ensure public investment in our sector will have a lasting impact.
- I want to focus on the second piece of the proposal, which would support nonprofits with state grants and our work with the state on system improvements. It's great that we have the working group to develop trainings and resources, but capacity and funding limits what we will be able to accomplish. Our proposal would support our work with the state not only on grants, but to address contracting challenges as well.
- Specifically, funding would support:

- Training and Resources: Targeted training on grants, compliance, and financial resilience.
- Improved State Partnerships: Collaboration with state agencies to streamline grant and contracting processes and reduce administrative burdens.
- Sector Data: Sector specific data on wages and benefits to benchmark and set nonprofit compensation, inform policy decisions, and monitor employment trends.
- Technical Assistance Fund: Support for nonprofits working through state contract requirements, financial management, reporting, or compliance concerns.
- While we are requesting base funding for this work, but even one-time funds could make a real difference.
- In addition to supporting state-nonprofit partnerships, we are also requesting one-time funds that will provide critical sector support and infrastructure as organizations navigate federal policy and funding changes to ensure vital services continue.
 - The most important thing this proposal delivers is direct technical assistance to nonprofits that are facing real and immediate disruption.
 - This assistance is not theoretical. It includes helping organizations plan for major swings in federal funding, work through Medicaid related scenarios, assess changes to housing and rental assistance programs, and obtain legal guidance when federal directives conflict with an organization's mission or operations. For many smaller and mid-sized nonprofits, this type of expertise simply does not exist in-house.
 - In some cases, the most responsible outcome is not survival at all costs. The technical assistance also supports organizations that need to explore collaboration, merger, restructuring, or, where appropriate, an orderly wind down that protects clients, workers, and public investments. That kind of planning is difficult, sensitive, and essential, and it rarely happens well without outside support.
 - Alongside this direct assistance, the proposal includes a limited number of structured Task Force meetings and cross-sector convenings over a twelve-month period. These are designed to surface shared risks early and give policymakers better information sooner, but they are not the centerpiece of the work. They exist to inform and strengthen the technical assistance being delivered on the ground.
- Our proposal aligns closely with Vermont's priorities around affordability, economic stability, and protecting Vermonters. It also will ensure that the work we've done to strengthen state-nonprofit partnerships will be lasting and more impactful, especially as federal partnerships are unstable at best.
- Federal conditions suggest that the nonprofit sector will likely face retrenchment over the next several years. With proactive planning, that transition can be managed in a way that preserves essential services, protects workers, and avoids shifting larger costs onto the State later.
- The goal is simple: use public dollars efficiently, reduce risk, and make sure Vermonters continue to receive the services they rely on.