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Solutions to Government-Nonprofit Grantmaking and Contracting Problems

Governments and nonprofits are natural partners, serving the same constituents in the same communities. It is in everyone's best interest to work collaboratively to identify and implement meaningful solutions to common problems. Listed below are common sense grantmaking and contracting solutions that meet the test of helping taxpayers, those needing services, and governments just as much as they help nonprofits.

For more information on these and other solutions, see [Toward Common Sense Contracting: What Taxpayers Deserve](#), National Council of Nonprofits, May 2014.

Collaborative Problem Solving

1. Government-Nonprofit Task Forces

Policymakers seeking to reduce government costs, improve services, and protect taxpayers should create joint government-nonprofit task forces to identify and analyze challenges in contracting practices and procedures, and then develop and implement targeted solutions.

- Previous State Tax Forces: Connecticut, Hawai`i, Illinois, Maine, Maryland, New Jersey, New York, North Carolina, Texas

2. Nonprofit Liaisons

Governors, Mayors, and other executive branch officials should appoint and empower high level Nonprofit Liaisons to oversee and promote contract and grant efficiencies and nonprofit sustainability.

Accountability for Full and Prompt Payments

3. Payment of Indirect Costs Incurred

Using the new OMB Uniform Guidance as a start, governments at all levels must reimburse nonprofit organizations for the full indirect costs that the nonprofits legitimately incur in delivering contracted services for government.

4. Joint Training Programs

Governments and their nonprofit contractors and grantees should conduct joint training programs designed to promote common understandings, collective problem solving, and mutual respect.

5. Clear and Consistent Definitions

Governments should provide and apply clear and consistent definitions of administrative costs, indirect costs, and overhead.

6. Repeal of Arbitrary Caps on Indirect Costs

Legislatures should repeal existing statutory caps on legitimate indirect costs that serve to undermine nonprofit effectiveness.

7. Public Accountability through Disclosure of Indirect Cost Reimbursements

Governments at all levels should publicly disclose for each program how much they pay in indirect costs.

8. Prompt Payment Laws

Governors and legislatures should ensure that state and local governments pay their bills on time by enacting and enforcing prompt payment laws.

9. Prompt Contracting Laws

Governors and legislatures should enact and enforce laws that ensure state and local governments complete the contracting process prior to commencement of work by nonprofits.

10. Public Disclosure of Government Accountability

Governments at all levels should inform the public on the timeliness of payments by government agencies to contractors.

Elimination of Unilateral Mid-stream Contract Changes

11. Independent Government Office to Protect Charities from Contracting Abuses

States should create an independent office, or Attorneys General should take actions, to ensure accountability so state and local governments honor the terms of their written agreements and stop unilaterally changing them mid-stream.

12. Standardized Language for Contracts and Grants

State and local governments should standardize contract and grant language, as well as reporting requirements, across multiple agencies to secure the savings attainable through reduced negotiating costs and standardized attachments and forms.

13. Ongoing Provider Input

Governments should institutionalize methods to regularly obtain input from nonprofits on how to improve contracting and grant processes, program design, and implementation.

Simplifying Complex Application and Reporting Requirements

14. Document Vaults

States and local governments should reduce redundancy in the application process by creating an electronic repository or “document vault” to house all commonly required documents from nonprofits relevant to bids for government contracts and grants.

15. Standardized Monitoring and Reporting

Governments should reduce redundant monitoring by standardizing and integrating reporting procedures across multiple government agencies.

16. Standardized and Consolidation of Audits

Government agencies should standardize and consolidate audit requirements to avoid repeated and unnecessary audits, reduce interruptions in nonprofit program services, and reduce taxpayer burdens of paying for multiple audit teams to review the same books and records.

More About Government Grants and Contracting

- [Government Grants and Contracts](#), National Council of Nonprofits
- [A Dozen Common Sense Solutions to Government-Nonprofit Contracting Problems](#), National Council of Nonprofits, Dec. 5, 2013.