



Nonprofit Grant and Contract Reform Initiative

The Challenge:

One of the primary concerns raised by nonprofits in West Virginia is delayed grant awards and reimbursements. Nonprofits have reported regular grant award delays ranging from 1 to 8 months *after* the grant period start date, meaning a grant whose funded activities start in July may be awarded as late as February. Receipt of funding has been reported as delayed 1 to 6+ months, requiring nonprofits to carry significant expenses associated with the grant without funding. Many small (and even some large) nonprofits have to regularly access lines of credit, take out loans, and even withhold or delay payroll due to significantly delayed reimbursements.

The Opportunity:

The creation of joint, collaborative government-nonprofit contracting reform task forces offers a promising first step to fix issues in contracting systems that harm governments and nonprofits, as well as those they serve. These collaborative task forces create an environment in which pragmatic reform efforts can be proposed, evaluated, developed, and then successfully implemented. This summer, West Virginia launched the Impact Commission, a public/private partnership with representation from government, nonprofits, and the philanthropic sector.

Key Concepts:

- [No one is to blame for the current condition of the government-nonprofit contracting system.](#) The current condition of the government-nonprofit contracting system has developed over many decades. Typically, the “system” in each state evolved when new reporting regimes, contract clauses, and other items were added in response to specific situations without attention to how the new components fit into the system as a whole. Sometimes these changes were due to individual grantee behavior. There is no value in focusing on blame because it prevents progress.
- [Everyone recognizes the need for reform.](#) Governments and nonprofits are hampered by the cumbersome, redundant, and antiquated processes, and all are eager for improvement, effectiveness, and cost savings.
- [Everyone must be open to doing things differently.](#) Participants (government and nonprofit) must be willing to make adjustments mid-stream, because nothing ever goes exactly as planned.
- [Meaningful change takes time.](#) Decades of evolving problems cannot be solved overnight.

Key Considerations for WV Impact Commission, Guidance from National Council of Nonprofits

National Council of Nonprofit Guidance in black, WV status in blue

Formation: There is nothing magical in how these collaborative task forces get formed. Sometimes legislatures create them (Connecticut, Hawai'i, Illinois, Maryland, and Texas), other times via a Governor (New Jersey) and Attorney General (New York), and other times they flow from shared efforts of state agency heads and nonprofit leaders (Maine and North Carolina).

Regardless of how a task force is created and structured, it is vital to include both government officials and nonprofit leaders with the necessary knowledge and experience of government-nonprofit contracting to add to the discussion and assessment of recommendations. Other important considerations for establishing an effective group are the selection of its participants and their levels of authority.

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The Impact Commission is currently an initiative of Philanthropy WV and the WV Nonprofit Association. Additional authority from the Legislature or Governor would enhance buy-in.

Participation: A key element in selecting participants is their ability to participate on a regular basis. Without consistency, the process will be slowed by having to catch up participants who missed a meeting and new people serving as temporary replacements. Such inconsistency causes frustration and delay, making it difficult to obtain direction and maintain momentum.

The first Impact Commission meeting included representatives from the Governor's Office, the WV Senate, the Secretary of State's Office, the Treasurer's Office, and the Attorney General's Office. While many agency heads and nonprofits share an interest in this issue, a work group needs to be formed with individuals who can regularly participate.

Authority: Task force members must be authorized to make decisions regarding proposed recommendations without having to delay the process by seeking permission from superiors. Likewise, some task forces have found value in forming subcommittees to serve as workgroups of the larger task force to obtain more detailed knowledge and expertise in a specific subject area from individuals who are more informed on real issues and pragmatic solutions. But they also need to be given the authority to approve recommendations within their workgroups. The progress of both the workgroups and task force is delayed considerably if each participant must seek permission from another authority before proceeding. Once workgroup recommendations reach the task force, a final opportunity exists to make changes, if they are seen as necessary by the task force.

Structure of the work group has not been decided; input is valued.