



Empowering Nonprofits. Strengthening Kentucky.

Support HCR 89: A Task Force to Streamline Nonprofit & Government Contracts

- ⇒ National research confirms **contracting practices in Kentucky are costly and unnecessary for both nonprofits and government.**
- ⇒ A Task Force will examine current practices and propose needed **solutions to improve efficiency and save both sectors time and money.**
- ⇒ Streamlined processes and improved accountability are mutual goals of nonprofits and government **to better serve Kentuckians.**

Kentucky Nonprofit Network is the state association of nonprofit organizations. KNN exists to strengthen and advance the nonprofit sector because nonprofits are essential for vibrant communities.

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The Facts:

- The Commonwealth often relies on contracts and partnerships with nonprofit organizations to provide vital services to its citizens, especially our most vulnerable citizens.
- These contractual relationships allow government to meet its obligations and take advantage of the expertise of organizations in a cost-effective manner.
- Government and nonprofit organizations have limited resources of time and dollars. Both seek to be good stewards of the resources entrusted to them, maximize efficiency and best serve our communities.
- Recent national studies have identified significant opportunities for improvement to streamline practices, reduce duplicative efforts and save money in the Commonwealth's contractual relationships with nonprofits.
- Identifying these opportunities for improvements can best be made by government and nonprofits collaborating to find solutions that benefits the citizens of the Commonwealth.

The Issues:

Research conducted by the Urban Institute found that **Kentucky's** misaligned government contracting practices undercut delivery of the very services that governments are trying to provide through their partnerships with nonprofits.

1. Complexity of time required by reporting process

- *"Funds are becoming increasingly difficult to manage with additional restrictions as to their use and additional layers of reporting and documentation. We have had to restructure our programs to accommodate the consistently changing requirements and the result is that serving the homeless is becoming more of an administrative task than a direct services task."*
- *"The various departments are not standardized, each has different requirements for documentation and reporting, each operates under regulations written and designed at different times and with different standards. There could definitely be some standardization of regulations and requirements overall for the various departments, thus making it easier for vendors/grantees."*

2. Complexity of time required by application process

- *"The grant application is the most onerous one we do on an annual basis. Many of the questions are really redundant."*

3. Government paying late—leaving many nonprofits unable to meet payroll and having to establish lines of credit or borrow funds to pay bills

- *"Almost all state contracts are cost-reimbursement—which is an average of 6 weeks from the time of purchase and the actual receipt of the reimbursement. Therefore, cash flow can be an issue—especially if there are any reporting issues to further and unnecessarily delay reimbursement."*

4. Changing contracts midstream

- *"One of our long-time funders came back and asked for documentation for which we were not contractually obligated. When we could not provide it because we were not asked to keep it, they reclaimed some of the funding."*

5. Government not paying the full cost of services

Support HCR 89: Task Force to Improve Nonprofit & Government Contracts

- These issues offer a great opportunity for government and nonprofits to work together to identify solutions for contracting relationships that would allow both to benefit from increased efficiency and financial savings - resulting in better services being delivered to the citizens of the Commonwealth.
- The Task Force will bring leaders of government and nonprofits together to explore opportunities to streamline application, reporting and monitoring processes while maintaining a commitment to transparency, accountability and stewardship of funds - allowing them to become true partners in more effectively and efficiently addressing community needs.

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