



Virtual Town Hall Meeting

December 14, 2023

Engaging in Advocacy is Good for Your Nonprofit and Those You Serve

- Nonprofits can and should lobby - it is legal and expected
- Right thing to do for our causes
- Important business and fundraising strategy

Engaging in Advocacy is Good for Your Nonprofit and Those You Serve

- For example, a nonprofit might advocate for laws to increase senior housing. But if advocacy is also considered a business strategy, that same organization might try to package that housing with additional government support for community-based senior services that they could provide for the benefit of their neighborhood.
- Government funds nonprofits with about ten times the amount of money that foundations give. But that money doesn't just happen. It happens because nonprofit advocates have fought for it – to serve their constituencies, and as part of doing so, to give their own nonprofit financial strength.



Engaging in Advocacy is Good for Your Nonprofit and Those You Serve

- If you sometimes think, "We should do more advocacy but we don't have time," consider flipping your script to this:
 - "We don't have time for fundraising either, but we make the time. **Advocacy is a business strategy, too – why aren't we paying more attention?"**

Government
Grants/Contracting Practices
are Hurting Nonprofits' Ability
to Effectively Serve
Communities



Why Does This Impact My Nonprofit? Why Should Our Organization Care?

When a particular sub-sector is negatively impacted, it negatively impacts our entire sector:

- the continuum of services available to people in need - waiting lists, closed programs can increase your organization's demand for services
- hiring and retention of staff, wage competition
- competition for charitable dollars these organizations need to fill in the gap of late/underfunded government grants/contracts



Why Does This Impact My Nonprofit? Why Should Our Organization Care?

We can work together to SOLVE these issues

- Federal
- State
- Local

This is our “Crisistunity!”

KNN Pandemic Survey on Grants/Contracting

Key Problems

- Agreement rates do not rise with cost increases over time
- Agreement rates do not cover administrative/infrastructure costs essential to program and service delivery (indirect or overhead)
- Agreements are on a reimbursement basis (nonprofits must deliver services first and then wait to receive payment, requiring nonprofits to "float" government)



KNN Pandemic Survey on Grants/Contracting

Key Problems

- Many funding contracts/opportunities require matching funds that nonprofits do not have
- Agreements do not allow for organizations to pay living/competitive wages for staff
- Difficult/burdensome application and reporting processes detract from nonprofit service delivery
- Late payments are costing nonprofits in interest from lines or credit and/or lost interest on invested funds



KNN Pandemic Survey on Grants/Contracting

The Risks of Inaction

- Waiting lists and closed programs - Kentuckians are not receiving the care and services they need to ensure thriving and safe communities.
- The state is not meeting its obligations - in many cases, legal and statutory obligations.
- The quality of life in Kentucky needed to attract and retain industry is at risk.
- The jobs of thousands of employees working for nonprofits, the state's third largest private sector employer, are at risk.



- Nearly four out of five (78%) Kentucky nonprofits completing the survey reported experiencing job vacancies.
- More than half (53%) of nonprofits in the Commonwealth responded that they have more vacancies compared to before the COVID-19 pandemic, and two out of five (40%) have longer waiting lists for services than in March 2020.
- 79% of respondents with vacancies identified program and service delivery as a category with vacancies.
- More than three-quarters (78%) of responding organizations said salary competition affects their ability to recruit and retain employees, followed by budget constraints/insufficient funds (67%) and stress/burnout (58%).
- Nearly three out of four (75%) respondents anticipate the amount of donations will decline or remain flat for 2023. A higher percentage (78%) expects the number of donors to decline or remain the same this year.

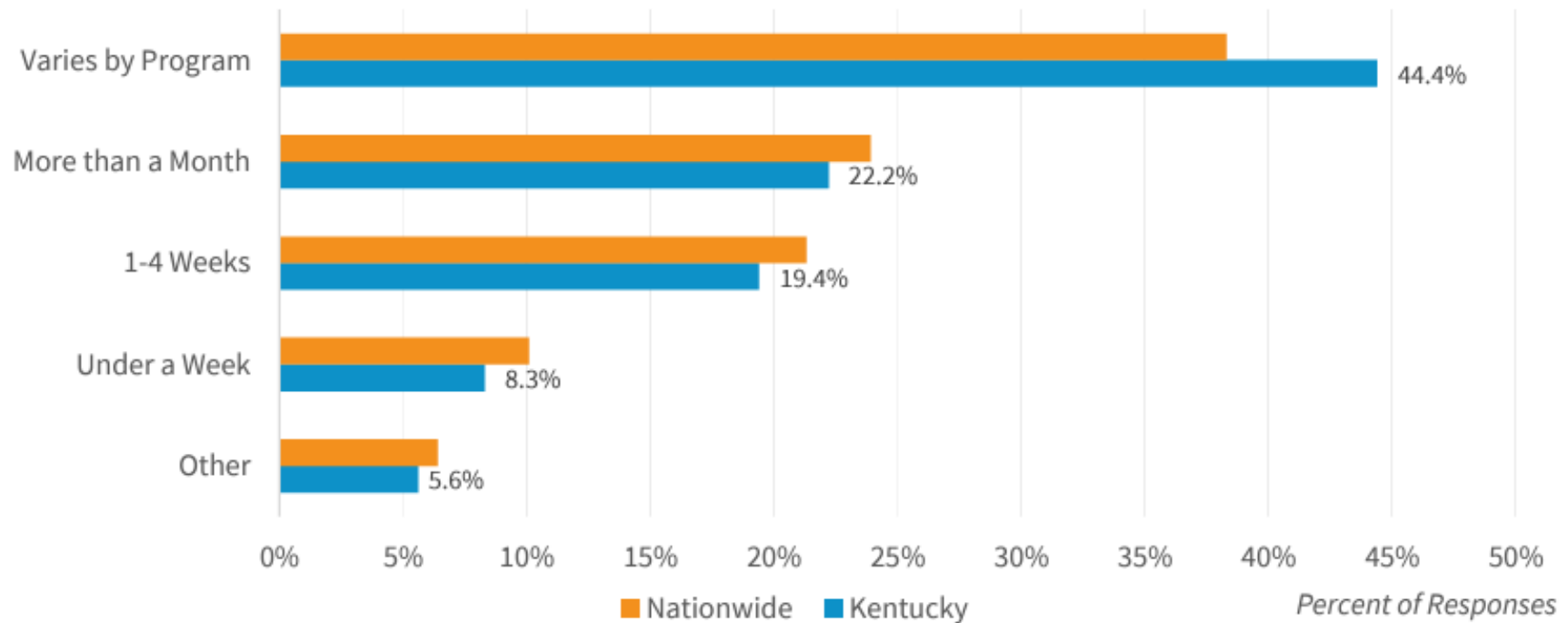
Why It Matters: The Consequences to People, Communities, and Missions

- Of the 65% of Kentucky nonprofit respondents who indicated that they had a waiting list for their services, 44% explained that they could not give a time frame for waiting lists because the duration for wait times varied by program.
- 28% pointed to waits of up to a month and 22% said that their waiting lists are more than a month long.
- The survey also asked nonprofits to compare their current challenges to prior experiences. More than half (53%) of nonprofits in the Commonwealth responded that they have more vacancies compared to before the COVID-19 pandemic, and two out of five (40%) have longer waiting lists for services than in March 2020.



Why It Matters: The Consequences to People, Communities, and Missions

Figure 3: Waiting List for Nonprofit Services in April 2023



The Barriers to Employee Recruitment & Retention:

Table 2: Factors Affecting Nonprofit Recruitment and Retention

Factor Affecting Recruitment and Retention	Number of Responses	Percent of Responses
Salary competition	43	78.2%
Budget constraints/insufficient funds	37	67.2%
Stress/burnout	32	58.2%
Challenges caused by government grants/contracts	12	21.8%
Other	9	16.4%
Lack of child care	9	16.4%
Not Sure	5	9.1%
COVID-19 and vaccinations	2	3.6%

How KY Nonprofits Are Trying to Survive:

Table 4: Practical Solutions Implemented by Nonprofits

Implemented Practices	Number of Responses	Percent of Responses
Salary increases	37	67.3%
Remote work options (hybrid, full-time, etc.)	28	50.9%
One-time bonuses	23	41.8%
Diversity, Equity, and Inclusion trainings and strategies	19	34.5%
Career advancement opportunities (training, mentorship, etc.)	17	30.9%
Notified employees about their eligibility for Public Service Loan Forgiveness	16	29.1%
Benefits increased (health insurance, transportation, etc.)	15	27.3%
Wellness programs (4-day workweek, additional time off, retreats, sabbaticals, etc.)	13	23.6%
Mental health (expanded benefits, counseling, etc.)	12	21.8%
Signing bonus	10	18.2%
Other	6	10.9%
Not applicable	4	7.3%

Top 4 Policy Solutions



Reform Government
Grants and
Contracts



Adopt Charitable
Giving Incentives



Strengthen the
Public Service Loan
Forgiveness
Program



Increase Access &
Supports for
Affordable Child
Care



KENTUCKY
NONPROFIT
NETWORK

KNN's 2024 Legislative Priorities: Public-Private Partnerships for the Public Good

Promote and support executive action and/or legislation that strengthens communities through a strong nonprofit sector and workforce, including addressing systemic problems with nonprofit-government contracting and grants.

- Advocate for legislation that addresses grants and contracting practices, including advanced payments, timely execution of agreements, prompt payment and interest penalties for late payments, as well as streamlined application and reporting processes.
- Advocate for the General Assembly to establish a budgetary policy that requires the commonwealth to sufficiently fund their partnerships with the nonprofits the state has chosen to contract with for the provision of statutorily required services, as well intervention and prevention services – ensuring that effective, quality, uninterrupted services exist for the residents of the commonwealth and that nonprofits can maximize the full impact of taxpayer dollars.
- Advocate for spending decisions that promote fiscal stability and growth in the Commonwealth, while also ensuring the work of nonprofits to serve Kentuckians and meet community needs is sustained and protected.
- Advocate for rate increases and/or increased funding for nonprofits contracting with government to provide legally required services on behalf of the Commonwealth starting July 1, 2024.



KNN's 2024 Legislative Priorities: Public-Private Partnerships for the Public Good

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KNN's 2024 Legislative Priorities:

Initial Payments (also known as working capital) for State Government Grants & Contracts

- Mirroring federal regulations, provides nonprofits who meet certain criteria to receive initial payments on grants and contracts without waiting to submit invoices for reimbursement - extends federal regulation to state funds

KNN's 2024 Legislative Priorities:

Prompt Agreements for State Government Grants and Contracts

- Specific timeframes required for executing agreements for grants and contracts
- Initial/up-front payments for grants and contracts
- 12% interest on payments due as a result of late execution of agreements
- Provides reimbursement for interest costs, as well as interest income lost as a result of nonprofits borrowing from an outside entity or against its own interest-bearing funds/accounts separate from its operating fund to cover the costs of late agreements



KNN's 2024 Legislative Priorities:

Prompt Payment of State Government Grants and Contracts

- Defines late payment as 30 business days after receipt of invoices
- Requires 12% interest on late payments
- Requires the state to provide notification of any errors on submitted invoices within two days of receipt to allow nonprofits to quickly rectify errors and receive prompt payment



KNN's 2024 Legislative Priorities:

Streamlining application and reporting practices

- Take initial steps to make these aspects much easier for both nonprofits and the state - saving both time and money

KNN's Short/Medium Term Priorities

- Collect needed data on how the grants and contracting processes are hurting the state's charitable nonprofit partners - continue to make the case, and ultimately show improvements
- Create an ongoing oversight committee to address grants and contracting processes to ensure effective and transparent practices, as well as take advantage of cost savings



KNN's Longer Term Priorities

- Align state law to mirror Federal Government grants and contracts regulation best practices with ALL state grants and contracts, such as providing a de minimis indirect cost rate on all grants and contracts if a nonprofit does not have a federally negotiated rate - align with anticipated new guidance from federal Office of Management and Budget
- Increase state funding to address decades of stagnant investments and implement a formula for increasing funding in future budgets based on market conditions, ensuring that nonprofits can address wage and benefits competition causing workforce shortages and cost increases due to inflation or other issues



We urge the Kentucky General Assembly to work with nonprofits to create structural solutions to problems that are destabilizing operations and diminishing service quality - solutions that ensure the state lives up to its obligations and:

- Invests in the continued effective delivery of services
- Alleviates wait lists, reinstates effective services, and reopens closed programs vital to safe and thriving communities
- Empowers more Kentuckians to participate in the workforce and contribute to the economy
- Moves people off public assistance
- Prevents the state from having to provide required services if nonprofits close their doors - keeping people employed by nonprofits helps minimize and not add to the state's payroll and pension costs



We urge the Kentucky General Assembly to work with nonprofits to create structural solutions to problems that are destabilizing operations and diminishing service quality - solutions that ensure the state lives up to its obligations and:

- Streamlines the contracts, grants, reporting, and payment processes so that nonprofits can focus on accomplishing our missions without having to front government funds or spend time on duplicative reporting
- Alleviates the need for so many nonprofits to seek specific line-item budget funding from the General Assembly Allows Kentucky to leverage and maximize federal dollars
- Ensures the state is meeting its legal obligations
- Creates a Commonwealth where everyone can thrive

KNN Pandemic Survey on Grants/Contracting

Do any staff members employed by your organization receive public assistance benefits (for example, child care assistance, TANF, Medicaid, KCHIP)?

34%

of responding nonprofits
report employees
eligible to receive public
assistance benefits



KENTUCKY
NONPROFIT
NETWORK

How Will These Efforts Help Nonprofits with Government Grants and Contracts?

- Financial liquidity and predictability
- Efficient operations, reduced administrative burden
- Improved staffing recruitment and retention
- Financial stability



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Without this reform,
nonprofits cannot continue to
effectively meet the needs of
Kentuckians depending on them
for care and services.

Also on KNN's Public Policy Radar:

- Some issues, including donor privacy and intent:
 - Complex
 - Not always as straightforward as they seem
 - Trust that KNN is doing the due diligence required to understand and communicate what's best for the sector.
- Sales tax, requirements of nonprofits to collect and remit sales tax on some services such as summer camps:
- Unlikely we will see any tax legislation, but looking for the opportunity

Stand For Your Mission

A campaign to help board members understand the opportunity, expectation, and responsibility to advocate for your mission



REGISTER NOW! KY NONPROFIT DAY AT THE CAPITOL FEBRUARY 7, 2024



WWW.KYNONPROFITS.ORG

Not Yet a KNN Member?

