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Using Data to Drive Solutions to Government-Nonprofit Contracting Challenges (Part 2)

By: Beth Bowsky

Faced with overwhelming [data from NFF](#) and others that government-nonprofit contracting systems are creating costly and unnecessary challenges throughout the country, a number of [state associations of nonprofits](#), in partnership with their respective governments, are working to fix these problems. These efforts seek to eliminate waste and streamline processes while still maintaining, and even increasing, accountability. The results, while still evolving, are an impressive array of common-sense solutions that can be replicated at the local, state, and federal levels.

STREAMLINING PROCESSES TO IMPROVE EFFICIENCY

Already, we are seeing a variety of strategies being implemented, all developed through joint efforts between nonprofits and government, and all designed to eliminate the problems that the data demonstrate exist. These [fixes](#) are not difficult and many are inexpensive. They include:

- **standardized contracts:** to reduce the need for reinventing the same wheel over and over again

- **the creation of document vaults:** that allow nonprofits to submit common supporting documents once, rather than re-file the same things repeatedly, and allow taxpayers to pay for storage in one spot rather than dozens of places
- **consolidation of monitoring and audits:** one audit to look at everything instead of five audits to look at the same documents, again)
- **centralized contracting and grant offices:** which promotes consistency

While most of the action is in the states, there is also progress at the federal level to remedy these issues. In late December 2013, the federal Office of Management and Budget (OMB) released new [Uniform Guidance for federal grants](#). The Uniform Guidance is designed to streamline grant processes and practices—and help organizations better cover their costs.

GETTING CLOSER TO HELPING NONPROFITS COVER THE COST OF DOING BUSINESS

Year after year, [NFF's data](#) have shown how far short government and others fall from truly covering the full costs of the programs they support. Unfortunately, government is the furthest behind the curve, with 40% or more of respondents saying that government funding *never* covers full costs.

The Uniform Guidance released in December 2013 mandated—for the first time ever—that federal agencies (and non-federal entities using federal money to pay for services) negotiate indirect cost rates based on the nonprofit's real costs or, at the nonprofit's election, [reimburse nonprofits a minimum of 10 percent of their modified total direct costs](#). In essence, the new Uniform Guidance recognizes the legitimacy and importance of indirect costs for organizations to be effective, as well as the government's responsibility to cover the costs of services it purchases.

[As I stated in my previous blog posting](#) , the data validate the depth of the contracting problems and give momentum to efforts to reform government contracting and grant systems. The data are informing the decision-making process by helping to ensure that the identified solutions are developed based on actual, rather than perceived, problems.

Yet data defining the problems and solutions addressing them are not enough. The key, and often lacking, ingredients are nonprofit awareness and engagement. Nonprofits that perform services on behalf of governments through contracts and

grants frequently accept the *status quo*, thinking that the problems are of their own making or have concerns about rocking the boat. As shown, gathering collective data demonstrate that these problems are not isolated instances, and actions by state associations of nonprofits and others are showing that solutions are at hand. Yet we can only create positive change when nonprofits work together with their government partners to turn data and ideas into actions. [Stay informed about the progress of these efforts](#) or get involved and strengthen the case for reform by sharing your nonprofit's stories with your [state association of nonprofits](#).

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