



Michigan Nonprofit Association

May 2, 2023

The Honorable Senator Gary Peters
U.S. Senate
Washington, DC 20510

Dear Senator Peters,

The Michigan Nonprofit Association (MNA) welcomes this opportunity to share insights with the Committee on Homeland Security and Governmental Affairs on the experiences of Michigan's charitable nonprofits in accessing federal grants in advance of the hearing, "Increasing Access to Federal Grants for Underserved Communities." The information comes from a survey conducted earlier this year for nonprofits in the state to share their experiences with grants and contracts at the federal, state, and local level, focusing on the testimonials submitted by nonprofits, most of them with an annual operating budget less than \$10 million.

Some of the federal agencies Michigan's nonprofits have a grant/contract with include the Department of Housing and Urban Development (HUD), the Department of Agriculture (USDA), and the Environmental Protection Agency (EPA). Those nonprofits have no more than two grants or contracts with the listed agencies. Frequently cited challenges associated with government grants and contracts include:

- (1) "difficult application procedures or timelines,"
- (2) "failure of RFP to disclose the use of federal funds (and application of OMB Uniform Guidance),"
- (3) "failure to follow OMB Uniform Guidance on the use of federal funds," and
- (4) "burdensome reporting requirements."

From the organization's perspective, those were also priorities to address in any agreement reform efforts, including government grants.

Respondents provided additional comments on those challenges, and raised others, specifically on incurred costs such as indirect costs, overhead, or administrative costs, as stated by one human services nonprofit: "grants that cap admin costs at anything less than 10% do not cover costs." Another nonprofit shared that they have difficulty in "finding matching funds that are requirements for Federal Funding. We do not charge for our program and sell nothing, so when funders say we should become "self-sustaining" it breaks our hearts because that is impossible with our program. It would be nice to be stress free from finding matching and cash-flow funding."

Increasing application and reporting requirements makes it difficult for nonprofits to balance their work in their communities and meeting a grant's expectations, as summarized by one nonprofit: "Regulatory requirements just keep increasing and we have about 50% of the administrative staff necessary to keep up. We have had to cut staff in order to manage expenses, but we often feel like

we do not have time to adequately address (prepare, review) plans, policy, reports) etc. as we have to rush from one thing to another.”

The solutions provided by nonprofits reflect their experience navigating the process. Respondents shared that the application and budget process need to be easier and clearer, have consistent application dates, and for requirements for matching funds to be removed. MNA is happy to partner with Senator Peters in advancing solutions for more charitable nonprofits in Michigan to access federal grants to have a greater impact on their communities.

Sincerely,

Joan M. Gustafson
External Affairs Officer
Michigan Nonprofit Association