

Policy Brief: Advanced Payment of Government Grants

The Need

- **Background for Advanced Payment:**
 - Reimbursement Model: Government grants require nonprofit organizations to assume initial costs for a program and later be reimbursed by the awarding agency. This is especially true in sectors relating to workforce development, education, and housing.
- **Why It Matters - Advanced Payments**
 - **Smaller nonprofits are often unable or disincentivized to apply for state grants because their budgets do not support assuming initial costs – stunting the capabilities of the sector.** Even larger nonprofits and funders confront the enormous financial difficulty and responsibility with upfront programmatic costs for grant-funded awards.
 - Reimbursement models for government grants can incur delays that impact nonprofits' operating budgets or require substantial reporting requirements to be reimbursed for funding – capabilities that smaller nonprofits don't have.

The Solution:

- Allow for qualified nonprofits who meet certain requirements to access up to 25% of state or county-awarded grants.
- Create standard regulations for an advanced payment structure with explicit requirements on the nonprofit to show proof of need under the following parameters:
 - Provide an itemized budget, spending timeline, and workplan for what the Advanced payment will fund.
 - Submit documentation to support the need including invoices, payroll records, or financial records.
 - Provide quarterly progress reports on the expenditure of advanced funds-- including work completed and proof of expenditure.

Other State Models

- California - [AB 590](#) – signed into law in October 2023

The Impact:

- **Improves the speed** at which nonprofits can launch programs or administer assistance. For Nevadans reaching out for help, we know that even the slightest delays in funding implementation can lead to their utilities being switched off, food insecurity, and other significant impacts on their safety and well-being.
- **Strengthens the overall sustainability of the nonprofit sector** by granting smaller nonprofits more access to government grants and creates more dependable systems of payment for organizations.



[Addendum] Additional Models and Potential Impact

Precedent in Nevada

- Nevada - [SB 504, Section 12's Advanced Payment model](#)
- This was a temporary solution to ensure COVID-19 Relief dollars were spent quickly over the 2023-2025 biennium as soon as funds were committed. See an excerpt below:
 - “Of the amount authorized for expenditure from the COVID-19 Relief Programs budget account that has been balanced forward from Fiscal Year 2022-2023 to Fiscal Year 2023- 2024...the Chief of the Budget Division of the Office of Finance in the Office of the Governor shall...Advanced at least 50 percent of an allocation of such authorized money to a state agency or organization for which the allocation has been approved...upon a determination by the Chief that the **state agency or organization has demonstrated a sufficient expenditure plan** for the allocated money in Fiscal Year 2023-2024 and justified the need for the advance.”