



Why does nonprofit overhead matter *now*?

A window for changing the paradigm on nonprofit overhead and indirect costs has opened, thanks to the new OMB guidance on improving government contracting with nonprofits -- particularly regarding support for funding indirect costs -- as well as increased philanthropic attention to the funding of nonprofit overhead. This window presents a tremendous opportunity to the financial sustainability of nonprofits and service ecosystems, and to create government-foundation-nonprofit partnerships working together on making the nonprofit capital market more efficient.

With \$11 billion in government contracts to California nonprofits each year, and \$2 billion in California foundation grants to California nonprofits¹, the stakes are high. If we move the needle just a little bit, a great deal of money can be leveraged for nonprofits.

Components of the CalNonprofits Nonprofit Overhead Project:

1. OMB Uniform Guidance and overhead legislation: Working with state, county and local government agencies and nonprofits for full implementation of OMB Uniform Guidance, which mandates a minimum of 10% indirect costs in nonprofit contracts that include federal money (currently many nonprofits have contracts allowing for only 3% or 4% overhead).
2. Changing the philanthropic paradigm: engaging foundations and the three California regional associations of grantmakers to identify and support leaders in changing how foundations treat overhead in grants to nonprofits.
3. The Nonprofit Overhead Toolkit: web resources and training (web and in-person) in accounting, financial analysis, raising the issue with funders and the public, discussion forum, comprehensive resources.

Partners in the Nonprofit Overhead Project currently include the Weingart Foundation, the California Wellness Foundation, California Strategies, Northern California Grantmakers, San Diego Grantmakers, Southern California Grantmakers, Nonprofit Finance Fund, Moss Adams

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¹ *Causes Count: The Economic Power of California's Nonprofit Sector, 2014*