



100 W. 10<sup>th</sup> Street | P 302 777 5500  
Suite 1012 | F 302 777 5386  
Wilmington, DE 19801 | [www.delawarenonprofit.org](http://www.delawarenonprofit.org)

**To:** Office of Management and Budget

**From:** Sheila Bravo, President and CEO

**Date:** November 12, 2020

**Subject:** DANA comments regarding the FY22 Department of Services for Children, Youth and Their Families (DSCYF) Budget

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As the State evaluates its funding priorities, we ask you to consider the reliance the State places on partnering with nonprofits to deliver the State's health and social wellness priorities.

Delaware nonprofits are compensated for this work through contracts and grants. We have consistently heard from DANA nonprofit members, that year over year, these contracts and grants are not adjusted to reflect the increased cost to deliver those services. This year and next will only show higher costs due to the pandemic. This is a phenomenon that extends to multiple divisions through the Department of Children, Youth and Their Families, and on behalf of the nonprofit sector we request increased funding support for nonprofit partner agencies through reassessment of contracts, and resources be applied to improve payment schedules.

For contracts and grants awarded for FY 2019, DANA members indicate there was not an adjustment to cover the last increase in the minimum wage. Unlike a retail business, most nonprofits are not able to raise prices to offset rising costs, and thus would be dependent on public donations to cover those increases – or worse, will have to reduce services to clients, employee hours or even jobs.

We hear the perceived solution for nonprofit providers to offset rising overhead and employee costs is seek more donations. It is important to note that often donors restrict their donations, not permitting nonprofits to use those contributed funds for salaries. This only compounds the challenges nonprofits face to not only meet the service demand, but also to invest in the IT, impact evaluation and accounting systems to provide the required reporting necessary to secure future grants and contracts.

Given the implications of COVID-19 response, it is more critical than ever to cover the cost for nonprofits to serve as the demands for service increase and the cost to serve has increased given the need for additional health/safety precautions.

As we start to look beyond the pandemic, and plan on how we restore our communities' health and wellbeing, it will be nonprofit partners who will be relied upon to assist the state. It is important they have the financial resources to move quickly and effectively to move us out of this crisis. We appreciate your consideration in adjusting rates for the fiscal 2022 year.