The Colorado Health Foundation™

State Grantmaking Reform: A Necessary Investment in Colorado's Communities

Colorado's nonprofit organizations are essential to the health, stability and well-being of communities across the state, and are often the first line of response when people need support. Yet, as federal and state funding is discontinued or dramatically reduced, the long-term sustainability of our nonprofit sector is increasingly at risk.

Colorado is well-positioned to take meaningful action. By reforming state grantmaking systems, we can make public funding more accessible, transparent, and equitable for the nonprofit organizations that are the backbone of many communities.

What is State Grantmaking for Nonprofits?

Colorado provides grants to a range of organizations, including nonprofits, to address community needs and support organizations that implement governmental programs. Nonprofits apply for grant funding from individual state departments in a competitive process. Those awarded grants deliver critical services and programming directly to communities.

Nonprofits Are Filling Growing Gaps

When public systems fall short, nonprofits step in. They provide social safety net services such as health care navigation, affordable housing support, food assistance, and mental health care. As federal and state programs are downsized, or eliminated altogether, the demand for these services will only grow. Many

nonprofits already operate on razor-thin margins, making access to stable, timely public funding key to their long-term viability.

Barriers in the Current System

Colorado's current state grantmaking practices often create unnecessary barriers for nonprofits seeking to partner with the state. Complex applications, funding models that require nonprofits to provide services up-front and wait for reimbursement, and inconsistent requirements across agencies make public funding difficult to access. These challenges are especially acute for smaller, grassroots organizations with deep community ties. Communities of color and rural communities face additional obstacles due to longstanding under-investment by government institutions and structural barriers that limit their ability to navigate and influence state grantmaking systems.

A Roadmap for Reform

Two recent reports offer a potential roadmap for improving Colorado's approach to public funding for nonprofits. The State of Procurement and Grantmaking from The Colorado Health Foundation and Funding the Frontlines from Communities Lead Communities Thrive outline specific policy solutions, including:

- Updating reimbursement models to allow for upfront payments or faster, more streamlined reimbursement
- Simplifying and standardizing grant applications across state agencies, while preserving necessary agency-specific requirements
- Strengthening outreach and communication between state agencies and nonprofit organizations, particularly those serving historically under-resourced communities.

These reforms would reduce administrative burden and ensure that public dollars reach the organizations best positioned to meet community needs.

A Moment For Action

State grantmaking will be a major focus for Colorado leaders in 2026. Legislators are considering changes to grantmaking processes during the current legislative session, and voters will soon choose the next governor - a position that oversees state agencies and their funding systems.

As Colorado faces a challenging budget situation, every dollar that is invested in local communities matters more than ever. Prioritizing state grantmaking processes that are efficient, inclusive, and equitable is a smart fiscal strategy and vitally needed. Strong nonprofits mean a stronger social safety net, especially as demand for services grows and resources are constrained. By improving access to public funding, the state can help ensure that nonprofits remain viable, responsive, and equipped to meet the needs of Coloradans.

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