

Meeting the Moment:

Colorado's Reimbursement-Based Grantmaking

April 2026



COMMUNITY RESOURCE CENTER

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Colorado's current reimbursement-based grantmaking system creates serious financial hardship for nonprofits that serve as essential partners in delivering public services across the state. Because nonprofits must front costs for staffing, rent, and materials while waiting for state reimbursement, many organizations are forced to take out short-term loans, drain reserves, or reduce service delivery just to stay afloat. These burdens fall hardest on small, community-based organizations, those closest to the communities with the greatest need, and can even deter them from applying for state grants altogether.

Community Resource Center, in partnership with [Communities Lead Communities Thrive](#), designed this short webinar and resource to guide nonprofits in better understanding HB26-1274 that would help address some of these concerns by expanding permissive advance payment authority, up to 25 percent of contract value. This would provide a level playing field for all state agencies, strengthen the nonprofit sector's financial stability, and ultimately ensure that Colorado's most trusted community organizations can continue delivering the services that Coloradans depend on.

In this packet you will find:

- Information about Colorado's reimbursement-based grantmaking system
- How a bill moves through the legislature
- Past and current bills for reforming Colorado's grantmaking system
- How Communities Lead Communities Thrive is leading the conversation
- Ways your organization can get involved



Colorado's Reimbursement-Based Grantmaking System

Colorado's current reimbursement-based grantmaking system requires nonprofits to pay program expenses out of pocket and then submit documentation to the State and wait to be paid back. Depending on the complexity of the grant, agency processing timelines, and reporting requirements, these reimbursement cycles can stretch weeks or even months. For nonprofits already operating on tight margins with limited cash reserves, this model creates a structural cash flow problem that has nothing to do with an organization's competence or commitment. It is simply a byproduct of how the system is designed.

The consequences of these delays are far-reaching. Organizations are forced to make difficult choices, such as:

- Taking out short-term loans to cover payroll
- Drawing down reserves meant for emergencies
- Reducing the scope of services they deliver
- Or in some cases declining state grant opportunities altogether.

Recognizing the gap created by the State's reimbursement model, philanthropic partners in Colorado have stepped in with an interim solution. [The Colorado Nonprofit Bridge Loan Fund](#), supported by The Denver Foundation, The Colorado Trust, and other impact investors, provides short-term capital to nonprofits holding current, approved government grants and contracts, helping to ensure that vital community programs continue uninterrupted and that payroll is maintained. [First Southwest Bank](#), one of only two CDFI-banks in Colorado, administers the fund, and any Colorado-based nonprofit with an approved and current government grant or contract is eligible — with no restrictions on nonprofit type, issue area, or sector.

While this bridge loan fund is a meaningful and creative response to a real problem, it is ultimately a workaround for structural policy challenges. Systemic reform to advance payment policy remains the more just and sustainable solution.



Past & Current Bills Reforming Reimbursement-Based Grantmaking

The foundation for advance payment reform in Colorado was laid in 2021 with the passage of [HB21-1247 "CDPHE Contract Pay to Grantees Up Front."](#) The bill:

- Gave Colorado Department of Public Health and Environment (CDPHE) authority to dispense up to 25% of the total value of the payments under a contract to a grantee immediately upon the execution or renewal of that contract.
- Granted permissive rather than mandatory authority.
- Carried no fiscal note.
- Reflected bipartisan recognition that nonprofit grantees needed upfront financial support to deliver publicly funded programs effectively.
- Passed unanimously — 63-0 in the House and 34-0 in the Senate — and was signed into law by Governor Polis on June 7, 2021.
- Remained available only to CDPHE, leaving all other state agencies to navigate a patchwork of restrictive fiscal rules and inconsistent waiver processes.

That research and advocacy translated into action with the introduction of [HB26-1274 "State Agency Payments to Grant Recipients"](#). The bill builds on the successful CDPHE model established by HB21-1247 by: :

- Allowing ***all state departments and agencies to*** provide up to 25% of grant funding in advance to nonprofit grantees.
- Clarifying that, like its predecessor, the authority is permissive, not mandatory, meaning agencies retain full discretion over whether and when to offer advance payments.
- Affirming that it does not prevent agencies from continuing to use existing waiver processes or advance payment practices they already had in place before the bill's effective date.

The bill has garnered endorsements from more than 30 organizations across Colorado, including Community Resource Center, Colorado Nonprofit Association, The Denver Foundation, Rose Community Foundation, Mi Casa Resource Center, and dozens of small and community-rooted nonprofits, a broad coalition that signals both the urgency of the problem and the depth of support for this practical solution.



Communities Lead Communities Thrive: Leading the Conversation

[Communities Lead Communities Thrive \(CLCT\)](#) has emerged as the leading voice in Colorado for reforming the state's reimbursement-based grantmaking system. Their policy agenda was shaped by the voices of more than 40 nonprofit leaders from across the state who shared their firsthand experiences navigating state grants, identifying barriers that keep small and rural organizations from accessing funding and proposing actionable solutions to fix them. That community-driven foundation gives CLCT's advocacy credibility and moral weight, and it has allowed the coalition to build broad, statewide support for reforms that are both practical and urgently needed.

The centerpiece of CLCT's 2026 legislative advocacy is [HB26-1274](#) and the organization has built a robust infrastructure to support and amplify the bill.

Ways to Get Involved with CLCT & HB26-1274

CLCT has developed an [advocacy toolkit](#) that nonprofits can use to share information about the bill with their boards, staff, and peer organizations, and has created an [endorsement form](#) to allow organizations to add their names in public support.

CLCT has also encouraged nonprofits to share their own stories of reimbursement delays directly with legislators, recognizing that personal testimony from trusted community organizations carries significant weight at the Capitol.

Read CLCT's white paper, [From Patchwork to Policy: Standardizing Advance Payments from the State of Colorado to Nonprofits](#), to find out more.

For more about Nonpartisan Advocacy and Lobbying for 501(c)(3) organizations, please explore [Community Resource Center's](#) upcoming live and on-demand training offerings or contact Monica DeWitt, Education Specialist, monica.dewitt@crc.co.org.



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