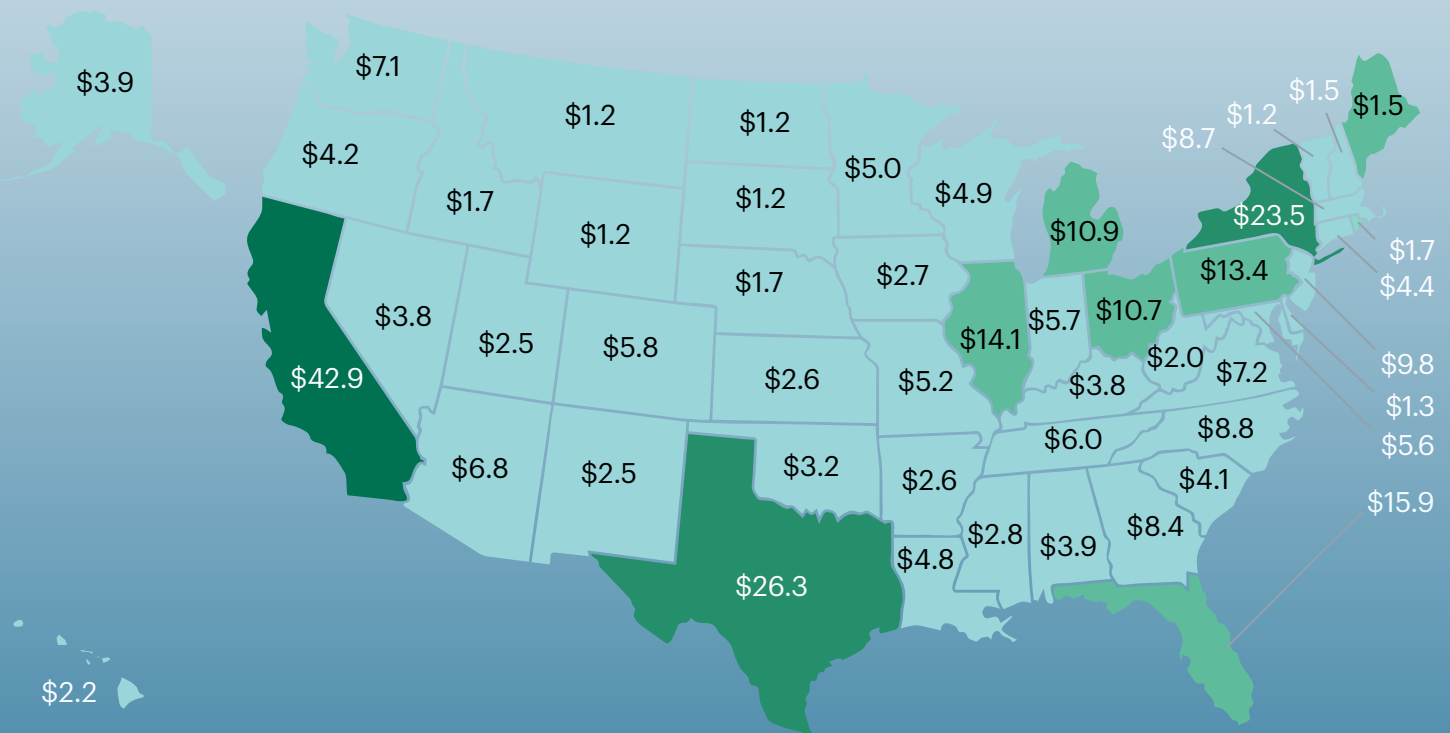


Strengthening State and Local Economies in Partnership with Nonprofits:

Principles, Recommendations, and Models for Investing
Coronavirus State and Local Fiscal Recovery Funds



Federal fund allocation in billions of dollars

Updated April 2022

Now including revised Treasury Department guidance, new model programs, and analyses of the roles of nonprofit advocacy and of philanthropy.

Foreword

to the April 2022 Updated Edition

One year after enactment of the American Rescue Plan Act, governments at all levels are partnering even more with charitable organizations to put these once-in-a-generation resources to use in ways that address longstanding challenges and improve conditions in communities. Such progress was the express goal of the first two editions of this Special Report on Strengthening State and Local Economies in Partnership with Nonprofits.

Governments across the country have used the guiding principles and recommendations in the Special Report to structure both the processes they use and the projects and programs they undertake. Charitable leaders have been citing the many successful examples in the earlier editions of the Special Report of what has worked elsewhere as models when approaching their state and local policymakers with innovative solutions to address needs in their own communities. More partnerships and more meaningful relationships between governments and nonprofits are coming together to invest these ARPA funds in responsible and effective ways. To the extent earlier editions aided the decision-making process, the networks of the National Council of Nonprofits are deeply gratified.

We are issuing this updated edition of the Special Report to share additional examples of successful models of nonprofit relief. It also underscores the role of advocacy in promoting responsible investments and highlights the role of philanthropy in leveraging the ARPA funds to address longstanding and pandemic-related challenges.

Finally, this third edition provides an expanded analysis of eligible spending options made clear through the Final Rule and supporting documents issued by the U.S. Department of Treasury. In every instance, the review offered in earlier editions of this Special Report have been confirmed and the Treasury Department eliminates any question or confusion about the appropriateness of investing ARPA funds in charitable nonprofits.

Dedication

This third edition of Strengthening State and Local Economies in Partnership with Nonprofits is dedicated to the innovators and early adopters who have paved the way over the last year demonstrating how governments, nonprofits, and foundations can effectively use the once-in-a-generation \$350 billion in federal ARPA funding to advance the common good. They have modeled various ways for others to use and build on their early successes in making a difference for constituents and communities throughout the country. The networks of the National Council of Nonprofits thank them and remain committed to bringing nonprofits and governments together to address their shared challenges.

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Executive Summary

Congress expressly declared in the [American Rescue Plan Act](#) (ARPA) that state, local, Tribal, and territorial governments may use their allocations of the \$350 billion in ARPA’s Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program to provide “assistance to households, small businesses, *and nonprofits*, or to aid impacted industries” (emphasis added).¹ To implement the CSLFRF program, the Treasury Department issued its [Final Rule](#) (effective April 1, 2022), along with an [Overview of the Final Rule](#). Both go to extraordinary lengths to reinforce that Congress authorized state and local governments to use their CSLFRF allocations on charitable nonprofits in two distinct ways: (1) to give direct assistance to nonprofits as *beneficiaries* trying to recover from the pandemic’s impact on their organizations, and (2) to hire nonprofits as *providers* of services to others on behalf of those governments.

Nationwide and in every community in America, charitable nonprofits provide vital services and are a key part of the economy, employing before the pandemic more than 12.5 million people, which is more than the construction, finance, and manufacturing industries.² During the pandemic, tens of millions more Americans than usual turned to charitable organizations for help – and nonprofits delivered. Yet resources declined for tens of thousands of nonprofits, resulting in the loss of more than 1.6 million jobs during the first three months of COVID-19, shrinking the nonprofit workforce by 13.2%.³ Some nonprofits have recovered, but many have not, with the latest estimate of lost jobs still remaining close to half a million (450,000) – meaning reduced capacity to deliver services to a public with substantial continuing needs. For communities and local economies to recover, governments need to invest in the work of nonprofits.

Serving Those Who Need It Most

The COVID-19 pandemic resurfaced an undeniable truth: charitable nonprofits and governments are natural partners, serving the same constituents in the same communities. The challenges of one are the challenges of all. Partnerships between the sectors allow for leveraging of resources, relationships, and strengths to serve communities even better.

¹ Unless otherwise noted, the entire Special Report uses the acronym “ARPA” when referring to the full American Rescue Plan Act (\$1.9 trillion) and the acronym “CSLFRF” as shorthand for the portion of ARPA that allocates \$350 billion in funding to states, localities, Tribes, and territories through the Coronavirus State and Local Fiscal Recovery Funds program.

² [The 2020 Nonprofit Employment Report](#), Johns Hopkins University Center for Civil Society Studies, June 2020.

³ [COVID-19 Jobs Update, December 2021](#), Johns Hopkins University Center for Civil Society Studies, Dec. 12, 2021.

Nonprofits, with their deep knowledge of community needs and existing relationships, are perfectly positioned to maximize public benefits, particularly in low-income and underserved or hard-to-reach populations. Similarly, philanthropic organizations are well situated to help communities by leveraging their financial and other resources, including their grantmaking expertise and their power of convening. Communities benefit when governments, nonprofits, and foundations work together; the allocation of CSFRF dollars provides an ideal opportunity to strengthen these natural partnerships and secure relief, recovery, and greater impact for the public good.

Guiding Principles for Identifying the Best Use of the Funds

Governments need to adopt reasonable selection criteria to ensure they apply fair guiding principles for spending the money to secure the greatest impact for the public good.

1. Governments should **prioritize equity from the outset** to end the many inequities in access to and delivery of health and human services in our country that were more fully exposed by the pandemic.
2. To promote healthy local economies, governments should **invest in economic multipliers**, like nonprofits, that can rehire people and promote other employment by providing services like childcare and job training. Nonprofits do so all while also stimulating economic activities, such as by people spending money at restaurants and retail stores near the arts and cultural institutions they visit.
3. It is in everyone's interest for governments to **push the funding out quickly** to meet urgent needs, yet doing so **fairly and equitably** by spreading opportunities beyond the usual recipients.
4. Governments should **promote accountability** in the use of the funds through reasonable documentation and transparency.

Recommendations for Designing Programs with Integrity

Governments can benefit from recent lessons learned about designing and managing relief and grant programs in connection with programs created and funded under the 2020 CARES Act and the first round of ARPA funds. Rather than reinventing the wheel, governments can recognize some universal factors related to grant programs – eligibility criteria, allowable uses, program administration, application requirements, prioritization, grant amounts, budget surpluses, and communication of opportunities – and utilize these recommendations that are informed by recent experiences on how to proceed.

Successful Models of Nonprofit Relief from Around the Country

In 2020, more than half the states and the District of Columbia made sure that nonprofits were eligible for CARES Act monies when those governments created more than 50 relief

funds and grant programs. Importantly, the \$350 billion in CSLFRF under the ARPA of 2021 allow *even more* flexibility than the CARES Act did. Therefore, governments can be more creative with the CSLFRF dollars than they were in 2020 with their many successful programs investing CARES Act monies in their communities to and through nonprofits. This Special Report⁴ presents prime opportunities for partnerships between governments and nonprofits using the federal funds. Examples are categorized by:

- (1) Lifting unemployment insurance burdens off employers
- (2) Creating relief and recovery funds and grants for nonprofits to use in their communities
- (3) Improving the process and other aspects of government grants and contracts with nonprofits
- (4) Expanding and replicating innovative nonprofit programs to help communities respond, adapt, and recover

The Role of Nonprofit Advocacy

Congress *authorized* state, local, Tribal, and territorial governments to use the funds for “assistance to households, small businesses, *and nonprofits*, or to aid impacted industries,” but it did not mandate that governments set any specific dollar amounts or percentages for nonprofits. Governments have other options, such as allocating these resources to their own initiatives, including covering government’s lost revenue during the pandemic and providing pay raises to certain categories of public employees, to name a few. Small businesses and impacted industries, also eligible for CSLFRF dollars, will have their own ideas, and they have the experience, contacts, resources, and systems already in place to advocate for public funds for themselves.

Therefore, nonprofits needing help to recover from the effects of the pandemic and those wanting to advance their missions by delivering services to more people must accept reality: while nonprofits are *eligible* for CSLFRF funds, they are not automatically *entitled* to the funds. Government officials facing multiple options and requests will not create grant programs for nonprofits just to be nice. Nonprofits must advocate to make the case for why investing in charitable organizations is the best use of a government’s allocation.

⁴ This April 2022 update includes recent examples of governments investing CSLFRF funds in the work of charitable nonprofits. For ease of reference, new examples added to the previous editions for the Special Report are marked with the ★ symbol.

Roles for Philanthropy

This expanded edition of the Special Report adds a section highlighting numerous ways foundations have been helping their grantees and communities approach and implement the CSLFRF program. It presents examples in three broad categories of foundation actions:

1. **Using their own resources in creative ways**, ranging from *direct financial support*, such as matching funds to leverage public-private initiatives, to *indirect support* in the form of capacity building grants to help nonprofits access and effectively manage programs using the federal funds.
2. **Providing their grantmaking expertise** to help *distribute* and *administer* the ARPA funds in their communities.
3. **Convening groups** – governments, nonprofits, foundations, and the public – to collect and disseminate information about ARPA opportunities and how they can be used to address local challenges.

Federal Allocations of CSLFRF Dollars Per State

State, local, Tribal, and territorial governments must obligate (commit to how they plan to spend) their specific allocations of the CSLFRF funds by the end of 2024 and spend them by the end of 2026. CSLFRF funds were distributed in 2021 based on unemployment rates in the states. Twenty states and the District of Columbia received their full allocation last year due to higher unemployment rates (defined as 2.0 or more above its pre-pandemic level). The other thirty states received half of their allocation last year and are scheduled to receive the second equal tranche in May 2022.⁵

The proverbial bottom-line: there is still a lot of funding available that state and local governments have not yet obligated.

Governments Can Use ARPA Funds to Partner with Nonprofits in Two Broad Ways

The first question a state or local public official might ask is whether governments are authorized to use their allocations of ARPA Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) to support charitable nonprofits and their work in communities. The answer from Congress and the Treasury Department alike is an emphatic: **Yes**. Governments at all levels are empowered both to (1) provide direct assistance to charitable nonprofits as *beneficiaries* to address the impact of the pandemic on their organizations, AND (2) hire charitable nonprofits as *subrecipients* to provide services to others.

⁵ [Coronavirus State Fiscal Recovery Fund Split Payments to State Governments](#), U.S. Treasury Dec. 16, 2021.

Nonprofits as Beneficiaries

Congress specified multiple times in Section 9901 of the [American Rescue Plan Act](#) that state, local, Tribal, and territorial governments may use their allocations of the \$350 billion in Coronavirus State and Local Fiscal Recovery Funds to provide “assistance to households, small businesses, **and nonprofits**, or to aid impacted industries” (emphasis added). In brief, governments may use these federal funds to respond to pandemic needs, fill revenue shortfalls among state and local governments, and support the organizations, communities, and populations hit hardest by the COVID-19 crisis.

Coronavirus State and Local Fiscal Recovery Fund Allocation	
Source: U.S. Treasury: Assistance for State, Local, and Tribal Governments	
Type	Amount (\$ billions)
States & District of Columbia	\$195.3
Counties	\$65.1
Metropolitan Cities	\$45.6
Tribal Governments	\$20.0
Territories	\$4.5
Non-entitlement Units of Local Government	\$19.5

But what does that mean for charitable organizations that suffered many of these losses during the pandemic and continue to provide services on behalf of governments to households, businesses, and impacted industries? After initially generating confusion on this question in its interim set of instructions, the Treasury Department [Final Rule](#) (effective April 1, 2022) and [Overview of the Final Rule](#) go to extraordinary lengths to provide clarity on nonprofit eligibility. The Overview to the Final Rule summarizes the general rule concerning the assistance governments can provide to nonprofits utilizing Coronavirus State and Local Fiscal Recovery Funds:

Nonprofits have faced significant challenges due to the pandemic’s increased demand for services and changing operational needs, as well as declines in revenue sources such as donations and fees. Nonprofits eligible for assistance are those that experienced negative economic impacts or disproportionate impacts of the pandemic and meet the definition of “nonprofit”—specifically those that are 501(c)(3) or 501(c)(19) tax-exempt organizations.⁶

The Final Rule and the Overview make clear that governments may utilize these funds to provide direct assistance to “**Impacted Nonprofits**,”⁷ which includes those that have experienced:

- Decreased revenues (e.g., from donations and fees)
- Financial insecurity
- Increased costs (as in uncompensated increases in service needs)
- Capacity to weather financial hardship
- Challenges covering payroll, rent or mortgage, and other operating costs

⁶ Overview to the Final Rule, Department of Treasury, Jan. 6, 2022, page 23.

⁷ Final Rule at page 4380; Overview at 23.

Treasury also acknowledges a second category of charitable organizations – those it labels “**Disproportionately Impacted Nonprofits**,” a term that refers to nonprofits that Treasury presumes are eligible for CSLFRF relief without further analysis. The three categories are (1) nonprofits operating in Qualified Census Tracts,⁸ (2) nonprofits operated by Tribal governments or on Tribal lands, and (3) nonprofits operating in U.S. Territories.

The Treasury Department provides a non-exhaustive list of examples of authorized uses. For instance, governments may bring unemployment systems back to pre-pandemic levels by depositing the funds into unemployment trust funds and paying off unemployment insurance loans from the U.S. Department of Labor. These actions will alleviate burdens on nonprofit and for-profit employers contributing to the state UI system of increased taxes. States may also use the funds to cover the unemployment costs of reimbursing employers, including certain nonprofits and local governments, not otherwise covered by the federal government since the onset of the pandemic.⁹

Specific to nonprofits, governments may provide assistance in the form of grants or loans to mitigate financial hardship, as well as technical or in-kind assistance or other services that mitigate economic impacts of the pandemic. Previous guidance from the Treasury Department provided the following examples:

- Payroll and benefits costs
- Employee retention
- Mortgage, rent, utilities assistance
- Social distancing requirements
- Enhanced cleaning
- Vaccination, testing, or contact tracing programs
- Technical assistance, counseling, or other services to assist with business planning needs

Nonprofits as Service Providers

In addition to the many “impacted nonprofits” and “disproportionately impacted nonprofits” eligible for direct assistance as “beneficiaries,” all charitable organizations may also be hired to provide services to others as “subrecipients” of CSLFRF funds. Governments, referred to in the Final Rule as “recipients,” can transfer – via grant or contract – funds to nonprofits to carry out eligible uses on behalf of those governments. The Final Rule makes clear, “a nonprofit need not have experienced a negative economic impact in order to serve as a subrecipient.”¹⁰ And correcting earlier misperceptions by some local governments, Treasury states that “the Department does not require or have a preference as to the payment structure for recipients that transfer funds to subrecipients

⁸ The Final Rule states at page 4342 that “Qualified Census Tracts” are “neighborhoods with persistent poverty.”

⁹ Overview at 18; [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule](#), Department of Treasury, Jan. 6, 2022, page 3.

¹⁰ Final Rule, Treasury Department, Jan. 27, 2022, 87 Fed. Reg. at 4380.

(e.g., advance payments, reimbursement basis, etc.).”¹¹ This last point is important for operational integrity and organizational sustainability: **governments may make advance payments to nonprofit subrecipients; officials are not required to insist on service first and reimbursement later.**

What types of services are envisioned here? The Treasury Department is currently updating its Frequently Asked Questions to provide further guidance, but earlier FAQs are instructive in identifying services performed by nonprofits that respond to the “negative economic impacts of the pandemic.” These include:¹²

- Food assistance
- Childcare and early learning services
- Counseling and legal aid to prevent eviction or homelessness
- Emergency assistance
- Housing security
- Job training and workforce development
- Internet access or digital literacy assistance
- Disparate impact of COVID-19 on certain populations and geographies.

As shown by these examples, charitable nonprofits can be both the *recipient of assistance* and the *provider of assistance* to others on behalf of governments.

Guiding Principles for Identifying High-Impact Programs

Congress specified in the [American Rescue Plan Act](#) (“ARPA”) that state, local, Tribal, and territorial governments may spend their allocations of the \$350 billion Coronavirus State and Local Fiscal Recovery Funds to provide “assistance to households, small businesses, *and nonprofits*, or to aid impacted industries” (emphasis added). The law allows these governments to use the monies to hire nonprofits to provide services and programs in their communities, restore jobs and wages, and boost the economy. These funds are substantial, but not limitless; governments need to adopt reasonable selection criteria to ensure they apply fair guidelines for spending the money to secure the greatest impact for the public good. Charitable nonprofits, which serve the same people and communities as governments, offer the following principles to help guide the selection process.

¹¹ Final Rule at 4379, footnote 230.

¹² Overview at page 18.

1. Prioritize Equity from the Outset

The pandemic exposed many inequities in the delivery of health and other human services in our country. Governments should apply these lessons and intentionally listen to marginalized communities for solutions that overcome past and current barriers blocking access for people of color, low-income individuals and families, people living with disabilities, and individuals who identify as LGBTQ+. In particular, governments should prioritize spending of the ARPA funds to improve outcomes for communities traditionally left behind. One potential method would be to require each funded program and grantee for funding to provide an explanation of how the program centers around equitable results for the communities served.¹³

2. Invest in Economic Multipliers

Healthy local economies require sustainable nonprofits and businesses. Congress recognized that reality when appropriating the ARPA funds for “small businesses *and nonprofits*.” During the pandemic and continuing in 2022, tens of millions more Americans than usual turned to nonprofits for help – and nonprofits delivered. Investments in charitable organizations enables them to restore staff and hire even more employees to deliver services on which constituents depend for relief and recovery. Further, investing in nonprofits will allow these organizations – the third largest employer in the country¹⁴ and consumers of products and services – to operate as economic multipliers. By that, we mean nonprofits can provide needed services needed by any economic recovery, such as through child care and job training, and themselves stimulate economic activities, as generated through people spending money at restaurants and retail stores near the arts and cultural institutions they visit.

3. Implement Quickly, Yet Fairly

Governments can fulfill the obligations and promise of the ARPA by balancing the need to move urgently to provide relief while also considering both existing systems and new programs that can distribute funds in ways that provide quality benefits to communities. For example, many charitable nonprofits already provide an array of services – and with the ARPA funds could scale up to do more – that help local economies recover from the pandemic. Examples include after-school programs for kids that help parents go to work,

¹³ This priority is in line with a requirement the Treasury Department has put in place requiring large recipients of federal funds to describe how projects prioritize economic and racial equity and how their planning incorporates feedback from constituents and community-based organizations. See, [FACT SHEET: How Treasury’s Implementation of American Rescue Plan Programs Prioritizes Equity](#), Treasury Department, Apr. 8, 2022.

¹⁴ [Nonprofit Impact Matters](#), National Council of Nonprofits, Fall 2019.

residential assistance programs for seniors and others, food preparation and delivery services to support people in need, job training and placement, and more. Similarly, community foundations already have systems in place to channel resources where needs are greatest. For virtually every need in the community, there is likely one or several nonprofits ready to ramp up their service delivery or expand to provide new services to help all residents get past the pandemic.

4. Maintain Accountability via Reasonable Documentation and Transparency

Governments spending Coronavirus State and Local Fiscal Recovery Funds must apply appropriate safeguards and disclosure requirements to protect the public from waste, fraud, and abuse. Charitable nonprofits represent the most transparent segment of the economy (e.g., all nonprofits must publicly disclose their financial information annually), and we like it that way – otherwise individuals would not be willing to trust organizations with their time, resources, and lives. That said, governments should maintain the proper balance between keeping the public informed about use of funds versus imposing excessively burdensome and expensive reporting requirements. In practice, this means governments should collect the information it truly needs and not create unnecessary forms demanding needless data points. Finally, when nonprofits are part of the target audience for proposed loans, grants, or in-kind assistance, governments need to work with nonprofit leaders – in advance – to identify and avoid needless red tape and redundant documentation requirements.

Recommendations for Designing and Managing Programs with Impact

Governments today can benefit from recent lessons learned about designing and managing relief and grant programs, based on experiences related to programs created and funded under the 2020 CARES Act and the first round of ARPA funds. The following relies on that experience to identify several factors to consider and related recommendations for shaping future nonprofit relief and grant programs with impact.¹⁵

¹⁵ The networks of the National Council of Nonprofits contributed to these recommendations based on first-hand experiences with nonprofit relief funds and grant programs in different parts of the country. The Foraker Group (the state association of nonprofits in Alaska), in partnership with the Alaska Municipal League, Minnesota Council of Nonprofits, North Carolina Center *for* Nonprofits, and Washington Nonprofits developed specific suggestions for factors and insights that are reflected in this document.

- **Eligibility Criteria:** States had varying degrees of success in determining which organizations should be included for nonprofit relief funds and grant programs. Some states inadvertently left out large swaths of otherwise eligible and deserving organizations by imposing restrictive criteria that artificially excluded quality applicants and thus blocked residents from receiving needed services. Improper barriers to eligibility have included: number of employees (too many or not enough); budget size of organization (too high or too low); revenue losses (too much or too little, or without regard to increased costs that cancel out revenue gains); increased expenses; subsector (such as limiting to or leaving out arts and culture, health and human services, etc.); the impact of forced closures on operations, including reduction in volunteers; and more. Overall, requirements to show a decrease in revenue or increase in expenses in a given quarter or fiscal year was difficult for many nonprofits to document, especially without proper and clear definitions or flexibility needed in light of accounting standards nonprofits must follow that differ from those by other entities.

Recommendations: Clarify that all 501(c)(3) charitable nonprofits are included and eligible to apply. Provide “either/or” options to meet eligibility requirements, such as number of employees OR program area OR revenue losses OR increase in expenses.

- **Allowable Uses:** The broader the allowable use of funds, the more successful the relief funds and grant programs have been for assisting communities. Ideally, the funds would provide general operating support for nonprofits. Governments that restricted use of funds in narrowly defined ways hurt nonprofits and the public by limiting programs and outcomes, imposing additional accounting and unnecessary costs, and ignoring urgent operational needs.

Recommendations: Permit nonprofits to use relief and grant funds for general operating support of the organization. At a minimum, clarify that allowable uses include, but are not limited to, replacement for lost revenue, payroll, wages, salaries, benefits, mortgage, rent, utility payments, and other direct and indirect expenses related to the organization’s programs, services, and operations.

- **Program Administration:** Having the right administrator of the funds is key to governments getting the money out to nonprofits quickly, efficiently, and effectively. States varied on whether they used a state agency or third-party intermediary, including state associations of nonprofits, United Ways, and community foundations. The least successful programs were those using administrators with no prior

experiences with nonprofits; they had insufficient knowledge of how nonprofits operate, resulting often in unintended barriers and missed opportunities.

Recommendations: Appoint program administrators – whether a government agency or third-party intermediary – that have prior experience and strong relationships with nonprofits. Partner with nonprofits for technical assistance. Avoid multi-layered approaches where monies must be transferred to several agencies, departments, or regional entities, because every additional layer delays distribution of funds in communities.

- **Application Requirements:** When governments used the same application form for both for-profit businesses and nonprofit organizations, those forms too often required information unrelated or irrelevant to nonprofits, resulting in a bias favoring for-profits and a barrier excluding nonprofits. Other times, forms required so much documentation that it was not worth the time or effort for nonprofits to apply, particularly for the amount offered.

Recommendations: Use simple, clear, and easy-to-understand application forms online and in print. Minimize the required documentation at both the application and reporting stages to encourage the largest possible number of qualified applicants. Accept recent IRS filings and documentation for eligibility requirements when applicable. Work with grantmakers or community foundations that understand applications for and regularly administer funds to charitable organizations.

- **Prioritization:** Governments varied in deciding which types of organizations should receive the funds and in what order. Some awarded funds on a first come, first served basis. This method gives an unfair advantage to those with pre-existing relationships (often for-profit companies), while hurting smaller and newer nonprofits and others doing valuable work in local communities but without prior relationships with state and local agencies. Other governments used tiers to approve certain groups based on size of organization, populations served, geographic location, or revenue amounts. Each of these priority labels generally left out large portions of nonprofits.

Recommendations: Be as inclusive as possible to expand the pool of applicants. Avoid “penalties” for being located in one geographic location. Avoid restricting applicants that received other funding (e.g., PPP loans, EIDL, other state grant programs) because any past support likely does not address current needs.

- **Grant Amounts:** Grant programs across the states provided grant award sizes ranging from less than a hundred dollars to a million dollars or more. Some governments had tiers based on revenues of applicant, and almost all imposed caps. However, if the amount was too low (e.g., \$1,000 or \$5,000) and the required documentation too onerous, most nonprofits were deterred from applying. One state association policy committee determined \$25,000 as the lowest amount of funds that would make a difference to nonprofits.

Recommendations: Make the award amount high enough to offset the often burdensome application requirements and back-end reporting burdens.

- **Budget Surpluses:** Many states unexpectedly experienced a budget surplus going into Fiscal Year 2022 and beyond, despite initial expectations for large deficits due to the pandemic. The fungibility of resources in state budgets gives lawmakers and budget officials flexibility to move monies to allow for additional funding where it is needed most, including supporting nonprofits serving local communities.

Recommendations: States can dedicate their budget surpluses to cover government costs while using Coronavirus State and Local Fiscal Recovery Funds for nonprofit priorities and projects as specifically allowed by the ARPA. These include relief and grant programs created specifically for charitable nonprofits or in combination with small businesses, as well as enhanced payments for services performed by charitable organizations in communities on behalf of governments.¹⁶

- **Communicating Opportunities:** Many nonprofits are often left out of funding opportunities simply because they do not know about the programs. This lack of awareness ultimately hurts the people and communities those nonprofits serve. Marketing and outreach to nonprofits about nonprofit relief funds and grant programs would create a stronger and more diverse pool of applicants, allowing for each allocated dollar to secure the greatest impacts in the intended communities.

Recommendations: Ensure clear, regular, timely, and broadly distributed communications and education about nonprofit relief funds or grant programs, develop FAQs, and translate materials. Allocate resources for marketing and outreach. Be clear on goals, purpose, and communication channels for the funds. Assign a single point of contact for applicants and later for grantees.

¹⁶ See [Governments Can Use ARPA Funds to Partner with Nonprofits in Two Broad Ways](#), *supra*, for a more detailed listing of eligible uses of ARPA funds.

These factors and recommendations are based on the experiences of governments, working in partnership with charitable nonprofits, to secure the greatest impact for funds made available to provide relief and recovery from the health and economic consequences of the COVID-19 pandemic. The recovery will be accelerated when these valuable lessons can be put into practice for the public good.

Successful Models of Nonprofit Relief from Around the Country

In 2020, over half the states and the District of Columbia created more than 60 relief funds and grant programs for small businesses and nonprofits using CARES Act [Coronavirus Relief Fund](#) monies.¹⁷ The experiences in those programs helped shape the forgoing [principles](#) and [recommendations](#) and serve as successful models for relief programs discussed in this section of the report.

Today, the \$350 billion in Coronavirus State and Local Fiscal Recovery Funds allow far greater flexibility than the CARES Act did.¹⁸ This flexibility gives partnerships between governments and nonprofits the opportunity for more creativity for greater impact in their communities. The following examples are a sampling of different models of programs that state, local, Tribal, and territorial governments have created to ensure that nonprofits – and the people they serve – are able to participate in programs funded with ARPA resources. These models of success are organized into four categories, although as the specific examples reveal, there is plenty of flexibility for jurisdictions to design programs to meet their needs:

- (1) Lifting unemployment insurance burdens off employers
- (2) Creating relief and recovery funds and grants for nonprofits to use in their communities
- (3) Streamlining government grants and contracts for nonprofits

¹⁷ Generally, allowable use of funds under the CARES Act’s Coronavirus Relief Fund are also eligible uses under the ARPA Coronavirus State and Local Fiscal Recovery Fund. See [Interim Final Rule Frequently Asked Questions](#) #2.2, Treasury Department, as of Jan. 2022.

¹⁸ The CARES Act’s Coronavirus Relief Fund was more restricted than the ARPA Coronavirus State and Local Fiscal Recovery Fund in that the CARES Act’s funding had to be used only “to cover costs that are necessary expenditures incurred” between March 1 and December 30, 2020, due to COVID-19 and costs that “were not accounted for in the budget most recently approved.” Thus, a direct relation was required between the expenditures and the pandemic, and the funds could not be used to fill budget gaps.

- (4) Expanding and replicating innovative nonprofit programs to help communities respond, adapt, and recover

1. Lifting Unemployment Burdens Off Employers

Economic recovery from the pandemic requires that employers bring people back to work. But employers struggling under the heavy burden of outstanding or looming unemployment costs do not have sufficient cash both to pay off that load and rehire employees. Therefore, if local economies are going to recover and expand, then governments must make unemployment relief for employers of all types – including nonprofits – a top priority.

Employers across the country are facing exorbitant unemployment costs caused by the pandemic. State unemployment laws recognize [three categories of employers for unemployment compensation purposes](#): *contributing* employers (most for-profit and some nonprofit employers that make quarterly payments into the state unemployment system for the estimated costs of what the state paid out to their former employees), *reimbursing* employers (charitable nonprofits and local and Tribal governments that self-insure and reimburse the state for actual costs for benefits paid to their former employees), and *exempt* employers (typically religious institutions and very small entities with very few employees).

Congress and many state policymakers recognized that the unprecedented nature of the COVID-19 pandemic required urgent adjustments to the unemployment insurance system. They acknowledged that no employer or employee should be held financially liable because of a worldwide crisis that was unanticipated and outside their control. Through the CARES Act of 2020, the federal government delayed, but did not cancel, any costs for *contributing* employers; covered only 50 percent of the costs charged to *reimbursing* employers; and fully covered the costs of *exempt* employers. The ARPA increased the coverage for reimbursing employers from 50 percent to 75 percent for five months in 2021 but left those employers on the hook for the remaining 25 percent of charges.¹⁹

Many state unemployment laws impose automatic unemployment tax hikes on contributing nonprofit and for-profit employers when the state's unemployment trust funds fall below certain levels; these employers must pay higher unemployment tax bills unless and until the state's unemployment trust fund is restored to pre-pandemic solvency. Compounding the problem for many, nine still have, as of April 8, 2022, [outstanding loans](#)

¹⁹ Governors in five states – Arkansas, Missouri, Montana, South Carolina, and Texas – cancelled this relief for *reimbursing* employers (again, local and Tribal governments and many charitable nonprofits), thereby imposing 100% liability on them for unemployment costs incurred during the summer of 2021 while the overwhelming majority of for-profit employers in those states suffered no additional unemployment costs.

[from the Federal Unemployment Account in excess of \\$37 billion](#), which will need to be repaid by those states' trust funds and ultimately by contributing employers.

Recognizing the strains on states and employers alike, Congress expressly authorized governments to use their allocations of the ARPA relief funds to bring unemployment systems back to pre-pandemic levels. States may do so by depositing ARPA funds into their state's unemployment trust funds or paying off unemployment insurance loans from the U.S. Department of Labor.²⁰ Restoring the trust funds to pre-pandemic levels would avert tax hikes on contributing employers in the states. The result would be that contributing employers, relieved of this daunting financial burden, will be able to invest funds they would have used to pay unemployment taxes to instead rehire people or even expand employment and operations.²¹

Those solutions will only hold *contributing* employers harmless for the unemployment costs of the pandemic – that is, those employers will not suffer any negative financial consequences in the unemployment system due to pandemic-related layoffs. But what about *reimbursing* employers that have never received the same absolute relief from federal legislation and only partial relief from some states? Contributing employers and reimbursing employers suffered from the exact same health and economic crisis; should they not be treated the same?

Last year, several states answered that question by saying it absolutely would be unfair for governments to protect one set of employers (contributing employers) from dramatic cost hikes while leaving the other set of employers (nonprofits and local and Tribal governments) financially liable for essentially the same unemployment burdens. To correct that unfairness, about a [dozen states provided needed relief to reimbursing employers](#). However, that relief has largely expired or must be revised to hold these innocent employers harmless from these pandemic-caused costs from which their contributing counterparts have been protected.

We strongly recommend that states provide the same level of protection granted to contributing employers – zero costs from the outset of the pandemic – to all reimbursing employers. This equal treatment can be achieved by states and localities by: (i) cancelling all unemployment bills for COVID-related layoffs; and (ii) repaying these employers for the amounts paid on unemployment costs charged to them since the declaration of the national

²⁰ [Overview to the Final Rule](#), U.S. Treasury Department, page 18; [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule](#), Department of Treasury, Jan. 6, 2022, page 3.

²¹ The Treasury Department has made clear that using the ARPA relief funds to avoid unemployment insurance tax rate increases is permissible and does not run afoul of the ARPA provision preventing usage of these funds to provide tax cuts or delay tax hikes. See Interim Final Rule FAQs #2.4.

emergency on March 13, 2020. The following are examples of actions taken by states that can serve as models of the three forms of relief that are needed to make all employers whole for costs incurred or threatened due to layoffs caused by the pandemic.²²

Unemployment Insurance Trust Funds for Contributing Employers

- Last year, [Arizona](#), [Iowa](#), [Louisiana](#), [Maryland](#), and [New Mexico](#) allocated hundreds of millions of dollars to their state unemployment trust funds to bring them up to pre-pandemic levels and avoid automatic tax increases on contributing employers.
- [Vermont](#) policymakers approved a law that [excludes employer unemployment claims experiences in 2020](#) from future unemployment tax rate calculations. The relief is expected to save contributing employers an estimated \$400 million.
- ★ [Alabama](#) transferred \$79.5 million to the state's Unemployment Compensation Trust Fund to return the fund to a balance close to its pre-pandemic level.

Pay Off Unemployment Loans from the Federal Government

- [New Mexico](#) announced it is using part of its ARPA allocation to complete repaying \$284 million it borrowed from the U.S. Department of Labor to keep the state's unemployment trust afloat during the peak of the pandemic.
- [Ohio](#) ran up nearly \$1.5 billion in loan debt at the U.S. Labor Department during the pandemic to keep the state's unemployment system solvent. In early summer 2021, the Governor signed legislation to pay off that loan and prevent unemployment tax increases of between 50% and 150% over the next three years.

Provide 100% Retroactive Relief for Reimbursing Employers

- [North Carolina](#): Legislators acted at the start of their 2021 legislative session to extend the noncharging period for COVID-related unemployment claims for reimbursing employers through the end of 2021, building on [previously enacted legislation](#). The action resulted in the state not charging reimbursing employers the remaining costs not covered federally under ARPA.
- [New Jersey](#): Recently enacted legislation in New Jersey provided full unemployment relief to reimbursing employers – nonprofits and local governments that in the past elected to reimburse the state for the costs of unemployment benefits paid to former employees – during the Governor's declared state of emergency through June 2021.

Upgrades to the Unemployment Benefits System

- ★ The [Tennessee Resiliency Plan](#) for the state's ARPA investments includes a \$61 million investment for a new benefits system that will meet the state's "first pay" timeliness goals.

²² This third edition of the Special Report uses stars instead of dots to identify the examples that have been added since the second edition.

2. Creating Relief and Recovery Funds and Grants for Nonprofits to Use in Their Communities

The most common form of relief that state and local governments provided nonprofits last year was economic support through relief funds and grant programs for nonprofits and small businesses. The most successful relief funds and grant programs provided set asides and easy access for nonprofits during the height of the pandemic and allowed for strong partnerships between governments and nonprofits. As discussed in the Recommendations, above, keys to successful implementation included quick processing, nonprofit-experienced administration, minimal paperwork for applications and back-end reporting, and large funding set asides to avoid unnecessary competition between smaller nonprofits and other entities. The following examples show different ways that state and local governments can structure these programs.

Nonprofit Relief Fund from a Governor's Office

- [Community Investment Recovery Fund](#): Delaware will provide nonprofits with one-time funding for major nonprofit capital projects that meet federal eligibility standards. Joining the Governor in announcing the Recovery Fund for nonprofits, the Lieutenant Governor observed, “We rely on our nonprofits to care for and serve Delawareans, especially our most vulnerable residents every day. This has been especially true throughout the COVID-19 pandemic. This ARPA investment will provide critical support for our nonprofits and community organizations that have stepped up every day to ensure Delaware families have the services they need.”
- ★ **Nevada**: The state allocated [\\$30 million](#) to the Governor's Finance Office to enhance programs and services to nonprofits with an increased need due to the negative impacts of COVID-19.

Executive Branch Grant Program

- [Baltimore Nonprofit Relief Fund](#): Baltimore recently awarded nearly 70 nonprofits grants of up to \$50,000 each in ARPA funds from the city's second round of grantmaking. Nonprofits can use the award to help “address the negative financial impacts of the COVID-19 pandemic, both reimbursing organizations for unexpected funds spent to respond to the pandemic, as well as addressing future needs related to COVID-19.”
- ★ **Massachusetts**: Springfield Mayor Domenic J. Sarno announced that [nonprofits will receive nearly \\$400,000 in funding awards](#) that will be distributed by the Department of Recovery and Businesses Continuity, created in August 2021 as a centralized department for these funds.

Legislative Branch Created Nonprofit Relief Fund

- [California](#) has provided an additional \$1.5 billion in funding for a COVID-19 relief grant program for small businesses and nonprofits created in 2020.
- The [Louisiana Small Business and Nonprofit Assistance Program](#) uses all but \$400 million of the state's allocation of ARPA funds for 2021 to provide grants up to

\$25,000 to small businesses and eligible nonprofit organizations, including public charities and faith-based organizations.

- ★ **Kentucky:** The [biennial budget for Kentucky](#), enacted in April 2022, includes \$75 million in grants for eligible nonprofits funded from the Commonwealth’s ARPA allocation.
- ★ **Maine:** The state has set aside \$3.5 million (\$1 million in FY 2022 and \$2.5 million in FY 2023) to provide [funding for infrastructure investments to support diverse businesses and nonprofits](#).

Locally Created Nonprofit Relief Fund

- **Maryland:** The [Local Nonprofits Grant Program](#) in Calvert County provides up to \$15,000 to nonprofit organizations that have experienced adverse financial impact and expenses related to COVID-19 that have not already been offset by other COVID-19 funding. The Town of Easton is encouraging nonprofits to apply for [one of two new grants](#) if they have been in operation since at least January 2020 and can show a loss of revenue or expenses incurred since March 3, 2021.
- **New Hampshire:** The [County of Cheshire](#) issued a Notice of Funding Opportunity “to provide assistance to help nonprofits impacted by COVID-19.” Grants from \$1,000 to \$20,000 will be approved for eligible nonprofits to “reimburse the costs of operational interruptions caused by required closure” due to the pandemic.
- **North Carolina:** The [City of Wilmington](#) has set aside \$700,000 for grants to nonprofit organizations, including \$200,000 reserved for arts groups.
- ★ **California:** The County of San Luis Obispo accepted applications to allocate as much as [\\$5.5 million in grants to help community nonprofits](#) respond to the negative economic impacts of COVID-19 through two programs. The County will award up to \$3 million to local nonprofits that experienced financial hardships due to the pandemic; that funding may also be used to provide services to community members impacted by the pandemic. Separately, the County will award up to \$2.5 million to local organizations providing technical assistance to businesses, workforce development, and job training for people impacted by COVID-19.
- ★ **Maine:** Penobscot County [opened the funding process for grants](#) to address problems created or made worse by COVID-19, and will prioritize funding to organizations addressing affordable housing, mental and substance use disorder treatment, and transportation in rural areas. The County will use a two-tiered approach by having one process for small organizations that may not meet federal standards for larger grants and another for sub-recipients that distribute goods and services to the community.
- ★ **New Jersey:** Monmouth County announced it will award \$20 million in ARPA funds in grants of up to \$500,000 to nonprofits for COVID-19 related expenses like [offsetting lost revenues or to pay for enhanced services or programs](#) related to pandemic recovery. Priority will be given to nonprofits that serve veterans and their families, combat food insecurity, and provide for the presence and preservation of art, historical and cultural resources.

- ★ **New Mexico:** [Nonprofits affected by COVID-19](#) in Eddy County are eligible for grants of up to \$40,000, with eligibility focused primarily on organizations with fewer than 500 full-time employees as of March 3, 2021. Funds are to be used to reimburse the costs of interruptions caused by required closures, revenue losses, or implementation of new safety measures provided those costs were not paid by insurance or another program.

3. Streamlining Government Grants and Contracts with Nonprofits

The Treasury Department advised governments receiving Coronavirus State and Local Fiscal Recovery Fund monies that most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to these funds, including the Cost Principles and Single Audit Act requirements.²³ Exceptions are listed in the [Assistance Listing](#) found at [beta.SAM.gov](#). The important point here from the nonprofit perspective is that governments must pay nonprofits for the indirect costs they incur while performing services on behalf of the governments. Thus, the federal government continues to insist that when its funds are used to pay nonprofits, the nonprofits must be reimbursed fairly for the costs they incur when serving the public.

Pay Indirect Cost Rates of Government Grantees

- **New York City:** As documented by the federal [Government Accountability Office](#), the [National Council of Nonprofits](#), the Urban Institute, and others, too many governments fail to pay nonprofits for the full costs of the services they provide on behalf of the governments. The most common of these failures is not paying the organizations' actual indirect costs. Those are the ordinary and necessary expenses of the organization – such as accounting, technology, rent – that are not specific to the program covered by a government grant, but costs shared across all operations. Prior to the pandemic, nonprofits in New York City partnered with the Mayor and City Council to establish the [Indirect Cost Rate Funding Initiative](#) to correct this systemic underfunding of nonprofit organizations on which the City relied. The pandemic, however, imposed significant stress on City finances, leading to budget proposals that would have restricted indirect cost reimbursements to just 70 percent of true costs. The relief under the ARPA has allowed [City leaders to reverse course](#) and ensure that nonprofit human services providers receive 100 percent of funding for their approved indirect costs this year.
- **Other Examples:** In January 2021, the District of Columbia enacted the [Nonprofit Reimbursement Fairness Act](#) to ensure that government grantees receive payment of their indirect costs as required under the OMB Uniform Guidance, discussed above. Similar legislation is pending in [Massachusetts](#) with the goal of “enhancing the effectiveness of nonprofits’ core mission work through full cost funding.”

²³ See [Final Rule](#), U.S. Treasury Department, page 4375; Overview, pages 41-42; and Interim Final Rule FAQ #9.3.

Make Prompt and Full Payments for Services Rendered

- **New York:** Several governments, including New York State, shifted their financial burdens onto nonprofits during the pandemic by suspending prompt payment laws and reducing how much they reimburse nonprofits for services previously rendered. New York’s Governor issued an executive order ([EO 202.48](#)) suspending prompt payment laws and authorized government agencies to withhold up to 20 percent from amounts owed to nonprofit service providers, essentially requiring nonprofits to underwrite the state’s financial obligations for the duration of the pandemic. In a [letter to the Governor](#), a coalition of nonprofit organizations stated, “The sector cannot provide the necessary services and jobs New York needs to recover if the State is unwilling to honor its financial commitments to pay for the services it has contracted nonprofits to provide, while also asking nonprofits to continue to provide those services at great financial risk.” It is essential that governments use their share of the ARPA funds to pay their bills for services already rendered on their behalf – not as a benefit to nonprofits, but as acts of fiscal and moral responsibility.

Relieve Contractual Performance Obligations During Times of Crisis

- **Failure to Perform Waivers:** The Office of Management and Budget, in [Memorandum 20-17](#) issued on March 19, 2020, encouraged federal agencies to relax administrative and performance requirements during the public emergency, recognizing that many governmental grantees and contractors would not be able to fully perform due to shutdown orders and public safety requirements. Examples of this flexibility at the state level include [New Jersey](#), which enacted a penalties waiver law, and [California](#), where pending legislation would allow nonprofits with state contracts for “non-essential” services to continue to receive payments during emergencies despite changes to contract performance due to the emergency.
- **Recognize and Overcome Nonprofit Challenges:** Policymakers in numerous jurisdictions are taking action to address challenges nonprofits have faced for years, but that the pandemic has exacerbated. For example, a new law in [Colorado](#) permits a state agency to pay up to 25 percent of the total value of payments to the grantee immediately upon execution or renewal of the contract, thereby preventing late payment and underpayment challenges confronting nonprofits. A bill in [California](#) would require each state agency doing significant business with or has policies that affect nonprofits to designate a nonprofit liaison to address nonprofit complaints, provide technical assistance on agency policy compliance, develop innovative contracting policies, and report nonprofit concerns to agency leadership.

4. Expanding and Replicating Innovative Nonprofit Programs to Help Communities Respond, Adapt, and Recover

Charitable nonprofits are often the first to respond when crises erupt, and this was no different with the COVID-19 pandemic. Nonprofits developed innovative programs and services to meet the changing needs within their communities. This final portion of the Special Report offers inspiring examples of successful programs that government-

nonprofit partnerships can replicate, adapt, and expand to benefit people and help communities recover.

Arts and Cultural Supports

- ★ **Illinois:** The Legislature has passed a state budget for fiscal year 2023 ([H.B. 900](#)) that contains a long list of specific line-item appropriations from ARPA funds, including \$50 million in relief and recovery grants dedicated to the creative sector.
- ★ **Missouri:** Kansas City has allocated [\\$1.2 million for grants to multiple nonprofits](#), including \$156,000 to the nonprofit Starlight Theater for general repairs and maintenance expenses on the facilities, \$780,000 to the nonprofit Kansas City Zoo to “aid in maintaining staff, assist with maintenance and utility expenses as well as assist with marketing and educational programs focused on increasing attendance,” and \$234,000 to the National WWI Museum and Memorial to “assist the museum with maintenance activities, utilities, security, as well as other allowable operational expenses.”
- ★ **Tennessee:** The Tennessee Resiliency Plan dedicates \$80 million to address severe COVID-19 related economic harm [to the state’s nonprofit arts and culture sector](#) by providing grants to over 200 eligible nonprofits to recover and deliver arts and culture services.
- ★ **West Virginia:** The Legislature appropriated \$765,400 to the Department of Arts, Culture, and History [to support grant programs in the nonprofit sector](#) and preserve jobs and maintain operations that have been impacted by the COVID-10 pandemic.

Broadband & Connectivity

- **Digital Equity:** The Mayor of Boston reopened the [Digital Equity Fund](#) to award \$250,000 in grants to local nonprofits working to increase digital equity. The grants, ranging from \$5,000 to \$35,000, are funded in partnership with the City of Boston’s Age Strong Commission and the Department of Innovation and Technology. Nonprofits serving neighborhoods disproportionately impacted by the pandemic were prioritized and other nonprofits serving older adults, persons with disabilities, non-English speakers, public housing residents, and unemployed persons were strongly encouraged to apply.
- **Telehealth Services:** During the COVID-19 pandemic, [Jewish Federations of North America](#) worked with many Jewish family service agencies, nursing homes, and hospitals to provide a wide variety of vital health, behavioral health, and long-term care services through telehealth. In particular, audio-only (telephone) telehealth options have allowed partner agencies to meet patients and clients wherever they are according to individual needs. Many of the older adults served were unable to access broadband, could not afford or use a smartphone, struggled with digital literacy, or suffered from cognitive, visual, or other physical impairments that inhibit their ability to utilize video-enabled technology. The ability to connect this aging population with health care providers was literally a lifesaver.

- **Telework & Online Sales Relief Grant:** Harford County, Maryland has provided [grants to eligible businesses and nonprofit organizations](#) to assist in the set up or expansion of an online sales framework and/or offering employees telework opportunities or reimbursement of equipment purchases.
- **Broadband Expansion Program:** Wisconsin Governor Evers announced a \$100 million investment in the state's first round of federal funding to expand [broadband access](#), the largest single round of broadband investment, which is expected to benefit unserved or underserved households and businesses.
- ★ **Broadband Capacity:** Anchorage, Alaska set aside [\\$2,525,000 for grants of aid to nonprofit organizations](#), including a grant of \$44,000 to the nonprofit Chugiak-Eagle River Senior Center to provide broadband capacity infrastructure and internet services to improve access for residents, staff, and guests

Economic Development

- **Main Street Economic Revitalization Program:** The **Minnesota** budget for 2022 establishes the \$80 million Main Street Economic Revitalization Program to support partner organizations, including nonprofits, businesses, and developers, for grants and guaranteed loans for economic development and redevelopment project.
- ★ **Iowa's** Story County Board of Supervisors approved [spending \\$4,250,311 in ARPA funds for nonprofits](#) to address negative economic impacts for organizations such as Boys and Girls Club, Home Allies, United Way, and Whistle Stop Child Care.
- ★ **Nebraska:** In April 2022, the Governor signed legislation ([L.B. 1014](#)) that sets aside \$250 million for economic recovery and millions more for other priorities advanced by the [Nonprofit Association of the Midlands](#) that were based on input from nonprofits throughout the state during listening sessions hosted by the association.
- ★ **New Jersey:** Newark announced in March 2022 its new [Neighborhood Investment Program](#) that will hire community-based nonprofit organizations to “strengthen Newark’s commercial corridors and help small businesses recover and thrive.”

Education

- **Ready Together Oklahoma:** In May 2021, the **Oklahoma** State Superintendent of Public Instruction launched the Ready Together Oklahoma action plan along with education stakeholders to “bolster accelerated learning, strengthen instruction, and address social-emotional issues due to the pandemic.” Under the plan, Oklahoma City Public Schools are working with community partners to provide summer enrichment and learning loss programs to support student success. Local YMCAs and Boys & Girls Clubs are to receive \$2.7 million from the ARPA education funding as part of the action plan.
- **Building Opportunities in Out-of-School Time:** The **Georgia** Department of Education is awarding \$27 million in ARPA funds through Building Opportunities in Out-of-School Time (BOOST) grants to 100 community-based organizations and four statewide organizations, including the Georgia Alliance of YMCAs. BOOST grants will expand access to and improve the quality of afterschool and summer

learning opportunities across Georgia and prioritize students most impacted by the COVID-19 pandemic.

- ★ **New York:** Dutchess County is investing \$3 million in the “Learn, Play, Create” grant program that will [provide one-time grants to local nonprofits](#) in the categories of arts, libraries, and athletics to support specific purchases or needs.

Equity

- **Wisconsin:** Governor Evers announced the state will use \$130 million in ARPA monies for three [workforce development programs](#) to break “systemic barriers” to employment, like lack of transportation options and child care.
- ★ **Georgia:** Coweta County is distributing [grants of up to \\$25,000 to nonprofit projects](#) that support equitable economic recovery from the public health emergency and address systemic public health and economic challenges that may have contributed to more severe impacts of the pandemic among low-income communities and people of color.

Health and Human Services

- **Connecticut:** The [Connecticut](#) Legislature allocated a substantial portion of the state’s \$2.6 billion in ARPA funds to the work of charitable organizations, such as by providing \$280 million in additional funding for community nonprofit providers of health and human services and more than \$100 million in nonprofit programs and services for homeless service providers, food pantries, and more.
- **Massachusetts:** The [major ARPA spending bill](#) enacted at the end of 2021 includes \$16.5 million for a loan repayment program and \$13.5 million for a grant program for human services organizations to support the retention and recruitment of human services workers
- **New York:** Nonprofits in [Nassau County](#), New York are set to receive approximately \$17.9 million in grants to expand youth, and behavioral health programs with \$10 million set aside for organizations that are not officially under contract with the county. Nonprofit youth programs are slotted to receive a 20% increase in government grants and contracts for educational and academic support, after-school programs, counseling, youth employment, and recreational programs.
- **North Carolina:** The [City of Raleigh](#) North Carolina has announced plans to support nonprofits during the largest phase of its ARPA spending with a focus on health and economic impacts in food security, homelessness, housing, mental and public health, and specifically targeted programs helping elderly, youth, persons with disabilities, substance users, and persons experiencing homelessness for support by human service agencies. Similarly, officials in [Asheville](#) approved eleven categories to distribute its \$7.3 million of ARPA monies, including some nonprofit priorities: affordable housing, care for aging residents, community communication, domestic violence prevention, food systems, homelessness, workforce development, and climate change.

- **Virginia:** The comprehensive ARPA spending plan for the City of Alexandria, Virginia sets aside \$4 million for the [Alexandria Community Access Networks](#) to provide navigation support to ensure individuals are enrolled in key local, state and federal programs for which they are eligible and “provide tangible and emergency financial aid that will include grocery gift cards, transportation assistance, child care, and rental assistance.” The administration of the grant program will be provided by ACT for Alexandria, the local community foundation, which will manage the nonprofit selection process and work in collaboration with local government.
- ★ **North Carolina:** Raleigh selected [13 nonprofit organizations to receive a total of \\$10 million](#) to improve community health to increase capacity, allow organizations to address behavioral health, and other pandemic-related health issues.

Housing

- **Rental Assistance:** Many nonprofit Community Action Agencies and/or state associations of nonprofits served as the [administrator for rental relief programs](#) to provide funding for eligible households. For example, in **Maine**, the state Community Action Partnership provided \$24 million for thousands of households in 2020 and more than \$9 million to nearly 10,000 households thus far in 2021.
- **State Housing Programs:** **Colorado** is using ARPA funds to provide [grants and loans to nonprofit organizations](#) and local governments for the rental, acquisition, or renovation of underutilized hotels, motels, and other properties to provide non-congregate shelter or affordable housing for people experiencing homelessness. **Washington** State has set aside \$221.9 million of ARPA funds for rental assistance, project-based vouchers for nonprofit housing providers and related services, rapid rehousing, emergency housing, foreclosure prevention services, dispute resolution center eviction prevention services, and tenant education and legal assistance.
- **Local Housing Programs:** The City of Tallahassee and Leon County, **Florida** announced an agreement to spend \$6.3 million of their ARPA funds for [homelessness and housing](#). The funding and program will be administered by several community homeless shelters and a [partnership between a local nonprofit organization and government program](#) serving the area. The Minneapolis, **Minnesota** City Council dedicated \$28 million for [affordable housing](#) from its nearly \$102 million of its first round ARPA funds. Officials in **Austin**, Texas allocated nearly \$100 million to homelessness programs with the Mayor calling it a “once-in-a-lifetime opportunity” to “get people in homes, places where they can get services and improve their lives.”

Job Retention, Creation, and Workforce Development

- **Expanding the Pool of Qualified Employees:** The pandemic hit frontline human service and behavioral health providers particularly hard. Job recruiting and retention remains the number one issue in many locations, so [Ascentria Care Alliance](#) and a coalition of human service and behavioral health providers in **Massachusetts** focused on reducing the drastic shortage of direct care workers.

They have applied for a federal earmark to create an Augmented Support Employee Program to attempt to expand the pool of potential hires. The program would address skills-based and “life challenges” impediments to employment opportunities, particularly for women and people of color. The program supplements training with additional wraparound services, delivered via coaches, such as language and cultural training, transportation, legal services, and childcare to help attract and retain employees.

- **Job Training:** The job-training field has seen considerable creativity as experts identify specific ways to utilize ARPA funds to overcome obstacles to employment. Chicago, [Illinois](#) is targeting adults over age 50 for digital literacy classes and planning, interviewing, and personal branding. To enable trainees to stay in workforce development programs, Flint, [Michigan](#) is providing childcare, car repair, and rental assistance.. In [Montana](#), the Economic Transformation and Stabilization and Workforce Development Advisory Commission allocated another \$10 million for short-term retraining programs.
- ★ **Michigan:** Detroit Mayor Duggan announced that the city plans to use up to \$75 million of its ARPA funds on a three-year workforce program, [Skills for Life](#), that will pay more than 2,000 residents to learn new job skills, while they also work on neighborhood improvement projects.
- ★ **Maine’s** Department of Labor launched a “[peer workforce navigator](#)” program funded with \$1 million in ARPA funds to connect over 3,000 applicants with employment, training, and other resources.

Pandemic Response

- **Serving Vulnerable Populations:** County commissioners in [Camden County](#), New Jersey approved \$8 million for grants of up to \$50,000 to nonprofits serving vulnerable and at-need populations or providing on-demand pandemic-focused services. Similarly, officials in [Franklin County](#), Ohio have allocated \$5 million for grants of up to \$50,000 for nonprofits serving lower-income households and up to \$25,000 for other nonprofit organizations.

Public Safety

- **Indiana:** The plan for [Indianapolis](#) to spend its \$419 million in ARPA funds includes dedicating \$150 million for anti-violence efforts, some of which will go towards expansion of crime prevention grants for community organizations.
- **Maryland:** Baltimore Mayor Scott announced in September that nonprofits focusing on [community-based violence reduction](#), recovery, and equity are eligible for some of the city’s ARPA funds.

Sustaining Nonprofit Operations

- **Connecticut:** Governor Lamont proposed in late April 2021 that the state is using ARPA dollars to provide free access to participating museums in the state for children 18 and under plus one accompanying adult this summer. The Governor proposed providing \$15 million in total to the participating museums, administered

by the state Department of Economic and Community Development's Office of the Arts, to cover the loss in revenue and promote sustainability. Children would receive educational and cultural enrichment while addressing some of the physical and social impacts of the pandemic.

- **Maryland:** [Baltimore](#) will provide an additional \$4 million in ARPA funds for nonprofits that have suffered economic loss due to COVID-19. The funds will help with costs such as rent, payroll, technology for employee telework.

The Role of Nonprofit Advocacy

“Where do we apply for ARPA funds?” That’s often the first question nonprofits ask when they learn of the availability of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). But due to the unique nature of this one-time funding stream, the response typically must be, “Nowhere, unless we as nonprofits advocate with our state and local governments for effective programs that include charitable nonprofits.”

Congress intended the \$350 billion in CSLFRF allocations to be spent by state, local, Tribal, and territorial governments to help communities recover from the COVID pandemic. It expressly authorized some of the funding to go to charitable organizations by governments (1) helping individual nonprofits recover via aid as *recipients of financial assistance for their organizations*, and (2) hiring charitable nonprofits as *providers of assistance to others*. But governments can also allocate these resources to other initiatives, including covering government’s lost revenue during the pandemic, providing pay raises to certain categories of public employees, and sending direct payments to households, to name only a few of hundreds of other options. In short, nonprofits are *eligible* for, but not automatically *entitled* to, CSLFRF resources; they must make the case for why investing in charitable organizations is the best use of a government’s allocation. That’s where nonprofit advocacy and innovation come in.

Nonprofit leaders around the country have organized various efforts to include charitable nonprofits in relief and recovery investments of CSLFRF resources. In many states, frontline organizations are coalescing through their state associations of nonprofits to promote specific proposals. At times these efforts occur at the state level and sometimes at the county or city levels, depending on assessments of where nonprofits see the greatest opportunities to work with governments to have impact. State associations have made the case for nonprofits through survey data, policy analyses, press releases, and media engagement. They have provided examples of frameworks and programs, created materials for nonprofits and potential partners, and built coalitions to advance legislative asks. In this section, we highlight initiatives from 15 state associations of nonprofits, spread geographically from coast to coast and many places in between, to illustrate collective efforts. Of course, there are many other vibrant and effective campaigns occurring in other states and hundreds of communities across the country. Included in these stories are advocacy proposals and innovations for turning concepts into reality.

California

Last year, the **California Association of Nonprofits** (CalNonprofits) [sent an open memo](#) to California’s mayors, county supervisors, and city councilmembers urging them to consider investing significantly in nonprofits with portions of the ARPA funds allocated to California’s nearly 500 cities and 58 counties. The memo states, “Compared with all other sectors, investments in California’s nonprofits can be counted on to ensure spending and hiring in low-wealth communities, keep funds in the region, employ more women and people of color, bring in more dollars from out-of-state, and provide more services to communities.” As with this Special Report, the memo highlighted several successful partnerships between governments and the nonprofits in their communities to show the local leaders the substantial impact they can expect from investing in charitable organizations. It closed by reminding the government officials that “[n]onprofits are the vehicles through which Californians take care of one another,” and to “make sure [the ARPA] funds get to nonprofits – who not only use the money quickly and spend it locally – but whose work every one of us depends on.” An extra advocacy touch at the end includes a P.S. to nonprofits urging them to pass along the document to members of their own county boards and city councils.



The California state association of nonprofits recently convened the **Local ARPA Advocacy Project (LAAP)**, a CalNonprofits effort to build the capacity of nonprofits to advocate for their missions and the people they serve by securing investments from the estimated \$16 billion in funding flowing to California counties and cities from CSLFRF. Throughout this year, experienced coaches are helping participants a cohort of nonprofits around the state with strategy that best fits the dynamics in their region. CalNonprofits plans to gather learnings from these activities and share them as tools and guides beyond this cohort to encourage more nonprofits to advocate for ARPA funding in their communities.



Resources from CalNonprofits

- [Open Letter to California local governments on investing in nonprofits](#)
- [A Guide to California’s COVID-19 Relief Grant for Nonprofits and Small Businesses](#)
- [LA County ARPA Equity Dashboard](#)

Kentucky

The Kentucky Nonprofit Network (KNN) is part of a broad coalition promoting a [Bridge to Sustainability & Recovery for Kentucky's Nonprofits](#) that includes \$150 million (or 6 percent of Kentucky's ARPA funds) for a [Nonprofit Sustainability & Recovery Fund](#). The advocacy campaign also includes recommendations to address the nonprofit workforce crisis that is limiting the ability of charitable organizations to address pre-existing and pandemic-related challenges. To highlight the needs and solutions, KNN held a virtual news conference, where speakers addressed specific challenges and explained how the legislative proposals provide the needed solutions. The details of Nonprofit Sustainability & Recovery Fund proposal is part of a larger set of materials KNN published for nonprofits in the Commonwealth to engage with city and county leaders. KNN also developed various communication templates that enable individual organizations to state their case clearly and effectively.



The Nonprofit Sustainability and Recovery Fund framework identifies eligibility requirements that nonprofits would have to meet, specifying that nonprofits must have experienced a loss of income due to the pandemic or have incurred or will incur expenses in response to the public health emergency. Among other features, the proposed Fund would be overseen by a state agency and a 14-member Advisory Committee to finalize eligibility and appropriate outreach.

The Kentucky Nonprofit Network's [open letter to public officials](#) makes it clear that nonprofits are natural partners in providing solutions:

Your community not only needs nonprofits, but also cherishes them. Nonprofits are the vehicles through which Kentuckians care for one another. Try to imagine your community without nonprofits. And then imagine what your community could be if you could put nonprofits on course to thrive as your partner with a significant investment of American Rescue Plan Act funds.

Resources from Kentucky Nonprofit Network

- [A Bridge to Sustainability & Recovery for Kentucky Nonprofits](#) Proposal
- [Connecting with City and County Leaders](#): a recording outlining strategies & tools to assist KY nonprofits
- [KY Open Letter to City and County Officials](#)
- [One Page Summary: Nonprofits as Local Government ARPA Partners](#)
- [10 Funding Principles for Government Partnerships with Nonprofits](#)

Maine

The **Maine Association of Nonprofits'** (MANP) Advocacy Network wrote to county commissioners across Maine last fall to persuade them to include nonprofits when considering how their counties will distribute ARPA funds. MANP's guide to ARPA funding in Maine included key messages for nonprofit advocates, a framework for investments, and examples of Maine nonprofits as partners in recovery.



To encourage community nonprofits to participate in [ARPA Listening Sessions](#) hosted by the Maine Department of Economic & Community Development, MANP shared guiding principles for investments on potential nonprofit support programs. MANP focused on coalition-building in pursuit of ARPA funding during one of their MANP Connects calls to brainstorm possibilities in recognition that the American Rescue Plan Act is a once-in-a-generation investment, and many models and partnerships are not finalized.

Partnerships with Maine's nonprofits will allow for funding to be distributed effectively and efficiently, leveraging resources, relationships, and strengths to serve communities even better. Additionally, nonprofits are perfectly positioned to maximize public benefits with their deep knowledge of community needs, reach, and existing relationships, particularly in low-income and underserved or hard-to-reach populations.

Jennifer Hutchins, Executive Director,
Maine Association of Nonprofits

Resources from the Maine Association of Nonprofits

- [American Rescue Plan Act Funding in Maine](#), including Key Messages for Nonprofit Advocates
- [Advocacy Network letter to Maine County Commissioners](#)
- [How to Invest Coronavirus State and Local Fiscal Recovery Funds](#)
- [What the American Rescue Plan Act Means for Nonprofits](#)

Maryland

The **Maryland Nonprofits** team has developed a variety of resources to connect governments to solutions with and for nonprofits that create community impact. The state association of nonprofits launched a webpage titled "[A Model ARPA Grant Program from Maryland Nonprofits](#)." The site explains that the "Model Grant Program" is designed to make it easy for governments to develop and manage a grant program – even if they do not have a lot of experience issuing grants. The model grant process is customizable; it allows for direct grantmaking or partnering with an intermediary, like a community foundation or charitable trust, to run the process. The campaign produced key resources for governments, nonprofits, and philanthropy, such as sample grant applications, criteria for selection, grant agreements, expenditure reports, and annual reports.



Maryland Nonprofits provided trainings to government officials and to nonprofits about what is available and how to make the case for mission-focused projects and supports. By

using the process guide and sample documents – plus the trainings tailored to government officials and to nonprofits – local jurisdictions can quickly set up a grantmaking process or add a layer to their current grantmaking process that works for charitable organizations and ensures that American Rescue Plan Act funds are quickly, efficiently, and equitably distributed in their communities.

Resources from Maryland Nonprofits

- [A Model ARPA Grant Program](#)
- [Nonprofits and the American Rescue Plan Act](#) webinar
- [Getting the Most out of ARPA: A Forum for Public Officials](#) webinar
- [ARPA Dollars – Clearer Rules, More Flexibility, Still Complicated](#)

Maryland Nonprofits Trainings

- A model ARPA grant program: workshop for government agencies and intermediaries to help them create a grantmaking process to distribute funds in their communities
- “How to” guide to prepare and submit government grants: guide for charitable organizations to become a more successful government grant applicant
- Developing your ARPA strategy: helping nonprofits create a strategy, get prepared for strategic planning and rapid expansion, and secure funding.

Michigan

The **Michigan Nonprofit Association (MNA)** has urged the state to create and fund a **Michigan Small Nonprofits Relief Plan** that would be administered by MNA. Its proposal stressed that many small nonprofits have only 3 to 6 months of operating cash on hand, and individual donations are down, making this relief a lifeline for nonprofits. To support small nonprofits, MNA would establish and manage the grant program and provide evaluation and reporting, communication, and distribution. The approach is based on the recognition that a trusted organization with experience in management and reporting would ease some of the challenges small nonprofits face when applying for grants of this scale, sometimes for their first time.



During Michigan Nonprofit Association’s Legislative Day in 2022, Lieutenant Governor Gilchrist discussed a proposed \$50 million Michigan Nonprofit Relief and Activation program that would be funded through ARPA, recognizing that the amount is small compared to the needs of nonprofits in the state. Because there is strength in numbers, MNA created a [sign-on letter](#) to state legislators to support the broad advocacy effort. The letter emphasizes that the “state legislature has provided relief to specific sectors in Michigan’s economy that have been devastated by the pandemic. And while these efforts are extremely vital, charitable nonprofits have continued to serve our communities, often at an increased need, but have not been allocated specific relief.”

To date, unlike other industries negatively impacted by the pandemic, no dedicated relief or grants have been allocated by the State to charitable nonprofits. Supporting charitable nonprofits will retain jobs and keep communities strong.

Kelley J. Kuhn, President & CEO,
Michigan Nonprofit Association

Resources from the Michigan Nonprofit Association

- [Navigating COVID-19: Grants and Loan Programs](#) slides
- [Funding Related to COVID-19](#)
- [Nonprofit, political leaders share strategies to raise funding and access federal relief](#)

Minnesota

The Minnesota Council of Nonprofits (MCN) is leading a push for a \$200 million state [Nonprofit Relief Fund](#) that is designed to address funding shortfalls and a diminished workforce. The effort notes the continuing challenges nonprofits face. It also stresses that nonprofits have been largely excluded from state and federal relief programs. Specifically, state data show that fewer than 50 percent of eligible Minnesota nonprofits obtained a Paycheck Protection Program loan, and only 15 percent of nonprofits report being able to use the Employee Retention Tax Credit. Although relief for nonprofits has fallen short, their costs have not. According to MCN’s latest [COVID Impact Report](#), 44 percent of Minnesota nonprofits are “still seeing an increase in demand for services,” while “only 48 percent of nonprofits said they could only operate for 12 months or less before exhibiting financial distress.”



The Nonprofit Relief Fund proposed by MCN would be funded from the state’s general fund or remaining allocation from the American Rescue Plan Act, and prioritize small, rural, human services, and culturally specific nonprofits. It includes a proposed methodology for determining the amount of funding and ways to ensure accessibility based on feedback from frontline nonprofits. In February 2022, Senators introduced a bill ([S.F. 3593](#)) to establish the Nonprofit Relief Fund. As part of their advocacy efforts to get the bill enacted, MCN is encouraging nonprofits to sign the [statement of support](#) and contact their legislators in support of the Nonprofit Relief Fund.

Ensuring Accessibility for Nonprofits

- Make the application as simple as possible
- Require no or very minimal reporting from individual nonprofits
- Provide general operating support
- Prioritize small, in Greater Minnesota, human services, and culturally-specific nonprofits

[MCN Nonprofit Relief Fund Overview](#)

Resources from the Minnesota Council of Nonprofits

- [Nonprofit Relief Fund](#) full proposal
- [Fact Sheet: The Need for a Minnesota Nonprofit Relief Fund](#)
- [Fact Sheet: How COVID has impacted nonprofits](#)

Montana

The **Montana Nonprofit Association** (MNA) recognizes that many nonprofits don't regularly advocate before – or even know – their county commissioners. To address that, and to build relationships, MNA hosted a webinar, [Collaborating with your County Commissioners on ARPA Funding Town Hall](#). The webinar featured various strategies for reaching out to local county commissioners, insights on identifying eligible uses of funding, and invited attendees to share success stories or barriers. A key takeaway is that local governments are still making decisions, and engaging local officials allows nonprofits to be attuned to the plans and conversations taking place.



Resources from the Montana Nonprofit Association

- [Letter to the Montana Association of Counties](#)
- [Webinar on the American Rescue Plan Act](#)
- [Coronavirus Relief Fund Reporting Resources](#)

Tips for Nonprofits

- Know what your county is getting
- Know how your use of funds is going to mitigate the pandemic
- Consider how you are leveraging your funds
- Plan out how you will communicate with commissioners

[How to Access ARPA Funding](#), MNA

Nebraska

Throughout last summer, the **Nonprofit Association of the Midlands** hosted a series of community roundtables on ARPA funds. The series, “Building Transformational Change Through ARPA,” convened representatives from nonprofits, the state legislature, and community foundations to discuss their ARPA-spending ideas on specific topics such as housing and early childhood. At the end of the last roundtable, participants were able to prioritize ideas and, based on what they learned about ARPA, make recommendations on investments at the state level with the funding. Many challenges and solutions from the roundtables are replicable around the country.



The Nonprofit Association of the Midlands also created a [Funding Principles Tool](#) and produced recommendations in five focus areas: early childhood, food, health, housing, and workforce. These tools and the strong advocacy making the case that funds should be invested in nonprofits to secure the greatest impact helped shape the legislation to appropriate ARPA funds for various nonprofit subsectors in the state. Some of the bills designated as highest priority would appropriate funds for child care programs, grants to nonprofits providing food assistance, repayment of qualified educational debts owed by certain health professionals, and expanding and retaining the state workforce – all are pending as of the first week of April 2022.

Nebraskans who never needed help before were served by nonprofits, and low-wage earners who struggled pre-pandemic are still in crisis. Nonprofits are part of community collaboratives across the state and work with others to meet the urgent needs of children and families.

Anne Hindery, CEO
Nonprofit Association of the
Midlands

Resources from the Nonprofit Association of the Midlands

- [Recommendations to Guide ARPA Funding Distribution by State and Local Governments](#)
- [Early Childhood Recommendations](#)
- [Food Recommendations](#)
- [Health Recommendation](#)
- [Workforce Recommendations](#)

New York

The [Coalition to Advance Nonprofits](#), a sector-wide group coordinated by Nonprofit New York, has

developed [Recommendations for New York State’s Use of](#)

[American Rescue Plan State and Local Relief Funding](#). The document calls on “the state to prioritize the nonprofit sector, focus on sustainability, and include nonprofit partners for substantive roles when planning task forces for the use of ARPA funds.” It also urges “state and city leaders to spend their respective portions of the ARPA funds in a way that ensures the greatest impact for the public good and with an explicit and demonstrable focus on creating equity.” Key recommendations include centering racial equity from the outset, reforming government-nonprofit grants and contracts, providing premium pay for essential workers, including employees of nonprofits, and expressly including nonprofits in relief to education and senior care.

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collective
force for good.

Recommendations to the State

- Allocate funding in partnership with the nonprofit sector.
- Center racial equity from the outset.
- Reform nonprofit contracts
- Assess and allocate funding in ways that do not use one time dollars to cover recurring costs

[Coalition to Advance Nonprofits Recommendations](#)

Resources from Nonprofit New York

- [The Impact of COVID-19 on Nonprofits](#)
- [COVID-19 Updates](#)

North Carolina

The North Carolina Center *for* Nonprofits hosted a webinar titled, “[What NC Nonprofits Need to Know about Partnering with State and Local Governments](#).” Panelists included a representative from the NC Pandemic Recovery Office, an official from a rural county who works closely with nonprofits, a child advocacy nonprofit, and the state association of nonprofits, which offered insights into trends in nonprofits’ needs. The overarching theme of the event was discerning ways that nonprofits can engage with their local governments to advocate for meaningful and equitable allocation of local ARPA funds.



Many missions | 100 counties | One voice

The state association of nonprofits also presented a document [making the case for investing](#) some of the state’s ARPA funds into a nonprofit recovery fund. It highlighted examples of economic harm nonprofits have suffered due to COVID-19, including the loss of fundraising event revenue, loss of volunteers, and the costs incurred by changing the way programs and services are provided as a result of social distancing. The document explained that – with these growing challenges, and without additional financial support – nonprofits will be forced to cut back on services they can deliver. In short, a nonprofit recovery fund would be an essential lifeline for frontline nonprofits.

Suggestions for a Nonprofit Recovery Fund

- Appropriate eligibility criteria
- A broad set of allowable uses
- Adequate funding to make a meaningful difference
- A simple and straightforward application and administration process

[The Case for a Recovery Fund](#), North Carolina Center for Nonprofits

Resources from the North Carolina Center for Nonprofits

- [Nonprofit Recovery Fund Would Strengthen North Carolina’s Recovery](#)
- [American Rescue Plan Provides Relief to Nonprofits](#)
- [Recommendation for Nonprofit Relief Fund](#)

Pennsylvania

The Pennsylvania Association of Nonprofit Organizations (PANO) developed an [ARPA Advocacy Toolkit](#) to assist nonprofits in making the case to



government officials that investing CSLFRF resources in charitable organizations is a sound investment. Separately, the state association of nonprofits has been making the public aware that more than \$6 billion of the Commonwealth’s \$7.29 billion in ARPA funds remain unspent and is calling on state legislators to release those funds to support nonprofits.

PANO’s two-fold campaign seeks to raise a collective voice to drive funding and support to Pennsylvania nonprofits. It underscores the need with local stories to drive the message home. Some key actions in the toolkit (with messaging templates) are preparing a case for support, asking a municipality to hold a public forum, setting up meetings with state *and* local elected officials, writing op-eds to raise public awareness, and inviting clients to reach out to their elected officials to describe the impact of the nonprofit’s work on their lives. Soon after the toolkit’s release, nonprofits utilizing it had already generated hundreds of emails to 120 state Representatives and Senators.

Advocacy Techniques for Connecting with Elected Officials

- Hold a public forum
- Set up meetings with state *and* local elected officials,
- Write op-eds to raise public awareness,
- Invite clients to reach out to their elected officials to describe the impact of the nonprofit’s work on their lives.

PANO [ARPA Advocacy Toolkit](#)

Resources from the Pennsylvania Association of Nonprofit Organizations

- [American Rescue Plan Act Advocacy](#)
- [ARPA Advocacy Toolkit](#)

South Carolina

Together SC released an [ARPA Funding Collaboration Proposal](#) that outlines a partnership structure intended to “increase efficacy of ARPA funding allocation and alleviate administrative burdens on agency resource.” This structure would allow a lead agency for nonprofit ARPA funding to work with funding organizations across the state with community investment expertise. The proposal calls for an investment of [\\$100 million](#) (4 percent of the state’s ARPA funds). It outlines the role of nonprofits in response and recovery, provides examples of successful partnerships, and lays out eligibility for relief that is based on the [U.S. Treasury Department’s Final Rule](#). The proposal also notes that while other priorities will require long-term planning and implementation could take years, the grant would provide greater visibility of the state’s investments in local communities while ensuring transparency and accountability.



Together SC’s collaboration proposal details a model partnership intended to ease administrative burdens and increase efficacy of allocation, as well as assuring compliance with state and federal requirements. As a further sign of the leadership and support for the proposals, nonprofit and philanthropic leaders published three separate op-ed articles making the case that [nonprofits improve lives](#), are [critical to economic development](#), and are [key to helping communities thrive](#).

Eligible Uses for Funds

- Projects and programs carried out by nonprofits that align with the State’s economic goals
- Merit should be granted based on the program’s alignment with ARPA regulations
- Support nonprofits that have suffered significant loss or cost increases

[Together SC Proposal](#)

Resources from Together SC

- [Proposal Summary Sheet: Invest \\$100M in Work of SC Nonprofits](#)
- [Together SC Proposal Overview Slide Deck](#)
- [Funding Collaboration Proposal](#)

Vermont

Common Good VT held a series of webinars and online discussions to assist Vermont nonprofits in navigating the impact of the pandemic on the sector. One conversation, “Development During the Pandemic,” focused on strategies for providing services, communications, and donor relationship. Another webinar, “Vermont’s Philanthropic Response to COVID-19,” featured a panel of philanthropic leaders who shared the ways the sector is responding to the pandemic through grantmaking and supporting Vermont’s vulnerable populations.



The Nonprofit Resource Guide for Local ARPA Funds created after the Treasury released its Final Rule notes that the new guidance means that nonprofits need to make strategic asks. Common Good VT also encourages nonprofits to share their experience from the field on whether their towns have a decision-making process, are investing in nonprofits, or received or pursued local funds.

Resources from Common Good Vermont

- [Common Good Vermont Nonprofit Resource Guide for Local ARPA Funds](#)
- [COVID-19 Response Webinar Series for VT Nonprofits](#)

Considerations for Developing a Proposal

- How are decisions about ARPA spending being made in your municipality?
- How much funding did your municipality receive?
- Are you working with collaborators, or can you demonstrate community support for the project?
- How will you measure and report on the impact of the project?

[Common Good Vermont's Guide to Local ARPA Funds](#)

Washington

[What Nonprofits Want Government Partners to Know](#) is a project of Washington Nonprofits that demonstrates how nonprofits are vital to the state's economic and social recovery. To illustrate how "the American Rescue Plan (ARPA) offers a unique opportunity to invest in activities that strengthen our people, our communities, and our economy," the state association of nonprofits illustrated several recent [successful partnership stories between government and nonprofits](#). One [case study](#) involved Cheryl Smith with the Washington State Department of Commerce, who came to realize in getting CARES Act funding out to communities in need that the state had "a history of under-inclusion in funding nonprofits." The state then recognized that, "going forward, they needed to include nonprofits in the conversation because it's these organizations who are adept at understanding the needs of the communities they serve."



WASHINGTON NONPROFITS

Recognizing the challenges of applying for government grants, Washington Nonprofits hosted a [3-part series](#) about government grant writing. This helped nonprofits identify whether they are "grant-ready," provided tools to prepare competitive proposals, and explained the requirements that may be associated with ARPA funding to meet them. They also hosted a webinar in Spanish on the grant writing process that is posted on the state association's "[How Nonprofits Can Access ARPA Funding](#)" page.

Government Grant Readiness

- What do you need to have in place to successfully apply?
- What do you need to know about your organization, the prospective funder, and grant before you apply?
- How do you determine if a grant is one you should pursue?

[Get Ready for ARPA Funding](#), Washington Nonprofits

Resources from Washington Nonprofits

- [What Nonprofits Want Government Partners to Know](#)
- [How Nonprofits Can Access ARPA Funding](#)
- [Washington ARPA Funding Opportunities](#)
- [Information on Government Grant Workshop Series](#)

West Virginia

The West Virginia Nonprofit Association states the challenge for nonprofits at the outset of its online resources: “The American Rescue Plan Act (ARPA) is an opportunity for West Virginia to put the wellbeing of communities first. Our communities need help and nonprofits have been the bedrock of connecting with and uplifting West Virginia Communities, especially during times of crisis and recovery.” The state association of nonprofits goes farther and, in a recent call to action, urged nonprofits to “help state and local leaders in setting priorities and designing fund distribution processes that will ensure that those federal funds do the most good in the communities you serve.”



To provide support to frontline nonprofits, the West Virginia Nonprofit Association created and shared a [template letter](#) and a [list of contacts](#) for local government officials in West Virginia. It also put together [ARPA Topline Messages](#) and [10 Funding Principles for ARPA](#) to help nonprofits make the case for investment in their missions.

Resources from the West Virginia Nonprofit Association

- [ARPA – West Virginia resource page](#)
- [ARPA Topline Messages](#)
- [10 Funding Principles for ARPA](#)

Key Advocacy Tools

- Topline nonprofit messages on why to invest in WV nonprofits
- Municipality and commissioner contact lists
- Template letter from nonprofits

[ARPA – West Virginia resource page](#)

Roles for Philanthropy

Last year, Congress allocated \$350 billion in flexible funding to state, local, and Tribal governments for “assistance to households, small businesses, and **nonprofits**, or to aid impacted industries” via the American Rescue Plan Act (ARPA) (emphasis added). **Many philanthropic organizations have been helping governments and nonprofits implement this massive, unscripted, and fast-moving opportunity.** Substantial amounts of funding remain unspent, leaving significant opportunities for foundations to assist, including by [promoting an equitable recovery](#). This new section of the Special Report highlights multiple ways foundations have been helping their grantees and communities approach and leverage this ARPA funding, presenting those examples in these three broad categories:

1. **Using their own resources in creative ways**, ranging from *direct financial support*, such as matching funds to expand public-private initiatives, to *indirect support* in the form of capacity building grants to help nonprofits access and effectively manage use of the federal funds.
2. **Providing their grantmaking expertise** to help *distribute* and *administer* the ARPA funds in their communities.
3. **Convening groups** – governments, nonprofits, foundations, and the public – to disseminate and collect information about ARPA opportunities, community needs, and how to best use the funds to address local challenges.

Background

As earlier sections of this Special Report explain in detail, ARPA included \$350 billion in flexible funding for state, local, Tribal, and territorial governments to use for pandemic relief and recovery, known as the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). (Note: We pronounce this acronym “sissel-furf,” only partly in jest; sometimes just saying a long-winded acronym aloud makes it easier to remember its meaning.)

State, local, and Tribal governments must obligate (commit to how they plan to spend) their specific allocations of the CSLFRF funds by the end of 2024 and spend them by the end of 2026. Twenty states (those where the unemployment rate was 2.0 or more percentage points above its pre-pandemic level) received their full share of state funding in 2021, although they still have not obligated all of those funds, and the remaining 30 states will receive a second payment this year, currently scheduled for distribution in May 2022. The proverbial bottom-line: substantial amounts of funding remain available that state and local governments have not yet obligated.²⁴ Accordingly, foundations can still play key roles

²⁴ For an overview of how much CSLFRF funding is flowing into a state, see [Federal Allocations per State Under the Coronavirus State and Local Fiscal Recovery Funds](#). For more detailed information about how much funding has been allocated to specific counties, cities, and territories and the allocation methodology for Tribal governments, see the Treasury Department materials collected on our webpage devoted to [ARPA Resources](#). As for how much has been spent and remains per jurisdiction, those numbers are in constant flux,

in ensuring that these funds are allocated equitably, for the most pressing community needs, and with input from those most impacted.

The National Council of Nonprofits initially published this Special Report in June 2021 for governments, nonprofits, and the public, to call attention to and frame the legal and practical aspects of the CSLFRF opportunity. That first edition:

- Offered four guiding principles for spending the CSLFRF money to secure the greatest impact for the public good, with the first principle being “prioritize equity from the outset.”
- Identified factors to consider when designing relief programs with integrity and made recommendations informed by lessons learned from the 2020 CARES Act.
- Shared specific examples of successful models for governments and nonprofits to partner since they serve the same constituents in the same communities.

We updated the Special Report last October with new CSLFRF-specific examples as we learned of successes. This third edition of the Special Report identifies more examples throughout and adds this new section highlighting roles that philanthropy has played, and can still play, in leveraging ARPA funds to maximize impact for communities.

1. Foundations Providing Their Own Resources in Creative Ways

Direct Financial Support

When Macon-Bibb County, Georgia, decided to use part of its CSLFRF allocation to provide grants to two nonprofits for creating affordable housing, the [Knight Foundation leveraged the ARPA funds by providing a matching grant](#), doubling the amount of money the government-nonprofit partnership will have for residents to receive job training and rehabilitate local buildings as affordable housing.

Last fall, the [David and Lucille Packard Foundation announced a commitment of \\$20 million](#) to support “equitable and effective distribution” of ARPA funding to advance the health of children, women, and families, and to support non-partisan coalitions working to make permanent those policies with the greatest potential for long-term, transformational change.

Capacity Building Grants

Foundations can underwrite capacity building programs that provide training and technical assistance for nonprofits that traditionally have been left out of government funding opportunities to help them learn how to apply for and manage government grants and contracts. Also, philanthropy can support efforts by state associations of nonprofits to advocate for governments to include nonprofits in CSLFRF grant programs.

which is why links to state and local ARPA Fund Trackers maintained by others are continually being updated and posted on our [ARPA Resources](#) webpage.

➤ **To Advance Equity by Expanding Skills to Access and Use Government Grants**

Charitable nonprofits of all sizes are often hesitant to seek resources from governments for multiple reasons, including, among others, ignorance about processes, legitimate concerns over paperwork burdens, and the potential that administrative costs will surpass any programmatic resources they receive. These challenges are particularly acute for smaller nonprofits, those led by people of color, and organizations operating in low-income, rural, or underserved areas, creating barriers to access to funding. The federal government recently acknowledged these severe problems, which detailed research has long documented.²⁵

Foundations and donors can help by providing capacity building grants to help nonprofits develop the needed skills and systems to overcome some of these barriers. For instance, support from the Vermont Community Foundation enabled Common Good Vermont to conduct a [COVID-19 Response Webinar Series](#) and host online discussions on fundraising, philanthropy’s response to COVID-19, and a review of the Paycheck Protection Program to help nonprofits in the Green Mountain State.

Similarly, foundation grant support has enabled state associations of nonprofits to provide capacity building trainings and technical assistance to nonprofits across their states. The New York Council of Nonprofits, for instance, has long provided trainings and support services on challenges nonprofits face when performing work under government grants and contracts. Others, like Maryland Nonprofits and Providers’ Council in Massachusetts, also provide capacity building training on government grant applications, grant management, negotiation of indirect cost rates, and collaboration, to name only a few such focus areas. Hunger for this information is growing. See, e.g., [Washington Nonprofits Government-Contracting Report](#), Washington Nonprofits, March 2022. Investing in programs at state associations of nonprofits could scale capacity-building for prospective ARPA recipients on a community-wide or statewide basis.

The Blue Cross NC Foundation in **North Carolina** just demonstrated this approach in connection with ARPA by announcing it would fund up to five \$300,000 grants to capacity-building organizations or intermediaries (up to \$150,000 per organization per year), of which [up to \\$100,000 a year may be used to support delivery of technical assistance](#) and \$50,000 a year to support mini-grants to their community-based organization partners.

²⁵ See, e.g., [Advancing Equity and Racial Justice Through the Federal Government](#), White House, April 13, 2022 (“Federal funding [is] available to individuals, companies, universities, non-profit organizations, State, Tribal, territorial, and local governments, and small businesses. Yet **persistent barriers make it difficult for under-resourced and underserved communities to compete for and effectively deploy such funds.**” “By making federal procurement opportunities more readily available to all eligible vendors and by removing the barriers faced by underserved communities and individuals to entering the federal marketplace, equitable procurement is a core strategy for addressing racial and gender wealth gaps.”). (Emphases added.) See also the National Council of Nonprofits’ page on [Government-Nonprofit Contracting Reform](#), linking to extensive research documenting the problems and dozens of recommended practical solutions.

The foundation will award grants to “five regional and state-level organizations ... to work with local stakeholders to support community-identified ARPA priorities at the county and municipal level to promote health equity and system-level change.”

Foundations committed to equity may find investing in capacity building training and technical assistance especially useful in leveling the playing field for nonprofits that traditionally have not had ready access to government grant funding. We encourage foundations to view CSLFRF funding and other ARPA funding programs as potentially transformational in two ways: not only for the direct community impact of what is funded, but also as a “gateway” opportunity for nonprofits traditionally excluded from government grants to develop the skills and confidence to apply in the future so more funding gets distributed to and used by under-resourced and underserved populations and communities.

➤ To Level the Playing Field to Access the Funds

While Congress *authorized* state, local, and Tribal governments to use the funds for “assistance to households, small businesses, and nonprofits, or to aid impacted industries,” it did *not guarantee* that governments would set any specific dollar amounts or percentages for nonprofits. Governments have seemingly endless spending options, including keeping CSLFRF resources for their own initiatives, such as covering government’s lost revenue during the pandemic and providing pay raises to certain categories of public employees. Also, small businesses and impacted industries, being eligible for CSLFRF dollars, will have ideas for their own purposes, and they have the experience, contacts, and systems already in place to advocate for public funds for themselves.

Nonprofits needing help to recover from the effects of the pandemic and those wanting to advance their missions by delivering services to more people cannot sit silently on the sidelines hoping government will recognize or remember all that nonprofits did to hold communities together during the pandemic. Government officials facing multiple options and requests will not create grant program for nonprofits just to be nice. Nonprofits must advocate to make the case for why investing in charitable organizations is the best use of a government’s allocation.

Frontline nonprofits in many states have been coalescing through their state associations of nonprofits to make sure governments include charitable nonprofits when investing CSLFRF resources in relief and recovery. As noted in this Special Report’s section on the [Role of Nonprofit Advocacy](#), state associations of nonprofits have been making the case for nonprofits through survey data, policy analyses, and media engagement; they have provided examples of frameworks and programs, created materials for nonprofits and potential partners, and built coalitions. Some state associations of nonprofits have seen significant victories in their states; most are still in the midst of the fight. But the enormous amount of work relating to this fast-moving and ever-evolving opportunity is piled on top of other important and often urgent work. Smaller nonprofits, nonprofits led by people of

color, and organizations operating in low-income or rural areas – and the people and communities they serve – who would benefit the most cannot do this work on their own or pay to have it done. There is power and safety in numbers, and efficiencies in collecting information in a central place that is made freely available to all. Foundations and donors can help leverage this unique opportunity to secure CSLFRF resources for nonprofit missions by investing in the capacity of their [state association of nonprofits](#) to do this vital work.

Informational Resources

Impartial, expert information is another valuable contribution that philanthropic organizations can make. The Bloomberg Cities Network, working with Johns Hopkins University, has developed [educational materials about federal funding](#) available to local governments for COVID recovery, including expert analysis and responses to more than 200 ARPA-related questions from cities across the country. One answer, for instance, clarifies the [registration requirements of nonprofits](#) providing services on behalf of governments utilizing CSLFRF monies. Another response advises that local governments may provide funds to [support nonprofit “friends of” organizations](#) for parks, venues, or other tourism-related activities, either as beneficiaries themselves or as subrecipients. Still another reply addresses whether governments may [convey vacant land to nonprofits](#).

The [Kresge Foundation recently identified](#) reasons “ARPA’s second year [2022] holds the promise of innovation and new ways of spending that could support underserved communities.” The piece underscored the importance of equity. It also highlighted examples of CSLFRF-funded projects in Baltimore, Cleveland, and Macon-Bibb County (see above) to show “how cities are pairing ARPA funds with other sources of funds, or engaging nonprofit partners, to position projects to scale and continue after ARPA ends.” A key recommendation: “**Cities should fully leverage nonprofits as partners in their strategy, engaging nonprofits to help shape that strategy and playing expanded roles in service delivery and impact measurement.**” (Emphasis in original.)

Informational resources do not have to target external audiences. The Hartford Foundation for Public Giving commissioned The Philanthropic Initiative (TPI) to conduct research among eight other community foundations to learn their approach to ARPA funds coming to their region, how they are responding, and how they might adjust grantmaking in the context of ARPA resources over the next few years. Selected key findings in [TPI’s Community Foundation Peer Analysis](#) (Nov. 2021) include:

“Community foundations highlighted the following actions they will take to address gaps in ARPA spending, support partnerships and leverage opportunities, and enhance impact:

- Fund regional research and planning activities
- Ensure diverse voices are at the table in ARPA planning
- Support facilitation, convening, community engagement, and advocacy to inform allocation of ARPA funding

- Provide seed funding to support new ideas
- Help nonprofit organizations access ARPA funds for which they may be eligible
- Fund training, technical assistance, and capacity building to help organizations use ARPA funds more effectively
- Align systems work to capitalize on ARPA funds (and vice-versa)
- Support collaboration through creation and staffing of local collaborative infrastructures and other approaches
- Fund monitoring activity to ensure ARPA funds are distributed equitably and according to plan
- Advocate for continued public funding commitments beyond ARPA.”

When asked how ARPA funding would affect their grantmaking strategies, respondents said they anticipate, among other things, “Helping nonprofits take advantage of ARPA funds for which they may be eligible,” “Funding training, technical assistance, and capacity building to help organizations use ARPA funds more effectively,” and “Funding advocacy activities to inform and oversee ARPA spending.”

Expertise and Insights

Another valuable resource foundations can provide is their own expertise and insights about their communities. The Rhode Island Foundation initiated and led a six-month “initiative to develop recommendations for state leaders to consider as they decide how to spend \$1.1 billion in federal American Rescue Plan Act funding.” The final report, [Make it Happen: Investing for Rhode Island’s Future](#) (Oct. 2021), makes 20 recommendations, including one calling for **immediate relief** because “Rhode Island could not have transformative, sustainable, and equitable change without acknowledging and addressing the immediate needs of the many Rhode Islanders still experiencing hardships caused by the pandemic”:

RECOMMENDATION: Invest \$50 million in Rhode Island nonprofit organizations to provide immediate relief to residents suffering from behavioral health disorders, domestic violence, lack of affordable childcare, and economic, food, and housing insecurity, exacerbated by the COVID-19 pandemic.

The Vermont Community Foundation shared its knowledge with the public about both the state of Vermont and the fragile state of many nonprofits serving Vermonters by wisely observing that while “it might be tempting for philanthropists to sit on the sidelines and watch as Vermont and other states spend the enormous pot of federal money, ... that doesn’t mean all of Vermont’s problems are solved. This is a time for private donors to jump in and participate, rather than reduce giving.” In the public-facing piece [Philanthropy in the Age of ARPA](#), the foundation identifies three ways donors can help stretch those public dollars and fill gaps that CSLFRF funds will not reach.

2. Foundations Distributing and Administering Funds

Many foundations have leveraged their experience managing grant programs, their knowledge of community needs, and their working relationships with nonprofits by administering CSLFRF funds set aside by state, city, and county governments. In **Maryland**, the leaders of Maryland Nonprofits, the state association of nonprofits, and Maryland Philanthropy Network, the grantmakers group in the state, wrote an [open letter to government officials](#) last year making the case for tapping the knowledge and expertise of local funders: “community foundations know the nonprofit sector and are experienced grantmakers, uniquely positioned to accept your investment of ARP dollars for the maximum impact on your constituents.”

That form of partnership is occurring in some states at the state level. In **Alaska**, the state’s Department of Commerce, Community, and Economic Development partnered with the Alaska Community Foundation to distribute [\\$20 million of ARPA funds in grants to eligible nonprofits](#). In **New Hampshire**, where the Governor allocated [\\$60 million to a New Hampshire Nonprofit Emergency Relief Fund to help nonprofit organizations](#) impacted by the COVID-19 pandemic, the New Hampshire Charitable Foundation, New Hampshire Center for Nonprofits, and New Hampshire Community Development Finance Authority partnered to administer this program.

That emerging trend among the states echoes a clear trend of county and city governments of varied sizes relying on local philanthropic organizations to identify eligible grant recipients and administer CSLFRF funds. Examples include:

- **Buffalo, New York** allocated [\\$22.5 million for grants to nonprofits](#), administered by the Western New York Foundation, including \$1 million for nonprofits that deliver food to insecure older residents to purchase electric vehicles, and \$2.5 million for a frontline arts organization sustainability fund.
- **Collier County, Florida** turned to the Community Foundation of Collier County to distribute approximately [\\$5.1 million of the county’s ARPA funds to local food banks](#).
- **La Cross, Wisconsin** allocated [\\$2 million for nonprofits](#) and contracted with the La Crosse Community Foundation to oversee grant decisions.
- **Omaha, Nebraska** designated two local philanthropic organizations to administer a [\\$15 million RPA community grant program for qualifying nonprofits](#). The Omaha Community Foundation will distribute \$10 million for programs such as workforce development and violence intervention and prevention, while United Way of the Midlands will deliver \$5 million to address basic needs.
- Policymakers in **San Marcos, Texas**, have turned to three community foundations to administer the city’s [\\$3 million allocation of ARPA funds for a Nonprofit Community Grant Program](#).
- **Parkersburg, West Virginia**, [allocated \\$500,000 of its ARPA funds to support community-based nonprofits](#). The Parkersburg Area Community Foundation and the Bernard McDonough Foundation will administer the grants program.

3. Foundations' Convening Power

Funders have considerable influence in helping communities plan for the best use of funds and making sure all voices are represented. They have the power to bring disparate interests together, connecting individuals and entities with no pre-existing relationships, to learn, discuss, and problem-solve. Because governments must decide how to spend CSLFRF monies in a finite amount of time, funders have an ideal opportunity to leverage their convening power for collective learning and relationship-building. Approaches we have participated in or heard about include:

- Foundations in different regions have brought funders together privately with their [state associations of nonprofits](#) for funders to learn more about ARPA and discuss with nonprofits known needs and possible ways foundations could assist in accessing and leveraging CSLFRF funds.
- As noted in [TPI's Community Foundation Peer Analysis](#), several – but not all – community foundations reported they are communicating with other funders in their regions about ARPA allocations to promote “learning about ARPA, identifying gaps, ensuring equitable funds distribution and regional readiness,” and “share learning, conduct research, host convenings, advise government, or coordinate a regional response.”
- Several community foundations in the [TPI study](#) reported they have either participated in or funded convenings designed for community engagement to encourage community input in their regions. The San Francisco Foundation also conducted a poll of residents' priorities.
- Foundations can learn more about ARPA and its \$350 billion CSLFRF program by reading the full [third edition of this Special Report](#) and the materials on [our ARPA Spending webpage](#), which highlights opportunities and resources for nonprofits by state.

Federal Allocations per State Under the Coronavirus State and Local Fiscal Recovery Funds

The American Rescue Plan Act (ARPA) authorized the Treasury Department to split distribution of Coronavirus State Fiscal Recovery Funds into two equal payments to state governments, “except for states where the unemployment rate is 2.0 or more above its pre-pandemic level.”²⁶ Twenty states and the District of Columbia received their full share of state funding in 2021, and the remaining 30 states will receive a second payment this year, currently scheduled for distribution in May 2022. Total State & Local Funding (the second column) includes state, county, city & municipality funding under ARPA’s Coronavirus State and Local Fiscal Recovery Funds.

All amounts in billions of dollars.

State	Total State & Local Funding	Total State Funding	Total State Payment in 2022
Alabama	\$3.9	\$2.1	\$1.1
Alaska	\$1.3	\$1.0	\$0.5
Arizona	\$6.8	\$4.2	\$2.1
Arkansas	\$2.6	\$1.6	\$0.8
California	\$42.9	\$27.0	\$0
Colorado	\$5.8	\$3.8	\$0
Connecticut	\$4.4	\$2.8	\$0
Delaware	\$1.3	\$0.9	\$0
District of Columbia	\$2.3	\$1.8	\$0
Florida	\$15.9	\$8.8	\$4.4
Georgia	\$8.4	\$4.9	\$2.4
Hawaii	\$2.2	\$1.6	\$0
Idaho	\$1.7	\$1.1	\$0.55
Illinois	\$14.1	\$8.1	\$0
Indiana	\$5.7	\$3.1	\$1.55
Iowa	\$2.7	\$1.5	\$0.7
Kansas	\$2.6	\$1.6	\$0.8
Kentucky	\$3.8	\$2.2	\$1.1
Louisiana	\$4.8	\$3.0	\$0
Maine	\$1.5	\$1.0	\$0.5
Maryland	\$5.6	\$3.7	\$0
Massachusetts	\$8.7	\$5.3	\$0
Michigan	\$10.9	\$6.5	\$3.3

²⁶ [Coronavirus State Fiscal Recovery Fund Split Payments to State Governments](#), U.S. Treasury Department, Dec. 16, 2021.

Minnesota	\$5.0	\$2.8	\$1.4
Mississippi	\$2.8	\$1.8	\$0.9
Missouri	\$5.2	\$2.7	\$1.3
Montana	\$1.2	\$0.9	\$0.45
Nebraska	\$1.7	\$1.0	\$0.5
Nevada	\$3.8	\$2.7	\$0
New Hampshire	\$1.5	\$1.0	\$0.5
New Jersey	\$9.8	\$6.2	\$0
New Mexico	\$2.5	\$1.8	\$0
New York	\$23.5	\$12.7	\$0
North Carolina	\$8.8	\$5.4	\$2.7
North Dakota	\$1.2	\$1.0	\$0
Ohio	\$10.7	\$5.4	\$2.7
Oklahoma	\$3.2	\$1.9	\$0.9
Oregon	\$4.2	\$2.6	\$0
Pennsylvania	\$13.4	\$7.3	\$0
Rhode Island	\$1.7	\$1.1	\$0
South Carolina	\$4.1	\$2.5	\$0
South Dakota	\$1.2	\$1.0	\$0.5
Tennessee	\$6.0	\$3.7	\$1.9
Texas	\$26.3	\$15.8	\$0
Utah	\$2.5	\$1.4	\$0.7
Vermont	\$1.2	\$1.0	\$0.5
Virginia	\$7.2	\$4.3	\$0
Washington	\$7.1	\$4.4	\$2.2
West Virginia	\$2.0	\$1.4	\$0.7
Wisconsin	\$4.9	\$2.5	\$1.25
Wyoming	\$1.2	\$1.1	\$0.5
Total	\$323.8	\$195.0	\$39.4

Resources

[American Rescue Plan Act](#), P.L. 116-02, March 11, 2021

U.S. Department of Treasury Resources

- [Coronavirus State and Local Fiscal Recovery Fund](#)
 - [Allocation for States](#)
 - [Allocation for Counties](#)
 - [Allocation for Metropolitan Cities](#)
 - [Allocation for Non-Entitlement Units](#)
 - [Allocations for Territories](#)
 - [Allocation Methodology for Tribal Governments](#)
- [Final Rule for the State and Local Fiscal Recovery Funds, U.S. Department of the Treasury](#), Jan. 6, 2022.
- [Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule, U.S. Department of the Treasury](#), Jan. 6, 2022.
- An Introduction to the Final Rule: Coronavirus State and Local Fiscal Recovery Funds, [webinar](#) (51:34) and [presentation slides](#), January 2022.
- [Treasury's Portal for Recipient Reporting: State and Local Fiscal Recovery Funds](#), Aug. 9, 2021
- [Interim Final Rule](#), U.S. Treasury, May 17, 2021
- [Frequently Asked Questions on the Interim Final Rule](#) (FAQs), updated Jan. 22, 2021

Additional Analyses and Resources

- [Overview for America's Counties: U.S. Treasury Interim Final Rule & Guidance for State and Local Fiscal Recovery Funds](#), National Association of Counties
- [Flexibility Provided in Latest COVID Recovery Fund](#), National Conference of State Legislatures, May 17, 2021
- [How States Can Use Federal Stimulus Money Effectively](#), Pew Charitable Trusts, May 11, 2021
- American Rescue Plan Act Fund Trackers
 - [State Recovery Plans](#), National Association of State Budget Officers, Sept. 2021
 - [ARPA State Fiscal Recovery Fund Allocations](#), National Conference of State Legislatures, updated Apr. 7, 2022

- [Local Government ARPA Investment Tracker](#), Brookings Institute, Feb. 3, 2022.
- [ARP Local Funds Spending Tracker](#), Southern Economic Advancement Project, updated Mar. 31, 2022.
- Equity in ARPA Fund Allocations
 - [How Treasury’s Implementation of American Rescue Plan Programs Prioritizes Equity](#), U.S. Treasury, Apr. 8, 2022.
 - [Making Federal Infrastructure Funding Equitable – What Philanthropy Can Do](#), Lois DeBacker and Joe Evans, *Nonprofit Quarterly*, Apr. 4, 2022.
- Nonprofit Advocacy Engagement
 - [Pulling Out the Stops for ARPA Funding](#), National Council of Nonprofits, Feb. 22, 2022.
 - [Being the Unstoppable Force \(in the Face of an Immovable Object\)](#), National Council of Nonprofits, Feb. 7, 2022.
 - [When in Doubt, Innovate](#), National Council of Nonprofits, Nov. 15, 2021.
 - [Not Waiting for Good Things to Happen](#), National Council of Nonprofits, Sept. 7, 2021
 - [Turning Opportunity into Actions](#), National Council of Nonprofits, August 23, 2021
 - [Using the Advocacy Tools You Have](#), National Council of Nonprofits, June 28, 2021