

Billions Available for Nonprofits

05.11.22 | Linda J. Rosenthal, JD



It's still raining money from the government.

That's the urgent message from the National Council of Nonprofits to the 501(c)(3)s around the United States in the just-issued [third edition](#) (April 2022) of its *Strengthening State and Local Economies in Partnership with Nonprofits*.

The fiscal skies opened up over a year ago in March 2021. Part of the American Rescue Plan Act (ARPA) was the \$350-billion allocated to the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) for state, local, tribal nation, and territorial governments.

The amounts awarded to each and every state ranged from at least \$1.2 billion to the \$42.9 billion to California. There were also separate (additional) amounts – tens of millions of dollars more – set aside for [counties](#) and municipalities within each of these jurisdictions.

A few months ago, the U.S. Treasury Department clarified that “... governments may use the federal funds directly or through others, meaning that [individual charitable nonprofits](#) can be the recipient of assistance as well as the provider of assistance to others.” Last year's Interim Final Rule from May 2021 has been superseded, based in part on extensive public comments received from interested observers. See the new 44-page [Overview of the Final Rule](#) published in January 2022.

This program has been [enormously successful](#) and continues to demonstrate its potential for “[transformative](#)” change in the nonprofit sector and for the benefit of the general public.

Background

It's not every day that the always cash-strapped nonprofit sector is invited to jump into a massive pool of cash and to offer ideas and input to state and local governments on how they should spend money.

For the particulars of how this extraordinary, \$350-billion, Fund came into being, see our posts from last year:

- *Billions In Covid-19 Aid: Nonprofits Should Engage ASAP* ([August 3, 2021](#))
- *Nonprofits: Continue Engaging On Billions In Pandemic Aid* ([October 21, 2021](#))
- *That Federal "Mountain of Money": More Updates* ([November 12, 2021](#))

In a nutshell, the purpose of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) was "to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery."

This federally authorized CSLFRF bonanza is on top of the states' own unexpected ability to increase grant making to nonprofits and others. See *Suddenly, It's Raining Grant Money* ([August 17, 2021](#)) about the budget surpluses all around the nation.

New NCN Publication

The National Council of Nonprofits has taken the lead in corralling nonprofit involvement in this extraordinary opportunity.

The new third edition (April 2022) of *Strengthening State and Local Economies in Partnership with Nonprofits* from the National Council of Nonprofits is an "up-to-date guide to the law, promise, and opportunities presented to governments and charitable organizations, and philanthropy" by the ARPA.

Included are the "latest tools for nonprofits to demonstrate their eligibility for the funds" along with some 60 new examples of these alliances around the nation." In addition to information about the newest Treasury Department guidance, the publication includes "analyses of the roles of nonprofit advocacy and of philanthropy."

"Building on the shared experiences and expertise of nonprofits across our networks," the NCN authors explained, "we compiled information about dozens of programs from across the country where nonprofits are working together with state and local governments to deploy funds from the American Rescue Plan Act to improve their communities."

In the Foreword to the April 2022 Edition, they wrote: "One year after the 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 long-standing challenges and improve conditions in communities.... 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...."

The Full Report includes, in addition to the Foreword to the newest edition, helpful sections including:

- User's Guide
- Executive Summary
- Governments Can Use ARPA Funds to Partner with Nonprofits in Two Broad Ways;
- Guiding Principles to Identify High-Impact Programs;
- Recommendations for Designing and Managing Programs with Impact; and
- Successful Models of Nonprofit Relief from Around the Country

They emphasized the “natural” partnership between “charitable nonprofits and governments, serving the same constituents in the same communities.” The nonprofit sector is “perfectly positioned to maximize public benefits” because of its “deep knowledge of community needs, reach, and existing relationships, particularly in low-income and underserved or hard-to-reach populations.”

City of Boston Testimony

Separately, one of the many examples of how the National Council of Nonprofits is shepherding its call to action locally is the recent testimony from Vice-President for Public Affairs, David L. Thompson, at a City of Boston hearing.

There, the City Council members were considering a proposal for use of its Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) allocation of \$350-million.

According to the public notice, officials were asked to approve funding for “... Covid-19 response and recovery efforts and [to] accelerate a Green New Deal for Boston through once-in-a-generation, transformative investments that address the systemic and economic challenges in the areas of affordable housing, economic opportunity and inclusion, behavioral health, climate and mobility, arts and culture and early childhood.”

“Our message today – and every day,” Mr. Thompson told Council members, “is that charitable nonprofits in Boston are grounded in the community, as they are in every city, town, and rural area in Massachusetts and throughout the country.” He added: “Each of the funding focus areas in the public notice is an area in which charitable nonprofits have deep insights into community needs, command strong programmatic expertise, and are proven partners with governments to secure real and lasting impact.”

Conclusion

The nonprofit sector, along with their government allies, have been able to overcome an interesting dilemma; namely, there was so much money available immediately that state and local agencies couldn't scale up and spend it fast enough to satisfy Congressional critics. Certain legislators moaned that if these governments were unable to quickly dole out the full allocation right away, it must not have been necessary in the first place.

However, the CSLFRF program was designed as a multi-year program; amounts would be disbursed incrementally. Also, the COVID-19 pandemic itself resulted in closed offices and extreme staff shortages throughout the economy including at the government level. Even under normal conditions, a sudden influx of a huge amount of money creates challenges in terms of disbursement

and control.

It's critically important for nonprofits around the nation to continue to creatively engage with their government counterparts to apply these funds. Although the Congressional majority successfully repelled an effort a few months ago by the minority to "claw back" unused funds, there could be future changes, depending on November's electoral outcome.

– *Linda J. Rosenthal, J.D., FPLG Information & Research Director*