

Seriously, Nonprofits: It's Still Raining Money

07.07.22 | Linda J. Rosenthal, JD



For over a year, we've reported on the unprecedented phenomenon of money falling out of the sky and landing on the nation's nonprofits.

These downpours of dollars have come from several distinct "cloudbursts":

Federal:

The key source has been the [Coronavirus State and Local Fiscal Recovery Funds](#) program under the American Rescue Plan Act (March 2021). It's a whopping \$350-billion for the states and local governments to either: use for themselves for certain approved purposes or distribute to various categories of recipients including nonprofit organizations. The 501(c)(3)s can, in turn, either retain the funds or make grants to other organizations or charitable beneficiaries. See our most recent post for a summary of the details and developments: [Billions Available for Nonprofits](#) (May 11, 2022).

State:

California has enjoyed a budget surplus that it has distributed in ways including but not limited to special grants for COVID-19-related expenses and losses. See, for instance, [Suddenly, It's Raining Grant Money](#) (August 17, 2021). While the money is still flowing from the state's coffers, attention turned – beginning in January 2022 – to the intense negotiations for the FY 2022-2023 budget period beginning July 1, 2022. The projected surplus reported out at the beginning of this year was higher than for FY 2021-2022. Then, a constitutionally mandated budget revision in mid-May based on actual revenue showed the earlier estimate was 3 times too low. See [Nonprofits Reaching for Piece of CA Budget Pie](#) (April 11, 2022) and [That CA Budget Pie?: Much Bigger Than Expected](#) (May 17, 2022).

Since our most recent posts in May 2022, there have been new developments.

New CA Performing-Arts Grant

“California has a new grants program with \$49.5 million for performing arts groups.” See *FLASH! New California grants also for fiscally sponsored performing arts projects* (May 26, 2022) Jan Masaoka, fiscalsponsordirectory.org.

In an interesting twist, the program is open as well to fiscal sponsors.

But time is critical: The short application clock begins ticking on Wednesday, July 13, 2022. This grant program operates on a first come, first served basis; “applications will be accepted until the money runs out” and “grants will be paid out as applications are approved.”

Also helpful is that “there’s no proposal to write, just an application to submit.” The forms – and all necessary information – are accessible easily and online.

The funds for this grant are from the California Nonprofit Performing Arts Grant Program (NPPA) which was created by the California legislature and is housed in the California Office of the Small Business Advocate. CalOSBA contracted with a for-profit firm called Lendistry to administer this grant; the website is already live. See also California Arts Council, a state agency.

“Nonprofit theater, dance, music, and other performance organizations can obtain funds to promote workforce development (such as paying salaries and benefits). To be eligible you must be a 501(c)(3) nonprofit with no more than \$2M in annual gross revenue, and with activities dating back before June 1, 2019.”

Eligibility and award amount are based on 2019 figures: “a \$25,000 grant for budgets \$100,000 or less; \$50,000 for groups with \$1 million or less, and \$75,000 for \$2 million or less.”

CalNonprofits CEO Jan Masaoka describes the unique feature here: “A fiscal sponsor can apply on behalf of separate projects, but it’s the project, not the sponsor, that needs to meet eligibility criteria.” She adds: “A sponsored project can’t apply on its own. But it’s still unclear whether the fiscal sponsor must submit applications for eligible projects all at once or if it can submit them one by one.”

“Strong, sustained advocacy — led by Californians for the Arts and supported by us at CalNonprofits — resulted in getting fiscally sponsored groups included in the legislation that led to this new program,” Ms. Masaoka explains.

There is a webinar co-hosted by the California Association of Nonprofits and Californians for the Arts; see *CA Nonprofit Performing Arts Grant Program | Informational Webinar* [overview of the application process, the required documentation, eligibility criteria, and a Q&A session] Remaining dates are July 7, 8, and 11, 2022; 11am – 12 pm.

Treasure Hunt

The federal Coronavirus State and Local Fiscal Recovery Funds program is a massive program, the scope of which has exceeded the capacity of many state and local governments to scale up quickly and efficiently enough to handle the huge amounts of money involved.

In *Billions Available for Nonprofits* (May 11, 2022), we summarized our earlier posts and updated them, explaining how the National Association of Nonprofits (NCN) has taken the lead in the effort to

funnel as much of the federal COVID-19 state and local relief funds as possible towards our sector.

“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.” These governmental entities “may spend some or all their allotments on themselves and/or to distribute the funds as ‘assistance to households, small businesses, and nonprofits, or to aid impacted industries.’”

The money has been released in waves. Beginning in May 2022, the federal government started giving out the second (and final) tranche of ARPA dollars. (Many of them had yet to spend all of the previously allocated funds.) The deadline is the end of 2024 for these governmental units to “make final decisions on how to spend their allocations”; all money must be spent by the end of 2026.

By April 2022, NCN had published the third edition of its comprehensive and excellent Strengthening State and Local Economies in Partnership with Nonprofits. The message was clear: it’s raining money and the nonprofit sector must act aggressively to snatch up as much of it as possible.

Just recently, Tim Delaney, CEO of the National Association of Nonprofits penned a new article for The NonProfit Times about this “once-in-a-generation \$350 billion funding program for which nonprofits are eligible, indirectly, to receive a piece.” See *Commentary: Locating Your NPO’s Piece Of \$350B From Uncle Sam* (June 23, 2022).

Mr. Delaney’s article includes important new guidance on how organizations around the United States can methodically research and track down grant opportunities.

“The good news,” he explains, is that NCN has already done the hard work: its intrepid staff have “already dug into the 242-page bill where the program is buried, the 117 pages in the Federal Register presenting the U.S. Department of the Treasury’s Final Rule implementing the program, Treasury’s 44-page Overview of the Final Rule, and 50 pages of FAQs — all to identify, clarify, and improve the breadth of nonprofit eligibility.”

“It’s now up to you...,” he declares. He proposes a four-point action plan for each nonprofit, tailored to its own circumstances: (1 and 2) take urgent action; (3) create your own customized “treasure map”; and (4) “align connections with opportunities.”

Treasure map? “Whether your nonprofit is reeling because of COVID-induced financial pains or your community’s demands exceed capacity, odds are high that your staff members are exhausted. So,” NCN’s Delaney suggests, “instead of viewing the pursuit of an ARPA grant as pushing yet another Sisyphian boulder up a hill, inject some fun by looking at it as a treasure hunt.”

Part of that fun could include searching through these four treasure chests to learn about what’s already been funded in your neck of the woods and what other opportunities may exist:

- Local: *Local Government ARPA Investment Tracker*, Brookings Institute, update Apr. 13, 2022. <https://brook.gs/3wyvv9E>
- State: *ARPA State Fiscal Recovery Fund Allocations*, National Conference of State Legislatures, updated May 11, 2022. <https://bit.ly/3lhjwQ>

- State: Check with your state association of nonprofits (and join if you're not a member yet – there's power in numbers):<https://bit.ly/39uuVSF>
- Nationwide: ARPA Spending Website, National Council of Nonprofits, updated regularly: <https://bit.ly/3wldPzG>

(Just a quick poke into the first one reveals quite a valuable haul.)

CA State Budget

Talk about a big chunk of change: The massive California state budget for FY 2022-2033 became effective on July 1, 2022.

In *That CA Budget Pie?: Much Bigger Than Expected* (May 17, 2022), we summarized the interesting "annual budget process in this state [which] is a carefully prescribed dance that begins in early January ahead of the July 1st start of each new fiscal year.

A budget is proposed, pursuant to constitutional mandate, by the governor, and then tossed over to the legislature. By mid-May, a revision is required based on actual rather than estimated revenue figures. That's what we reported in our May 17th post. A critical aspect of that revision this time around was the huge upward adjustment based on surging revenue.

The lawmakers and the governor then work until an end-of-June deadline to reach a deal on the final budget. See *Governor Newsom Signs Budget Putting Money Back in Californians' Pockets and Investing in State's Future* (June 30, 2022).

The Floor Report of the 2022-2023 State Budget, updated June 27, 2022 (June 29, 2022) (194 pages) has all of the particulars. See also, the official Enacted Budget Summary, California Department of Finance, ebudget.gov.ca (154 pages).

The first reactions are trickling in. See, for example:

- *Let's make a deal: What to know about the California budget* (June 27, 2022, updated June 28, 2022) Alexei Koseff, calmatters.org
- *Final CA State Budget: Arts & Culture Investments 22-23*, Californians for the Arts
- *Gov Newsom strikes deal on state budget: big increase for K-12, plan to expand Cal Grant, too* (June 28, 2022) John Fensterwald, edsources.org

More will follow, undoubtedly, including additional commentary from the nonprofit sector.

The 2022-2023 Budget represents a huge potential source of funding for the general public, including many beneficiaries of the usual array of services provided by the nonprofit organizations, as well as for organized philanthropy.

Conclusion

It's not only California that is currently dealing with a budget surplus. Many other states have reported the same unexpected financial windfalls.

While there are rumblings of change on the horizon, including a possible recession by early 2023, nevertheless, the money is there in various government coffers right now. The nonprofit community

should continue its active advocacy (on a group basis as well as by individual nonprofits) to explore avenues of moving some of that money out of those very same government treasure chests.

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