

Philanthropy Corner – August 9, 2009

Article 38 – Federal Stimulus Package Offers Hope and Worry for Nonprofit Sector

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There are strong signals that the recession is finally winding down with better than expected results in foreclosure rates, the stock market and manufacturing activity. This week government officials are making claims that the stimulus package is working using the “cash for clunkers” program as an example. The Car Allowance Rebate System is intended to spur car sales to improve mileage and help the auto manufacturers while improving the environment. This \$1 billion in funding was quickly exhausted in one week, resulting in plans for supplemental appropriations to carry the program forward.

Unfortunately, the well-intentioned “cash for clunkers” program is adversely affecting nonprofits across the country that rely on donations of old cars. These nonprofits sell donated old cars at auction for hundreds to thousands of dollars and donors can write off the amount their car gets at auction on their income tax. The nonprofit sector is cautiously watching what impact the “cash for clunkers” program has on these nonprofit organizations and how other programs of the economic recovery plan will benefit the nonprofit sector.

With the promise to infuse billions of dollars into the economy for the arts, childcare, homelessness, special education and job training, many nonprofits across the country are vying for a piece of the American Recovery and Reinvestment Act of 2009. Community based organizations may be eligible to apply for an estimated 60 percent of the total \$787 billion stimulus package that is allocated for health care, social services and housing. Charities are scrambling to determine how they can apply for funding by raking through documents and resources explaining the law enacted in February. Many organizations are viewing this as a once in a lifetime opportunity.

Unfortunately, this infusion of funds may be building up false expectations for smaller groups who may not see these funds filter down to help them as funding may end up going to bigger charities. This federal pot of gold may not be worth chasing for most nonprofits. Similar to the car rebate program, the federal stimulus funds are intended to be fast moving with tight application and spending deadlines. Organizations that have a history of receiving federal grants or contracts may be better positioned to be in line for funding to make it worth the time to research and apply for grants. Nonprofits can access funding through state agencies, federal agency formula programs, and federal agency competitive grant programs. The National Council of Nonprofits suggests that nonprofits collaborate with state and local governments, as some of the federal funding will require state and local municipalities to form partnerships with nonprofit organizations.

As part of the Center For NonProfit Excellence, the Community Foundation recently convened a workshop hosted by Engage Communications to discuss the Broadband Technology Opportunities Program and other stimulus funding opportunities. Part of the stimulus package includes federal funding for the purposes of expanding broadband use to underserved areas and expanding public computer center capacity through a competitive grant program in rural communities. As a rural community, Engage Communications is seeking to create partnerships with local nonprofits to apply for funding for Monroe County.

Other funding opportunities exist for low income and underserved populations for social services, violence against women prevention programs, recruitment of service volunteers through AmeriCorps, at-risk youth services, employment assistance for older Americans through the One-Stop

Career Centers, and educational programs at higher education institutions, local educational agencies and charter schools. Also, \$50 million is earmarked to arts organizations that distribute money to local cultural groups by application through state and regional arts agencies for arts jobs and artist salaries.

In the Chronicle of Philanthropy, experts offered tips to organizations wishing to apply for stimulus grants. Organizations will need to act quickly to get a piece of the Federal pie. However, allocating the time and resources to research grant opportunities may not be a good use of an organization's time if they have not received government funding previously. Many programs require partnerships and matching funds, do not cover the entire cost of services, and funding will most likely be slow. Organizations should form collaborations and work through government agencies at the state, county and local level and other entities where some of the money will be distributed. This unprecedented lifeline is seen as a short-term investment rather than a permanent fix to help groups assisting those in dire need and create jobs.

Given the enormity of the funding, decline in charitable giving, and increased need for services, the temptation for nonprofits to create programs and apply for funding may overshadow the reality of the complicated application procedures and timetables. But the opportunity exists for those organizations with the resources that already receive government funding.

The Community Foundation of the Florida Keys' Center For NonProfit Excellence is launching a new on-line resource library on the foundation's website at cffk.org to house this and other resources for nonprofits or contact the Foundation for information.