








Impact of Federal Stimulus Funds on Arizona Nonprofits

Questions and Answers

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On April 17, 2009, more than 300 people across Arizona learned more about the American Recovery & Reinvestment Act (ARRA) and its impact on the Arizona nonprofit and philanthropic communities. Below is a documentation of the questions asked and answered during the Forum. Other questions posed, but not answered because of time limits, will be published separately.

The panelists involved in the program and offering answers to these questions are:

-  Tim Delaney, National Council of Nonprofits
-  Jim Apperson, Arizona ARRA Coordinator, Office of Governor Jan Brewer
-  Matthew Hanson, City of Goodyear
-  Patrick McWhortor, Alliance of Arizona Nonprofits
-  Marissa Theisen, Arizona Grantmakers Forum
-  Jacky Alling, Arizona Community Foundation
-  Steve Alley, Community Foundation for Southern Arizona

Overview of the American Recovery & Reinvestment Act (ARRA)

[These are general questions about the federal law.](#)

What is ARRA?

Popularly referred to as the “stimulus” package or “stimulus” funds, the American Recovery & Reinvestment Act was signed into law by President Obama on February 17, 2009 to create and save jobs, jump-start our economy, and build the foundation for long-term economic growth. The Act includes measures to modernize the nation's infrastructure, enhance America's energy independence, expand educational opportunities, increase access to health care, provide tax relief, and protect those in greatest need.

What are all of the references to “90 days”?

Because ARRA is designed to stimulate an economic recovery, many provisions of require that funds be distributed or committed by federal agencies and state governments within 90 days. This is dependent upon the section of the law; some sections allow 180 days or more for distribution.

Does a nonprofit have to work through that state or are there funds available directly through the federal government? (answered by Tim Delaney)

ARRA funds are being distributed through a combination of direct federal competitive grants and dollars distributed through the states. The answer to this question depends upon the funding stream.

State Plans for Distribution of ARRA

These are questions about the plans for distribution and granting of funds in Arizona.

I've heard that some states are declining some of the stimulus funds due to the "strings attached." Where does Arizona stand on this? (answered by Jim Apperson)

Governor Brewer has stated that Arizona will not turn down any ARRA funds, with the possible exception of some dollars for extending unemployment insurance. (Update: In late April the Arizona Legislature passed a bill and sent it to the Governor accepting these dollars to extend unemployment benefits and qualify for ARRA funds.) Unlike some governors in other states, because the Arizona budget is under such strain, Governor Brewer intends to use every ARRA dollar possible to address our deficit. Regarding "strings attached," there are reporting requirements for ARRA funds, but not anything more significant than for federal dollars in general.

What roadblocks are in the Arizona state legislature to actually disbursing ARRA funds? (answered by Jim Apperson)

The Governor has been working hard to keep Arizona legislators informed of ARRA and plans to deploy funds in Arizona. A couple of areas that involve the legislature are dealing with unemployment insurance and Medicaid, which require some legislative action to comply with ARRA requirements. (Update: In late April the Arizona Legislature passed bills and sent them to Governor Brewer to bring Arizona into compliance with ARRA.)

What happens to unallocated funds (e.g. funds that are turned down by other states)? (answered by Jim Apperson)

Apperson stated that his job is to assure that Arizona receives its full and fair share, so there should be no unallocated funds here. His understanding of the federal law is that an unused monies will be reallocated by federal agencies. Therefore, unallocated dollars from other states could end up in Arizona and raising our total level of ARRA funding.

What mechanism does the state have to be sure stimulus funding is distributed to counties outside of Maricopa? (answered by Jim Apperson)

Much of ARRA money goes out through a formula process, which assures that dollars are distributed truly statewide. In other cases, programs are targeted, such as the federal fund for broadband access, which would be needed most in rural areas. Governor Brewer is working with the League of Arizona Cities and Towns and other groups to ensure funds meet vital needs in all parts of the state.

What about needed state staffing to implement disbursement of ARRA? (answered by Jim Apperson, Patrick McWhortor and Marissa Theisen)

Apperson sais state agency layoffs are affecting Arizona's ability to manage these new ARRA funds, but because of the critical nature of these dollars for economic recovery, reduced state agency staffs are working hard to meet deadlines. One challenge facing agencies is new tracking and reporting requirements that, in addition to regular program reporting, call for tracking the impact of ARRA funds on employment. The Governor's

Office is working with the federal Office of Management and Budget to introduce a simplified reporting template on its website to make it easy for fund recipients to meet reporting requirements. McWhortor and Theisen offered the assistance of their organizations and the resources of the foundation and philanthropic community to assist state agencies, and leverage their knowledge of nonprofits to help agencies maximize effective use of funds.

What are your thoughts on what Gov. Brewer will use the discretionary amount of \$185 million for? And what is her deadline? (answered by Jim Apperson)

The \$185 million portion is part of the larger amount for education. A plan has to be submitted to the federal Department of Education. The plan can include K-12, higher education, public safety, and other human services. The plan is still being written.

Specific Funding Areas

These are questions asked about specific streams of funding.

Are there any stimulus funds available for shovel ready construction projects involving historic preservation? (answered by Apperson and Hanson)

Apperson is not aware of any specific allocation for historic preservation in ARRA. Hanson reminded the audience that, even if ARRA does not provide a funding opportunity for a specific program category, remember to tap into the regular federal funds available for such programs. Federal agencies are granting dollars other than ARRA. He recommended looking at those sources for potential historic preservation grants.

What constitutes a “federally qualified community health center”? (answered by Apperson and DES staff)

These are centers located primarily in rural Arizona. In order for a center to receive ARRA funds, it must already receive federal money and meet federal requirements. These dollars are not going through the state; they are allocated by the federal government directly to centers.

What is the mission of the HOME investment partnership? (answered by Hanson)

This program ties in with local housing plans, developed by local and regional housing authorities, in concert with the state Housing Department. Hanson pointed out that, in some cases, these 5-year plans may have been developed before the current housing finance and foreclosure crises, and therefore may be out of step with current needs. However, the law requires those plans to govern use of federal housing dollars.

Are there any funds for broadband development in rural areas? (answered by Apperson)

ARRA includes a \$5 billion (nationally, not just in Arizona) program for broadband development.

Advice for Nonprofits

These are questions about general advice to nonprofits seeking ARRA funds.

Can you explain more about the comment [by Tim Delaney] that “if you haven’t received money from a [federal] source” don’t start now? For example, National Endowment for the Arts (NEA) funding is limited to past grantees? Is that common in ARRA funding? (answered by Delaney)

Delaney noted that his comments were intended as a general observation about the capacity of nonprofit organizations to successfully secure federal monies and the perception that plenty of dollars are available from ARRA for most organizations. Regarding requirements that fund recipients be past federal grantees, this is specific to the funding stream; the NEA program, for instance, has such a stipulation. Not all sources have that limitation. However, because applications for federal funding and the subsequent reporting requirements for grantees are typically so complex, Delaney cautioned organizations about looking at ARRA as their first foray into federal funding. He recommended that grantseekers be very realistic about the requirements and not waste time on dollars that are unlikely to come their way without the capacity to successfully compete for and manage them.

If now is not the time to engage cities [as indicated in opening comments by Matthew Hanson], what can nonprofits do to get on your radar? (answered by Hanson)

Hanson noted that cities and towns are still trying to get a handle on the opportunities and requirements of ARRA. Many have also faced budget cuts in recent months. Therefore, their capacity to talk about new partnership is limited. Furthermore, it most likely that, if warranted, they will work with existing nonprofit partners, rather than develop new nonprofit partnerships. Therefore, he recommended collaborating with other nonprofits rather than trying to start new relationships. Hanson expected that in late spring, early summer at the latest, cities and towns should be ready to engage in further dialogue.

Following Up with the Alliance

These are questions about how to follow up with the Alliance.

Does the Alliance have a legislative advocacy effort that our nonprofit could join? (answered by McWhortor)

 We are engaged in joint effort with CAA and PAFCO to impact decisions on state budget

 Go to Get Involved section of our website

Yes. The Alliance is engaged in a campaign to preserve essential nonprofit missions funded by state dollars. The Alliance is partnership with other leaders in the nonprofit community, such as Protecting Arizona’s Family Coalition (PAFCO) and Children’s Action Alliance. To find out about these efforts, go to our website at www.arizonanonprofits.org and click on “Get Involved” at the top of the page.

Is the Alliance going to have a forum or live website to help nonprofits find collaborative partners? (answered by McWhortor)

The Alliance will be launching several new tools and programs this summer aimed at facilitating collaboration among nonprofits and between nonprofits and community stakeholders. This will include new ways of helping nonprofits find organizations and partners with similar missions, needs, etc. Also, the Alliance will convene nonprofits for further dialogue about collaboration.

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