

## **The American Rescue Plan: Nonprofit Sector Priorities for Efficient and Equitable Recovery**

Texas lawmakers will make critical decisions this fall to spend \$16.7 billion of American Rescue Plan Act funds to respond to the pandemic and support communities as they continue their recovery. These recovery funds are intended to provide aid to “households, small businesses, and nonprofits” most affected by the pandemic.<sup>1</sup> The inclusion of nonprofits as eligible recipients of these funds acknowledges both the critical role nonprofits have played during this pandemic and the struggles they have faced due to declining fundraising, changing operational strategies, and increasing public need for services. Nonprofits have remained resilient in these difficult times, anchoring communities and fulfilling their missions, often at great organizational cost. State lawmakers have great flexibility to spend these dollars in a way that maximizes relief and supports the rebuilding of communities. The nonprofit sector urges policymakers to consider these priorities when allocating relief dollars to maximize impact and spur the Texas recovery.

### **Fund economic multipliers.**

Nonprofit organizations are economic drivers in their communities. Nonprofits create 1 in 8 private jobs across the state, contributing \$100 billion towards Texas’ GDP.<sup>2</sup> This dual impact, both on supporting the public good and driving economic development, maximizes the impact of limited recovery dollars. This impact expands beyond the direct impact of their workforce – many of the services nonprofits provide are essential to support the workforce of other sectors. Childcare, after-school programs, and home health services are all critical programs often carried out by nonprofit organizations that support working Texans. This support will allow nonprofits to respond to new and existing community needs and adapt to changing environments to support the health and economic recovery of communities.

### **Leverage trusted community partners.**

Nonprofits are trusted members of their communities and have been providing increasing amounts of essential supports to Texans since the start of the pandemic. Many organizations are already running critical health, education, rental assistance, and workforce training programs to mitigate the impacts of the pandemic. Community foundations, local United Ways, regional capacity-building organizations, and other philanthropic organizations have long-standing histories identifying proven programs, distributing funds, and managing oversight. Leveraging organizations like these as key partners, including as potential program administrators who can ensure appropriate levels of screening, transparency, and accountability, can strengthen partnership between government and the nonprofit sector and get aid quickly to communities. Additionally, having these community voices at the table during all phases of resource allocation will help ensure funds go to proven programs that support communities.

### **Create streamlined approaches to resource distribution.**

When spending ARPA funds, Texas leaders must ensure these dollars are spent wisely. During previous rounds of funding, nonprofits often lacked the information or internal capacity to complete complex applications for funds. Expanded access to programs, with clear eligibility requirements and broad

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<sup>1</sup> [The American Rescue Plan Act.](#)

<sup>2</sup> [Built for Texas Report.](#)

allowable uses of funds, will ensure that nonprofits can access money and put funding to work quickly in their communities. Having a clear process and reasonable reporting requirements will also help minimize the risk of waste or abuse of scarce resources.

**Target communities most impacted.**

The pandemic has affected all communities across the state, but its impact has been disproportionate due to long-standing inequities and barriers that marginalized communities face in accessing resources and supports. Designing funding programs with these inequities in mind allows state leaders to target limited resources towards communities most in need. Ensuring that funding goes to organizations serving communities hit hardest by the pandemic, including rural communities, communities of color, children and youth, and other marginalized populations, who have had less access to previous funding, will speed recovery efforts.<sup>3</sup>

**Support the sector’s infrastructure and capacity needs.**

Nonprofit organizations step up for Texas in times of disaster, from hurricanes to winter storms to global pandemics. Nonprofits carry out these critical tasks, while dealing with the realities of the pandemic on their own business operations. The sector adapted to changing circumstances, with many nonprofits expanding the type of services or number of people served to address evolving community need. Nonprofit organizations should be included in any small business relief programs, with sufficient funding earmarked for relief that organizations both large and small have realistic opportunities to receive funds. Outside of funding for programs that nonprofits administer that directly aid their communities, funds should be allocated and allowed for general operating expenses to ensure nonprofits can safely and effectively deliver these critical education, childcare, workforce, and health programs.



United Ways of Texas



<sup>3</sup> Built for Texas [COVID-19 Survey](#).