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Hyphen

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BACKGROUND

he Biden-Harris Administration took office committed to containing COVID-19, reducing child poverty, supporting an equitable economic recovery, and addressing racial inequities. The \$1.9 trillion

American Rescue Plan (ARP) is central to advancing these goals, delivering immediate relief for American workers, and addressing longstanding structural inequities that have only been exacerbated by the pandemic.

Philanthropy is poised to maximize the impact of this landmark legislation, which enabled both programs/services, the primary focus of this report, and capital spending across many functional areas. As the ARP represents an extraordinary opportunity to reduce poverty and expand opportunity for a wide swath of American society, especially low-income BIPOC communities, philanthropy can play a pivotal role in building the case for expanding and making critical provisions permanent.

The ARP represents an extraordinary opportunity to reduce poverty and expand opportunity for a wide swath of American society, especially lowincome BIPOC communities.



The coordination challenges associated with ARP implementation are significant but not insurmountable. While the ARP has the potential to transform the lives of millions of low-income American families, success will require strategic coordination between myriad stakeholders, including federal, state, and local government, philanthropy, community-based organizations, the private sector, and others.

OVERVIEW

rom July to October 2021, Hyphen conducted interviews with representatives of 25 foundations (see sidebar), including a cross-section of national, regional, and California-based funders. (Foundations that fund in California were oversampled given the state's population and robust philanthropic community.)

The purpose of these interviews was not to provide comprehensive documentation of ARP funding, but rather, (1) to begin to understand the contours of initial ARP-related philanthropic investments; (2) determine where collaborations are already in place; (3) identify where further investments may be needed; and (4) explore what opportunities for coordination may exist within the philanthropic sector and the administration. This document presents key findings and funding recommendations based on the interviews and a related analysis of gaps and opportunities during a specific window in time.

Following the completion of Hyphen's interviews, Congress passed the Infrastructure Investment and Jobs Act (IIJA), with the possibility of more federal funding on the horizon with the Build Back Better Act. We are in a moment of unprecedented public spending that has the potential to benefit virtually every issue that the philanthropic sector supports. Understanding the interplay between these funding streams will be critical to maximizing the impact of federal dollars in local communities.

Participating Foundations

Acton Family Giving

Annie E. Casey Foundation

Ballmer Group

Blue Shield of California Foundation

California Wellness Foundation

Doris Duke Charitable Foundation

Economic Opportunity Funders

Emerson Collective

Ford Foundation

Lumina Foundation

Marguerite Casey Foundation

Melville Charitable Trust

Open Society Foundations

Raikes Foundation

Silicon Valley Community Foundation

Sobrato Family Foundation

Stupski Foundation

The California Endowment

The David and Lucile Packard

Foundation

The James Irvine Foundation

The Joyce Foundation

The Kresge Foundation

United Ways of California

Weingart Foundation

W.K. Kellogg Foundation

THE POWER AND POTENTIAL OF THE ARP

hile funders interviewed have begun to deploy resources to the field, most are still determining how best to approach ARP implementation.

At the same time, they recognize that ARP represents the most powerful anti-poverty tool to come along in a generation and a critical opportunity to advance <u>racial and</u> economic equity. Philanthropy has the opportunity to maximize this once-in-ageneration opportunity by working with experts to identify how to add value in a space where the interplay between federal agencies and programs and state and local governments is complex and fast moving.

Those interviewed want to ensure that resources are distributed equitably, especially to low-income communities of color; that ARP-related changes

become permanent; and that ARP implementation efforts are ultimately successful in order to pave the way for other significant federal funding streams.

Now is the time for philanthropy to take action, as there is still a window of opportunity to influence the

> equitable distribution of federal dollars and to ensure that they lead to equitable outcomes in local communities. Initial ARP funding was deployed by the federal government in early 2021, but additional tranches will be dispersed in 2022 and other resources will have an even longer runway. States and localities will receive two ARP disbursements over the course of a year, but they will have until the end of 2026 to spend all of the funds. There are also some important intermediate

benchmarks and reporting requirements that will help illuminate gaps and unmet needs-and inform and influence decisions about philanthropic investments.

ARP represents the most powerful anti-poverty tool to come along in a generation and a critical opportunity to advance racial and economic equity.



CURRENT PHILANTHROPIC RESPONSE

A handful of funders made early investments to frame and disseminate information about the potential benefits of the ARP and to advocate for its passage. These include support for policy advocacy groups (e.g., to influence rulemaking), communications firms and ad campaigns (e.g., Real Recovery Now), and organizations like Civic Nation, which engaged stakeholders in certain states to make the case for an expanded Child Tax Credit (CTC).

Most interviewees are supporting current grantees to engage on ARP, but using existing general operating support. Grantees range from national policy advocacy groups to communications experts. Some groups are still in the analysis phase, while others are following playbooks that were established during the pandemic or earlier (e.g., CARES Act, Census, TARP, ACA).

Some funders are resourcing nonprofit organizations to take advantage of ARP dollars, advance local implementation efforts, and tailor outreach strategies. Funding to date includes directly investing in small nonprofits that can provide the "last mile" of outreach to connect with disadvantaged populations and help them apply for all benefits available to them, as well as providing resources to capacity-building nonprofits and government agencies that can serve as intermediaries to deploy capital to smaller organizations.

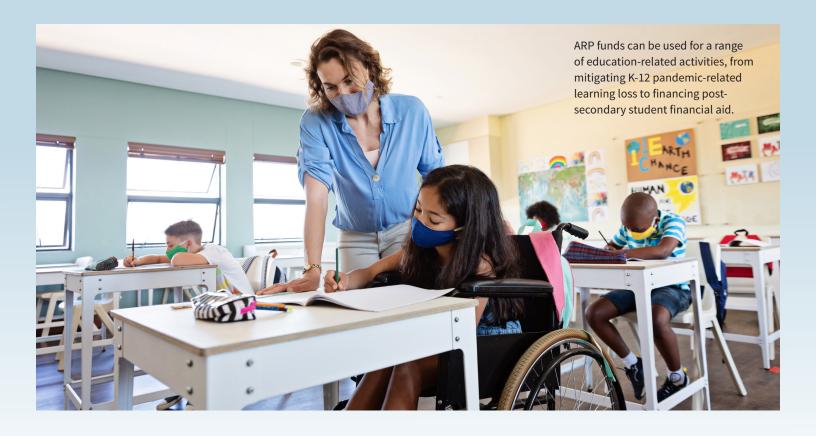
Most of the funders interviewed are organized around specific issues and strategies, viewing the ARP through the lens of their foundations' existing grantmaking areas and/or priorities. ARP provides funding for many issue areas, including education, housing, health care, food aid, and more. All of these were mentioned by interviewees, but there is a

higher degree of coordination among funder collaboratives supporting issues such as the CTC, housing (see description of PERC under publicprivate partnerships), and education. There is also momentum around philanthropic support for engaging states/municipalities and communications work. In states like California, funders are leveraging existing tables and networks for ARP-related coordination.

✓ Child Tax Credit and Related Cash Assistance **Programs** (e.g., EITC). A group of approximately 30 funders has been meeting weekly since June 2021 to discuss opportunities and challenges related to CTC implementation, to align grantmaking strategies, and to share grantee proposals. With a mix of funders, the group has had to balance the need for moderate messaging (e.g., making the business case for the CTC) with advocacy/rapid response messaging; this has largely been considered a net positive.

In the CTC space, funders are engaged in aligned grantmaking; some partnerships have emerged; and proposals have been requested from key groups to provide ready avenues for philanthropic support. A broad range of CTC-related grantmaking strategies are being pursued, including:

- ✓ Landscaping to identify grantee/field needs
- ✓ Researching short and long-term impacts of the CTC, including demographic overlays for race/ethnicity
- Creating hubs for CTC-related communications work
- ✓ Leveraging treasury and other data to identify and outreach to non-filers (i.e., creating a "heatmap" of non-filers), and creating a mobile-friendly app (in English and Spanish) for non-filers with Code for America



- ✓ Supporting direct/face-to-face outreach (e.g., engaging VITA sites and navigators) and targeting more vulnerable populations (e.g., mixed-status immigrant families) via strong and trusted local partners
- Connecting the CTC to other "satellite" service providers to create a more seamless delivery system and a level playing field
- Advancing advocacy efforts to make the expanded CTC permanent.
- Education. In the field of education, ARP funds can be used for a range of activities from mitigating K-12 pandemic-related learning loss to financing post-secondary student financial aid. Interviewees are:
 - ✓ Helping schools and community colleges access education-focused ARP dollars

- ▼ Funding advocates to engage in state policy work supporting K-12 ELLs; documenting, evaluating, and convening education stakeholders locally to inform state-level policy recommendations
- Engaging students and parents in conversations around education-related gaps/needs and equitable resource allocation
- ✓ Advancing narrative change work to shift the deficit frame for particular groups of students (e.g., immigrant students, ELLs)
- ✓ Building on lessons learned during the pandemic; for example, CARES Act funds were used to provide a range of supports to higher ed students (emergency aid, child care, debt relief), which allow students to pursue education-related goals.

- **Engagement of states and localities.** The ARP will deliver \$350 billion in flexible funding to eligible state, local territorial, and Tribal governments to address pandemic-related economic fallout and to spur an equitable recovery. There is huge potential in this space, but the success of implementation efforts will ultimately be a function of states and municipalities being able to draw down dollars and direct them equitably—and for communities to be able to contribute meaningfully to this process. Funding priorities include:
 - Providing technical assistance on implementation to city and state leaders, including support to apply for and allocate ARP dollars (e.g., consultants to provide TA, grant writers to maximize federal resources); also, engaging innovators and thought leaders to unlock public dollars that benefit communities. For example, savvy jurisdictions can identify and pursue funding opportunities beyond local government allocations, such as for education, transit, small businesses, and affordable housing
 - Supporting community groups to engage with state and local officials to influence the equitable distribution of ARP funding (includes education, organizing, and advocacy activities) and to ensure that those resources lead to equitable outcomes
 - ✓ Influencing mechanisms of public accountability after allocations have been made but before funding has been dispersed

- Analyzing state-level data on program eligibility and using these data to guide targeted outreach efforts; sharing best practices among all state human services directors.
- Strategic communications. Funders quickly recognized the need for strategic communications work on the ARP; some are coordinating to advance aligned and joint grantmaking in this arena. Funders hope that the success of ARP communications efforts will advance other mid and long-range goals, such as making the CTC permanent and passing the infrastructure bill. Funders are supporting a range of communications-related activities, including:
 - Polling and message testing in key states
 - Launching advertising campaigns encouraging target populations to "Know Your Benefits"
 - Creating hubs for communications work (e.g., CTC)
 - ✓ Lifting up individual stories, giving the ARP a human face, and highlighting why changes need to be permanent
 - Exploring how to credit the administration with positive, tangible changes in people's everyday lives
 - ✓ Aligning messaging with the White House and state-level advocacy efforts.

PUBLIC-PHILANTHROPIC PARTNERSHIPS

S everal public-private partnerships and collaborations have been launched in order to maximize the opportunity presented by the ARP to leverage resources and expertise from the administration, public officials, philanthropy, the nonprofit sector, and other key stakeholders. Two notable efforts, CVIC and PERC, were mentioned by interviewees and are described below.

Community Violence Interventions Collaborative

(CVIC). Announced in June 2021, CVIC is an 18-month public-private collaboration of a 16-jurisdiction cohort of mayors, law enforcement, CVI experts, and philanthropic leaders committed to using American Rescue Plan funding and/or other public funding to build a robust community violence intervention infrastructure. Investing in evidence-based, community violence interventions to reduce gun violence is a key pillar of President Biden's comprehensive strategy to prevent and respond to gun crime. The effort includes peer-to-peer learning and community-based evaluations to strengthen the existing evidence base for community violence

interventions. National experts and federal agencies are providing training and technical assistance to help communities assess their existing public safety ecosystem, identify gaps, and build the capacity to expand programming that saves lives. A key goal is to prepare the field to access substantial federal funding in key jurisdictions to reimagine public safety.*

Partnership for Equitable and Resilient

Communities (PERC). PERC is a newly-formed public-private partnership between the federal government (HUD and an inter-agency working group convened by the Domestic Policy Council) and U.S. philanthropic partners, anchored by the Melville Charitable Trust. The purpose of the partnership is to (1) cooperatively support the development of community-centered guidance about how to deploy federal funds to increase racial equity, (2) increase local capacity and technical assistance for implementation, and (3) conduct an evaluation to understand how the dollars were spent and who is better off as a result.

* In May 2021, the Treasury Department announced that the American Rescue Plan's \$350 billion in state and local funding can be used to invest in evidence-based community violence interventions. The Department of Education also released guidance clarifying that ARP's \$122 billion in K-12 funds can be used for CVI strategies.



IDENTIFIED GAPS AND CHALLENGES

iven ARP's scale and complexity, even the most seasoned organizations and experts are grappling with how to approach engagement in this arena. Many nonprofits are currently using general support grants to undertake this effort and need dedicated funding to do so effectively. A number of gaps and challenges were identified in the four primary bodies of work that interviewees are supporting.

Child Tax Credit: Interviewees cited the need for more research to determine if and how diverse populations are benefitting from the CTC; communication campaigns focused on the immediate, short term and longterm impact of CTC (e.g., multi-media products to reach a variety of audiences); and additional federal staff to support implementation.

Education: Education funders see a need to connect with commerce on broadband, and to successfully navigate communications challenges related to how ARP resources are being used (e.g., school systems have been underfunded for so long that ARP funds may be used to fill coffers).

Engagement of states and localities: In many jurisdictions, there is a significant expertise gap in terms of understanding how to unlock and effectively "stack" different sources of revenue—and to do so equitably. Public sector officials need help understanding the parameters for using flexible ARP dollars, and community groups need support to hold government agencies and officials accountable for how resources are expended.

Communications: Myriad gaps exist in the communications space, including helping people understand the ARP's role in the positive changes

they are seeing in their schools and communities; providing state/local partners the language or a "script" to talk about ARP in an informed way; effective messaging around equity in some regions; and threading the needle in communicating how a devastating pandemic made ARP possible.

Hyphen's interviews identified additional gaps that merit philanthropic attention.

Resourcing nonprofits: While larger nonprofits are best positioned to leverage ARP resources, they are generally not BIPOC-led or the most proximate to vulnerable communities. Funders can level the playing field—and ensure that ARP dollars

> are leveraged for greatest impact—by building grantee capacity to access state and federal dollars, including the ability to apply for grants, implement the work, and comply with funding requirements. In particular, more support is needed in communities that lack robust infrastructure for deployment (e.g., trusted intermediaries with regranting experience).

Even the most seasoned organizations are grappling with how to undertake this effort effectively.

> **Research and evaluation:** There are significant research and evaluation questions regarding the implementation and impact of the ARP. Government and social sector actors alike are wrestling with how to measure, quantify, and translate the ARP's impact and effectively make the case for extending and making key provisions permanent. Additionally, there are various research projects underway that could benefit from greater coordination; this would alleviate competing demands on nonprofits involved in data collection efforts, as well as create more synergy among the different information streams available to the field.

RECOMMENDATIONS FOR FUNDERS

Equitable Distribution of Resources and Outcomes

Funders can begin by ensuring that their own grantmaking strategies center equity and that the organizations they support are well positioned to advocate with public sector actors who will determine how and to whom resources are allocated. City and county officials, in particular, have a critical role to play on this front. In fact, state and local governments will be required to begin by ensuring report back to the Treasury Department own how their expenditures have advanced equity. strategies center

In its six-month impact report and early reporting highlights, the Treasury Department cites a number of examples of how the federal government and state and local officials are using ARP funds to spur an equitable recovery. For example:

- CTC payments are projected to result in a historic reduction in child poverty, particularly among Black and Latino children.
- ▼ The ARP directs \$2.5 billion in Emergency Rental Assistance (ERA) funds to high-need grantees, such as very low-income households paying more than 50 percent of their income on rent or living in substandard or overcrowded conditions. (Even before the pandemic, Black and Hispanic households were more likely to be severely costburdened by housing than white households.)

- Pierce County, Washington has allocated funds to develop a technical assistance program with a focus on underserved BIPOC communities that includes financial assistance for those that complete the program.
- ✓ The State of New Jersey passed a broad plan for their State and Local Fiscal Recovery Funds, including a childcare program to encourage greater equity and compensation for child care providers and workers.

Funders can

that their own

grantmaking

equity.

Jurisdictions like Cleveland, Ohio, Carolina, are using online surveys, discussions with advocacy groups, and listening sessions to understand the needs of their communities and address inequities, while Harris County, Texas has already established an equity framework to guide its

Buffalo, New York, and Durham, North investments.

Philanthropy can continue to champion, uplift, and expand on such efforts to ensure an equitable recovery that focuses on the needs of every community, but particularly those deemed most vulnerable. Funders can also underwrite complementary efforts to implement the administration's Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government.

Outreach, Networking & Coalition Building

Cross-sector coordination is vital, given the scope and scale of the ARP, the sheer number of federal agencies and stakeholders involved in its implementation, and the millions of low-income families that could potentially benefit from this landmark legislation. In order to reach the maximum number of beneficiaries, especially those in hard-toreach communities, and to connect them to as many resources as possible, funders can identify and help bring to scale effective approaches to outreach and service delivery, including:

- **✓** Efforts to streamline service delivery across providers and platforms in order to increase individuals' access to various benefits and resources. Identify local networks for outreach, enrollment, and service provision, such as United Ways and Family Resource Centers, particularly those that offer multiple client touch points and have developed effective navigator programs. Screening individuals and families for various ARP-related benefits at once will help to maximize enrollment in programs that can meet the needs of disadvantaged and vulnerable populations and ultimately help to demonstrate the ARP's impact.
- together ARP components and provide more seamless and holistic implementation efforts. Doing so would maximize the impact of federal dollars for low-income and disadvantaged communities with overlapping needs, e.g., housing, food security, employment, child care, etc. To the extent possible, ARP-related communities of practice, both in philanthropy and in the field, should strive to transcend individual issue areas.

Cross-sector coalitions that can help knit

Nonprofit & Public Sector Capacity Building

The ARP includes \$350 million in funding for state and local governments, which—if directed properly could benefit the communities and the issues that funders are also trying to serve. A variety of factors will influence public officials' ability and willingness to leverage ARP resources and ensure that they reach low-income and BIPOC communities. Nonprofit organizations, too, can benefit from having access to ARP dollars, and many are uniquely positioned to reach the hardest-to-reach populations through grassroots or "last mile" outreach. Funders can help these nonprofits access ARP funding, navigate the implementation process, and engage state and local public sector officials. Funders are also in a unique position to support nonprofit and public sector capacity building by:

- ✓ Assessing the capacity of state and local jurisdictions to understand the ARP, to develop spending plans, and to act on those plans. Once these capacities have been assessed, there are existing and emerging models of ARP-related support for municipalities that can be tapped. They include loaning out expert consultants and underwriting costs for technical assistance to unlock and effectively "stack" different sources of revenue and to do so equitably. Additionally, funders can help to identify and uplift effective models for jurisdiction-wide coordination, including establishing centralized city command centers or appointing implementation "czars," for example.
- **✓** Identifying, convening, and collaborating with local leaders from the public, private, and nonprofit sectors to develop and execute implementation roadmaps and strategies relevant

to the local landscape. This includes helping local governments learn how to engage nonprofits with greater efficacy in ARP strategy setting, and helping nonprofits and other stakeholders to do the same with public sector officials.

- **✓** Contributing to greater accountability for the use of ARP dollars by providing education and technical assistance to help public sector officials understand the parameters for using flexible resources. There is also a concurrent need to support organizing and community engagement to hold the public sector accountable for equitable use of these dollars.
- **✓** Leveling the playing field for smaller, BIPOC-led nonprofit organizations to access ARP dollars as well as future resources by providing them with support and technical assistance to apply for and comply with federal and state funding requirements. Funders can also ensure that larger, better resourced nonprofits are engaging with small, grassroots grantees that are well positioned to help with the "last mile" of ARP outreach.

Research, Monitoring & Reporting

Sustained efforts to conduct research on the impact of the ARP—and related reporting and monitoring activities—are critical not only to demonstrate the impact of the legislation and help to make the case for making certain programs permanent, but also to allow for ongoing adjustments and course corrections given the extended implementation timeline. Funders can:

- **✓** Consolidate, uplift, and share key lessons, best practices, and networks related to other largescale implementation efforts, e.g., CARES, Census, ACA, TARP, etc., as well as identify grantees that may benefit from cross-fertilization and shared learning.
- **✓** Fund research on how the ARP is impacting diverse communities, particularly low-income BIPOC populations. Coordinate research projects and share data analyses to provide learnings and recommendations for program iterations and regulatory processes as implementation unfolds. Additionally, consider developing and sharing case studies that speak to the ARP's impact from the perspective of local communities.
- **✓** Monitor intermediate benchmarks and **ARP-related reporting requirements** that could influence decisions about philanthropic investments. Ensure that grantees are aware of reporting and spending deadlines that provide pressure and clear windows of opportunity to determine how ARP dollars are being allocated and where additional dollars can and should flow.

Communications

Early communications-related grants supported advocacy efforts needed to help pass the ARP. Now, sustained investment is required in order to give diverse stakeholders tailored messaging to talk about the legislation in an informed and effective manner; to demonstrate the ARP's impact; and to support anchor organizations engaged in strategic communications work. Dedicated communications funding can help to address two central concerns: 1) vulnerable individuals and families that could benefit from ARP but who are not aware of the resources and programs available to them, and 2) people who may be seeing positive changes in their local communities but who do not know to whom or what to attribute these changes. Funders can help to:

- **✓** Highlight findings from research demonstrating the short, medium, and long-term impacts of the ARP as implementation efforts unfold, and support the development of multimedia products to reach diverse audiences.
- **✓** Share stories of impact via comprehensive, targeted and compelling communications campaigns, which should help to identify effective talking points and trusted community messengers, elevate individual and community stories that resonate with the general public, and prioritize key regions of the country.
- ✓ Provide municipalities and local elected officials with ARP-related messaging and communications guidance, particularly on topics that they may find more challenging to address (e.g., race equity, the pandemic, etc.).

Philanthropic Coordination

As with any large-scale effort to effect broad social change, philanthropic coordination is essential to reduce duplication, maximize available resources, and create greater economies of scale. Some funders have self-organized around specific issue areas, but there is an opportunity to pursue centralized big-tent approaches that address critical gaps, as well as to evolve and adapt individual grantmaking strategies. Funders and philanthropy-supporting organizations can:

- Ensure that nonprofits have dedicated and/or augmented general support funding to engage in ARP-related inquiries and implementation efforts for the short, medium, and long term.
- **✓ Track grants and impact investments** to identify insights on emerging and unmet needs and map them against key implementation benchmarks and timelines.
- **✓** Share information about current and evolving funding strategies and trends with grantmaking peers, identify niches where specific funders and types of funding could add value, and outreach to diverse funding networks and tables to attract and leverage new insights and resources.

ABOUT HYPHEN

ith racial equity as the driving force, Hyphen seeks to maximize the benefits of federal policies with change-making potential for low-income families, communities of color, and other marginalized populations. Our work aims to strengthen public safety, expand economic opportunity and safetynet programs, and ensure that the rebuilding of the nation's infrastructure leads to equitable outcomes for underserved communities and our broader society.

Through multi-sector partnerships and collaborations, we engage with the Biden-Harris Administration, philanthropy, state and local governments, and the nonprofit sector to accelerate structural change and equitably distribute federal resources. We currently focus on the implementation of the Racial Equity Executive Order, the American Rescue Plan, and the Infrastructure Investment and Jobs Act. In addition, Hyphen anchors the White House Community Violence Intervention Collaborative, and helped to establish the Welcome Fund and two humanitarian relief funds for asylum seekers.

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