



**Economic Stimulus & Recovery
Special Report, Number 2**

February 24, 2009

**American Recovery and Reinvestment Act of 2009:
Grant Application Information, Tips, and Thoughts**

This Special Report identifies some of the key elements for grants under the American Recovery and Reinvestment Act of 2009 ("Act"), offers general tips that likely will be of interest to nonprofits applying for stimulus-fund grants, and highlights some key thoughts to consider.

"One-Stop Shopping" for Grant Information

The Act creates an unprecedented central public place – www.recovery.gov – for information "to foster greater accountability and transparency in the use of covered funds." Act, Section 1526 (a)(at page 179). Among other things, the website shall provide:

"(1) ... materials explaining what the Act means for citizens. The materials shall be easy to understand and regularly updated. ...

(4) ... detailed data on contracts awarded by the Federal Government that expend covered funds, including information about the competitiveness of the contracting process [and] information about the process that was used for the award of contracts... .

(9) ... a link to information about announcements of grant competitions and solicitations for contracts to be awarded. ..."

Tip for Nonprofits: If you think your nonprofit may want to apply for a grant, then check the federal government's new website regularly.

Get Ready *NOW*

According to the timelines published on the new www.recovery.gov website, the first deadline for Federal agency action already occurred just two days after President Obama signed the law, and several other deadlines already are in place:

- February 19: Federal agencies to begin reporting their formula block grant awards
- March 3: Federal agencies to begin reporting their use of funds
- May 3: Federal agencies to begin reporting on their allocations for entitlement awards
- May 20: Federal agencies to begin reporting on their competitive grants & contracts
- July 15: Recipients of Federal funding to begin reporting on their use of funds

The need to get the stimulus funds out and put to use has expedited the grantmaking and therefore grant application process. That's why the business and government sectors are moving swiftly. Consider this recent email from a lobbying firm urging corporations to get positioned now: "With \$20 billion set aside for modernizing health record-keeping, information technology and insurance **companies that can move swiftly** into the business of helping physicians, hospitals and other health-care providers computerize their medical records stand to benefit."

Similarly, in the government sector San Francisco's Mayor recently observed that groups that "have not organized to date are in real peril of missing out on the competitive dollars." He continued: "We need to be front and center, because you've got short timelines here" He went on to warn that "the biggest challenge in getting money right away is 'making sure that the grant applications are consistent, collaborative and coordinated and that they meet the criteria that have been set out.'" CNN, "Deadlines, partisanship won't keep mayors from federal dollars" (Feb 20, 2009)

<http://www.cnn.com/2009/POLITICS/02/20/obama.mayors.reaction/index.html?iref=24hours>

Tips for Nonprofits: The rapid deadlines for awarding grants mean that nonprofits interested in applying for grants need to be preparing **NOW** to make sure they are ready to submit solid application packages that comply with the anticipated requirements.

Also, the overarching reason for the stimulus bill is to get America back on its feet, not to do any favors for nonprofits or any other group. Federal, state, and local government officials will be severely challenged to deploy this volume of funding with such rapid deadlines – not because they are inept, but because few have ever experienced such demands in their careers. Therefore, nonprofit leaders need to step forward **NOW** to claim a seat at the policy table to make sure that community voices are truly heard and that decisions about what gets funded – and what doesn't – are made wisely for the common good.

This Act contains unprecedented accountability and transparency requirements (a topic for a future Special Report). But those provisions will not fully kick in until later in the process. With so many businesses, governments, and nonprofits struggling to survive financially, there may be an immediate "feeding frenzy" as people eye the stimulus bill and angle for a slice.

Nonprofits can and should assert our historic role as champions of the common good by monitoring government operations to ensure accountability to the people. **NOW** is the time for us to step forward to let businesses, governments, and indeed our fellow nonprofits know that we the people are carefully watching how this process unfolds. By stepping forward **NOW** to show our vigilance to prevent any exploitation, we can have more impact than waiting until after preventable abuses get exposed.

We don't have to do this in a negative way. We should step up to our natural allies in government (after all, we serve the same constituents) and offer to help. Let them know you realize it is a daunting task, but you are prepared as concerned citizens to step forward to do your fair share to help oversee the process. You can work with your local media to champion the need for transparency and accountability so the people can see the process at work – and decision-makers at all levels know that people are watching. (As a Supreme Court Justice once wrote, "sunshine is the best disinfectant," so keeping the process open tends to keep decisions cleaner.)

The bottom-line: don't just view the stimulus bill as a quick financial hit. If your nonprofit can qualify for a grant and use it as intended, great. If your nonprofit can't qualify for a grant, then it still has a vital role to play in helping our nation's economic recovery by ensuring that the funds are spent wisely to stimulate economic recovery and reinvest in America's future.

Stress the Official Purpose

Section 3(b) of the Act directs the “President and heads of Federal departments and agencies” to “manage and expend the funds made available in the Act so as to achieve” the following purposes:

- (1) To preserve and create jobs and promote economic recovery.
- (2) To assist those most impacted by the recession.
- (3) To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
- (4) To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
- (5) To stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

Tip for Nonprofits: Congress appropriated the stimulus funds for particular reasons, so when preparing your grant application, stress the official purposes so you can convince the grantmaking authorities you will help them achieve the official purposes of this historic legislation. And if you will be asserting your proper role as champion of the common good, then constantly remind decision-makers, the media, and others about these official purposes.

Read the Entire Act

Before investing too much time applying for a stimulus-funded grant, make sure there are not special provisions that will prevent your nonprofit from receiving a grant. For instance, if you seek a grant for infrastructure purposes, you will need to show that you can actually put the funds to use within a short time frame. Also, another provision of the Act prohibits any funds from being used for any “aquarium, zoo, golf course, or swimming pool,” so if even if your nonprofit could create new jobs working on such projects, you will not qualify for funding. See Act, page 189.

Thoughts to Consider: It’s Time for Real Leadership

1. The Economic Stimulus Funds Are There for Nonprofits, Too.

Nonprofits play a vital role in working to improve the health, safety, and quality of life in local communities every day. Sometimes what we do gets packaged as numbers, such as the fact that we employ more than 11 million people – about 10% of the nation’s workforce, which is larger than almost all other industries, including finance (5.2 million) and transportation (5.1 million). Sometimes what we do gets packaged by how we help individuals, such as by feeding the body, protecting the body, healing the body, fueling the mind, and nurturing the spirit. And sometimes (although too rarely) what we do gets packaged by how we serve the broader community, as champions of the common good, incubators of innovation, laboratories of leadership, and weavers of community. As core and vital American institutions meeting community needs, nonprofits should not be shy about stepping forward if you truly can use the funds as the Act intends.

True Leaders Have Vision and the Courage to Step Forward:

Nonprofit leaders should review their mission statements, review their community needs, and review the stimulus bill and the www.recovery.org website to see if there is alignment. If so, then step forward to do your part in helping our nation’s economy recover.

2. Just Because Grant Funding Exists Doesn't Mean You Should Ask for Some.

Yes, the wicked economy has been especially brutal on the nonprofit sector, because our traditional revenue sources have nosedived at the same time demand for our services have skyrocketed as more Americans are suddenly hungry, homeless, and needing health care. But no, the stimulus funds are not there just for the taking. Individual nonprofits can and should legitimately seek grants to help our local communities recover. But that does not mean that every individual nonprofit should apply for grants. Think carefully before applying.

True Leaders Have Discipline and the Courage to Say No:

Nonprofit leaders should review their mission statements, review their community needs, and review the stimulus bill to see if there is alignment. If not, then pass and find other ways to help our nation's economy recover, including stepping forward to ensure that wise decisions are made so the stimulus funds really "stimulate" the broader economy. Avoid mission drift: don't chase after the money. Keep true to your mission and core values.

3. There Is Safety in Numbers.

Americans have a proud tradition of coming together when times get bad. Whether you do or don't apply for a grant, you will need continued access to quality information during these challenging economic times.

True Leaders Have the Courage to Come Together.

Now is the time for nonprofits and grantmakers to come together for mutual support. Nonprofits are encouraged to join your local state nonprofit association. Likewise, grantmakers should rally to join and energize their regional grantmakers association. Then sturdy bridges need to be built between and among nonprofits and grantmakers. By coalescing, we will be able to share more information across our broader networks as well as focus critical attention and energy on local problems to ensure that the needs in our local communities get addressed properly.

Special Reports on Economic Recovery

This Special Report is one in a series prepared by the National Council of Nonprofits to help nonprofit leaders, grantmakers, policymakers, and the general public better understand the intersections between the nonprofit sector and our nation's economic recovery. To review the other Special Reports, go to www.councilofnonprofits.org/stimulus