

FEDERAL/PHILANTHROPIC PARTNERSHIP OPPORTUNITIES

WORKING PAPER

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Recovery Act

Strengthening Communities Fund

Administering Agency: Department of Health and Human Services

Funding: \$50 million through ARRA appropriations

The Strengthening Communities Fund will make \$50 million in Recovery Act funding available to help communities severely affected by the economic downturn. Partnering with private and public organizations, HHS will provide one-time, two year grants. The focus of this program is to build the capacity of nonprofit organizations, whether secular or faith-based, to address the broad economic recovery issues present in their communities, including helping low-income individuals secure and retain employment, earn higher wages, obtain better-quality jobs, and gain greater access to state and Federal benefits and tax credits, including Recovery Act benefits. Non-Profits, Faith-Based, States, Cities, Counties and Tribal organizations may apply for grants through two components of the Fund:

- **Non-Profit Capacity-Building Program**

The Non-Profit Capacity-Building Program provides grants to eligible non-profit and faith-based organizations whose mission is to assist families in communities experiencing economic distress. One-time, two-year awards of up to \$1 million will be granted to experienced lead organizations which must provide a 20% match (cash or in-kind) to their projects. Lead organizations will assist project partner ability to assist communities through capacity-building training, technical assistance, and competitive financial assistance. A minimum of 55% of the Federal funds awarded must be provided to project partners through a competitive process. The grant period for this award is 24 months.

- **State, Local, and Tribal Government Capacity-Building Program**

The SCF State, Local, and Tribal Government Capacity Building program will make one-time awards up to \$250,000 to State, city, county, and Indian/Native American Tribal government offices (e.g., offices responsible for outreach to faith-based and community organizations or those interested in initiating such an effort), or their designees, to build their own capacity, as well as the capacity of nonprofit faith-based and community organizations to better serve those in need and to increase nonprofit organizations' involvement in the economic recovery. Grantees will use program funds to provide free capacity building services to nonprofit organizations and to build their own capacity to provide such services to non-profits. The grant period for this award is 24 months.

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Serve America Act

Social Innovation Fund

Administering Agency: Corporation of National and Community Service

Funding: \$ 50 million (FY 2010 Budget Request)

Recently passed as part of the Serve America Act, the goals of the Social Innovation Fund are to recognize impact of social entrepreneurs, increase public and private investment in innovation, evaluate effectiveness of social innovations for leverage and ability to go to scale, and build investment infrastructure for social innovation. Funding appropriations were recommended at \$50 million in FY2010, increasing annually by \$10 million and capping at \$100 million. The fund itself will be managed by the Corporation for National and Community Service, (The Corporation). The fund notes a strong emphasis on competition, data-driven decision-making, and specific measurable outcomes. There is also geographic targeting toward rural and philanthropically-underserved area. Though not specified in the Act, conversations with White House indicate that the Office of Social Innovation will be involved in working with the Corporation to establish the fund and coordinate efforts.

Grants made within the Social Innovation Fund are specified for a period of 5 years, renewable in 5-year increments. The range of grants will be between \$1 million – \$10 million, with a matching requirement of \$1:\$1, with an exception for philanthropically underserved areas requiring matching of \$1:\$0.5. Grantees are to be existing grant-making institution, a partnership between grant-making institutions or partnerships between a grant-making institution and a State Commission or local government.

The focus of the grants is to be on geography and/or an issue area:

- Focus on rural areas
- Education
- Child development
- Poverty reduction/ economic opportunity
- Health
- Environment
- Energy efficiency
- Civic engagement
- Crime reduction

The legislation also specifies the types of sub-grants that they expect the grantee organizations to make. Specifically, the grantee should have capacity to make sub-grants to local community based organizations of at least \$100,000, for a period of three to five years. The grantee must require a matching requirement of \$1:\$1 from any source as part of the sub-grant.

Non-profit Capacity Building Fund

Administering Agency: Corporation for National and Community Service

Funding: \$5 million per year for 5 years

Also passed in the Serve America Act is the Nonprofit Capacity Building Program Administered by the Corporation for National and Community Service, a quasi-federal agency, the Program authorizes federal grants of not less than \$200,000 to intermediary nonprofit organizations who raise an equal matching grant from private sources. The grants will cover the cost of organizational development assistance to small and midsize nonprofit organizations.

According to the National Council of Nonprofits, key elements include:

- “Competitive grants shall be made in each state to the extent practicable. Because the authorization is \$5 million for 5 years, there could only be up to 25 grants a year
- Intermediary nonprofit organizations include public charities, foundations and public entities can also receive grants from the NCB. An intermediary is defined as "an experienced and capable nonprofit entity with meaningful prior experience in providing organizational development assistance, or capacity building assistance, focused on small and midsize nonprofit organizations." If the NCB grantee is a charitable grant-making entity, that entity's own funds must be used to fund the match. The amendment also contains a “maintenance of effort clause” which prohibits such charitable grant-making entities from reducing funds available for their other grant programs because they provide matching funds for the NCBP grant.
- A "preference" is to be given to grantees in areas where nonprofits face significant resource hardship challenges.
- Considerations in selecting grantees include: the number of small and midsize nonprofits to be served by the grant; how cost efficient the grant is relative to the number of nonprofits in the state; and the quality of the organizational development assistance to be provided.
- The grant will be the 50% federal share of the assistance and the intermediary must provide a non-federal share that matches this through contributions from third parties, such as foundations, corporations, individual donors and other public funds available from regional, state or local government agencies.”¹

Obama Administration FY 2010 Budget

Choice Neighborhoods

**Administering Agency: Department of Housing and Urban Development
Budget: \$250 million (FY 2010 request)**

The FY 2010 budget includes funds for HUD to support a range of transformative interventions in neighborhoods of concentrated poverty. Called Choice Neighborhoods, this program would build on the Hope VI demonstration grants, but provide a more comprehensive set of services. According to the Washington Times, the program would take “10 urban centers with high concentrations of public housing and improving it while adding day care centers and even farmers markets, sidewalks and parks.”

Early conversations indicate the Administration plans to closely link Choice Neighborhoods and Promise Neighborhood Initiatives. According to Bruce Katz, a senior adviser to Housing and Urban Development Secretary Shaun Donovan, Choice Neighborhoods will have a “much tighter link to school reform.”

Again, according to the Washington Times, an estimated 10 cities would be granted HUD funding through a competitive process. The Times article notes that cities with at least 40 percent of a neighborhood's residents must live below the federal poverty line of about \$22,000 for a family of four in order to qualify as a Choice grantee. Atlanta, Kansas City, Mo.,

¹ Source: National Council of Nonprofits. See: <http://www.councilofnonprofits.org/?q=node/659>

Philadelphia and San Francisco were cited as examples of places with similar programs or where residents could benefit from the "choice" initiative.

HUD and White House documents note that this new initiative would challenge public, private and nonprofit partners to identify neighborhood interventions that would have the largest return on Federal investments.

Transformation Initiative

Administering Agency: Department of Housing and Urban Development (HUD)

Budget amount: \$433 million (1 percent of total HUD budget)

Transformation Initiative would enable HUD to design and execute a series of major *research demonstrations* to test new ideas for improving its programs and helping state and local governments develop more effective housing and community and economic development strategies. The collection and dissemination of information on best-practices, while valuable, can only take one so far. At some point, rigorous evidence is needed to help communities make better decisions and to help HUD strengthen its programs, and this requires both vision and resources. The findings generated by demonstrations conducted in the past, like Moving to Opportunity and Jobs Plus, have proven invaluable to practitioners and policymakers and dramatically advanced learning in the field.

Promise Neighborhoods

Administering Agency: Department of Education

Budget: \$10 million for planning (FY 2010 request)

Proposed during the campaign, and now as part of the FY 2010 budget, this new initiative would provide competitive, 1-year planning grants to non-profit, community-based organizations to support the development of plans for comprehensive neighborhood programs, modeled after the Harlem Children's Zone. The programs are designed to combat the effects of poverty and improve education and life outcomes for children, from birth through college. The core idea behind the initiative is that providing both effective schools and strong systems of support to children and youth in poverty and, thus, meeting their health, social services, and educational needs, will offer them the best hope for a better life. Grantees that develop promising plans and partnerships would be eligible to receive implementation grants the following year. The Department will encourage grantees to coordinate their efforts with programs and services provided by other Federal agencies, including the Departments of Housing and Urban Development, Health and Human Services, Justice, and the Environmental Protection Agency.

What Works and Innovation Fund

Administering Agency: Department of Education

Budget: \$650 million in ARRA, another \$100 million requested for FY2010

The What Works and Innovation Fund, first authorized by the Recovery Act, will support competitive grants to LEAs and partnerships between non-profit organizations and LEAs that have made significant progress in improving student achievement or other areas to scale up their work and serve as models of best practices. The additional \$100 million requested for

2010, combined with Recovery Act funds, would support (1) the evaluation of promising new initiatives and approaches to determine if they are suitable for scaling up; (2) expanding the implementation of effective practices across districts and States; (3) supporting the development of "model districts" that use multiple evidence-based strategies to increase student achievement; and (4) leveraging partnerships with the private sector and the philanthropic community to develop, scale up, document, and disseminate best practices for improving student achievement.