



Nonprofit Association
of Washington



FUNDING PRINCIPLES

Recommendations to Guide ARPA Funding Distribution by State and Local Governments

At a time of unprecedented federal relief funding flowing into Washington state via the American Rescue Plan Act, nonprofit leaders share government's goals of equitable economic recovery and community well-being. We are excited to partner with you to achieve these goals and we encourage you to invest in relief funding to help nonprofits thrive and funding to deliver community services.

How funding is distributed makes a big difference in nonprofit effectiveness. Please consider the following funding principles as you determine how to distribute funding in your communities.

10 Funding Principles

1. Streamline and standardize grant processes to the extent possible.

Use a common cover sheet, request financials in the same format as other funders or a format that the nonprofit would have readily available such as the 990 tax return. Consider referencing Guidestar profiles for organizational information. Develop a common way of asking about diversity, equity and inclusion.

2. Run grant distribution rounds with realistic timelines.

This allows for word to spread throughout the community regarding the availability of funds and for organizations with small staffs (or no paid staff) to write a proposal on a non-emergency basis. Please build on the

processes you set up for CARES Act to speed up your planning to no more than 25% of the total available time, so that the bulk of the time is left for grant /contract selection, implementation/service delivery and reporting on impact.

3. Be transparent regarding eligibility requirements, selection criteria, allowed uses of funds, reporting and compliance requirements.

Nonprofits need to understand what they are signing on before they put time and energy into a proposal. In some cases, the requirements attached to an opportunity may mean that it is not worthwhile for that organization to apply.



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4. Cover administrative costs.

Nonprofit programs cannot operate without supervision, financial management, office space, and other expenses that are often categorized as administrative or overhead. Failure to recognize and contribute to these costs undermines nonprofit effectiveness and organizational health. In fact, investment in building nonprofit infrastructure is a high impact way to benefit communities, who need well-managed and stable nonprofit service providers.

5. Investment in outreach and technical assistance will result in more equitable distribution of funding.

Proactive outreach and technical assistance are needed to ensure that organizations based in and serving marginalized communities who have been disproportionately impacted by COVID have access to funding.

6. Work with local philanthropic partners such as community foundations and United Ways to distribute funds.

Work with these partners to take advantage of their community knowledge and experience with grantmaking.

7. Don't treat nonprofits differently from businesses.

Business grants tend to be distributed broadly to all types of businesses without judgment about which areas of service are worthy of support. Yet government targets nonprofit funding narrowly, imposing moralistic hierarchies between nonprofits of different types, e.g.

food security deemed more critical than environmental conservation. Nonprofits should be included in small business relief grant programs.

8. Recognize that need is difficult to assess.

Many nonprofits have seen increased revenues, but this masks even greater demand for services and "mission burden." These organizations need funding as much or more than some other nonprofits that show revenue losses on their books.

9. Allow funding of fiscally sponsored projects.

Many smaller community-based projects choose to operate under the umbrella of a fiscal sponsor who can provide back-office support and professional fiscal management. This arrangement can increase community benefit, so fiscally sponsored projects should be eligible for funding and considered as independent applicants.

10. Treat nonprofits as knowledgeable partners and include them in strategy development.

Nonprofit leaders bring years of experience solving community problems and addressing disproportionate outcomes, as well as experience in identifying and amplifying community strengths, fostering creativity and innovation. Communities with strong cross-sector collaboration are stronger and better prepared to utilize ARPA funds well. If you do not have regular conversations with nonprofit leaders, now is a good time to start.