

Opportunities in Challenging Economic Times

Presenters: Kelly Marschall and
Mike Smith, Social Entrepreneurs, Inc.
www.socialent.com



Sponsored by the Stanislaus County
Children and Families Commission



Topics

1. Welcome and Introductions
2. State and Local Budget Updates
3. Fiscal Strategies to Consider
4. Federal Stimulus Fund Opportunities
5. Wrap-up

County Budget Update

Presented by:

Nancy Bronstein

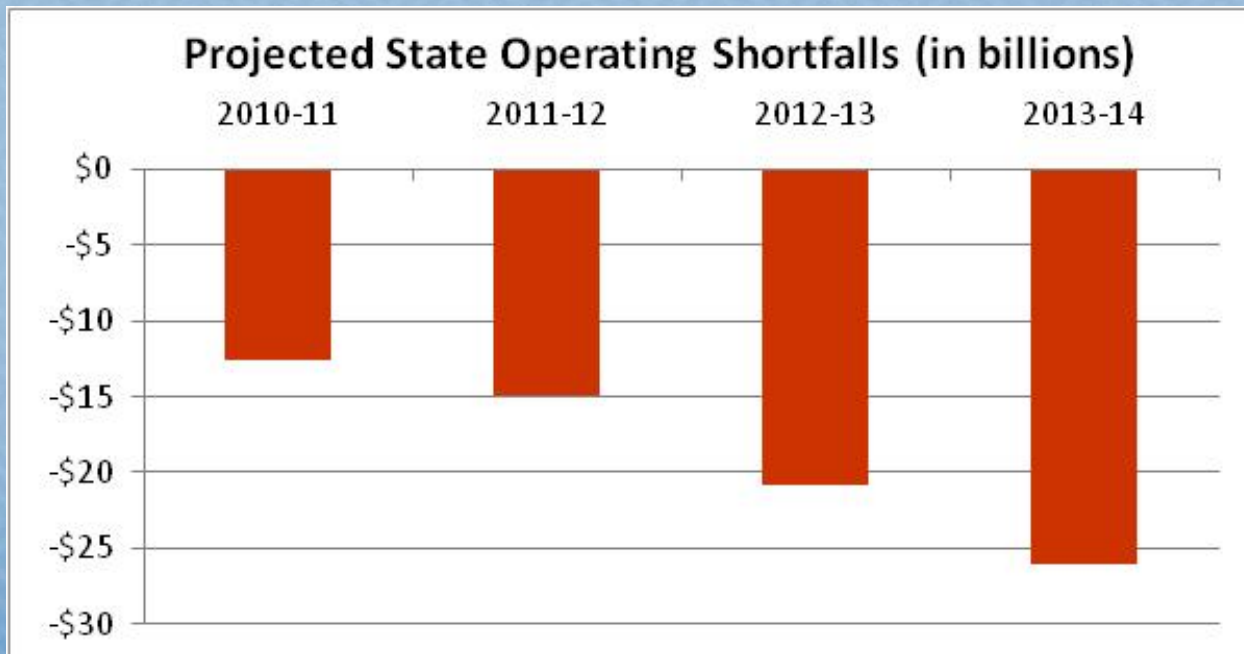
Stanislaus County

Chief Executive Office



State Budget Gaps

- As of June 1, the estimated 2009-10 budget shortfall was \$24.3 billion
- Large shortfalls are projected to continue



Source: Legislative Analyst's Office, March 2009

May Revise Cuts: Health

- Major cutbacks in Medi-Cal coverage
- Eliminate the Healthy Families program; an estimated 942,000 children (14,170 in Stanislaus County) will lose insurance coverage
- Eliminate state general fund contributions to the Maternal Child and Adolescent Health program
- Suspend the Children's Dental Disease Program
- Eliminate the Asthma Public Health Initiative
- Eliminate funds for new Early Periodic Screening, Detection & Treatment (EPSDT) programs started in 2007-08 or 2008-09

May Revise Cuts: Support Programs

- Eliminate the CalWORKs program
- Eliminate the California Food Assistance Program for legal immigrants
- Eliminate the Cash Assistance Program for Immigrants (also for legal immigrants)
- Reduce SSI/SSP payments to minimum levels allowed under federal guidelines
- Eliminate Adult Day Health Care and Caregiver Resource Centers
- \$230 million cut in In-Home Supportive Services

May Revise Cuts: Child Welfare and Domestic Violence

- 10% cut (\$70 million) in county allocations for child welfare services
- 10% reduction in rates for group home, foster family agencies, specialized care, and clothing allowance
- Eliminate Domestic Violence Program funding, currently supporting 94 domestic violence shelters and programs

May Revise Cuts: Other

- \$3.1 billion cut in K-12 education funding
- Total of \$334 million in funding cuts for Developmental Services provided through the statewide network of Regional Centers
- Eliminate \$108 million in funding for Substance Abuse Treatment and Crime Prevention programs
- Suspend Proposition 1A in order to borrow 8% of property tax revenues (\$2 billion) from local governments

Tracking the Budget

- Given the fluid nature of the state budget, the Commission will continue to monitor developments
- You can go to the Stanislaus County Children and Families Commission website (www.stanprop10.org) to view upcoming agendas and minutes from meetings that will detail any Commission response at the local level

Tracking the Budget

- The First 5 Association of California is also monitoring developments and recently reinforced that:
 - Commissions may be able to draw down new federal or other revenues and will also look for ways to assist contractors in leveraging existing programs
 - It is very important to collect information about the impact of cuts at the local level, so communication about local impact is critical between contractors and the Commission

Fiscal Strategies to Consider

- Five Deadly Fundraising Myths
- Five Essential Strategies to Maximize Funding
- Proven Ways to Find Money in Tough Times
- Preparing for Better Days

Five Deadly Fundraising Myths

1. People can't or won't give during a recession
2. Grants are no longer available
3. The business sector can't or won't help during a recession
4. We need to take whatever money we can find
5. We should cut back on fund development efforts

Myth #1: People Can't or Won't Give During a Recession

THE FACTS:

- Over the last 40 years, individual giving declined only 3.9% in recessionary years
- New study estimates if the recession continues through 2009 with stock market values 30% below 2008 levels, individual giving will drop 3-4% in 2009
- 2009 Bay Area surveys – number of donors has actually increased but donors are giving smaller amounts on the average

Myth #1: People Can't or Won't Give During a Recession

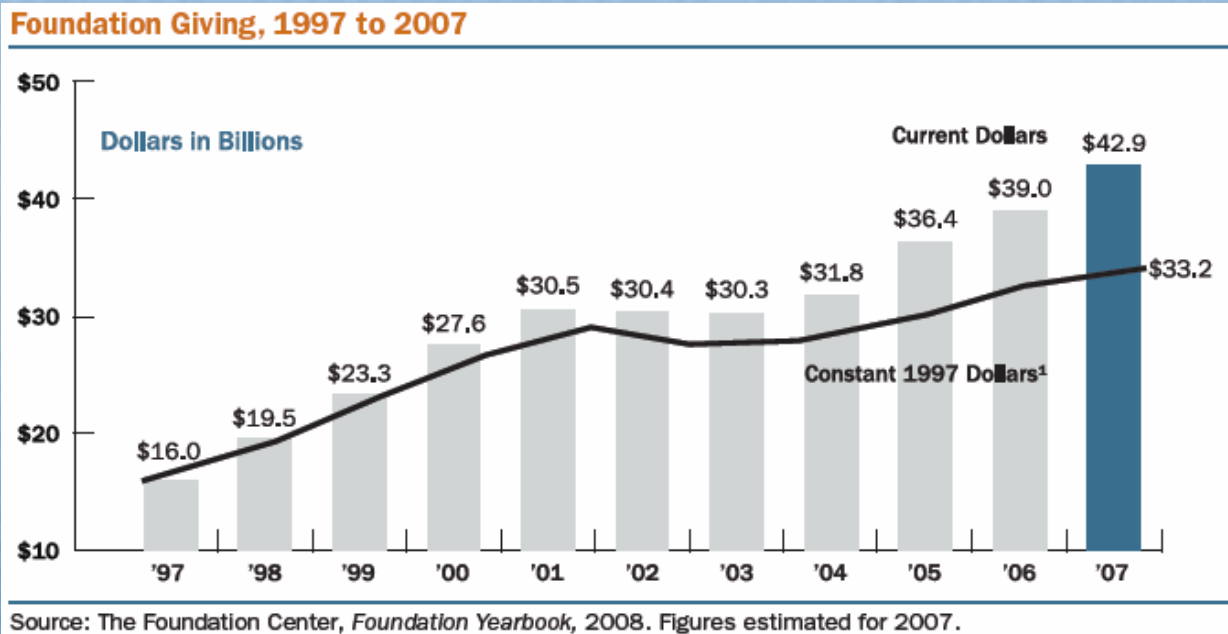
THE FACTS:

- Charitable giving in the United States exceeded \$300 billion for the second year in a row in 2008, according to *Giving USA 2009*. *Donations to charitable causes in the United States reached an estimated \$307.65 billion in 2008, a 2 percent drop in current dollars over 2007.*
- “What we find remarkable is that individuals, corporations and foundations still provided more than \$307 billion to causes they support, despite the economic conditions.”

Myth #2: Grants are No Longer Available

THE FACTS:

- In the 2001-02 recession, foundation giving only dropped 0.6% despite a 16% drop in asset value. In all other recessions since 1975, foundation giving increased.



Myth #2: Grants are No Longer Available (continued)

THE FACTS:

- 2009 Foundation Center surveys/studies show:
 - Use of higher payout rates and internal cost cutting to avoid or minimize cuts in total grant funding
 - Focus on sustained funding for current grantees; 46% expect to reduce the number of new grantees funded
 - Significantly fewer capital and multi-year grants
 - Sustained support for program and geographic areas
 - 2/3 of foundations seeking to engage in more collaborations and partnerships
- New and expanded federal grants are available

Myth #3: The Business Sector Can't/Won't Help in a Recession

THE FACTS:

- A 40-year study of giving during recessions found corporate giving only fell an average of 1.6% during recessionary years
- During the 2001-02 recession, 35% to 40% of companies still made money
- What is changing is which businesses can and will give during the current recession
- In-kind contributions and donations of excess inventories are still available

Myth #4: We Need to Take Whatever Money We Can Find

THE FACTS:

- Numerous experts, including the Association of Fundraising Professionals, strongly suggest NOT straying from your mission in order to chase available funds
- Instead, focusing resources on your top strategic results – and what you're best at – is proven to be a much more effective short- and long-term approach

Myth #5: We Should Cut Back on Fund Development Efforts

THE FACTS:

- After 9/11/01 and the subsequent recession, many organizations postponed or stopped their fundraising activities – and later analysis showed this was a mistake in almost all cases
- 2009 study: nonprofits faring the best in today's recession have put more focus on fundraising
- Organizations that scale back their fund development capabilities will be at a serious disadvantage when an economic recovery starts

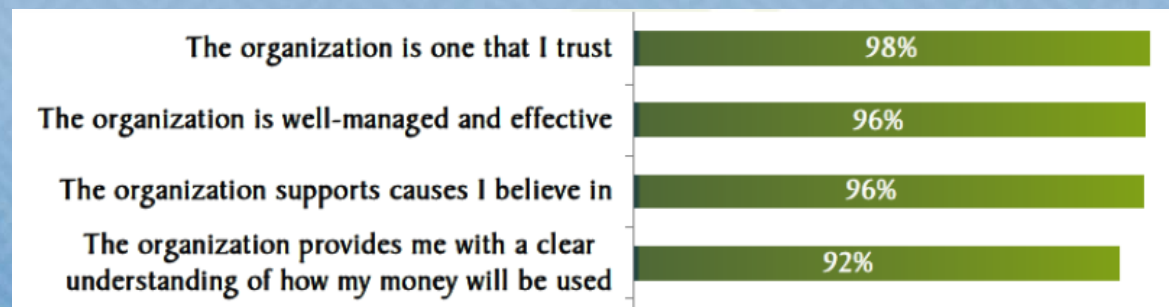
Five Essential Strategies to Maximize Funding

1. Build your case for support
2. Communicate actively and effectively with donor, funders and other key stakeholders
3. Collaborate!
4. Leverage funds
5. Pursue systematic diversification of funding

Strategy #1: Build Your Case for Support

- The most important step for fundraising in a recession is a clear and focused case statement:
 - What needs you address and why they are important
 - Why you are highly effective at addressing those needs
 - What you will do with funds – why they will make a big difference
 - Why you should be trusted with funds (stewardship)
- Understand why people give – does your case for support address these factors?

Top Reasons
People Select
Organizations
for Donations



Source: Colorado Nonprofit Association survey

Strategy #2: Communicate with Donor, Funders and Stakeholders

- Be in regular contact with current and past donors, grant makers and other funders – let them know how you are meeting community needs during the recession and why there is a strong case for continued support
- Don't forget small donors
- Show appreciation for your donors and funders
- Stay positive while being candid and realistic with staff, volunteers, community partners and other stakeholders

Strategy #3: Collaborate!

- During a recession, coordinated multi-agency fundraising efforts can produce greater total income for everyone from:
 - Foundation, government and corporate grants
 - Public-private partnerships that engage public and nonprofit agencies, businesses, foundations & others
 - Special events
- Collaboration will be vital to maximize access to federal stimulus funds (covered later today)

Strategy #3: Collaborate!

Collaboration is also valuable for reducing costs and getting the most out of resources. Examples:

- Coordinated purchasing for volume discounts
- Shared space, equipment and even staffing
- Coordinated use of volunteers and AmeriCorps members
- Swap services or resources so that underused resources at one organization can be used more efficiently by another

Strategy #4: Leverage Funds

- Leveraging through federal entitlement programs
 - Medi-Cal Administrative Activities (MAA)
 - Medicaid Targeted Case Management (TCM)
 - LEA Medicaid Billing
 - Title IV-E Foster Care and Adoption Assistance
- Another simple but effective form of leveraging: use larger donations as matching funds to attract additional donations

Exploring Leveraging Opportunities

- To what extent do you serve groups covered by federal entitlement programs?
- Do you provide reimbursable services?
- Do your other funding sources enable you to meet the matching requirements?
 - If not, can services be coordinated with another organization in order to maximize leveraging?

Strategy #5: Pursue Systematic Diversification of Funding

- 2009 study of nonprofits in the Pacific Northwest noted organizations “with diverse revenue streams, good management and what could be labeled ‘learning cultures’ appear to be coping markedly better [with the current recession] than others.”
- Systematic diversification includes:
 - Reduce dependence on any type of funding (e.g. foundation grants), not just a specific source of funds
 - Cultivate sources with greater predictability and ability for the organization to influence the level of funding
 - Understand the trends – data strongly shows planned giving, community foundation partnerships and other approaches as top options for the future

Finding Money in Tough Times

Private contributions, targeted corporate support, and foundation and federal grants (especially for multi-agency partnerships) are still viable sources of funding

What other fund development methods are most successful during a recession?

- Donor advised funds
- AmeriCorps and other community service programs
- Local support groups (e.g. PTA, Friends of the Library type groups) that tap volunteer interests
- Service fees – at least, voluntary donations by clients
- Revenues from administrative services to other agencies

How Long Will This Last?

“More than 90% of economists predict the recession will end this year” – USA Today, 5/27/09

Economic recovery is expected to be slow and bumpy but steady after that, with 2% economic growth forecasted for 2010

The Silver Lining: every recession in the past 50 years has been followed by a period of three to nine years of significant economic growth

Preparing for Better Days

What to do now to position your organization to capitalize on the inevitable economic recovery:

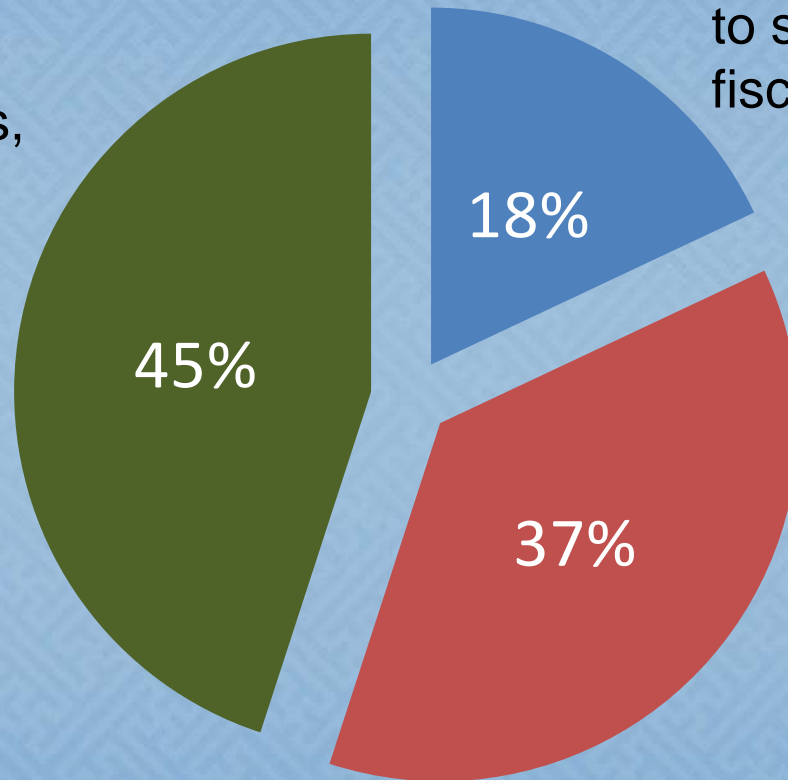
- Continue awareness activities
- Protect your reputation
- Sustain fundraising efforts; don't abandon those who (temporarily?) stopped giving
- Increase and improve your online presence
- Diligently execute the Five Essential Strategies to Maximize Funding
- Resist the temptation to start expanding (and spending) quickly in the early stages of recovery

Overview of ARRA

- The American Recovery and Reinvestment Act of 2009 (ARRA) = \$787 billion in one-time appropriations to:
 1. Preserve/create jobs, promote economic recovery
 2. Assist those most impacted by the recession
 3. Spur technological advances in science and health
 4. Invest in transportation, environmental protection and other areas for long-term economic benefit
 5. Stabilize state and local government budgets
- Short-term funds to be spent by 2010

Broad View of ARRA Funding

\$357 billion allocated to federal programs, with most of the dollars going **directly to state and local entities**

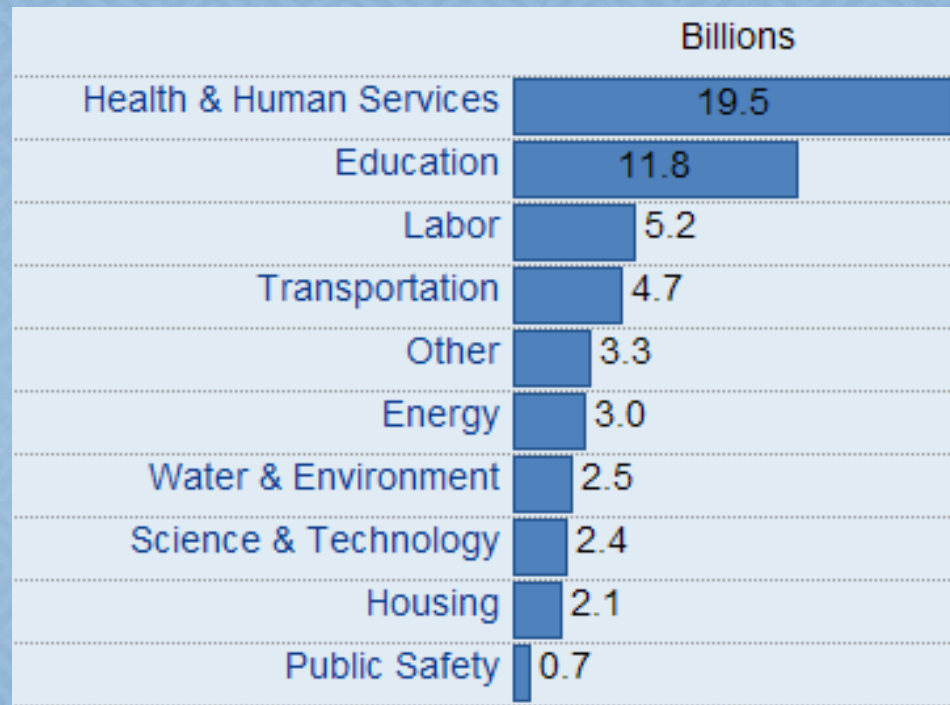


\$144 billion allocated to state and local fiscal relief

\$288 billion devoted to tax cuts

ARRA Funds for California

\$55 billion (est.) in program, project & grant funds



In addition, Californians will receive an estimated \$30.2 billion in tax relief

Key Themes in ARRA

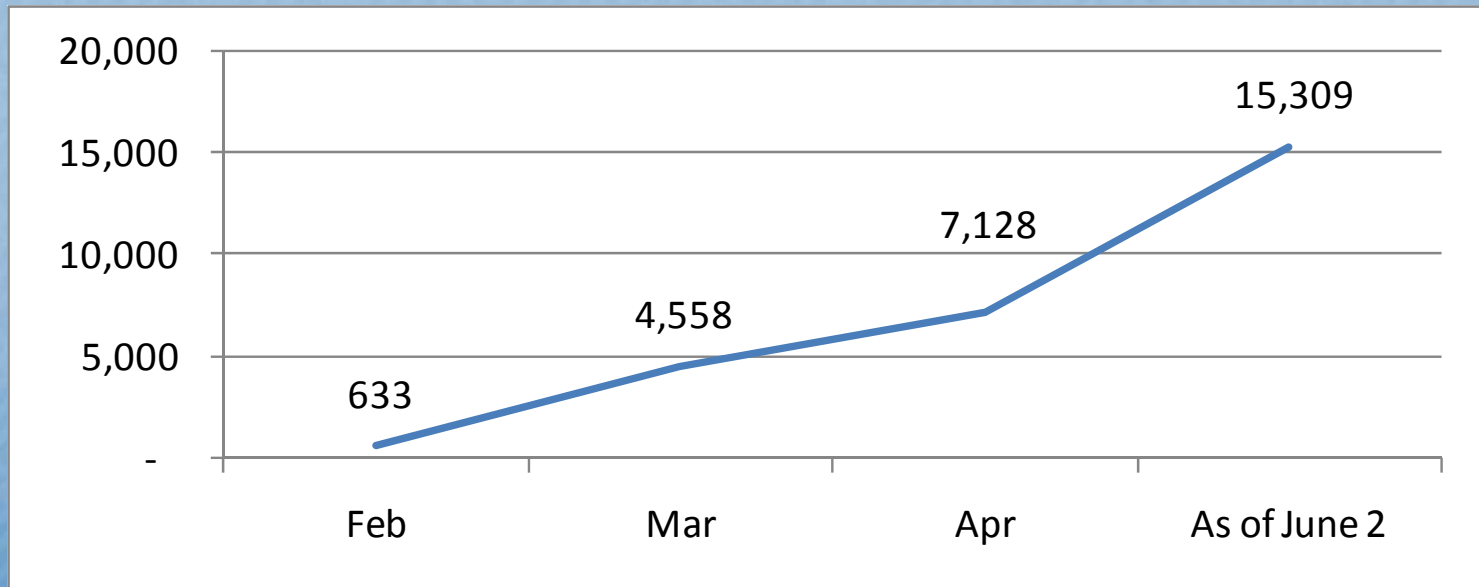
- Projects must address one or more of the five core purposes of the Act
- Speed is essential; those who are prepared and act quickly are much more likely to benefit
- Strict accountability measures, including data collection and reporting, should be expected
- Every component of ARRA has special criteria and guidelines for the flow of funds

Primary Methods of Distribution for ARRA Funds

1. Allocation to a state agency and administered directly by the state; pass-through to local entities may be possible based on state plan
2. Allocation to a state agency which then distributes funds to local entities
3. Direct allocation to local entities (counties, school districts, etc.)
4. Competitive grants distributed directly to entities selected for grant awards

What's Already Happened

- Over 15,000 projects worth over \$57 billion have already been approved; 753 of these projects worth \$4.6 billion are in California
- Rate of approved projects is accelerating



Sample of Funding Already Approved or Released

- First 50% of IDEA - Part C Grants for Infants & Families and IDEA Preschool funds
- First allotment of funds for Title I Grants to LEAs
- Child Care and Development Fund money to states
- Community Health Center capital and services grants
- Workforce Investment Act state and local awards
- Rural Community Facility grants
- AmeriCorps and VISTA program expansion grants
- Healthy Homes Competitive Grant Program awards
- Violence Against Women Programs solicitations
- Group and home-delivered senior nutrition services

What's Available Today

- Education for Homeless Children grants (due 6/17)
- Head Start expansion grants (due 6/23)
- Strengthening Communities Fund with grants for local nonprofits to expand delivery of services to people and communities affected by the recession (due 7/7)
- Early Head Start grants (due 7/9)
- Higher Education Title II Part A Teacher Quality Partnership competitive grants (due 7/23)
- Public Housing Capital Fund Competitive Program (varying due dates through 8/18)

Upcoming Opportunities: General

Opportunity	Target Date
Community Services Block Grants: availability of funds to local community action agencies	Not announced
Community Development Block Grants: action plan amendments and release of ARRA funds	By 9/30/09

Upcoming Opportunities: Education (including Early Care)

Opportunity	Target Date
Enhancing Education Through Technology: grants for a range of technology-related activities, including hardware purchases and professional development for teachers	States to receive awards by 7/1/09; timing for grants to LEAs not set
Teacher Incentive Fund: competitive grants to develop and implement performance-based teacher and principal compensation systems in high-need schools	7/31/09 release of NOFA
IDEA - Part C Grants for Infants & Families and IDEA Preschool: second allotment of funds scheduled to be awarded to State lead agencies	9/30/09

Upcoming Opportunities: Education (continued)

Opportunity	Target Date
Title I Grants to LEAs: second 50% of ARRA funds to be released to State lead agencies	9/30/09
What Works and Innovation Funds: competitive grants to expand programs shown to make significant gains in closing academic achievement gaps	Not announced
Title I School Improvement Grants: includes resources to LEAs to support local school improvement activities	Not announced

Upcoming Opportunities: Health

Opportunity	Target Date
Evidence-Based Clinical and Community-Based Prevention and Wellness Strategies: grants to reduce health risk factors, prevent/delay chronic disease and promote wellness	Not announced
Health Professions Programs: address health professions workforce shortages through a range of programs authorized in Titles VII and VIII of the Public Health Service Act	Not announced

Upcoming Opportunities: Other

Opportunity	Target Date
Centers for Independent Living: grants for new centers and/or supplemental funding for current ones	By 11/30/09 but earlier dates may be announced
Women, Infants and Children (WIC): \$400 million placed in a contingency fund for future uses to be determined by the Department of Agriculture	Not announced

Steps to Access ARRA Funds

1. Read the Act and scan federal and state Recovery websites; identify any fits with your mission
2. Start **NOW** to explore options with local partners and build relationships with decision makers
3. Line up grant writing resources
4. Create an electronic grants application account (<http://e-grants.ed.gov> for some Department of Education funds, www.grants.gov for all others)
5. Closely monitor announcements
6. Move fast as soon as announcements of funding availability are released

Discussion

What partnership opportunities do you see to use stimulus funds to address important local needs?



Conclusion

- Creative use of ARRA funds – or programs benefiting from those funds – may help offset cutbacks in state and local government funding
- Lots of money is still out there; those who do the best job of collaborating, building a strong case for support, communicating with donors and other stakeholders, and leveraging funds will have the most success with fundraising
- An economic recovery will come – be ready for it!

For More Information

Stanislaus County Children and Families Commission

Access to all workshop materials and additional research briefs on fiscal strategies
www.stanprop10.org (click on Federal Stimulus Program link)

Federal Recovery Portal

Main federal website for information about ARRA funding. Use the Agency Progress and Resources option to get details about funding administered by each federal department.

www.recovery.gov

California Recovery Portal

Main state website for information about ARRA funding, including how funds received by the state may be allocated or otherwise made available to local entities

www.recovery.ca.gov