

HOW MIGHT PHILANTHROPY LEVERAGE OR COMPLEMENT THE AMERICAN RESCUE PLAN ACT IN NORTH CAROLINA?



February
2022

FIVE IDEAS FOR PHILANTHROPY

NC Office of Strategic Partnerships (OSP)

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FIVE IDEAS FOR PHILANTHROPY **EXECUTIVE SUMMARY**

The American Rescue Plan Act (ARPA) was signed into law in March 2021. More than \$30 billion across roughly 100 programs is slated to come to North Carolina (approximately \$12 billion of which is for economic impact payments – aka “stimulus payments” – to individuals). One significant stream of funding is the State and Local Fiscal Recovery Funds (FRF), which is sending more than \$5.4 billion to North Carolina state government and an additional \$3.4 billion to county and municipal governments across the state.

In light of the FRF and other ARPA funds, many in philanthropy are asking how their investments can complement and/or leverage these new resources. In response, the [NC Office of Strategic Partnerships](#) (OSP) created this document to offer ideas for how the North Carolina philanthropic sector might consider investing its time and financial resources alongside ARPA funds. **Because ARPA is massive, this document does not attempt to be comprehensive in addressing all the ways that philanthropy could complement or leverage ARPA funds.** Rather, OSP is sharing five *examples* of opportunities that illustrate avenues philanthropy could pursue. *Some of the ideas are “shovel-ready” and some would require additional investigation and homework.*

- 1. Help parents and guardians file for the [Child Tax Credit](#) by April 18, 2022.** (Page 2)
- 2. Leverage government investments in high-speed [broadband](#) infrastructure deployment by investing in statewide and local efforts that: address affordability, increase access to devices and tools, and build digital literacy skills.** (Page 3)
- 3. Partner with government and business leaders in communities to bolster [early childhood education as an economic industry](#) by focusing on early childhood education workforce development.** (Page 4)
- 4. Encourage and support thoughtful [strategic planning](#) and partnerships at the local level.** (Page 5)
- 5. Support [grant writing, learning, and compliance](#) among local governments and community-based organizations.** (Page 6)

Below is additional information about each of these opportunities, including resources for further investigation. For technical questions about the ARPA State and Local Fiscal Recovery Funds, visit the [NC Pandemic Recovery Office](#) or [U.S. Treasury](#). Additional resources include this [Fact Sheet](#) and these [FAQs](#). If you would like assistance in identifying potential partners within state government, please contact Joy Vermillion Heinsohn, [Philanthropy Liaison](#) within the [NC Office of Strategic Partnerships](#) (OSP) at joy.vermillion@osbm.nc.gov.

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The influx of federal American Rescue Plan Act (ARPA) funding into state and local governments has caused many in philanthropy to ask how their investments can complement and/or leverage ARPA funds. In response, the [NC Office of Strategic Partnerships](#) (OSP) created this document to offer several ideas for how the North Carolina philanthropic sector might consider investing its time and financial resources alongside ARPA funds. Because ARPA is massive, this document does not attempt to be comprehensive in addressing the ways that philanthropy could complement or leverage ARPA funds. Rather, five areas of opportunity are highlighted, all of which are prompts for considering how philanthropy might play a role alongside government. *Some of the ideas are “shovel-ready” and some would require additional investigation and homework.* Contact information is included for people who could serve as thought partners about how to pursue these opportunities. For technical questions about the ARPA State and Local Fiscal Recovery Funds, visit the [NC Pandemic Recovery Office](#) or [U.S. Treasury](#). Additional resources include this [Fact Sheet](#) and these [FAQs](#).

FIVE IDEAS FOR PHILANTHROPY:

1. Help parents and guardians file for the Child Tax Credit by April 18, 2022.

According to a [July 2021 report](#) from the Congressional Research Service, the ARPA-expanded Child Tax Credit (CTC) is estimated to cut the U.S. poverty rate nearly in half. In North Carolina, [\\$337 million are at stake](#) for families who need assistance to claim the CTC. Philanthropy can leverage those federal dollars by supporting outreach strategies. Outreach to parents and guardians is needed through April 18, 2022.

WHAT CAN PHILANTHROPY DO?: *Costs range from no funding to millions.*

- Expand access to Volunteer Income Tax Assistance (VITA) sites where low- and middle-income North Carolinians can learn about the tax credits for which they qualify and receive assistance with filing their taxes.
- Provide incentives for nonprofits that help parents and guardians file. Some foundations supported a similar approach to encourage nonprofits to help people complete their Census forms.
- Provide support for groups in select geographies (e.g., counties or census tracts with high rates of child poverty and/or people of color) to conduct outreach to parents who have not filed taxes in previous years. (Pisgah Legal Services is doing this in Western NC with a grant from Dogwood Health Trust.)
- See [here](#) for strategies community foundations (and others) can use to promote the CTC.

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- Contact the community foundations being supported by the EITC Funders Network to increase uptake of the CTC (see [here](#)) to learn about and emulate their approaches. State-wide funders could help match local funding to create a similar program.
- Invest in communications about the CTC by supporting grantees to share information. Consider whether language translation of documents may be needed. Help spread the word (and help grantees spread the word) about the CTC by using [these materials](#).

FOR MORE INFORMATION, CONTACT:

- Ami Nagle, Co-Director, Economic Opportunity Funders, anagle@eofnetwork.org
- Alexandra Sirota, Director, NC Budget and Tax Center, alexandra@ncbudget.org
- Joy Vermillion Heinsohn, Philanthropy Liaison, NC Office of Strategic Partnerships, joy.vermillion@osbm.nc.gov

2. Leverage government investments in high-speed broadband infrastructure deployment by investing in statewide and local efforts that: address affordability, increase access to devices and tools, and build digital literacy skills.

ARPA, the federal Infrastructure Investment & Jobs Act, and the 2021-23 State of NC budget will collectively deploy over a billion dollars to expand high-speed internet access across the state, including:

- \$970 million for infrastructure
- \$50 million for digital literacy (over 4 years)
- \$15 million for administration (over 4 years)
- \$1 million for broadband mapping

Philanthropy has an opportunity to leverage these significant public investments, particularly by supporting affordability, access to devices, and digital literacy. According to the 2019 American Community Survey Microdata, approximately 1.3 million North Carolina households would have to pay more than 2% of their annual income to afford broadband at \$60/month.

WHAT CAN PHILANTHROPY DO?: *Costs range from no funding to millions.*

- Promote, subsidize and/or extend the [Affordable Connectivity Program](#) (formerly the Emergency Broadband Benefit program, EBB), which provides “a discount of up to \$30 per month toward internet service for eligible households and up to \$75 per month for households on qualifying Tribal lands. Eligible households can also receive a one-time discount of up to \$100 to purchase a laptop, desktop computer, or tablet from participating providers if they contribute more than \$10 and less than \$50 toward the purchase price.” While a \$30/month benefit is helpful, it is a \$20/month decrease from the EBB, in which over 300,000 North Carolinians have already enrolled, meaning that their subsidy will decrease significantly as of March 2022. Philanthropy also could consider building a partnership with local internet service providers, local governments, and others to consider how to collectively assist with making high-speed internet access more affordable. Another approach could be to focus specifically on homes with school-age children, people who are most in need of telehealth services, or another subset of the population. If North Carolina can continue to subsidize affordable, high-speed internet access for low-income residents through at least the 2022-2023 school year, not only will that access help them receive the educational and telehealth services they need during the pandemic, but it also will enhance the gathering of evidence regarding the impact of the subsidies.

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- Partner with the [NC Department of Information Technology Division of Broadband and Digital Equity \(NCDBDE\)](#) to create and implement a robust plan for learning and evaluation regarding access, affordability, and digital literacy. Such an undertaking would provide valuable data that could help the state and communities better understand what is and is not working to improve digital equity in North Carolina.
- Partner with the Institute for Emerging Issues (IEI) and NCDBDE to expand [BAND-NC grants](#), which fund digital inclusion plans and implementation at the county level. The program's goal is to make North Carolina the first state in the nation where every county has a digital inclusion plan.
- Join and/or partner with the [North Carolina Digital Equity and Inclusion Collaborative](#) (NCDEIC), a group of digital equity leaders and inclusion-focused organizations and efforts convened by the NCDBDE. Members include state and local government agencies, nonprofits, coalitions and individuals working to close the digital divide in North Carolina. The Collaborative shares best practices and supports partners' digital inclusion efforts. Philanthropy could work with the NCDEIC to develop a multi-year, statewide digital literacy strategy to implement in phases or to pilot in a few places. Any philanthropic organization interested in connecting with the NCDEIC may contact Kiya Edwards or Joy Vermillion Heinsohn, listed below.
- Create a funder collaborative to support the above-mentioned statewide digital literacy strategy, whereby statewide funders would match local funders \$2:\$1 (for example) and also would provide extra funding for places that do not have significant sources of local funding. This could also be a cross-sector partnership with the public and private sectors, where all are providing funds and/or in-kind resources. If access to high-speed internet is viewed as a 3-pronged strategy of infrastructure, affordability and digital literacy, it will take all sectors to achieve universal, affordable access.
- Support a network of "digital navigators" which, [per the National Digital Inclusion Alliance](#) (NDIA), are "trusted guides who assist community members in internet adoption and the use of computing devices." Currently the NC Office of the State Library is conducting a digital navigator pilot in partnership with the NCDBDE. Also, [Digital Charlotte](#) has pioneered a digital navigator program. NCDBDE is working with state partners to create a Virtual Connectivity Hub – an online resource that will help ensure that all community members know how to access resources for digital literacy, access, and utilization. In addition to supporting individual navigators in communities, philanthropy could support the costs needed to create a network that could convene, train and offer professional development to the navigators.

FOR MORE INFORMATION, CONTACT:

- Kiya Edwards, NC Division of Broadband and Digital Equity (DBDE), kiya.edwards@nc.gov
- Maggie Woods, Policy and Program Manager, Institute for Emerging Issues, mjwoods2@ncsu.edu
- Joy Vermillion Heinsohn, Philanthropy Liaison, NC Office of Strategic Partnerships, joy.vermillion@osbm.nc.gov

3. Partner with government and business leaders in communities to bolster early childhood education as an economic industry by focusing on early childhood education workforce development.

The [NC Early Childhood Action Plan](#) (ECAP) and [NC Department of Commerce \(DOC\) Strategic Plan](#) both identify goals related to the early childhood education workforce, citing a need for additional and more highly trained early childhood educators.

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According to the U.S. Chamber of Commerce Foundation: “The COVID-19 pandemic has exacerbated... finding affordable, quality childcare for working parents throughout the country.” [This Executive Briefing](#) states: “89% of employers are looking for solutions to childcare for their frontline workers but don’t feel equipped to take the next steps.” [This perspective](#) in *The Washington Post* states: “This is the first year since 1948 that female unemployment reached double digits, with [millions of parents](#) citing one major issue — America’s child-care crisis.”

Furthermore, [as of September 2020](#), only 17% of North Carolina children who are potentially eligible are receiving subsidized child care assistance.

WHAT CAN PHILANTHROPY DO?: *These ideas require further investigation and engagement with stakeholders to determine a cost range.*

- The NC Division of Child Development and Early Education [announced](#) in 2021 the availability of \$805 million in “stabilization grants” for early care and learning programs, made possible with funding from ARPA. Programs that apply and receive stabilization grants may use the funds for a range of activities including: personnel costs; mental health supports; payments for rent, mortgage, utilities, facility maintenance, or insurance; personal protective equipment (PPE); equipment and supplies; and goods or services necessary to maintain or resume child care. **There are restrictions on how the funds may be used** and philanthropy may be able to help fill the gaps. Consider partnering with local [Smart Start](#) agencies and local governments to identify the gaps and how to fill them.
- Consider partnering with industry leaders, local governments and local early childhood centers to develop creative ways to subsidize childcare (e.g., co-invest in paying for childcare), grow the workforce (perhaps via incentives like those listed below) and boost investments in early childhood education centers as an industry itself (e.g., via access to capital, developing a local strategy to view early childhood development as an industry, etc.).
- Consider ways to incentivize growth of the early childhood education sector as a critical economic industry (e.g., boost wages, benefits, education, housing credits, etc.). Perhaps convene and partner with institutions of higher education, Workforce Development Boards and Economic Development Boards to develop strategies.
- Consider ways to elevate the work of local early childhood and education programs through media, interviews, and newsletter “spotlights.” Think especially of how to elevate the voice of businesses that invest in early childhood education supports for their workforce (e.g., hospitals, some manufacturing, schools and universities).

FOR MORE INFORMATION, CONTACT:

- Ariel Ford, Director, NC Division of Child Development and Early Education, ariel.ford@dhhs.nc.gov
- Joy Vermillion Heinsohn, Philanthropy Liaison, NC Office of Strategic Partnerships, joy.vermillion@osbm.nc.gov

4. Encourage and support thoughtful strategic planning and partnerships at the local level for deployment of local ARPA funds.

Local governments must obligate their collective \$3.4 billion of ARPA State and Local Fiscal Recovery Funds (FRF) by 12/31/24 and spend the funds by 12/31/26. Some local governments may have the staff to develop FRF strategic planning processes. However, as [stated](#) by the NC Pandemic Recovery Office, “Local

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governments with little or no full-time staff, and few residents, face a different and unique set of choices ... [and] may not have the capacity to craft or implement robust planning processes.”

FRF have restrictions on how funds can be spent and require recipients to follow compliance protocols. Some local government-serving institutions, such as councils of government, the NC League of Municipalities, NC Association of County Commissioners and UNC School of Government may be able to provide assistance to local governments that need support for planning how best to use their FRF (including [these best practices](#) in community engagement from the UNC School of Government). Some local governments may want or need technical assistance from nonprofit organizations or others who have different expertise with community engagement practices.

WHAT CAN PHILANTHROPY DO?: *Costs could range from no funding to hundreds of thousands of dollars.*

- Speak with local government leaders about what support they may need to craft and implement thoughtful planning processes for how to use the ARPA funds.
- Speak with Councils of Government, the NC League of Municipalities and NC Association of County Commissioners about how they plan to provide technical assistance and whether there may be a role for philanthropy to partner with them.
- Consider whether philanthropy may be able to add value to strategic planning processes by encouraging or supporting the use of equity lenses in strategic planning, perhaps led by a nonprofit organization.
- As appropriate, create opportunities for grantees and community members to share their thoughts on community needs with local decision-makers.
- Speak with local government leaders about any restrictions on their FRF and whether there may be opportunities for philanthropy to help fill gaps. Perhaps speak with other local funders about potential opportunities to match or leverage funding for particular programs.

FOR MORE INFORMATION, CONTACT:

- ARPA Guidance Team, NC Pandemic Recovery Office, NCPRO@osbm.nc.gov
- Joy Vermillion Heinsohn, Philanthropy Liaison, NC Office of Strategic Partnerships, joy.vermillion@osbm.nc.gov

5. Support grant writing, learning and compliance among local governments and community-based organizations engaged in ARPA efforts.

[ARPA](#) has many, many components – [State and Local Fiscal Recovery Funds](#), [US Economic Development Administration \(EDA\) grants](#), [Elementary and Secondary School Emergency Relief \(ESSER\) funds](#), and nearly 100 other funding programs – being handled by numerous federal agencies. Small local governments [might not have the staff](#) to apply for grants, and federal [compliance protocols](#) can be particularly challenging for some local governments and sub-recipients (e.g., a nonprofit) to manage. This may create equity-related challenges, which philanthropy could help mitigate by helping smaller organizations build the muscles needed to compete for ARPA funding and future grant opportunities.

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- Support smaller local governments, councils of government and/or local organizations (and perhaps collaboratives among them) to apply for federal ARPA funding beyond the FRF. This could entail support for a grant writer, and a compliance manager, convenings, or other needs to pull applications together. It also could be an opportunity to build long-term grant writing and grant compliance muscles in rural communities, which philanthropy has long noted as a need.
- Fund back-office compliance support for nonprofits that may want to contract with local governments for ARPA projects but are not equipped to manage the compliance on their own. This is especially true for smaller organizations, many of which are very connected to communities but are under-resourced. Complicated compliance protocols may mean that some nonprofits cannot become sub-recipients because they do not have the capacity to manage the compliance requirements.
- Speak with local government leaders and nonprofit organizations about providing support for learning and evaluation of FRF-supported programs. Having the data to learn which FRF-supported projects are working well will be important for communities. Thus, evaluating of the impact of some FRF-supported programs will be important, and often communities that are most in need have the least capacity to conduct such evaluations.
- Build and/or support an effort to track available ARPA federal grant opportunities and which NC entities apply and/or receive them. Some of this would require quick, immediate action. There also may be opportunities to partner with the NC League of Municipalities and the NC Association of Regional Councils of Government to expand their efforts to track how local governments are allocating and spending their FRF. There is an opportunity to:
 - Share information and ideas across jurisdictions to help locales across the state learn from one another.
 - Help sort through and share the federal grant Notice of Funding Opportunities with eligible entities, and potentially help identify partnerships (where groups can work together on an application or piggyback on one another's applications).
 - Educate the public about how all the different ARPA funding streams are flowing, the amount of funding NC is receiving through each, who the recipients are, and what the decision-making processes are for allocating the funds. There are questions of equity about where the money will go, for whom/what, and how decisions will be made.
 - Invest in research about the impact of ARPA funds. The federal government requires compliance information; however, there is an opportunity to collect and share "lessons learned" that go beyond compliance requirements. This US Treasury webinar on [Using Evidence with State and Local Fiscal Recovery Funds](#) (slides [here](#)) offers thoughts on how to include learning and evaluation in FRF spending plans.

FOR MORE INFORMATION, CONTACT:

- ARPA Guidance Team, NC Pandemic Recovery Office, NCPRO@osbm.nc.gov
- Joy Vermillion Heinsohn, Philanthropy Liaison, NC Office of Strategic Partnerships, joy.vermillion@osbm.nc.gov

CONCLUSION

This document was prepared by Joy Vermillion Heinsohn, [Philanthropy Liaison](#) within the [NC Office of Strategic Partnerships](#), in consultation with numerous partners. As noted above, if you would like assistance identifying potential partners within state government regarding any of the ideas listed in this document, or other ideas you may wish to pursue, please e-mail joy.vermillion@osbm.nc.gov. For technical questions about the ARPA State and Local Fiscal Recovery Funds, visit the [NC Pandemic Recovery Office](#) or [U.S. Treasury](#). Additional resources include this [Fact Sheet](#) and these [FAQs](#).