

CONNECTICUT & THE AMERICAN RECOVERY PLAN:



**OPPORTUNITIES TO
INCREASE FINANCIAL
SECURITY, RACIAL
EQUITY, AND NONPROFIT
RESILIENCE**

Background

The 2021 American Recovery Plan Act (ARPA) is bringing \$10 billion into the state of Connecticut to support economic recovery and bolster systems affected by the pandemic – especially the people, businesses, and communities most acutely impacted.

The philanthropic community – which supported people, businesses, and nonprofits before and throughout the pandemic – has been following recovery dollars closely, interested in identifying opportunities to leverage, scale, and/or complement state and municipal investments.

For over a year, the Connecticut Council for Philanthropy has been leading conversations about the impact of the American Rescue Plan, and responding to requests from funders for information and analysis. Based on the giving of CT philanthropic organizations and current state and municipal plans, the Council has identified the following four opportunities for **high impact philanthropic investment** that will:

- **increase income and wealth in low-income communities and communities of color;**ⁱ
- **analyze and evaluate state and municipality spending with an equity lens;**
- **grow the capacity of Connecticut’s nonprofit organizations; and,**
- **advocate for investments that will advance equity, improve systems, and/or increase the effectiveness of government and nonprofit programs.**



INCREASE INCOME & WEALTH

Federal investments in COVID-19 recovery have still not reached all who qualify for the financial and health care benefits. The Internal Revenue Service announced last year approximately 90,000 people in Connecticut who are eligible will not receive stimulus payments or the expanded child tax credit without signing up.ⁱⁱ These are individuals or families who are not required to file annual tax returns because they earn less than \$24,400 (for married couples), and \$12,200 (for single filers). In addition to these significant federal programs, the EITC has been expanded to include young adults (19-24) as well as older adults (65+).

In addition to this federal financial support, new state benefits could be accessible to those affected by the economic or health impacts of COVID-19, including the UNITE CT rental assistance program and Covered CT health insurance subsidies.

Incoming initiatives like CT's recently passed Baby Bonds legislation are also significant opportunities to increase wealth in communities of color and low-income communities.

These programs could provide impacted families with thousands of dollars of support across life's stages, including: improved infant and maternal health; better school performance; increased college enrollment; and increased retirement benefits.ⁱⁱⁱ But only if people can successfully access the benefits for which they are eligible.

PROPOSAL: Fund a Statewide Outreach Campaign

Invest in a statewide outreach campaign that builds on current infrastructure – VITA sites, United Way 211, SimplifyCT, UNITE CT and its nonprofit network, CT's regional emergency infrastructure – to increase the capacity and visibility of these programs to connect Connecticut residents to the financial and other supports they qualify for.^{iv} Supplement this infrastructure with neighborhood-level outreach, e.g. door-knocking; consider lessons learned from Access Health CT campaign or more recent COVID-19 vaccine outreach.^v Ensuring that people both know about these benefits and have access to non-predatory tax preparation is crucial.

This cross-sector initiative, aimed at supporting low-income individuals and especially individuals of color, could be well-placed to leverage investments from state and/or municipalities.

OUTCOMES

- Advance racial equity by focusing on communities of color, hiring local workers to conduct outreach to neighbors, and connecting individuals and families to existing and new programs. Accessing earned income tax credit has been shown to have an outsized impact on supporting families of color.^{vi}
- Increase financial wellbeing of families and individuals by connecting them to short-term financial benefits, like stimulus payments or child tax credits, as well as ongoing supports, like earned income tax credit.
- Increase local wealth by connecting low-income families with new financial resources.

ADVOCACY FOR EQUITABLE & EFFECTIVE GOVERNMENT INVESTMENTS

State and municipal leaders are allocating significant new resources from the federal government to address many of the same issues on which the philanthropic sector focuses, like: affordable child care, access to health care, reducing homelessness, and increasing affordable housing. Before and throughout the pandemic, funders have come to understand that these issues disproportionately impact communities of color in Connecticut. Now, there is an opportunity to support or lead advocacy to increase investments in these same communities.

In addition to bringing their voice and knowledge to decision-making tables, funders can leverage other valuable resources as well, like: technical expertise, convening power, community partners, and dollars -- all of which can support more deliberative and informed decision-making.

While state and federal rules may constrain the activities of certain funders, all funders have the flexibility to support advocacy efforts in key ways.

PROPOSAL: Fund or Engage in Advocacy Efforts

Engage in advocacy efforts in support of effective and equitable investments in critical social safety net programs like: the early childhood system, workforce system, health care system, homelessness system, and more. Currently, the CT Council for Philanthropy is supporting funder engagement in these issue areas.

Provide general operating support to nonprofits engaging in legislative and administrative advocacy to advance more equitable and effective government investments in the homelessness system; affordable housing; early child care system; workforce development system; and health care system. Investments could support a variety of advocacy activities, like: public education, community engagement in decision-making, convenings, media, or research and analysis.

OUTCOMES

- Increased support for equitable and effective government spending to address longstanding issues exacerbated during the COVID-19 pandemic.
- Increased nonprofit capacity to engage in public debate, and support or represent local community interests.
- Increased visibility of issues in media.
- Increased voice of community leaders in public debate.

ANALYZE & EVALUATE INVESTMENTS WITH AN EQUITY LENS

The complexity of the ARPA resources, with investments across state agencies, municipalities, and school systems, make understanding and analyzing those dollars challenging. But with the pandemic and its impacts falling harder on communities of color, it's critical to understand the equity impacts of investments made with these once-in-a-lifetime dollars.

PROPOSAL: Conduct Data Tracking and Analysis



Fund and establish two-year fellowships at well-matched organizations to conduct data tracking and analysis with an equity lens and to publish reports on state and municipal spending.

Identify potential home organizations, like CT Data Collaborative, DataHaven, or the Commission on Women, Children, Seniors, Equity & Opportunity, that have data expertise, racial equity analysis tools, and understanding of state, agency, and municipal budgets.

This research would provide valuable data and narratives to encourage continued or increased investments.

OUTCOMES

- Analyzed & synthesized data on state and municipal ARPA investments, including investments by race/ethnicity data.
- Increased public awareness of federal investments.
- Proven tool(s) to analyze government investments with equity lens for future projects, like state budget analysis.
- Increased transparency of government spending.

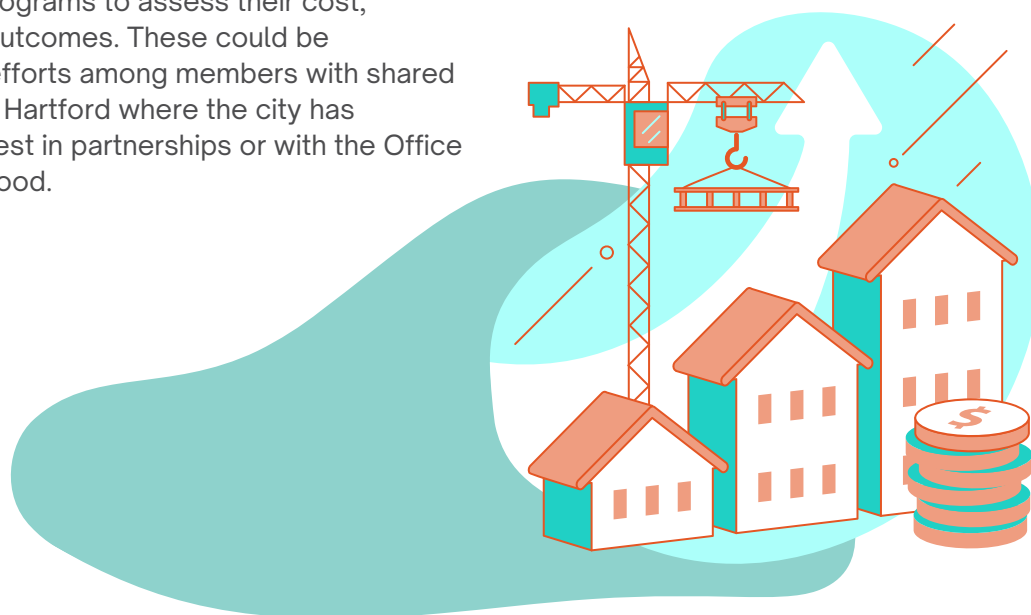
EVALUATE EFFICACY OF DIRECT SERVICE PROGRAMS & PILOTS

We have an unusual opportunity to deepen our understanding of programs and models in Connecticut. As state and municipal leaders deploy ARPA funding, they are most focused on providing direct support to people, businesses, and community assets. There is a unique opportunity for philanthropy to complement these investments by supporting independent evaluation of programs and pilots.

In addition to supporting evaluation of nonprofit organizations, this could be of interest to government partners as well, e.g. the Office of Early Childhood has indicated interest in independent evaluation of temporal ARPA investments.

PROPOSAL: Invest in Evaluation Partnerships

Fund independent evaluations of nonprofit and government programs to assess their cost, efficacy, and outcomes. These could be collaborative efforts among members with shared interest, like in Hartford where the city has indicated interest in partnerships or with the Office of Early Childhood.



OUTCOMES

- Increased understanding of which programs work, how, and for whom that can support improvements, prioritization of investments, and nonprofit/government efficacy.
- Documentation to undergird and rationalize future investments by state agencies or municipalities.
- Documentation to support scaling or duplicating successful programs.

GROW NONPROFIT CAPACITY

In light of the new resources to support direct service nonprofits, there is a unique opportunity for philanthropy to redirect support to grants aimed at increasing the capacity of the nonprofit sector. This could mean building the capacity of small nonprofits to apply for and manage government grants, or establishing other nonprofit capacities, like evaluation or technology, or it could also mean supporting nonprofit sustainability by building endowments.

PROPOSAL: Support Nonprofit Capacity Building

Complement state and local investments by supporting nonprofit capacity building. A Fall 2020 report of the CT Nonprofit Alliance highlighted capacity needs across nonprofits, including: diversity, equity, and inclusion; racial justice; re-engaging a client base; and managing remote/virtual teams.



Small nonprofits in particular identified technical training needs including: grant writing, pivoting their strategic plans, and board governance. A conversation with Hartford's municipal leadership affirmed this proposition noting that a valuable complement to their ARPA investments could be philanthropy boosting administrative and fundraising capacity at small nonprofit organizations.

OUTCOMES

- Build the overall capacity of Connecticut's nonprofit sector.
- Grow the fundraising and administrative capacity of small nonprofits.
- Increase the evaluation capacity of nonprofits.
- Support increased effectiveness and efficiency with capital or technical investments.

MOVING FORWARD — TOGETHER

We are in a remarkable and unlikely moment – there is a heightened public understanding of the inequities and challenges that people face just as a windfall of federal resources is making its way to the state’s coffers. This is our opportunity to change the story of Connecticut – both for the people and for the state – but only if we work together to make it happen.

We can make a transformational difference to people and communities throughout Connecticut by working together toward a more equitable Connecticut. We have a collective responsibility to make this opportunity a reality, and we must do it now.

Notes

- i This is one of the recommendations of the Center for Budget, Policy and Priorities, <https://www.cbpp.org/research/state-budget-and-tax/priorities-for-spending-the-american-rescue-plans-state-and-local>.
- ii The IRS estimated about 90,000, <https://www.irs.gov/newsroom/irs-releases-state-by-state-breakdown-of-nearly-9-million-non-filers-who-will-be-mailed-letters-about-economic-impact-payments>. Local estimates were 140,000, <https://portal.ct.gov/Office-of-the-Governor/News/Press-Releases/2020/06-2020/Governor-Lamont-Encourages-Participation-in-Statewide-VITA-Program#:~:text=VITA%20estimates%20that%20as%20many,funds%20is%20October%2015%2C%202020>.
- iii Presentation of national EITC Funders to CCP Members, 8/4/2021
- iv In addition to EITC, CTC, state resources also exist, including: Covered Connecticut, <https://ctmirror.org/2021/07/13/up-to-40000-people-could-qualify-for-free-health-coverage-in-ct/>, and UniteCT, <https://portal.ct.gov/DOH/DOH/Programs/UniteCT>.
- v Urban Institute will be developing mapping tools to help guide outreach efforts.
- vi UNH State EITC Programs Provide Important Relief to Families in Need, <https://scholars.unh.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1295&context=carsey>