



The Voice of the Human Services Community

Recommendations for Future Federal Stimulus

With funding from the New York Community Trust, the Human Services Council (HSC) has taken the lead on behalf of the City's human services sector to track the American Recovery and Reinvestment Act (ARRA) as it relates to the sector. ARRA is massive legislation that contains numerous funding streams that can be accessed by local governments as well as opportunities for not-for-profits to apply directly for funds. As government assesses the success of ARRA and begins discussions on other funding to support State and local government during this economic crisis, it is important to keep in mind that human service agencies are suffering from a decline in both private and government funding at the same time that the need for the services they provide is on the rise.

HSC developed a set of recommendations about what a second stimulus should look like based on our analysis of ARRA and our work detailing the struggles of human service providers in applying for grants, reporting on ARRA funded contracts, and in finding areas that require additional funding. Human services provide critical support to people in need, are an economic engine that stimulates the local economy, and are a source of jobs including low-income wage earners and the newly employed. Any new legislation designed to stimulate the economy and ease the effects of the economic downturn should include funding for vital human services that help lift people out of poverty.

Workforce Grants:

Not-for-profit human services organizations are a source of jobs, especially to the newly employed and low-income wage earners. At the same time, these organizations provide vital services to the community, including job training, childcare, and youth programs. Funding human services programs helps create jobs while also helping the community. New stimulus should:

- Focus less on Green Energy jobs
- Focus more on urban areas
- Many of the workforce opportunities focused on creating green energy jobs as well as areas impacted by plant foreclosures. That combination resulted in many of the grants being inapplicable to urban not-for-profits since urban areas like NYC are less likely to have large manufacturing companies and do not have the resources and infrastructure to train people in green jobs.
- Legislation that granted tax credits for installing energy efficient appliances, on the other hand, would benefit an urban area like NYC because it would employ service technicians and retail employees.

Expand Community Services Block Grants (CSBG) Funding:

The CSBG program provides States and Indian Tribes with funds to lessen poverty in communities. The funds provide a range of services and activities to assist the needs of low-income individuals including the homeless, migrants and the elderly. Grant amounts are determined by a formula based on each State's and Indian Tribe's poverty population. Grantees receiving funds under the CSBG program are required to provide services and activities addressing employment, education, better use of available income, housing, nutrition, emergency services and/or health.

- Increasing funding for CSBG programs gets funds directly to not-for-profit human service providers who run programs critical to the health of the community.

Create Grant Opportunities for Preventative Services:

Preventative services create a greater return on investment because they prevent costlier alternatives. Preventative services include Head Start programs, Summer Youth Employment, job training, and mental health services.

- ARRA included Justice Grants for COPS and youth detention centers. Grant opportunities that include preventative services like afterschool programs and Summer Youth Employment can keep children off the street and from entering costlier alternatives.

Expand Opportunities for Innovative Approaches to Service Delivery:

The stimulus is an excellent opportunity for not-for-profits to take innovative approaches to service delivery. New funds can be used to create dynamic programs that, once successful, can live on beyond the stimulus. This can be achieved by eliminating preference for existing programs and creating funding opportunities that have flexible requirements.

- Funding new programs helps not-for-profits expand, which creates new jobs. New programs could also help not-for-profits attract new private funding, ensuring their continuation beyond the stimulus.

Do Not Include Matching Requirements:

Many of the grant opportunities offered under ARRA required applicants to supply matching funds. This makes it very difficult for not-for-profits to apply for funds for new innovative programs. It also discourages small, community-based organizations who do not possess the necessary matching funds. Furthermore,

not-for-profits do not operate with surplus funds that can be applied to matching requirements.

- Grant opportunities should fully fund new programs or supplement existing programs without requiring applicants to supply matching funds.

Include Funding for Federal Medicaid Assistance Percentage (FMAP):

FMAP funding helped ease State and local budget deficits by increasing funding by 11 percent. This funding helped New York close the budget deficit and freed up funding for other programs.

- Extending FMAP to future years at diminishing levels (for example, funding FMAP at eight percent in Fiscal Year 2011, then five percent in 2012) will help ease the burdens on States to replace this funding through other budget cuts and give them time to balance their budgets as the economy slowly recovers.

Ease Reporting Requirements on Pass-through Dollars

Many not-for-profits receive ARRA funding in the form of pass-through dollars to already existing City and State contracts. While not-for-profits do not see an increase in funding, they are now subject to additional reporting requirements.

- The federal government should work closely with the City and State to ease reporting burdens by streamlining reporting data and working to eliminate duplicative reporting.
- Pass-through funding should also take into consideration the additional overhead costs associated with reporting, and funding should be increased accordingly.

If you have any questions or would like more information, please contact Michelle Jackson, Policy Analyst at jacksonm@humanservicescouncil.org / (212) 836-1588.