



THE CHICAGO  
COMMUNITY TRUST

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## Trust Talks Episode #11: Accessing Federal Funds for an Equitable Recovery

**Aimee Ramirez:** I'm Aimee Ramirez, manager of policy and advocacy at The Chicago Community Trust, and I'm leading our work to ensure an equitable and inclusive economic recovery from COVID-19. At the start of the pandemic, the Trust was among many philanthropic, government, private sector entities and individual donors that rallied together to create a coordinated rapid response to the sudden increased need for services and support for those who lost all or much of their income. While the public health emergency itself has ended, achieving economic recovery will take far longer and require much more than federal dollars.

The Trust's equitable and inclusive economic recovery strategy aims to ensure Black and Latinx communities experience the same level and rate of economic recovery as their white counterparts, to prevent further widening of the racial and ethnic wealth gap.

The strategy is grounded in the following. Number one, if this historic and unprecedented injection of federal dollars into our region reaches the communities that need them the most, we can drive real momentum toward closing the racial and ethnic wealth gap. Secondly, simply putting funds into an inequitable system will never result in equitable and inclusive outcomes.

The Trust approach is divided into three components. First is tracking federal funds in our Federal Recovery Funds dashboard, which can be found on our website under research and reports, and is linked in the episode description. Second, helping organizations build their capacity to overcome challenges that come with applying for, deploying, and meeting the compliance requirements of government grants. And third is that based on what we're learning from the nonprofit community, we'll develop an advocacy strategy focused on reforming government procurement and grant making processes to promote greater access to these opportunities among smaller organizations.

Today's conversation focuses on the second part of the strategy supporting organizational capacity to channel federal funds. For this, I'd like to introduce our guests, Lisa May Simpson, chief program officer at Forefront; Matt Cole, director of public funding and partnerships at The Resurrection Project; and Johnny Page, executive director of ConTextos.

Welcome to all of you. To get started, I'd like to turn to Lisa. As the association that represents Illinois' nonprofit and philanthropic community, can you talk about how important government and nonprofit partnerships are to ensure federal recovery dollars ultimately reach the people they're intended to help?

**Lisa May Simpson:** Yeah. Thank you so much Aimee, and thanks for the opportunity to be here with you all. I think you mentioned this in your intro that community based nonprofits are the ones who are providing the services that have got us through the pandemic, that addressed the needs that were so critical during that time. They are present in and responsive to communities in ways that government bodies simply cannot be. So they have an understanding of the needs and the strengths of the people that they serve. And because they're present, they're also often trusted in a way that other entities simply are not.

You mentioned also that we saw nonprofits step up in so many different ways to reach communities during COVID. Specifically, they provided access to food, to information, to vaccines, whether or not that was part of their primary function or their primary mission. And just as an example of some of the ways that that nonprofits can partner directly with government to get the work done, Forefront was part of a statewide coalition of nonprofits that helped to Get Out the Count during the 2020 census.

And in that work, nonprofits really served as critical trusted messengers to encourage folks, particularly people who were from historically under counted communities, to complete their census forms and to get counted. And as a result of that work, Illinois ranked seventh among all states in terms of self-reporting. So those federal dollars are being distributed more equitably today than they otherwise would be if those nonprofits hadn't been showing up.

**AR:** It's really amazing how all of that census work kind of created an infrastructure of partnership across government and nonprofits that unintentionally but serendipitously set up what could be a more equitable response to the pandemic. Johnny, I'd like to turn to you because ConTextos has been awarded grants from the city, county, and state as part of the work that you do on community violence intervention strategies and to execute your mission. Can you talk a little bit about how these funds enable ConTextos to do the work? And then also, perhaps, talk about some of the challenges that might also come with deploying and administering government funds.

**Johnny Page:** All right, thank you. We received three grants, as you mentioned, state, city, and county. The county grant was the largest grant that we've received up to this point as an organization, and we received roughly \$1.1 million over the course of three years. What this does is it allows us to sort of expand the work that we do in Cook County Jail program, which we call Authors Circle. And the Author Circle is sort of our foundational program here in Chicago, and a lot of our programming has been built out of that.

The second one we receive was 250,000, and that's the DCASE grant through the City of Chicago Arts. And what that enabled us to do, it gives us a chance to build pathways from our author stories to tangible neighborhood improvement. And so what that does is we have a partner in the West Garfield Park neighborhood community, My Author Redemption Project.

And then the third grant was through the Cannabis Funds. And so as a result of the funds, this third grant, what it allows us to do is to sort of... When we talk about spread out, historically, we've worked with system impacted people and the communities that are most impacted. And so when we think about system impacted, that we also think about individuals. And so what the R3 funding has done has allowed us to expand that and move beyond just the individual, but to sort of impact and advocate for the individuals and their families. So with Cook County, that means our alum, men who've been through our program or women who've been through our program, what that means is it allows for us to work with their families.

Now, the challenges, that's the thing. And so in general, what happens is, because of the grants, a lot of the grant reporting is so specific, it doesn't account for administrative costs. So for a smaller organization, we had this rapid growth. We started in Chicago six years ago and here we are today with almost a \$2 million budget. And so we grew seemingly overnight. And so the programming, which is so amazing and creates so much impact on community, the work gets overshadowed because of the administrative cost.

So we talk about capacity. A lot of these grants, they are specific to the program and the thing that we need you to do, and it doesn't leave a lot of room for operational support. And so that capacity building

and general operating support is the challenge. Because we can take in all this funding, but if we don't have the back office support to manage it, then we're creating more problems.

**AR:** I love the way that you talk about ConTextos work, about going deep and then branching out and the systems level approach to support people who have been involved in the criminal legal system, there has to be kind of comprehensive and strategic approach. And for me, it's kind of analogous to the moment that we're in with all of these federal funds and the opportunity that they present, because we've never seen this much money flowing into communities. We have an opportunity with these funds to be strategic and go deep.

But then after the pandemic, we need to branch out. And we need to address the systemic challenges that do things like create these administrative cost barriers where it's expensive to administer these programs and the funding needs to support what it takes for organizations to keep the lights on and pay the rent and to pay the people who are responsible for paying the light and the rent as much as we're funding the programs itself.

I want to bring Matt into the conversation because The Resurrection Project plays such a unique role in the government grant making pipeline in and of itself as a sub-granting organization. So Resurrection Project is a program administrator, but has also taken on this role to supplement for where government can't be the grant maker for all of these entities. And I'd love to hear a little bit about the role that TRP plays and its significance in deploying these funds, but then, what are the challenges that also come with that work?

**Matt Cole:** Absolutely. TRP, The Resurrection Project, has been around for 30 plus years, sort of nonprofit housing, community development, social service, advocacy organization, originally based in Pilsen, but also doing work in Back of the Yards and Little Village and other Southwest side neighborhoods, but also then regionally and statewide now, too.

And over the years a lot of our work has been predicated on partnerships and coalition building in order to leverage our footprint and get work done, especially around our immigration work. In the lead up to the pandemic, we had already started laying the groundwork around building a big network of partners for are Access to Justice program, which is funded by the IDHS. It's a two-part program. Part of it is we work with immigrants and immigrant communities to help them understand their rights and then also help them sort of navigate the legal system. And then we also have a partner with West Side Justice Center who does a lot of work with people returning from the criminal justice system.

But with that, we had built this huge network of partners to start Access to Justice, and then the pandemic came. And contextually it's been a big deal, because I think for us in terms both of this work that we were already doing around immigration and other program services that we were already building on, and then you add in the pandemic work, when I came out to TRP, I think we were doing six or \$7 million in public contracts on a \$30 million budget. This year we're like \$26 million in public funding on a \$40 million annual budget. And a big chunk of that money is money that we are then sub-grant out to organizations, because we have set up this network of organizations around the city to do immigration or contact tracing work or other work to get these funding out, provide services related to that.

But it's definitely a challenge from a perspective in terms of administrative capacity, amongst other things, because now you're suddenly going, you need staff who can do contract work, you need staff who can do compliance work, you need staff who can specifically voucher stuff and then bill all these programs, amongst other things, plus all the other additional overhead. And I think that's sort of where I think people go, "Ooh, it's great you have all this money," but the reality is I think people don't

understand in many cases too, that's pass-through money. There's not a lot of overhead tied to it. And there's all these considerations around how do you deal with regulatory compliance, if you have... I have 60, so how do you make sure that they're compliant?

And then you also have to pay people, you have to pay your staff, and then you have to pay sub-grantees. And so cash flow becomes all of a sudden. It's not like they give you that money up front. Most of that money is on a reimbursement basis. So it becomes an really interesting challenge. Or one of the things I think we saw is I think a lot of organizations just weren't ready for it. They were suddenly like, "Whoa, this is way beyond our capacity, what we know, what we understand what to do." So how can organizations like TRP or the CCT or others provide that sort of technical assistance to help people, that capacity building to help them?

I think my other big concern is that when the money runs out, we're going to see a cliff. We're coming up to a major both civic funding cliff that we're seeing already in warnings about budget gaps. But I think we're going to see a whole bunch of nonprofits all of a sudden going like, "Oh, we bulked up for all this. How do we pay for our staff now?"

**AR:** That's really helpful. And just to kind of clarify a little bit too, and highlighting the specific challenge that Johnny elevated about the administrative cost. So as a sub-granting organization, let's say, there's an government appropriation of 5 million that TRP is going to re-grant. Of that, there's the challenge of the administrative cost of TRP to manage that grant making. And the reimbursement on that, correct me if I'm wrong, is not going to match the true cost.

**MC:** I think the challenge of sub-grantee organizations especially is that is the cashflow question, because it's like they need to get paid by us, but we can't pay them until the state pays us or until the city pays us. And that becomes an interesting question. So I've had more than one instance where I was like, "I got to call somebody at the state or at the city because you all owe us like a million dollars and haven't paid us, and I need you to pay me, so I can pay people."

**JP:** And that's the benefit of a larger organization that has a 30-year footprint. So a smaller organization may not be able to take that hit. And so this idea of the reimbursement mechanism, it harms the smaller organization that's looking for that cash upfront that needs that advance, so that they can do the work. So if you awarded the grant in May or June and the fiscal year starts in July, and then you don't receive funding until January, but you've hired to start doing the work that can cripple an organization.

**MC:** I would definitely love to see more money kind of advanced. We can get advances, which we then can give it to our orgs in terms of advances, but our advance is capped at a certain amount of the contract, and therefore, then what they can get is capped at a certain amount of their contract.

**AR:** Lisa, did you want to chime in?

**LMS:** We participated in a Illinois Health and Human Services survey of the sector recently that really highlighted so many of the pain points that you both are bringing up, and added that there are some government entities that are lagging in their paying times more than three or four months. And so to your point, Johnny, it's crippling to small organizations and even to larger ones that have access to lines of credit, that have access to capital that can help them kind of float. But the system is currently not built to actually support the organizations that get the work done to do that work.

**AR:** That is an important point to ground ourselves in, too, is that government agencies are as under-resourced as many organizations who are the recipients of these funds and deploying billions of dollars is costly. And Matt, you also brought up the point of what happens after ARPA? What happens when these funds aren't available anymore and government agencies and/or nonprofits staff up and build out their capacity to do significantly more work? ConTextos is an example that has been given this huge opportunity to strengthen programming, but also kind of in the back of your mind thinking, what happens when these funds aren't available anymore? And how do we sustain that growth? And what are we going to do after the pandemic?

And just to kind of ground us in the timeline, the American Rescue Plan Act dollars that are flowing through the city, county, and state that were the discretionary dollars that they had available, they have to commit those funds by the end of 2024. So after the end of 2024, there's no new grant opportunity that's coming out. There's no new contract that's coming out to be paid for with these dollars, and then they have to spend the dollars by the end of 2026. So it seems like a long timeline, but it's really not, especially when you're thinking about how to sustain close to \$1.5 million, Johnny, in additional funds. How are we going to sustain that growth?

JP: Interesting enough, this is a conversation I'm sure that all, particularly smaller nonprofits who've grown tremendously in the last few years, deal with, process, think about on a daily. For me, I look at these grants as the runway. So they just create an opportunity, a space for us, one, to show the work that we do and the value of the work. And as we show the value of the work and the efficacy and how it is applied, then what we can do is we can seek out other funding sources to sort of lament the money be gone once ARPA funding and these large government grants dissipate.

But the point for me is the sustainability. This is just really a runway. So I'd look at the federal funding and these large grants that have come in over the last two or three years as an opportunity to sort of show why it's so necessary for us to go deeper and to reach and connect it to community and families, why it's necessary to support the building out of our program specifically, but just programming in general to offer opportunities for the communities that we all serve.

So to your question, it's really just we're utilizing it as an opportunity to build out the program but also show why the program is a value, and why that program has specific value in the communities that we work with, and why it's important for other funders to continue to support the program.

MC: So, we've been fortunate in the sense that our funding is fairly diverse. It's not just ARPA funding or other funding. We have state allocations, we have city allocations, we have some federal, and so that diversity funding helps. At the same time, I think it's a constant challenge for our programming staff to be thinking about how do you keep staff or certain staff to continue your program? And I think it is an interesting challenge.

Some of it's a matter for us because in addition to deploying capital, for example, we came on board to run the city's Emergency Rental Assistance Program. So we were the nuts and bolts behind getting out \$150 million in rental assistance. But to do that, we literally doubled our staff in a month and a half. We hired 90 people, but at some point we were also very honest in the sense that these are jobs that are available based on funding.

As ERAP moved from the open program where everybody can apply to more of these and as the money was drawn down and then a smaller pool of money was left over for court-based program, we slowly reduced staffing, as we started running down the money. But that was a big reality, where I think a lot of places just really staffed up and then cut back, but have also been trying to figure out how do we keep those core people who really build our mission, support our mission, build our program?

**JP:** And to my runway point, for us, it's about the data and analysis. So collecting the data that allows us to have an analysis of what's taken place, so that when we seek other funding from other sources, it allows us to continue the work. And again, I feel for the smaller organizations that may not have the sort of capacity to even manage and track the data in a way that allows for this sort of intensive analysis to get ongoing and continued support from other spaces.

**AR:** And Lisa, I'm wondering if you could talk a little bit about that association level, what you're hearing. And then what are the possible resources that might be available to organizations. For the ones who want to keep the plane in the air, to keep the runway analogy, what might be available for them to sustain that growth once these federal dollars expire?

**LMS:** And we're hearing a lot of what you both have already pointed to the lack of an administrative coverage in government grants in general. Because Forefront supports both operating nonprofits and makers, part of what we get to do is reinforce those messages around, "Here are some opportunities, there's this amazing opportunity..." We have all of this money flooding into the community. What's the role of philanthropy in helping to come alongside and support the kind of amazing work that you're doing to tell your story as you're doing this great work? I love hearing about how you're really documenting that and preparing yourself to tell that story.

And so that's an opportunity for other organizations who are in that same space. But I think it's also a really clear opportunity for philanthropy to step in and support that kind of work. Because my guess is that's not something that you're billing to your government grants. That's part of what we get to do, again, is to reinforce that philanthropy has a role in... It can't ever replace government in terms of the amount of spending that happens. If you look at the charts, government money is always far outpacing individual giving and institutional giving. But coming alongside and filling in those gaps is definitely one of the things that I appreciate about how the Trust does its work is that you have that kind of systems level view. And I appreciate that you talked to your friends about that as well.

Something I'm hearing underneath both of your comments, too, is something that we are hearing a lot as well and that we're talking a lot about is that not all organizations are going to be able to sustain this kind of growth that they're seeing. So Matt, I appreciated that you talked about bringing on staff and being really honest about the timeframe and thinking about just strategically what are those... Knowing sometimes, yes, you want to build the runway so you can get the plane off the ground and keep it in the air, and sometimes there is going to be an end, and being really intentional about... So those are a lot of the conversations that we're having with folks is like, what does this particular opportunity look like for you?

**MC:** I went through the Great Recession too, because there's nothing better for nonprofits than a crisis in terms of money coming up, at least in certain nonprofit sectors. Others went under, unfortunately, but in certain nonprofit sectors, we saw a huge increase in money, especially around foreclosure and around other things like that.

And I think what happened is that it's not so much that as the... The pandemic's not over, but the emergency's over, just the foreclosure crisis was "over," not really, but the people had moved on funding wise, organizations were suddenly, "We put all our money in that basket, that money's now gone, and we missed sort of other opportunities to explore new things that were emerging and other stuff like supporting our other business lines so we could pivot." So there were a lot of orgs that took really big hits, and I think that's my biggest concern over time is that that's what we'll see.

**LMS:** I think, both of you were such good examples of coming into those opportunities with your heads up and your eyes open and thinking about what's next? And so in terms of resources, it is a lot of these kinds of challenges that inspired Forefront to partner with a couple of other organizations IFF, which is a community development financial institution, and BDO, which is a national financial consultancy, formerly known as FMA or Financial Management Associates. And the three of us are partnering on a new initiative, the equitable access and capacity initiative that we're going to launch in June with support from the Trust.

And that's an initiative that's going to help prepare nonprofits, yes, to access government funds, but also to really successfully manage that funding, and to do the kind of infrastructure building within their organizations that we hope will lead to sort of a more holistic financial health. So that's going to look like open access workshops, clinics, peer learning. There's a self-assessment tool that our partners at BDO have developed. I was just having a conversation with a peer over at BDO the other day, and she was talking about a tool that they have called the Go-No-Go assessment tool, which is essentially a tool to help organizations think about, "Okay, there's this funding opportunity in front of me, is it worth it?"

**JP:** To that point, even with all this rapid growth that ConTextos has had, we've had to turn down it just as much, right? And say, "Hey, look, wait, this is too much. This is too fast. We value the work and we want to make sure that we're consistent with what we deliver to our population of folks that we work with. That we want to make sure that we're consistent with what we provide to the community and the work that we do is sustainable."

Because what we don't want to do is create this rapid growth, "Come on, come on, come on," taking in, taking in, taking in these funds, and then we can't manage it or something else happens or the funds cut off when the water cuts off, then what do you do? Is there a reserve? And so thinking about all those things, I think because we're thinking about this strategically looking at this sort of long term plan, but there's a lot of organizations who may not have that vision.

And not to say that they don't have the vision to continue to do the work, but they're thinking about, "Okay, there's these opportunities. Let me continue to serve my people. Let me do the most with the money that's here, because you never know when the money's coming again." And so it's not that they don't have the vision, it's just that at this point the need outweighs all of that.

**MC:** Absolutely. I tell people, "In, I think, the role that they play, I'm Dr. No." In the sense that I am constantly thinking or constantly advising people. I'm like, "Don't chase the money." I mean, look, sometimes you have to have to pivot. It's like ERAP is something I don't think TRP or any organization wouldn't normally be like, "Yeah, let's just do this on a normal day. Let's double our size and build a program out of the blue." But emergencies call for extreme measures, sometimes. I really advise people to be like, "Think about what's your mission? What are you trying to do? Don't chase the money just because it's an immediate opportunity because in some cases it is short term or it's a distraction or it's a burden. The level of reporting or requirements and other stuff like that that come with it are ridiculous."

So I think that is a big piece of it in terms of that. And then what you're saying is we need to give nonprofits better tools. We need people to help them with their programmatic policy handbook. We need to help them upgrade their accounting systems and their accounting knowledge. The CCT has helped us, in our sense of trying to get money out the door, they're helping us switch over to SmartSimple to more efficiently do our re-granting of funds. Because imagine spreadsheets and Word documents at this point, trying to manage contracts for 60 different people. A lot of the nuts and bolts stuff is still done with old tools, and it's like, No, it doesn't work."

**LMS:** And how do you budget for the actual cost of doing business with the government? That's one of the core questions that we keep asking ourselves as we're designing this is how do we help folks think about, A, do you say yes to the opportunity? And B, if you do, do you really fully understand what it's going to cost you to do that work? And is that built into your budgets?

**MC:** And you have flexibility for surprise? That's the other big one.

**JP:** Flexibility for surprise, I like that. Another point to that is when we are working with organizations such as ConTextos or whomever, it's about making sure that they're not dependent upon government funding. It's about building out those other supports from the private sector and other funds in which to keep the organization sustainable versus continuously looking for the next big government funded opportunity.

**AR:** I love this conversation. I love pointing out where these funds present so many opportunities yet also so many challenges, and just kind of the breadth of expertise that you all bring from such different perspectives in that pipeline of government funds. So thank you all so much for being part of this conversation.

But before we conclude, recognizing that this grant making that the Trust has engaged in is also with the hopes of informing an advocacy strategy aimed at making the system itself more equitable, because inevitably there will be, and Matt, you brought up the example of the foreclosure crisis we had in my career lifetime too. We had a foreclosure crisis and then we had global pandemic, and inevitably something else will happen. It will likely happen in our lifetime.

And how are we taking the lessons that we've learned today, so that the next time something like this happens, this system as a whole is better equipped to catch people when they fall and serve them expediently and with dignity. So before we wrap up, recognizing that there's no silver bullet to fix everything, but if you had to pick one thing that could significantly improve the pipeline through which government funds flow to nonprofit organizations and ultimately reach the people they're meant to help, what's one thing that you would do?

**MC:** I think, for me, I constantly think about it from a regulatory perspective and from a reporting and compliance perspective. We have to get our heads around about how do we make this money flexible and easier to use, and still do our due diligence, but not be so panicky about variations in means testing or other stuff like that.

**AR:** And what are we going to do with all of that information if we ask for it? So I hear regulation and compliance, I'm totally with you, because it's also hard to find this data. So if we can't access the data that organizations are reporting to demonstrate their impact, then there's really nothing there, and we just asked for a bunch of stuff that is not going to inform anything moving forward.

**JP:** But I think we understand the need for transparency. Some of this will always exist, but I think thinking about, from the government perspective, if you're just thinking about the burden that the reporting, when you create these funds to give money to organizations across this country, you want to think about the burden that it puts on them because of the reporting, the compliance and all of these other things. And then I think if we considered that first, it sort of smooths out the pathway to make sure that the money is going where it needs to be and the people that need it the most.



**LMS:** My answer to your question, Aimee, is just give us a seat at the table when these decisions are being made about policies, processes. Invite nonprofits to the table, let us tell you what it actually looks like to do this work. There is bipartisan legislation that has been introduced at the federal level. It's called the Nonprofit SEAT Act, as the Nonprofit Stakeholders Engaging and Advancing Together Act, that would do a few things that would really start to address this, at least at the federal level. It would establish a White House office on nonprofits. It would create an inter-agency council and an advisory board with diverse representation from the sector to ensure that decision makers understand the needs and the expertise that nonprofits bring.

It would provide regular nonprofit workforce data from the Bureau of Labor Statistics. We were talking earlier about how we don't have enough information to share. We don't get information about ourselves in the same way that currently goat farmers get information about their workforce. So simple things like that, streamlining fundraising registration processes across state lines. There are so many of us that work across state lines. And improving the federal grants process. So that's a very specific piece of legislation that's on the table at the federal level. But I think that principle of just invite us to the table at the city level, at the county level, at the state level, whatever level we're talking about, ask us, we'll tell you.

**AR:** Absolutely. And Matt, you brought up the Great Recession, the impact of the foreclosure crisis, Lisa, you also talked about the infrastructure that was set with census engagement and contribution. And now we're kind of like at that pivotal moment, where the public health emergency has been called off, essentially, at all levels of government, the economic impact of the pandemic is still front and center, but we're also kind of at the pivotal point where the political climate is such, we're pretty soon going to move on if we don't keep talking about these issues.

And I love this call to action, to our legislators to say, "Put nonprofits at the table, because the next time this happens, you're going to need us. You're going to need our partnership. You're going to need our expediency. And we have to work together on reforming the overall system to make it more equitable, and ultimately help the people who have felt the greatest impact." Either the public health emergency in infections, in death, in long-term health implications, and also the wage loss, declining employment, and all of these other ripple effects that have primarily affected Black and Latinx communities.

So I want to thank you all so much for being part of this conversation, but more importantly, for the work that you're doing. This is incredibly inspiring to me to see that there's a whole network of organizations arm in arm, symbolically, with all of you who are really trying to do the work to make sure that people can continue paying their rent, that people have access to safe spaces, and that the organizations that are doing this incredible work are heard and have a voice at the table. So thank you again so much for being part of this conversation, and I look forward to our continued partnership.