For Arkansas Coronavirus Relief Fund

Submitted by DHS

Title: COVID-19 Community Outreach Investment in Communities with High Poverty Rates and Significant Minority Populations (SECOND ROUND)

In response to the COVID-19 Pandemic, Governor Asa Hutchinson created the Arkansas Coronavirus Aid, Relief, and Economic Security (CARES) Act Steering Committee to make recommendations to the Governor on the “best uses of the CARES Act funding” under Section 601 of PL116-136, the “Coronavirus Relief Fund.” This grant is designed to ensure low-income communities throughout Arkansas can properly access funds available through the CARES Act to support the Arkansans most in need due to the impacts of COVID-19. This specific narrative is for the second round of grants issued.

**Executive Summary**

Reports have shown that the toll of the pandemic has fallen heavier on and had a more significant impact on those with lower incomes. Data has shown that adults with low incomes are more likely to have higher rates of chronic conditions which increase their risk of serious illness when infected with COVID-19. In addition, lower income Americans have been more likely to experience job loss during this pandemic and have generally been less prepared for financial hardships tied to the pandemic. While funding through the CARES Act has been issued to help combat the coronavirus and its impact on the U.S. economy, low income communities face limitations tied to access and infrastructure that may hinder their ability to obtain these funds as they are distributed in Arkansas. **This grant will continue to seek to address the negative impact of COVID-19 on communities of high poverty and communities of color.**

**Background**

Since March, the number of confirmed cases of coronavirus in the U.S. has continued to climb. The COVID-19 crisis has heightened awareness for the need to provide services to low wealth communities throughout the State of Arkansas. Several of Arkansas’ most impoverished communities equally have large numbers of minority residents who, throughout this pandemic, have been disproportionately impacted by the effects of COVID-19. Over the years, many high poverty communities have been served by social safety net organizations that were created specifically to serve the most vulnerable in their surrounding community. These organizations have consistently been a source for community members in need of assistance, which includes but is not limited to, the need for food, clothing, transportation, utility assistance and job search assistance. Like the communities that they serve, these organizations have heavily felt the impact of the pandemic and many have been unable to serve those in need as they had before due to decreasing donations and financial losses incurred due to COVID-19.

When the CARES Act was passed, the Governor created the Arkansas CARES Act Steering Committee, The Committee was created to study and analyze the relief available to the State of Arkansas, its citizens, and businesses under the CARES Act, identify and prioritize the needs of the State of Arkansas, its citizens and businesses for the application of available relief, identify the most efficient practices and procedures to obtain and apply available relief and to make recommendations to the Governor on best uses of the CARES Act funding.

On October 7, 2020, this Committee approved the first round of COVID-19 Community Outreach Investment funds in the amount of $5,000,000. At the conclusion of the first round, a total of $2.7 million was granted to 154 community organizations. As funds had to be expended by December 20, 2021 or returned, many organizations noted that the short timeframe to both apply and spend the funds hindered them from being able to utilize these funds. Thus, when the CASH Act was passed in December 2020, allowing for an extension of any remaining CARES funds to the end of the 2021 calendar year, DHS requested that the remaining funds from this fund equally be extended. On January 19, 2021, the CARES Committee agreed and extended the remaining $2.29 million remaining for this grant to June 15, 2021.

**Solution**

The Department of Human Services, Winthrop Rockefeller Foundation (WRF) and Southern Bancorp submits this request for funds available through the CARES/CASH Act to provide a second round of funding for nonprofit and community organizations that serve the most vulnerable Arkansans. Funds should assist the nonprofits in providing direct services to clients and meeting the immediate needs in the community not addressed by other sources. Nonprofit and community organizations selected must have the ability to provide direct services to individuals within high poverty areas. To be considered a high poverty area, the poverty rate of the city or county must be greater than 15% based on the 2010 Census.

Organizations applying for the grant must meet the following requirements:

1. A mission and vision that aligns with advancing equity and addressing the needs of high poverty areas;
2. A demonstrated history of service in high poverty communities;
3. Leadership and staff that are representative of the population served;
4. Documented support of racial and socioeconomic populations served; and
5. A history of demonstrating clear strategies for engagement with communities of high poverty.
6. Been in operation since March 1, 2019.
7. An administrative staff that does not exceed 15 paid staff members **or** an annual operating budget that does not exceed $1,500,000.
8. **If applicable, have sufficiently met all standards and reporting requirements tied to the Round One distribution of Community Outreach funding.**

Grant proposals are capped at a maximum of $10,000 per proposal. Organizations will be required to use at least 85% of the grant funds to provide direct services to clients. The remaining funds may be used as administrative costs to offset the costs of business interruption or general operating caused by COVID-19. Items that will temporarily assist clients but remain the property of the organization after the grant period over are not considered direct services and are only allowed to be charged toward administrative costs.

The Department of Human Services will enter into an agreement with the Winthrop Rockefeller Foundation (WRF) where DHS will receive applications and determine if organizations meet the seven requirements noted above. Winthrop Rockefeller Foundation (WRF) will create a process to vet the proposals submitted by community organizations to ensure the viability of the proposal and determine the grant awardees.

An entity applying must detail how they will provide direct services to the clients in their community. While applicants are not limited to the services listed below, the following services will be prioritized. They are as follows:

1. Mortgage Assistance\*
2. Utility Assistance
3. Food Distribution or Grocery Assistance
4. Clothing Assistance
5. Transportation Assistance
6. Assistance directly tied to addressing the impact of COVID-19

\*Please note that the Department of Human Services’ Division of County Operations has recently received $123 million for Pandemic Emergency Rental Assistance. Thus, no proposals for rental assistance will be approved at this time\*

Organizations may submit more than one proposal however each proposal can only be for one of the direct services noted above.

Organizations applying for a COVID-19 Community Investment Grant must complete an application with **DHS** detailing the population to be served through the grant, the direct service to be performed, the timeframe for the activities, the proposed budget for each activity and any other information **DHS** requests of applicants in order to select grant awardees. This application for this grant will open on **March 19, 2021 at 5:00 p.m.**

The grant will be located at the following website: [CARES Community Outreach Funding Request Form - Wave 2 - Formstack](https://ardhs.formstack.com/forms/arkansas_dhs_cares_community_outreach_w2). The last date to submit an application for grant consideration will be **April 2, 2021 at 5:00 p.m**. Any application submitted after this date will not be approved. Applications will be considered upon submission and organizations are encouraged to apply early in the process**. DHS** will provide a weekly update on its website with information on the amount of funds remaining throughout the application process. This update will be located on the application page noted above.

NOTE: For auditing purposes, any proposal that requests the ability to distribute cash or checks directly to community members must provide detailed information on how the organization will verify that the funds are utilized for the intended purpose. This information will factor into the grant approval process. **Due to this requirement, purchasing gift cards or direct cash payments to clients are not allowable under this grant.**

Restrictions on funds:

The recipient of funds would be required to attest that these are necessary expenditures due to the public health emergency with respect to COVID-19 and that none of these funds are used to:

* duplicate or supplant funding from any other source of payment including future rate increases or from federal funding
* offset loss of revenue
* provide “retention” or retainer payments
* pay bonuses
* pay any increase in management fees to administrative personnel
* reimburse donors for donated items or services, previously donated; this includes reimbursement for items purchased by the non-profit with funds specifically donated and designated for the response to COVID-19
* pay any expense not related to the current COVID-19 public health emergency;
* pay for general economic development or capital improvement projects that are not necessary expenditures due to the COVID-19 public health emergency

**Process and Procedures for Payment**

**With no exceptions, funds received under the CARES Act must be used for their intended purpose, and they must be accurately tracked and appropriately supported.** Organizations receiving funds under this grant must distribute or utilize the funds in accordance with their approved plan by **May 31, 2021**. Payments under this grant will be issued from Southern Bancorp into the checking account provided by the awardee. If an organization determines that they are unable to issue or utilize their funds in accordance with their plan, they should notify **Southern Bancorp** immediately so that the unused funds can be quickly recouped.

Financial documentation detailing the expenditure of the grant funds, including required financial reports or final receipts, must be submitted to the Department of Human Services no later than **June 8, 2021**. Upon audit, any funds found not to be distributed in accordance with the outlines of this proposal will be subject to repayment by the grantee.

Estimated costs: $2,298,921.74