



Dear Kentucky's city and county elected officials:

As a leader in Kentucky's nonprofit sector, I write this open letter to you – the leaders of over 400 cities and 120 counties in the Commonwealth – as you consider how to allocate the more than \$1.6 billion that the American Rescue Plan Act is bringing to Kentucky. Nonprofits are natural partners of government. We serve the same constituents in the same communities. Partnerships between our sectors allow for leveraging of resources, relationships, and strengths that will serve our communities even better.

Investing significantly in your community's nonprofit organizations is an investment in your community's residents. This legislation's intended purpose is to provide "assistance to households, small businesses, *and nonprofits*, or to aid impacted industries." The federal government showed tremendous trust that governments closest to the people and their problems are best positioned to decide the best ways to spend their allocated resources to meet local needs. Nonprofits are front-line experts and stand ready to partner with you to provide community solutions.

Why nonprofits?

Compared with all other sectors, investments in Kentucky's nonprofits can be counted on to ensure spending in low-wealth communities, keep funds in the region, leverage other private and public dollars, engage citizens through volunteerism, and provide more services to residents and communities.

Nonprofits reach deeply into your community with food distribution, rental assistance programs, support for people with disabilities, enrichment and educational opportunities for children, quality health care and more. At the same time, we are businesses that have lost significant revenue due to the pandemic or have faced significant increases in costs a result of increased demand for services. And we still face the same pressures as other businesses of meeting payroll, recruiting and retaining staff, managing facilities, and maintaining safety for employees and clients.

Nonprofits are [significant employers and economic drivers](#) – representing 10% of Kentucky's private workforce, paying over \$7.5 billion in annual wages, and pumping over \$24 billion in annual expenditures into Kentucky's economy. Pre-COVID, we outpaced private sector employment growth by 4% and paid 10% higher wages than other private sector industries. The nonprofit sector is the fourth largest industry in Kentucky – and may be an even larger employer in your community. Investing in your community's nonprofits and the residents they serve is a sound investment.

A resource to assist you.

The new report, [Strengthening State and Local Economies in Partnership with Nonprofits](#), shares the perspective that nonprofits have close relationships and high levels of trust with those we both serve. Nonprofits are perfectly positioned to maximize public benefits flowing from the State and Local Fiscal

Recovery Funds due to our deep knowledge of community needs, reach, and existing relationships, particularly in low-income and underserved or hard to reach populations.

Three components of the report were drafted to assist you in operationalizing the opportunities afforded by these ARPA funds:

- [Authorized Recipients and Uses of the ARPA Coronavirus State and Local Fiscal Recovery Funds](#) – addressing questions about whether and how governments can invest ARPA funds through charitable nonprofits.
- [Guiding Principles for Identifying High-Impact Programs to Fund](#) – overarching principles to help prioritize funding decisions.
- [Recommendations for Designing and Managing Programs with Impact](#) – eight recommendations, based on experiences and lessons learned from successful as well as underperforming programs created and funded under the 2020 CARES Act, offered to assist in designing and managing relief and grant programs.

The report also provides nearly four dozen [examples of successful partnerships](#) using COVID-related funds and extensive resources for further analysis.

Nonprofits must be at the forefront of your investment priorities. Providing direct relief to nonprofits to pay bills, hire more staff, and ramp up services that will serve your community members ensures your community is prepared to rebuild and thrive as we emerge from the pandemic. Nonprofits have stepped up in your community: at your food banks, your domestic violence shelters, your community health clinics, your summer camps, and your animal shelters. And for those nonprofits that have been shuttered for more than a year? They, probably most of all, need you to act on their behalf. Direct relief to performing arts programs, indoor museums, some after-school programs, community music centers, and small business incubators is critical to pull these devastated nonprofits back from the brink.

Leaders, partnership with and direct relief funds for nonprofits in your community will help deliver the economic recovery that citizens of Kentucky's cities and counties need. Your community not only needs your nonprofits, but also cherishes them. Nonprofits are the vehicles through which Kentuckians care for one another. Try to imagine your community without nonprofits. And then imagine what your community could be if you could put nonprofits on course to thrive as your partner with a significant investment of American Rescue Plan funds.

All Kentuckians benefit from a thriving nonprofit sector, and we are stronger when we invest together.

If we can assist as you explore how to partner with nonprofits to help secure pandemic relief, recovery, and greater impact for the public good, please reach out.

Sincerely,



Danielle Clore

CEO

Kentucky Nonprofit Network