

COVID Emergency Grant Funding: Reflections and Recommendations

Resourceful Communities, a program of The Conservation Fund



In 2020, The Conservation Fund's Resourceful Communities program (TCF/RC) **awarded and/or reviewed and recommended awards of \$1.75+ million in emergency COVID funding (132 grants, ranging from \$2,500 - \$40,000) targeting rural community organizations, with an emphasis on organizations led by, and serving, communities of color.** All funding was re-granted from either private foundations or Federal CARES Act funding. Public and private funding carried varying levels of restrictions, eligibility, oversight and priorities; for instance, public funding focused on food insecurity, while private funding addressed broader community needs.

Over the nearly year-long grantmaking process and through our partnerships with community organizations, we found that **pandemic relief efforts largely favored and reinforced existing systems** – existing networks, organizations, and work (a trend prevalent during any crisis). Organizations that had access, resources, capacity and existing networks to serve their communities – prior to the pandemic – often benefited from relief efforts; these included predominantly white, large organizations with substantial budgets and administrative infrastructure. Organizations that were systemically excluded (because of race, history, capacity, lack of access, lack of funding, etc.) prior to the pandemic also struggled to access pandemic relief resources. (Please note: BIPOC-serving/-led organizations have long histories of stepping in and stepping up for the under-served despite exclusion.)

TCF/RC utilized **emergency grants to disrupt existing systems and ensure that funding and resources reached traditionally excluded community organizations.** TCF/RC reflected on its emergency grant making efforts focused on COVID relief, our past rapid response grants to support Hurricane Florence recovery efforts, as well as our decades-long history of grant making that prioritizes rural BIPOC communities and the most socially- and economically-distressed regions of North Carolina. Based on our reflections and experience, we've outlined recommendations to help reach BIPOC-organizations and other traditionally excluded groups – groups that serve our most vulnerable communities and also struggle to access resources to support their efforts.

RECOMMENDATION: Allow communities to define funding priorities. Flexible funding allows organizations to advance stronger results and meet self-determined community priorities.

Grants from funding sources with flexible guidelines allowed us to award more grants to people of color-led and -serving organizations and meet more community-defined needs. TCF/RC administered two rounds of emergency grants. Private foundations supported the first cycle, and they permitted community organizations to apply for **any** COVID-related need (including organizational overhead). During this round of funding, applications reflected a variety of community needs, and community organizations defined their own funding priorities to address those hardest-to-fund issues. **Of the initial 51 grants awarded, 43% requested funding to support work unrelated to food security or PPE. Requests included mental health services, support for individuals leaving prison, internet access, childcare provision and more.** Data from nc211.org, an information and referral service that helps individuals find health and human services in their community, show that for calls during the initial month of the pandemic (approximately March 15 – April 15, 2020), food resource inquiries jumped to 15.9% of calls versus 6.3%

TCF/RC AND GRANTMAKING

Emergency grants awarded in the aftermath of Hurricane Florence in 2018 informed our COVID Emergency Grant practices. Our Creating New Economies Fund (CNEF) was established in 2001 to provide small grants to grassroots organizations across rural North Carolina. CNEF grants support “triple bottom line” programs and projects that promote community economic development, environmental stewardship, and social justice. To date, TCF/RC has awarded 746+ CNEF grants totaling \$7.3+ million to community organizations to advance triple bottom line efforts.

HVAC FOR INCREASED FOOD SECURITY

of calls from the previous month. For the month of December 2020, food inquiries had dropped to 4.9%. In both March and December, housing and shelter remained the top inquiry (23.3% and 41.5%, respectively).

In our second emergency grant cycle, TCF/RC administered a review and recommendation process for Federal CARES Act funding that was **limited to reimbursements for pandemic-related food relief**. Many organizations were functionally excluded from applying if they had no food-related expenses or could not produce thorough financial documentation. Even though many organizations had distributed a significant amount of food aid, their food-related costs were often minimal. Many stated that, while food aid was a major aspect of their work, food donations allowed them to keep that particular cost down. Instead, they needed transportation, staff time or utilities costs covered, which was harder to directly connect to food relief with documentation, and therefore, harder to support with reimbursement funds. This meant that many could not access up to \$40,000 that was, theoretically, available in reimbursement support.

Some organizations, particularly BIPOC-led groups, declined to seek funding originating from the Federal CARES Act. **They recognized the significant level of scrutiny and documentation required for this funding and also recognized the higher potential fallout for BIPOC groups with an audit of these federal funds.** (Because of historic and ongoing racism, BIPOC groups have often experienced exclusion, as well as magnified criticism regardless of adherence to financial regulations and best practices.) It did not matter that, once the reimbursement reached them, the funding would have passed through three levels of agencies and organizations. **As BIPOC-led organizations, many felt they would be the first-targeted and most susceptible to negative impacts of an audit.**

RECOMMENDATION: To reach the most excluded community members and organizations, funding must prioritize limited-capacity and BIPOC-led rural organizations.

TCF/RC administered two distinct emergency grant cycles. The first, utilizing private foundation funding, was a grant opportunity. The grant application asked for only basic organizational information; whether other emergency funding had been secured; two short narrative questions (what the applicant was currently doing to meet COVID needs and how funding would be used); and a simple budget outlining how funding would be spent.

Because we asked for an organizational budget, we quickly noted a trend where higher-resourced applicants could seem to be making a larger impact (they were serving larger numbers, had more extensive and established partnerships, often wrote more compelling responses, etc.).

TCF/RC recognizes that capacity matters – and lower-capacity organizations did not have the infrastructure, connections, networks, and partnerships to track or make these “larger” impacts. They were, however, clearly reaching their own community members, often the most affected or excluded.

Therefore, TCF/RC deliberately prioritized support to lower-

capacity, BIPOC-led organizations that had not secured other funding. **In this first round of privately-funded grants, 77% of grantees were BIPOC-led and serving (61% Black, 14% Latinx, 2% American Indian).** In addition to funding, TCF/RC provided numerous introductions to connect grantees to resources they were often unaware of, including the Federal CFAP program, regional food banks, other funding opportunities and more.

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RECOMMENDATION: Funders must recognize the often-limited organizational infrastructure of rural and BIPOC-led organizations, which often have limited financial best practices in place; provide funding despite organizational development challenges; and support capacity building to improve protocols and access.

TCF/RC offered a second pandemic funding opportunity through reviews and recommendations for awards of Federal CARES Act funding, in partnership with NC DHHS Office of Minority Health and Livingstone College. Because of the end-of-year timeframe and disbursement deadline, as well as federal regulations, federal monies could only be provided as reimbursements of funds already expended. **Consistent with the CARES Act funding requirements, applicants were required to submit significant financial documentation of their COVID-related food relief spending (receipts, bank statements, credit card statements, pay stubs, etc.).** In many cases, without significant investment of time from our entire staff, organizations would have been unable to gather the necessary documentation. In many other cases, **this requirement functionally excluded organizations, particularly BIPOC-led and -serving organizations that simply did not have the paid staff and financial practices in place to produce this level of documentation.** Often these organizations were self-funding the work, utilizing volunteer labor and cash or debit card donations – all of which they must do because they lack access to funding – which in turn made them ineligible for reimbursements to the organizations. By comparison, TCF/RC awarded 77% of grants to BIPOC-led and -serving organizations in our first round of emergency funding because private philanthropic supporters allowed us to develop a simple application process that prioritized BIPOC-led organizations. **In our second round of publicly funded grants, where only those who could document direct financial expenditures 100%-related to food relief were eligible, only 37% of grants were awarded to BIPOC-led and -serving organizations.**

In our second round of funding, where only those who could document direct financial expenditures 100%-related to food relief were eligible, only 37% of grants were awarded to BIPOC-led and -serving organizations (compared to 77% in our first round of funding).

TCF/RC has administered a small grant program for 20 years. Our regular grantmaking pairs funding with one-on-one capacity building, often with an emphasis on financial management. We recognize that many nonprofits were started by people with a passion to help their communities but with little experience in managing a nonprofit. Rural nonprofit Boards, in particular, are often comprised of dedicated volunteers who function as program staff (because funding is not available to support actual staff), but who may have limited understanding of the legal and fiduciary responsibilities of Board service. **This is not a reason to exclude these pivotal community organizations from funding. Instead, pairing funding with training and support builds capacity to strengthen ongoing operations and access and manage new, and hopefully larger, grants in the future.**

RECOMMENDATION: Funders should remove restrictions that functionally exclude Black churches and other non-denominational churches from eligibility for direct funding.

Although emergency funding utilizing private foundation re-grants allowed for a more flexible application process, **many Black churches were functionally excluded from support because they lacked a formal IRS 501(c)(3) determination.** Federally funded reimbursements that TCF/RC administered, in contrast, had a more formal and rigorous application process, yet all churches were eligible for this funding. Federal agencies recognize that churches are, by IRS definition, nonprofits, even without individual IRS-issued 501(c)(3) designations or an IRS-obtained denominational “group ruling” held by the parent organization. Some private foundations, however, require that churches have a formal, IRS-issued 501(c)(3) designation to be eligible for support.¹ (Others exclude faith-based groups altogether – a different challenge since churches are pivotal in addressing emergencies, especially in rural areas.)

¹ Upon learning of this barrier, one foundation is already working with their legal department to amend grant requirements to allow applications from churches that are not under a group ruling funding eligibility.

Predominantly white, mainstream denominations – Methodist, Catholic, Episcopalian, Baptist, for example – have obtained a group ruling that all member affiliated churches can use when it is required to access grant funding. The A.M.E. Zion denomination does **not** have a similar umbrella group ruling. **Therefore, individual member A.M.E. Zion churches and many small, non-denominational churches were structurally excluded from foundation funding, unless they had gone through the process of obtaining and maintaining their own individual IRS 501(c)(3) determination or sought out a fiscal sponsor.** Often these churches have never had to seek fiscal sponsorship. To become eligible, they quickly developed an (often *ad hoc*) fiscal sponsor partnership. Unfortunately, we have seen these partnerships devolve, especially if no formal agreement is in place prior to disbursement of funding. In our years of grantmaking, TCF/RC has learned to provide upfront capacity building to develop equitable fiscal sponsorship structures that include an effective MOU.

RECOMMENDATION: Decision-making criteria and distribution of pandemic funding/ resources should be fully transparent.

TCF/RC heard from various sources (direct community partner input, various listening sessions that were hosted regularly and throughout the state, from peer intermediary organizations, etc.) that resources and pandemic relief efforts were not reaching rural communities and communities of color. **Selection criteria for emergency resources were often unclear at multiple levels: where funding was prioritized; how organizations and agencies were chosen to administer and distribute resources; and who ultimately received resources.** We recommend full transparency in selection criteria for the distribution of pandemic relief funds and other resources, including release of geographic and demographic data once resources are disbursed. While clarity on priorities and selection criteria up front would save many groups precious resources if they're not a fit, tracking geographic and demographic spread of disbursements would help identify excluded communities and provide data to re-prioritize practices that reinforce exclusion.

While our first round of emergency grant making (March 2020) was open for any COVID-related need, the overwhelming majority of applicants were addressing food insecurity. Our second round of emergency funding (November 2020) was restricted and only provided reimbursements for food-related expenses. TCF/RC's major programming is food-focused, including initiatives around Faith & Food, Healthy Eating Active Living, Food & Farm (focused on equitable and entrepreneurial food systems) and a Rural Food Hub Collaborative. TCF/RC's experience and broad insights allowed for reflection on trends in our emergency grant making related to food, while also taking into consideration larger food security trends occurring regionally and across the state.

RECOMMENDATION: Funding should enable the disruption of existing, inequitable systems and promote community-driven, connected, resilient local and regional food systems.

There were several emergency responses, particularly around food insecurity, in the initial months of the pandemic. The national Coronavirus Food Assistance Program (CFAP) was quickly developed to mitigate lost farm revenues and get fresh, healthy foods to those most in need. Unfortunately, due to the large-scale effort, extremely abbreviated timeline and later imposed GAP-certification requirement, large-scale distributors working with large farming operations received the most support. Community organizations that were responsible for "last-mile" distribution were mostly uncompensated for staff, transportation and storage expenses (although the third round of CFAP, initiated January 2021, has tried to address

SUPPORTING LOCAL FOOD SYSTEMS

Sandhills AGInnovation Center (SAIC) launched Richmond Fresh, a "local CFAP" effort that engaged broad ranging partners for distribution, supported seven local farms, and reached 40+ food insecure families with fresh produce boxes weekly. SAIC purchased, packed and stored the produce, while trusted community partners distributed the boxes. Because of SAIC's expertise and extensive local network, they subsequently engaged with Carolina Farm Stewardship Association's FarmSHARE program, which supported out-of-work hospitality workers with 250 weekly produce boxes in Richmond, Scotland and Moore Counties. SAIC also partnered with the General Baptist State Convention to deliver 9,000 produce boxes at the end of 2020.

this issue).² At the same time, NC regional food banks were central to CFAP produce distribution, but most could not take on new community partners – they were meeting significantly increased demand across existing community partners and were struggling to address uneven supply, storage and staffing issues. **As a result, existing food relief networks were supported and reinforced, while traditionally excluded communities were again unable to access expanded pandemic relief resources.**

TCF/RC, especially through our first round of privately-funded emergency grants and our 2020 regular grant cycle, supported several local food distribution efforts that advanced goals similar to CFAP’s. These “local CFAPs” intentionally engaged local farmers; compensated limited-capacity organizations responsible for ensuring food reached the most vulnerable; prioritized organizations that had **not** been able to access COVID relief funding; and supported new or strengthened community partnerships to ensure sustained and wide-reaching relief efforts. **This funding enabled the support of local food relief that fairly compensated local farmers; utilized and compensated community-led organizations; and ensured healthy local food reached those most in need.**

RECOMMENDATION: Emergency support should prioritize and incentivize food security efforts that utilize local, healthy and culturally appropriate food.

The Federal CARES Act reimbursement funding TCF/RC administered required applicants to submit itemized, food relief-related receipts. For the majority of reimbursement expenses, **donated food purchases were made through regional food banks or grocery stores (Food Lion and Walmart, mostly). Shelf-stable, traditional food pantry items (canned goods, boxed items, etc.)** comprised the bulk of food purchases – reimbursement requests for fresh produce and meat were rare. In total, approximately \$750,000 in funding was awarded to 64 organizations for reimbursement of direct food purchases (about 80% of all grantees received some portion of reimbursement funding for food purchases). Of this funding, 28% reimbursed food bank purchases, while another 40% reimbursed purchases made through regional entities like Food Lion, Walmart, and US Foods. On average, 79% of reimbursement requests for food purchases, including meals, reimbursed non-local purchases.

It is important to note that most applicants were small, faith-based organizations with few, if any, dedicated staff (46% of grantees in our second round of funding listed 0-1 total staff members). Traditional food pantry items are inexpensive; easy to handle, pack and deliver; shelf-stable; can be bought in bulk with minimal oversight or care; and can be readily obtained. (There were a handful of reimbursement funds requested that had been used to pay small locally-owned and -operated restaurants that had prepared and delivered meals for individuals participating in events and programs. We heard from most of the organizations that they had pursued strategies of purchasing from local restaurants because the food was freshly-made, and the organizations were trying to keep local restaurants in business.)

Both increased capacity and incentives are needed to support these limited-resource organizations in procuring and distributing local, healthy and culturally appropriate food. Grocery stores and food banks offer easy, one-stop-shops for buying bulk food products for donations. Local food hubs and farm cooperatives could

The pastor of one grantee, Red Oak UMC, noted that it was only a \$300 difference to purchase from local farmers in place of corporate retailers. He said, “If we can’t do that, maybe we’re nothing more than a Sam’s Club church to begin with.”

MEETING ALL FOOD INSECURITY NEEDS

La Roca (a church serving the Spanish-speaking community) and Faison United Methodist Church (UMC) launched their summer feeding program early in mid-March after the schools went virtual. With support from volunteers, furloughed church staff and local restaurants, Faison UMC began delivering hot meals (over half from local Mexican restaurants), shelf-stable food and other needed supplies to 90 students (and their families) six days a week (logging 600 miles/ week). This was especially significant since the local school system was unwilling to mobilize any feeding programs for outlying residents (largely Latinx populations) until August.

² *An Evaluation of the Farmers to Food Box Program*. Center for Health Law and Policy Innovation, Harvard Law School. February 2, 2021. <https://www.chlpi.org/wp-content/uploads/2013/12/F2F-Food-Box-Report-Online-Final1.pdf>

offer a similar one-stop-shop service for local meat and produce, which would support local farms, improve access to healthy foods, and enhance local food systems.

RECOMMENDATION: Support for existing and/or emerging faith networks will build and/ or deepen a network of “faith food security practitioners” already addressing emergency needs.

The majority of applicants for TCF/RC emergency grants and reimbursements were churches and faith-based organizations (organizations founded from church ministries and/or groups that actively note faith as a major focus of the organization’s origin and ongoing mission) – small food pantries or faith ministries that exist because people feel “called to do this work.” In our first round of privately funded grants, churches and/ or faith-based groups comprised 59% of grantees. **In our second round, restricted to hunger relief, which is often addressed by faith-based organizations, 70% of reimbursement recipients were churches and/or faith-based organizations. They are rarely recompensed and rarely connect to broader conversations and advocacy around food security and systems.** While networks of food security practitioners exist, they tend to be comprised of larger, urban food security advocates. They include only a small percentage of rural, faith-based food ministries that serve many food-insecure individuals, particularly during crises. Yet these faith-based organizations are feeding those hardest-to-reach individuals, often serving only 25-100 people at a time. Many of these organizations, individually, are part of larger denominational networks. Altogether, however, they have much to learn from each other and as a group: These faith-based groups often understand community challenges at the deepest, most local level; face similar challenges; are passionate about the work; and are actively working to enact change. As a supported network with focused opportunities to enhance skills and develop a unified voice, they could have a powerful impact.

UTILIZING THE RURAL CHURCH NETWORK

In Henderson, NC, Green Rural Redevelopment Organization (GRRO) utilized the far-reaching church network in their community to ensure the most food insecure were fed. Six local churches -- Oasis of Hope Ministries, Cotton Memorial Presbyterian, Morning Star United Holy Church, Freedom Life Church, Davis Chapel Baptist, and City Road United Methodist Church (which reached a Latinx mobile home community) -- would each utilize their resources (church vans, volunteers, etc.) to pick up meals each weekday (500 meals daily, and 2,000 meals to feed over weekends) and deliver to people they had identified as food insecure.

CLOSING: Emergency support is critical for vulnerable communities. With minimal adaptations, resource providers can advance equitable access to resources, locally-driven solutions, and long-term change despite increased community crises and limited infrastructure.

Communities are in crisis – especially rural, BIPOC communities. We advocate for **common sense compassion and adjusted expectations** as community- and faith-based groups maneuver shifting demands while serving North Carolina’s most vulnerable community members. With minimal changes – simplified applications, transparent priorities, flexible support for community-driven solutions and capacity building, along with emphasis on BIPOC groups – emergency funding can drive change beyond crisis relief. **This supports and reinforces the best of philanthropy, nonprofit and community infrastructure – communities are supported in addressing community-identified needs; capacity builders provide critical support to increase organizational access and sustainability; and private philanthropy provides flexible and responsive resources that can address gaps created with public funding programs.** We recognize the meaningful results and creative strategies community partners across our network have advanced. We welcome the opportunity to broaden the discussion and explore strategies that can enhance interventions, whether for impacts of the COVID crisis or parallel challenges of climate change.

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