



Hidalgo County • Department of Budget & Management
American Rescue Plan Act 2021

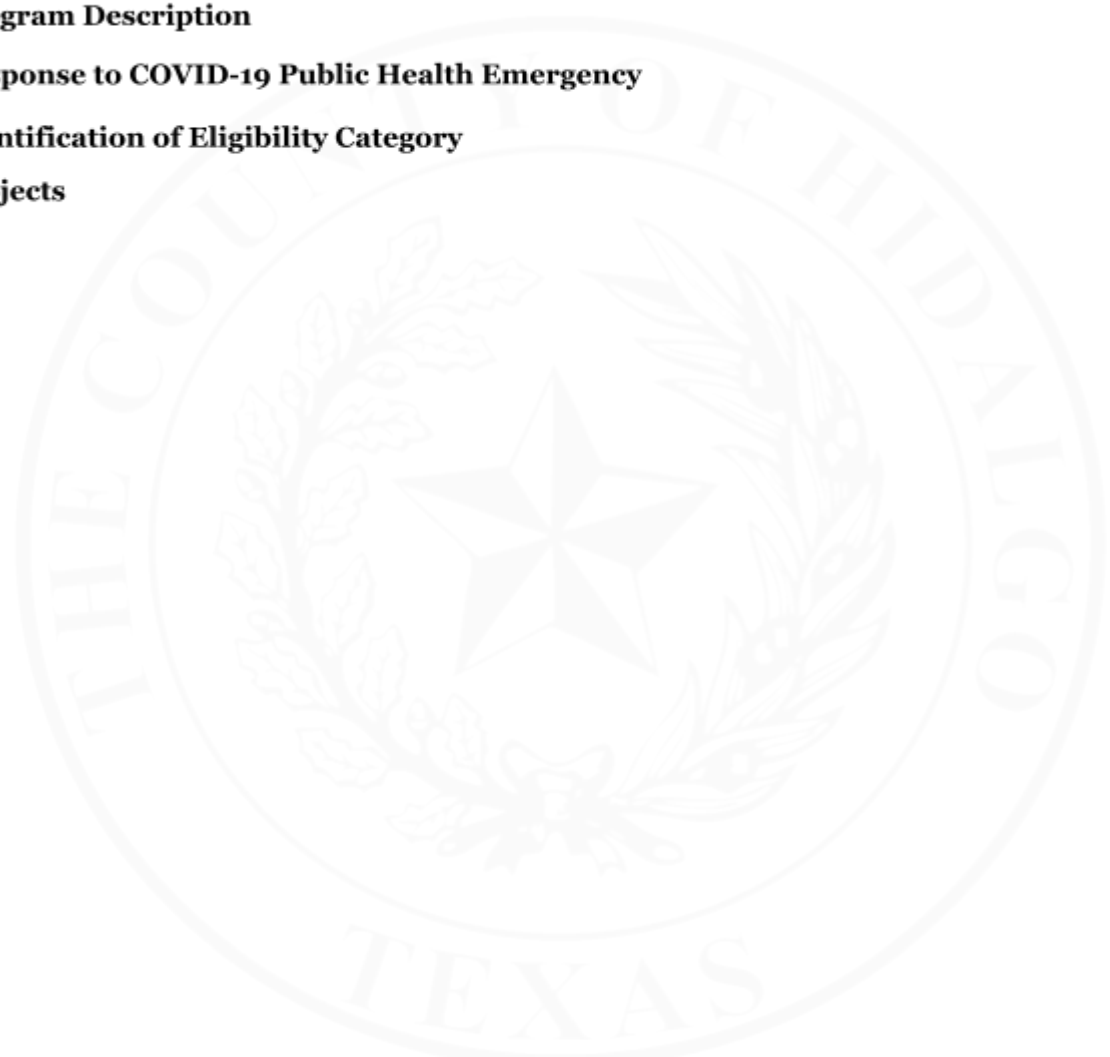


**Hidalgo County American Rescue Plan Act
Nonprofit Negative Economic Impacts Program**



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Background Information

While the U.S. economy is now on the path to a strong recovery, the public health emergency, including the necessary measures taken to protect public health, resulted in significant economic and financial hardship for many Americans. Notwithstanding, nonprofit organizations played a vital role in providing essential services during the pandemic with little or limited resources amidst trying to weather their own crisis. Even though the nonprofit sector reacts to social, political, organizational, and personal forces on a regular basis, the pandemic is unprecedented in the breadth and magnitude of these forces happening simultaneously. Narrowing in at the organizational level, nonprofits across the United States have reported operational fallout from the pandemic, including weakened revenue streams and heightened demand for services and supports. Due to the COVID-19 pandemic, nonprofit organizations face increased demands for services alongside decreased revenues and must make tough choices on how to weather these stressors. Although there is still uncertainty stemming from COVID-19, what is clear is that COVID-19 will have long-term impacts for nonprofits and their staff for some time to come.¹

Since the pandemic began, the nonprofit sector has lost more than 900,000 jobs (Center for Disease Philanthropy, [2021](#)) creating financial distress for NPOs, including funding concerns from individual donations, fee-for-service revenues, and government and foundation grants (Maher et al., [2020](#)).² Evidence suggests that the pandemic has damaged the financial health of nonprofits, with small nonprofits, which tend to rely more heavily on donations than large nonprofits, reporting relatively larger declines in donations – 42 percent versus 29 percent, respectively. Among nonprofits that collect fees for services, the median revenue amount collected from such fees fell by 30 percent from 2019 to 2020, with arts organization experiencing a 50 percent decline.³ However, the need for nonprofit services and resources continues to rise. The long-term impacts of COVID-19 will continue to require a dedicated response. Aside from the disease itself, the pandemic has exacerbated job loss, mental health, substance use, and some types of violence. It is critical that the affected community has support and access to needs-based services caused or exacerbated by the pandemic to promote the health and well-being of individuals to improve public health outcomes. The lack of funding and resources has made it incredibly difficult for nonprofit organizations to respond to public health disparities presented by the pandemic.

¹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8250796/>

²

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9350177/#:~:text=Since%20the%20pandemic%20began%2C%20the.et%20al.%2C%202020>

³ Department of the Treasury. (2022). Coronavirus State and Local Fiscal Recovery Funds. *Federal Register*, 87(18), p. 4379



Program Description

The purpose of the Hidalgo County American Rescue Plan Act Nonprofit Negative Economic Impacts Program is to provide funds to nonprofit organizations who were impacted or disproportionately impacted by the pandemic to continue their operation. This includes but is not limited to operational costs, equipment, resources, and facility provisions necessary to continue to provide needs-based services. Nonprofits play an important role in providing critical services to vulnerable populations who have been impacted by COVID-19. These needs-based services may include an expansive array of services for prevention, treatment, recovery, and harm reduction for mental health, substance use, and other behavioral health challenges caused or exacerbated by the public health emergency.⁴ As per the US Treasury Final Rule, when providing COVID-19 mitigation and prevention services, recipients can identify the impacted entity as a nonprofit.⁵

The Hidalgo County American Rescue Plan Act Nonprofit Negative Economic Impacts Program will support nonprofit organizations who were impacted or disproportionately impacted to ensure that they have the resources to meet the needs of individuals and families whose public health needs were exacerbated due to the pandemic. This program is seeking to ensure that there are no disruptions in the provision of services to Hidalgo County residents. Instead, nonprofit organizations will provide access to services and programs to improve the quality of life for vulnerable populations due to the long-term impacts of COVID-19.

Response to COVID-19 Public Health Emergency

Hidalgo County aims to safeguard and strengthen public health by investing in the continued operation of nonprofit organizations that have been impacted or disproportionately impacted by COVID-19 and its ongoing negative economic impacts. It is imperative that continued supports are available and accessible to vulnerable populations in the County to develop community resilience.

Identification of Eligibility Category

The Hidalgo County American Rescue Plan Act Nonprofit Negative Economic Impacts Program for nonprofit organizations is eligible under the 'Negative Economic Impacts' category as outlined by the U.S. Treasury. The interim final rule provided for, and the final rule maintains, the ability for recipients to provide direct assistance to nonprofits that experienced public health or negative economic impacts of the pandemic. Specifically,

⁴ Department of the Treasury. (2022). Coronavirus State and Local Fiscal Recovery Funds. *Federal Register*, 87(18), p. 43

⁵ Department of the Treasury. (2022). Coronavirus State and Local Fiscal Recovery Funds. *Federal Register*, 87(18), p. 4354



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recipients may provide direct assistance to nonprofits if the nonprofit has experienced a public health or negative economic impact as a result of the pandemic.⁶ Specifically, section 2.34 ‘Assistance to Impacted Nonprofit Organizations (Impacted or Disproportionately Impacted)’. The Hidalgo County American Rescue Plan Act Nonprofit Negative Economic Impacts Program will assist nonprofit organizations to continue to continue their operation and continue to provide social, interpersonal and direct services. In addition, it provides a critical opportunity to improve child and family health and well-being by addressing disparities and providing resources to individuals and families thereby improving public health outcomes.

Projects

Numerous projects will be included as part of the Hidalgo County American Rescue Plan Act Nonprofit Negative Economic Impacts Program including, but not limited to, the projects listed below:

- Assistance to Women Together Foundation, Inc.

⁶ Department of the Treasury. (2022). Coronavirus State and Local Fiscal Recovery Funds. *Federal Register*, 87(18), p. 4380