



## Fact Sheet

### American Rescue Plan Act of 2021 Direct Assistance for Local Governments Small Business & Nonprofit Funds Distribution Strategy for Santa Cruz County, Arizona: Financial asset building

**What is financial asset building?** Supports for entrepreneurs and employers (including nonprofits) to build and preserve wealth to fall back on during times of stress or financial emergencies – in this case, negative economic impacts experienced from the pandemic.

#### What does financial asset building include?

- Financial tools like loans that can be forgiven, or traditional loans, so people can grow wealth, as well as build and repair credit
- Classes, training and services that help people improve their financial position – like credit counseling, developing an emergency savings strategy, gaining business skills, securing free tax filing assistance and applying the refund toward a long term asset (like a home, business or education), health insurance and child care supports

**Why is it important?** Thirty years of research demonstrates financial asset building combats asset poverty. Asset poverty refers to one's inability to cover three months of their basic living expenses; that is, asset poor individuals have insufficient net worth. Nationally, asset poverty is 25%, or double the poverty rate. As a strategy, financial asset building can help community members bridge financial emergencies and get back on the road toward their financial goals.

**What does this approach look like in Santa Cruz County?** It involves both the nonprofit and business communities:

- 1) **Santa Cruz County Nonprofit Grants for Community Financial Capacity application out in February for the nonprofit community**
  - Goal: assist local entrepreneurs, employees and employers with asset building
  - 501c3 and 501c6 organizations eligible
  - \$25,000-\$45,000 per grant in 2022
  - Can be used for operating expenses and capital (such as curriculum, equipment) to provide the community with financial asset building programs for one year
  - Two or more organizations encouraged to partner; all will have access to their own grants upon approval of individual applications
- 2) **Forgivable loans application out likely in May to entrepreneurs, employers and 501c3 nonprofit organizations**
  - Goal: provide loans to entrepreneurs, employers and 501c3 nonprofits that are forgiven if certain conditions are met (to build assets)
  - Loans "forgiven" if recipients secure financial asset building services for their own businesses, a matching loan, job training certification through the county's workforce development office, or if they build community assets for a public purpose (such as public art or donating back to the local Santa Cruz County nonprofit community)

- Pandemic-impacted businesses, entrepreneurs (including start-ups), artists, and 501c3 nonprofits are eligible; recipients must be ages 18 and older.
- Grants up to \$25,000 awarded depending on documented business or nonprofit need; (grants of up to \$2,500 available for local artists/creators)

### **Who is eligible to apply for the nonprofit grants?**

Eligible applicants:

- Santa Cruz County 501c3 and 501c6 organizations that seek to build economic opportunity for low and moderate income residents of Santa Cruz County
- Nonprofit organizations based outside of Santa Cruz County\*\* that partner with, or serve as a fiscal sponsor to, a Santa Cruz County organization (can have 501c3 status or not yet be legally incorporated)

Ineligible applicants:

- Nonprofit organizations unable or unwilling to comply with federal monitoring requirements.
- Nonprofit organizations based outside of Santa Cruz County that fail to partner with a Santa Cruz County organization on their application.\*\*

*\*\*The intent of allowing nonprofit applicants based outside of Santa Cruz County to apply is to build local capacity for services or programs. Nonprofits based outside of Santa Cruz County must spend their entire services budget request on in-county services; they can spend a portion of administrative or staffing costs outside of the county if the project budget justifies how this develops capacity to build in-county services.*

**What is considered low and moderate income in Santa Cruz County?** Refer [to this spreadsheet](#) from the US Treasury that lists 185% of federal poverty guidelines (low income) to 300% of federal poverty guidelines (moderate income) by household size.

**What is scoring criteria used?** The maximum number of points allowed for each application is 100, and the minimum number of points is 0. The scoring criteria, with the maximum amount of points for each criteria, is as follows:

Nonprofit applicant is able to:

1. Provide services that build economic assets, economic opportunity or net worth of county residents - 30 points
2. Partner with one or more collaborating partners in their application (with each being eligible to apply for their own funding) - 30 points
3. Demonstrate creative methods or partnerships to address a clearly identified need - 20 points
4. Provide measurable ways of demonstrating impact - 20 points

**What monitoring and reporting will be required?** Nonprofit grantees will be monitored to ensure they use funding as allowed by the federal government. Monitoring will ensure the grantee:

- Makes adequate and acceptable progress in the provision of services
- Maintains adequate and acceptable systems to document services and expenditures; and
- Uses funds provided to effectively and efficiently to accomplish the purposes for which funds were made available.
- Cooperates in county's monitoring and evaluation process and in any monitoring or oversight by the US Treasury's Inspector General

- Provides data on a quarterly basis for reporting and evaluation purposes (Organizations will receive support at no charge in establishing their monitoring, if needed, from Local First Arizona).

Required data collected will include:

- Client eligibility data (verifying low to moderate income status). That can be demonstrated by verifying household income data, or eligibility for public benefit programs (food, housing insecurity or the Children's Health Insurance Program).
- # of unduplicated clients served
- A narrative description, collected by the nonprofit, on how the nonprofit's services are helping their clients build economic assets, economic opportunity or net worth. (Organizations that need support in establishing appropriate metrics will receive support at no charge.)

**Will I be asked to certify that I have received federal funds?** Yes, organizations that receive funding will be required to sign a certification of use of federal funds. Organizations also will be required to enter into a subrecipient contract with Santa Cruz County upon receipt of funds.

**How will payment be made?** At this time, organizations will be paid directly from Santa Cruz County

**Who do call if I have questions?**

- Local First Arizona is providing free grant writing assistance to organizations that need support submitting their applications. If your organization is interested in this support, please contact [katie@localfirstaz.com](mailto:katie@localfirstaz.com)
- For inquires about the grant program: Please call Jenni Moreno at 520-903-7022
- For assistance with the online applications please email: Jeaiza Quinones Ivory [jqivory@cfsaz.org](mailto:jqivory@cfsaz.org)
- Si necesita ayuda para completar en español, envíe un correo electrónico [angie.donelson@gmail.com](mailto:angie.donelson@gmail.com)