



Legislation Text

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Information about Coordinated Review and Decision-making for 2012-2013 Human Service Funding Attached for your review is a description and outline of the human services funding process for City General Funds to be utilized for the funding cycle beginning in July 2011.

The process is intended to coordinate funding priorities, nonprofit applications and interventions, and proposal reviews between the City of Ann Arbor, Washtenaw County, the Washtenaw Urban County, United Way of Washtenaw County (United Way), and the Ann Arbor Area Community Foundation (AAACF). Decision-making authority will remain separate, with City Council maintaining authority over City General Funds, and the governing boards for each of the other funding bodies maintaining authority over their funds.

This process builds on the human services *integrated funding model* already adopted by the City, the Washtenaw Urban County, and Washtenaw County, and will further improve the process by engaging the two major local private funding entities in the coordinated process previously implemented by the public entities. By formalizing a coordinated public-private funding process, City funds will:

- Leverage the investment it makes in local nonprofits fourfold;
- Minimize duplicative work and effort for nonprofits applying for funding;
- Reduce overlap and redundancies between funding entities; and most importantly,
- Maximize the effectiveness of City funds invested in targeted critical human services for the growing number of citizens struggling to meet basic needs.

Background

Starting in FY2008, the City adopted a funding model to coordinate its investments in local human service programs with other local governments. This model is now in its second two-year cycle, and has been successful in reducing duplication of effort for nonprofit applicants and City and County staff; increasing collaboration between nonprofit entities and between funders; and increasing our focus on outcomes as a way to understand impact.

In an effort to further the improvements realized through the public coordinated funding process, representatives from the City, the Urban County, Washtenaw County, the United Way of Washtenaw County, and the Ann Arbor Area Community Foundation came together to explore a public-private partnership to better organize investments in local human services. The group met regularly to discuss and research the potential benefits and costs of such a model. The work included examining the current system for funding nonprofits; convening meetings with local nonprofits to hear feedback and questions; meeting with key donors, business leaders, and other stakeholders to get feedback; presenting to the HHSAB; and ultimately developing a plan to establish a formal *Coordinated Funding Model*.

Key elements of the Public-Private *Coordinated Funding Model* include:

1. Supporting and improving the existing system of human services which has the three major parts of planning/coordination, program operations, and capacity-building (see attached graphic).
2. Targeting investments to six impact/priority areas to include **Housing/Homelessness, Aging, School-aged Youth, Children Birth to Six, Health, and Food**, all of which are consistent with historic City priorities and funding patterns.
3. Supporting and better utilizing existing planning/coordinating bodies such as the Washtenaw Housing Alliance, the Blueprint for Aging, the Washtenaw Alliance for Children and Youth, Success by Six, and the Safety Net Health Group. With financial support provided by the United Way and the AAACF, these

entities will be asked to play a lead role in assessing needs, service gaps, and effective/best practices that will inform future funding for local nonprofits. They will engage agencies and other experts, and consumers so that investments are aligned with and supportive of what is working and what is needed.

The *Coordinated Funding Model* is based on the reality that providing effective nonprofit human services in the community involves three different kinds of funding (see attached chart):

1. **Program operations:** the day-to-day expenses of serving people in programs such as shelter, after school activities, family therapy, or safety net medical care;
2. **Planning:** the coordination and maximization of services among nonprofits working in the same sector (e.g., housing, aging, health, etc.); and,
3. **Capacity building:** the occasional one-time costs for things like governance improvement, finance, program evaluation or other improvements, to help a nonprofit thrive.

This model recognizes that the community is best served when vital services are sufficiently funded; when those services are coordinated among multiple nonprofits; and when those nonprofits themselves are strong and sustainable over the long term. This approach has been embedded in the community, and in the way local funders support the nonprofits for years. Program operations have long been funded by the City, the County, the Urban County, and United Way, while planning and capacity building have been funded by AAACF and United Way.

Local funders invest in many of the same nonprofits, and the same coordinating groups, at the same time. But they are doing so independently (even though they are demanding collaboration from the nonprofits.) To remedy this problem and provide a stronger overall funding mechanism to the community, three collaborations are proposed, in line with the three funding categories listed above.

Funding for PROGRAM OPERATIONS

The Office of Community Development - working under the authority of the City, County, and Urban County - and United Way will use a shared process to determine each funder's independent allocation of funds for operations. The Office of Community Development and United Way already use the same online application form, but use different deadlines, different sets of guidelines, and different review criteria and processes. In a *Coordinated Funding Model*, there will be:

- A single overall set of guidelines describing the funds available from all funders;
- A single deadline to simultaneously request funds from all funders;
- A single review process, with representatives from each body participating in the review;
- A single set of funding recommendations brought back separately to the governing board of each funding entity; and, for funded programs
- A single, shared monitoring and reporting process.

The City, along with all participating entities will continue to have full and complete autonomy over their own funding decisions. But decisions will be made with the knowledge of what other funders were doing, and with the reassurance that dollars are being invested to maximum effect because they have been coordinated and leveraged with the other operating dollars. This process will be identical to that employed by the City in each of the last two human service funding cycles, but will add the funding and participation of United Way.

Funding for PLANNING & COORDINATION

Nonprofits need to collaborate with one another to effectively deliver services and to identify their collective needs, and the needs of those they exist to help. This work already takes place in organizations like the Blueprint for Aging (coordinating senior services) and Washtenaw Success by 6 (early childhood development), to cite just two examples. It takes time and money for this planning to occur, which necessitates a partnership among the funders to pay for this work. Under this proposal, the AAACF and United Way staff would jointly develop criteria and recommendations to their governing boards to direct the funding of the issue-

area collaboratives. Again, both funders are already supporting this work, based on recommendations from staff, but in isolation from one another. A joint recommendation to each board would ensure a coherent community-wide strategy.

Though the City is not expected to provide direct funding to this area, the Office of Community Development will be an active participant in shaping decisions about the work and funding of planning collaboratives, as they will impact the City's investments in human service programs.

Funding for CAPACITY BUILDING

Much like the shared application process for operating funds, this effort will coordinate the capacity-building grants of AAACF and United Way by providing nonprofits with a single application deadline with one overall set of guidelines, a simultaneous single application to both funders, and a side-by-side recommendation process. The boards of both funders will receive a set of recommendations regarding their own organization's funds that could be approved, modified or denied, as they currently do, but with the added knowledge of how their own decision fits with that of the other funder's, and within the system as a whole.

Though the City is not expected to provide direct funding to this area, the Office of Community Development will be an active participant in informing and shaping capacity-building needs and investments, as they will impact the City's investments in human service programs.

If adopted by the participating public and private funding bodies, this enhanced *Coordinated Funding Model* will be implemented for FY2012-13 human service funding. In order to for that timeframe to be achieved, consideration for adoption by all participating governing boards will take place on the following schedule:

- United Way of Washtenaw County - October 14th Decision
- Washtenaw Urban County - October 26th Decision
- AAACF - October 30th Decision
- City of Ann Arbor - November 1st Decision
- Washtenaw County - November 3rd Decision

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