

DATE ISSUED: October 31, 2001

REPORT NO. 01-237

ATTENTION: Rules, Finance and Intergovernmental Relations Committee
Agenda of November 7, 2001

SUBJECT: Social Services Program - Funding Allocation Process Reform

REFERENCE: Manager's Report No. 01-153

SUMMARY

Issue - Should the City Council adopt a formal selection process for the allocation of social services funding from the options developed by the Task Force?

Manager's Recommendation - Adopt a formal selection process for the allocation of social services funding from the options developed by the Task Force?

Fiscal Impact - None with this action. However, the issue of additional staffing to implement the selection process will be raised during the FY03 budget process.

BACKGROUND

At the August 8, 2001 Rules Committee meeting the issue of social service allocation process was discussed. The Manager was authorized to form a task force to develop and recommend social service allocation process reform options consistent with City Council priorities.

The Task Force, chaired by Jerry Sanders, President/CEO of the United Way, convened seven noticed public meetings to accomplish its objectives. The Task Force members are listed in **Attachment A**. It represented a balance of perspectives, including: large and small non-profit agencies; City and non-City funded agencies; faith-based and secular organizations; and community leaders not affiliated with a social service provider. In addition representatives from

the Mayor and each Council office were invited to participate as ex-officio members of the Task Force.

The primary objective of the Task Force was to create three selection process models for Council consideration that address the following shortcomings of the current process which have been cited over the years:

- (1) It is difficult for new programs to get funded;
- (2) Once a program is funded once, it will receive continued funding irrespective of performance;
- (3) Programs that have been funded over the years get little to no increases;
- (4) Newly funded organizations receive an inadequate amount of funding;
- (5) The process lacks formal priority setting; and
- (6) There is no component for evaluating program effectiveness and past performance.

DISCUSSION

The Task Force met on a weekly basis from August 29 to October 10. Several different methods, features and approaches were discussed. They requested and considered staff analysis, practices from other cities, and input received from non-profit representatives that came to the noticed public hearings. After considerable discussion and deliberation, the Task Force voted on three models to present to the Rules Committee. Of the thirteen members that voted, eleven voted for Selection Model Option 1 as their preferred option. Options two and three each received one vote. **Attachment B** is a table that breaks down the components of the three preferred models by the Task Force.

The following is a summary of three models listed in order of Task Force preference:

Selection Model Option 1 (Dual Categories/3 year contracts and 1 year contracts):

This model recognizes that many social service providers have been contracting with the City for upwards of fifteen years and their communities and clients have become reliant on these programs and services. These services are considered “basic services” and are put into their own funding category where they will be afforded a three-year contract subject to annual renewal. During their first three-year award period they will receive a comprehensive programmatic, fiscal and organizational review that will have an impact on future funding.

Attachment C is a summary of the contracts that meet the criteria for the Basic Service category.

The programs that are not considered Basic Services will apply for one-year contracts with the remaining funds. These projects will be reviewed in several sub-categories that reflect City Council priorities (e.g. Homeless; Youth; Disability; Domestic Violence; HIV/Aids; Seniors; etc).

Selection Model Option 2 (Dual Categories/ 3 year contracts for both categories):

This model is the same as Model Option 1 except it calls for three-year contracts for both categories of projects.

Selection Model Option 3 (One Category/ 1 year contracts):

In this model all projects apply in the same category of funding for one-year contracts.

Common Features Recommended for All Models

- Survey City Council annually for funding priorities.
- Require all funded organizations to be non-profit (501 C 3), have three years of social service experience and an outside audit from the previous fiscal year.
- Utilize City staff for funding request evaluation and scoring.
- Take past performance into consideration for funding.
- Do not require matching funds.
- Increase level of monitoring and accountability during contract period.
- The City Manager will provide the City Council with funding recommendations.

Public Input: In order to solicit feedback from the non-profit community, all FY02 applicants, both funded and not funded, were invited to attend a public forum held on Saturday, September 29, 2001 at the Tubman-Chavez Multicultural Center. Further, all FY02 applicants were invited to submit their ideas via email or telephone. Approximately 8 non-profits attended the public forum.

Follow-Up: The Task Force requested an opportunity to provide input on the implementation phase of the selection process.

ALTERNATIVE(S)

- 1) Do not adopt a formal selection process.
- 2) Adopt a formal selection process in a form different than the three presented by the Task Force.

Respectfully submitted,

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Approved: Bruce Herring
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- Attachments:
- A. List of Task Force Members
 - B. Summary of Task Force Recommended Options
 - C. List of projects that meet Basic Service Criteria