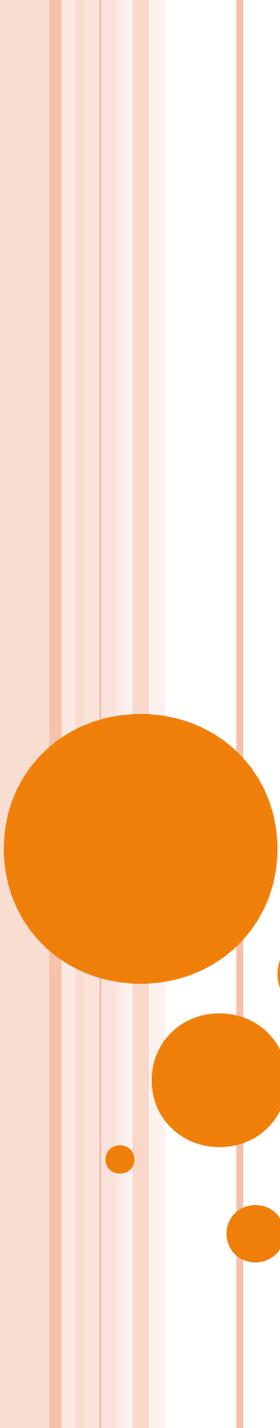


FUNDING OUTSIDE THE BOX: THE CHANGING WORLD OF LG NON-PROFIT FUNDING

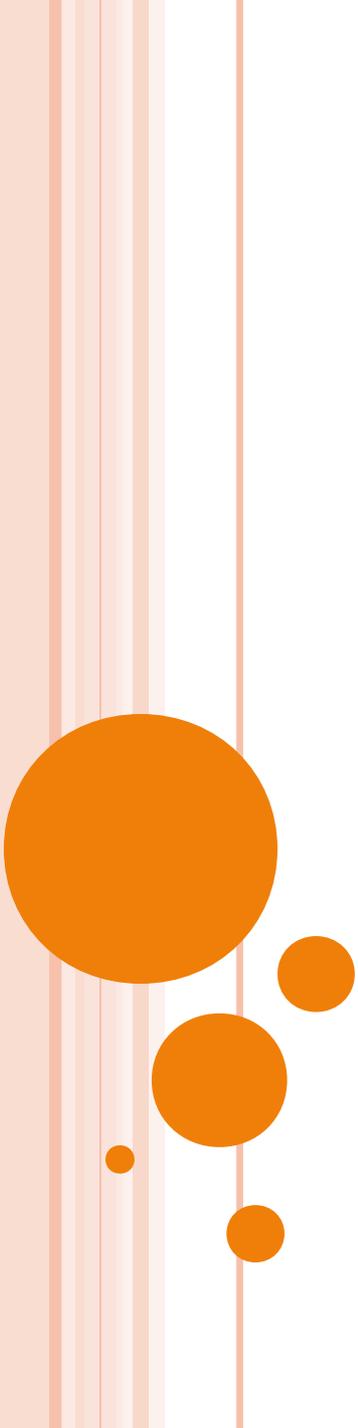
**NCLGBA
DECEMBER MEETING
2011**

**MAUREEN BERNER, SOG
SALLY WADE, FOOD BANK OF
CENTRAL AND EASTERN NC**



**I. WAKE COUNTY
COMMUNITY PARTNERSHIP
FUNDING -- THE RISE (AND
FALL) OF A CRITERIA-BASED
FUNDING SYSTEM**

**II. THE FBCENC – LESSONS
FROM SEEKING FUNDING
EACH YEAR FROM DOZENS
OF LGS**



**THE VIEW FROM LOCAL
GOVERNMENT: THE CASE OF
WAKE COUNTY COMMUNITY
PARTNERSHIP FUNDING**

OVERVIEW OF CPF

- FY91 Competitive, one-year grants to nonprofits that supported HS/ES funding priorities
- A panel of employees
- FY08, process moved from Human Services to Community Services



OVERVIEW OF CPF

- FY08, \$600k;
- FY11: \$502k;
- FY12: 0

- Average: \$20k,
- Applications: 35-50
- Grants: 23-28 grants
- Review time: 4-6 weeks



ORIGINAL PROCESS PROBLEMS

- Orgs could propose as many as they want
- Application had been altered over the years
- Criteria altered over the years
- Application asked for info not used



NEW PARAMETERS

- **1** submission for **1** proposed program per org
- **cannot exceed 50 percent** of program's budget.
- **only operating costs**



WHAT WAS NEEDED IN NEW PROCESS

- only essential and relevant info
- info reflects funding criteria
- Application is aligned with funders
- application and scoring rubric were parallel.



TESTING REVISIONS

- Feedback from past panel members
- Review of documents from three foundations and five jurisdictions
- Pretest of application with 10 area nonprofits
- Review from nonprofit experts at UNC SOG.



FUNDING CRITERIA

Panel members evaluated and assigned a score for each proposal based on the following funding criteria, all of which aligns with what is requested in the application.

- Community Impact
- Measurable Outcomes
- Fiscal Planning
- Organizational Capacity



FUNDING CRITERIA

Community Impact (30 points)

- Provides description of the project, as well as any possible collaborative efforts with other organizations.
- Provides a description of target population.
- Articulates the unmet need for the service with supporting statistics.
- The plan to maximize the target population's access to the service.
- Articulates alignment with County funding priorities.
- Differentiates proposed service from identical or very similar services.



FUNDING CRITERIA

Measurable Outcomes (25 points)

- Number of clients to be served (unduplicated if possible)
- Existence of measurable outcomes
- Methods to measure outcomes
- Strategies for meeting the outcomes
- Year-to-date or most recent figures to demonstrate success



FUNDING CRITERIA

- **Fiscal Planning (25 points)**
 - Shows the program has diverse funding sources.
 - Describes all costs associated with project.
 - Costs are reasonable for the work being proposed.
 - Demonstrates the need new, additional, or ongoing Wake County funding for this program.
 - Shows overall financial health of organization is strong. (Based on copy of organization's operating budget and audit)



FUNDING CRITERIA

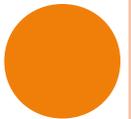
Organizational Capacity (20 points)

- The program has adequate facilities
- The program has qualified and sufficient number of staff
- The agency demonstrates overall organizational capacity with reasonable overhead.
- The agency has an established Board of Directors



OTHER REQUIRED DOCUMENTS

- 1 copy of Certificate of Insurance for each type of insurance coverage.
- 1 copy of most recent audit and management letter
- If an agency does not have an audit, must submit other forms



OTHER REQUIRED DOCUMENTS CONT.

- A copy of the agency's (or chapter's) total annual operating budget.
- A list of all staff positions, along with their titles and salaries for the entire organization.

From all these, a financial assessment is done



DELIBERATION PROCESS

Rank the mean and median score

Consider other factors

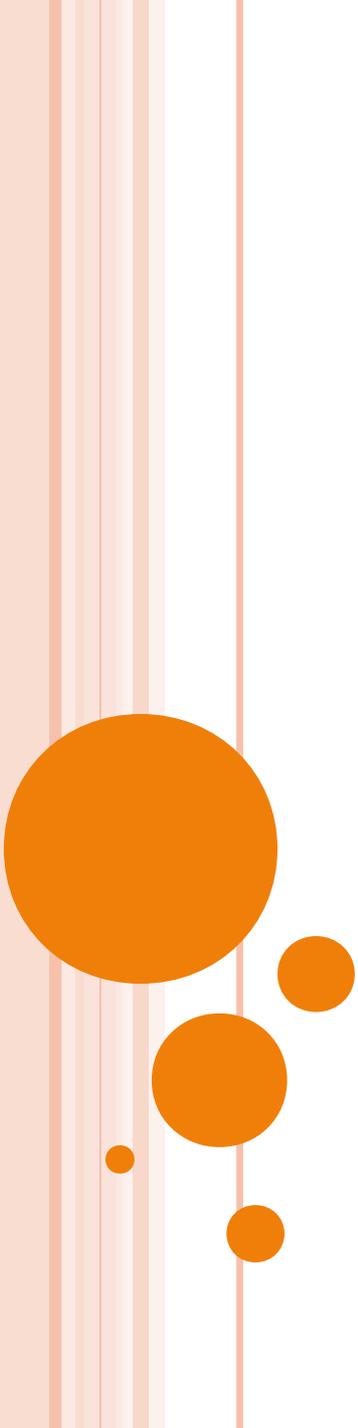
- Financial health.
- Funding a diverse range of services (and funding priorities).
- Balancing the needs of different target populations and geographic areas of the County.
- Weighing the results of site visits and midyear narratives if funded last year.



REPORTING REQUIREMENTS

- Contract outlining measurable outcomes
- Quarterly financial reports
- Mid-year site visits and report conducted by a panel member.
- Year-end final report completed by organization.





**THE VIEW FROM THE NON-
PROFIT: THE CASE OF FBCENC**

NONPROFIT AND LOCAL GOVERNMENT PARTNERSHIP ADVANTAGES

- **Share Information**
- **Share resources**
- **Develop and share mutual expectations**
- **“Lean on Me” support and understanding**
- **Nonprofits can provide services more cheaply than government by leveraging other funding sources and volunteers.**
- **Nonprofits hire and retain qualified people at more modest rate**
- **Nonprofit partners fill service gaps where government does not provide the service or cannot meet the demand. Example: if a government agency continually refers clients to nonprofit provider, it makes sense to provide some financial support.**
- **Nonprofits have unique relationships with target populations that government entities may not enjoy.**



PUBLIC SOURCES OF FUNDING – LOCAL GOVERNMENTS

What local governments can do:

SHARE THE PROCESS

- **Coordinate applications for efficiency**
 - Amount available**
 - Priorities**
 - Application/selection process**
 - Expectations**
- **Coordinate applications with United Way and others to minimize duplication**
- **View needs as communitywide, clients as deserving of service, and nonprofit missions as complimentary**
- **Recognize nonprofits as serious partners**



EXAMPLE I

- **Agency Funding**

- The City On The Hill grants funding to non-governmental, or "External Agencies," that contribute to the City's cultural, social, and economic vitality. External Agency funding requests are considered by the City Council under the auspices of the Public Purpose Clause of the North Carolina State Constitution (Article V, Sec. 2(7)). Further guidance by North Carolina Supreme Court case law allows the City Council to choose to fund activities that 1) are within the appropriate scope of governmental involvement and reasonably related to community needs and 2) benefit the general public, as opposed to special interests or persons.
- The City On The Hill is no longer accepting External Agency funding applications for the FY05-06 budget (July 1, 2005 - June 30, 2006). However, if you wish to view a copy of the City's funding application - formatted in MS Word 2000 - please [click here](#). Please feel free to call (704) 920-5261 if you have any questions about the City's External Agency funding process.

Summary of External Agency Funding (Adobe PDF)

Summary of City-offered Grants (Adobe PDF)

Affordable Housing Construction Grant Policy (Adobe PDF)



EXAMPLE II

○ **COMMUNITY RESOURCE BOARD**

Appointed by City Council, the Community Resource Board brings together nine citizen volunteers with a broad range of expertise who serve as a liaison between the community and City Council. The CRB has three primary responsibilities:

- to annually update the HCD plan
- to advise City Council on funding for housing and community development programs
- to form partnerships with the neighborhoods, businesses, nonprofit groups and agencies involved in community revitalization.

The CRB begins its planning activities for each year by inviting public input on community development needs in early December. The community is invited to submit funding proposals in the areas of neighborhood development, single-family housing development, economic development, emergency shelter for the homeless, and human service programs during January and February. The CRB holds public hearings on the proposals that are received, and a draft 1-Year Plan and Budget is developed during the month of March. Public hearings continue through April with final approval by City Council in May. For more information, contact Gwen Torain at 336.373.2993.



EXAMPLE III

Portion of electric late fees donated to nonprofits **Date: 7/21/2005**

The Mayor distributed checks Thursday totaling \$410,000. The checks which come entirely from electric late fees, are given to city non-profit groups at the direction of City Council.

“These organizations do a great job in our community,” said the Mayor. “I’m glad to present these checks.”

Those receiving checks thanked the City for its support. “We’re lower on cash than we have been in about three years,” said the director of a local nonprofit recipient organization. “This donation helps us operate. It helps us pay our bills and pay for food.”

The city’s Energy’s contribution has made it possible for our children’s science Museum to remain a cornerstone of education and entertainment in our community,” said a representative of the Museum. “Thanks to the generosity of the citizens of our community by way of the City, our museum continues to ensure that science is for everyone from 2 to 102.”



EXAMPLE IV

		RECOMMENDED
○ MINEHAHA COUNTY		
○ NON-COUNTY AGENCY CONTRIBUTIONS		
○ FY 05-06		
○ HUMAN SERVICES:		
○ Domestic Violence Shelter & Services	17,654	
○ Elderhaus		55,079
○ Crisis Line/Open House		33,100
○ Rape Crisis Center		11,033
○ Literacy Council	8,827	
○ Carousel Center	15,000	
○ MedSource		33,100
○ Commission for Women		0
○ Leading into Communities	0	
○ Mediation Center	0	
○ TOTAL HUMAN SERVICES		173,793
○ TOTAL PUBLIC SAFETY	235,000	
○ TOTAL ECONOMIC & PHYSICAL DEV	270,058	
○ TOTAL OTHER	36,139	



LOCAL GOVERNMENT CONSIDERATIONS

- How and if to fund nonprofits...
- Develop or rethink application and selection process...
- Avoid political influences or considerations...
- Pre-empt by using solid application and process...
- Sample process – Wake County (from the applicant perspective)...
- Comparison with other governmental units...
- Considerations for adopting/improving process...
Equitable, Fair, Open, Transparent



BUILDING PARTNERSHIPS -- WHAT NONPROFITS CAN DO

- Inform local governments about your nonprofit's progress during the year, not just during application/funding process.
 - Use formal and informal opportunities to talk with appropriate government department contacts about current events/ issues.
 - Talk about more than current crises and funding.
 - Send newsletters and reports regularly to appropriate contacts (email if possible)
 - Give attention to how the whole community works, not just your nonprofit's clients
- 

(BUILDING PARTNERSHIPS CONTINUED)

- Become the go-to resource as an expert on your issue.
- Attend and participate in community meetings, even those that may not directly benefit your organization.
- Create and maintain your organization's presence in the community.
- Be informed about current events and people in the community.
- Be financially accountable and responsible and show evidence of your accountability to the public (website, annual report, press releases, newsletter)
 - Faithfully practice financial checks and balances



(BUILDING PARTNERSHIPS CONTINUED)

- Be sure there are professional financial managers to serve on oversight committees (Audit, Finance, etc.)
- Update and make available policies and procedures regularly.
- Always present your organization 's trustworthiness with a reliable, professional image.



WHAT LOCAL GOVERNMENTS CAN DO

- Minimize frustration and misunderstandings that nonprofit organizations can experience during budget-planning stage by sharing information about funding:
 - Amount of money available
 - Priorities set by local government unit
 - Application and evaluation processes
 - Reporting and accountability requirements



SOURCE INFORMATION

Institute of Government – UNC-CH – Cross Sector Relationships: Public Intersection

www.iog.unc.edu/programs/nplgrelate/index.html

NC League of Municipalities – www.ncml.org

Local government library of useful websites –

www.iog.unc.edu/library/guide/local.html

Annual financial information for all local governments – State Treasurer

www.nctreasurer.com/dsthome/StateAndLocalGov

Popular Government (publication) articles on nonprofit sector from 1999 –

<http://www.iog.unc.edu/popgov/#np>

