

FUND DISTRIBUTION COMMITTEE
REPORT # 2: REVIEW OF FUND DISTRIBUTION CRITERIA
September 19, 2005

1. Scope of the Review

In general, funding criteria are the pre-determined standards and methodology used by a funder to assess the following aspects of a funded agency:

- Core competency of an agency in managing its organization and fulfilling obligations under the funding contract.
- Effectiveness of the delivery of funded services as proposed in the current funding contract.
- Effectiveness of the program plan(s) as proposed in the funding application.

The results of the assessment will determine the funder's allocation decisions, including the amount of funding to be granted, opportunities for more funding, monitoring of the agency's performance, reduction or termination of funding.

The Fund Distribution Review Working Group has identified the following areas of concern relating to existing United Way of York Region's ("UWYR") funding criteria:

- I. In the review of Core Program Funding, relevance of the proposed programs with UWYR's current funding priorities is not considered.
- II. There is inadequate assessment of an agency's capacity to serve the diverse communities.
- III. There is inequitable distribution of UWYR's funded services in respect of distribution of population in York Region.
- IV. The existing grant streams have to be re-aligned.
- V. The existing assessment tools and criteria are not sufficiently "objective" and "uniform".

2. Review Process and Reports

The LEAD Implementation Committee has been invited by the Fund Distribution Committee (“FDC”) to develop funding criteria which assess an agency’s capacity to serve the diverse communities (Area II). With the input from the LEAD Implementation Committee, new criteria will be discussed and proposed in this Report.

The review of the relevancy of the proposed program with UWYR’s funding priorities (Area I) was adopted in principle by the UWYR Board of Directors in May 2005. The new funding criteria will be identified by the FDC in early August. This Report will examine the assessment of the relevancy to funding priorities, but not the actual funding criteria to be drilled down from the funding priorities. The inequitable geographical distribution of funding (Area III) will be rectified once allocation by funding priorities is implemented.

Report #2 will focus on creating more objective and uniform assessment tools and criteria and re-aligning grant streams. **Recommendations leading to changes of the existing system are printed in bold for easy reference.**

3. Core Competency

The existing fund distribution criteria include assessment of an agency’s core competency. Failure by an agency may lead to a requirement to fulfill funding conditions which address the problems, operation review by UWYR, or reduction or termination of funding.

Here is the description of the current assessment process. Agencies are required to conduct a self-assessment by using UWYR’s Core Competency Inventory (“CCI”) and attach the assessment with the funding application form. CCI has fifty-one (51) indicators of core competency measuring an agency’s efforts and success in the following areas: “Organizational Development”, “Service Development” and “Community Relations”. A Citizen Review Panel (“CRP”) which is assigned to review the agency’s application is also required to review the agency’s self-assessment, discuss the assessment at the agency interview amongst various other important areas for discussion, and prepare an assessment report to the FDC.

Many agencies and volunteers of CRP have expressed concerns about the existing core competency assessment. The process is extremely time consuming and labour intensive for both agencies and CRP in preparing and discussing the CCI. It is unrealistic for a CRP and an agency to thoroughly discuss the CCI during the agency interview within 1.5 hours. Some agencies are already accredited by reputable external bodies, and the core competency review process obviously overlaps with the accreditation process.

Therefore, the following changes in the assessment of agency’s core competency are recommended:

- **An agency will not be required to include its self-assessment of CCI in its funding application. However, an agency is strongly encouraged to conduct a self-assessment and identify key areas for improvement. An agency is required to report the most significant areas for attention and improvement to UWYR in the funding application form. Since the agency’s self-assessment does not form part of the application form, allocation decisions should not be unfavourably affected**

should areas for attention and improvement be identified unless there is evidence of gross mismanagement, negligence, fraudulence or criminal activities. The purpose of this change is to encourage an agency to become proactive in assessing and improving its core competency.

- When an agency is due for its next funding application, the agency is required to report on its progress in addressing areas for attention and improvement identified in the previous application. If there is a lack of an agency's commitment and success, UWYR will pursue more direct action, including imposing funding condition(s), operation review, reduction or termination of funding. The review of progress in addressing areas of core competency for attention and improvement identified in the previous review will form part of the fund distribution criteria.
- A few key questions of reporting of the core competency of an agency, e.g. governance, planning, application of best practices, financial management and community relations, will be added to the funding application form. An agency has to file information responding to the questions for review by the CRP. In the same manner of identification of areas for attention and improvement arising from the agency's CCI self-assessment, information revealed by agency should not affect the allocation of UWYR funding unless there is evidence of mismanagement, negligence, fraudulence or criminal activities. However, an agency may be required to adopt a plan to address certain areas of concerns identified by CRP, and report progress in addressing them in future application(s). Failing to pursue the plan will lead to UWYR's more direct action to monitor and ensure progress.
- CRP will review all the above information and rate an agency's core competency using the following scale:
 - Level 3 – Exceeds Expectations
 - Level 2 – Meets Expectations
 - Level 1 – Does not Meet Expectations
- The FDC will draw up indicators and descriptions for different levels of accomplishment for reference by CRPs in reviewing different agencies. This is an important step to attain uniformity of CRPs' assessment.

4. Effectiveness of Delivery of Funded Services as Proposed in the Current Funding Contract

It is recommended to maintain the review of an agency's effectiveness to deliver funded services as proposed in the current funding contract as one of the funding criteria. **However, this criterion is not applicable to a new agency which is seeking first time UWYR funding.** New agencies do not have funding contracts with UWYR.

The activities report should be reformatted such that the "actual outcomes" are compared with the "planned outcomes" for assessment by CRP.

Each outcome will be evaluated and rated using the following levels of accomplishment:

- Level 3 - Exceeds Expectations
- Level 2 - Meets Expectations
- Level 1 - Does not meet expectations

The FDC will draw up indicators and descriptions for different levels of accomplishment for reference by CRPs in reviewing different agencies.

5. Relevance of the Proposed Program with UWYR's Funding Priorities

It is recommended to include the review of the relevance of the proposed program with UWYR's current funding priorities as one of the funding criteria for existing member agencies and new agencies.

Agency's proposed "program outcomes" will be compared with UWYR funding priorities "Expected Outcomes".

The proposed program outcomes will be assessed and rated according to the following three (3) levels of relevance:

- **Level 3 - Exceeds Expectations**
- **Level 2 - Meets Expectations**
- **Level 1 - Does not meet expectations**

The FDC will draw up indicators and descriptions for different levels of accomplishment for reference by CRPs in reviewing different agencies

6. Assessment of Agency's Commitment and Capacity to Serve the Diverse Communities

This is a new funding criterion in light of the growing diverse communities in York Region. It is the responsibility of UWYR as a funder to ensure that fundings are allocated to agencies that demonstrate their commitment and capacity to serve equity seeking groups identified by the Canada and Ontario Human Rights Charters.

An agency will be required to provide the following information in the funding application package:

- **Written commitment of the Board of Directors of the agency to embrace diversity and promote inclusivity and equity.**
- **Adoption of an anti-discrimination and harassment policy with an implementation plan.**
- **Ethno-cultural and linguistic profiles of the target communities served by the agency.**
- **Ethno-cultural and linguistic capacity of members of the Board of Directors, employees and volunteers of the agency.**

CRP will rate the agency's capacity to serve the diverse communities according to the following three (3) levels:

- **Level 3 - Exceeds Expectations**
- **Level 2 - Meets Expectations**
- **Level 1 - Does not meet expectations**

The FDC will draw up indicators and descriptions for different levels of accomplishment for reference by CRPs in reviewing different agencies

7. Funding Allocation Recommendation

Currently, CRP, after reviewing an agency's core competency, success in delivering the proposed program and effectiveness of the proposed program plan, proposes allocation recommendations. The quality of the recommendations is also enhanced by:

- Selection of qualified CRP volunteers from various backgrounds.
- Training of CRP volunteers.
- Discussion, clarification and consultation with UWYR staff, if needed.
- Collective democratic deliberation process leading to consensus of CRP members.

However, there is a lack of objective and measurable guidelines to determine allocation recommendations. Both CRP volunteers and agencies have raised this concern to UWYR.

Additionally, the existing system does not provide tangible rewards to agencies for their good performance apart from maintaining UWYR funding in the coming year. The system only imposes rectifying measures to agencies in case of poor performance, e.g. funding conditions, operation review, reduction or termination of funding. The reward to agencies for good performance should be strengthened.

It is recommended that a scoring system be adopted to assist CRPs in making allocation recommendations with the following major features:

- **It is recommended to adopt the following four (4) funding criteria in assessing agencies' funding applications:**
 - **Core competency;**
 - **Commitment and capacity to serve diverse communities;**
 - **Effectiveness of delivery of funded services as proposed in the current funding contract; and**
 - **Relevance of the proposed programs with UWYR's funding priorities.**
- **If an agency scores a combination of Level 3 and 2 on all of the above assessment criteria:**
 - **The agency's funding application for continued funding will be recommended.**
 - **The agency will be invited to apply for additional funding, i.e. cost of living increase, IMPACT and New and Expansionary Program Funding, if funds are available.**
 - **If the total amount of additional funding applied for exceeds the amount of funding available, higher scoring agencies will be considered with priority. More details on different opportunities for agencies of varied accomplishment levels are discussed in Report # 3, paragraph 4.1.**
- **If any agency scores one or more "Level 1" in the above assessment criteria:**
 - **The agency will not be invited to apply for any additional funding, e.g. cost of living increase, IMPACT and New and Expansionary Program Funding.**
 - **Depending on the severity of the problems identified, the following additional recommendations will be considered:**
 - **Funding condition(s) will be imposed for the agency to pursue and follow.**
 - **UWYR will conduct an operational review of the agency.**
 - **UWYR will reduce or terminate funding to the agency.**

8. Re-alignment of Grant Streams

Currently, the following grant streams are available for agencies to apply:

- Core Program Funding supports specific programs of member agencies.
- Cost of Living Increase is added to Core Funding to member agencies to offset inflation and maintain the value of UWYR funding subject to funds available. Member agencies are not required to apply. The increase is a fixed percentage reflective of the increase of the Consumer Price Index in the past twelve (12) months to the Core Funding of member agencies.
- Improving Performance in Agency Competencies (“IMPACT”) supports member agencies to build or strengthen their infrastructure.
- New and Expansionary Program Funding supports member agencies to expand their existing UWYR funded programs or deliver new programs not currently funded by UWYR. Subject to funds available, non-member agencies may be invited to apply for UWYR membership and Core Funding.
- Community Initiatives Funding supports both member and non-member agencies to deliver time limited projects to address emerging community needs.

Apart from IMPACT and Community Initiatives Funding, other grant streams are renewable subject to evaluation of agencies’ performance.

The following shortcomings have been identified to the existing alignment of grant streams:

- There is no policy on the priorities of the existing grant streams. Given the fact that there is always limited money to support all grant streams, UWYR Board of Directors makes the best of its discretion to decide on the amount of funding for each grant stream every year. It is always a challenge to communicate to member agencies and the community why different allotments are made to different grant streams in different years.
- Although the UWYR 2004 Needs Assessment and Funding Priorities Setting Reports ascertains UWYR’s role to support community capacity building initiatives that strengthen the community’s capacity to address its needs and problems in collaborative and participative manners, the existing grant streams do not provide sufficient coverage to this new and emerging role.
- “Core Program Funding” is a confusing title. The funding is used to deliver specific program (s) relevant to UWYR funding priorities by supporting the program and administrative costs (20% maximum of the total Core Funding). However, it is not a grant that an agency has discretion over to use it for any programs or administrative expenses. The title has to be changed to reflect the original intent and nature of the funding.
- The title of “Cost of Living Increase” gives a sense that the agencies are entitled to receive it as long as there is inflation. To be consistent with the previous recommendation (paragraph 7) that only agencies achieving Level 3 and 2 in the four funding criteria will be eligible to apply for extra funding, the title of “Cost of Living Increase” has to be changed.

Four changes are recommended regarding re-alignment of grant streams.

First, “Community Fund” will replace Core Program Funding. The recommended title better reflects UWYR’s role to use community donations to support programs relevant to current funding priorities. The title is commonly used by other United Ways.

Second, “Enhancement Fund” will replace “Cost of Living Increase”. The fund will enhance the value of agencies’ funding in view of inflation.

Third, it is recommended to create a new grant stream entitled “Community Capacity Building Fund” to support time-limited projects with the following requirements:

- Demonstrated outcomes that the community capacity to address its needs and/or problems will be strengthened;
- The project involves a partnership of at least two separate community organizations and plans rally broad-based community participation.

Fourth, it is recommended to determine the priorities to be allotted with funding among the grant streams in the following order specifying eligible applicants and whether it is renewable:

Grant Stream	Priority	Applicants	Is it Renewable?
Community Fund	1	Member	Yes
New and Expansionary Program Fund (Member Agencies)	2	Members	Yes
IMPACT Fund	3	Members	No
New Membership Fund	4	Non-members	Yes
Enhancement Fund	5	Members	Yes
Community Initiatives Fund	6	Members and Non-members	No
Community Capacity Building Fund	7	Members and Non-members	No

The process to determine the amount of each grant stream is mentioned in Report #3, focusing on fund distribution process.