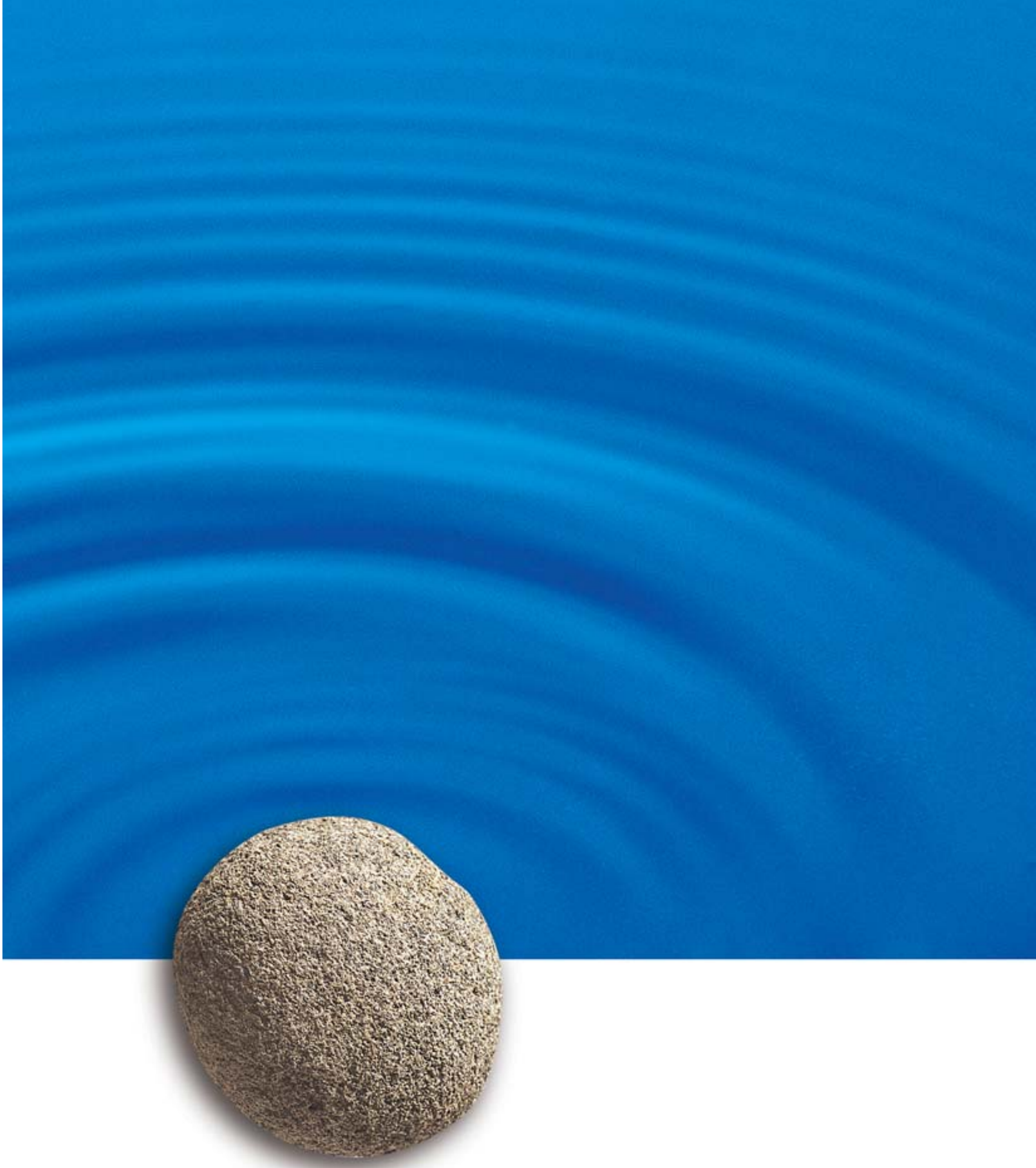
The Muttart Fellowships



The Dance:

Seeking, Administering and Accounting for funding in the Voluntary Sector

Anne Smith

Each item in The Muttart Fellowship Products Series carries “the look” designed for the program. The concept incorporating pebbles and water fits with the Zen-like qualities of the visual identity of the Fellowship Program.

Each front-cover pebble is different—representing the uniqueness of each fellow and what s/he has to offer. Applicants are like pebbles among pebbles. After each is refreshed and renewed through the Fellowship year, s/he has an impact on the nonprofit charitable sector like the rings the pebble creates on a pond of water.

The varied use of this design recognizes the individuality of the Fellows while also creating a unified look to the Muttart Fellowship Products Series.

The Muttart Fellowship Program—unique in Canada—was created in 1996. A project of The Muttart Foundation, a private foundation based in Edmonton, Alberta, the program is designed to:

- develop research and other materials that will benefit the charitable sector in Canada.

- provide senior managers within the social-services sector with an opportunity for a sabbatical year—a chance to recharge and renew themselves.

Up to five fellowships are awarded each year to people working in senior-management positions in social-service charities within the Foundation's funding area—Alberta, Saskatchewan, Northwest Territories and Yukon.

During the Fellowship year, the Fellow leaves his or her agency to work on the chosen project. The Foundation makes a grant equal to the salary and benefit costs for the Fellow's position, and provides a budget for expenses related to the project. At the end of the Fellowship year, the Fellow returns to his or her agency for at least a year.

For more information about the project, please contact:

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The Dance: Seeking, Administering and Accounting for Funding in the Voluntary Sector

Anne Smith

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Preface

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Tuesday, February 26, 2002
9.45 p.m.

Iíve been at this computer most of the day. My god, why did I ever apply for this Fellowship in the first place? I just can't seem to get this project to come together – it's too big, it's too difficult, it's too complex! Best shut things down for the night. I think I deserve some of that "R and R" this sabbatical is supposed to bring. A little mind-numbing TV should hit the spot.

10.00 p.m.

The Guardian. Sounds interesting. It should help me get my mind off this blessed project.

(The Guardian is a new, prime time drama that profiles the life of a young corporate lawyer who finds himself in trouble with the law. He is found guilty of drug possession and sentenced to 1500 hours of community service serving as a child advocate at Children's Legal Services of Pittsburgh, a non-profit agency.)

Tonight's Episode

Alvin is the Executive Director of Children's Legal Services of Pittsburgh. He's visibly agitated. It's time to meet with their major funder. The meeting with this funder is standard procedure. They've funded the agency for 20 years; however, this year the agency will be competing with another organization. Alvin's not overly concerned. After all, the agency has done excellent work with children and the results speak for themselves.

Alvin arrives at the Board meeting. He knows everyone by first name. He's invited to stay while the competition makes their presentation. The competing agency has come armed with a state-of-the art audio visual presentation and comprehensive printed *materials. The Executive Director is young, well-qualified, professional and passionate. Her presentation is skilful and emotive.*

Alvin takes it all in stride. After all, he has worked with this funder for 20 years; he has the history, experience, a strong relationship and success in the field. Alvin makes a simple presentation requesting renewed support.

Commercial Break

Oops. The funder has decided to go with the new agency. They may not have a track record, but the presentation was very polished and besides, change is a good thing. And, if Children's Legal Services of Pittsburgh is willing to change their mandate from focussing on children to adults, there is another pool of funding they can access.

Back to the agency. "Hey everyone. We didn't get the funding. That means your paycheques are going to bounce. So, I guess this is goodbye. Can't thank you enough for all your hard work."

The agency staff respond, "We're not going anywhere, Alvin. We'll just hold onto our paycheques. We know you'll find some the money somewhere."

Commercial Break

Alvin's rushing out of the office. "Sorry, no time to see a client. Have to meet with a prospective donor. She's made donations in the hundreds of thousands."

Alvin's at lunch at a posh, very private club. "I really appreciate you agreeing to meet with me. We really do need your help." He opens an envelope. "$2,000. "Gee thanks — that's great. Really appreciate it but I was hoping you might give more. Our case load is really heavy and it takes money to help these kids."

"You have an idea. Great – what is it?"

"You want me to go in a bachelor auction …I could get $10,000 – if they like me. Well .. okay …."

Commercial Break

Alvin didn't do too well in the bachelor auction. But, the pay cheques are okay. Alvin went back to the funder and agreed to re-focus from children to adults.

Life goes on at Children's Legal Services of Pittsburgh.

Fate ***n***. a person's destiny.

Omen (**oh**-men) ***n***. an event regarded as a prophetic sign

Serendipity (se-ren-***dip***-iti) n. the making of pleasant discoveries by accident, the knack of doing this.

Call it what you will. This project was meant to be. And, I was meant to do it!

Opportunities like this one come along just once in a lifetime. The ability to take advantage of such an opportunity comes only with the support of many. So to …

- the Muttart Foundation for your vision and innovative approach to building capacity within the voluntary sector,
- the Board and staff of United Way of the Alberta Capital Region for allowing me to take part in the Fellowship Program,
- the agencies who agreed to participate in this project by sharing their thoughts, frustrations and ideas,
- the local agency leaders who agreed to help and advise me on the project,
- my research associate who kept me on track,
- my family for your encouragement and support, and
- the creators of The Guardian for inspiration when I needed it most,

a heartfelt thanks!

Introduction

Introduction

The voluntary sector in Canada is comprised of a vast network of organizations whose missions and mandates vary as widely as do the people and places that make up our Canadian society. One thing though that we as organizations, large and small, have come to share is the ever challenging, often all-consuming necessity of attracting financial resources.

Fundraising. Grant seeking. Contracting. Enterprising. We do it all in what has become a relentless pursuit to secure and sustain the funding we need to do our work, achieve our missions and contribute to the health and well-being of our citizens and our communities.

It is this process, this "dance", which serves as the focal point for this project. The impetus comes from my own recent experiences in both fundraising and managing grants from other funders, numerous conversations with my colleagues in both the agency and the funding community and as captured in this headline in the Edmonton Journal in December, 2000.

> **Charities ailing from crackdown on grants**
>
> *Canada's poor and disadvantaged are being hurt by the snarl of red tape created by the federal crackdown on how grants are dished out.*
>
> *Al Hatton, executive director of the Coalition of National Voluntary Organizations said, charities and volunteer groups that rely on federal funding are swamped by paperwork and red tape which is pushing up their costs, choking cash flow and undermining efficiency.*
>
> ***Edmonton Journal*, December 2000**

The article from the Edmonton Journal may well have been viewed by many as an alarmist exaggeration of the rules and regulations related to new funding policies created by the federal government. Or, it may in fact, be just one example of the difficult challenges charities and non-profit groups face as they struggle to adapt to current and changing funding policies and practices of not only all levels of government, but also, private and public foundations, corporations and individual donors.

Undoubtedly, the way an organization finds and administers the resources it needs to deliver its programs ultimately impacts its day-to-day operations and overall organizational development. The current focus on non-profits and changes to their funding environment has been the subject of several recent studies that suggest changes in funding policies and practices have forced many non-profit organizations to alter their governance, operational and service delivery practices as well as their mission to meet the requirements of funders who increasingly see them as mere service providers.

Despite the fact that non-profits continue to face a growing demand for services that are no longer assured by government, government continues to be a primary source of revenue for the charitable sector. In a recent paper, "*Strings Attached: Non-Profits & Their Funding Relationships with Government*", Robert Roach and Susan McFarlane suggest that financial dependency on government funding comes as a tradeoff between obtaining the funds non-profits need to carry out their missions and limitations on their freedom of action. They suggest that elected officials and government departments are not only placing a greater emphasis on holding non-profit social service organizations accountable as a means of program evaluations and policy planning but also as a means of increasing control over service providers.

In another recent paper, "*The Nonprofit Sector and Government in a New Century*" published for the School of Policy Studies, Queen's University, Juillet, Andrews, Aubry and Mrenica explain the shift in government attitudes towards public services. They suggest that government departments and their roles have transformed from being agents of delivery to becoming coordinators of program delivery. As non-profits redefine their working relationship with government, they do so with the understanding that government has an explicit objective of exercising greater influence over the delivery of services by non-profit agents. Currently, governments and many foundations are shifting to a policy of service contracts and project funding and moving away from the core funding that has been the lifeblood of many organizations in the past.

In order to ensure greater accountability for the expenditure of funds, governments, foundations, corporations and individual donors are tying financial support to detailed contractual agreements, specific outcome measures and a range of marketing objectives. Because there is little standardization of the funding process across funding bodies, complications with grant and contract procurement, administration and accountability can lead many non-profits to devote a disproportionate amount of time and resources to meeting the unique requirements of each of their funders. And, while non-profits struggle to meet the various requirements of their funding bodies, they must concurrently meet the expectations of their regulators, boards, donors and the public at large. Arguably, the human and financial costs of meeting the wide range of accountability requirements may well exceed the value to both the funding body and to the non-profit recipient.

It is within this context, then, that this fellowship study will to describe the challenges and obstacles related to current funding policies, practices and conditions as experienced by a sample group of non-profit, social agencies. The study will provide an opportunity to share ideas about changes that could enhance both efficiency and effectiveness. It is hoped the study will ultimately present a compelling case for ongoing dialogue and positive change amongst funders and agencies alike.

This study is based on the following assumption:

"Funding policies and practices impact the organizational development, operations and sustainability of non-profit organizations"

The paper focuses on building an understanding of the current funding realities faced by charitable organizations and how these issues impact an agency's governance, operations and service delivery. It will also discuss potential improvements which could enhance agency, and indeed, funder efficiency and effectiveness.

The paper is comprises thee distinct parts as follows:

1. A brief review of recently conducted research on this and related topics.

2. A summary of current funding realities as experienced by a sample group of agencies within the province. The summary is based on a review of organizational documents (annual reports,

budgets, strategic and business plans, program evaluations and funding agreements) together with responses to a written questionnaire and one-to-one interviews with senior agency volunteers and staff.

3. A discussion of the key issues and themes which emerged together with impacts and opportunities for improvement.

References

Andrew, C., and Aubry, T., and Juillet, L., and Mrenica, J., 2001. "The Nonprofit Sector and Government in a New Century", School of Policy Studies, Queen's University: McGill-Queen's University Press.

McFarlane, S., and Roach, R., "Strings Attached: Non-Profits & Their Funding Relationships With Government", Canada West Foundation, Research Bulletin, Number 4, Sept. 1999.

Part I:
Funding Practices in the Non-Profit Sector

Part I: Funding Practices in the Non-Profit Sector

A Brief Review of Related Research

To following is a reference list of recent research initiatives that outline the current body of knowledge related to funding practices in the non-profit sector followed by a summary of common themes. The research examines the mechanisms used by funders for funding voluntary organizations and concerns expressed by the non-profit sector as they seek to adapt to changes in funding policies and practices.

Strings Attached – Non-Profits and Their Funding Relationship with Government

Prepared by: Susan McFarlane and Robert Roach
Alternative Service Delivery Project
Research Bulletin Number 4,
September, 1999

Abstract

The Canada West Foundation has produced a number of publications through their Alternative Service Delivery project which was designed to increase understanding of the non-profit sector in Canada, its relations with the state, and its role in the delivery of social services. McFarlane and Roach analyze data collected through interviews and roundtable discussions with non-profit social service agency staff members and makes several recommendations for better working partnerships between social service agencies and the government. McFarlane and Roach report the results of a survey of 72 executive directors of social service agencies with respect to non-profits and their funding relationships with government.

Sustainability of Effective Pilot Projects: Role of the Calgary Foundation

Prepared by: SYNERGY Research Group

Abstract

The Calgary Foundation reviews its current emphasis on and approach to short-term project funding. The focus of the study was on innovative social services, community health and community development projects in order to explore the value and limitations of short-term project funding by The Calgary Foundation (TCF) and to identify possible new ways in which TCF can work more closely with service delivery organizations and other funders to increase the likelihood that significant innovative projects receive ongoing financial support following completion of the pilot phase.

The Synergy Research Group analyzes responses from five Calgary Foundation representatives, eighty funders who support Calgary agencies and several non-profit organizations that deliver services in Calgary.

The Non-profit Sector and Government in a New Century

Prepared by: Luc Juillet, Caroline Andrew,
Tim Aubry and Janet Mrenica
Queen's University
McGill-Queen's University Press
School of Policy Studies, 2001

Abstract

Researchers from the School of Policy studies at Queen's University study the recent past of eight national non-profit organizations from four different sectors in order to determine the impact that the changing funding environment has had on their organizational development. The researchers examine the impact that changes in funding practices have on the way organizations maintain their mission, govern themselves, and deliver their programs.

The Voluntary Sector Initiative (VSI)

The Voluntary Sector Initiative is a joint undertaking between selected members of the voluntary sector and the Government of Canada. The Working Group on Financing is one of two groups in the VSI whose membership is comprised solely of representatives from the voluntary sector. They will work jointly with the federal government to address issues of how the voluntary sector accesses and manages its resources.

http://www.ccp.ca/vsi

Abstract

The Working Group on Financing is working independently within the sector to examine issues that affect the stability and sustainability of voluntary sector organizations.

The Working Group on Financing (WGF) is a sector-only group within the VSI whose proposed mandate is to:

- Examine the broad question of how the voluntary sector is financed, identify issues of concern and develop strategies to enhance capacity, efficiencies, and long-term sustainability.

In order to address how the sector accesses and manages financial resources from all sources, the working group will divide its work as follows:

- They will work within the voluntary sector to explore issues and concerns of unique interest to the sector and independently present perspectives on federal funding to Ministers.

- They will partner with the Capacity Joint Table, along with government officials, to form the sub-committee on financing, and will explore the broad question of how the sector is financed.

- They will serve as a reference group to the Interdepartmental Working Group (IWG) on Federal Funding

Ongoing initiatives include a consultation with a diverse cross-section of voluntary organizations to hear their views on how federal funding practices and policies might be improved, to identify specific impediments in current funding arrangements, and to develop a code of good funding practice, a strategic investment approach and the application of improved financial management practices to the funding relationship.

Common Themes Related to Funding Practices

Among the research papers cited above, there are several key issues and concerns related to funding policies and practices that emerge. They are:

A Reliance on Government Funding

In 1997, the National Survey of Giving, Volunteering and Participating showed that registered charities depend significantly on government for their financial support. In the study, 57% of non-profit revenues came mainly from provincial government, while 32% were provided by fees and commercial activities. Only 10% of revenues were derived from individual donations and a mere 1% was obtained from corporate donations.

Given that in the early 1990's, 14% of government spending was spent in supporting registered charities, these expenditures were easy targets for budgetary cutbacks. To date many non-profits continue to find themselves in an environment marked by government restructuring, competition for finite resources, and evolving public policy.

Changes in the Form of Funding

Non-profit organizations that deliver services funded by government and public and private foundations are experiencing a shift from core funding or long-term funding that supports primary services to short-term project funding. As a result, many non-profit organizations are seeking to increase their fundraising capacities and experiment with commercial, for-profit ventures in order to supplement these primary sources of funding.

This shift to a shorter-term project focus raises concerns about the sustainability of not only essential core services but also, successful pilot projects. It also raises concerns about fund raising capacity and the risk associated with these resource development and commercial ventures.

A Complex Contracting Process

The process of securing government and foundation contracts is often complicated. In some cases, funding levels and the length of contracts do not always provide non-profits with the stability they feel is necessary to provide high quality services and to do long-term planning.

Insufficient funding can create unrealistic expectations of what service can be provided with resources allocated. This situation can also create stress as the organization struggles to provide adequate working conditions and compensation.

Contract negotiations are often informal or non-existent, particularly is there is no “renewal process”. Many non-profits would like the opportunity to negotiate changes to the type of service or program offered and the financial resources required to provide the service. Non-profits suggest that improved collaboration between both parties is required to build trust and mutual acceptance of the contract conditions.

Excessive Use of Time and Resources

Applying for funding and meeting both administrative and programmatic conditions requires a great deal of time and resources. Contract requirements may require non-profits to submit lengthy and complicated application forms as well as statistical reports, external evaluations, performance targets and forecasts for services, audited financial statements and financial reports.

Many non-profits argue that the human and financial resources required to meet contract requirements redirects resources away from serving clients. The strict guidelines imposed by the contract conditions can reduce service flexibility and prevent agencies from reacting to changes in their respective communities. This can result in a feeling of loss of control by local agencies who would prefer greater freedom to tailor services to the unique needs of their clients and communities.

Reduction of Advocacy Efforts

Contractual obligations can affect an organization's advocacy efforts. Once funding is accepted, non-profits may be reluctant to become involved with political change for fear of having their funding withdrawn.

Building Healthy Relationships

Good communication, interaction and trust are essential elements in building a healthy relationship between funders and non-profits. This requires finding time to meet, keeping each other informed and articulating clear expectations of each others' roles. Relationships can be enhanced through ongoing and two-way communication and a clear sense that the funder and the non-profit organization are working in partnership to help people in need.

Describing the Current Funding Reality

Sample Profile

A non-random sample of social service agencies was selected for the study. Potential participants were identified based on varying size, budgets, geographic locations, service areas, and funding sources.

In order to encourage an unbiased, open response, agencies, funders and specific individuals will remain anonymous to the reader.

Organizations were contacted initially by phone. This was followed up with a case briefing including background information about the project, a request for documentation, a written questionnaire and an interview guide. Every agency that was contacted enthusiastically agreed to participate.

Six agencies took part in the study. The sample includes agencies located in and providing service to small and large communities in both rural and urban Alberta. The youngest agency was incorporated in 1997 and the oldest in 1957. The agencies provide services to children, youth, families and individuals. Programs focus on prevention, early intervention, crisis related services and agency and community capacity building. Client populations ranged from 400 to over 5,000.

The budgets of the agencies range from a low of approximately $150,000 to a high of $3.6 million. Staffing complements range from a high of 100 (85 FTEs) to a low of 1.5 full-time and 11 contract/part-time. Volunteers were involved to varying degrees; all agencies had volunteer boards, several utilized volunteers in the day-to-day operations of the agency and some utilized volunteers in direct service delivery. One agency noted that they would involve volunteers more if they had the resources to support a volunteer program.

Funding Sources

Funding for the participating agencies comes from all levels of government, regional health and children's authorities, United Ways, community foundations, private foundations, community lottery boards, service clubs, earned income, corporate and individual donations, and wide range of fund raising events. All but one agency reported significant changes in funding sources in the past three years. The most significant example is where, after 10 years, one source of funding representing more than 50% of the agency's budget was lost due to the restructuring of the funding body.

For the most part, agencies expressed concern about the uncertainty and unpredictable nature of the current funding environment and the ongoing changes specifically occurring within Regional Authorities and the recent dissolution of Mental Health Boards and Community Lottery Boards.

Agencies generally predicted flat or decreasing support from traditional funders and an increasing need to find and develop new sources of revenue including corporate and individual donations and public fund raising activities. Entrepreneurial and commercial ventures were also cited as areas for potential growth and development.

While agencies felt potential existed for developing new sources of funding, concerns about their ability to build their capacity and dedicate the time and financial resources required to develop these new funding streams were top of mind. Concerns were also expressed as to whether, in fact, the costs associated with resource development could be justified against the return and whether the "marketplace" can or will accept increasing competition for donor dollars and non-profit involvement in traditionally for-profit activities.

More importantly, these potential streams were seen only as another source of short-term, project funding versus what they need most – funding for core operations and long term sustainability.

Funding Types

Agency revenues come in the form of grants, contracts, fees for service, productive enterprise, memberships, and donations. In all cases, agencies regardless of size, budget or service area have several funders. For example, the agency with the smallest budget ($150,000) has 4 to 6 funders in any given year and the largest agency ($3.6 million) has 6 funders. In another example the agency has more than 10 funders for a budget of $650,000. When asked if this was difficult to sustain, the agency remarked several funders is more difficult to administer but leaves them less vulnerable should the funding be reduced or withdrawn. Overall, it was evident that the process for securing, administering and accounting for funding is essentially the same regardless of funding amount and agency size and capacity.

All agencies highlighted the shift from funding core services to project funding and the focus on new and innovative programs versus longer-term, sustaining funding. Agencies also noted the change in corporate philanthropy from donations to "mutually beneficial community investments" which are often tied more directly to corporate business objectives, employee driven priorities and recognition. Individual giving is also changing with more and more donors specifying how their contributions will be spent and expecting measurable evidence of the results, direct involvement with the agency and clients and tangible recognition and rewards for their contributions.

Agencies also reported that individual funders are becoming more and more specific and prescriptive thus reducing the agencies independence of both strategic and operational decision-making and limiting flexibility and innovation.

Without exception, agencies highlighted an increasing need to engage in public fundraising and explore other funding alternatives including entrepreneurial and commercial activities.

Only one agency reported having unencumbered funding (funding to be used totally at the discretion of the agency). In this case, the funding represented just over 30% of the agency's budget and was viewed as highly beneficial in terms of the agencies ability to govern and manage itself effectively and to maintain its decision-making integrity and independence. This agency further reported it has not applied to certain funders because of concerns the funding would be too restrictive and intrusive.

Process for Securing Funds

Agencies acquire funding through direct application, roll-over/renewal, and direct contributions from corporations and individuals as well as a wide range of fund raising activities.

All agencies reported the process for securing funds is becoming more challenging in terms of the time, skills and financial resources required for research, proposal writing, fundraising and fund administration.

Concerns were expressed about their ability to sustain the level of resources required for fund development and administration and about the cost benefit of this work. Agencies described the process as “never-ending” and as a “treadmill”.

Agencies consistently described their relationships with individual program/grants officers as positive. Several suggested the difficulties they experience are not related to the individuals but rather that the actual decision-makers do not provide enough authority and latitude to their representatives to make timely decisions based on their in-depth knowledge of the specific circumstances. While agencies have some ability to influence and negotiate, policies and procedures are often too narrow and too restrictive thus limiting discretion and creating barriers to innovation and creative problem solving.

Fund Agreements

Agencies reported the terms of funding agreements are wholly established by the funder. Only one agency, which is primarily funded by foundations and corporations, reported the terms of the funding agreements were most often established by the agency. While some funding agreements are straightforward, many were reported as being complex and difficult to understand and administer. Concern was expressed by most of the agencies that the requirements of the agreements were not proportionate to the size of the grant/contract/donation. One agency quipped, “it seems the smaller the grant, the more the rules and regulations.”

On reading a range of the actual funding agreements currently in place, they were found to be relatively lengthy (one agreement was 43 pages in length on a grant of $54,000), cumbersome and often difficult to interpret and understand. Many of the agreements were ripe with complex legalize. There were few examples that could be described as empowering or facilitative. Rather, the general tone reflected obligation and compliance. It should also be noted that some agencies sign off on these contracts without benefit of adequate legal counsel. One agency commented that they understand most of the contracts and will just have to deal with any difficulty if and when it arises.

Payment schedules rarely coincide with the agency's fiscal year; reporting requirements vary from funder to funder, and service standards are often imposed. The reporting requirements of each funder varied in terms of information required, format of information and timing for reporting.

The duration of the agreements vary but are generally 1 to 3 years in length. Many agreements allow for withdrawal by the funder at any time with notice periods as short as 30 days.

One grant imposed both hiring criteria and purchasing policy. Some agreements require very specific recognition of the funder. This is most often but not limited to corporate contributions.

As a general observation, the review of actual funding agreements would support agency concerns that the time required to meet funding requirements is disproportionate the value of the funding. It would further support a suggestion made by two agencies that a cost-benefit analysis would be worthwhile in some cases.

A particular concern was raised about the ability to move funds from line item to line item based on changing circumstances. This is most difficult when programs have more than one funder, each of which apply different regulations. Although most funders are somewhat flexible, agencies generally feel they should have more discretion and decision-making authority to manage their budgets to the bottom-line.

Agencies also suggested the ideal situation would allow for funding to be reallocated not only within a program but across programs as well, thus allowing funding to follow the needs of the client more effectively. This would suggest a major shift in the way funding is streamed into the agency so as to focus funding around "people" rather than "programs" thus recognizing the complexity of the social issues people and agencies are dealing with.

Agencies also expressed concern about the complexity of tracking funding specifically to programs and specific line items particularly in smaller agencies whose financial and human resources are more limited. This was verified in the review of audited financial statements and current operating budgets which track funding both within specific programs and across line items.

Another particular concern was that while funders promote and require agencies to demonstrate sustainability, operating reserves are generally frowned upon. One agency described how they have purposefully built up an operating reserve to insure against unexpected funding changes only to find that a prospective funder would not provide funding as long as the reserve was in place. In this example, the funder was willing to reconsider and the funding was approved; however, this example demonstrates an obvious "Catch 22" that begs resolution.

Agencies reported that funding rarely covers all costs associated with program delivery. (One funder was brought forward as an exception and highlighted for their commitment to ensuring adequate funding to the projects and programs they support.) Capital costs are most often excluded and in many cases funders will only fund a portion of the program looking to the agency to leverage their dollars with other funders or through public fundraising. Some funders continue to "offer" the agency less than is requested on the assumption the agency is "asking for more than it really needs".

Funding Administration

All agencies reported the time and costs associated with funding administration are increasing. One agency reported that 6 of 15 full-time staff are involved in the process of seeking and administering funding sources and that 3 FTE's are required for the process. Another agency estimated spending 60 days of staff time per year on seeking and administering funding and another estimated that 50% of the Agency Coordinators time plus time from program and accounting staff is required to administer grant agreements.

The key concern expressed, was the lack of consistency from funder to funder in terms of timing and reporting requirements. In one example, the agency is managing four funding agreements with four funding years; April to March, September to August, November to October and May to April. The agency also maintains three separate bank accounts in accordance with their understanding of the funders' requirements. The budget for this agency is $150,000.

In all cases, reporting requirements vary from funder to funder each wanting information in different formats at different intervals and different times of the year. The administrative requirements are generally seen to be labour intensive and result in an inefficient use of time and resources on behalf of the agency and even, perhaps, on behalf of the funder. Again, a review of actual agreements verified this position.

Whether or not current the time and resources required to deal with funding administration is unreasonable is an important question. Based on the information reviewed and observations made, it appears the cost benefit is may be questionable.

Accountability Requirements

All agencies were in agreement about the importance of providing accountability to their funders. They were also in favour and supportive of outcome evaluation as an important tool for both the funder and the agency. Accountability requirements include interim and final financial reports, separate program audits, statistical reports, interim and final program reports (including outcome measures) and external evaluation reports.

Some funders provide specific resources for outcomes measures and external evaluations, other do not. Some funders actually impose specific outcome models and measures; others work with the agency to develop measures; and, others accept the measures developed by the agency. Agencies expressed a preference for the latter two as being a more effective approach.

Again, funders require this information in different formats and at different times highlighting the ongoing concern about the amount of time and resources required to provide accountability due primarily to the inconsistency between funders. In the case of smaller agencies the questions of scale, equity and cost benefit are also top of mind.

Part II: Summary of Issues and Impacts

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Governance

Agencies generally reported that their Boards are much more concerned about and often pre-occupied with the financial viability of their agencies than ever before. This became apparent in the review of strategic plans which tended to place a major emphasis on resource development and financial sustainability. In one agency, the Board and management have identified the need to change from being a “service oriented” agency to a “resource development oriented” agency. In several agencies, the Board specifically requires that no new programming will be developed until such time as all funding is confirmed. In one example, the agency policy requires that no new projects will be started until they are 100% funded. In another agency, the strategic plan states that the agency will seek to grow revenues before growing service and of the 12 strategic outcomes identified for the agency, 5 are directly related to resource development.

In one agency, the Board broadened the mission (but maintained the actual program focus) of the agency because the statement was viewed to be a barrier to attracting funds. Another agency reported feeling pressure because it is not a “popular” cause and therefore does not have the potential to generate significant support from corporations or individual donors. In still another example, the agency is finding that more and more corporations are seeking out agencies to develop and deliver programs they want to fund because they satisfy business and marketing strategies.

While there is no argument that one of the primary functions of governance is to assure the financial needs of the organization, this is a question of degrees. Unlike businesses, non-profit organizations need to be mission-driven not profit driven. While generating revenue is a critical means of achieving this purpose, it is not and should not be the end in and of itself. The findings of this study would suggest there is room for concern that the current funding environment encourages and even requires agencies to set strategic directions and make decisions based on “where the money is” and “what the donor wants” rather than “what the agency mission is” and “what the community needs”. At the same time, it is recognized that this is not a simple “either/or”. The challenge is to achieve and maintain an appropriate balance between the needs of funders and needs of the agencies and most importantly the needs of clients and communities they both serve.

Operations

All agencies in the study reported that the time required to attract resources and manage/account for funds has increased dramatically over the past 5 to 10 years. Because there are no new financial resources to hire staff to manage this area, all of the other staff and in some cases volunteers have had to add this activity to their current responsibilities. Executive Directors have been the most impacted in this area with reports that more than 50% of the Executive Director’s time is now being spent on resource development. In one example, where there are Co-Executive Directors, one position is entirely focused on resource development. In another example, where there are only 1.5 full-time staff, the Director reported that work associated with seeking and administering funds simply had to be done “in the evenings at home”.

Of particular note, is that in light of the pressure to leverage resources and engage in more corporate and public fund raising, most agencies have extremely limited resources for promotion and resource development activities. No specific examples of direct support or funding to assist with leveraging or fundraising were found.

Agencies reported ongoing concerns about their inability to provide adequate compensation at all levels of the organization. Salaries and wages were consistently reported as below standard and in two examples there is no benefit plan. Most agencies reported they have difficulty attracting and retaining qualified staff. Some reported they are able to maintain quality staff because they are people “who are passionately committed” to the cause. Another reported they simply had to find alternative ways to compensate including extending vacation allowances and hiring more part-time and contract staff to reduce costs. Resources for staff development are not deemed to be adequate and in one example, professional staff who are required to participate in annual professional development, fund this activity personally.

Agencies also expressed concern about the inconsistency from funder to funder around compensation. Because funding is program specific it is difficult to achieve and maintain compensation equity (e.g., a funder of one program provides funding for salary increases and a funder of another program does not). This also occurs regularly in programs which a multi-funded. One agency reported they depend on public fund raising to subsidize salary budgets. In another, unencumbered funding is used to achieve equity. In yet another, the agency is unable to provide compensation equity.

Agencies generally expressed concern that funding does not include the entire costs associated with staffing a program; i.e., space, furnishings, and equipment. At the same time, all agencies agreed there is more than adequate funding available for computer technology; however, the costs associated with ongoing upgrading and maintenance were more difficult to find. One agency reported, “there’s plenty of money for computers, but there’s no money for families — it’s so bizarre”.

Agencies expressed concerns about the ongoing requirement of funders that the agency be able to demonstrate sustainability when there are no funders who provide sustaining funding. This combined with the unpredictable nature of funding and ever-changing funding priorities makes agencies and more importantly the people they serve extremely vulnerable. In addition, the current focus on funding only “new and innovative” programs, project funding, leveraging requirements and partial funding adds to this vulnerability. Agencies also expressed concern that core, proven programs are the most difficult to sustain.

In terms of overall planning, agencies reported that while their business planning spans 3 to 5 years (often a requirement of funders) financial planning is annual at best. In one example, the agency’s facilities lease renewal will require a substantial increase based on current market conditions. While funders have been sympathetic to this predicament, they are unable and/or unwilling to provide additional funding for this purpose. The agency has yet to find a suitable alternative.

In another example, the 2002 – 2003 budget (on an April – March fiscal year) was not yet set (as of mid-April) because funding decisions have been delayed. This is typical each year requiring program staff to begin winding down their work with clients in the event funding will not be available. The potential for negative impact on client service and outcomes is obvious. The situation also causes serious cash flow challenges and risk management issues for the agency's Board. In another example, a delay in funding payment brought the agency dangerously close to missing their payroll commitment.

Overall this has translated into burnout and stress at all levels of the organization. Boards are increasingly focused on financial sustainability and risk management. Agency leaders are increasingly concerned about the health and well-being of staff and therefore the sustainability of the agency. They are equally concerned about their own ability to "maintain the pace" and provide an appropriate level of leadership and support to their staff and volunteers alike. Program staff are increasingly concerned about their own job security and more importantly their ability to provide quality, uninterrupted client services. The commitment and passion don't seem to have waned; the question seems more one of staying power.

Service Delivery

Agencies were most adamant about the importance of maintaining quality with respect to service delivery. Regardless of funding circumstances, agencies consistently reported that service delivery has not and will not be compromised. This is in light of examples of less than inadequate funding, major changes in funding streams, and the generally unpredictable nature of funding. The call for "doing more with less" continues to be a predominant theme and as such has led to continued pressure to provide adequate agency infrastructure (staffing, compensation, training and development, promotion, facilities and equipment). It also results in longer waiting lists (one agency reported waiting lists of 3 months to one year; another did not express concern about waiting lists). In another example, the specific nature of funding has resulted in clients being served based on where they live. If there is more demand in one area than another and the funding is not available, that client will have to wait longer that a client living in an area where there is funding available. The resulting concern is two-fold; firstly in maintaining current levels of service and secondly in increasing services level to meet increasing demand.

While agencies have been able to maintain adequate control of decision-making related to service delivery standards, they are experiencing an increase in regulation from some funders with respect to service standards. This is most prevalent when services are contracted to the agency. For the most part agencies reported the standards being imposed are either the same or perhaps less than their own and when discrepancies do occur, they are able to negotiate a compromise. And, while agencies accept the need for funders to ensure adequate, consistent service levels, agencies are concerned that regulation will increase thus further limiting their ability to make decisions and take actions they deem in the best interest of their clients and their agency. As well, there is concern that funders are unable/unwilling to fund at a level commensurate with the standards they expect. In some cases, it appears funders expect agencies to provide the services they previously provided at a reduced cost. Whether this is reasonable is not directly evident in the information reviewed, but based on agency discussions it would seem to warrant further investigation. Again, this is a question of sustainability in the long term.

Funding Environment

Most agencies described the funding environment as competitive, unpredictable and frustrating. Decision-making was seen to be unilateral and prescriptive.

Competition was not limited to financial resources. Agencies also pointed out the growing competition for volunteer resources. One agency described the competition this way. “It’s difficult to get dollars, it’s difficult to get volunteers but there’s no difficulty getting computers.”

When asked whether the competitive environment was a result of having too many agencies, most agreed. One agency, however, felt strongly that a growing number of agencies are both necessary and healthy. Agencies who agreed there are too many agencies also agreed funders encourage this fragmentation by focusing funding on new and innovative projects and programs.

Further, while there are many agencies competing for finite resources, agencies were generally heartened by the willingness of their colleagues to work collaboratively. They challenged funders to do the same. While funders not only encourage but actually require agency collaboration to reduce duplication, they were not seen to "walk their own talk". One agency described the collective funding process as poorly planned and managed. At the same time, agencies were generally sympathetic to the pressures funders must also deal with in their changing environment.

Funding Relationships

While agencies generally felt their relationships with individual program and grants officers were positive, most described these relationships as paternalistic. One agency; however, finds paternalism to be the exception not the norm. One agency described their funding relationships in this way. "The people are great but their policies and procedures are not supportive". In another example, the agency said, "you jump through all the hoops and demonstrate the outcomes but you still can't get the funding!"

In general, agencies expressed they don't feel trusted and respected in terms of the knowledge, experience, expertise and performance records they bring to the funding table. The relationship between funders and funded agencies continues to be rooted in the charity model of giver and receiver versus one of equity and empowerment. One agency expressed a feeling of "obligation" to meet every need of the funder. Another expressed a feeling of being "bullied" by some funders. At the same time, one agency felt most relationships were positive and productive.

Agencies clearly recognized the value of open, honest relationships with funders and how funders can bring more than money to the table. However, they were not confident that funders value their input or opinions to the same degree. There was unanimity amongst agencies, that if funders were to communicate with each other more often and in more meaningful ways, they could reduce fragmentation, duplication and frustration for agencies. One agency said it best; "The health care system says this (the agency's program) is a social issue; the social services system says this is a health issue. Can't they get make a decision one way or the other?"

Part III:
Summary of Issues and Impacts

Part III: Summary of Issues and Impacts

Thoughts, Reflections, Opportunities for Positive Change

Throughout the study process, I was overwhelmed by the responsiveness of the agency participants. Their openness, honesty and “the glass is half full” attitude were more than expected. Together, we were able to clearly identify key concerns and the impacts these issues have within the agency and for the work they do. At the same time, agencies were most interested in identifying, supporting and participating in strategies that will improve and enhance the funding system always with a view to making a positive difference in the lives of the people and communities they serve.

I was also struck by the similarity between these findings and the findings of the previous research cited at the beginning of this report. The same concerns were expressed over and over thus strengthening the validity of the issues identified.

Over the course of the review, the information gathered and the discussions held began to take shape in the form of four overarching themes. They are:

1. The Volatility and short term, project focused funding

2. The one-way nature of Ownership and accountability for results

3. The lack of resources available for agency Infrastructure

4. The Disconnect between funding bodies

The issues described and experienced by the participating agencies relate to one or more of the four themes highlighting the interdependent nature of the issues and thus the potential solutions. This would suggest that individual funders and agencies working independently to make incremental changes to policies and procedures will have limited impact. What seems more apparent is that a collaborative, system-wide effort is needed in order to maximize the efficiency and effectiveness of the current funding system and fill the VOID which appears to exist. Indeed, one could argue that what is required is transformational change; cultural change and at the very least a change in the very nature of the relationship that currently exist between funders and funded agencies.

Volatility

The first agency interview conducted occurred on the day the Provincial Government announced the dissolution of Community Lottery Boards – more than $51 million no longer available within the province – effective immediately.

Thus, the description of the funding climate of the past decade as “here today, gone tomorrow”.

Governments’ focus on “getting our financial house in order” and the ensuing fiscal restraint, restructuring and transfer of responsibility to the community level has had profound impact on the non-profit sector. Indeed funders of all types have had to review and redefine their funding priorities and measures of success in order to maximize cost benefit and demonstrate tangible outcomes for their stakeholders. Adding to the complexity is the sheer demand for services together with the increasing complexity of the social issues facing our communities and our society.

The volatility issue is two-fold. First, the unpredictable nature of funding overall and second, the move away from longer-term, core funding in favour of short-term, one-time, project based funding for new and innovative programs.

The impact is obvious; agencies and arguably the non-profit sector are more vulnerable than ever before. More importantly, the people they serve, those who are already amongst our most vulnerable citizens and are least able to influence decision-making, are at the greatest risk of all.

What may not be so obvious is that funders, too, are at great risk; risk in terms achieving their missions, mandates, objectives and accountabilities to their stakeholders. It is not so obvious because the vital link between the success of the funder and the organizational strength of the funded agencies, indeed the non-profit sector is not evident within current funding policies and practices. More specifically:

- Opting for short-term project funding rather than a long-term, investment approach creates an environment that is needlessly competitive, unpredictable and unstable; an environment that limits all aspects of agency performance including governance, management and service delivery. And, limiting agency performance limits agencies ability to deliver the financial accountabilities and client outcomes desired by the funder.

- Changing priorities and cutting funding without adequate contingency planning and bridging, jeopardizes funding investment impact, agency sustainability and most importantly client outcomes. This is particularly true of preventative funding where outcomes can be achieved only when adequate long term, stable funding commitments are made.

In our discussions, it was clear that while agencies are frustrated with the obvious operational issues funding unpredictability and volatility create they are far more concerned about the long term impacts on their clients and their communities. Agencies are clearly seeking a way to enhance their performance, produce meaningful results and solve community problems. Suggestions included:

- Creating a balance of funding to new and start-up programs and proven, core programming.

- Increasing funding duration to 3 to 5 years.

- Providing adequate notice and/or contingency planning and bridging to accommodate funding/budget reductions and/or changing priorities.

- Dedicating resources to develop and sustain alternative resource generation activities.

For agencies, these changes would bring about a more stable environment which would enhance organizational performance, build and strengthen human, financial, and technological capacity, and support and encourage organizational and service innovation. It would also strengthen agencies capacity to develop and sustain alternative sources of revenue. All of which will serve to maximize the return on funder investments and potentially lessen the demand on traditional funders.

Ownership and Accountability

At an operational level, the discussion around ownership and accountability was focussed on the two primary issues; the reasonableness and lack of consistency in accountability requirements. Agencies consistently cited three changes funders can make that would reduce the current duplication of effort and increase cost effectiveness for both agencies and funders alike. They are:

- Make resources available to adequately fund the costs of accountability (e.g., audits, evaluations, outcome measures)
- Conduct cost/benefit analysis of accountability requirements to ensure they are proportionate to the funds expended
- Streamline and standardize reporting requirements and timelines (e.g., proposals, financial reports, statistical reports, outcome measures)

There was also discussion of ownership and accountability at a more strategic level. This discussion related more to the nature of relationship that exists between agencies and funders and the ownership and accountability they share and most often don't share. (It should be noted these discussions were at an organizational level; agencies were unanimous is their positive comments about the specific individuals they work with.) Descriptors most agencies used included paternalistic, superficial, and power-based. Decision-making was described as unilateral. Agreements and contracts are generally defined solely by the funder with one expectation. Accountability most often flows only one way; from agency to funder. The terms and conditions of agreements are determined primarily by funders. Often the conditions and degree of accountability required makes the agency feel they are not trusted and respected as professionals and colleagues. In many cases, this has led to relationships that feel adversarial and disempowering and where success is measured in wins and losses as opposed to relationships which feel mutually supportive and empowering and where and success is measured in win-wins.

There is no apparent sense of shared ownership and accountability for the ultimate purpose of the agencies. This purpose can be generally described as reducing social and economic disparity and creating real and sustained positive change for people and communities. And yet funders, be they private or public, corporate or non-profit boast missions which speak of changing lives, strengthening communities, demonstrating social responsibility, creating social capital, and building community capacities. The vital link between agencies and funders is obvious; each can make a unique and equally important contribution to each others success. Ownership should be shared and accountability should be reciprocal.

This would suggest a funding system which is more collaborative in nature; one which begins with mutually agreed upon goals, positions funders and agencies as equal and valued partners, clearly defines separate and shared roles, responsibilities, contributions and accountabilities, and identifies how success will be rewarded.

For example, one agency participant pointed out “agencies are solely responsible for the sustainability of new programs they start. Don’t the funders have some accountability for sustaining the programs they fund for start-up?” This is an excellent and very challenging question. In the approach being proposed the answer would be absolutely, yes! This doesn’t necessarily mean the funder would sustain the program themselves; however, if the program serves to achieve the goals of the funder as well as the agency, does the funder not have an obligation to support the agency in finding a way to sustain the program? In a model where goals are shared, responsibility and accountability must also be shared as well. If for no other reason, it would only make sense the funder would want to protect their start-up investment by ensuring the ongoing viability of the program.

Some might believe a collaborative approach is far too idealistic. Others would argue it’s simply too complex and time consuming. And yet we all know that in today’s knowledge based, choice driven, accountability focussed world organizational success depends more on deriving mutual benefit and empowerment than on contractual obligations and compliance. The business sector has long abandoned the command and control approach in favour of customer-orientation, stakeholder involvement, strategic alliances, and team based working. Interestingly, corporate donations, grant agreements and funding partnerships are now beginning to reflect this approach. It is clear this new style enhances quality, increases efficiency, reduces costs and ultimately improves the bottom-line. Clearly, the system for financing the non-profit sector could also benefit from the enhanced quality, increased efficiency, reduced costs and an improved bottom-line as learned and experienced by the business sector.

This approach is also keeping with the collaborative and community-building models funders promote and even require funded agencies to embrace and employ. The obvious question is then; if funders believe a collaborative, community-building approach is more effective for agencies and communities, would it not be more effective for the funding community as well? At the very least, a discussion and consideration of a new approach , one which is built on shared goals, shared decision-making, shared responsibility and shared rewards, appears to be warranted.

Infrastructure

The most frequent issues brought forward by the agency participants were centered on funding for agency infrastructure; i.e., adequate levels of staffing, salaries and benefits, compensation equity, training and development and to a smaller degree facilities, equipment and technology. Considering the work agencies do and the outcomes they produce are totally contingent on their ability to attract and retain competent, committed staff and volunteers and provide them with the tools they need, the issue of funding for infrastructure is a critical one.

Throughout the agency discussions, there was a consistent sense that funders are not only sympathetic to these issues; they also realize the critical nature of the situation.

The problem is obvious. Burnt out, underpaid, overworked staff working in poor conditions without adequate training, supports, tools and technology cannot sustain high quality performance.

The solution is equally obvious. When people are valued and supported, individual performance improves. When agencies can attract and retain competent, committed staff and volunteers, organizational performance improves. When agency performance improves, funders are more likely to achieve the financial and outcome results they expect and require.

Very clearly, there is a pressing need to ensure funding levels that:

- support an adequate number of staff
- ensure wage equity from program to program
- provide adequate compensation and benefits
- provide adequate training and development
- provide adequate facilities, tools and technology

What is not clear is why the issue has not been resolved. Clearly funders have been unable or unwilling to provide adequate funding for agency infrastructure but at the risk of offending agency staff and volunteer leaders, agencies may well be as much a part of the problem as are funders. While more and sustaining funding is essential to improving the current situation, agencies must consider the contribution they make to this issue as well. Agencies (both staff and volunteer boards) appear to have accepted the current situation seeing it as insurmountable and allowing a "victim" mentality to take hold. Agencies appear to contribute to this problem by accepting funding that is not adequate to their needs. Boards and management often short change infrastructure budgets in favour of program budgets. In some cases, agencies and their staff appear to have made a virtue out of being poorly compensated proudly exclaiming that money is not why their staff work at the agency; it's because they are so committed to the cause. Executive Directors refuse salary increases in favour of other staff and other agency needs. Many agencies depend on the false economy of time in lieu of salary. And agencies promote low cost as a competitive advantage in their fundraising.

All with a view to putting clients first.

While a noble approach, it is also a quagmire, another Catch 22 which leaves agencies feeling powerless and victimized, boards and funders with mixed messages about what is really required, and corporate and individual donors with unrealistic expectations.

There are both organizational best practice and ethical issues to be considered by funders and agencies alike.

From an organizational best practice perspective, the case for change is clear and compelling. People are the most important asset an organization has. Failure to invest in and protect that asset is failure to invest in and protect the organization as a whole. It is in fact, failure to govern and manage effectively and jeopardizes the agencies ability to achieve its mission and serve its clients both short and long term. It also represents a failure on behalf of the funder in terms of protecting the funder's investment and minimizing the funder's risk.

From an ethical perspective, two questions arise. Is it ethical for a funder to expect an agency to operate with any less than it expects of itself? Is it ethical for a Board of Directors to expect management and management to expect staff to work for substandard wages, with no benefits and in poor working conditions?

Doing the ethical thing is about doing the right thing. Clearly, doing the right thing is long past due.

Disconnect

Interestingly, all of the agencies participating in the study agreed there is likely enough money within the funding system. Agencies were unanimous in their belief that, more planning, coordination and collaboration amongst funders as well as agencies could result in less duplication, fragmentation and overall inefficiency and thus increase current funding effectiveness. While readers of this paper may not agree, it is likely all would concur that it is important to ensure current funding is being allocated as effectively as possible. Agencies have begun to work more collaboratively with other agencies to ensure the best possible use of resources; it would seem reasonable for funders to do the same.

Three significant strategies designed to "connect" funders, agencies and communities were suggested (one is repeated from the section on Ownership and Accountability). They are in order of degree of change required:

- Funders should work together to clarify, streamline and standardize reporting requirements and timelines (e.g., proposals, financial reports, statistical reports, outcome measures)

- Funders should come together with agencies and community members to identify community needs, develop local community agendas, determine local funding priorities and identify local funding commitments

- Funders and agencies should work together to explore alternative ways to organize funding and service delivery in order to ensure the focus is on people and communities rather than agencies, program and services.

As mentioned earlier, the issues described and experienced by the participating agencies highlights the interdependent nature of the issues and thus the potential solutions. It also suggests that while individual funders and agencies working independently to make incremental changes to policies and procedures will have some impact, the need to consider a collaborative, system-wide effort is also indicated. It is recognized the suggestions coming forward are by no means simple. They imply significant change in how the entire funding and service delivery system currently operates and how funders and agencies relate to each other, their clients and their communities.

A Call for Action

Inside, outside, upside, downside. So goes the rapid, transformational change that characterizes our world today. And within this environment, where change has been the only constant, the non-profit or voluntary sector as it has become known, has surfaced as the critical, third pillar of healthy, vibrant communities. Peter F. Drucker, writer, teacher, and acknowledged father of modern management, goes even further when he says, “It is not business, it is not government, it is the social sector that may yet save our society.”

But is the sector ready for such an awesome responsibility? Can the non-profit sector work alone in this endeavour or must all sectors come together as partners in building communities? Does the non-profit sector have the capacity to respond to the challenge to build and participate in the partnerships and alliances called for. Are the current policies, structures, and resources adequate to the task?

These are questions far bigger than any one individual or any one study can begin to address. The challenges we face are significant and complex. However, much work has been and is now being done in hopes of addressing these fundamental questions. It is hoped this paper will in some small way contribute to the ongoing debate and discussion that is so necessary to finding workable, doable answers and solutions. And should the debate and discussion; however difficult continue, then this work will have been worthwhile. If not, then our song has already been sung as in these simple lyrics written by Leiber and Stoller and sung by Peggy Lee.

IS THAT ALL THERE IS*

Is that all there is?

Is that all there is?

If that's all there is, my friend

Then let's just keep dancing

Let's break out the booze

And have a ball!

If that's all …

There is.

Funding Policies and Practices

Funding Policies and Practices

Document Request, Pre-Interview Questionnaire and Interview Content Outline

Phase One – Document and Pre-Interview Questionnaire

This pre-interview questionnaire is designed to capture both the quantitative and qualitative funding situation in your organization. The information gathered will be assimilated with the documents requested from your organization and will be used to structure a personal interview with a key stakeholder from your organization.

Instructions

Please submit a brief, two-page response to this pre-interview questionnaire and forward it along with the following organizational documents for the years 2001 to the study director:

- Agency Profile (including mission, program descriptions, service area, client base, organizational structure, etc.)
- Annual Reports
- Program Evaluations
- Funding Contracts and Grant Agreements
- Annual Budgets
- Strategic/Business Plans

Pre-Interview Questionnaire

Discussion Topic	Check List	Discussion Issues
Funding Sources	Please check those that apply to your organization: ❑ Government ❑ Regional Authorities ❑ Foundations ❑ Corporate ❑ Individuals ❑ Commercial activities ❑ Community Lottery Boards ❑ United Way ❑ Other	Discuss the primary sources of funding that your organization currently relies on and comment on whether or not these sources of funding have changed in the past few years
Funding Types	❑ Contracts ❑ Grants ❑ Corporate donations ❑ Individual donations ❑ Fees for service ❑ Direct offer to provide service	Discuss the primary types of funding that your organization relies on and whether or not you have experienced any shifts in the types of funding you have received in the past few years. Have you experienced any shifts from core to project funding
Process for securing Funds	❑ Direct application ❑ Roll over/renewal ❑ Direct fundraising	Discuss the process you commonly use to secure funds Discuss the time and costs associated with applying for funding Discuss the working relationship that you have experienced with program/grant officers

Discussion Topic	Check List	Discussion Issues
Fund agreements	❑ Defined by funder ❑ Opportunity to negotiate ❑ Vague ❑ Detailed ❑ Exclude particular costs	Who defines the terms of funding agreements Are the agreements straightforward or complex Do they cover all the costs required for program/service implementation Is the duration of contract agreements satisfactory
Funding Administration	❑ Overseen by Executive Director ❑ Other	Discuss the time and costs associated with funding administration
Accountability Requirements	❑ Administrative ❑ Programmatic	Discuss the range of reports required to meet accountability standards i.e. statistical reports, external evaluations, performance measures, audited financial statements Discuss the range of programmatic requirements that you are contractually obligated to provide i.e. eligibility requirements, service delivery methods, staffing requirements

Phase Two – Interview Content Outline

Phase Two – Interview Content Outline

This section is designed to capture the *quantitative and qualitative impacts* that funding policies practices have had on your organization. This outline is designed to give you the opportunity to prepare for your responses to the issues in advance of the in-depth interview. **You are not required to submit a written response to these issues.** You will be contacted by the study director to arrange a mutually acceptable time to conduct an interview with yourself or any other key informant you identify from your organization.

1. Discuss the impacts that funding practices have on your organization:

- **Governance**
  - Have funding practices required you to alter your mission or the strategic direction of your organization
  - Have funding practices affected long range planning, financial forecasting, risk management
  - Is your board of directors more or less involved in the day to day operations of your organization
- **Operations**
  - What effects do funding practices/requirements have on the day to day management and operations of your organization
  - Do you have adequate resources for general administration (staffing, training, technology support)

- How have funding practices affected your organizations' flexibility, freedom to innovate, ability to respond to the community it serves
- Discuss the effects of contractual conditions on your organization with respect to financial dependency and accountability
- Discuss the ease/complexity of managing funding practices in terms of working with multiple funders (i.e. timing, decision-making, matching requirements)

■ **Service/Program Delivery**

- What effect have funding practices had on delivering service to your clients
- Do you deliver the same types of programs (core, project) with the same intensity
- Any difficulties associated with meeting program evaluation requirements

2. Building Mutually Beneficial Partnerships

This question is designed to give you the opportunity to discuss the opportunities you see to improving funding policies and practices in the non-profit sector.

- How would you characterize the current funding environment
- What improvements can funders can make to the funding application, administration and reporting processes.
- How could funders improve their working relationships with agencies

3. Sector Sustainability

- What issues do you believe challenge the long-run sustainability of the non-profit sector
- What can funders do individually and collectively to better support your organization and your work in the community

Anne Smith
2001 Muttart Fellow

Anne Smith joined the United Way of the Alberta Capital Region in 1984. Over her 20 year tenure, she has served in a variety of capacities including Director of Communications, planning Officer, and Senior Vice-President. In 1996, she was appointed as President and Chief Executive Officer.

As President and CEO, Anne has focused her energy towards creating a United Way dedicated to bringing people and resources together to build caring, vibrant communities. This mission is rooted in a vision of a community where the human services sector is well resourced and synergistic, priority community problems are overcome and people and organizations make decisions and take actions that build and strengthen communities.

Anne has extended this spirit of colaboration into a number of community initiatives including Success by 6, Leadership Edmonton, and the Canadian Centre fo Social Entrepreneurship. She has also provided leadership and support to several national initiatives including the United Way of Canada-Centraide Canada Strategic Alignment Policy Group and the Task Group on transparency, Accountability and Financial Reporting for United Ways and Centraides in Canada.

Anne is married and has four children and three grandchildren. She is an avid reader, loves camping and is learning to love golf.