



DATE: September 18, 2019

TO: Community Services Commission

FROM: Community Services Manager

SUBJECT: Adopt Proposed Changes to the Community Agency Funding Process Based on Recommendations from the Community Agency Funding Review Committee

RECOMMENDATION

That the Community Services Commission adopt the recommended changes to the Community Agency Funding Process.

SUMMARY

The Community Agency Funding process is an annual, competitive funding process for Community Development Block Grant (CDBG) and General Fund/Social Services program funding. The Community Services Commission (Commission) serves as an advisory body to the Hayward City Council, wherein the Commission makes recommendations to Council regarding the distribution of these funds.

The City Council, Commission, and community agencies have all expressed a desire for the Community Agency Funding Process to be more transparent around funding decision making, to articulate clear shared goals for funding, and to use data in making funding decisions and managing performance.

In May 2019, the Commission formed a subgroup, the Community Agency Funding Review Committee (Committee), to review the current funding process, identify best practices, and provide recommendations to make the funding process more efficient and effective. Comprised of five members of the Commission, the Committee convened on four occasions in June and July 2019. Across these meetings, members of the Committee conducted a comprehensive review and assessment of the current funding process and recommended several administrative changes to the application for funding. These changes include requiring demographic data, identifying service type based on prevention or responsive, removing the audit requirement for social service applicants, providing an opportunity for agencies to discuss any challenges from the past year that may have affected their performance, as well as formatting changes.

BACKGROUND

In June 2016, the Commission formed a Funding Parameters Committee to discuss options for potential revisions to the Community Agency Funding Process. The Committee convened on four occasions in July and August 2016 and developed options for apportioning the available Community Agency Funding. At the September 21, 2016 Commission meeting, the Funding Parameters Committee shared their work with the full Commission. The Commission unanimously voted to recommend an option to Council that apportioned the available funding as follows:

- 27% to general applications in all categories
- 40% to targeted Areas of Need, on a rotating basis over three years
- 33% to be used toward programs and projects in the Infrastructure and Economic Development category as required by HUD

Members of the Funding Parameters Committee, in conjunction with the Library and Community Services Director, presented the Commission's recommendation to City Council.¹ During that work session, Council provided feedback that modifications to the funding process were premature because the community agencies were not yet prepared for the proposed changes and that staff should return at a future date to discuss possible modifications to the Community Agency Funding Process.

In May 2019, a Community Agency Funding Review Committee was formed. The Committee focused their review of the Community Agency Funding Process on the following:

1. Creating transparency around funding decision making, which can include updating the Notice of Funding Availability to be explicit about the criteria used by the Commissioners in their funding recommendations and to match funding priorities;
2. Developing clearly articulated shared goals for the funding; and
3. Using data in making funding decisions and managing performance.

Comprised of five members of the Commission, the Committee convened on four occasions in June and July 2019. Across these meetings, members of the Committee completed a comprehensive review and assessment of the current funding model, analyzed how and where funds have been allocated across the past four years, and discussed and identified the necessary information and data for Commissioners to make funding data-informed funding recommendations.

The Committee recommended a set of proposed administrative changes to the Community Agency Funding process, as detailed below in the discussion section.

DISCUSSION

Community Agency Funding Process: Reviewing the Status Quo

¹ October 18, 2016 City Council Meeting, <https://hayward.legistar.com/LegislationDetail.aspx?ID=2860800&GUID=DF2392EA-7844-457B-AEBB-521F39496515&Options=&Search=>

To begin the review process, staff and members of the Committee reviewed how the current Community Agency Funding process works. After reviewing the status quo process, Committee members provided their input on the current funding process, including what is working well and what could change. Committee member feedback was recorded and thematically organized based on Application for Funding, Agency Interview Process, Commissioner Review and Funding Deliberations, Staff Assistance, and Miscellaneous. A summary of the Committee's feedback on the current funding process can be found in Attachment II.

Funding Allocation Data

Based upon feedback collected during the first meeting, staff prepared a four-year retrospective analysis of how funding has been allocated in the Community Agency Funding process. Funding was broken down by source as well as by existing funding categories, listed below.

Community Development Block Grant (CDBG)

The City is a CDBG entitlement community, and annually receives an award of approximately \$1.3M. CDBG funds must be allocated as follows:

- Up to 20% *Administration*
- Up to 15% *Public Services*
- Remaining 65% of funds can be allocated amongst:
 - *Infrastructure* (Acquisition, Disposition, Clearance, Relocation; Housing; Public Facilities and Infrastructure Improvements)
 - *Economic Development*

The CDBG funding breakdown can be found in Attachment III, Figure 1.

In reviewing this data, members of the Committee noted that CDBG funding for housing and homelessness has remained relatively consistent over the past four years, whereas there has been a noted decrease in CDBG funding for youth and family services from FY 2019 to FY 2020. The Library's Family Education Program is the recipient of the CDBG youth and family services funding, and in FY 2020 the Commissioner recommended funding the program at \$77,608. Historically, the Family Education Program received the majority of CDBG public services funds. In 2017, City Council recommended the Family Education Program enter into a competitive funding process. As the Family Education Program is now competing with other agencies for this funding, there has been a decrease in funding to this program.

General Fund: Social Services

Annually, the Community Services Division receives approximately \$435,000 in General Fund allowance to award to agencies serving the Hayward community. Staff prepared a four-year retrospective of social service funding, as broken down by Housing and Homelessness; Youth and Family Services; Food Security; Legal; Health; Referral; and Arts and Music. The social services funding breakdown can be found in Attachment III, Figure 2. From FY 2019 to FY 2020, there has been an increase in social services funding allocated to housing and homelessness services, youth and family services, legal services, and health

services. Food security, referral, and arts and music funding allocations have remained fairly consistent.

Whereas in 2016 the Commission recommended revising the funding process to allocate funds based on targeted areas of need, the 2019 Committee did not make this same recommendation. The Committee did not recommend awarding funds based on targeted areas of need as they felt it is necessary for the Commission to remain responsive to changing needs in the community as they arise. The Committee felt that if set areas of need were created, it would limit the Commission's ability to serve the diverse needs of the Hayward community.

In reviewing this data, members of the Committee discussed that within these issue categories, it is additionally important to examine whether services are preventative, responsive, or a combination of preventative and responsive services. Committee members discussed that this information is important to examine and that in making funding allocations, an approximately even split between preventative and responsive services is ideal.

Committee Recommendation: Ask agencies to identify their service type on the application.

Service Type	% of total services
Preventative Services: services intended to prevent something from happening. For example, health education to prevent spread of illness.	
Responsive Services: services intended to respond to something that has already happened. For example, medical treatment for persons with a medical condition.	
Both: a combination of prevention and combination services	
Neither: not applicable	

Using Data to Promote Racial Equity

While members of the Committee did not recommend allocating funding based on target areas of need, they did recommend reviewing applicants and allocating funding using a racial equity lens. By using a racial equity lens, Commissioners would examine how agencies are working to dismantle root causes of systemic racism and promote racial equity in their service delivery. One way of doing this would be through data collection and reviewing the demographics of individuals served by program.

Committee members recommended updating the application for funding to solicit additional data from applicants around race, ethnicity, gender, and income level of individuals served by the agency. This would allow Commissioners to use data to award funding to agencies that provide services in the community that dismantle systemic racism

Committee Recommendation: Require agencies to provide demographic information (race, ethnicity, and gender) for individuals served in the prior fiscal year.

and promote racial equity, focus on outcomes and results-based accountability, and that target the root causes of racial inequity.

Updating the Application for Funding

A majority of the feedback received from the Committee was related to application level changes and how best to utilize the application for funding to provide Commissioners with sufficient information to make data-informed funding recommendations using an equity lens. In addition to updating the data reporting requirements, the Committee recommended the following application changes.

The Committee recommended removing the audit requirement for agencies. Historically, agencies have been required to submit a recent (within the past 12 months) fiscal audit with their application for funding. The Committee recommended removing this requirement, with the caveat that agencies not having an audit can only apply for up to \$15,000 in social services funding. This recommendation is to allow agencies for which this requirement may be prohibitively expensive, such as newer or smaller organizations, to still apply for funding.

The Committee recommended providing a ranking tool for Commissioners to review applications. The ranking tool would prompt Commissioners to address whether an agency satisfactorily answered the question; whether the agency needs to provide more information; and if the response is an area of concern. The recommended ranking prompts will allow Commissioners to have a shared language around assessments, as well as identify areas that may need additional information or clarification.

The Committee recommended providing applicants with an opportunity on the application to address any challenges they may have experienced in the prior fiscal year that impacted the organization. This question would allow agencies to openly address any such challenges, the impacts of which may have shown up elsewhere, for example a decrease in service delivery or delays in submitting reports. This would also allow agencies to share ways in which they plan to address any such challenges.

Lastly, the Committee recommended shortening the response length for narrative questions to 250 words, and separating the mandated CDBG questions from the remainder of the application. These recommendations would allow for increased efficiency for both the agencies preparing applications and for Commissioners reviewing applications.

Committee Recommendations:

- Remove audit requirement for social service applicants. If an applicant does not have an audit, they are only eligible for up to \$15,000 of social service funds.
- Provide ranking tool for Commissioners.
- Add question for agencies to be able to discuss any challenges from the past year that may have affected their performance.
- Shorten narrative questions to 250 words.
- Create separate section for questions relevant to CDBG only.

The updated application for funding can be found in Attachment IV.

NEXT STEPS

Should the Commission accept the Committee's recommended changes, the Commission will integrate the proposed changes into the FY 2021 Community Agency Funding process. None of the changes discussed in this report constitute a substantive or policy level change to the funding process, and as such, do not require Council approval.

In addition to updating the application for funding, staff will explore ways to provide racial equity training to the Commission in order for Commissioners to have a baseline understanding and shared language around racial equity.

Prepared by: Jessica Lobedan, Management Analyst II

Recommended by: Monica Davis, Community Services Manager

Approved by:

Jennifer Ott, Deputy City Manager