

# Financial Partner Application Process

**BUDGET, GOVERNANCE, AND INTERGOVERNMENTAL  
RELATIONS COMMITTEE**

**JUNE 3, 2024**

# Referral to BGR Committee

## **Policy Question:**

- ▶ Are the current eligibility criteria for various Financial Partner programs sufficient to ensure the successful provision of services and accountability to promote the most effective use of public funds?
- ▶ Are any changes needed to the criteria to both provide measurable outcomes and effective use of public funds?

## **Committee Charge:**

Assess the effectiveness of the city's eligibility criteria in awarding Financial Partners and recommend any changes as needed ahead of the FY 2026 budget process.

# BGIR Feedback from May 6<sup>th</sup> Committee Meeting:

- ▶ 7-year maximum funding term per program
- ▶ Mentorship/support for those that do not qualify for funding
- ▶ Align more directly/specifically with Council Priorities
- ▶ Apply equity framework toward funding discussions
- ▶ Consider potential for MWSBE participation (currently determined after award)
- ▶ Scorecard from staff as to strength of request in terms of meeting criteria
- ▶ Factor in strength of performance measures (impact)
- ▶ Data driven approach to ranking of need and proposed program/service
- ▶ Funding quarterly upfront, however must provide progress report/update to receive funding for next quarter (tie funding to realistic milestones/deliverables)
- ▶ Consider ratio of funding in operations/staff ratio
  - Consider no more than 10% of funding for personnel
- ▶ Consider max % age of total budget amount
  - Consider no more than 20% of budget can be funded by city
- ▶ Consider board diversity, representation of community served
- ▶ Consider holistic services that would not otherwise be provided/available
- ▶ Consider update to equipment surplus process to notify non-profits
- ▶ Consider maximum funding level for first-year grantees (\$50-\$150k)

# Current Process for Discretionary Funding Requests

- ▶ The Financial Partner Application is open for a limited time beginning in the Fall
- ▶ The city's Strategy & Budget Department:
  - Confirms receipt of application once submitted, and
  - Works with organizations to make sure all required application attachments are submitted.
- ▶ All applications submitted are compiled and presented to City Council in the form of a report which details:
  - Funding request
  - Programs and/or initiatives that will be supported with requested funding
  - Performance and equity metrics that will quantify organizational success in advancing strategic priorities through funded programs and/or initiatives
- ▶ During the budget development process, City Council reviews submitted applications
  - Based on Council's feedback, the City Manager includes initial funding recommendations within the proposed budget
  - City Council determines which organizations are funded for the fiscal year
- ▶ Organizations submit their funding request during the application process; however, council may adjust this amount at their discretion
  - Funding is provided for one fiscal year, with no commitment of future funding

# Proposed Process Enhancements: Assessment of Applicants

- ▶ **(NEW) Work to compile a listing of community organizations to notify for funding or partnership opportunities**
- ▶ **(NEW) Internal cross-departmental team with representatives across several departments will rank order proposals based on the following criteria that will be provided in advance to potential applicants:**
  - If funded for previous fiscal year, agency demonstrated sufficient progress toward their mid-year performance measures.
  - The organization is providing a service that the city cannot provide or would be cost prohibitive for the city to provide, and the service is not currently being provided by another agency/partner.
  - The organization has provided meaningful objectives and performance measures
    - The performance measures identified are connected to, and advance at least one of council's strategic priority areas
    - The organization has identified measures that will advance equity within the community
  - The requested funding amount is **no more than 30% of organization's operating budget and is for one-time expenses (programming/staffing)**
  - The organization:
    - Is using a nationally recognized model/data driven approach,
    - Has an established positive relationship with the community and/or a specific city department
  - Board of Directors is diverse and/or directly linked with community being served.

# Proposed Process Enhancements: Selection for Funding

- ▶ All applications submitted are compiled and presented to City Council in the form of a report which details:
  - Funding request with percentage by category (ex. 70% operating/30% salaries)
  - Programs and/or initiatives that will be supported with requested funding
  - Performance and equity metrics that will quantify organizational success in advancing strategic priorities through funded programs and/or initiatives
  - Rank order of applicants based on review team input (new)
  - For Current Partners: Mid-year achievements, staff assessment of progress toward performance goals
  - Current Board of Directors

Green underlined = new

# Proposed Process Enhancements: Selection for Funding (cont'd)

- ▶ During the budget development process, City Council reviews submitted applications which will reflect staff's ranking of the proposals
  - Based on Council's feedback, the City Manager includes initial funding recommendations within the proposed budget
  - City Council determines which organizations are funded for the fiscal year
- ▶ Organizations submit their funding request during the application process; however, council may adjust this amount at their discretion
  - Funding is provided for one fiscal year, with no commitment of future funding
- ▶ Strategy and Budget follows up with organizations not funded and helps to identify opportunities for capacity-building where needed

Green underlined = new

# Proposed Process Enhancements: Funded Partners

## ▶ Term Limit on Funding (new)

- Funding for a organization can continue for up to 5 years (must be approved by Council each year)
- After Financial Partnership period, determine if on-going service contract is appropriate

## ▶ Payment Terms

- Payment is paid quarterly
- Payments may be delayed until all reporting requirements are met (*new criteria*)

## ▶ Monitoring (new)

- Payments may be delayed until progress toward performance deliverables is confirmed
- Partners that receive over \$100K require a financial audit, under \$100K provide 2-year comparative financial statement

Green underlined = new



# Proposed Process Enhancements: Financial Partner Reporting

## ▶ Performance Measures

- Established in partnership with staff to ensure alignment with strategic priorities
- Reported on at mid-year and year-end, progress assessed by staff

## ▶ CBI-Certified MWBE Utilization

- Goals established in partnership with CBI at start of contract year
- Ensure selected organizations support competition and participation of Minority, Women, and Small Business Enterprises (MWBEs) in city contracting
- Reported on quarterly, progress assessed by staff

## ▶ Equity Measures

- Organizations identify target populations that their programming supports
- Ensure partners support the city's efforts to address systemic and community barriers that limit opportunities for Charlotte's vulnerable communities
- Reported on at mid-year and year-end, progress assessed by staff

Green underlined = new

# Discussion & Questions

