

# APPENDIX A:

## CDD Funding Process Study Report: The Community Development Context in the City of Madison

Submitted by Forward Community Investments to  
the City of Madison, Community Development Division

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# I. The Community Development Context in the City of Madison

The City of Madison is currently undergoing a moment of promise and opportunity; there is a level of economic dynamism with vibrant growth that includes innovation-oriented companies, jobs, investment, and a healthy rate of population growth. Indeed, Madison is often on the top of the list of best places to live and retire in the United States.<sup>1</sup> At the same time, Wisconsin has been ranked as the worst state for black Americans to live.<sup>2</sup>

Research has shown that robust and sustainable economic growth are bolstered by a more equal distribution of income and diversity and inclusion where all residents have access to opportunities.<sup>3</sup> The City of Madison’s Community Development Division’s (CDD’s) newly established vision where “All Madison residents and neighborhoods have access to resources and opportunities necessary to help them realize their full potential” recognizes the importance of access and inclusion for its residents. CDD’s stated mission of “...[collaborating] with residents, neighborhoods and other community stakeholders to overcome barriers to opportunity” aligns well with the challenges faced by Madison residents. The challenge is to ensure that the City’s investments in the social sector are directed to support high priority areas that will connect people of color, low-income, and/or vulnerable individuals residing in the city to the opportunities it offers.<sup>4</sup>

The following data analysis identifies areas of opportunity as well as barriers faced by low-income and vulnerable residents of the City of Madison, who are often people of color. This analysis—as well as the results from FCI’s review of a sample of recent reports focused on the community development context in Madison and the results from community focus group meetings—are intended to inform CDD’s Policy Goals and Objectives for City investments in the social sector.

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- 1 See <http://www.cityofmadison.com/news/madison-wi-named-the-best-place-to-live-for-2015-by-livabilitycom> <http://www.bestplaces.net/rankings/city/wisconsin/madison>; [http://www.huffingtonpost.com/2015/02/27/retire-to-madison-wisconsin\\_n\\_6744142.html](http://www.huffingtonpost.com/2015/02/27/retire-to-madison-wisconsin_n_6744142.html)
  - 2 <http://www.jsonline.com/business/website-ranks-wisconsin-as-worst-state-for-black-americans-b99409235z1-285897111.html> and [http://host.madison.com/ct/news/local/writers/mike\\_ivey/no-state-worse-than-wisconsin-for-black-children-says-new/article\\_7ec1a1fc-b923-11e3-828c-0019bb2963f4.html](http://host.madison.com/ct/news/local/writers/mike_ivey/no-state-worse-than-wisconsin-for-black-children-says-new/article_7ec1a1fc-b923-11e3-828c-0019bb2963f4.html)
  - 3 PolicyLink, “All-In Cities: Building an Equitable Economy from the Ground Up,” 2015. [https://www.policylink.org/sites/default/files/report\\_cities\\_4app.pdf](https://www.policylink.org/sites/default/files/report_cities_4app.pdf)
  - 4 Following PolicyLink, throughout the report, the terms “people of color,” “communities of color,” “populations of color” and “children and/or youth of color” refer to all people who do not identify as non-Hispanic white. <http://nationalequityatlas.org/node/33221>



## Demographic Profile

### Key Findings

Latinos and other communities of color are the fastest growing populations in the City of Madison and will dominate the area's workforce in the near future. These groups often face the highest barriers when it comes to accessing education and economic opportunities. Ensuring that all residents have access to these and other opportunities to prosper is key to achieving sustainable and equitable growth for the City and its residents.

The City of Madison is a mid-size city with an estimated population of 245,691 in 2014.<sup>5</sup> The population has grown at a moderate rate of 30 percent since 1990 (or 12 percent per decade). The median age of Madison residents is around 30 as compared to 38.7 in the state of Wisconsin, making Madison a relatively young city.<sup>6</sup> This is not surprising given that Madison is a college town with the University of Wisconsin-Madison, Edgewood College, and Madison College within city limits. Just over six percent of Madison's population is under 5; 23.1 percent is under 18; and 14.5 percent is over 65.<sup>7</sup>

When it comes to social services planning, the number of individuals in a community over the age of 75 is important to consider because it is a marker for those who may need services.<sup>8</sup> Between 2000 and 2010, the number of Madison residents over the age of 75 kept pace with overall population increase, increasing by 12.5 percent (from 9,676 to 10,891 individuals). While Madison's population skews younger, the median age of citizens has been increasing slightly from 29.3 years in 1990 to just over 30 in 2010. Indeed, it is projected that the trend will accelerate as Baby Boomers age, resulting in seniors representing one-fifth of Dane County's population by 2035.<sup>9</sup>

The City of Madison has a significant majority of white residents. According to the American Community Survey (ACS) 2009-2013, nearly 80.3 percent of the City of Madison population is white; 7.4 percent is African American; 7.6 is Asian; 0.3 percent is Native American; and 2.1 percent is two or more races. Slightly over 6 percent (6.5 percent) of the population is Hispanic or Latino.<sup>10</sup>

As Figure 1 demonstrates, the racial and ethnic demographics are changing. In particular, Latinos and other communities of color represent the fastest growing populations in Madison and throughout the state (Figure 1).<sup>11</sup> These groups will increasingly dominate the area's workforce in the coming decades. Indeed, PolicyLink/PERE projects that in Dane County the proportion of the population that

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5 U.S. Census Bureau Quick Facts: Madison (City), 2014 estimate. See <http://quickfacts.census.gov/qfd/states/55/5548000.html>. Accessed 10/21/15. Dane County Regional Planning Commission.

6 U.S. Census Bureau Quick Facts: Madison (City), 2014 estimate and PolicyLink/PERE. National Equity Atlas.

7 Ibid.

8 Madison Senior Center, Madison Senior Adult Services: A Plan for Consolidation and Coordination.

9 City of Madison, Common Council Demographic Change Work Group. Demographic Change and the City of Madison: Interim Findings of the Demographic Change Work Group and Recommendations for Change, June 2014. and Egan-Roberts, David. Wisconsin's Future Population Projections for the State, its Counties and Municipalities, 2010-2040. UW-Madison Applied Population Laboratory. December 2013.

10 U.S. Census Bureau, American Community Survey (ACS) 2009-2013, 5-Year Estimates.

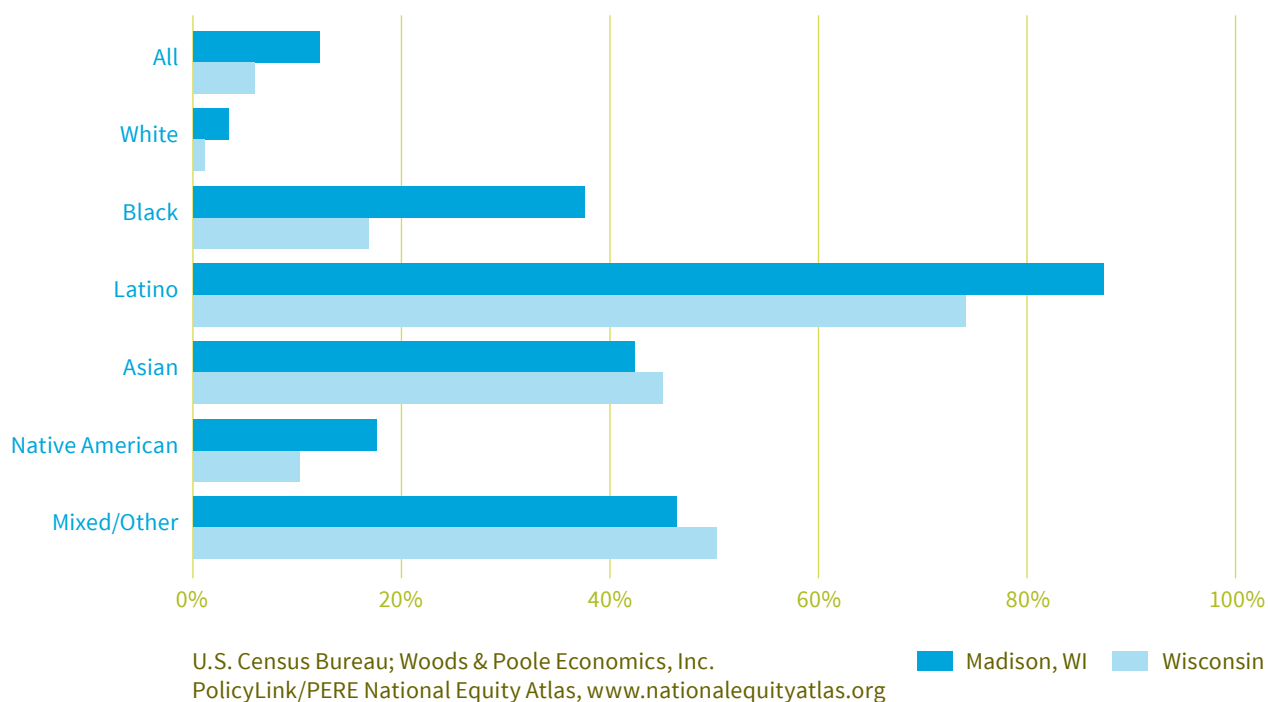
11 Graph downloaded from PolicyLink/PERE. National Equity Atlas. [http://nationalequityatlas.org/indicators/Population\\_growth\\_rates/2000-2010%3Aundefined/Madison\\_City%2C\\_WI/Wisconsin/Year%28s%29%3A2000-2010](http://nationalequityatlas.org/indicators/Population_growth_rates/2000-2010%3Aundefined/Madison_City%2C_WI/Wisconsin/Year%28s%29%3A2000-2010) (Accessed on 10/25/15).



are people of color will nearly double from 18.2 percent of the population in 2010 to 37.8 percent by 2040.<sup>12</sup>

Given this change there is a need to consider how to ensure that all residents are able to access economic, academic, and other opportunities to thrive. These groups tend to face the most significant barriers when it comes to accessing educational and economic opportunities. Over 10 percent of Madison’s residents are foreign born; 14.6 percent of the population five years old and over speak a language other than English at home; and approximately 5.8 percent speak English less than very well, suggesting that language represents a barrier to accessing economic and other opportunities for this group.<sup>13</sup> For example, separate reports on Southeast Asians and Latinos in Dane County suggest that language barriers make it difficult to access culturally relevant services and good jobs, resulting in financial difficulties and isolation from the community at large.<sup>14</sup>

**Figure 1. Population Growth by Race and Ethnicity, 2000-2010**



12 PolicyLink/PERE. National Equity Atlas.

[http://nationalequityatlas.org/indicators/false/8756/United\\_States/false/Year%28s%29:2040/](http://nationalequityatlas.org/indicators/false/8756/United_States/false/Year%28s%29:2040/)

13 U.S. Census Bureau Quick Facts: Madison (City) and Wisconsin (state), ACS 2009-2013, 5-Year Estimate.

14 United Way of Dane County. “Southeast Asians in Dane County: Realities of Isolation” Impact Report 19, 2006. <https://www.unitedwaydanecounty.org/wp-content/uploads/2011/11/ImpactRptSoutheastAsiansInDaneCounty2006.pdf> This report is based on focus groups interviews of 19 individuals in 2006. While it is difficult to extrapolate from such a small sample, the general conclusions reported here align with anecdotal evidence of the general challenges faced by immigrant groups. See also United Way of Dane County. “Latinos in Dane County: Different Language, Different Reality.” Impact Report 5, 2006. <http://www.unitedwaydanecounty.org/wp-content/uploads/2011/11/ImpactReportLatinosInDaneCounty.pdf>



## Local Labor Market Opportunities

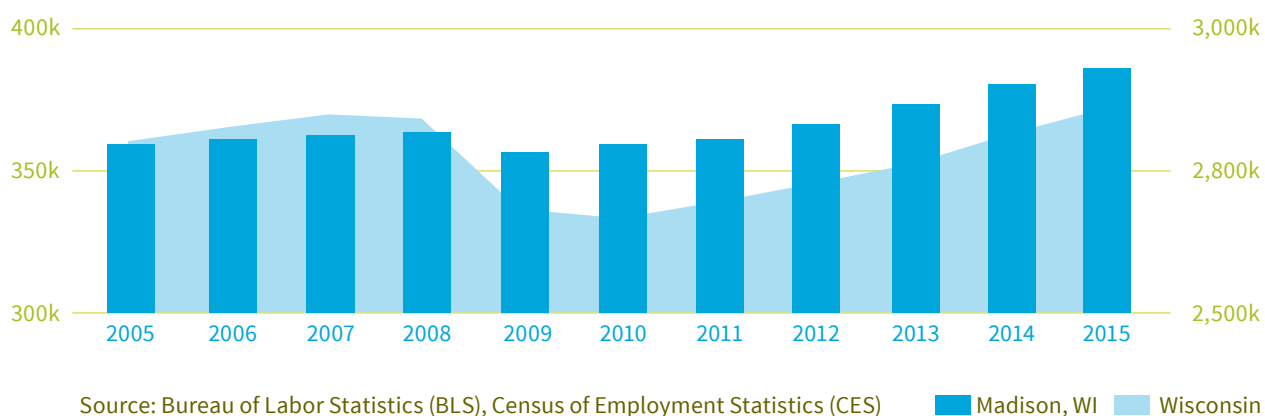
### Key Findings

The City of Madison enjoys a healthy labor market. Area employment levels have bounced back to pre-recession levels and the City boasts some of the lowest unemployment rates in the country. Despite the apparent health of the local labor market, low-income, less educated, and low-skilled workers face barriers when it comes to obtaining family-supporting jobs. These workers tend to be people of color. Shifting demographics and the changing nature of the labor market will leave the City in need of workers with relevant skill sets in the near future, compounding the urgency to expand training focused on jobs that will provide a family-supporting wage and that respond to labor market needs. Sectors of interest include construction, manufacturing, and those better paying service sector jobs.

### Jobs

The health of Madison Metropolitan Statistical Area's (Madison MSA) labor market has shown marked improvement over the last five years. In contrast to the State of Wisconsin, employment levels in the Madison MSA have bounced back and surpassed pre-recession levels (Figure 2).<sup>15</sup> Indeed, Table 1 shows that opportunities exist for low to medium-skilled workers in the construction sector, manufacturing, retail trade, and service sectors.<sup>16</sup>

**Figure 2. Non-Farm Employment, Madison MSA and Wisconsin (not seasonally adjusted)**



15 The Bureau of Labor Statistics (BLS) defines the Madison Statistical Area as inclusive of Dane, Columbia, Iowa, and Green Counties.

16 In addition to the number of jobs, it is important to consider the quality of jobs available. Retail and service sector jobs are traditionally among the lowest paying jobs. Often, workers are not able to make family-supporting wages in these sectors.



The Bureau of Labor Statistics and Wisconsin Department of Workforce Development project that over the next decade, half of the top ten highest growth occupations will be in healthcare related fields.<sup>17</sup> In addition, there is growth in both high-wage/high-tech jobs and low-skilled/low-wage service sector jobs.<sup>18</sup> In order for Madison to continue to grow and prosper, its residents need to be prepared to meet the changing workforce needs. The next section on education and workforce preparedness will consider the readiness of Madison's workforce, especially its youth.

**Table 1. Business by Sector and Number of Workers, Madison**

Business by Sector	Number of Workers	Share of Workers	Number of Jobs
Agriculture, Mining, Oil & Gas Extraction	284	0.37	203
Arts, Entertainment, Accommodations	10,244	13	17,385
Construction	2,297	3	4,675
Education and Health Care Services	13,109	17	26,513
Finance, Insurance, and Real Estate	8,450	11	19,250
Information	5,069	7	5,192
Manufacturing	7,073	9	11,614
Other Services	4,436	6	8,235
Professional, Scientific, Management Services	8,800	12	18,347
Retail Trade	10,760	14	19,903
Transportation and Warehousing	2,072	3	2,662
Wholesale Trade	3,625	5	6,090
<b>Total</b>	<b>76,219</b>	<b>--</b>	<b>140,069</b>

Source: 2006-2010 ACS and City of Madison, Consolidated Plan 2015-2019.

<sup>17</sup> City of Madison, Consolidated Plan 2015-2019, p. 67.

<sup>18</sup> Ibid.



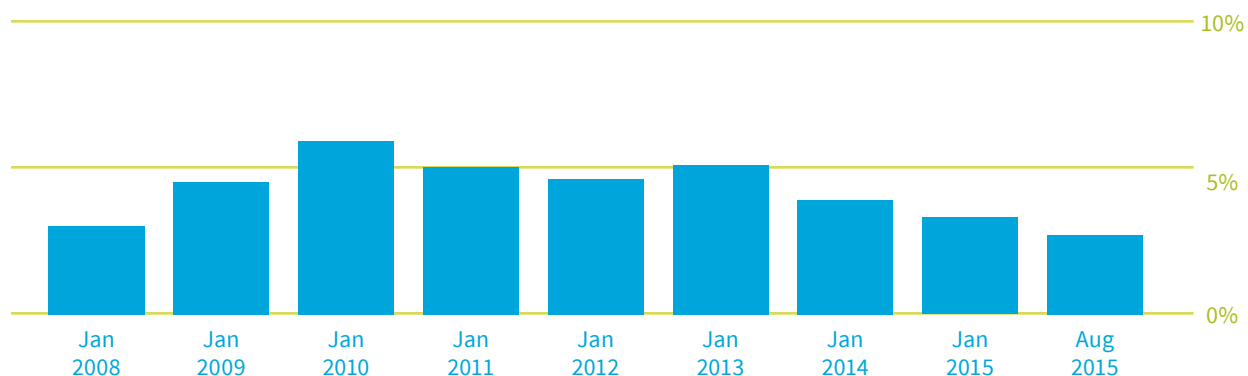
## Wages

The mean wage for workers in the Madison MSA was \$22.83 in 2014.<sup>19</sup> However, in 2014, approximately 21 percent of workers in the Madison MSA worked at a poverty wage of \$11.55 or lower.<sup>20</sup> This suggests that while overall employment levels are healthy in the Madison MSA, one out of five workers has difficulty accessing work that keeps them out of poverty.<sup>21</sup>

## Unemployment

The City of Madison's unemployment rate is very low (2.7 percent as of August 2015) and below both the state (3.9 percent as of August 2015) and national rates (5.2 percent as of August 2015); however, labor market challenges remain (Figure 3).<sup>22</sup> While much of the rest of the country, including the state of Wisconsin, has experienced a decline in labor force participation rates Madison residents consistently participated in the workforce at a relatively healthy rate of 73.2 percent between 2009 and 2013.<sup>23</sup>

**Figure 3. City of Madison Unemployment Rate**



Source: State of Wisconsin, Department of Workforce Development, Local Unemployment Rates News Release, Various Issues.

19 BLS, Current Employment Statistics (CES) 2014. According to BLS, Quarterly Census on Employment and Wages, the mean wage for Dane County workers in 2014 was just slightly higher at approximately \$24 per hour (author's calculations, assuming a 40-hour work week).

20 BLS, CES 2014. COWS, State of Working Wisconsin 2015. COWS argues that a wage rate of \$11.55 per hour or lower should be considered a poverty wage because it is insufficient to keep a family of four out of poverty even if the worker is working full-time and year-round.

21 Unfortunately, mean wage and related data are not available for the City of Madison, but given that it makes up approximately 35 percent of the population for the Madison MSA, the concern regarding the quality of jobs cannot be dismissed.

22 BLS, Local Area Unemployment Statistics (LAUS). Accessed October 21, 2015. Note unemployment rates are not seasonally adjusted.

23 U.S. Census Bureau Quick Facts: Madison (City) and Wisconsin (state), 2009-2013 estimate. A declining labor force participation rate (LFPR) means that there are fewer people actively participating in the labor force and this directly impacts the unemployment rate. In particular, it depresses the unemployment rate, making it difficult to use a decreasing unemployment rate as a clear indicator of labor market health. Indeed, some have suggested that the labor market in the United States is not as healthy as the unemployment rate suggests because a significant number of people have dropped out of the labor force altogether as evidenced by the falling LFPR.

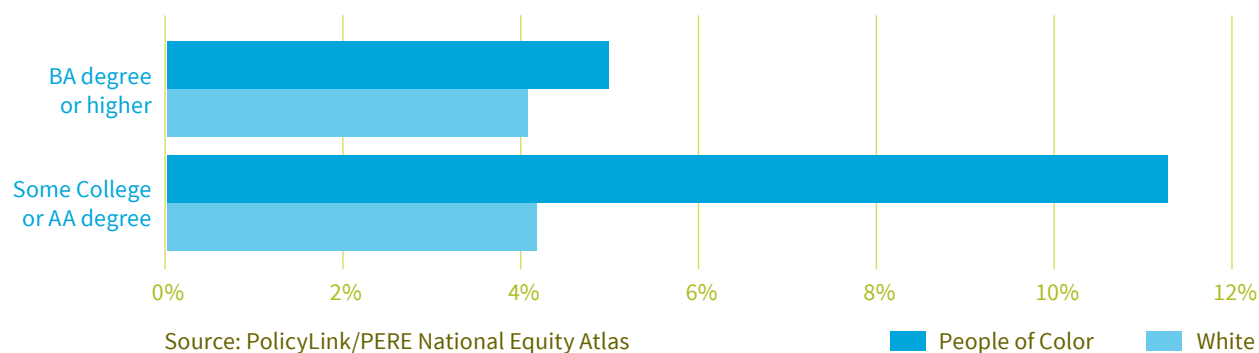




## Barriers to Labor Market Opportunities

Beneath the surface, Madison's unemployment rate masks variation among workers across the City. Indeed, in 2012 the unemployment rate for people of color was 8.3 percent while that of white workers was 4.5 percent.<sup>24</sup> Furthermore, disaggregating unemployment by educational attainment and race reveals that educational attainment is negatively correlated with unemployment for white residents (Figure 4). People of color experience higher unemployment levels at the various levels of educational attainment than whites, suggesting the existence of institutional and other barriers to employment faced by residents of color.

**Figure 4. City of Madison Unemployment Rates by Educational Attainment and Race, 2012**



Disaggregating the 2012 median wage for workers in the City of Madison by race and ethnicity reveals that people of color earn 18 percent less than white workers (Figure 5). A more detailed discussion of the challenges of the poor and working poor follows in the section on poverty.

**Figure 5. City of Madison Median Wage Differential by Race and Ethnicity, 2012**



Finally, the 2013 Dane County Economic and Workforce Profile warns that Dane County faces a dearth of qualified workers and in the near future the problem will also be one of the quantity of workers as Baby Boomers retire.<sup>25</sup>

<sup>24</sup> PolicyLink/PERE. National Equity Atlas.

<sup>25</sup> 2013 Dane County Economic and Workforce Profile.

[http://worknet.wisconsin.gov/worknet\\_info/downloads/CP/dane\\_profile.pdf](http://worknet.wisconsin.gov/worknet_info/downloads/CP/dane_profile.pdf)



## Poverty and Income

### Key Findings

Even though City residents have jobs, they do not always pay wages that are sufficient to support a family and keep them out of poverty. Nearly 20 percent of the residents of Madison live in poverty. Children are especially vulnerable with a similar proportion living in poverty and over half of the students in the Madison Metropolitan School District qualifying for free or reduced price lunch. The City of Madison exhibits a high level of income inequality. Indeed, there is a strong correlation between low household and family income, poverty, and race and ethnicity.

There is a wide disparity in household income across the City (see Figure 6). The median household income for the City of Madison is \$53,464 (in 2013 dollars), slightly above median household incomes at both the state (\$52,413) and national levels (\$53,046).<sup>26</sup> According to the Wisconsin Council on Children and Families (WCCF) Latino median household income was significantly lower at approximately \$34,000 between 2010 and 2012. An examination of median family income tells a similar story. The median household income in Dane County between 2010 and 2012 for white families was \$86,986 while that of black families was \$27,437 and the median family income for Latino families was \$36,114.<sup>27</sup>

Indeed, the City of Madison exhibits a fairly high level of income inequality. If we consider the Gini index of income inequality where a score of 1.0 indicates perfect equality, Madison scores fairly low with a score of 0.46 over the 2008-2012 period.<sup>28</sup> Neighborhoods with the lowest incomes are found in the northeast and south parts of the City.<sup>29</sup> These also happen to be the neighborhoods with the largest concentration of people of color (Figures 7 and 8).

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26 U.S. Census Bureau State and County Quick Facts: Madison and Wisconsin, ACS 2009-2013.

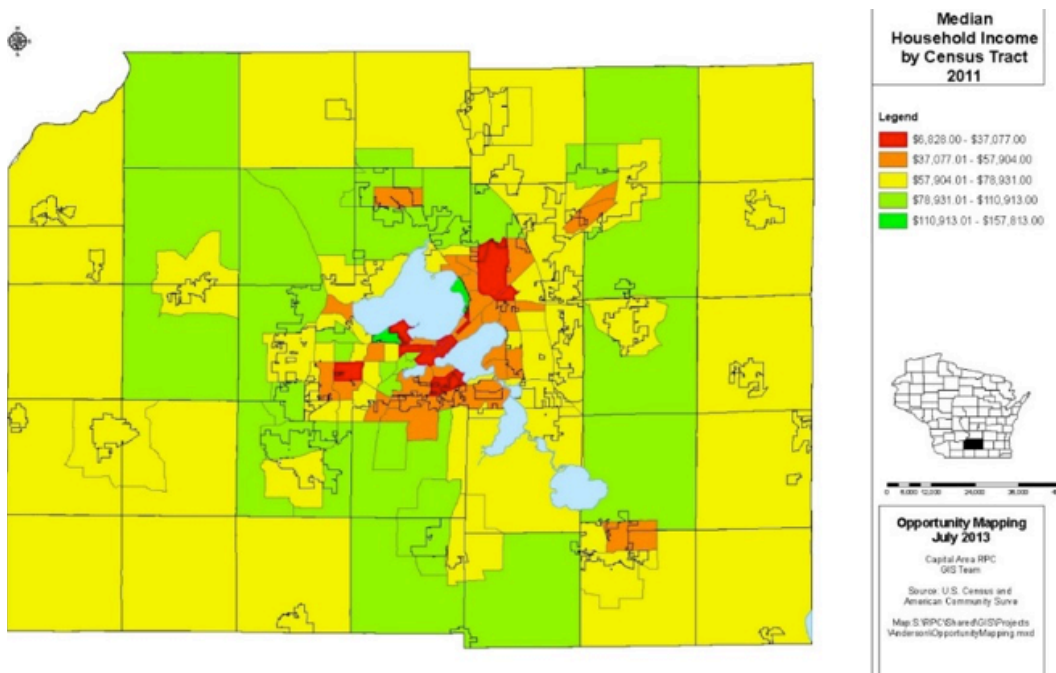
27 Ibid.

28 Wisconsin Food Security Project. [http://www.foodsecurity.wisc.edu/profiles/cprofilepdf.php?state=t&def=1&table=food\\_mcd\\_table\\_12&fields=fhhhkids0812\\*drive0812\\*pubtrans0812\\*walkoth0812\\*prateacs0812\\*pratekidsacs0812\\*medincacs0812\\*pov185\\_0812\\*r95hhincper\\_0812\\*gini\\_0812\\*renters0812\\*medrent0812\\*highrent0812\\*noveh0812&stfid=5502548000&type=](http://www.foodsecurity.wisc.edu/profiles/cprofilepdf.php?state=t&def=1&table=food_mcd_table_12&fields=fhhhkids0812*drive0812*pubtrans0812*walkoth0812*prateacs0812*pratekidsacs0812*medincacs0812*pov185_0812*r95hhincper_0812*gini_0812*renters0812*medrent0812*highrent0812*noveh0812&stfid=5502548000&type=)

29 There are also high levels of poverty in the Isthmus around the University of Wisconsin, Madison suggesting that this data is capturing UW-Madison students rather than true poverty of Madison resident households.

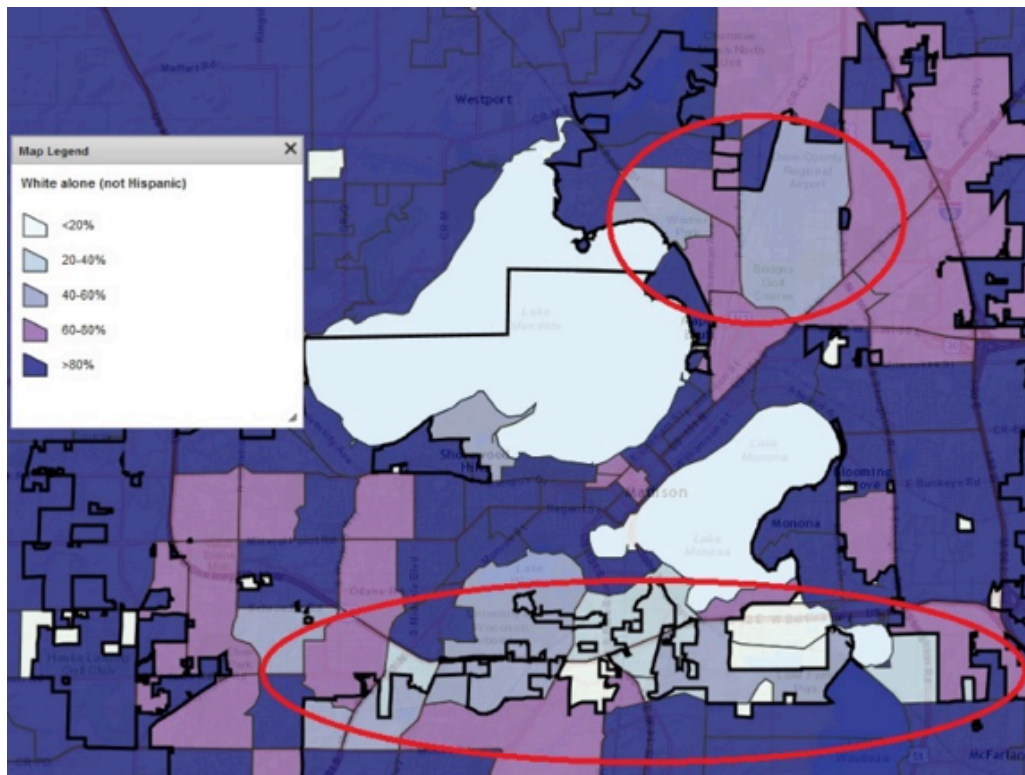


**Figure 6. Disparities in Household Income in Madison**



Source: Capital Regional Sustainable Communities, "Geography of Opportunity: A Fair Housing Equity Assessment for Wisconsin's Capital Region." [https://danedocs.countyofdane.com/webdocs/PDF/capd/2014\\_Postings/FHEA%20Final/FHEA.pdf](https://danedocs.countyofdane.com/webdocs/PDF/capd/2014_Postings/FHEA%20Final/FHEA.pdf)

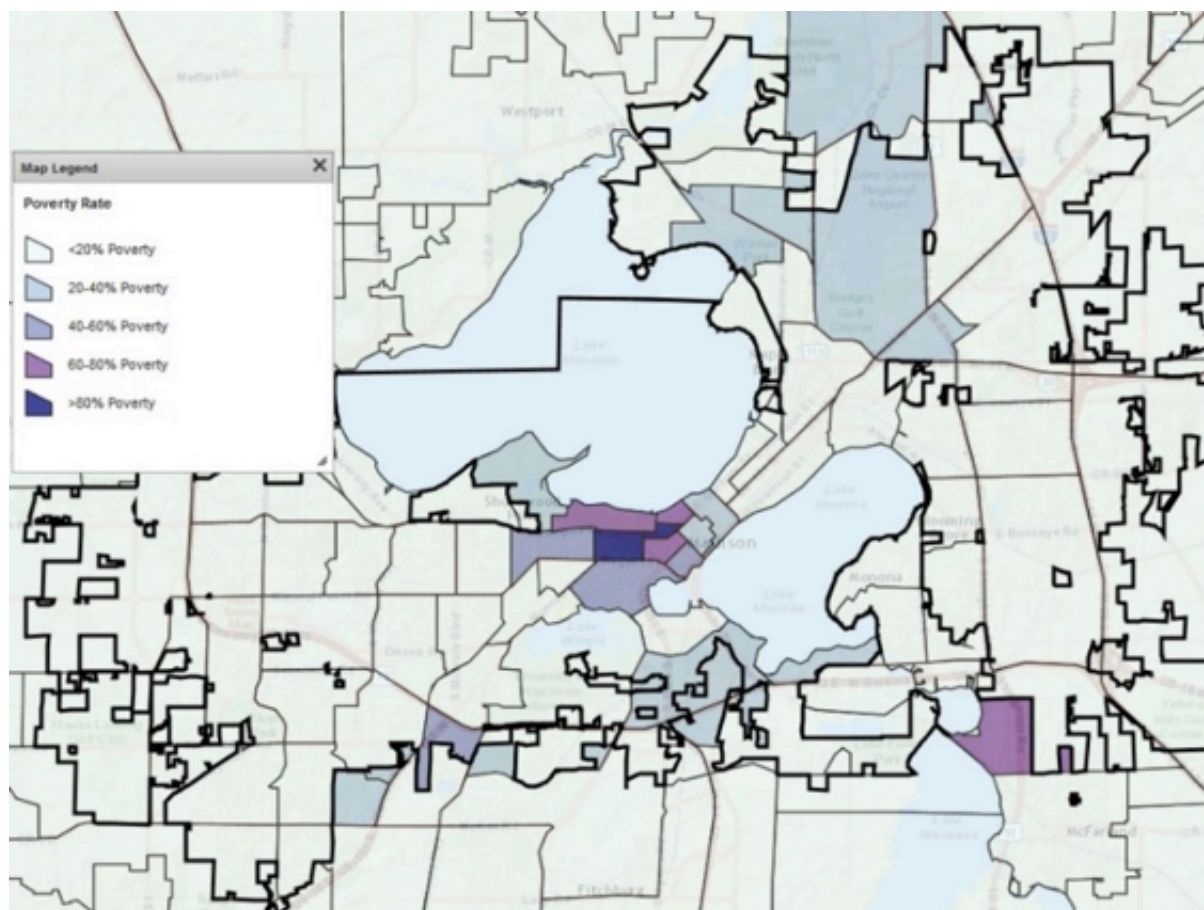
**Figure 7. Geographic Concentrations of People of Color in Madison**



Source: City of Madison, Consolidated Plan 2015-2019.



**Figure 8. City of Madison Geographic Distribution of Poverty**



Source: City of Madison, Consolidated Plan 2015-2019.

Almost 20 percent of the individuals living in Madison live below the poverty line (18.5 percent) and a similar proportion of children in Madison live in poverty (17.7 percent).<sup>30</sup> Poverty is especially witnessed among Madison’s children. WCCF reports that between 2010 and 2012 nearly a third (30.3 percent) of Latino children in Dane County were living in poverty and over half (57.3 percent) of black children were living in poverty as compared to 5.6 percent of non-Hispanic white children.<sup>31</sup> The level of food insecurity among children and youth is an important indicator of the existence and depth of poverty. There is a high level of food insecurity of school-age children and youth evidenced by the fact that in 2012 approximately 56 percent of students in the Madison Metropolitan School District (MMSD) were eligible for free or reduced price lunch.<sup>32</sup>

30 U.S. Census Bureau, ACS 2008-12, 5-Year Estimates.

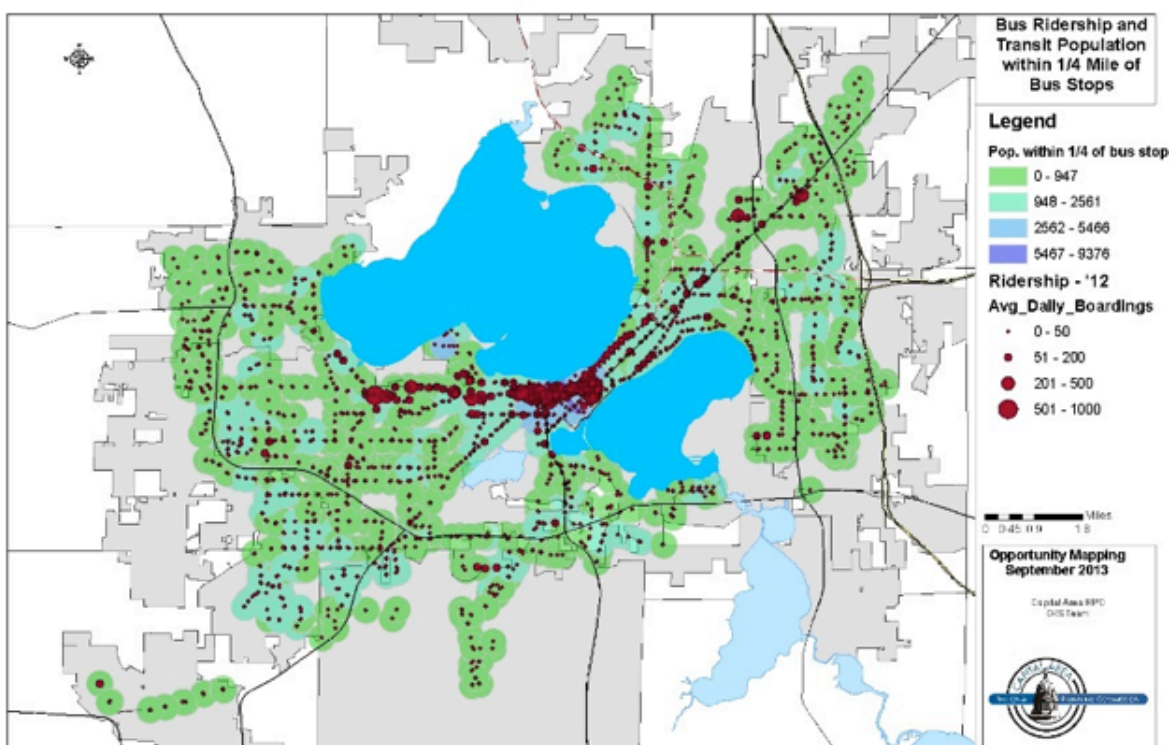
31 WCCF, “Racial and Economic Equity: What the Data Says and What to Do About It,” webinar presentation on January 12, 2016. <http://www.forwardci.org/129-home-slide-show-section/282-2015-2016-webinar-series-laura-dresser-erica-nelson>

32 Author’s calculations. <http://datacenter.kidscount.org/data/tables/3457-students-participating-in-free-and-reduced-school-lunch-program?loc=51&loct=10> and [http://host.madison.com/news/local/writers/todd-milewski/which-madison-schools-are-losing-the-most-students-to-open/article\\_cbac3b4a-426c-11e3-9a9f-001a4bcf887a.html](http://host.madison.com/news/local/writers/todd-milewski/which-madison-schools-are-losing-the-most-students-to-open/article_cbac3b4a-426c-11e3-9a9f-001a4bcf887a.html)



Approximately 10 percent of Madison households received food stamps and 1.6 percent received cash public assistance between 2009 and 2012.<sup>33</sup> Nearly half of poor households with children were female headed households.<sup>34</sup> In addition, the 2008-2012 ACS reports that 12.4 percent of Madison households lacked a vehicle, indicating a dependence on public and other forms of transportation. Figure 9 confirms that the higher poverty areas (northeast and south) tend to have high levels of public transit ridership, yet they also tend to be areas where bus stops are not very accessible, implying that transportation may pose a barrier for these populations. In addition to poverty and transportation issues, access to grocery stores within walking distance is a problem for families in the south of the City (Figure 10).

**Figure 9. Bus Ridership in the City of Madison**



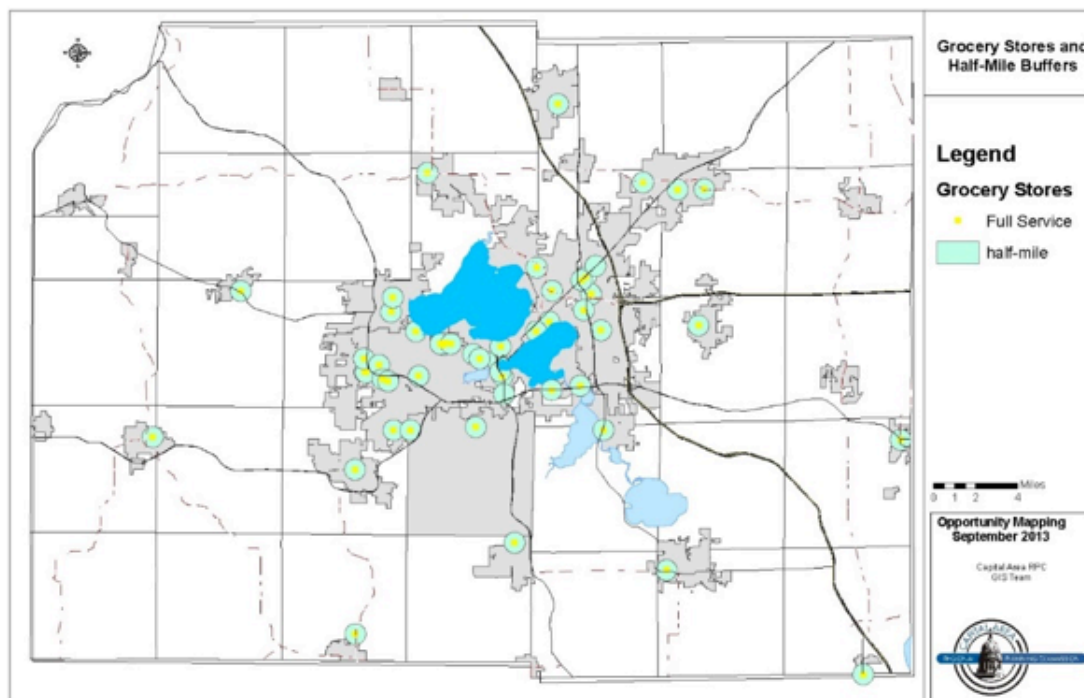
Source: Capital Regional Sustainable Communities,  
“Geography of Opportunity: A Fair Housing Equity Assessment for Wisconsin’s Capital Region.”  
[https://danedocs.countyofdane.com/webdocs/PDF/capd/2014\\_Postings/FHEA%20Final/FHEA.pdf](https://danedocs.countyofdane.com/webdocs/PDF/capd/2014_Postings/FHEA%20Final/FHEA.pdf)

33 U.S. Census Bureau, ACS 2009-2013, 5-Year Estimates.

34 Ibid.



**Figure 10. Access to Grocery Stores in the City of Madison**



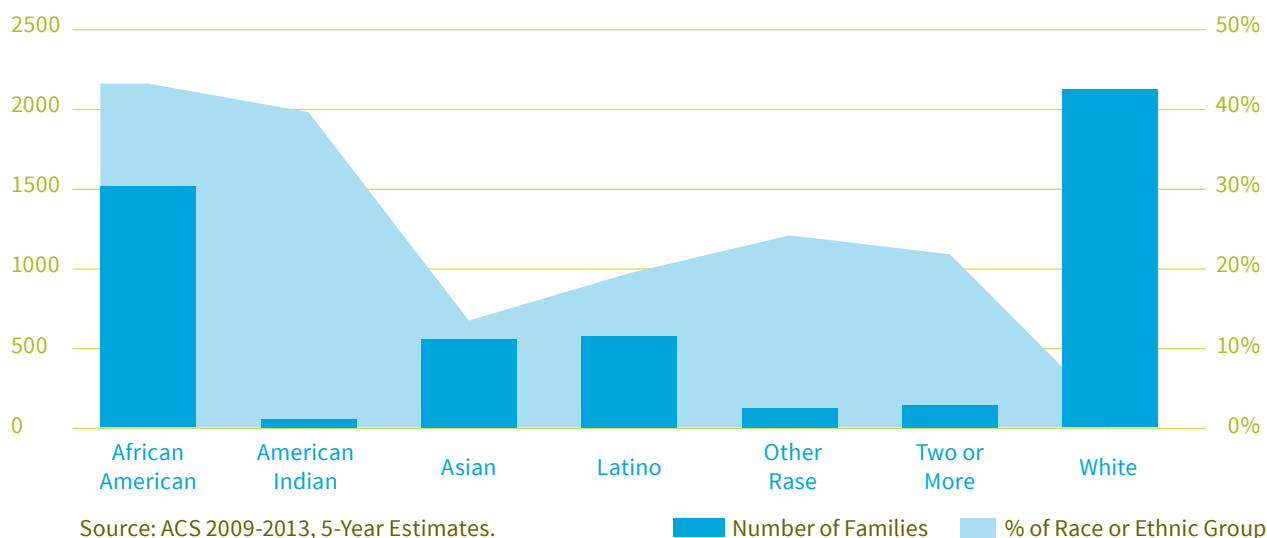
Source: Capital Regional Sustainable Communities,  
"Geography of Opportunity: A Fair Housing Equity Assessment for Wisconsin's Capital Region."  
[https://danedocs.countyofdane.com/webdocs/PDF/capd/2014\\_Postings/FHEA%20Final/FHEA.pdf](https://danedocs.countyofdane.com/webdocs/PDF/capd/2014_Postings/FHEA%20Final/FHEA.pdf)

An examination of family income in Madison shows that approximately 9 percent of families (approximately 4,613) were living below the federal poverty level.<sup>35</sup> Figure 11 displays family income in Madison by race and ethnicity. Because white families represent the majority of families in the City, it is not surprising that 47 percent of the total number of Madison families living in poverty are white. However, it is instructive to consider how poverty affects each race and ethnic group in the City. From this perspective, while only 5 percent of the white families (2,165 families) in Madison are poor, a staggering 40 percent of black families (1,524 families), 20 percent of Latino families (581 families), and 15 percent of Asian families (550 families) in the City are living in poverty (Figure 11).

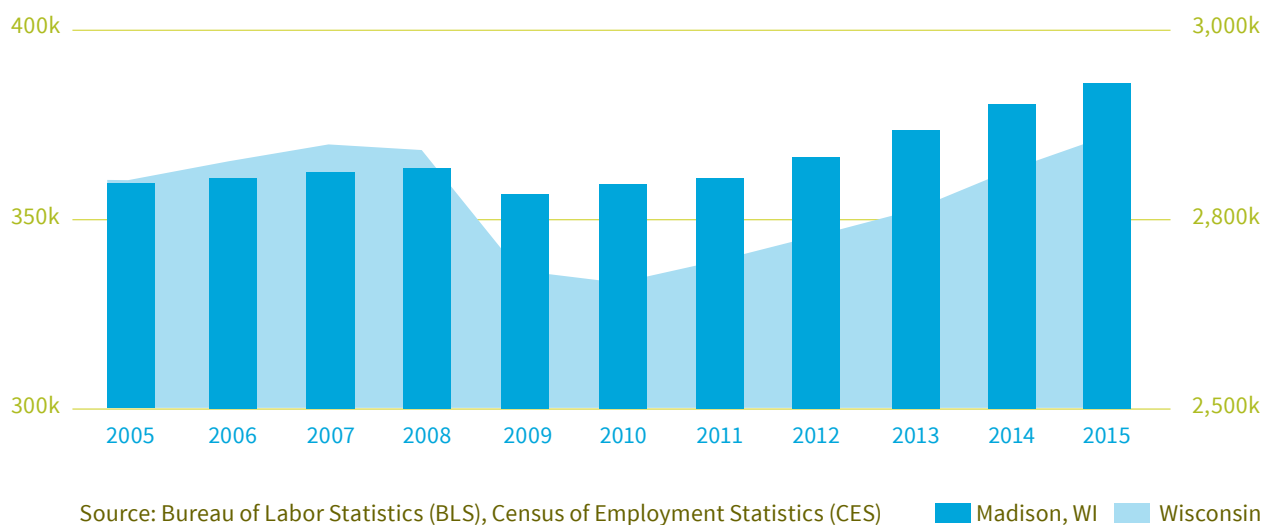
35 Ibid.



**Figure 11. Number and Percent of Madison Families in Poverty, by Race and Ethnicity**



Finally, a report by the Madison Senior Center points out that the probability of adults falling below the poverty threshold increases with age.<sup>36</sup> This trend is especially true for females over the age of 65 and seniors of color who have a higher rate of poverty than white seniors.<sup>37</sup> In 2008, 8.2 of females over 65 in Dane County lived in poverty.<sup>38</sup>



<sup>36</sup> Madison Senior Center, Madison Senior Adult Services: A Plan for Consolidation and Coordination.

<sup>37</sup> Ibid. and Dane County Task Force on Poverty: Report to the County Board. November 5, 2009.

<sup>38</sup> Ibid.



## Educational Opportunities

### Key Findings

The majority of the adult residents of the City of Madison are highly educated. Nonetheless, approximately 21 percent of adults have a high school diploma or less. This population is often low-income and stuck in low-wage jobs. Ensuring that children have access to high quality early childhood education and that youth are prepared to succeed in the workforce is essential to future economic growth and the overall wellbeing of Madison residents. Overall, MMSD students' academic performance around key benchmarks compared favorably with student performance statewide. However, when disaggregated by race and ethnicity, academic performance of students of color (African American and Latino) was disappointing. The academic achievement gap is particularly distressing when one considers it in the context of workforce preparedness and the potential for lost opportunities for a significant number of MMSD students.

Over half of the adult residents of the City of Madison (53.8 percent) have a bachelor's degree or higher, which is not surprising given that the City is the capitol of the state and the seat of state government, as well as home to the University of Wisconsin-Madison and Edgewood College. The educational profile of the remaining residents breaks down as follows: approximately 25 percent of City of Madison residents have some college or Associate's degree; 16 percent are high school graduates (includes equivalency); and the remaining Madison residents have completed less than a high school education.<sup>39</sup>

Ensuring that youth are prepared to succeed in the workforce is essential to future economic growth and the overall wellbeing of Madison residents. As such, it is critical to examine additional education-related indicators to understand whether the students in the City of Madison are, in fact, being prepared to thrive in the workforce.

Just under 80 percent of Madison Metropolitan School District high school students complete high school on time.<sup>40</sup> Third grade and eighth grade Wisconsin Student Assessment System (WSAS) reading and math scores for the 2013-2014 school year—key benchmarks for future educational achievement—compare favorably with statewide scores. In particular, in the MMSD 35 percent of third graders are proficient or higher in reading and 47 percent of third graders proficient or higher in math in 2013-2014. Further, over the 2013-2014 school year nearly 40 percent of MMSD eighth grade students were proficient or higher in reading and 47.2 percent and MMSD eighth graders tested proficient or higher in math.

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39 U.S. Census Bureau, ACS: 2009-2013, 5-Year Estimates.

40 Wisconsin Information System for Education Dashboard (WISEDASH), 2013-2014.  
<http://wisedash.dpi.wi.gov/Dashboard/portalHome.jsp>





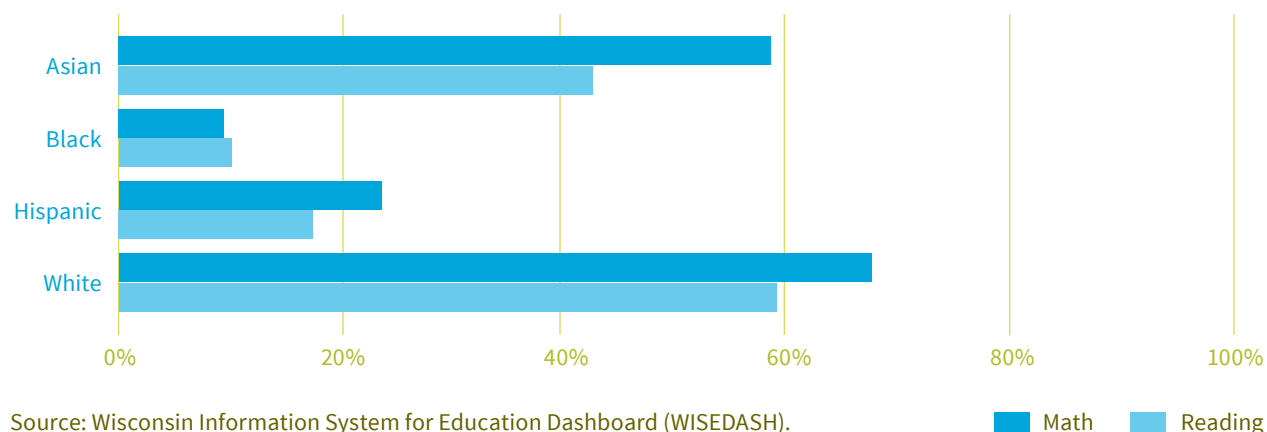
## The Power of Early Childhood Education

Research shows that high quality early childhood education that starts well before kindergarten and targets children in poverty is one of the most cost effective and powerful economic development tools available. It can have profoundly positive effects on the academic achievement gap and on the long-run productivity of the labor force. “Children who receive high-quality early childhood education earn more as adults, have less contact with the criminal justice system, and require fewer public expenditures for social services. While children and their families benefit from early childhood education, the majority of benefits accrue to society due to lower crime costs and less need for social intervention. The research also demonstrates that low-income, disadvantaged children benefit the most from high-quality early childhood education.”<sup>41</sup> Indeed, the return on investment to the community of quality early childhood education has been estimated to be as high as \$16 for every \$1 spent.<sup>42</sup>

## Barriers to Workforce Preparedness

Disaggregating student achievement data by race and ethnicity uncovers a large gap between white students and African American and Hispanic students, in particular.<sup>43</sup> Disaggregating graduation rates by race and ethnicity exposes a large achievement gap. While 91.6 percent of white students in MMSD graduated on time in 2014, that same year only 57.1 percent of African American students and 70.4 percent of Latino students completed high school in four years. Third grade reading scores for the 2013-2014 school year reveals that 52.8 percent of white students are reading proficient or higher while 9 percent of African American and 15 percent of Hispanic students are proficient or higher in reading. There is an even larger gap in math where 67.5 percent of white students were proficient or higher while only 12.1 percent of African American students and 22.3 percent of Hispanic students were math proficient in 2013-2014. The same pattern continues in middle school (Figure 12).<sup>44</sup>

**Figure 12. MMSD Eighth Grade Reading and Math Proficiency and Higher, by Race and Ethnicity**



41 Grunewald, Rob and Don Bezruki. “The Economic Power of Early Childhood Education in Wisconsin.” Wisconsin Policy Research Institute, 3.

42 Ibid.

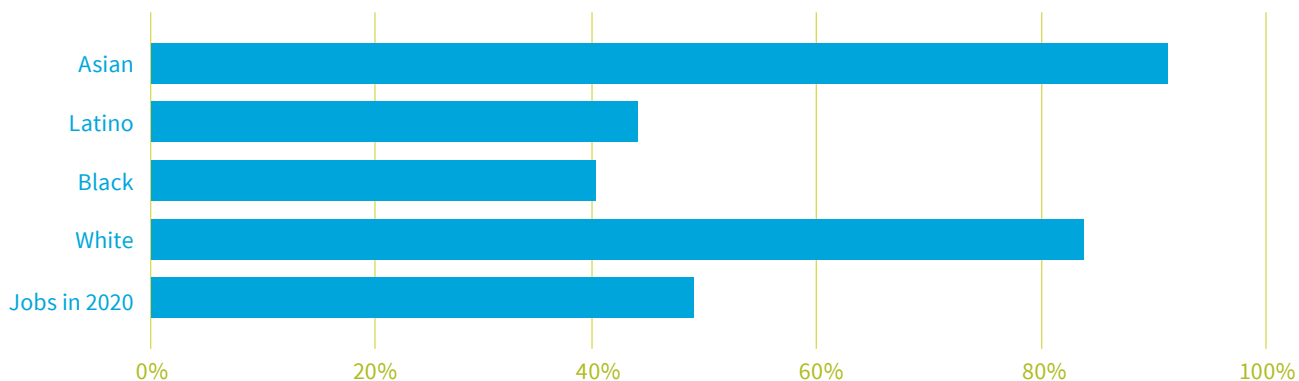
43 The following represents MMSD student enrollment by race and ethnicity during the 2013-2014 school year: 44.2 percent white; 18.14 percent black; 19.3 percent Latino; 8.4 percent Two or More and; 0.4 percent American Indian. Ibid.

44 Ibid.



Figure 13 below gives us a sense of how the educational achievement gap translates into deficiencies in workforce preparedness. According to PolicyLink and USC’s Program for Environmental and Regional Equity (PERE), 39 percent of jobs in Madison will require an associate degree or higher by 2020.<sup>45</sup> PolicyLink/PERE forecasts that only 32 percent of blacks and 35 percent of Latinos will have the education that will be required to obtain a job in the Madison area in 2020.

**Figure 13. Educational Attainment and Job Requirements**



Source: PolicyLink/PERE. National Equity Atlas

Research has shown that not being able to access quality education and job opportunities early in life has a negative long-term effect on earnings and human potential. In the City of Madison, just under 5 percent of youth 16 to 24 years old are disconnected from both work and school. Of these 2.5 percent are white, 3.5 percent are Asian, and 11.8 percent are people of color.<sup>46</sup> The problem of disconnected youth is garnering national attention. Indeed, in October 2015, the Obama Administration unveiled a new pilot focused on improving outcomes for disconnected youth.<sup>47</sup>

45 PolicyLink/PERE. National Equity Atlas. [http://nationalequityatlas.org/indicators/Education\\_levels\\_and\\_job\\_requirements/33461/Madison\\_City/false/Education\\_Level:AA\\_degree\\_or\\_higher/](http://nationalequityatlas.org/indicators/Education_levels_and_job_requirements/33461/Madison_City/false/Education_Level:AA_degree_or_higher/)

46 PolicyLink/PERE. National Equity Atlas. [http://nationalequityatlas.org/indicators/Disconnected\\_youth/Over\\_time:32886/Madison\\_City/false/](http://nationalequityatlas.org/indicators/Disconnected_youth/Over_time:32886/Madison_City/false/)

47 <http://www.ed.gov/news/press-releases/obama-administration-names-9-communities-chosen-finalists-pilot-improve-outcomes-disconnected-youth>



## Livability

### Key Findings

Madison consistently emerges as one of the most livable mid-sized cities in the United States. However, the City is not equally livable for all residents. Low-income residents face housing challenges; homelessness is an issue for a number, including families with children. People of color experience the highest levels of housing cost burden and represent the majority of homeless served in Dane County. Recent research confirms that neighborhoods can have a significant impact on children's wellbeing over their lifetime, suggesting policy responses aimed at equitable economic development, community wealth building, and affordable housing are critical.

Time and again the City of Madison rises to the top of national lists of family- and senior-friendly places to live. Indeed, Livability named Madison the top city to live in 2015 based on an analysis of more than 40 data points that included economics, housing, amenities, infrastructure, demographics, social and civic capital, education, and health care. Livability reports: "Both a capitol city and a hip college town, Madison provides residents with affordable housing, great schools, excellent health care and a wide range of recreational activities and entertainment options."<sup>48</sup> In addition, the AARP Bulletin recently named Madison one of the top mid-size cities in the United States to retire, citing "air quality and great ratio of parks to people."<sup>49</sup>

### Barrier to Livability: Housing Affordability

While Madison may be a livable city that offers affordable housing for many residents, according to the City of Madison's Consolidated Plan 2015-2019, low-income residents of the City face significant challenges around lack of affordable housing and related housing cost burden (see Figure 14 below). Indeed, more than half of the renter households and 30 percent of homeowners in the City of Madison are housing cost burdened.<sup>50</sup> Severe housing cost burden (paying over 50 percent of household income in housing costs) is a problem for 11,205 renter households and 1,510 home owning households, representing 75 percent of households with incomes below 30 percent of AMI.<sup>51</sup>

There are various factors driving the lack of affordable housing for the low-income population, including strong demand for housing as a result of low-income household growth and low unemployment rates; increased property values and construction costs; declining construction of low-income rental construction; tighter lending requirements; and declining funds from the federal government to subsidize housing for homeless low-income rental, and low-income ownership.<sup>52</sup>

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48 See <http://www.livability.com/best-places/top-100-best-places-to-live/2015>

49 See <http://www.aarp.org/home-family/your-home/info-2015/best-places-to-live-retire.html>

50 City of Madison, Consolidated Plan 2015-2019.

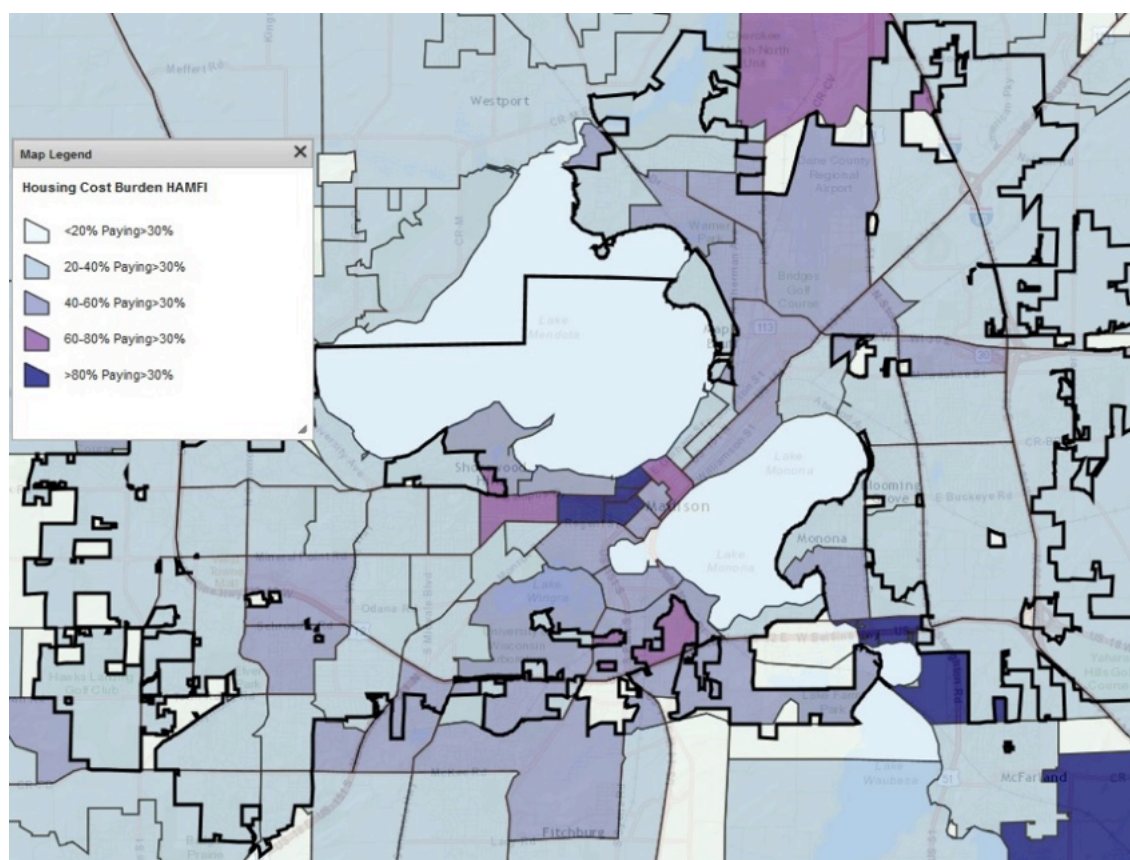
51 Ibid.

52 Ibid.



When housing cost burden is examined through the lens of race and ethnicity, it becomes apparent that people of color experience the highest levels of housing cost burden. Populations of color in Madison are roughly concentrated in the north and south sides of the City, corresponding to the highest concentrations of housing cost burden.<sup>53</sup> Black, Asian, and Latino populations have significantly higher rates of cost burden and severe cost burden than whites. In particular, 38 percent of white households experience a housing cost burden higher than 30 percent of their income as compared to 57 percent of African Americans, 43 percent of Latinos, and 38 percent of Asians. In addition, the City of Madison, Analysis of Impediments to Fair Housing points out that the City has mild to moderate racial and ethnic segregation, which contributes to a lack of housing choices for African American and Latino residents.<sup>54</sup>

**Figure 14. City of Madison Housing Cost Burden by Housing Area Median Family Income (HAMFI)**



Source: City of Madison, Consolidated Plan 2015-2019.

53 Ibid.

54 MSA Professional Services Inc., City of Madison, Analysis of Impediments to Fair Housing. November 2013.



## Barrier to Livability: Homelessness

The number of homeless people in Dane County served by area service providers has increased since 2011 from 3,079 to 3,370 in 2013. Nearly half of the homeless population served in 2013 were members of families (473 families with 946 children under 18 years of age).<sup>55</sup> In addition, there were 36 unaccompanied youth under the age of 18. There were an estimated 1,280 households at risk of homelessness in 2013 that avoided homelessness and maintained housing because they received financial assistance.<sup>56</sup> Of these, there were 596 families with children. An additional 473 households received tenant services, legal advocacy, and mediation to avoid homelessness.<sup>57</sup> In 2013, 1,041 individuals were turned away without shelter or vouchers.

People of color represent the majority of homeless served overall. For example, 72 percent of the 3,370 homeless persons assisted by Dane County agencies in 2013 were people of color. The vast majority of homeless women (61 percent) and homeless families (79 percent) were people of color.<sup>58</sup>

## Barrier to Livability: Safety<sup>59</sup>

Domestic violence is widespread and affects individuals in all communities and walks of life. Nationally, 1 in 3 women and 1 in 4 men have been victims of some form of physical violence by an intimate partner within their lifetime.<sup>60</sup> Each year between 3 and 10 million children suffer domestic violence. Boys who witness domestic violence are twice as likely to abuse their own partners and children when they become adults, and children who experience abuse score lower than their peers on reading and math tests.<sup>61</sup>

The Wisconsin Department of Justice reports that in 2012 there were 2,894 incidents of domestic abuse in Dane County and an arrest rate of 80.7 percent. The Wisconsin Domestic Violence Homicide Report indicates that in 2014 there were four domestic violence homicides in Dane County. According to the Domestic Abuse and Intervention Services (DAIS), in our community, African American women are three times more likely to be murdered by a current or former intimate partner than members of other racial backgrounds, and Hispanic women are more likely than non-Hispanic women to be raped by an intimate partner, but less likely to report to the authorities.<sup>62</sup>

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55 Ibid.

56 Homeless Services Consortium. <http://www.danecountyhomeless.org/data/>

57 Ibid.

58 Ibid.

59 The analysis of safety in this section does not consider crime, which is outside of the direct scope of human services. Rather, the exclusive focus is on domestic violence, sexual assault, and crisis.

60 The National Coalition against Domestic Violence. <http://www.ncadv.org/learn/statistics>

61 Domestic Abuse and Intervention Services (DAIS). "Domestic Violence Affects Us All." <http://abuseintervention.org/sandbox77/wp-content/uploads/2012/08/Fact-Sheet-on-Children-and-Youth-7.11.2013.pdf>

62 Ibid.



## Community Assets and City of Madison's Efforts to Build Opportunity

The City of Madison has a longstanding commitment to addressing challenges faced by residents through investments in community development programming managed by the CDD. CDD allocates approximately \$12 million annually through investments in services and projects that support City and CDD goals.<sup>63</sup> CDD program areas include Youth; Domestic Violence, Sexual Assault, Crisis Intervention and Safety and Support; Access to Resources; Adult Workforce Preparedness and Employment; Neighborhoods; Children and Families; and Seniors.

As of 2015, Madison has 15 neighborhood centers around the City, which receive City capital financing, program support, and center support to help defray their costs (see Figure 15).<sup>64</sup> The neighborhood and community centers are run by nonprofit agencies and their primary focus is on the wellbeing of low-income families, strengthening relationships with neighborhoods and promoting a deeper sense of community.<sup>65</sup> Neighborhood centers provide a variety of services (depending on the area served), including after school programs, youth employment, parent education, restorative justice, community gardens, access to computers and internet, adult employment/training, and leadership development. The 2014 Neighborhood Center Report indicates that in 2013 the neighborhood centers' activities reached more than 90,000 people throughout the City from 70,000 different households.

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### Neighborhoods Matter

*A growing body of research confirms that the neighborhood in which children grow up matter when it comes to lifetime earnings and wellbeing. Neighborhoods with under-performing schools, limited access to high quality libraries, museums, and amenities not only contribute negatively to children's cognitive development over generations, but have a negative effect on future earnings independent of parents' income or education. This "creates a lifetime earnings gap nearly as large as that between a college and high school graduate."<sup>66</sup> Some estimates of the "neighborhood effect" find that "lifetime earnings are roughly \$900,000 higher...for those who grow up in the richest 20 percent of neighborhoods than those who grow up in the bottom 20 percent, even after corrected for parental income."<sup>67</sup> Overcoming the neighborhood effect requires policies aimed at building communities of opportunity, including incentivizing the inclusion of affordable housing within new developments; implementing equitable economic development and community wealth building strategies that develop high-poverty neighborhoods, and enforcing fair housing laws.<sup>68</sup>*

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63 Approximately \$4 million is City funding and around \$8 million is federal government funding.

64 City of Madison, CDD, "Neighborhood Center Report, 2014."

65 Ibid.

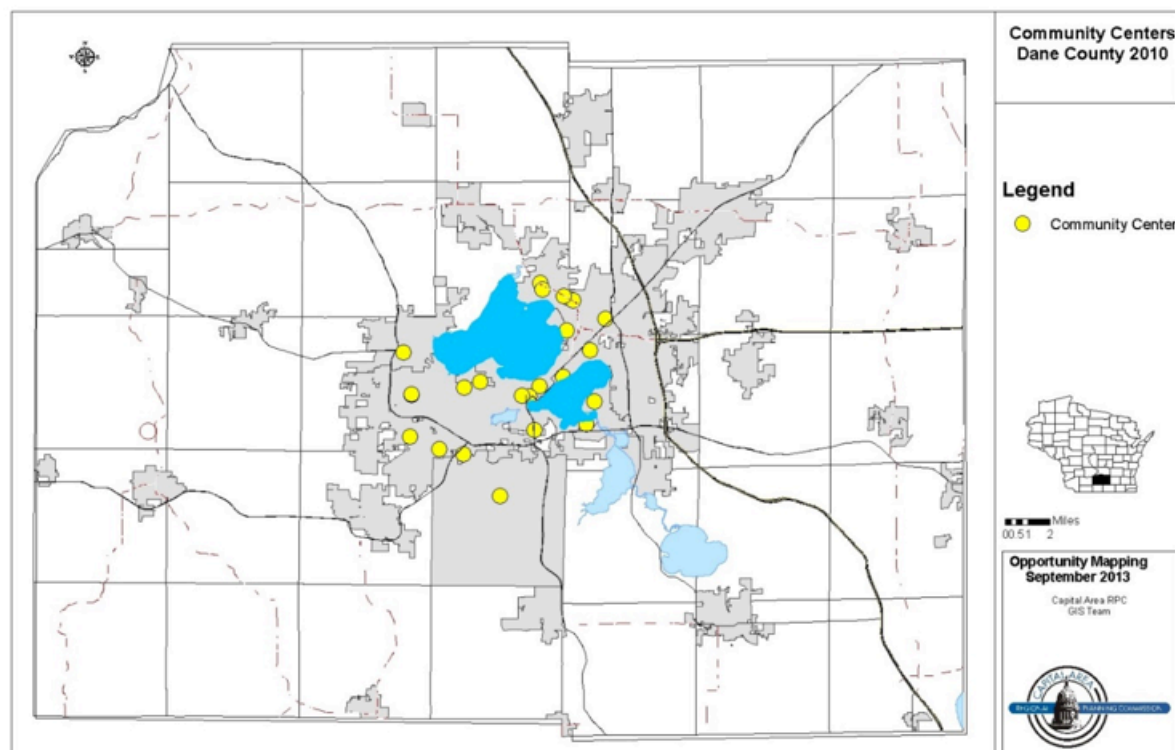
66 Florida, Richard. "How Your Neighborhood Affects Your Paycheck." CityLab. N.p., 16 Jan. 2015. Web. 05 Oct. 2015. <http://www.citylab.com/work/2015/01/how-your-neighborhood-affects-your-paycheck/384536/>

67 Ibid.

68 PolicyLink/PERE, "National Equity Atlas." [http://nationalequityatlas.org/indicators/Neighborhood\\_poverty](http://nationalequityatlas.org/indicators/Neighborhood_poverty)



**Figure 15. Madison Community Centers**



Source: City of Madison, Consolidated Plan 2015-2019.

The City of Madison also has Neighborhood Resource Teams (NRTs) focused on nine neighborhoods where residents face especially acute housing, employment, and academic achievement challenges and where safety is a particular concern.<sup>69</sup> The NRTs represent a City initiative to promote racial equity. The NRT's mission is to "encourage and enhance communication, coordination, and relationship-building among City staff, City departments, residents, and other stakeholders to promote equity and improve the quality of life for all residents of Madison's neighborhoods."<sup>70</sup> They gather information from the community about major trends affecting the community, community needs, and work to connect the community to services, and make recommendations to the City to provide needed resources to these neighborhoods.

69 City of Madison, "Community Resources: City of Madison's Neighborhood Resources Team: Improving the Delivery of Services and Connecting City Government Directly to Madison Neighborhoods." <https://www.cityofmadison.com/sites/default/files/city-of-madison/mayors-office/documents/NRTBackgroundReport.pdf>

70 <http://www.cityofmadison.com/mayor/nrt>



## Results of Data Analysis

Despite the laudable achievements of and opportunities in the City of Madison, the City faces significant challenges around racial equity, ensuring the removal of barriers to opportunity for people of color who represent the majority of low-income residents; inequality and access, ensuring that low-income and vulnerable residents are safe and able to access these opportunities and needed resources; preparing children, youth, and families to take advantage of these opportunities and thrive; and building community to make Madison a highly livable City for all residents.

Community development programs aspire to make communities livable and safe for all residents. FCI's data analysis suggests that in order to make Madison more livable and safe for all, community development investments in the City of Madison should focus on:

- workforce development and employment, that will pay a family supporting wage;
- children, youth, and families programming, including youth development, mentoring, workforce development and employment with support to disengaged youth;
- affordable housing;
- homelessness;
- transportation;
- access to food;
- domestic violence, sexual assault, and crisis;
- low-income seniors;
- neighborhood center programs; and
- support for linguistically and culturally appropriate programming.





## Review of Recent Reports and Plans Focused on the Local Community Development Context

In addition to reviewing a variety of data sources to provide the community development and economic context for Madison, FCI reviewed a sampling of recent reports, service plans, and other relevant documents examining the community development context in the City of Madison and Dane County. The detailed analysis is contained in the next section of this report. The documents reviewed include:

1. City of Madison, Community Development Division, Consolidated Plan 2015-2019.
2. City of Madison, Neighborhood Resource Team (NRT) 2015 Community Engagement and 2015 Input for the Operating Budget.
3. MSA Professional Services Inc., Analysis of Impediments to Fair Housing Choice, November 2013.
4. My Brother's Keeper Community Challenge, Policy Review and Recommendations for Action, City of Madison, WI, April 2015.
5. Justified Anger & the Nehemiah Center for Urban Leadership Development, Our Madison Plan: Mobilizing Madison for Change, 2015.
6. Madison Senior Center, Madison Senior Adult Services: A Plan for Consolidation and Coordination, 2011.
7. The Wisconsin Council on Children and Families, Race to Equity: A Baseline Report on the State of Racial Disparities in Dane County, 2013 and A Roadmap to Equity: A Two Generation Approach to Reducing Racial Disparities, 2016.
8. Domestic Abuse and Intervention Services (DAIS), Community Needs Assessment Summary, 2015.
9. Community Action Coalition for South Central Wisconsin (CAC), 2013 Community Needs Assessment for Dane County.
10. United Way of Dane County, "Southeast Asians in Dane County: Realities of Isolation by United Way of Dane County," Impact Report and "Latinos in Dane County: Different Language, Different Reality," Impact Report.
11. United Way of Dane County, Strong Roots: Building Economically Stable Families Mobilization Plan, 2016.
12. City of Madison Economic Development Committee, Connect Madison Economic Development Strategy, 2015.

The following table summarizes community development-oriented, actionable program area recommendations that emerge from these reports and documents and compares them to CDD-funded program areas and the results from FCI's data analysis.<sup>71</sup> The highlighted areas emerge as priorities based on a combination of the FCI data analysis, FCI focus group results, the review of reports and plans, and CDD's existing priorities. In order for an area to be considered a priority area at least 50 percent of the reports and analyses (including FCI's data analysis) needed to identify it as a priority or recommendation.

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<sup>71</sup> We recognize that the sampling of reports is important and this sample of reports does not comprehensively cover all potential program areas and may thus skew results in one direction or another. It is hoped that through triangulation of information with the data analysis and input from focus groups, the resulting set of priorities will be balanced.



	CDD Consolidated Plan	NRT*	MSA	MBK**	Justified Anger***	Madison Senior Adult Services****	R2E*****	DAIS	CAC	Latinos & Southeast Asians	Strong Roots	Madison Economic Development	FCL Data Analysis	FCL Focus Groups	Existing CDD Funding Priorities	
Affordable Housing	•	•	•			•			•			•	•	•	•	•
Housing Assist.	•	•	•			•			•			•	•	•	•	•
Econ. Dev. Small Business	•				•							•			•	
Neighborhood Center Program, Ops and Cap Improvements	•	•				•	•		•			•	•	•	•	•
Workforce Development	•				•		•				•	•	•	•	•	•
Com. Building & Leadership Dev/Neighborhood Revitalization	•	•			•		•					•	•	•	•	•
Access to Affordable Health Food and/or Com. Gardens		•	•							•					•	
Children & Families		•		•	•		•				•		•	•	•	•
Youth Employment/ Workforce Development		•		•	•								•	•	•	•
Youth Dev., including after school		•		•	•		•				•		•	•	•	•
Restorative Justice				•	•										•	
Transportation						•	•	•	•	•				•	•	•
Homeless Services	•							•	•	•	•		•	•	•	•
Domestic Violence, Sexual Abuse and Crisis, Safety & Support								•					•		•	•
Seniors						•				•	•				•	•
Access to Resources*****					•			•							•	•

\*\*This includes both the NRT "Input for the Operating Budget Report" and the "Community Engagement Report."

\*\*\*These recommendations are focused on boys and men of color.

\*\*\*\*These recommendations are focused on African Americans.

\*\*\*\*\*Madison Senior Adult Services: A Plan for Consolidation and Coordination.

\*\*\*\*\*This includes both the original Race to Equity and A Roadmap to Equity: A Two Generation Approach to Reducing Racial Disparities reports.

\*\*\*\*\* Access to Resources includes language and cultural accessibility, education knowledge or awareness of services, and history with criminal justice system.



## Conclusion

The documents reviewed here and focus group results lend support to the findings of the data analysis. Many of the program areas identified as priority areas by the data analysis emerged as priority areas in this analysis as well. In particular, Workforce Development, Affordable Housing, Housing Assistance, Homelessness, Neighborhood Centers Support and Programming, Children and Families, and Youth Development emerged as priority areas. This analysis revealed additional priority program areas such as Community Building and Engagement/Leadership Development and Transportation that were more easily detectible with a qualitative analysis.



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## II. A Detailed Analysis of Reports Relevant to the City of Madison’s Community Development Context

1. **The City of Madison Community Development Division’s Consolidated Plan 2015-2019** advances a strategic plan to implement four goals and nine objectives.<sup>72</sup> In its Strategic Plan, the City has identified four high priority areas, these are: 1) Affordable Housing; 2) Economic Development and Employment Opportunities; 3) Strong and Healthy Neighborhoods and; 4) Effective Planning and Program Administration. Neighborhood Resource Team (NRT) areas with the highest concentrations of poverty are prioritized by this plan. The Plan aims to “improve access to decent housing, a sustained living environment, and enhanced economic opportunities for low- and moderate-income persons/households...”<sup>73</sup>

Goal	Needs Addressed
Housing Supply	Affordable Housing
Housing Assistance	Affordable Housing
Job Creation and Community Business Development	Economic Development and Employment Opportunities
Small Business (Microenterprise) Development	Economic Development and Employment Opportunities
Adult Workforce Development	Economic Development and Employment Opportunities
Neighborhood Centers and Community Gardens	Strong and Healthy Neighborhoods
Capital Improvement for Community Organizations	Strong and Healthy Neighborhoods
Neighborhood Revitalization Plans and Projects	Strong and Health Neighborhoods Effective Planning and Program Administration
Planning and Administration	Effective Planning and Program Administration

72 City of Madison, Consolidated Plan 2015-2019.

73 Ibid. p. 73.





2. **The City of Madison’s Neighborhood Resource Teams’ 2015 Input for the Operating Budget Report and the Community Engagement Report** reflect a series of community engagement activities undertaken between February and April 2014 and designed to engage residents of the NRT areas. The goal of these events was to gain a better understanding of the needs, issues, and priorities of people living in the nine NRT areas. Residents identified the following as issues or needs:<sup>74</sup>

- Quality affordable housing
- Employment opportunities
- Ready access to affordable healthy food
- Better care of housing stock and more landlord involvement
- Traffic safety
- Access to community spaces – neighborhood centers
- More opportunities and activities for community engagement
- More opportunities and activities for youth
- Better coordination and communication of area resources
- Residents expressed an appreciation of police presence in their neighborhoods, but wanted officers to focus on relationship and community building not only on enforcement
- Frustration by residents that their neighborhoods were perceived or spoken of negatively or as problem areas

The City of Madison’s NRTs also advanced their recommendations for the 2015 operating budget, which included the following recommendations for CDD programming:

### **Promote community building and engagement.**

The NRT budget proposal highlighted that residents consistently asked for more community building and engagement opportunities. The NRT proposal argued that community building and engagement can be transformative for the neighborhoods, connecting people of all ages to their neighborhood, developing supportive networks, and empowering people to problem solve. “Creating positive changes in a community can only be sustained by mobilizing the community’s assets and developing the community’s capacity and resources for them to make decisions and take action.”<sup>75</sup> In addition, the NRT pointed out that there is a need to provide support in this space because there are relatively few organizations or efforts supporting community building and engagement in Madison neighborhoods. The NRT recommended that a separate category of funding be created outside of the neighborhood and community center funding streams.

### **Increase youth employment**

All NRT areas identified the need for meaningful youth activities.

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74 See the NRT 2015 Community Engagement Report for summaries of the issues and needs that residents identified, by NRT area.

75 City of Madison NRT 2015 Operating Budget Proposal, p. 8.



### Conduct a study on affordable childcare.

Affordable childcare poses a barrier to many low-income families.

### Improve community coordination and communication around services.

There is a need to better communicate available services and coordinate the services so that residents can more easily identify and access needed services.

### Increase staffing for Madison Out-of-School Time Initiative (MOST).<sup>76</sup>

The MOST initiative represents a Citywide collaborative effort between the City of Madison, MMSD, and other funders aimed at ensuring that all of Madison’s children have access to quality out-of-school time programming that supports “positive youth development, educational achievement, and/or career and community readiness.”<sup>77</sup>

3. **MSA Professional Services Inc., Analysis of Impediments to Fair Housing Choice,** November 2013. This report examined impediments to fair housing choice in Madison that disproportionately affect members of a “protected class”. One of the findings the report highlighted was that there are multiple barriers to opportunity around fair housing choice in certain geographic locations, which tend to be populated by people of color. These include lack of affordable housing; the inability of people of color to secure a mortgage, refinance, or home improvement loan; the location of low-income housing far from schools, jobs, community resources; the physical segregation of African American and Hispanic populations (primarily in the north and south sides of the City); the difficulty in reaching parts of the City by bus and; the lack of grocery stores within walking distance on the south side of the City where there is a high concentration of residents of color. The report develops a number of policy and program recommendations to directly address these issues. The most relevant of these with regard to human service programming include:
  - Supply Impediments: The need to ensure supply of sufficient types of units (e.g., inventory of larger units for families and single room occupancy units to help prevent homelessness)
  - Affordability Impediments: The need to ensure sufficient supply of affordable units
  - Spatial Impediments: The City should acknowledge racial segregation in housing and direct new assisted and subsidized housing units to neighborhoods that do not already have a concentration of these units.<sup>78</sup> The City should also consider developing new and subsidized units near transit routes for easy access to schools and work. In addition, the report recommends that the City support development and/or services that facilitate access to fresh food in all neighborhoods.

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<sup>76</sup> <https://www.cityofmadison.com/dpced/communitydevelopment/most/madison-out-of-school-time-most-initiative/499/>

<sup>77</sup> Ibid.

<sup>78</sup> MSA Professional Services Inc., Analysis of Impediments to Fair Housing Choice, November 2013, p. 71.



4. **My Brother’s Keeper Community Challenge, Policy Review and Recommendations for Action, City of Madison, WI**, April 2015. In 2014, the City of Madison accepted President Barack Obama’s My Brother’s Keeper Community Challenge aimed at addressing opportunity gaps faced by boys and young men of color and ensuring that all youth can reach their full potential.<sup>79</sup> The MBK Community Challenge has a set of six goals developed around community concerns, including ensuring that all children enter school cognitively, physically, socially, and emotionally ready; ensuring all children read at grade level by 3rd grade, and; ensuring all youth graduate from high school.<sup>80</sup> In January 2015, the City of Madison conducted a survey of over 200 boys and young men of color ages 11 to 25 focused on identifying priority focus areas for Madison, youth experience, needs, and barriers to success. The Madison MBK working group used the results of the survey along with a review of policies, programs, and best practices and offered the following specific policy and program recommendations for the City of Madison:

### Priority Focus Area: Ensure all students graduate from high school

Recommendation 1: Establish more full-service schools. The MBK report highlights that children of color in the City of Madison face multiple barriers to opportunity that often negatively impact their academic achievement and graduation.<sup>81</sup> The report applauds the work of the Madison Out-of-School Time (MOST) program, which engages parent and youth and collaborates with MMSD, City, County, and community stakeholders in support of a Citywide initiative to support youth development, educational achievement, and/or career and community readiness.<sup>82</sup> MBK further recommends that MMSD develop more full- service schools or Community Schools that offer wrap around services intended to support increased family, student, and community engagement and help eliminate barriers to opportunity.<sup>83</sup> Recommendation 2: Youth development and mentoring.

### Priority Focus Area: Ensure young people remain safe from violent crime and receive second chances

Recommendation: Alternative and restorative justice programming. The report points out that youth of color face higher rates of suspension, expulsion, arrest, and incarceration than their peers and this contributes to a lifetime of diminished opportunities.<sup>84</sup> On this basis, the report recommends that the City of Madison expand alternative and restorative justice programs at the high school and young adult level to “advance community wellbeing, reduce penalties and limit interaction with the criminal justice system for those with minor offenses and rebuild positive pathways.”<sup>85</sup>

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79 My Brother’s Keeper Community Challenge, Policy Review and Recommendations for Action, City of Madison, WI, April 2015.

80 For a complete list of focus areas, please see My Brother’s Keeper, Policy Review and Recommendations for Action, City of Madison, p. 5.

81 Ibid.

82 MBK, Policy Review and Recommendations for Action, City of Madison.

83 Ibid.

84 Ibid.

85 Ibid.



5. **Justified Anger & the Nehemiah Center for Urban Leadership Development, Our Madison Plan: Mobilizing Madison for Change.** The Our Madison Plan aims to provide a plan for addressing racial disparities in Madison and provides a framework for other communities in Madison facing similar challenges. Their detailed recommendations identify key priorities for overcoming racial disparities. They include:

### Education

To ensure that all African American students are ready for every educational transition from K-12.

### Economic Development

Improve access to and engagement in education, employment, and entrepreneurship opportunities for under-employed and unskilled African Americans ages 24-40 in the greater Madison Area.

### Incarceration

Assess implementation and outcomes of previous criminal justice studies and task forces and build upon these ideas to divert African Americans from the criminal justice pipeline, as well as ensure successful reentry for those who have been incarcerated.

### Family and Community Wellness

To identify, lead, and advocate for policies, practices and innovations that promote the health and wellness of African American adults, children, and families while eliminating racial disparities in key health and wellness indicators in Dane County.

### Leadership and Capacity Development

To increase, enhance and sustain excellent service delivery of culturally competent programs by and for the African American community through the personal, professional, and organizational capacity development of leaders and their agencies.



6. **Madison Senior Center’s, Madison Senior Adult Services: A Plan for Consolidation and Coordination** report reviews the challenges and opportunities of supporting successful aging and independence of Madison area senior adults through programs and services. In the 2000 City of Madison census, 11.9% of the population was individuals over the age of 60. There is a need to engage older adults in the community and understand that “chances of falling below the poverty line increase with age”.<sup>86</sup> Following are the recommendations emerging from the report:
- Plan for Senior Adult Population Increases
  - Identify the CDD Aging Unit as a City Resource. Encourage the wealth of experience of Senior Citizen Advisory Committee in reviewing and providing recommendations to policies and legislation
  - Consolidate Committees for a Coordinated Response to Senior Adults
  - Develop a CDD Senior Adult Unit to focus on services and supporting independence of Madison’s seniors.
  - Review CDD Senior Adult Unit Staffing
  - Utilize Seniors Adults as a Resource. Encourage engagement of seniors in Madison community life.
  - Managing Multiple Public and Private Partnerships
  - Identify Division Position for Target-specific Grant Writer, including Youth and Older Adults
7. The 2013 release of the **Wisconsin Council on Children and Families’ (WCCF’s) Race to Equity Report** represented a watershed moment for the residents of Dane County and spurred a number of conversations around race and disparities. The report examined and measured the extent and nature of racial disparities between African American and white residents of Dane County around health, education, child welfare, and criminal justice. The report painted a cogent picture of persistently high levels of racial disparities across the board that flew in the face of Dane County’s reputation as being a place of opportunity for all of its residents. A few relevant lessons and challenges from the report include:

### **The Mismatch between Our Labor Market and Our Low-Income Workforce.**

The report hypothesized that given the shift of the Dane County economy toward sophisticated technical, research, teaching, health care, and the like, the bulk of family supporting jobs in Dane County were oriented toward high-skilled, advanced-degreed, and well-networked job seekers, leaving those lower-skilled, and less-networked workers with few opportunities. The report suggests that the labor mismatch is an important factor behind the high rates of African American poverty and recommends a focus on ensuring that a larger percentage of students graduate ready to succeed in the workforce; building pathways for low-income and less-educated and -networked individuals to obtain family-supporting jobs, including parents of at-risk school-age children. According to the report, achieving this will require a high priority commitment on the part of public and private sector employers alike to expand opportunities for lower-skilled, less-credentialed workers. It will also require that sufficient family supports are in place for low-income working parents such as flexible child care and transportation.

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86 City of Madison, CDD Madison Senior Center, Madison Senior Adult Services: A Plan for Consolidation and Coordination.



## Race to Equity Employment Challenge.

Bring 1,500 currently unemployed or underemployed parents of at-risk students into sustainable, family-supporting jobs. The report suggests that achieving this would make a meaningful difference when it comes to income and employment disparities, as well as have a positive impact on the academic achievement gap.

## The Need to Build and Link Neighborhoods and Communities.

The Race to Equity report highlighted key characteristics of the area's low-income African American communities that contribute to their disadvantaged position. These include isolation, lack of social cohesion, and lack of support networks. These characteristics preclude informal support networks, local leadership development, and community organizing. The report recommends promoting opportunities for residents of small communities to engage, interact, and link up and organize with residents of like neighborhoods. It also recommends prioritizing basic community-building activities, including leadership development; neighborhood-level social, cultural, planning, and recreational activities aimed at creating and expanding community networks; and a two-generational approach that provides support systems for parents and children.

## A Roadmap to Equity

**A Two Generation Approach to Reducing Racial Disparities.** A preliminary results-oriented proposal on actions that need to be taken to address racial inequity in Dane County. The roadmap identifies actions to achieve three goals in narrowing racial disparities for people of color by 2020.<sup>87</sup>

- Increase the employment, income, and wealth of Dane County's low-income families of color by 2020.
- Support working families of color as they balance the demands of both parenting and employment.
- Assure that more children of color are born healthy, meet developmental milestones, are ready for kindergarten, and succeed throughout their school careers by 2020.

8. **DAIS (Domestic Abuse and Intervention Services), 2015 Community Needs Assessment Summary.**<sup>88</sup> To guide the organization's 2015 program planning and strategies, DAIS conducted an assessment of the needs of domestic violence survivors and victims. They engaged 118 community partners, 29 DAIS staff members, 39 DAIS volunteer advocates, and 30 survivors through online surveys, focus groups and interviews. Survivors identified that their most pressing service needs were:

- 24- hour Help Line
- In person support and safety planning
- Support groups
- Legal Advocacy Services
- Emergency shelter

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87 Race to Equity, A Roadmap to Equity: A Two Generation Approach to Reducing Racial Disparities in Dane County

88 DAIS, DAIS 2015 Community Needs Assessment Summary .



The top 10 barriers identified by all stakeholder groups were:

- Knowledge of services available
- Fear of seeking services
- Lack of trust in the system
- Stigma or feeling of shame
- Transportation
- Does not identify as victim of violence
- Client isolation
- Child care
- Immigration Status
- Language and cultural barriers

9. **Community Action Coalition for South Central Wisconsin (CAC), 2013 Community Needs Assessment for Dane County.** The CAC conducted a community needs assessment in 2013 to learn about issues and unmet service needs related to poverty. CAC surveyed 100 very low-income individuals and 41 service providers, held two focus groups, and reviewed data from external sources. CAC found that the top unmet needs identified by survey respondents were:

- Transportation for work
- Affordable housing
- Healthcare

Service providers indicated that their top choices for ways to spend \$1 million to fight poverty are:

- Education/skills training for employment
- New affordable housing units
- Healthcare for uninsured

The focus groups highlighted that the most important unmet community needs are:

- Affordable housing
- Homeless services
- Employment opportunities/good family supporting jobs



10. In the **Southeast Asians in Dane County: Realities of Isolation by United Way of Dane County**, 19 Southeast Asians (Seniors, individuals who had lived in the United States for less than one year, individuals who had lived in the United States for more than three years) took part in focus groups to discuss their experiences in Dane County. Though the survey population was small and conducted in 2006, nonetheless some of these same issues may be persistent in this community presently. Emerging from all of the focus groups was the issue of isolation encountered due to minimal engagement with the community and community services as a result of language barriers. Southeast Asians from the three groups identified barriers in the following areas:

- Need for transportation assistance (access to transportation or driver's license)
- Minimal knowledge of other agencies
- Limited English skills

Focus group participants suggested that other agencies come to UASW (United Asian Services of Wisconsin) to conduct informational sessions and hire bilingual people to expand services for Southeast Asians.

**The Latinos in Dane County: Different Language, Different Reality report, conducted by United Way of Dane County** in Spring 2005, sought to comprehend the needs of the Latino community. United Way conducted three focus groups with a total of 26 participants. The focus groups included seniors (over 65) who were born outside the United States, 18-59 recent immigrant parents who had children in a local Headstart program, and Latino leaders who worked in advocacy, social services, and spoke on behalf of their clients.

The most pressing needs identified within all focus groups were:

- Transportation
- Bilingual services
- Healthcare

The barriers to accessing services noted by the groups were:

- Language barriers
- Income
- Lack of information

11. **Strong Roots: Building Economically Stable Families Mobilization Plan, published by United Way of Dane County** in February 2016, examines the roots and hindrances of poverty among families, policies, and examples of successful programs throughout Dane County and nationwide.<sup>89</sup> Within the report, United Way outlines the following areas for their Agenda for Change to address poverty:

- Children are cared for and have fun as they become prepared for school. Ensure that children are developmentally prepared to begin school and succeed academically.
- All students succeed academically and graduate from high school, regardless of race.

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89 United Way of Dane County, Strong Roots: Building Economically Stable Families Mobilization Plan





- More people are on pathways out of poverty. Hire people out of poverty, foster economic stability amongst young families, reduce return-to-prison rate.
- There is a decrease in family homelessness. Support rapid re-housing programs and prevent homelessness.
- People's health issues are identified and treated early.
- Seniors and people with disabilities are able to stay in their homes. Reduce the rate of adverse drug events amongst seniors leading to institutionalization, support transition of youth with disabilities from high school to employment.
- Strengthen local partnerships to achieve measureable results and change lives.

12. **City of Madison Economic Development Committee, Connect Madison Economic Development Strategy.** This report focuses on advancing the conversations regarding the City's Economic Development key initiatives and goals for the next 10 years to create a more equitable Madison economy.<sup>90</sup>

- Madison businesses with talent, capital, facilities, ideas, and new markets to foster innovation and entrepreneurship in all sectors.
- Madison's prosperity, jobs, and economic opportunities to people and communities that are disadvantaged, disenfranchised, and disconnected from the growth of the local economy – with a particular focus on career paths for young people.
- Madison's real estate development and redevelopment opportunities with unmet market demand and work to develop key sites and corridors.
- Madison residents and businesses to their City government by making Madison a model of civic innovation.
- The region's robust food system to our economy and embrace food's role as a platform for community-based entrepreneurship and wealth-building.
- Madison's large bicycle industry cluster, identity as a bike-friendly city, and appeal as a destination for bicycle-based recreation and tourism to become the bicycling epicenter of North America.
- Madison with an efficient and technology-enabled multi-modal transportation system.
- Madison's various creative industry sectors (arts, music, theater digital technology, graphic design, gaming design, etc.) to build stronger links between these disciplines and enhance creative industries as an economic driver and visitor draw.

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90 City of Madison, Connect Madison: Economic Development Strategy



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# III. Summary Information on Focus Group Participants and Interviewees

Between October and December 2015, FCI held a total of eight focus group conversations focused on CDD funding priorities and conducted four interviews with stakeholders. The goal was to gather stakeholders' input on key areas where CDD can have the greatest impact.

FCI worked with the CDD Management Team to identify invitees who represented a wide variety of perspectives and possessed deep experience in the community and a breadth of vision. We were careful to ensure that all program areas were covered.

In order to engender an open discussion, focus group participants and interviewees were promised anonymity. As such, identifying information for participants is limited. Nonetheless, we have captured summary information regarding the participants. The following tables present the distribution of focus group participants by organization type and program area, when possible. In other cases, we provide the name of the organization, City department, or neighborhood represented by the participants.

## Focus Groups: Nonprofits

Number of participants*	Program Area
1	Crisis
1	Seniors
4	Adult workforce preparedness and employment
2	Access to resources
4	Children and Families
6	Youth
2	Housing
2	Homelessness
1	Neighborhood centers
1	Economic development

\*Note: There were a total of 13 participants. Some participants' organizations covered more than one area.



## Focus Group: Academics and Professionals

Number of participants	Organization
1	UW Extension, Division of Cooperative Extension
1	Center on Wisconsin Strategy (COWS)
1	Sustain Dane
1	Wisconsin Council on Children and Families (WCCF)
1	DANenet
1	UW, Institute for Research on Poverty
1	Community Advocates
1	United Way
1	St. Vincent de Paul
1	City Staff-Public Health
1	City Staff-Department of Planning, Community and Economic Development
<b>11</b>	<b>Total</b>

## Focus Group: Policy Committees

Number of participants	Area
1	CDBG
1	CS
1	Seniors
2	Children and Families
<b>5</b>	<b>Total</b>

## Focus Groups: Residents from the Following Neighborhoods

Number of participants	Neighborhood
1	Allied
2	Southwest-Meadowood
1	Darbo
1	South Madison
1	Neighborhood
1	Kennedy Heights
1	Northside
1	Worthington Park/Darbo
1	Darbo Washington
<b>10</b>	<b>Total</b>



## Focus Groups: Alderpersons, CDD Staff

Number of participants	
4	Alderpersons
14	CDD Management, Staff, and Interns
<b>18</b>	<b>Total</b>

## Additional Interviews

Number of participants	Organization
1	City-County Public Health
1	RESJI Staff
1	Madison Metropolitan School District
1	Mayor's Office
<b>4</b>	<b>Total</b>



## IV. Emerging CDD Funding Priorities

Between November and December 2015, FCI conducted eight focus group conversations and a number of interviews aimed at identifying funding priorities for the City of Madison's Community Development Division (CDD). In these meetings we asked participants to rank the top five strategies where CDD can have the biggest impact. Analysis of the focus group meeting results suggest the following areas are most important in terms of CDD's investment in the social sector.<sup>91</sup>

It should be noted that this document represents feedback from a wide variety of stakeholders and while every attempt was made to include all key sectors and actors, we recognize that there are some voices that are not reflected here (see "III. Summary of Focus Group Participants and Interviewees" above). That said, FCI requested that participants in the focus groups step outside of their particular interest area and think of the how CDD funding could address the community's needs more broadly.

### Goal I: Resident Wellbeing

Individuals and families at-risk or in crisis have access to services to meet immediate and/or basic needs.

#### Program Area 1: Housing Stability

People are stable in their housing with available and affordable options. Includes homelessness prevention, housing assistance for homeless, eviction prevention, and affordable housing supply.

#### Program Area 2: Domestic Violence, Sexual Assault, Crisis Intervention and Safety and Support<sup>92</sup>

Emergency shelter and respite care.

Emergency response to sexual assault.

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91 FCI received resounding feedback that while seniors shouldn't be siloed as a program area, rather they should be integrated throughout CDD's programming.

92 Note the "Domestic, Violence, Sexual Assault, Crisis Intervention, and Safety and Security" program area and the related strategies emerged as second-tier priorities. That is, they did not make the list of the top 5 strategies. However, because this area emerged as important in FCI's analysis, it appears here.



## Goal II: Shared Prosperity through Building Human Capital

Children, youth, families, and adults are prepared for success in school, career, and community.

### Program Area 1: Adult Workforce Development

Training, apprenticeships, and job placement combined with GED support.

### Program Area 2: Children and Youth Development

Early childhood education (including 0 to 3) and childcare, including elementary school-age care.

Youth development, includes mentoring, leadership, and workforce development and employment.

## Goal III: Vibrant Community through Deepening Social Capital

Strengthen a sense of community and build off of existing community assets to make communities more supportive, connected, resilient, and livable for all residents.

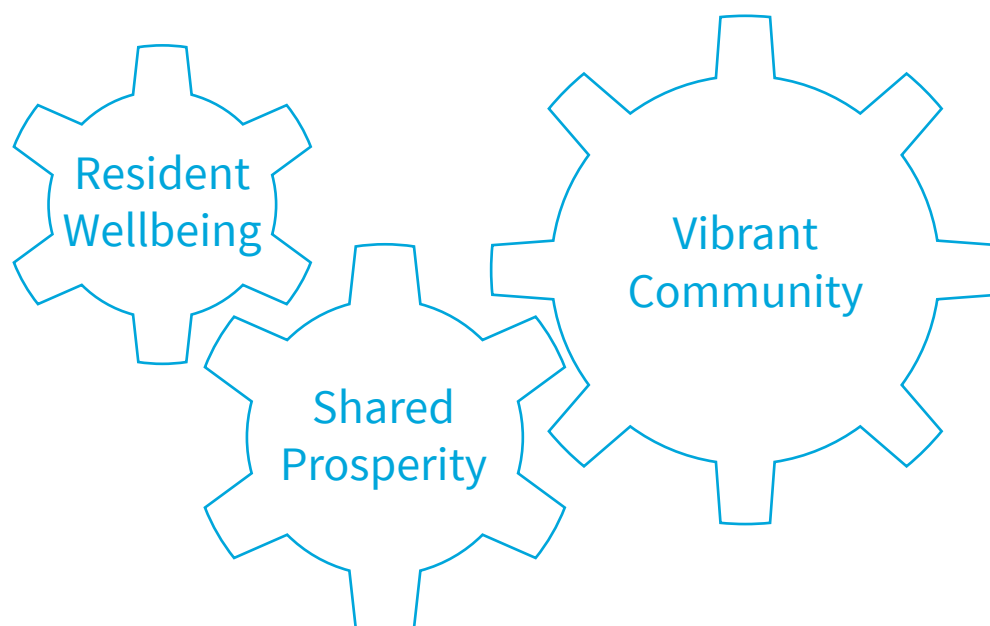
### Program Area 1: Neighborhood Centers

Neighborhood/Community Centers providing culturally appropriate services to the community and hiring staff from the communities they serve.

### Program Area 2: Community Building

Increasing resident leadership capacity.





The figure above presents the emerging funding priorities and should be read as a system where the various parts are **connected** and **interdependent**. The focus group participants tended to speak about funding priorities as connected, interdependent, and holistic. There was a resounding **rejection of silos** and an embrace of programming that is more holistic. Indeed, one participant suggested that he would like to see “fewer priorities that encompass more parts connected to more flexible funding that allows for nimble deployment.”

The discussion below provides more detail on these emerging themes around the priority funding areas. It is important to note that these themes, along with the updated theory of change, sketch out a framework within which the priorities fit and they also touch on the funding process.

The largest cog, “Vibrant Community” in the figure above, represents a shift in approach to community development in Madison. It responds to overwhelming feedback from the focus groups to shift our approach to community development to an **asset-based/ground up approach** that recognizes the existing social and human capital that our residents and institutions possess and builds off these to make communities more supportive, connected, resilient, and livable. More specifically, this approach calls for **putting residents at the center** of helping to define the issues, coming up with solutions, and working to implement them. In this approach, the community may use its collective assets to build the capacity of resident leaders and by doing this build sustainable change into the process. In other cases, resident-led organizations or bodies are called upon to identify community issues and implement solutions.



Vibrant Communities emphasizes the value of **place-based strategies**. In that way, these strategies are consistent with feedback from the focus groups to include support for example to neighborhood/community centers which serve the community in which they are located; provide culturally appropriate services that are accessible (i.e., free or low-fee); and employ staff that better reflect the communities and neighborhoods they serve.

In response to community feedback, Vibrant Communities also recognizes that **privileging community connections** by CDD and partner agencies is critical. It includes encouraging connections across communities that allow for sharing and learning, as well as connecting communities to relevant opportunities. Success requires consistent, deep, and meaningful **community engagement** on the part of CDD staff and partner agencies and raising the profile of CDD as an engaged **partner** to implementing agencies and communities.

The idea of **collaboration** emerged as a theme. We heard about the need for collaboration on a number of levels, including within CDD, interdepartmental collaboration (e.g., CDD collaborating on strategy and metrics with Public Health Madison and Dane County, County Department of Human Services, Madison Metropolitan School District, and protective services departments), and nonprofit agency collaboration. It was suggested that nonprofit agency collaboration should be privileged, but that it needs to be properly incentivized for it to be successful because it takes resources and time to plan and establish.

The focus groups also advanced the idea of seeing CDD funding as part of an ecosystem of funders supporting human services delivery. As such, they strongly suggested that **funder** coordination to ensure complementary agendas, avoid duplication, and address critical gaps is needed.

Finally, the focus groups emphasized the need for **mutual accountability**, both nonprofit accountability through meaningful performance monitoring and reporting, and CDD accountability through transparency in the funding process and holding nonprofit agencies accountable. The importance placed the focus groups on **data, metrics, and performance monitoring** cannot be understated. At the same time, meeting participants suggested that the type of reporting they are currently doing does not do a good job of capturing meaningful results. This suggests that there may be a need for a review of the CDD's performance monitoring and evaluation reporting framework.

# APPENDIX B:

## CDD FUNDING PROCESS STUDY

Best Practices in Local Government Funding Processes

Written by the Center on Wisconsin Strategy  
and Submitted by FCI to the  
City of Madison, Community Development Division

March 2016



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# I. BEST PRACTICES IN LOCAL GOVERNMENT FUNDING PROCESSES

## Executive Summary

The purpose of this document is to present emerging themes and best practices derived from a three month inquiry into community services funding models in U.S. cities and counties. These themes have arisen from an analysis of existing documents and lengthy conversations with community/human services departments from eight municipalities identified and chosen in conjunction with Forward Community Investments. The communities interviewed were chosen based on our experience and expertise with cities around the country, preliminary conversations with city leaders to determine processes and success, and a review of contemporary literature on community services funding. The five communities interviewed and studied at length were chosen because of the variety of funding processes they use, and the degree to which their experience exemplified the interests of the City of Madison.

The communities chosen for in-depth study were Tallahassee (FL), Multnomah County (OR), Chapel Hill (NC), Columbus (OH), and Chattanooga (TN). These five cities are geographically diverse and range in population size from 59,000 to 822,000. While most of them have a comparable community services budget to Madison, these range from \$330,000.00 to \$13 million. Despite their differences, we found that most cities face similar challenges in community services funding strategies, and there are many commonalities in the process of funding. In general, municipalities and outside agencies alike benefit from: a clear and transparent application process that offers a wealth of information and documentation electronically; a mandatory orientation for funded organizations that informs them about the RFP and process; an application and program review process that is overseen by a body seen as impartial and fair; and clear and consistent reporting mechanisms to gauge accomplishments. We delve into how our identified cities handle each of these areas in this report.

## Background

Local governments provide a variety of services that can be described as human or community services, including those related to public health, education, providing a social safety net, and more<sup>1</sup>. Generally governments contract with nonprofit organizations to do so. In the U.S., community services funding to outside agencies is most typically administered at the county level. Because Madison is in the minority and currently funds at the city level in addition to the funding Dane County provides, we tried to focus on examples of cities funding outside agencies, which narrowed our field of examples, but gave us more directly relevant case studies.

Cities that choose to fund community development agencies are facing some fundamental challenges. First, there is a trend of declining federal funding for local programs. Not surprisingly, there is also an ever increasing need for services coupled with an ever increasing cost of service delivery. The population, density, particular needs, and demographics of cities are changing, and service delivery and program models need to respond to these changes.

To ensure quality services to their communities, governing bodies and their agencies are responsible for providing a transparent, understandable, and equitable process to select the most effective programs and distribute funds to them. Governments must ensure that they are delivering the most services to those who most need them, while being good stewards of taxpayer money by ensuring that outside agencies are delivering services effectively and responsibly.

When this process is designed or administered poorly, the result is a waste of taxpayer and city money, distrust and frustration on the part of city and nonprofit staff, and poor services available to the communities that need them the most. In this report, we want to provide some insight into the common problems that cities like Madison are facing, ways in which some cities have made progress, and other examples from which Madison can learn valuable lessons as it considers its own process. We hope that providing a look at the best of what's out there will inspire readers of this report to think about the many possibilities and opportunities available to them.

The City of Madison has expressed interest in advancing towards a more equitable and transparent process that keeps agencies accountable and achieves better outcomes. The city has asked for a review of current processes and in-depth exploration of three to five good and relevant models of local government funding processes that illuminates best practices and lessons learned from existing models.

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<sup>1</sup> For consistency, we tend to use the term community services throughout the report unless a particular local government uses human services as the descriptor for their work.

We set out to identify the following about each process:

- The outline of the process
- The key players and decision makers in the process
- The funding cycle
- What criteria used in making funding decisions
- How were those criteria developed, and how often they change
- How equity is included, if at all
- How the community is engaged throughout the process
- How grassroots/smaller nonprofits interact with the process, if at all
- How the process is coordinated with private philanthropy, if at all
- Any sample RFPs, forms, etc., that are available
- When this process was developed, and how long it took to develop

We recognize that Madison's Community Development Division provides funding to both Community (Human) Services and to Community Development via CDBG and other related funds. This report focuses primarily on community services programs, but does address how cities combine their own funds with CDBG. Despite this focus, we believe that a subset of the practices described here are relevant to any city funding process, including CDBG disbursement. Issues of access, equity and transparency in the process – identified here – can be used to guide city contracting at all levels.

## Methodology

We began with outreach to our network of mayors and city staff around the country and a review of contemporary research to identify cities that might be relevant to this topic. Initially we identified approximately ten cities or counties, and presented that list to Forward Community Investments (FCI) along with general information about their process, goals, and program administration. Working with FCI, we narrowed our scope to six cities that seemed most relevant, and began calling city staff in those cities to discuss their processes. At least one of those cities never responded to our information requests. Another we interviewed has a process that is not very comparable to Madison's, and so was dropped from our priority list. Another had a similar program in the past, but currently has no program. We interviewed them, but believe the lack of current documents and practices made them a less interesting candidate for this study. Another city was not identified as a top interest, but we interviewed them because we have a good relationship with city staff and their process seemed reasonably comparable to Madison's. Because of this evolving selection process, you will occasionally see references to practices in cities not identified as top examples, such as Grand Rapids MI, Burlington VT, and Cambridge MA. We have included their experiences where relevant even though they were not selected as top models for this study. We also note here that Multnomah County is quite unlike the other local governments interviewed in its size and focus and has been omitted in some of these sections. We reference Multnomah County only in sections where their experience is relevant to the process in Madison or provides good ideas that we can learn from.

In each city, we spoke with at least one person familiar with the human resources funding process during an in-depth interview lasting anywhere from 30 to 90 minutes and had ongoing email correspondence with them and others in their department. In most cases, we received extensive documents from their process, including RFP's, needs assessments, nonprofit assessment forms, mid-year nonprofit reporting forms, etc. These documents have been supplied as a supplement to this report. In cases where particular documents are cited in this report, they are noted, and in most cases linked electronically. Where online sources were not available, the source is cited in the text and refers to the file name. Based on these interviews, documents, and our additional research, we have written case studies on five cities, which are included in the appendix.



In the course of our research, we identified six basic steps common to competitive community services funding processes. Each city studied does some variation of these steps, to different degrees of success.

## 1. Identifying funding priorities

This refers to the process by which communities identify the critical needs within their community and set priorities that will guide what gets funded. There are three basic ways that funding priorities/outcome areas are chosen. The first is by conducting a needs assessment. This is typically an extensive and expensive process, but is generally regarded as a good way to arrive at needs areas because it is essentially an independent assessment of community needs by an outside party (i.e. not the city), grounded in community input and information. The city of Cambridge (MA) is using a needs assessment to guide its process. Their assessment cost \$15,000.00, though the city is able to offset some of the cost by partnering with other entities. Chapel Hill's priorities were determined by a needs assessment conducted by graduate students at the University of North Carolina. This removed the financial barrier for the city and provided a real-world project for students.

Tallahassee used a needs assessment from many years ago to set funding priorities and revisit those priorities when a new needs assessment is conducted, though they have remained largely unchanged over time. Their last assessment was conducted in 2010 and they are considering having another completed in 2017. They currently have ten main funding priorities and allocate percentage of available funds to each area based on a mathematical formula. Between needs assessments the city uses routine city and county reports to inform any updates to the priorities.

We found that many other cities often use routine reports, as referenced above, to decide on funding priorities. Many cities we spoke with – including Burlington, Denver, Tacoma, and Grand Rapids – decided on outcome areas after accumulating data from a variety of other sources like surveys, focus groups, and other existing reports done in the city. Many of these cities noted that there are annual reporting requirements for CDBG and HUD funds that can provide most of the information they think they need to update funding priorities.

Finally, in many instances the priority areas reflect the priorities of the Mayor or city council. This is the case in places like Chattanooga, where the city's priorities are an exact replication of the priorities Mayor Burke announced in his campaign. For most of the human resources staff COWS spoke with, the funding priority areas were fairly self-evident, whether they spent a large sum of money determining them or not. However, we note that where needs assessments led to robust community and stakeholder engagement, there seemed to be better relationships between the government, agencies, and the public.

Multnomah County has been honing its process for decades relying on a combination of these methods. The County and the City of Portland human services funding is allocated through their Schools Uniting Neighborhoods, or SUN, Service System . The SUN Service System uses school-based (on school sites) and school-linked (off school sites) services to offer assistance to children and their families. The county does have outcomes areas, but uses a very different process to direct funding amounts. The SUN system has historically separated its funding by region; this year they have decided to split their funds into two separate categories. In this process, 40 percent of the total funding pool will be allocated on a geographic basis; the remaining 60 percent will go to programming for one of six “culturally specific populations.” This grew out of an ongoing conversation in the county about population trends and needs, and specifically hinged on a finding from a county analysis showing that 67 percent of children ages zero to six are children of color and living in poverty.

For each, the county convened a working group to decide funding allocation priorities, and based them primarily on poverty. For regional services, an advisory group met and made recommendations regarding the allocation of resources, including the recommendation to adjust region sizes to be more consistently sized, and to “allocate resources based on both poverty and race/ethnicity, using 2013-2014 Oregon Department of Education Free and Reduced-Price Lunch data.”

For Culturally Specific Programming, the working group noted that, “specific allocation amounts for each culturally specific population are based on ... the percentage of children age 0-6 living in poverty ...who are from a culturally specific population.” Figure 1 shows these percentages.

**Figure 1: Multnomah County OR’s allocation of human service funding by region and population.**

Allocation Percent per Region		Allocation for Culturally Specific Populations	
Region	Allocation Percent	Culturally Specific Population	Resource Allocation
Region 1	18.8%	Latino	45.7%
Region 2	26.8%	African American	22.8%
Region 3	19.9%	Asian-Pacific Islander	14.4%
Region 4	16%	Native American	7.0%
Region 5	18.5%	Slavic	5.2%
		African Immigrant	4.9%

## 2. Application process and transparency

This step refers to the process by which agencies and the public access and interact with the application process itself. All the cities contacted had moved from a process of legacy funding – essentially funding the same handful of organizations without using an RFP or competitive process – at some time in the last 20 years. Each community established an application process. Ideally, this process is one that organizations feel is easy to access and understand, and which gives them an equal opportunity to access funds as other organizations.

Tallahassee offers a unique and robust example because of their many years of experience with a competitive process and their willingness to revisit and reassess the process each year. While the department makes small changes in response to annual feedback, the basic structure of Tallahassee's competitive program has been in place for 20 years. Tallahassee allows interested outside agencies to sign up ahead of time to receive updates about their Community Human Services Partnership (CHSP) program, like upcoming informational sessions and application due dates. The program is administered through a separate portal on the city's website, and uses one application to apply for funding from the city, county, and United Way. The CHSP Portal is a one stop shop for access to eligibility requirements, due dates, past funding decisions, reporting requirements, and volunteer resources. In addition to documentation, Tallahassee's process requires agencies to give a presentation on their work to city, county and United Way staff to the Citizen Review Team, which scores the presentations and uses the scores as part of their determination process. The CHSP has a set of very specific requirements and parameters for presentations (time, topics addressed, and things to avoid), available in their program manual.

Many resources are dedicated to leveling the playing field for organizations – informational sessions are mandatory, there is an application review period during which city workers and volunteers work with agencies to fix problems and tweak applications, and due dates are hard dates. All deliberations on funding are open to the public, as are the organizations' pitches to the various committees. All documents are available to the public, and there is a process for appeal. Funding requests are assigned to one of nine funding areas, and each funding area is reviewed by a Citizen Review Team (CRT) assigned to that funding area. CRTs make recommendations to CHSP staff, who decide on final funding based on recommendations, legal requirements, and historical performance factors.

Chapel Hill has a similar application process on a smaller scale and budget. They partner with the county and neighboring town of Carrboro, sharing one application while keeping separate funding streams. A number of documents detailing eligibility, requirements, and deadlines are available on their website. There is an orientation process, but it is voluntary. After the application process, a citizen led advisory board makes recommendations to the town manager, who reviews the recommendations and sends them to the town council for a final vote. Our contact in Chapel Hill, program administrator Jackie Thompson, notes that for their funding cycle beginning in 2016 they will be using the same application for CDBG and city funding for the first time. That application was released online in January 2016. These processes will share the same orientation process, but have a separate CDBG Committee to review applications for those funds. Agencies applying for CDBG funding will be required to fill out additional forms to address federal requirements. Because of its interest in this path, and Thompson's eagerness to discuss this issue and learn about other processes, we encourage Madison to review their application description and to contact Jackie Thompson about how the city transitioned to this process.

Columbus is just completing a pilot program of their new funding process. The city identified three broad funding areas and invited initial letters of interest from agencies to weed out proposals that would not fit within those funding areas, then fielded applications from those that did via a 15-person citizen board. A big drawback to this process for both applicants and the city was that they did not have a system in place for electronic submission of documents, and all applications were processed on paper.

Chattanooga differs from all these programs. Having recently adopted an outcomes-based budgeting approach, the city uses the same application for every department, agency, or nonprofit seeking funding from the city. Every funding request must address one of six priority areas identified by the Mayor, and each funding area has a five-member team that decides on funding allocations. Chattanooga also hosts a mandatory informational session for agencies. Application materials are available online, and include a requirement to demonstrate collaboration with city departments who work on similar issues to reduce redundancy in funding allocations and avoid duplication of efforts.

### 3. Orientation for outside agencies

This refers to the way that local government can best prepare agencies to succeed in the application process and to ensure it receives good and complete applications. Tallahassee holds a mandatory workshop for all outside agencies, requiring at least one staff person from each group attend at least one of three available sessions. In addition to this, there is a several week period between initial submittal and final submittal of applications during which staff offer technical assistance to outside agencies to finalize and standardize applications.

Chapel Hill holds one voluntary orientation to review the RFP and answer questions, and provides their orientation PowerPoint on their web site. The orientation presentation is an introduction to the application requirements, different funding sources and what that means for the organizations, and an opportunity to ask questions of city staff.

Columbus begins their process by requesting a statement of interest from all groups interested in funding, resulting in a pre-screening process that eliminates funding requests outside their three funding priority areas and weeds out incomplete or ineligible applications. The city also holds two voluntary orientation sessions for agencies, though they have not been robustly attended. City staff reports a wide variance in the quality and completeness of applications, and notes that they would be interested in a mandatory orientation in the future.

Chattanooga held a mandatory informational session for agencies last year and will likely continue that practice. Feedback they received from agencies in the 2015 budget cycle was that some agencies put a lot of effort and resources into their application only to be dismissed as irrelevant to the city's outcomes strategy. This year they plan to institute a pre-screening process whereby groups could submit a 200 word summary of their program or project, and only relevant programs/projects would be invited to submit a full application. In addition to this, in this second year of their Budgeting for Outcomes model, they will be inviting an initial offer from organizations who apply and holding a feedback period. This period is designed to not only enhance the strength of the applications, but to learn more about the pool of applicants and find ways that agencies and organizations might collaborate and reduce redundancies in funding. This is part of an intentional and multifaceted effort to encourage collaboration as part of their BFO process.

#### 4. Citizen involvement

This refers not to including citizens in the funding priority identification process, but instead to if and how local governments can involve citizens and volunteers in the decision making process.

Tallahassee recruits a large volunteer pool for the purposes of reviewing applications, conducting site visits to agencies, and making recommendations to the city council. These teams exist for this purpose only and are dissolved each year when funding decisions are made. These Citizen Review Teams (CRT's) and the care with which they treat them appear to be one of the city's biggest assets and allies in human services funding allocation. Administrators here have worked hard in the past to recruit representatives from all different communities and occupations and do so on a continual basis. The city takes care to assign these volunteers such that each team has a range of experience related to the subject they are reviewing. While there are not designated seats on each team, staff try to place someone with legal experience, someone with educational experience, someone from the population served, and someone from the city, the county, and the United Way on each team. They also try to get the demographics of the teams to reflect those of the city. This process involves asking a lot of personal questions about race, background, and occupation during the volunteer screening process, and was added years into their competitive process in response from agency and the community complaints of racial bias in their process.

Despite the fact that it is labor intensive for the city, it continues to recruit and train new volunteers each year (though many volunteers serve multiple years), and to painstakingly assign volunteers to a relevant CRT while avoiding conflicts of interest. Last year they accepted 91 volunteers, assigning between seven and nine volunteers to each of the ten funding areas. These individuals donate an average of 36 hours of their time for this purpose, and volunteers are responsible for serving approximately three days, never in the same week. The city holds mandatory training and orientation sessions for volunteers and has created very specific scorecards and feedback mechanisms for them to use throughout the process, intended to provide agencies with useful and actionable feedback on their programs and application. In addition to grading applications and presentations, members of the CRTs also conduct site visits to funding applicants. While the program has not come without criticism from the nonprofit community, there has really been no complaint about the role and responsibility of CRT members that we could find.

Chapel Hill also engages the community via a seven-member Human Services Advisory Board comprised of citizen volunteers who convene once a week for approximately two months to hear presentations from applicants. Volunteers are required to attend an orientation on the process and their responsibilities. This is a city board that meets once a month throughout the rest of the year to keep the town council informed on human services needs and updates.

Columbus recruits experts in their fields from the general public to form a 15 person grant committee. The 15 volunteers are split into three groups of five, the idea being to divide into groups of similar applications (Columbus uses just three broad funding priority areas). The city makes a good effort to assign persons with knowledge or expertise in a funding topic to a relevant team. Last year each group reviewed approximately 35 applications, and each was asked to come to a first meeting with 10 top picks and five alternate picks. They were able to fund all of their top picks with the budget available. Volunteers used a scoring sheet for rating the applications, but the scores – while part of the decision process – did not correspond directly to what was funded. Because of this, volunteers for this first year had a contentious time, as unfunded agencies unhappy with the outcome filed open records requests to receive documents related to agency selection. Many were upset that their unfunded organization received a higher score than a funded organization, and generally harassed grant committee members about funding decisions. Staff in Columbus acknowledge that the process would have benefited from an assumption of transparency in this process.

Chattanooga has a five-member panel for each of its five priority/outcome areas. Each team is made up of one citizen volunteer, one member of the budget department, one administrative city employee who is not from that area/department requesting funding, one representative of the mayor's office, and one final member that is decided upon at the discretion of the finance department, which houses all contracting issues under their Budgeting for Outcomes process. As noted elsewhere, these teams are used to make budget and funding decisions for both city departmental budgets and outside agency funding. They continue meeting throughout the year to aid collaboration between these groups and track progress, but our contact there said that the format is not comparable to a commission. Because the majority of this team is comprised of city workers, participation in the process is an extension of their normal work.

Multnomah County, like Tallahassee, convenes a review team for the specific goal of making human services funding recommendations. They ask team members to commit approximately 30 hours of volunteer time for this purpose, and recruit volunteers from experts in their fields who are not competing for funding. Proposals are pre-screened by county procurement professionals to ensure that applicants meet minimum requirements for county procurement, and then the applications are passed to review teams, which score proposals on a numerical scale. The organization with the highest score in a category is recommended for funding.

## 5. Determining winners

This step refers to how a local government ultimately decides what gets funded. In all cases, a review team made up all or in part of citizens reviews and scores applicants in some way, and then passes their recommendations on to a city or town council, which has final authority.

Tallahassee leaves this decision largely in the hands of its Citizen Review Teams, who listen to presentations, look at applications, and scores agencies (refer to the document “2015-2016 Volunteer Assessment Guide”). As extra protection against bias, all seven to nine members of each review team must unanimously approve the recommendations for that team, and those recommendations are passed to the city for consideration. The city says that its administrators generally take these recommendations, though they will also look at legal requirements for funding more closely, along with the organizations’ history of performance.

Chapel Hill’s seven member advisory board made up of citizen volunteers meets for a period of several weeks to hear presentations from agencies and review applications. They make their recommendations to the city manager, who reviews the applications for legal and technical issues, and passes these recommendations on to the town council, which has ultimate say. Similar to Tallahassee, the recommendations are largely followed, and the process was described as pleasant by their Human Services Coordinator, Town Manager, and Mayor.

In Columbus, grant committee members were asked to fill out score sheets for each organization and to use numbers, though the numbers were just to facilitate the process and the groups with the highest number did not necessarily get preference, as decisions were made after group discussion and forwarded to the council.

Chattanooga’s five member review team comprised of a variety of interests reviews all applications both from city agencies and outside agencies. The applications are judged on completeness, relevance to identified outcomes, and the degree to which they show collaboration on common issues and outcome areas. Recommendations are forwarded to the mayor, who assembles a budget for the city council.

## 6. Measuring Outcomes

As one might expect, a competitive process tends to lead to and benefit from an increased interest in measuring outcomes. Faced with limited resources and ever expanding need, local governments want to know that their money is being used wisely and that their populations are being served responsibly. Despite interest in being more proactive about measuring program outcomes, all the programs we spoke with are largely still measuring outcomes based on persons and populations served. None of the programs has yet solved the problem of directly measuring impact or capacity building, but some are moving in that direction.

Tallahassee measures success based on numbers served, but their addition of site visits adds another layer to their monitoring process. During site visits CRTs score organizations on things like administrative procedures, personnel issues, and their demonstrated capacity to deliver the services they've committed to (Please refer to reference document "Tallahassee Monitoring Document"). Our contact there says that with a citywide poverty rate of 30 percent – and as high as 51 percent in some areas – the need is so high that they've had to design innovative ways to measure capacity beyond numbers in a chart. One other interesting aspect of their outcomes document is that for each priority area, the outcomes are split into "prevention," "intervention," and "support" outcomes. This approach opens the door for a range of different organizations and organizational structures to make a case for funding – whether they work to build community capacity to combat an issue, work to intervene in the lives of people/communities dealing with an issue, or work to rehabilitate persons/communities who have dealt with an issue. Agencies report their progress quarterly, and are subject to at least one site visit per year.

In addition to measuring demographics served, Chapel Hill uses SMART (Specific, Measurable, Achievable, Relevant, Time-bound) guidelines to track outcomes. In their 2016 application, it does appear that they've asked for more demonstrable outcomes than in the past. Groups report their progress twice annually and don't get any money until their first mid-year report, at which time they get at least half their funding if they demonstrate progress toward their goals.

The model in Columbus is just in its first year, so it is difficult to say how they've tracked outcomes or to what degree they've been successful. Groups are required to file quarterly reports. Their self-reporting document, much like their application (refer to the document "2015 Human Services Program Quarterly Activity Report), essentially asks for a narrative description of outcomes, which likely explains our contacts' displeasure with first year outcomes reports. Our contacts reported that responses were erratic and lacked uniformity. Because Columbus did not set clear requirements and criteria for continued funding ahead of time, it appears that they are having trouble justifying terminating contracts or measuring progress against goals in a uniform way.



Chattanooga, TN has taken this focus on outcome measurement one step further by redesigning the city's entire budget in favor of a "Budgeting for Outcomes" model for the city across the board. As noted elsewhere, Mayor Andy Burke outlined five priority areas for the city and all agencies applying for funding by the city – whether public or private – must be accountable to those priority areas and outcomes. While our contact there insists that not all outcomes must be numerical, there does have to be some measurable indicator of progress. On their documents, the city asks for at least three measurements from each agency. For each one they must list the results area targeted, primary desired outcome, description of output measured, and frequency with which it is measured (daily, weekly, monthly, quarterly, etc.). For each, they also ask for historical data from 2013 and 2014, along with 2015 and 2016 targets. This kind of data helps them to simply and quickly see if the data is pointing in the right direction. In addition, the city has hired a new permanent position of "Performance Manager," whose job it is to monitor progress on outcomes identified in proposals.

As for Multnomah County, having just begun a five year funding cycle with a new process, it is impossible to say how successful they've been at measuring outcomes for this particular process, though the SUN program itself has a long history. The county uses ServicePoint (Software for Human Service Organizations) and OPUS reporting to track all its programming measurements. As you can see in "SUN Service Program Model Nov 6 2016," the program lays out very specific targets for every facet of programming; these are in the format of a percentage change, number of persons served, or similar measurement. From that document: "The SUN Service System evaluation plan currently focuses on both process and outcome evaluation not only to clarify how programs are implemented and how services are delivered, but also to capture program-wide and system-wide progress and results. System evaluation typically is conducted by DCHS evaluation staff that rely on and continuously refine established methods to generate valid, reliable and measurable results."

One additional program that we did not feature at length, but is doing something different with outcomes and accountability is the Human Services Contracting program in Tacoma, WA. Like Chattanooga they also call their process an outcome based approach to human services funding. In Tacoma, the city works with agencies being contracted to develop an "Outcome Based Evaluation System to measure the impact and effectiveness of program services." Consequently, payment is "associated with service deliverables, with 60% of the budget equally disbursed over the course of the contract period (5% each month) for operation of the program and the remaining 40% dispersed as each payment point is met." Essentially, the city works with each agency to develop measurable and desirable goals, and then asks them to be directly accountable to those goals to continue receiving funding.

## Issues of Interest

### The good news: Madison is ahead of many cities on competitive funding for community services

Despite its perceived and identified shortcomings, Madison can be proud that it has had a competitive community services funding process in place for years. During the course of our research, we found that a number of cities are just now beginning to move to a competitive process. For these cities, this involves a difficult shift away from funding “legacy groups,” or groups that have historically received line item funding, and towards some kind of competitive or application-based process. Many cities around the country are undergoing this process now or have at some point over the last 20 years and, as we note, face common challenges in doing so.

In Madison’s case, we understand that there has been frustration about how to encourage equity and access despite the existence of a competitive process. In our research we did not find evidence that other cities are concerned about increasing access to small or non-traditional organizations. We did find that important elements to leveling the playing field in a competitive process include making deadlines, applications elements, and all other facets of the application uniform and non-negotiable. Groups competing for funding want to know that access is fair and that the scoring process is public. This is a move away from allowing organizations to lobby city council members or the mayor for funding and putting those decisions into the hands of an unbiased panel. In one city we spoke with, Burlington (VT), there were a handful of traditionally funded groups that were essentially just written into the city’s budget each cycle without question until a new mayor saw this and is now moving to a competitive process. In the examples we’ve looked at, a competitive process is best accompanied by a refocusing on measurement and outcomes as an objective justification for all parties involved. The cities we spoke with had the prevailing consensus that outcomes matter more than access, and while they were interested in access for smaller groups there was virtually no interest in compromising outcomes or impact to address the issue of access. Many focus on access by contracting with smaller organizations or community groups in a separate process, which we reference below.

Related to this, Madison has expressed an interest in processes where a single application is used for both city funds and CDBG funds. The cities we spoke with that do this to some degree are Tallahassee, Multnomah County, and Grand Rapids (MI). The purpose of this is to streamline the process for both applicants and the city. In addition, the city can be sure that it has its legal bases covered if it adopts the requirements imposed by CDBG funding. The cities that do this have noted that it takes them extra time to match the correct funding stream to the different agencies and programs. In addition, this practice does lead to a higher bar for eligibility for funding – CDBG funds have strict guidelines for legal status, documentation, open meetings, reporting and auditing. This may reduce access for smaller or less established organizations, or just create an extra burden on groups that can meet these requirements, but who find it too cost or time prohibitive to complete the application process. Chapel Hill, which began doing this just this funding cycle, addressed this issue by requiring additional reporting from organizations requesting CDBG or HUD funds rather than adopting CDBG requirements for all funding.

One way to avoid imposing too heavy a burden on these groups is to have a separate pot of money available for smaller groups or emerging needs. The City of Madison currently has a program like this. Denver plans to do this with a “Mini Grants for Race and Justice” and they were conceived from community discussions surrounding race and inequality issues over the past few years. They tentatively plan to start this fund at \$250,000.00. They hope the mini grants will start at just \$100, and can be used by smaller groups to respond to specific community needs or events. The city of Burlington is also doing this, although less formally. In restructuring its program Burlington found itself with an additional pot of money available, and converted this into a “Special Projects & Emerging Needs” program.

Another way to address this access issue is to include a pre-screening process for applicants so that they know if they are eligible and or/likely to be funded prior to completing a full application. As noted in the “Orientation for agencies” section above, Chattanooga, Multnomah County, and Columbus incorporate this idea into their process or plan to this cycle.

The city has also been interested in ways in which cities work with neighboring cities, counties, and United Way. A city-county-United Way partnership has not been uncommon in the cities we’ve spoken with, either now or in the past. It is another way to streamline both services and the application process. Tallahassee is the city that we spoke with that has used this partnership most effectively. Their 20 year partnership has resulted in an almost continuous expansion of funding, annual improvements, and a reduction in service delivery overlap. Our contact there, Patricia Holliday – who oversaw this effort 19 years ago - is more than happy to discuss their experience there, which began with a city-county workshop to share ideas and build consensus. She describes it as a mostly positive relationship and experience, though not without hurdles. Staff longevity has been a key component in their good working relationship, and Holliday notes that frequent turnover could be a big problem for this type of program, as are big egos. She also noted that the United Way was not used to operating in the public sphere as city and county governments are required to in Florida, and that it took them a while to become used to the open meetings and public nature of the process.

## Equity, Diversity and Serving Those in Most Need

Madison has also expressed an interest in how racial equity factors into the programming decisions and the funding process, if at all. Very few programs we contacted spoke directly to the issue of equity. In general, the discussion was centered on raising the quality of life for citizens and the city at large. In some cases it extended to building the capacity of the nonprofit community to work with the city to address human services needs and gaps. Several cities cited reports on the economic disparities or poverty rates in their communities as ways they arrived at their funding priorities. For example, Grand Rapids, MI targeted resources by identifying areas where at least 51 percent of the residents were low income. The city stopped its Human Services funding program six years ago due to budget concerns, but is looking at starting it again in some form as the economy rebounds.

Multnomah County is the only local government we spoke with that is specifically addressing racial equity in its funding process. Their commitment to equity and to culturally specific programming is what led us to contact them. Multnomah County moved to this system after studying the issue for decades, and following multiple community and leadership engagement strategies and studies. With the program just now in its pilot year, it is impossible to judge the results, but the model is certainly worth paying attention to. One thing worth noting is that the focus on culturally specific programming does not translate into the funding of smaller, more, diverse organizations. Rather, the county identified six cultural groups that it wished to represent, and gave very large contracts to six organizations to represent those groups. This is indicative of a system that serves a much larger and diverse population than Madison or Dane County.

## Issues Related to Process

### Is anyone doing nonprofit capacity building?

None of the cities we interviewed are working to directly monitor or build the capacity of local agencies over the long term, though many of their practices – such as increasing the stringency of reporting standards, offering feedback on their applications and presentations, and requiring proof of collaboration between agencies in the community – may contribute to that goal.

One city that does seem to be focusing on capacity building, but which we were not able to interview, is Berkeley. In 2013 they solicited proposals to help with organizational capacity building over a period of two years. Specifically, the RFP noted that, “During the recent funding allocation process, the City found that the youth serving agencies, City staff, and the review panel—the City’s Children, Youth, and Recreation Commission (CYRC), are in need of technical assistance to be more responsive to the 2020 Vision and other City priorities, as they emerge, which includes an improved ability to develop and monitor indicators of program success. The City also found that a third-party evaluation of program quality of current grantees, and technical assistance for grantees on strategies for increasing their evaluation capacity is needed.” As a result of that process, the city has held multiple sessions for agencies “to communicate the improvements to the funding and application process, to provide general feedback on their prior applications, to introduce best practices in grant-making, to obtain feedback on the last cycle’s request for proposals and to present best practices for developing and managing outcome measures.”

The City of San Francisco CA has established an entire program to help build nonprofit capacity – the Citywide Nonprofit Monitoring and Capacity Building Program. Because they fund hundreds of agencies from multiple funding streams and many departments, the city decided to consolidate fiscal and compliance monitoring and to offer training and technical assistance to agencies. All agencies must qualify to do business with the city, but once they do they are eligible not only for contracts, but also for a range of services and assistance. The city website has extensive resources for agencies and offers trainings, webinars, best practices examples, and financing guides.

### How do groups get their money?

The cities interviewed do vary considerably in how they distribute their funds, and this has implications for access and capacity as well as accountability. Generally, while withholding funds pending reporting some level of results or progress may increase the accountability of agencies, it may also reduce access for organizations that lack the capacity, capital, or staff to deliver services prior to being reimbursed.

Tallahassee and Chattanooga reimburse organizations monthly or quarterly, depending on the funding source. In Columbus, approved organizations receive 25 percent of their funding up front and then report to the city quarterly and invoice the city for the remainder of their balance.

The Town of Chapel Hill uses a “Performance Contracts” model, whereby agencies get no funding at all until their first mid-year progress report. At that time, the city will issue some portion of funding dependent on the degree to which the organization has performed according to its goals.

## Can cities promote collaboration?

From our research, it appears as though cities are beginning to prioritize and give preference to collaboration between agencies and programs. Tallahassee lists one of the benefits of its process as promoting “dialogue on community-wide planning and coordination of human services.” To encourage this, it includes information about “Collaboration Approaches” in its Program Manual and requires information on collaboration attempts in its application process. Chattanooga, in their new focus on Budgeting for Outcomes, encourages collaboration by requiring organizations to demonstrate outreach and collaboration with similar agencies or agencies with similar programming in their application.

Chapel Hill and Columbus also ask about addressing funding gaps and showing awareness of collaboration opportunities in their application. Chapel Hill’s application asks agencies to, “Provide a bulleted list of other agencies, if any, with which your agency coordinates/ collaborates to accomplish or enhance the Projected Results in the Program(s).” Evidence of collaboration is one of many issues taken into consideration in the funding process. Columbus’ Letter of Intent includes an entire page seeking information about collaboration. This includes listing who the organization collaborates with and how they do so (“Networking, Cooperation of Alliance, Coordination or Partnership, Coalition, or Collaborative”). It asks for a description of the collaborative’s history, structure, role of the partners and their scope of work. Specifically discuss what the partners can achieve as a collaborative vs. independently; outline how accountability, performance and resources are shared.” Their full application asks agencies to identify other organizations which overlap with their work and note how their program addresses funding gaps or proposes to work with other organizations.

## How does the length of funding cycle factor in?

The cities we interviewed all operated on an annual budget cycle, but varied in the length of potential contracts. From our discussions, there is a general trend towards considering longer contracts in order to both give organizations more time to make an impact, and to simplify the funding process or align it more closely with other budget cycles particular to their city government.

Like Madison, Tallahassee, Chattanooga, and Chapel Hill all fund on an annual cycle. As noted elsewhere, Columbus is moving to a three-year funding process that would offer initial funding for one year with extensions possible up to three years total if the organizations are performing well – though they have not yet established a process that they think is successful in determining performance. Multnomah County funds in a five-year cycle and is focused on providing large contracts to regional and culturally specific providers who are expected to move the needle on significant indicators.

Ultimately, lengthening the contract time is worth examining, depending on the funding priorities and outcome indicators Madison decides upon. While this does give organizations more time to build capacity and programming with reliable funding, it also limits access for other, emerging organizations.

## Conclusion & Recommendations

It is clear to us that there is not widespread agreement or even discussion about the efficacy of human services funding. However, there is a growing awareness that in order to achieve better outcomes for their citizens, cities and counties need to be more strategic in their application and delivery processes and need to consider ways for the diversity of their communities to be reflected in their funding allocation process.

Having had a competitive process for many years, a series of in-depth community studies at its disposal, and an obvious interest in robust community involvement in formulating a path forward, Madison has an incredible opportunity to be a leader in driving equity and outcomes with its human services funding. We sincerely hope this report can offer a summary of the challenges in this field as well as the potential for improved service delivery that is possible when local governments, agencies and citizens collaborate to best serve their most vulnerable and to ensure the best return on investment possible for the community itself.

Based on our research, there are a number of specific recommendations and best practices to help guide this transformation. They are listed below, with reference to a particular best practice where relevant.

### Be transparent about your funding priorities

- Recruit a diversity of opinions and take your time in formulating priorities.
- However you reach priorities, be very transparent about how they were reached.
- Consider targeting funding by geography, economic need (e.g. poverty rate) or cultural group.

### Ensure a level playing field:

- Have clear, non-negotiable deadlines for everything.
- Ensure that documents are accessible online; provide a way for agencies to sign up for updates and a central website for all information. Best practice: Tallahassee's CHSP Portal.
- Have a mandatory and informative nonprofit orientation with multiple dates for attendees. Best practice: Tallahassee.
- Provide a feedback period to correct simple application mistakes. Best practice: Tallahassee and Chattanooga.
- Require agencies to present their proposals to the reviewing body, offer specific parameters for those presentations so that review teams can compare apples to apples, and offer resources and tips to agencies on how to create a successful presentation. Best practice: Tallahassee.

### Streamline where it makes sense

- Common applications are helpful, but only if there is agreement among the parties. Take ample time to convene the different interests (i.e., city, county, United Way, etc.) to ensure common goals, understandings, power structures, etc. Best practice: Tallahassee.
- Consider a common application for city funding and CDBG funding, but consider requiring supplemental documents for the later to ensure wider access to funding. Requiring the same eligibility status for all groups may exclude smaller organizations that don't have the time, personnel or documentation to qualify for federal programs. Best practice: Chapel Hill.

- Provide a pre-screening process to ensure that agencies do not waste their resources pursuing funding not applicable to them, and the city does not waste time reviewing and responding to them. Best practice: Chattanooga's 200 word statement of interest.

### Work to have diverse citizen input

- Recruit heavily in every community: attend neighborhood meetings, board meetings, etc. and ask difficult questions. Strive to ensure that every community/demographic served is also reflected in the decision making process. Best practice: Tallahassee's Citizen Review Teams.
- Consider shifting from a year-round appointed committee to short term citizen teams to provide citizen input on funding decisions. This reduced time commitment may increase the diversity of your volunteer pool. Best practice: Tallahassee's Citizen Review Teams.

### Promote collaboration and reduce overlap

- Make identifying overlap between organizations and programs part of the mandatory application process. Best practice: Chattanooga.
- Make applications or letters of interest available to applicants during a prescreening process so that organizations are more aware of overlap and able to address it in a final application.
- Ensure that review teams are grouped by issue/priority areas so they can judge similar applications together.

### Promote the best ideas and programs

- Create clear and consistent reporting methods for outcomes so that cities can judge whether groups are providing the services they promise.
- Develop a system to track measurable outcomes that may not be numerical.

Many of the recommendations above apply equally to the Community Services and Community Development parts of funding and, indeed, to other types of programs and services that the city of Madison funds. Principles of transparency, simplicity, and citizen engagement do not vary according to funding source. However, we do recognize that there are similar best practices that are more specific to community development work. As that was outside of the scope of this report, we recommend conducting a similar study focused specifically on community development and CDBG funding.

The challenges we have identified in this report are common to all cities who want to do successful nonprofit funding in the service of community services work. With these examples, we hope we have provided some insight into how a city might go about confronting and overcoming those challenges and creating innovative approaches that help achieve the outcomes we all want. We are more than happy to connect you with additional resources or to facilitate communications with the cities and staff that we worked with in assembling this report. We are very excited for Madison as it undertakes this process, and sincerely hope this report helps to inform you and the City as you continue to improve the Community Development Funding Process.



## Endnotes

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## II. ANNEX: CITY CASE STUDIES

### 1. Tallahassee, FL

#### *“Community Human Services Partnership” (CHSP)*

**Population:** 186,411

**Contract/grant cycle:** 1 year

**CHSP budget:** \$4.5 Million (total funding): City (\$1.1M), County (\$1M), United Way (\$2M)

**Number of agencies funded 2015:** Approximately 70

**Award range 2015:** \$4,500.00-\$337,000.00

**Format:** Contract RFP

#### **Funding source**

Mix. “The City does this by making available a portion of its Community Development Block grant, general revenue and Change for Change funds while the County utilizes general revenue funds. The United Way allocates funds raised in its annual community-wide campaign to United Way Certified Agencies through this process.” The city has been very helpful in offering us details on their funding sources; please refer to the documents “2015-2016 Grant Summary Funding Sources” and “2015-2016 CHSP Allocations” for a full accounting of funding sources.

#### **Funding priorities**

(1) Children’s Services, (2) Community Support Services, (3) Services for Persons with Disabilities, (4) Basic Needs and Emergency Services, (5) Family Support Services, (6) Physical Health Services, (7) Senior Services, and (8) Substance Abuse Services, (9) Youth Recreation & Character Building, and (10) Youth Education Services.

#### **How and who measures outcomes?**

RFP lists eight needs categories and eligible outcomes for each; nonprofits provide quarterly and end of year reports that address these in addition to assessing their progress towards their stated goals and demographics served.

#### **Any partners they work closely with**

Consolidated between City, County and United Way.

#### **Description of process/timeline:**

- A public notification process. (December of previous year)
- A mandatory workshop for interested private, not-for-profit organizations. (January)
- Use of a standardized application, which includes legal, organizational, financial, managerial, programmatic, and program evaluation information.
- Technical assistance is available after the RFP workshop for a period of several weeks.

- Submission of agency applications by a designated time frame. (Late February)
- A technical review of all applications by staff to confirm eligibility and completeness. (March)
- Recruitment and training of volunteers. (March)
- The organization of volunteers into Citizens Review Teams (CRTs). (Feb/March)
- Each team reviews the applications, listens to agency presentations, completes agency/programmatic assessments, recommends priorities, and makes initial funding recommendations. (April/May)
- CHSP staff determines funding allocations based on legal, procedural and historical factors. (June/July)
- Agency award letters, which include direct feedback from CRTs, are forwarded to the executive director/CEO and the board president. (June/July)
- An appeals process is made available to an agency contesting the CRT recommendation(s). (August/September)
- Recommendations are submitted to the City Commission, the Leon County Commission and the United Way Board of Directors for final approval. (August/September)
- Contracts and memorandum of agreements are executed.  
(Fiscal year is October 1 - September 30.)

Staff longevity and commitment is key: While many of the staff involved were new at the time of the program's initial implementation, they have since benefited from low staff turnover. The administrators for each of these three entities work long hours and are very public figures – Patricia Holliday adheres to a strict open door policy and talks to people about these issues every day. After 20 years heading the program for the city, Holliday still oversees site visits and agency advising on a daily basis.

Diversity and representation of served communities on the CRT is key: Staff has done extensive recruitment and outreach to get to this point, and are adamant that CRT members know the communities served by the agencies they are assessing. They survey agencies and volunteers annually and make adjustments on an ongoing basis.

Mandatory trainings, transparent and enforced rules and procedures, and strict deadlines are key: Mandatory trainings/workshops for interested nonprofits and CRT members' (plus training for CRT members) means that everyone starts with an equal knowledge of expectations. This in turn sets the precedent for strictly enforced rules of submittal, etc. – groups cannot complain about lack of knowledge/access to the application.

All this focus on accountability, standard eligibility, and bringing groups up to this level does mean that smaller groups may lack access: These programs have some of the strictest eligibility criteria of all the cities COWS spoke with, and Tallahassee manager Patricia Holliday was quick to note that the high need for services calls for a focus on capacity and accountability. "You have to keep in your mind that the point is to improve quality of services, to improve quality of life for the community, so you can't get caught up in the organization side to where it clouds that objective," Holliday said. In short, just because a group wants to service its community doesn't mean it has the capacity to do so; the high amount of need dictates that money needs to go to the groups that can demonstrate the most impact.

## 2. Multnomah County, OR

### *“Schools Uniting Neighborhoods” (SUN)*

**Population:** 766,135

**Contract/grant cycle:** 5 years,  
“contingent upon contractor performance and available funding”

**SUN Competitive funding budget:** \$13.2 Million

**Number of agencies funded 2015:** 12, plus some minimal sub-granting

**Award range 2015:** \$327,000.00-\$2,800,000.00

**Format:** Contract via RFP

#### Funding source

Combination of local, state and federal

#### Funding priorities

(1) Children Ready to Enter School, (2) Academic Success, (3) Healthy Kids and Families, (4) Prosperity, and (5) Desirable Places to Live.

#### How and who measures outcomes?

New process includes a pre-screening of applicants to determine their capacity; their newly released Program Model includes a number of specific outcomes and targets for each priority funding area they are funded for.

#### Any partners they work closely with

City, United Way

#### Description of process/timeline

This is a relatively new process, so we may need to wait on some of these details. Their new RFP was just released in November 2015. Generally thus far, the process began with a working group/task force that met for 3-6 months to establish their “Theory of Change” with an equity focus in 2013. This was a group made up of directors from across the county’s field including human services, health, and community justice and led by the Office of Diversity and Equity. Following this, an allocation committee comprised of nonprofit leaders who don’t provide direct services but whom have deep relationships with communities of color, in addition to foundation representatives and a school superintendent, gathered to determine the percentage of the money that should go to culturally specific community organizations.

This resulting model is an ideological combination of their existing Schools Uniting Neighborhoods (SUN) Services program and the “Promise Neighborhoods” proposed by the Obama administration. This is based on the idea that people in a community trust their school centers to be a safe community spaces. Our interviewee was resolute about his belief that “culturally specific services get better outcomes for communities, and having them centered at educational centers fosters a sense of safety and belonging.” The most revolutionary thing that the County has done just this year is to nearly double their funding stream and then to split it into two tiers of funding. One tier, 40% of the total, is awarded to traditionally funded groups, divided by region. The remaining 60% is being awarded in a competitive process and only to groups involved in culturally specific service provision, which they have taken month to define as: “those that are informed by specific communities, where the majority of members/clients are reflective of that community, and use language, structures and settings familiar to the culture of the target population to create an environment of belonging and safety in which services are delivered. These services and programs reflect the following characteristics:

- Programs are designed and continually shaped by community input to exist without structural, cultural, and linguistic barriers encountered by the community in dominant culture services or organizations AND designed to include structural, cultural and linguistic elements specific to the community’s culture which create an environment of accessibility, belonging and safety in which individuals can thrive.
- Organizational leaders, decision-makers and staff have the knowledge, skills, and abilities to work with the community, including but not limited to expertise in language, core cultural constructs and institutions; impact of structural racism, individual racism and intergenerational trauma on the community and individuals; formal and informal relationships with community leaders; expertise in the culture’s explicit and implicit social mores. Organizational leaders and decision-makers are engaged in improving overall community well-being, and addressing root causes.

## Process

Proposals are judged by a 24-member citizen volunteer committee, none of whom are applicants for funding. In the last funding cycle they reviewed and rated 64 applications for funding; the highest scores among the group are recommended for funding and funded until the budget cap is reached. The interviewee described it as a time consuming and difficult process, but effective. They have not had many direct complaints from unfunded groups, but have had pushback from bigger and traditionally funded organizations, who have cautioned that they may need to lay people off with these kinds of cuts to traditionally funded orgs. Interviewee said that this is unfortunate but “offset by the capacity building that is happening on the other side. It’s a good thing to have a procurement manager who is committed to seeking the best value; they should go out and see if there is a better services model that can get better outcomes for our most vulnerable citizens. That’s just good procurement.” While it is probably too soon to say if the outcomes are better, this is a unique model to watch.

This is the only program COWS spoke with that does not require 501(c)3 status for groups requesting funding, potentially providing more access to smaller groups, though the groups they fund to date are not small organizations.

### 3. Chapel Hill, NC: *“Outside Agency Funding”*

**Population:** 59,635

**Contract/grant cycle:** 1 year

**Outside Agency Funding budget:**

\$337,100 for Chapel Hill, \$220,500 for Carrboro, \$1.128 million for Orange County

**Number of agencies funded 2015:** 45

**Award range 2015:** \$1,000.00-\$30,000.00

**Format:** Performance Agreement: Organizations get nothing up front, receive some funding during a mid-year review if they show that they are on schedule to do the work they proposed, and are ideally fully funded at the end of the year term.

#### **Funding source**

General Funds

#### **Funding priorities**

As identified by are contact they were: (1) Fund safety net services for disadvantaged members, (2) to fund education mentorship and afterschool programs for youth, and (3) to fund programs aimed at improving resident health and nutrition. However, in the common application the funding areas were much more general i.e. health and nutrition, youth services, transportation, housing, etc.

#### **Any partners they work closely with**

Town of Carrboro, Orange County.

#### **How and who measures outcomes?**

Very broad categories of needs areas are listed in RFP, but nonprofits list their own goals and expected outcomes and are measured against that by the town’s Advisory Board.

#### **Background**

Students at the School of Government, UNC Chapel Hill, conducted a Needs Assessment for the town in 2012. Interviewee Jackie Thompson said this process was great and they are looking to do it again now that the economy is changing from where it was in 2012. They had a great experience with the University and no regrets about this process that she wanted to share.

## Process

The two towns (Chapel Hill and Carrboro) and the county use one application to streamline the process. Nonprofits can fill out one form and ask for funding from one of three, or any combination of entities. The city (cities, actually – the county process is separate from this point, but Chapel Hill and Carrboro hold their orientation, and their hearings, together) holds an orientation prior to and introducing the new application each year, where they go over the application, the process, and the funding priorities.

While the city and CDBG funding streams are separate, they began using a single common application in FY16-17 for Human Services funding and the CDBG funding. CDBG will have its own committee to review their public service applications, but they hold one orientation and all applications are due at the same time. Applications requesting CDBG funds are required to provide additional documents.

## For the town of Chapel Hill

nonprofits apply, and then a 7 member Advisory Board (made up by community members who apply for the position) holds hearings once a week for about two months (March to early May) where they hear from nonprofits requesting funding. These are all open to the public.

In May, the Advisory Board makes its funding recommendations to the town manager, who reviews and then makes recommendations to the town council. The council then holds meetings and votes on final recommendations June. There is no formal appeals process, but all meetings are open to the public and groups are welcome and encouraged to attend council meetings and to advocate their positions.

## Accountability

The town does not issue money to groups chosen; instead, they are awarded a “Performance Agreement” which states the work that they are to perform. Nonprofits must file a report twice a year to report back on the progress they have made related to their agreement. If they are on track at their mid-year report, they get a portion of the money promised, with the rest issued upon completion of the work. Jackie says that is both ensures that the groups are highly motivated to do what they said they would do and that the city is not on the hook for a group that either doesn’t perform or dissolves.

## Implications

We are wary that this process of allocating funding would prohibit the inclusion of smaller or less organized/funded organizations, which may not have the capacity to do work without prior or ongoing funding. However, those that COWS spoke to (the Human Services director, Town Manager, and Mayor) did not think this to be the case. They noted that in general the application process is fairly simple, and that most groups who apply do get funded if they follow the rules and do the work they say they will do.

## 4. Columbus, OH

### *“Competitive Human Services Funding Program”*

**Population:** 822,553

**Contract/grant cycle:** Variable.

Currently one year with option/expectation to extend up to 3 years total

**Competitive Human Services Funding Program budget:** \$3-4 Million annually (approx.)

**Number agencies funded in 2015:** 35

**Award range 2015:** \$8,730.00 - \$448,919.00,

**Format:** Contract; nonprofits receive 25% of funding up front, then bill the city for expenses related to the programs.

### Funding source

City's General Fund via hotel bed tax

### Funding priorities

(1) Safety net: emerging and basic needs, (2) Economic Success: employment and self-sufficiency, and (3) Social Success: safe and healthy individuals, relationships, and neighborhoods.

### How and who measures outcomes?

n transition, but generally nonprofits are asked to list outcome expectations and ways to measure them in their RFP; the city council evaluates program performance based on the goals set by the organizations.

### The process

This is a new process for Columbus, one decided on based on a study and evaluation of the old process, best summed up in their FAQ: “For decades the City has provided funding to the same programs, without opportunity for new programming. As the City’s population and demographics change, the needs of our most vulnerable citizens change as well. This competitive process will allow the City to align its resources with needs in our community. The three-year cycle will give the City an opportunity to revisit its priorities, and ensure that the programs being funded address the needs of the community.” They created a group to formulate a new plan going forward, made up of about 10 individuals who represented the public sector, the city, county, and large local organizations like the United Way. Based on focus groups, and surveying other options being practiced around the country, they decided that the best route would be to shift to a competitive funding model, whereby no group could expect funding and all groups would have to compete for initial and continued funding. The groups will be funded for the first year with reasonable expectations for extended funding up to three total years as long as they show progress on their outcomes and indicators.



## History/context

To test their concept they ran a pilot program in 2013 with a smaller pool of just \$300,000.00 and three broadly defined categories for funding priorities: education, the working poor, and emerging populations. Their full roll out of the program started in 2015. The city recruited a pool of 15 individuals to create a Grant Committee, with heavy recruitment of community members with areas of relevant expertise on public health, housing, education, etc. The process begins with submittal of a mandatory statement of interest to judge whether the program fell under one of the broad funding priorities identified by the city. Using these categories – Safety Net, Economic Success, and Social Success - the Grant Committee rejected groups whose letters of interests indicated programs outside of this funding area. The rest were invited to submit an application for their programs, and invited to attend one of two informational sessions held prior to the application due date. The two sessions were semi-well attended but not mandatory. They did not go into the issue of grant writing in depth, more of an overview of the application process and documentation required. They received more than 100 applications that varied significantly in their quality - many groups neglected to fill out the application completely or to attach all necessary documents. The committee was given the option to have a curing period for groups to fix their applications and voted not to. Organizers regret that, as it caused a lot of animosity from groups, and regret not creating any kind of electronic submission process prior to this effort, as this was all on paper and either through the mail or in person.

## Accountability

Agencies get 25% of their funding initially, and then file quarterly reports to track their progress. After the initial 25%, the programs invoice the city for the remainder of their balance. Though the program funding has the potential to last for three years, funding allocations are made on an annual basis. Initial progress reports are spotty this first year, showing much variation in progress to date and the degree to which the measures of progress offered refer in any meaningful way to what their proposals/applications indicated. For this first funding cycle, they have decided to look at it as a learning process for everyone involved and will start to give groups feedback on these progress report so that their next reports are more standardized and measurable. The city doesn't expect to reject any of these programs for continued funding in year two, though they do plan to warn them that if they continue to show a lack of progress or effort to improve their programming and reporting they will not likely be re-funded in year three. They say they want groups to be successful, and that this is a learning and scaling up process for everyone involved.

## Lessons

Our interviewee's biggest piece of advice/caution was to consider having the program administered by a nonprofit instead of the city. Distrust and fear of the new process led to some filing open records requests for the scorecards of the Grant Committee, and general harassment of persons on that committee. The fact that scorecard numbers were taken into account for funding decisions but that the numbers did not correlate directly to what programs were funded was a source of anger among unfunded groups. Mandatory rather than voluntary introductory workshops may improve the process; electronic submission of documents would be helpful; plan for any documents used in the process to be public, and treat them accordingly.

## 5. Chattanooga, TN

### *“Community Agency Support”*

**Population:** 173,366

**Contract/grant cycle:** 1 year

**Community Agency Support budget:** \$4.5 million

**Number agencies funded 2015:** Approximately 40

**Award range 2015:** \$10,000.00 - \$705,000.00

**Format:** Contract via RFP

**Funding source:** primarily General Fund

### **Funding priorities**

(1) Safer Streets, (2) Growing Economy, (3) Stronger Neighborhoods, (4) Smarter Students, Stronger Families, (5) Innovation, and (6) High Performing Government.

### **How and who measures outcomes?**

While proposals must address one of the six priority areas identified by the city, groups create their own goals and objectives. At the end of each quarter are judged by a newly hired “Performance Manager” to the extent at which they are meeting the goals they set for themselves.

### **Narrative**

Another city which has recently moved away from a “historically funded” model, Chattanooga is notable in that the entire city, directed by its Mayor, has moved to an outcomes-based budgeting model. This means that the city as a whole has adopted a set of outcome priorities that each department is then using as a basis for their priorities and funding. As such, the city’s nonprofit funding program, called the “Community Agency Support” program, has adopted the Mayor’s funding priorities, listed above, as the funding priorities. Every nonprofit must now compete for funding each year by specifically stating how they will work in one of these program areas and providing a set of outcomes to judge their progress by.

### **Who decides**

The city has a five member team assigned to each results area that reviews not just all external agency funding requests but all funding requests for the city (including internal city departmental budgets). All of these entities must respond to the same six funding and outcome priorities. Each five-member team is comprised of at least one recruited citizen, one member of the budget department, one administrative city worker who is not from the area/department that is requesting funding, one representative of the mayor’s office, and one final member who can be from a variety of positions.

## Reducing overlap and streamlining services

The program's administrator explained to me that this is just one of many instances in which programs internal and external to the city are being asked to collaborate to reduce the overlap in service programming. As a practical matter, nonprofits seeking funds are required to talk to city administrators and agency leaders to look for opportunities to collaborate and avoid duplicating resources or programs. They are required to say in their applications how they will work with city agencies and other nonprofits, and the panel who decides funding takes this into consideration when making funding decisions.

## Accountability

The program is pretty new, and it is difficult to show how much progress had been made to date, though the city's CFO, who COWS spoke with, says that anecdotally the program seems to be working. The competitive process has opened the door for many smaller and historically unfunded agencies to work with the city, and there seems to be more collaboration between agencies and nonprofits. The city requires performance measures to be included in the RFP, and requires quarterly reports from funded agencies. These are sent to a person in the newly created position of "Performance Manager" to judge the extent to which funded agencies are doing what they said they would according to their own self-proclaimed indicators. The CFO emphasized that the groups are measured against the indicators they themselves created, not by any measure the city comes up with. This ensures that groups are accountable to what they said they would do, do not feel judged unfairly, and opens up the possibility of performance measures that are not strictly numerical.

## Lessons

They say that while the quality of the applications is improving, it's been quite a process to move to this competitive model. Their workshops for nonprofits prior to the application process are mandatory, but are more an overview of the process and not an in-depth explanation of the RFP. They do have a review period after initial submission of proposal, during which time the city will review applications and contact organizations with questions, follow up, and clarification. Many organizations lack the capacity to provide all the information that the city is asking for in a meaningful and cohesive way within a reasonable time frame, but the city tries to connect those people with assistance if they are aware of it. Even established nonprofits complain at the amount of time it takes to assemble all the information required, in many cases just to be turned down for funding. In response, the CFO has said that they will move to a process whereby applicants submit a preliminary/ pared down version to determine if their project is likely to be funded, which only likely applicants required to move to the more stringent and lengthy application process.

### III. ADDENDUM

*Follow up with Patricia Holliday, CHSP (Tallahassee, FL) and Jackie Thompson, Outside Agency Funding (Chapel Hill, NC).*

**Please note:** Most cities/counties are in midst of their competitive process, and we received responses on follow up questions from only two cities. We spoke to both over the phone and via email. Tallahassee, FL, offered the most insight in to the issues that concerned the Madison CDD, and this addendum focuses on them, though we have included responses from Chapel Hill where relevant or informative. In addition, you'll see references to some additional documents that were requested by CDD, including sample contracts from both cities, (see Appendix C).

We compiled the following questions resulting from our Feb. presentation to CDD Staff:

1. How many agencies get turned down in each cycle?
2. If it's possible to see any sample contracts – how complicated/long are they? Are ones that use CDBG money longer/more complicated? Is there a threshold below which agencies don't need a contract?
3. What are the different funding sources (exactly) in the numbers we provided? How much is city levy? How much is from partners (like United Way)? How much is HUD? Do all of these funds use this competitive process?
4. In Tallahassee, Multnomah County, and Chapel Hill: How much does the county's human services budget is applied to this? Are they holding back a part of their money for other mandatory spending needs?
5. Are any cities reserving a portion of their budget for evaluation?

We customized this list of questions to each community's situation and sent these questions to our contacts via email, then followed up with phone calls. To date, as noted above, only two cities have responded. We will forward other responses if and when they become available. Where it is possible to address these issues without follow up and referring to available documents, we have provided that information as well.

On number of agencies that are turned down:	
Tallahassee	approximately 5-8 agencies per year.
Chapel Hill	approximately 4 agencies per year.
Columbus, OH	59 agencies turned down in 2015.
Chattanooga, TN	12 agencies turned down in 2015.
Multnomah County, OR	approximately 20-30, though this process is not very comparable in this way.

## On Funding Streams, and Sources

They still have the CHSP, which takes the bulk of staff time. They do not hold back any portion of funding for the city to do evaluations - that is conducted by the 3 city staff dedicated to Human Services - though the majority of it falls to our contact there, Patricia Holliday. They have discussed funding organizations just to do evaluations. See below - pilot project for Promise Zones with Florida State University.

One thing they tried last year was to leave out site visits/scoring by volunteers. They did this because HS staff already does separate site visits and they wanted to limit/control volunteer time. Turns out that both the agencies and volunteers said that they did not like the removal of the site visits and they've restored them this year. Holliday gave us their site visit schedule (and we have the scoring sheet they use during site visits) if you'd like to take a look; refer to "Volunteer site visit schedule."

Holliday also sent a breakdown of funding for each agency (general revenue, CDBG, county, etc.); please refer to "2015-16 Grant Summary funding sources."

In addition to CHSP, the city is attempting a new special funding cycle aimed at targeted funding for extreme poverty with 10 projects. These projects build capacity and provide indirect client services (in contrast to CHSP programs, which fund direct client services).

Finally, they have added a 3rd area of funding for "Promise Zones" that use a variation of the CHSP Competitive process applied to an identified high risk area. This is a pilot phase, and could be rolled into the CHSP process (as, for example, its own priority funding area) in the future. They did a separate needs analysis of the Promise Zone area to come up with the four priority funding areas for that. They are also testing out new mandates for collaboration/linked services with these contracts - she describes it as moving towards the federal/HUD requirements for promise zones and she thinks that everything in HS/CD is moving in that direction. To this end, they are also piloting a new evaluation method, whereby students and staff at Florida State University will donate time to evaluate the success of these programs. This would constitute a pilot of seeing if a separate evaluation process could be helpful - Holliday notes that real, effective evaluation requires an entirely different set of skills from providing services. We elicited this response in asking about whether they've ever considered withholding a certain amount of funding for evaluation. The answer is no to that specifically, but this tactic will explore whether a different evaluation process might produce better outcomes, whether funded or donated via the university.

### Regarding contracts

The city and county use the same contracting template; the United Way uses a Memorandum of Understanding. Programs that use federal funds require a slightly different contract for federal guidelines (keeping financial records for 3 vs. 5 years, for example). Holliday sent the template for each of the contracts: General Revenue, Promise Zone, and CDBG/Federal, (see Appendix C). There is also a blank copy of the contracts used by Chapel Hill, NC.

### Regarding complexity of contracts

While the contracts differ because of city, state, and federal requirements, they are not substantially different. And they use the same contract whether they are for \$5,000.00 or \$5,000,000.00. Holliday said the main difference is how an agency responds in the "Work Plan" section - namely, if they are requesting \$500,000.00 they should have a lot more in their work plan than an agency requesting \$5,000.00. Note that we received a nearly identical response from Chapel Hill.

On creating a truly competitive, collaborative process. In general, regarding the CHSP program, Holliday wanted to stress that it is a process, not a destination. She says they change aspects of the program every year to test them, pilot new ideas, and respond to volunteer and agency feedback (which they solicit every year). She says that when they started this process 20 years ago, it was very hard. It was hard to get all three entities to the table, and started with months of meetings as an initial "Joint Planning Board," comprised of staff from each entity. They adopted a competitive process and gradually added lots of the other components. For example, they started with Citizen Review Teams, but soon realized that the CRT's lacked diversity and were perceived as biased, so they instituted a "diversity plan" and required extensive information from volunteers about their race, ethnicity, occupation, sex, etc.

# APPENDIX C:

## CDD Funding Process Study Tools and Resources

Compiled by Center on Wisconsin Strategy  
and Submitted by Forward Community Investments to  
the City of Madison, Community Development Division

March 2016



2045 Atwood Ave, Ste 101A  
Madison, WI 53704

608.257.3863

[www.forwardci.org](http://www.forwardci.org)



# Annotated Bibliography of Tools and Resources Related to Funding Process Reform

Please note that some of the documents listed below are available online. For those documents that are not available online, FCI has provided the electronic files to CDD.

## Related to: Needs Assessments / Determining Priorities / Priorities

- Town of Chapel Hill, “*Human Service Needs in Chapel Hill.*” Needs Assessment, 2012.  
<http://www.townofchapelhill.org/home/showdocument?id=19416>
- City of Tallahassee, “*CHSP Needs Assessment and Process Evaluation Final Report.*” Needs Assessment, 2010.  
<https://www.talgov.com/Uploads/Public/Documents/ecd/community/pdf/chspneeds.pdf>
- Boulder funding priorities outcomes and indicators: Lists priorities and indicators of success. (Doc)
- Tacoma Funding Priorities: Lists funding priorities. (Doc.)
- Chattanooga priorities areas: Details funding priorities and indicators of each. (Doc)
- Columbus Broad HSF Categories:  
More details on the three broad funding priorities identified by Columbus. (Doc)
- Public Health, Madison Dane County (PHMDC), “*Defining Scope: PHMDC Checklist.*”

## Related to: Presentation of Material / Online Accessibility / Application Process

- City of Tallahassee, *CHSP Portal.*  
<https://www.chspportal.org/>
- City of Chattanooga, *Budgeting for Outcomes Portal.*  
<http://connect.chattanooga.gov/bfo/>
- City of Tacoma, *Human Services Contracting Portal.*  
[http://www.cityoftacoma.org/government/city\\_departments/neighborhood\\_and\\_community\\_services/human\\_services\\_division/human\\_services\\_contracting/](http://www.cityoftacoma.org/government/city_departments/neighborhood_and_community_services/human_services_division/human_services_contracting/)

## Related to: Application examples

- Town of Chapel Hill, “*Main Common Application.*”  
<http://www.townofchapelhill.org/town-hall/government/boards-commissions/standing-boards-commissions/human-services/agency-funding>
- Town of Chapel Hill, “*2016-2017 Funding Application Instructions and Information.*”  
<http://www.townofchapelhill.org/town-hall/government/boards-commissions/standing-boards-commissions/human-services/agency-funding>
- Town of Chapel Hill, 2015 Application Form. (Doc)
- Columbus Full Application – FINAL: Application for funding. (Doc)
- Multnomah County SUN Service RFP 11.6.15: RFP for the SUN Service Programing. (Doc)





## Related to: Agency Education & Orientation

- Chapel Hill 1015\_16 Orientation Presentation:  
PDF of the presentation slides offered during agency orientation. (Doc)
- Chapel Hill 2016 Application Submittal Checklist. (Doc)
- Columbus Human Services, Letter of Intent. (Doc)
- Chattanooga Kickoff Video 2016:  
Not the actual agency training, but a presentation about what they learned from their first year, an overview of the process, and what they have changed because of first year feedback.  
<https://drive.google.com/file/d/0B7xZEm1fB1QDeWZzY0ZoQlktSEk/view?ts=565e244c>
- Tallahassee 2015-2016 Agency Training Agenda. (Doc)
- Tallahassee Agency Site Visit Memo

## Related To: Citizen Engagement in Citizen Review Teams and Community Engagement, in general

- Tallahassee 2015-2016 CRT Vol Recrt Cvr Ltr:  
Letter sent to all volunteers who sign up to participate in Tallahassee's process. (Doc)
- Tallahassee, Volunteer Assessment Guide. (Doc)
- Tallahassee, Monitoring Document. (Doc)
- Tallahassee, Volunteer Site Visit Schedule. (Doc)
- Otte, Kelly, The Tallahassee Democrat, 9/26/15, "Grant Process shows extraordinary generosity of people." Op-Ed about the CRT process in Tallahassee. <http://www.tallahassee.com/story/money/2015/09/26/grant-process-shows-extraordinary-generosity-people/72803224/>
- COWS, Mayors Innovation, "Cities Facilitating Meaningful Civic Engagement"  
<http://www.mayorsinnovation.org/events/summer-2014-meeting>
- COWS, Mayors Innovation Project (MIP), "Involving Your Community,"  
Building Livable Communities Forum in Burlington in 2014  
<http://www.mayorsinnovation.org/events/building-livable-communities>
- COWS, MIP, "Cities at Work", page 274:  
[http://preview.mayorsinnovation.org/images/uploads/pdf/CitiesAtWork\\_FullReport.pdf](http://preview.mayorsinnovation.org/images/uploads/pdf/CitiesAtWork_FullReport.pdf)
- COWS, MIP, Summer 2012 meeting on "Better Outreach to Engage Stakeholders."  
[http://preview.mayorsinnovation.org/images/uploads/pdf/MIPSection4\\_StakeholderEngagement.pdf](http://preview.mayorsinnovation.org/images/uploads/pdf/MIPSection4_StakeholderEngagement.pdf)
- COWS, MIP, "A District that Works: Washington D.C." brief, page 47:  
[http://www.mayorsinnovation.org/images/uploads/pdf/DC\\_Report\\_Final.pdf](http://www.mayorsinnovation.org/images/uploads/pdf/DC_Report_Final.pdf)
- COWS, MIP Boston Brief, "A Boston that Works: Recommendations for Building Good Jobs and Strong Communities," page 25:  
[http://www.mayorsinnovation.org/images/uploads/pdf/A\\_Boston\\_that\\_Works.pdf](http://www.mayorsinnovation.org/images/uploads/pdf/A_Boston_that_Works.pdf)



## Related to: Determining Winners

- Chapel Hill Board Guidelines: Outlines the Human Services Advisory Board duties and process for arriving at funding decisions. (Doc)
- Chattanooga BFO FY17 Scoring Guidance: Details the basis for scoring agency applications. <https://docs.google.com/document/d/1Gi13s7hmK2Tv5hUwNUzSqtebSuVOxV7LPgCjAzustVg/pub>
- Columbus 2015 HSF Scoring Sheet:  
Document used by volunteers in Columbus to rate agency applications. (Doc)
- Columbus 2015 HSF Scoring Instructions: Instructions for using the Columbus 2015 HSF Scoring Sheet to determine which agencies are funded. (Doc)
- Tallahassee 2015-2016 Volunteer Assessment Guide:  
Document used by volunteers in Tallahassee to rate agency applications. (Doc)

## Related to: Measuring Outcomes

- City of Tacoma, “*Measuring Impact and Effectiveness.*”  
Tacoma’s guidelines for measuring outcomes, as well as other program information. <http://www.cityoftacoma.org/cms/one.aspx?portalId=169&pageId=5844>
- Columbus 2015 Human Services Activity Report fillable form FINAL:  
Quarterly reporting document used by agencies to report progress. (Doc)
- Tacoma How to Calculate Achievement:  
Detailed description of the process used to calculate achievement for each indicator. (Doc)

## Related to: Nonprofit Capacity Building (Other Considerations)

- San Francisco Resources for Nonprofits: City and non-city resources for nonprofits, including information on technical and financial assistance, networking, and physical placement. <http://www.oewd.org/index.aspx?page=250#Funding>
- San Francisco Citywide Nonprofit Monitoring and Capacity Building Program, designed to “save City taxpayers and nonprofits time and money by consolidating **fiscal and compliance monitoring** when a nonprofit receives funding from more than one City department.” <http://sfcontroller.org/index.aspx?page=788>

## Related to: Improving Access (Other Considerations)

- City of Columbus, “*Competitive Human Services Funding Program- Letter of Intent.*”  
The LOI for Columbus, and their attempt to pre-screen agencies to make sure they fit the funding interests and avoid wasting resources to respond to a longer RFP. (Doc)
- Denver 2016 Race and Justice Design Challenge Mini Grants: New funding available to “residents and civic organizations that design community driven projects to unite youth and law enforcement, promote inclusion and equality for more connected neighborhoods, identify and address community needs, and cultivate a climate of hope.” Max award of \$3,000.00, with a requirement for matching funds. <https://www.denvergov.org/content/denvergov/en/human-rights-and-community-partnerships/news-events/2016/2016-immigrant-integration-mini-grant-application-period-open-.html>
- Denver 2016 Immigrant Integration Mini-Grants: Second year of funding available for “small, community driven projects designed to bridge immigrant and receiving community, create stronger and more connected neighborhoods, address community needs and foster community pride.” Ten total awards of \$1,000.00 with a requirement for matching funds. <https://www.denvergov.org/content/denvergov/en/human-rights-and-community-partnerships/news-events/2016/2016-immigrant-integration-mini-grant-application-period-open-1.html>



### Related to: Other system models

- Multnomah County, “*Sun Service System Delivery Model.*” Page includes the Service Delivery Model, Theory of Change, and many other foundational documents.  
<https://multco.us/sun/sun-service-system-service-delivery-model>
- Tacoma Contracting Policy:  
Outlines the process, payment schedule, and ways to measure impact. (Doc)
- City of Tallahassee, “*CHSP 2-15-2016 Description Manual.*” Full description of the CHSP model.  
<https://www.chsportal.org/uploads/files/CHSP%202015-2016%20Description%20Manual.pdf>

### Related to: Examples of Contracts

- Chapel Hill Blank Performance Agreement 15-16: Blank Contract for Services for Chapel Hill. (Doc)
- Tallahassee CHSP 2015-2016 GR CONTRACT: Blank contract for CHSP General Revenue funding. (Doc)
- Tallahassee 2015-2016 CDBG Contract: Blank contract for CDBG funding through the city. (Doc)

### Miscellaneous Documents of Interest

- Columbus FAQ Updated 5-14-14: FAQ based on common questions about the process, includes information on who was funded last cycle, funding sources, etc. (Doc)
- Tallahassee site visit memo to agencies:  
Outlines guidelines for successful site visits and presentations to the CRT. (Doc)
- Chapel Hill 2015-2016 Funding:  
Lists agencies funded (and funding amounts) by Chapel Hill in 2015. (Doc)
- Chattanooga FY16 Agency Support:  
Lists agencies funded (and funding amounts) by Chattanooga in 2016. (Doc)
- Multnomah County CSAW Funding by agency program:  
Lists agencies funded (and funding amounts) by Multnomah County in 2016. (Doc)
- Tallahassee 2015-16 CHSP Allocations:  
Lists agencies funded (and funding amounts) by Tallahassee in 2015. (Doc)
- Tallahassee 2015-16 Grant Summary funding sources: Shows breakdown of source of funds (CDBG, General Revenue, etc.) for agencies funded by Tallahassee in 2015. (Doc)