

## Staff Report

**EVALUATION OF ASSET BUDGETING AND TIMING**

December 14, 2012

**BACKGROUND:**

At the City Council Budget Guidelines session on November 27<sup>th</sup>, Council raised several questions about the timing and procedures of the ASSET process. These include:

1. Could staff work with the other funders to consider a change in the ASSET timing mechanism so the Council's discussion of the services is more meaningful?
2. How does ASSET address duplication of services, and why is duplication not addressed before Council is asked to set its budget guidance?
3. What are the benefits and drawbacks of setting a percentage increase guideline for the volunteers?

**ASSET PROCESS TIMELINE:**

The City and County budget timelines are the primary determinant of the ASSET schedule. Because City and County funds must be budgeted and certified to the state by mid-March, the ASSET review and approval must be completed by February. The timeline for the process is generally as follows:

Aug 1 – Oct 31:	Volunteers visit ASSET agencies
Sept 30:	Agency budget requests are due
Mid-Oct:	Revised agency budgets are due based on ASSET staff comments
Early Nov:	Volunteer assessment reports are due
Nov – Dec:	ASSET Funders set budget and priorities guidance
Jan:	Agency budget hearings. Volunteers make funding recommendations. Joint Funders approve recommendations
Feb:	Funders approve allocations. Contracts are issued for funds available starting July 1. Feedback from volunteers is provided to agencies

This process asks agencies to prepare and submit their budgets at least nine months in advance of the start of the fiscal year. Many agencies express difficulty in developing projections this far out. Moving the ASSET timeline to an earlier start date would likely make it more difficult for agencies to develop accurate projections of their needs.

Currently, the City, County, and United Way set funding guidelines and priorities around the same time in late November or early December. GSB sets its funding authorization in March and sets priorities in the fall. **One opportunity for the City to make these discussions more meaningful might be to adopt the next year's priorities earlier, such as during the summer, and have a more substantive discussion with the volunteers about foreseeable needs in the community at that time.** This would have the benefit of centering the discussion on the needs rather than the funds available, although it would lock those priorities in several months earlier. Setting the priorities earlier may also help the agencies understand what services the City is more interested in funding, and reduce requests that are outside the City's priorities (although because the priorities usually remain

the same, agencies might be able to do this now). Staff has discussed this option with the ASSET Administrative Team, which was receptive to this idea.

#### ADDRESSING DUPLICATION OF SERVICES:

Council expressed concern with setting funding guidance to the volunteers based on requests that might include duplication. **It should be emphasized that ASSET is charged with funding services, not agencies.** Where two agencies provide the same service, funding will go to the one best capable of providing an acceptable service at the best price. The ASSET process has mechanisms to reduce the potential for duplication.

The first is the screening process that takes place when new agencies request to join ASSET. Agencies are required to demonstrate the community need for their services and explain what services they might ask to be funded. If justified, the agency is accepted into ASSET, although funding is not guaranteed.

The second mechanism is a notification process for new or expanded services. When an agency decides to provide a new service, it must describe how the need was identified, who will be served, and how the service meets Funder priorities.

By this point, duplication of services will have been vetted by the ASSET Administrative Team. If two agencies propose the same service beyond this point, the duplication is addressed by the volunteers during the budget hearings in January. When Council sets its budget guidance in late November or early December, duplication usually only represents a small portion of the requested funding. Because of the nuances of programs that are provided by the various ASSET agencies, it can be hard to determine duplication without investigation by the volunteers.

#### SETTING THE BUDGET INCREASE AUTHORIZATION

Historically, Council has used the new requests as guidance for setting the budget direction for volunteers. The Council authorizes the volunteers to make recommendations that will not exceed a certain level. Each volunteer uses a worksheet that lists all the programs in a particular service group (panel) and divides the total funding available from each funder into the services based on what they believe is justified. The recommendations for each service are compared between volunteers and a final amount is agreed upon.

This system does not *encourage* the volunteers to increase amounts beyond the funders' guidance. However, it does not *prohibit* the volunteers from providing feedback to the Funders that they believe more funding is needed to satisfy the need. In the past, volunteers have expressed support for the funding cap as a way to guide them in making decisions.

Council has typically given a percentage increase authorization. The table below outlines the increases authorized by each funder to the volunteers and the City amount recommended by the volunteers back to the Council over the past several years.

		<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
City actual		5.0%	5.4%	9.3%	1.7%	3.5%
Authorized	City	7.3%	6.0%	13.0%	3.0%	6.0%
	County	2.0%	4.0%	1.0%	2.5%	2.5%
	UWSC	2.0%	2.0%	6.0%	1.3%	5.0%
	GSB	3.7%	3.7%	3.6%	5.5%	0.0%

In 2010/11, the City began to exceed the County in total dollar contributions to ASSET. **It is important to note that increasing contributions do not necessarily reflect more services being provided.** In many cases it simply reflects higher costs for providing the same services.

Staff investigated the possibility of coordinating the funding guidance between the funders at a meeting on December 5th. However, the City and GSB are the only funders whose possible contributions can be calculated by this time. The County and United Way do not have firm numbers for their ASSET contributions until later in December.

The City's current method for setting budget guidance is to consider an amount for all of ASSET. United Way's funding guidance is set by its board determining how much funding should go to each of the four ASSET panels (the four panels are Health Services, Basic Needs Services, Youth and Children Services, and Prevention/Support Services). **This method could be used by the Council to direct funding guidance in November with a greater emphasis on services requested rather than on the agency making the request.**

The Administrative Team will be reviewing the ASSET process in early 2013, at the conclusion of this funding cycle. The goal will be to determine how to further streamline the process to ensure that the Funders can better coordinate allocation of dollars to address priorities and to ensure that ASSET priorities are understood by Agencies prior to submitting their funding requests in the fall of 2013.

#### **OPTIONS AVAILABLE TO THE COUNCIL**

Council could direct staff to do any combination of the following:

1. Direct staff to hold a discussion of the City's ASSET priorities with the volunteers during the summer before allocations.
2. Direct staff to ask for budget increase authorizations for each of the four ASSET panels in the future, rather than an increase for all of ASSET.
3. Direct staff to discuss some other ASSET process modifications with staff from the other funders.
4. Do nothing.