



**COMMUNITY AGENCY FUNDING PROCESS  
REPORT:  
FY 2021-2022**

PREPARED BY THE BUDGET AND EVALUATION OFFICE  
CITY OF WINSTON-SALEM, NORTH CAROLINA  
OCTOBER 2021

City Council: Mayor Allen Joines; Denise D. Adams, Mayor Pro Tempore; North Ward: Barbara H. Burke Northeast Ward; Kevin Mundy, Southwest Ward; Robert C. Clark, West Ward; John C. Larson, South Ward; Jeff MacIntosh, Northwest Ward; Annette Scippio, East Ward; James Taylor, J., Southeast Ward; City Manager: Lee D. Garrity

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## EXECUTIVE SUMMARY

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Each year, the City of Winston-Salem allocates funding through the Community Agency Funding Process to local community agencies and nonprofits that provide public services in our community. Funding sources include state and federal grants, as well as City tax dollars.

### Community Agency Funding Process

In the fall preceding the funding year, the City publicizes a Request for Proposals and receives applications for funding from agencies such as nonprofits, quasi-governmental organizations, community development corporations, and nonprofit housing developers. City staff members from a wide range of departments complete the first review of applications using a standardized scoring guide.

The scores from staff reviewers are provided to the Community Agency Allocation Committee (CAAC), comprised of nine citizens, who use the same scoring procedures to review and rank the applications. The CAAC provides their average scores, along with a recommendation to the City Manager for which proposals should receive funding.

As part of the City's annual budget preparations, the City Manager's proposed budget is presented to the Mayor and City Council, who make the final decision on funding levels for each agency.

### Allocations for FY 2021-2022

In FY 2021-2022, the City allocated a total of **\$2,718,540** through the Community Agency funding Process.

Allocations from the General Fund and Housing Finance Assistance Fund totaled **\$1,009,170** for 17 programs involving arts and innovation, tax preparation services, case management, and other human services. Funding from the Occupancy Tax Fund totaled **\$390,110** for four agencies that promote cultural and economic development. The allocation for Successful Outcomes After Release (SOAR) programs totaled **\$73,500** for nine agencies that support previously incarcerated individuals as they re-enter the community. Total funding for community agencies in these areas decreased 1.0% from the previous fiscal year 2020-2021.

In addition, funds were provided through federal grants, such as the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program (HOME), and Emergency Solutions Grant (ESG) totaling **\$1,245,760**. These funds were awarded to 24 organizations in the area of community development. This represents a 4.6% increase in funding from FY 2020-2021, primarily due to an increase in each of the funding streams.

In the fall of 2020, the Budget and Evaluation Office and Office of Performance and Accountability conducted one-on-one meetings with Council Members. The meetings focused on the following topics: to find additional avenues for more agencies to gain access to funding, providing more direction on uses of funding, and providing more accountability for City expenditures. This report presents the top four ranked themes from Council Members and provides recommendations on implementation.

**1. Tie total funding to revenue streams**

This option would apply to the General Fund, Occupancy Tax Fund, and Housing Finance Assistance Fund. The General Fund total allocations would be based on projected property tax base growth. General Fund appropriations (\$827,800) are equal to 0.36 pennies on the tax rate. This is an average of 2.2% growth seen in the last four non-revaluation years.

Appropriations in the Housing Finance Assistance Fund total \$147,500. It is recommended to use the same growth percentage as the General Fund agencies, assuming sufficient fund balance exists within in the fund.

Occupancy Tax Fund is based on revenue growth in the “hotel/motel tax.” Growth in this fund varies significantly because it is based on the travel and tourism economy. An example is shown in the graph below. The Tourism Development Authority estimates 6% growth for FY22. It is recommended to use the 6% growth rate each year. If there is a decrease in occupancy tax funding, the City would maintain the agencies’ funding at the current year level.

Occupancy Tax Revenues	
<u>Fiscal Year</u>	<u>% Change</u>
2018	8%
2019	7%
2020	-17%
2021	-29%

**2. Allocate funding to program or strategy areas**

This option would provide allocate non-federal funding by percentages aligned to the strategic plan. It is not recommended to use prior years as a baseline. Budget and Performance Management Staff will present possible program area funding allocations as part of the FY 2023 budget process to receive City Council feedback. This would be incorporated in the process for FY 2024 if approved.

**3. Cap City contributions to programs (flat max of \$50,000 or 25% of operating budget)**

Per discussions with the Mayor and City Council, setting maximum funding amounts would free up funding for new agencies to enter the process; however, it could have the affect of affecting either the largest or smallest agencies, depending on the method of application as shown below.

Capping Agency Maximum Contributions to \$50,000

Affected agencies are shown in the table below includes General Fund, Housing Finance Fund and Occupancy Tax Fund. This alternative assumes SOAR agencies would not be affected. The Budget and Performance Management Department will address this issue during the FY 2023 budget process as requested by the Mayor and City Council for incorporation into the FY 2024 process.

Agency	Adopted FY 21-22	\$50,000 Maximum	Annual Difference
Arts Council	\$217,360	\$50,000	(\$167,360)
ESR General	85,230	50,000	(35,230)
Kaleideum	172,360	50,000	(122,360)
North Carolina Black Repertory Company	115,000	50,000	(65,000)
Old Salem Museums & Gardens	197,710	50,000	(147,710)
Winston-Salem Urban League	165,000	50,000	(115,000)
YMCA - Youth Incentive Program	66,000	50,000	(16,000)
Unaffected agencies (15)	380,620	380,620	0
<b>Subtotal</b>	<b>\$1,399,280</b>	<b>\$ 730,620</b>	<b>(\$668,660)</b>

Capping Agency Maximum Contributions to 25% of Organizational Budget

Affected agencies are shown in the table below includes General Fund, Housing Finance, and Occupancy Tax Fund. This alternative assumes SOAR agencies will not be affected.

Expenditures By Agency	Adopted FY22	Agency Budget	25% Maximum Contribution	Annual Difference
HARRY VCOS	\$25,000	\$90,000	\$22,500	(\$2,500)
Liberty East Redevelopment, Inc.	\$31,150	\$31,500	\$7,875	(\$23,280)
Nabvets Chapter 0057	\$10,000	\$10,000	\$2,500	(\$7,500)
Phoenix Rising 2022	\$20,000	\$35,000	\$8,750	(\$11,250)
The Freedom Tree at IDR	\$45,000	\$128,343	\$32,086	(\$12,910)
Unaffected agencies (17)	\$1,268,130	\$45,785,130	\$11,446,280	\$0
<b>Subtotal</b>	<b>\$1,399,280</b>		<b>\$11,519,991</b>	<b>(\$57,440)</b>

**4. Monitoring**

Grant monitoring is a critical component of grant management because it allow grant managers to observe compliance with requirements and progress against project goals, identify opportunities to provide technical assistance, and ensure that adequate controls are in place to improve accountability of City funds. During FY 2021, the former Office of Performance and Accountability recommended changes to community agency contracts that included additional grant expenditure testing, performed by a certified public accounting firm, in lieu of full financial audits. This increased compliance controls and provided smaller organizations an opportunity to avoid the cost of a full financial audit.

Additional grant monitoring is recommended for compliance purposes; however, additional resources in the form of positions would be required to perform such monitoring in the certain areas.

**General Fund, Housing Finance Assistance Fund, and Occupancy Tax Fund**

This category includes grants that are administered by the Budget and Performance Management Department. Additional monitoring would ensure adherence to contracted goals. On-site staff would tour the facility, review financial statements and pertinent information that shows program effectiveness and how it complies with the City's requirements, and discuss the program's operations. A monitoring checklist of items would be used as part of the on-site monitoring process to measure compliance and to promote thoroughness and consistency. Follow-up would take place, and agencies found to be non-compliant would not be eligible for future funding processes.

(See Exhibit A)

### **SOAR**

This category includes grants that are administered by the Police Department's Community Relations Division. These agencies are contractually required to attend capacity building training activities in addition to other mandatory trainings and meetings presented by the Police Department's Community Relations Division. Staff from the department completes on-site monitoring once a month. They review financial reports, client tracking, strategic plans, and effectiveness of the program to reduce recidivism rates.

### **Community Development**

Community Development follows the federal monitoring process for CDBG, HOME, and ESG.

## Exhibit A – Monitoring Checklist

### Item Available for Review

- Client tracking/count report – how many clients have been and are being served.
- Total number agreed to serve per FY22 contract
- Is this number on track with the program projections? If not, why?
- What corrective action is needed to stay on track with the program projections?
- Attendance reports for participants
- What are your referral sources? What strategies are used to recruit and screen participants for the program?
- How do you market your services to the target population?
- What are the measurable objectives for last fiscal year - FY21?

### Program Operation

- What is the screening, admission, and termination process for the program?  
Do you have written eligibility procedures and documentation requirements to make accurate eligibility determinations?
- Are there case notes to document ongoing contact between the case manager and participant? Does it indicate a specific plan to assist a participant with his/her needs? (ex. anger, employment, depression, etc.)
- Are your program services consistent with the description in the contract?
- Does the program use an evidence-based curriculum?  
What evaluation measurement tools are used to determine program effectiveness and maintain service fidelity? Surveys, pre/post service?
- Is there a follow-up with clients after assistance?
- How many are on staff?
- Has there been staff turnover?
- Has it affected the program service delivery?
- Has any aspect of the programs changed since the beginning of the fiscal year?
- Are the physical facilities adequate for program operations?

### Collaborations

- Is the program collaborating with other community agency grantees to better leverage resources? Are there other agencies doing the same work with whom you can collaborate to help more individuals?

## **Financial Information**

- Latest financial statements
- Do you have a viable plan for sustaining grant activities if the City funding ends?
- Can you cite resources that can support the program if City funding ends?
- If seed funded, is the program preparing itself to apply for full funding?
- Discuss budgets – how to complete for payment draws

## **Summary**

Overall program strengths/weaknesses and other summary comments:

What can the City do as a funder to help the organization with processes?

## **Recommendations**

This program is recommended for consideration for continued funding in this current fiscal year:

- YES without conditions
- YES with conditions as noted below
- NOT recommended for consideration for continued funding in this current fiscal year as noted below