MECKLENBURG COUNTY
Community Service Grants:
A Process Evaluaton

Prepared By:
> Sydney Crouch, Jenny Kabool, Lindsay Kocis, Charlie Lamprecht, James Merrick, Cameron Niedermayer, Edson Parra Ramos, Matthew Rhoten, Christopher Sells, Sara Simmons, & Bryan Tarlton

Supervised By:
> Dr. James Douglas: Professor- University of North Carolina at Charlotte
> Doug Bean: Adjunct Professor -University of North Carolina at Charlotte

UNC CHARLOTTE

MECKLENBURG COUNTY
Community Service Grants:
A Process Evaluaton

Prepared By:
Sydney Crouch, Jenny Kabool, Lindsay Kocis, Charlie Lamprecht, James Merrick,
Cameron Niedermayer, Edson Parra Ramos, Matthew Rhoten, Christopher Sells,
Sara Simmons, & Bryan Tarlton

Supervised By:
Dr. James Douglas: Professor- University of North Carolina at Charlotte
Doug Bean: Adjunct Professor -University of North Carolina at Charlotte

Contents

I. Executive Summary

Overview

The students from the Gerald G. Fox Master of Public Administration program (MPA) at the University of North Carolina at Charlotte were asked to assist the County Manager and Budget Executive Team to evaluate Mecklenburg County's current Community Service Grant (CSG) program. The MPA team identified best practices to make recommendations for possible improvement within the County's CSG process.

The CSG program funds local area nonprofits whose missions align with the County's target area goals of: (1) improving high school graduation rates, (2) preventing health risks and diseases, and (3) promoting residents' financial self-sufficiency. The MPA team created a methodology to assess several parts of the grant program and came up with best practices from which to build recommendations. From these best practices, the MPA Team compiled 12 recommendations for implementation in the County's CSG process, to aid in its effectiveness and sustainability.

Methods

To fulfill the goals of establishing best practices and recommendations for Mecklenburg County's CSG program, and to develop a framework for increasing the effectiveness of the CSG program, the MPA Team used several methods of collecting data:

1. A thorough literature review on subjects related to the grant making process
2. Phone interviews and email questionnaires with officials running similar programs in six benchmark counties
3. In-person and phone interviews with grant experts from six local funding organizations
4. A focus group with representatives from ten CSG funded nonprofits
5. A survey for establishing CSG application preferences answered by 11 CSG funded nonprofits
6. A survey of four select Office of Management & Budget (OMB) staff

Using these six methods of obtaining data, a comprehensive view of different approaches to grant making programs was developed from a variety of perspectives. These measures not only provided comprehensive data collection, but also identified comparative best practices and assisted the MPA team in forming recommendations.

Findings

The MPA Team categorized the best practices into five functional areas: Application, Review, Funding, Relationship Management and Renewal.

These five sections were sub-divided further when appropriate. Each sub-section provides a definition of the specific process in question, best practices for that process, a summary of Mecklenburg County's current process, findings from the data, and recommendations for the

County for potentially improving the process. The sections and sub-sections are outlined in Executive Summary Table 1.

Executive Summary Table 1: Process Analysis Focus Areas

Sections	Sub-Sections
Application	The Pre-Application Period, Online Capability
Review	Review Panels, Scoring Systems & Evaluation Criteria, Financial Sustainability, Collaboration
Funding	Funding Distribution
Relationship Management	Feedback Process
Renewal	Sunset Policies

Recommendations

The MPA team identified 12 specific recommendations based on its analysis of application, review, funding, relationship management, and renewal processes as they relate to the CSG program. These specific recommendations are outlined in Executive Summary Table 2.

A summary of the three most prominent recommendations are listed below:

1. **Develop a separate pre-application screening process step to eliminate applicants who do not meet the target area requirements before they begin an application**
2. **Procure an online package software system to host an online grant application process**
3. **Include external reviewers within its review panels for the health risk and diseases prevention and the promotion of residents' financial self-sufficiency target areas**

Each of these recommendations would assist in advancing the County towards adopting best practices for providing community based grant funding. Adopting these practices would benefit the County by taking some of the online application work away from staff members, assuring only qualified applicants are allowed to submit a completed application, and help to insure that assessment scores for grant applications are as impartial as possible.

Overall, the MPA Team found Mecklenburg County to have a well-conceived grant funding process. Mecklenburg County currently implements a large number of best practices relative to the benchmark jurisdictions, and the County's grant recipients are largely satisfied with the process and helpfulness of the OMB staff. The recommendations provided by the MPA Team can serve to make the process even stronger.

Executive Summary Table 2: Full MPA Team Recommendations

Sections	Sub-Section	Recommendation
Application	The Pre-Application Period	1. Mecklenburg County should implement a process where applicants are required to receive pre-approval before they can proceed with completing an application. Local area funders use such a process and claim that it improves their efficiency in processing applications. By requiring pre-approval, the County can eliminate wasted time in reviewing applications that do not meet their needs for the specified target areas.
	Online Capability	2. Mecklenburg County should expand their online application functionality to include a save and return option. All of the nonprofit funders offer this function with their applications and all of the local grantees agree that this option would allow them to be more efficient in creating a CSG application.
		3. Mecklenburg County should expand their online functionality to include online submission confirmations. A majority of nonprofit funders offer this function with their applications and half of the previously CSG funded nonprofits that attended the focus group called for this function to be added.
		4. Mecklenburg County should purchase a packaged software system that offers these application options as an investment in efficiency. Local area funders use such systems and are satisfied with their performance. Additionally, one focus group participant suggested that such systems are more user friendly than the County's. By obtaining such a system, the County would ensure that the previous two recommendations could be implemented.
Review	Review Panels	5. Mecklenburg County should include external reviewers within its review panels for the health risk and diseases prevention and the promotion of residents' financial self-sufficiency target areas. Currently, the County only uses external reviewers for improved high school graduation rates. Abdoul et al (2012) warns that review panels made up exclusively of internal reviewers are more likely to make biased decisions. Additionally, local area funders have indicated that their external reviewers help them make better decisions regarding funding. Including external members on all of its panels can therefore help the County to improve the decision making of its review panels when rating applicants for grant funding awards.

4

		6. Mecklenburg County should conduct site visits of applying nonprofits. Site visits open a line of communication and allows funding agencies the opportunity to see an applicant nonprofit's work firsthand. Site visits can provide the County with a more nuanced view of the CSG applicants, beyond what is displayed on the applications. This practice was highlighted by interviews with local area funders as an important step in the application review process.
	Scoring Systems & Evaluation Criteria	7. Mecklenburg County should create a process to analyze the leadership quality nonprofit CSG applicants. Local funders found this to be a key component of the evaluation process, with four out of six emphasizing the importance of this selection criterion. Whether scored by panelists in the formal ranking process, or discussed by OMB staff informally, the leadership of a nonprofit should be carefully considered through an assessment of the executive director's effectiveness and reputation, in addition to the board of directors' level of giving.
	Financial Sustainability	8. The County should consider requiring multiple years' worth of audits, to ensure that the nonprofit has a strong history of financial sustainability and financial management. This would prevent nonprofits without successful financial histories from being funded. Through the implementation of a multi-year audit review, benchmarked counties such as Davidson (TN), ensure nonprofits have adequate financial audits to prove their longevity.
	Collaboration	9. Mecklenburg County should encourage nonprofit organizations to collaborate when submitting applications to the CSG program. Several local funders believe that collaboration leads to better outcomes. This goal might be achieved by having review panels weight collaboration during the application review process and/or marketing the advantages of collaboration during the information session.
Funding	Funding Distribution	N/A

Relationship Management	Feedback Process	10. Mecklenburg County should implement a formal feedback process. This feedback should be collected from grantees using surveys. Feedback should also be given to applicants regarding application quality. The literature indicates that surveys are a beneficial way for the grantor to collect feedback and use it to help assess the nonprofit's performance (Berner and Bronson, 2005). Many of the local funders found feedback from the nonprofits they have funded to be useful. The United Way of Central Carolinas in particular expressed that feedback collected from nonprofits through their yearly surveys has allowed them to improve their grant program.
Renewal	Sunset Policies	11. Mecklenburg County should provide further information and explanation to applicants and current grantees about how the sunset provision process will work. According to the MPA Team's focus group discussion, local area grantees were not sure about how the County will be implementing the sunset provision. Grantees made it clear that they wanted to be more informed regarding the County's expectations surrounding the sunset provision.
		12. The County should evaluate whether or not this provision is necessary for continuation within the CSG program. The only benchmark county that has had a sunset provision has discontinued the practice. Other jurisdictions believe that sunset provisions might limit their ability to be responsive to changing priorities. With this in mind, the CSG sunset provision should be monitored closely to ensure that it is meeting the County's needs.

I. Introduction

The students from the Gerald G. Fox Master of Public Administration (MPA) program at the University of North Carolina at Charlotte were asked to assist the County Manager and Budget Executive Team to evaluate Mecklenburg County's current Community Service Grant (CSG) program. The CSG program uses the expertise of local nonprofits to provide certain services for county citizens. Currently, grants are awarded to nonprofit organizations based upon their ability to provide services in the following three target areas: improved high school graduation rates, health risk and disease prevention, and the promotion of residents' financial self-sufficiency.

The MPA Team was asked to assess the CSG process to ensure that the County is operating as effectively as possible and investing taxpayer dollars in local nonprofit organizations that are likely to achieve long-term success in the identified target areas. The MPA Team followed a strategy of identifying best practices by looking at counties comparable to Mecklenburg County with similar funding programs, local nonprofit funding organizations, and previous academic research. The MPA Team also questioned County staff and recipients of CSG grants to obtain their perceptions of the CSG process. The MPA Team used the data gathered to make recommendations for possible improvements within the County's CSG process.

This report proceeds as follows: First, an overview of the current CSG process is provided. Next, the Data & Methodology used by the MPA Team is described. Next, the Best Practices section divides best practices into five categories with nine focus areas. The categories are as follows: Application, Review, Funding, Relationship Management, and Renewal. Findings from the data are used to identify the strengths of the County's process as well as opportunities for improvement within each category, and provide recommendations. A summary and final conclusion are given in the last section.

II. Mecklenburg County's Community Service Grant Process

To better serve the citizens of Mecklenburg County, County Commissioners and staff members in the Office of Management and Budget (OMB) have implemented a pathway to potential partnerships with area nonprofits by establishing Community Service Grants (CSG). These grants, ranging from $20,000 to $1,063,000 in fiscal year (FY) 2015, are offered to nonprofit programs that align with the County's specific target areas set by the County Commission. For FY2016, these areas were: 1) improving the high school graduation rate, 2) prevention of health risks and diseases, and 3) promoting residents' financial self-sufficiency. In the budget for FY2015, CSG allocated $3,795,919 in grant funds to 24 nonprofits. The approved budget for the CSG program for FY2016 is $4,064,919, approximately 0.35 percent of the overall budget of Mecklenburg County. Any nonprofit that serves Mecklenburg County with programming that is associated with the target areas is permitted to apply. According to OMB staff, approximately 25 organizations are awarded funding from the County each year, about 64 percent of the total number of applicants.

Information regarding Community Service Grants is available on the County's website at http://charmeck.org/mecklenburg/county/CountyManagersOffice/OMB/Pages/Grants.aspx, and potential applicants are invited to attend informational sessions offered by OMB staff, typically offered in February. Interested nonprofits are able to complete an application that includes a statement of need, performance metrics, and financial statements. Applications are submitted electronically via the County's website and are due by the end of March.

Applications are reviewed based on the following nine factors (see Appendix A for more details):

- Demonstration of Need
- Service Strategy
- Service Delivery Process
- Proposed Service Results
- Professional Association
- Performance Measures
- Data Collection
- Funding Request
- Alignment with Target Areas

Each area is assessed by a panel of subject matter experts who rate each factor on a scale of 1 to 4 (with a "4" being the high score). Panelists are chosen based on their expertise and relation to the target areas. Each target area has its own separate rating panel, ensuring that the subject matter experts are reviewing only the relevant nonprofit applications. The factor scores are averaged for each nonprofit to create a composite rating score. Audited financial statements are reviewed through the Internal Contract Review Division, and given a score regarding their financial capabilities through a separate process. The review panels then make funding recommendations based upon these scores.

Once panel rankings are determined, they are submitted (usually in April) to the County Manager who consults with OMB staff to make adjustments based upon their reviews of the composite scores and financial statements. Once any adjustments have been made, the County Manager includes the CSG recommendations as part of the Recommended Budget. The Board of Commissioners has the authority to make changes based upon their policy preferences and knowledge when they approve the final budget. According to OMB staff, it is typical for final decisions to be slightly different from the recommendations of the panel. Once the County has adopted the final budget, nonprofits that have been awarded grant funding are notified via email or letter. Below is a general timeline for the CSG granting process:

Timeline of Activity for Community Service Grants	
February	Information Session
March	Applications are due
April	Review Panels provide funding recommendations
May	County Manager submits recommended budget to Board of Commissioners
June	Changes and adjustments are made by Board members
Mid June	Final Budget is approved and adopted
July	Grant seeking organizations are notified of funding decisions

Sunset Policy

Beginning with FY2016, the County has implemented a Sunset Policy pertaining to the agreed-upon length of the funding relationship between the County and its nonprofit partners. Grant and service agreements will have a required annual renewal application, as well as quarterly reports of performance outcomes. At the end of a sunset cycle for a nonprofit organization, the County will evaluate their relationship and services to determine the best course of action for the relationship. At this point, the County will make the determination of whether the nonprofit should transition from the CSG program to become a vendor of the County. Vendor status is when the county agrees to fund an organization without reapplying yearly for a grant. If the County determines that the nonprofit does not qualify for vendor status, then they are asked to either reapply for CSG funds, or refrain from reapplying. Nonprofits will be permitted to apply for vendor status beginning in FY2018. The Sunset Policy will be discussed in greater detail later in the report within the Sunset Policy section.

III. Data and Methodology

The MPA Team employed the following methods of data collection to assess the CSG process:
- A thorough literature review on subjects related to the grant making process
- Phone interviews and email questionnaires with officials running similar programs in six benchmark counties
- In-person and phone interviews with grant experts from six local funding organizations
- A focus group with representatives from ten CSG funded nonprofits
- A survey for establishing CSG application preferences answered by 11 CSG funded nonprofits
- A survey of four select OMB staff

With these six sources of data, a comprehensive view of various approaches to grant making programs was formed and a wide range of best practices were identified. Below are full

descriptions of each research method:

Literature Review

The MPA Team examined academic literature in order to identify best practices cited in previous research.

County Government Benchmarks

The MPA Team benchmarked the County's CSG process against comparable counties' grant programs in an effort to identify useful practices being implemented by other jurisdictions. Counties were selected based on demographic similarities to Mecklenburg County, their geographic location, and style of County governance. Some Counties were included per OMB staff recommendations. Based on these criteria, the following counties were identified as benchmarks to the County's CSG program:

1. Durham County, NC
2. Davidson County, TN
3. Forsyth County, NC
4. Fulton County, GA
5. Guilford County, NC
6. Wake County, NC

The MPA Team conducted telephone interviews and administered email questionnaires to the appropriate staff in these counties. County officials from each jurisdiction were asked questions related to their community grant processes in order to identify common and best practices. Officials in Maricopa County (AZ), Hamilton County (OH), and Travis County (TX) were also contacted. These officials reported that they did not have similar grant programs, so they were dropped from the analysis. For a full list of benchmarking questions, see Appendix B.

Focus Group of CSG Funded Nonprofits

A focus group with current CSG funded and previously CSG funded nonprofits was held on June 23, 2015, at 4:00 pm, at Charlotte Works in Uptown Charlotte in order to garner feedback from organizations that have navigated the County's funding process. Participants were chosen from the public list of funded agencies identified in the FY2015 and FY2016 approved budgets for Mecklenburg County. Invitations were sent to 30 organizations and 10 accepted the invitation to attend. Representatives from the nonprofits included executive directors, grant writers, and development staff.

Attendees from the following organizations participated:

1. Arts & Science Council
2. Communities in Schools
3. First Baptist Church West

4. International House
5. Latin American Coalition
6. MedAssist of Mecklenburg
7. Shelter Health Services
8. Urban League of Central Carolinas
9. Y-Readers
10. A local health advocacy organization

Questions for the focus group (a full list of which can be seen in Appendix C) were designed to stimulate open-ended conversation regarding their experiences with the grant application process in order to identify points of satisfaction as well as potential areas for improvement.

Survey of CSG Funded Nonprofits
A confidential survey was sent to all organizations funded by CSG in both FY2015 and FY2016 (including those that attended the CSG focus group). The survey was designed to gather data on the satisfaction of organizations involved in the grant funding process, with focus on the application platform itself.

For a full list of questions asked, please see Appendix D. In their response to these questions, respondents were asked to rate their level of satisfaction regarding the CSG process and were also offered the opportunity to provide more detailed feedback through two open-ended questions.

The survey was distributed through an online survey tool, Google Docs, and was anonymous (organizations were given the option to identify themselves if they desired) in order to provide respondents the opportunity to give candid responses. The response rate was 40.7%, with 11 out of 27 invited organizations submitting completed surveys.

Personal Interviews with Local Nonprofit Funding Agencies
Personal interviews were conducted with leaders of six local funding agencies in order to gain insight into their grant application processes. These six agencies offer grant funding to local nonprofits. The MPA Team reasoned that other types of funders might follow practices that local governments are not aware of and, therefore, be missed by the benchmark data. As a result, interviewing officials from these organizations could identify potential processes that might be useful to Mecklenburg County. Four out of six interviews were conducted face-to-face, with the Bank of America Charitable Foundation and Foundation for the Carolinas interviewed over the phone. A full list of the questions asked can be found in Appendix E. The following organizations and leaders participated in these interviews:

- Arts & Science Council: Robert Bush, President; and Rebecca Scroggins, Governmental Relations Manager and Grant Writer

- Bank of America Charitable Foundation: Emily Crow, Philanthropy & Volunteerism Manager
- Duke Endowment: Phil Redmond, Associate Director
- Foundation for the Carolinas: David Snider, VP of Community Programs; Catherine Warfield, VP of Center for Personal Philanthropy; Ayanna Wakefield, Board and Grants Specialist; and Kandace McDonah, Grants Specialist
- Leon Levine Family Foundation: Tom Lawrence, Executive Director
- United Way of Central Carolinas: Dennis Marstall, VP of Community Investment and Impact

Survey of Select Mecklenburg County Office of Management and Budget Staff

A survey of select Mecklenburg County OMB staff was completed to determine staff opinions on the CSG process. Staff members were selected based on their familiarity with the CSG process and were asked to provide feedback on that processes, with a focus on identifying areas of potential improvement. The following Mecklenburg County OMB staff members were surveyed:

- Monica Allen, Director of Strategic Planning & Evaluation
- Michael Bryant, Budget Director
- Adrian Cox, Budget Manager
- Christopher Williams, Project Manager for Community Service Grants

OMB staff were surveyed via email. A full list of the questions asked of OMB staff can be found in Appendix F.

IV. Best Practices

Findings and Recommendations

The MPA Team identified best practices based on the literature review, interviews with benchmark counties, local area funders, CSG recipients, and OMB staff. This section separates the findings into functional categories and provides recommendations based on those findings. The functional categories analyzed are: Application, Review, Funding, Relationship Management and Renewal. These categories are sub-divided further by specific processes. Each sub-section is organized as follows:
- A definition of the specific process in question is given
- Best practices for that process are identified and defined
- Mecklenburg County's practices regarding the process are described
- Findings from the data relevant to the process are analyzed
- Recommendations are provided regarding the process

Application

Before a funding agency can award funding to nonprofits, those nonprofits must complete an application to assert their qualifications for the funding. This process can have multiple steps and require a verity of supporting documentation from the applicants to best fit the funding agency's needs and goals.

A. The Pre-Application Period

The pre-application period is the timeframe when nonprofits gather necessary documentation to determine whether they potentially qualify for grant funding from a particular funding agency. The funding agencies then determine if a nonprofit is a viable candidate to apply for funding through their grant programs. The literature was largely silent regarding the pre-application process and offered no suggestions for best practices. The MPA Team used benchmarked counties and the responses to the interviews and surveys to identify four pre-application best practices:

- *Target Area Alignment*. Funders may have established target areas where they want to see nonprofit programming focused around in order to maximize the achievement of certain goals. Applicants are required to demonstrate that they would use any grant dollars they receive to pursue goals within these target areas. Inability to do so results in disqualification from the application process. Setting target areas by the funding agency ensures that the goals of both the funder and potential grantees are properly aligned, saving the funder time by eliminating applications that offer lower priority services.

- *Specific and Transparent Eligibility Requirements*. Eligibility requirements are those that are set by the funding agency to determine if a nonprofit will meet their application criteria. Aside from being able to achieve goals within specific target areas, granting agencies may want applicants to meet these other standards and requirements. These might include desirable characteristics such as maintaining a diverse workforce, or they might focus on the ability of applicants to be financially sound. Inability to meet these requirements would disqualify nonprofits from the application process.

- *Hosting Grant Information Sessions*. Information sessions are events held by funders in order to inform potential applicants of the goals of their grant programs, requirements, and procedures for applying for grant money. During the hosting sessions, potential applicants can ask for guidance on how the application process works. By providing clear guidelines and expectations, the application process is strengthened through communication between the grantor and the grantee (Gurwitz, et al., 2014).

- *Applicant Pre-Approval Process.* A pre-approval process is an independent screening step in an application process for grant funding.   Specifying target areas and other eligibility requirements and holding information sessions does not necessarily prevent ineligible nonprofits from submitting applications. Funders may develop a pre-approval process for initially screening applications to see if they provide all of the required information and are eligible to receive funding through the grants stipulations. This takes place through a phase of the application process that occurs prior to the full application being submitted. Some funders require a shorter version of the application to more quickly exclude ineligible nonprofits, while some only require prior communication and approval through the use of a distributed application password. Additionally, vetting improper applications or incomplete applications prior to processing can save the funder time during the evaluation phase for applications.

Mecklenburg County's Process

Mecklenburg County utilizes three of the four best practices identified in this study. Information regarding the application process and eligibility requirements can be found on the County's website at charmeck.org/mecklenburg/county/CountyManagersOffice/OMB/Pages/Grants.aspx. Applicants are informed on the website of the target areas that have been specified by the County Commission and that the funding received must be used to pursue goals within at least one of these target areas.

The County also requires applicants to prove that they meet additional eligibility requirements. The County website instructs applicants to submit documentation demonstrating that they 1) have an adequately diverse workforce, 2) have never had revenue suspension from another governmental agency, 3) owe no overdue taxes, and 4) are members of the North Carolina Center for Nonprofits. The necessary documents must be submitted on the second page of the grant application. Failure to demonstrate target alignment and provide methodology of how the applicant will provide or achieve successful outcomes will disqualify nonprofits from being selected to receive a grant.

The County holds an information session once a year, in February with the date and time provided on their website. Nonprofits interested in receiving funding are responsible for visiting the site to ascertain when the sessions will be held—no invitations are sent out by the County. A critical aspect of the information session is regarding fiscal sustainability of the applicants, which is discussed further in the Financial Sustainability section of this report. The applicants are required to provide financial statements as evidence that they would be able to support a program with or without the County's Funding. The information session provides a comprehensive overview of eligibility requirements and the application process. Attendees are shown the types of documentation they need to submit and how to follow the steps on the online application. The information session also includes time for questions, allowing nonprofits to have a solid understanding of the expectations and deadlines of the County.

Findings and Analysis

Table 1 reveals that Mecklenburg County compares well with the benchmark counties and other local funders regarding the number of pre-application best practices it employs.

Table 1: Pre-Application Best Practices

	Target Area Alignment	Eligibility Requirements	Information Sessions	Pre-Approval Process
Mecklenburg County, NC	X	X	X	
Davidson County, TN	X	X		
Durham County, NC	X	X		
Forsyth County, NC				
Fulton County, GA	X	X	X	
Guildford County, NC	X			
Wake County, NC		X		
Arts and Science Council	X	X	*	X
Bank of America Charitable Foundation	X	X	*	X
Foundation for the Carolinas	X	X	*	X
The Duke Endowment	X	X	*	X
The Leon Levine Family Foundation	X	X	*	X
United Way Central Carolinas	X	X	*	X

*Local funders were not asked questions regarding hosting information sessions

Benchmark Counties

Use of target area alignment and other eligibility requirements were fairly common across the benchmark counties, with four of six utilizing both practices. Target areas varied between jurisdictions, reflecting a diversity of preferences and needs based on local demographics. Other eligibility requirements tended to be very similar.

Fulton County (GA) is the only benchmark jurisdiction to hold information sessions for applicant nonprofits, indicating that Mecklenburg County is also ahead of the curve regarding this best practice.

Durham County is the only benchmark jurisdiction to have a formal pre-approval process. Durham County stated that this process was necessary to determine which organizations were qualified to apply for funding. Financial sustainability and target area alignment of nonprofit applicants is evaluated during the formal pre-approval process in Durham County.

Local Area Funders

Table 1 reveals that local area funders place great stock in ensuring that applicants are pursuing the funder's target areas and adhering to documentation requirements as instructed. All six of the organizations interviewed stated that they utilized target area alignment, eligibility requirements, and pre-application screening processes. The latter finding is in stark contrast to most of the benchmark jurisdictions, few of which use pre-screening. Funders that specified that they had a pre-application screening process found it to be a beneficial step for both the funders and applicants alike.

The Duke Endowment requires their applicants to complete an abbreviated one-page pre-application form that must be approved prior to the submission of the full application. Discussing this process, a representative of the Duke Endowment stated that "It is more helpful for the nonprofit to find funding elsewhere rather than having to wait till the board meetings to find out they are not qualified". This pre-screening process allows the Duke Endowment to make determinations regarding which nonprofits will be allowed to submit a full application. Likewise, the Arts & Science Council requires applicants to first call and speak with a staff member to ensure that the applicant nonprofit's programming aligns with the Arts & Science Council target areas. The Arts & Science Council gives access codes to applicants that are approved to move forward in the application process that grants them access to submit an online application. These funders stated that the additional step of pre-screening applicants in the process helps them to be more efficient by preventing the submission of unqualified applications.

None of the local funders that were interviewed remarked that they provided information sessions to their applicants. Specific interview questions were not asked regarding hosting information sessions, so inferences cannot be made as to why the funders chose not to implement them. It is also unclear if some simply do not consider information sessions as part of their overall application process.

Grant Recipients

Local nonprofits that have received CSG funding appear to be largely satisfied with Mecklenburg County's pre-application process. None of those interviewed or surveyed expressed any concerns with the process. Nonprofits were especially pleased with the information sessions offered by the County and expressed a group consensus that these sessions were helpful, serving as a platform for questions, communication, and relationship building. One participant within the focus group stated, "I will say I found the presentation about the Community Service Grants that the County held was very well done. The staff were very responsive to questions and the grant form was fairly simple to navigate." Additionally, several officials from the local nonprofits applauded OMB staff for being approachable and willing to answer questions when approached.

OMB Staff

County staff indicated that they are generally pleased with Mecklenburg County's pre-application process. In particular, they expressed satisfaction with a requirement for nonprofits to provide their financial statements in order to show that they are financially sustainable. This focus on financial management is explored further in the findings section for Financial Sustainability.

Recommendations

The data reveal that Mecklenburg County is performing well regarding its pre-application process. OMB staff and grant recipients are satisfied with the process, and in regards to the identified best practices, the County appears to be outperforming many of the benchmark jurisdictions. However, the data does suggest one area where the County's performance might be improved. The MPA Team has the following recommendation:

> *Recommendation 1*: Mecklenburg County should implement a process where applicants are required to receive pre-approval before they can proceed with completing an application. Local area funders use such a process and claim that it improves their efficiency in processing applications. By requiring pre-approval, the County can eliminate wasted time in reviewing applications that do not meet their needs for the specified target areas.

B. Online Capability

Online capability refers to the use of online resources that act to streamline various aspects of a funding agency's grant application process. Online capabilities can include the adoption of a fully online application through a package software system. Literature on the subject of online capabilities expands the definition beyond the use of online tools and resources, to include the responsibility of a funding organization in the determination of what is needed and desired by their online users and effectively implementing those requests. Saxton, Guo and Brown (2007) identified the "online responsiveness" of a funding agency as an essential part of making granting organizations' and grant-seeking nonprofits' work easier. The MPA Team used the literature, focus groups, OMB staff interviews and benchmark counties to identify four best practices:

- *Online Application.* An online application refers to the ability of a grant applicant to fill out information to apply for a grant in a web-based browser. Customarily, online applications can be found via a hyperlink on an organization's webpage or by logging into an internet-based system to reach an online form. In the past, granting programs have offered paper applications, which required the use of the mail system when applying for a grant. By offering an internet-based application, organizations are offering the quickest

and most efficient method of applying for a grant. Both the granting organization and the nonprofit applying for a grant save valuable resources in completing an application online, such as time, supplies, and cost.

- *Offering an Online Application with a Save and Return Function.* Within some online grant applications while applicants are in the process of entering information, there is a function that allows them to save that information and return to it at a later date. Depending on the amount of required documents and narratives, completing an online grant application may take a long period of time. Providing nonprofits with the flexibility of saving their work should enable them to be more complete and thorough with information entry, resulting in a better application. Adding a save and return function saves time and effort for funding organizations by ensuring that the application materials are presented in a pre-approved and cohesive format, and can reduce frustration for applicants and ensure that funders are receiving high-quality applications.

- *Offering an Online Application Submission Option with Confirmation.* Once an online grant application is fully completed by the applicant, there can be an option to submit that application via the Internet. Typically, applicant users can click a "Submit" button on the application webpage when they have finished entering their grant request information. Some online applications automatically generate and send a confirmation of submission to the applicant user to verify that all of the pieces of the application have been successfully submitted.

- *Use of Packaged Software to Accomplish Three Previous Best Practices.* There are software packages available for purchase that are designed for hosting grant applications online on funding agencies behalf. Understanding the needs of constituents and fulfilling their request for an online application portal can be reached by using this type of software. A majority of these systems have been thoroughly tested and offer the functionality of an online application including the ability to save and return to the application, the capability of submitting the application online, and automatically issuing a confirmation of application submission. In using existing software that is designed specifically for grant applications, granting organizations can take advantage of using software that already has the functionality that will meet the needs of their constituents. Additionally, most software packages come with expert technical support that can aid both those applying as well as those managing the application process.

Mecklenburg County's Process
Mecklenburg County's CSG grant application is available online and must be submitted electronically by applicants. The CSG online application has four sections with multiple components that make up each section. These sections include: a Cover Sheet, a Service Summary, a Performance Summary, and a Budget Summary. Each section allows the applying nonprofits to type narrative responses with a 1,200 maximum character limit. If the text exceeds the limit, the application review panel, which will be further discussed in the following Review

Panels section, will only see the first 1,200 characters of the response. In addition to the overall application, six supporting documents are required by the County and are listed below:

- An audited financial statement (following GAAP rules and conducted by a Certified Public Accountant)
- An IRS letter certifying 501(c)3 status
- An organizational Diverse Workforce Policy
- Organizational Articles of Incorporation or bylaws
- Salary disclosure
- NC Center for Nonprofit Certification

Inside the County's current online application system, there is no ability for applicants to save their entered information and return to it at a later time. Applicants must complete all four sections of the application and submit all six supporting documents in one online session.

Nonprofits wishing to submit an application online can do so within the current online system for CSG applications. However, there is no submission confirmation given to applicants, which can leave the applicant uncertain as to if all their documents have been submitted and received properly. Applicants can request submission confirmation from an OMB staff member, but that request must be made outside of the online application system process.

Presently, Mecklenburg County houses the online application system in-house with its own technical department providing support.

Findings and Analysis
Table 2 reveals how Mecklenburg County compares with benchmark counties and local funders regarding the implementation of online best practices. Mecklenburg County is offering only one out of the four identified best practices. This is equal to or better than all but one of the benchmark counties, but much lower than all of the local funding organizations.

Table 2: Online Application Best Practices

	Online Application	Save and Return Function	Submission Confirmation	Use of Packaged Software for Application System
Mecklenburg County, NC	X			
Davidson County, TN				
Durham County, NC	X	X	X	X
Forsyth County, NC				
Fulton County, GA	X			
Guildford County, NC	X			
Wake County, NC				
Arts and Science Council	X	X	X	X
Bank of America Charitable Foundation	X	X	X	X
The Duke Endowment	X	X	X	X
The Leon Levine Family Foundation	X	X	X	X
Foundation for the Carolinas	X	X	X	X
United Way Central Carolinas	X	X	X	X

Benchmark Counties

As seen in Table 2, Mecklenburg County provides comparable online capabilities to the benchmark counties. Only Durham County offers superior online capabilities, as they include the options to save an application and return to it later, digital confirmation of application completion, and they use a third party software to manage their online application process. To provide these services for their online grant application system, Durham County uses software provided by United Way called E-CImpact.

Local Area Funders

Local funders ranked highly in their ability to provide numerous online features for grant applicants. All six funding organizations reported that they offer an online application for their grant programs, with half stating that they added the online application recently to upgrade their customer service offerings. These funders said that the implementation of an online application has improved their application processes for their grantees significantly. All of the local funding organizations reported that they offer both a save and return option and submission confirmation functions within their application systems. The United Way noted that offering these application features was well received by its grant funding applicants, with many nonprofits praising the features for making the labor-intensive United Way application easier to complete.

All local funders make use of packaged software to support their online submissions and noted that this greatly improved their processes. Systems that the organizations use include:

- Community Force (www.communityforce.com)
- Cyber Grants (www.cybergrants.com)
- E-CImpact (provided by www.seabrooks.com)
- Sales Force. (www.salesforce.com)

Local funding agencies were generally pleased with the software packages they used, citing them as efficient tools for processing their grant applications. The Arts and Science Council, for example, was especially pleased with how their online system freed up staff time and resources.

Grant Recipients
When discussing the CSG grant application, 100% of nonprofit focus group attendees spoke positively of the fact that the application could be completed online. They agreed that an online application is necessary and provides the benefit of an efficient application process.

However, when asked what functions could be added to the current online application to increase feasibility in use, many spoke up and requested Mecklenburg County offer the option to save data on the application and return to it at a later time. A majority of the nonprofit representatives agreed that the current CSG application is too cumbersome to complete in one session; the survey results revealed 7 out of the 11 representatives felt very strongly about how important being able to save their work would be and how beneficial this feature would be to the application. One said, "[the CSG] application takes too long and I cannot provide the information needed. I have to create my own work-arounds for writing all the narration."

In addition to requesting a save and return function, a few nonprofit representatives suggested an online confirmation for documents have been successfully submitted with their application. One nonprofit representative mentioned that because they did not receive a submission confirmation, they did not realize that their budget documents had not uploaded successfully. The representative for this nonprofit continued, saying, "I had no idea that the application was not complete because there was no confirmation. I only realized that my application wasn't complete when I noticed we didn't receive any funding." One representative compared the CSG application process to that of the Arts and Science Council. They said, "The Arts and Science Council application is so easy to do. Mecklenburg County should use their system."

The overall application process was assessed through the survey distributed to the CSG funded nonprofits. When asked, "Do you believe the County's online application is easy to use?" respondents scored the process an average of only 2.83 out of 5. In addition, most responses to the question, "Please provide any feedback on potential improvements to the County's grant application and application process" were in regards to the online application.

OMB Staff
OMB staff members did not mention any specific strengths or weaknesses regarding the online application. One staff member did call the CSG process, "very efficient." However, another staff

member mentioned that two applications in FY2015 had been incomplete and were therefore considered "weak applicants." The staff member did not mention the reason the applications were incomplete, but it is worth noting that the nonprofit representative who mentioned an incomplete application in the focus group said it was due to not receiving confirmation of submission.

<u>**Recommendations**</u>

The data reveal several areas where Mecklenburg County can improve its online application. The MPA Team makes the following recommendations:

> *Recommendation 2*: Mecklenburg County should expand their online application functionality to include a save and return option. All of the nonprofit funders offer this function with their applications and all of the local grantees agree that this option would allow them to be more efficient in creating a CSG application.
>
> *Recommendation 3*: Mecklenburg County should expand their online functionality to include online submission confirmation. A majority of nonprofit funders offer this function with their applications and half of the previously CSG funded nonprofits that attended the focus group called for this function to be added.
>
> *Recommendation 4*: Mecklenburg County should purchase a packaged software system that offers these application options as an investment in efficiency. Local area funders use such systems and are satisfied with their performance. Additionally, one focus group participant suggested that such systems are more user friendly than the County's. By obtaining such a system, the County would ensure that the previous two recommendations could be implemented.

<u>Review</u>

Once an application for grant funding has been submitted, a review process is begun to assess the quality and viability of the applications.

A. Review Panels

A review panel is a group of individuals used by funding organizations to assess the quality of grant applications. The MPA Team identified four best practices for review panels based upon the literature review, benchmark counties and interviews with OMB staff, local area funders and grantees:

- *Internal Reviewers.* Internal reviewers are individuals who are employees of the granting organization who evaluate applications for grant funding. The advantage of using internal reviewers is that, as employees, they have a working knowledge of the goals of the granting agency, and therefore are likely to prioritize applications that are most able to meet their organization's objectives (Abdoul et al, 2012).

- *External Reviewers.* External reviewers are individuals with no employment ties to the organization that act as volunteers on review panels to evaluate grant applications. Abdoul et al (2012) found that panels consisting solely of internal reviewers often make decisions that are biased. External reviewers can reduce this bias by bringing in outside perspectives and information that internal reviewers might ignore inadvertently or be unaware of.

- *Subject Matter Experts.* Subject matter experts are individuals who possess the knowledge and/or experience within a specific area of interest to the funding organization. Their backgrounds enable them to make informed assessments regarding the quality of grant applications in terms of the ability of applicants to maximize the use of funding to achieve desirable goals within the target area. Both internal and external reviewers can be subject matter experts.

- *Site Visits.* Site visits consist of the members of review panels visiting applicant organizations in order to see firsthand the work performed by the applicants, assess their capacity to carry out the grant, and better understand the project proposal outlined in the applications. Doing so can help them make better decisions regarding which applicants are best qualified to receive funding.

Mecklenburg County's Process

Mecklenburg County uses a separate panel to review applications within each of its three target areas. These review panels are composed primarily of internal reviewers. Internal members that make up each review panel are selected from different departments across the County based upon their roles and familiarity regarding those specific target areas. These reviewers are considered subject matter experts as their positions coincide with the target area they review. Individuals asked to participate on the review panels are selected by the CSG Project Manager and approved by OMB staff.

The County incorporates external reviewers from the local Charlotte-Mecklenburg School district for the review panel that rates applicants for the target area aimed at increasing graduation rates. However, external reviewers are not included on the panels for the remaining target areas.

The review panels and OMB staff do not conduct site visits.

Findings and Analysis

Table 3 reveals that Mecklenburg County compares well with the benchmark jurisdictions but falls slightly short of the majority of local funders in terms of the number of review process best practices it follows.

Table 3: Review Panels Best Practices

	Internal Reviewers	External Reviewers	Subject Matter Experts	Site Visits
Mecklenburg County, NC	X	X	X	
Davidson County, TN	X		X	
Durham County, NC	X		X	X
Forsyth County, NC				
Fulton County, GA	X	X		
Guildford County, NC	X			
Wake County, NC	X			
Arts and Science Council	X	X	X	X
Bank of America Charitable Foundation	X		X	X
The Duke Endowment	X	X	X	
The Leon Levine Family Foundation	X	X	X	X
Foundation for the Carolinas	X	X	X	X
United Way Central Carolinas	X	X	X	X

Benchmarking Counties

Mecklenburg County's review process compares positively to the benchmark counties. On average, benchmark counties only incorporate two of the best practices identified above, while Mecklenburg County uses three out of the four review panel best practices.

From Table 3, it can be seen that all counties except Forsyth County use internal reviewers. Forsyth County differs in that it relies on the Board of Commissioners exclusively to make its funding decisions. Fulton County (GA) is the only benchmark jurisdiction that uses external reviewers, while Durham County is the only jurisdiction that stated that it conducts site visits of applicants. An official in Durham County's budget office explained that site visits are an important part of the County's process because they provide a rich source of information that cannot be attained through a simple application.

Subject matter experts are included in the review panel for both Davidson (TN) and Durham Counties. Davidson County (TN) incorporates local nonprofit representatives who are chosen by the Mayor's office to act as subject matter experts when reviewing grant applications.

Local Area Funders

Four of the six local funders interviewed use all four identified best practices for application review panels. All six use both internal reviewers and subject matter experts on their review

panels. All except the Bank of America Charitable Foundation use external reviewers, and all but Foundation for the Carolinas conduct site visits. In regards to external reviewers, some local funders admitted to resorting to occasionally asking their volunteers and donors to serve on their review panels to bring a higher-level of community involvement into the process. Respondents also stated that they liked to include individuals with experience in the nonprofit sector to their panels because they are well suited to judge the ability of the nonprofit applicants to succeed in their programming. Respondents were almost unified in their belief that site visits were very important in helping them make good funding decisions. They expressed that a good site visit should last a minimum of three hours and examine details about the applicant's staff, finances and budget, and any current issues facing the organization.

Grant Recipients
The local CSG grant recipients raised no concerns regarding the CSG review panels.

OMB Staff
According to OMB staff, the independent panels of subject matter experts strengthened the CSG review process. An OMB staff member stated that the review panels may be the strongest portion of the CSG process.

Recommendations

The MPA Team found that Mecklenburg County is performing well with regard to its review panels. The County would be well served to continue its practices of using internal and external reviewers who are subject experts. The collected data do suggest two areas for potential improvement:

> *Recommendation 5:* Mecklenburg County should include external reviewers within its review panels for the health risk and diseases prevention and the promotion of residents' financial self-sufficiency target areas. Currently, the County only uses external reviewers for improved high school graduation rates. Abdoul et al (2012) warns that review panels made up exclusively of internal reviewers are more likely to make biased decisions. Additionally, local area funders have indicated that their external reviewers help them make better decisions regarding funding. Including external members on all of its panels can therefore help the County to improve the decision making of its review panels when rating applicants for grant funding awards.

> *Recommendation 6:* Mecklenburg County should conduct site visits of applying nonprofits. Site visits open a line of communication and allows funding agencies the opportunity to see an applicant nonprofit's work firsthand. Site visits can provide the County with a more nuanced view of the CSG applicants, beyond what is displayed on the applications. This practice was highlighted by interviews with local area funders as an important step in the application review process.

B. Scoring Systems & Evaluation Criteria

Funders use a variety of criteria in order to rate, score, and analyze nonprofits in the grant selection process. This system allows funders to strategically select nonprofits to award funding to through a clearly outlined process. The clarity of rating scales that an applicant will be judged against fosters fairness and transparency within the scoring process. The literature was largely silent regarding scoring system formation, but best practices were drawn from benchmark counties and local area funders. While evaluation processes vary across counties and funders, a number of themes in the scoring process appeared. First, the use of a formal ranking process was identified as an important mechanism that strengthens the validity of decision-making. Many local funding agencies used informal criteria alongside their formal review process, including evaluating an applicant's mission alignment, performance measures, and the applicant's leadership. In research based on the focus groups, OMB staff interviews, and benchmark counties regarding application scoring systems, the MPA Team identified three best practices:

- *Formal Ranking Process.* A formal ranking system can be defined as a practice by which grantees are evaluated on a variety of pre-determined criteria using a methodical scoring system. This process typically occurs through the use of a review panel, which may include internal and external reviewers, as well as subject experts. Formal ranking systems allow funders to objectively assess nonprofits seeking funding on the criteria that are of highest priority to the funding agency.

- *Mission Alignment with Target Areas.* Target area alignment ensures that an applicant nonprofit organization's mission and programs align with the goals of the funder. By assessing the extent to which applications align with target areas, funders are able to select nonprofits that can best achieve their objectives and avoid issues such as mission drift, where organizations may attempt to work outside their mission or area of expertise in order to receive funding.

- *Use of Performance Measures.* Requiring applicant nonprofits to provide reports of their potential performance measures allow funding organizations to rank applicants on quantifiable and achievable goals, outputs, and outcomes. These metrics assist funders in identifying programs that will best achieve their target area goals.

- *Assessment of Nonprofit Leadership.* The assessment of nonprofit leadership involves evaluating the reputation, knowledge, expertise, and other leadership qualities of the individuals and the boards responsible for managing grant funded programs. Leadership plays an important role in organizational effectiveness, and its assessment can assist funding agencies in determining which applicant nonprofits are most likely to provide quality services.

In addition to the formal ranking process and the three evaluation criteria above, an analysis of financial stability was also highlighted as a key component of the review and evaluation process. Financial management criteria will be discussed in detail in the Financial Sustainability section of this report.

Mecklenburg County's Process

Mecklenburg County uses a formal ranking process in evaluating potential CSG recipients. In this process, a review panel ranks each grant applicant on a scale of 1 through 4, with 4 being the highest score, in the following nine categories (see Appendix A for full explanation of each scoring category):

- Alignment with Target Areas
- Performance Measures
- Demonstration of Need
- Service Strategy
- Service Delivery Process
- Proposed Service Results for FY2016
- Professional Association
- Data Collection
- Funding Request

Using the panelists' composite scores, the County Manager and OMB staff makes funding recommendations to the Board of Commissioners, who make the final funding decisions.

As can be seen from the list of criteria above, two out of three of the best practice criteria are rated by the panelists—target area alignment and performance measurement. An assessment of leadership is not currently examined by panelists or OMB staff.

Findings and Analysis

Table 4 indicates which counties and local funding agencies are currently using the best practices identified by the MPA Team. Mecklenburg County outperforms the benchmark counties in its evaluation process and use of scoring criteria.

Table 4: Scoring Systems and Evaluation Criteria Best Practices

	Formal Ranking Process	Mission Alignment with Target Areas	Performance Measures	Assessment of leadership
Mecklenburg County, NC	X	X	X	
Davidson County, TN		X		
Durham County, NC	X		X	
Forsyth County, NC				
Fulton County, GA		X	X	
Guilford County, NC	X	X	X	
Wake County, NC				
Arts and Science Council	X	X	X	
Bank of America Charitable Foundation		X	X	
Foundation for the Carolinas	X	X	X	X
The Duke Endowment	X	X	X	X
The Leon Levine Family Foundation	X	X	X	X
United Way Central Carolinas		X	X	X

Benchmarking Counties

In comparison to benchmark counties, Mecklenburg County performs similarly to Guilford County, which also makes use of three out of four of the best practices identified above. All other counties utilized between zero and two best practices, with only two other counties (Durham and Guilford) using a formal ranking process. Mecklenburg County additionally looks at both mission alignment with its identified target areas and requires performance measures, which is only used by three out of six of the benchmark counties. None of the counties in this study, including Mecklenburg County, identified leadership as an important component to analyze in the evaluation process.

Local Area Funders

As shown in Table 4, three out of six local funding agencies make use of all four best practices outlined above. Four make use of a formal ranking system, with the Arts & Science Council, for example, using a carefully selected panel made up of individuals with diverse backgrounds that score nonprofits applying for funding. All six funders discussed target area alignment and performance measures as being integral aspects of their selection process. The Leon Levine Family Foundation representative, for example, emphasized the importance of "mission match" to the target areas outlined by the organization.

In addition, four out of six local funders discussed the assessment of leadership as a key component of the evaluation process. This is the only identified best practice not currently being used by Mecklenburg County within its scoring process, but local area funders feel as if this is a

valuable tool in identifying successful organizations. Duke Endowment's representative said it is important for funders to consider the reputation of the executive director of each nonprofit as well as the extent to which the nonprofit's board members donate to the organization (it is typically expected that 100% of the board members donate). Funders reported that their assessment of leadership often takes place informally, or outside of the formal ranking process. Foundation for the Carolinas, for example, stated that their analysis of leadership occurred through their own knowledge of executive directors and staff. Despite the method of analysis, however, each of the four funders that discussed leadership in their evaluation process identified leadership as one of the top criteria considered in the selection process.

Grant Recipients

A discussion of scoring systems was not part of the focus group held with grant recipients.

OMB Staff

OMB staff did not comment on the County's scoring system or evaluation criteria, as this was not a question specifically posed to them for data collection.

Recommendations

The data collected by the MPA Team reveals that Mecklenburg County is performing well regarding its evaluation criteria and CSG applicant scoring system. The County outperforms most benchmark counties and trails closely behind local area funders in this process. Based on the above findings, one key recommendation was identified regarding the County's evaluation criteria:

> *Recommendation 7:* Mecklenburg County should create a process to analyze the leadership quality of nonprofit CSG applicants. Local funders found this to be a key component of the evaluation process, with four out of six emphasizing the importance of this selection criterion. Whether scored by panelists in the formal ranking process, or discussed by OMB staff informally, the leadership of a nonprofit should be carefully considered through an assessment of the executive director's effectiveness and reputation, in addition to the board of directors' level of giving.

C. Financial Sustainability

Financial sustainability is the ability of organizations to function without reliance on a single funding source while still remaining viable, even in a changing funding landscape (Morganti et al., 2012). Ensuring financial sustainability on behalf of nonprofits protects funding agencies as well, assuring that their own budget will not be threatened by a funded nonprofits' inability to perform. Funding agencies can simply require an audit from their applicants, but ensuring financial sustainability generally necessitates a multifaceted approach. The MPA Team used

relevant literature and data from benchmarking counties, interviews, and surveys to identify two best practices that would ensure the financial sustainability of nonprofit applicants:

- *Financial Review Process.* A financial review is a process wherein funding agencies can assess the strengths and weaknesses of applicant agencies' financial capabilities. These reviews establish basic financial requirements that a nonprofit must meet to remain within the application pool. A financial review panel within the funding organization can assure that nonprofits meet requirements and allows funders to evaluate the financial condition of applying nonprofits. An examination of audit documents and other financial records provides insight into the financial stability and sustainability of nonprofit applicants. The financial review process will ultimately indicate whether or not the nonprofit is financially sustainable. The literature recommends that funding entities focus on receiving quality audited financial statements from the applying nonprofit organizations to assist in establishing their financial sustainability. Berner and Bronson (2005) recommend that grantors assist applicants in developing acceptable financial reports, and Handley (2008) emphasizes the importance of establishing financial review practices internally to prevent failure and fraud on behalf of the nonprofit applicants. Additional literature suggests that grants should "be structured such that nonprofit managers do not have the incentive to reduce fund-raising efforts" (Thornton, 2014, pg.178). This practice ensures that a nonprofit would not be relying on one funding agency for their continued existence.

- *Provide Financial Information Sessions.* Funding agencies strive to make their expectations clear and provide direction on what documents an applicant will need to prove their financial sustainability. This can be accomplished by hosting information sessions regarding the financial documentation that a nonprofit is required to provide the funding agency. Added clarity to the requirements of the audit process will ensure that applicant nonprofits can provide the best supporting documents to demonstrate their sustainability.

Mecklenburg County's Process
Mecklenburg County currently uses both of the identified financial sustainability best practices. The CSG application requires audited financial statements for review and has an established Internal Contract Review Division to evaluate the applicant's financial statements separately from the target area application review panel. Audit requirements for Mecklenburg County are outlined as follows:

   a. Audited Financial Statements –must be prepared annually in accordance with Generally Accepted Accounting Principles (GAAP) by an independent Certified Public Accountant (CPA)
      i. Balance sheet, statement of financial position or statement of assets, liabilities, and owner's equity
      ii. Statement of income or statement of revenues and expenses

        iii.   Statement of cash flows
        iv.   Independent auditor's opinion
        v.   Notes to financial statements and supplemental information

b.   Audited Financial Statements –year-end date must be no more than 12 months prior to the beginning of the contract term

c.   If audit reveals any reportable or material issue(s) with regard to compliance with GAAP, [nonprofits] must provide (and bear the cost of any professional advice associated with) the following:
        i.   A written statement explaining each issue
        ii.   An action plan with implementation timetable for resolving each issue
        iii.   Periodic reports on progress toward resolution of each issue

d.   If [nonprofits] fail to submit Audited Financial Statements in accordance with these requirements, then:
        i.   FOR CURRENT GRANT RECIPIENTS –the County may suspend all funds immediately until the County receives them
        ii.   FOR NEW GRANT APPLICANTS –[the nonprofit has] not met the application requirements
        iii.   FOR ALL –the County's Finance Director may grant a reasonable extension if circumstances for submission are beyond [the nonprofit's or the CPA's control].

e.   If financial records are judged to un-auditable or if audit reveals competent evidence of reckless or willful financial mismanagement practices or intentional or criminal wrongdoing, the County may suspend all funds immediately without further notice

The required audit documentation needed from applicants is outlined in the pre-application information sessions about the CSG provided by the OMB staff as discussed in the Pre-Application Period section of this report. Financial sustainability is highlighted as extremely important to the County during these information sessions. All of the submission requirements are outlined in a presentation that is also available online.

In addition to requiring audited financial statements, the County requires that nonprofit applicants have an approved membership with the NC Center for Nonprofits. Inclusion within a professional organization like the NC Center for Nonprofits is an important step to prove financial independence, as these types of organizations have their own screening procedures for membership. The NC Center for Nonprofits requires applicants for membership to submit their annual expenses, mission statement, full time employee numbers, and proof of 501(c)(3) status.

The current schedule for distributing funds to awarded nonprofits is another tactic for the CSG to bolster nonprofit financial independence. This structured payment plan is further discussed in the Funding Distribution section of this report.

Findings and Analysis

The current process that Mecklenburg County uses to confirm financial sustainability on behalf of applicant nonprofits helps ensure that nonprofits are not dependent upon the County to maintain their service provision. Table 5 reveals that Mecklenburg County performs both of the identified best practices and compares very well with the benchmarked counties and other local funders regarding ensuring nonprofit financial sustainability.

Table 5: Financial Sustainability Best Practices

	Provides Financial Information Sessions	Financial Review Process
Mecklenburg County, NC	X	X
Davidson County, TN		X
Durham County, NC		
Forsyth County, NC		
Fulton County, GA	X	X
Guilford County, NC		X
Wake County, NC		
Arts and Science Council	X	X
Bank of America Charitable Foundation	X	
Foundation for the Carolinas		
The Duke Endowment		X
The Leon Levine Family Foundation		X
United Way Central Carolinas		X

Benchmark Counties

Table 5 reveals that many benchmark counties have a formal financial review process. Fulton County (GA) is the only benchmark to host information sessions where financial records are discussed. Fulton County (GA) hosts workshops and provides a "Basic Standards Audit Booklet" through their website. This booklet identifies the minimum requirements that an agency must meet regarding their fiscal management to qualify for grant funding.

Four of the benchmarks use formal panels to review financial information. Davidson's Office of Financial Accountability reviews all nonprofit applications, which assures that their provided financial records fit the grant's requirements and demonstrate a history of financial independence and sustainability. Davidson (TN) also requires that nonprofits have been in existence for at least three (3) years or more before qualifying for their grant funding. This is done to ensure that nonprofits have adequate financial audits to prove their longevity. Additionally, they will not fund more than 20% of nonprofits' revenues as shown in the organizations' audits.

Local Area Funders

Table 5 reveals that local area funders have implemented multiple best practices regarding financial sustainability. All funders require nonprofits to provide financial statements that have been audited by a Certified Public Accountant.

The sustainability of the applicant nonprofits was highlighted as a heavily weighted measure when scoring applicants within all of the interviewed local funding agencies. For example, Bank of America Charitable Foundation will not fund a nonprofit that would have the Foundation as its only sponsor, and the Duke Endowment will not fund a startup nonprofit as startups have not demonstrated financial sustainability or independence.

The following individual approaches to financial review are also worth noting:

- The Bank of America Charitable Foundation's application process requested full grantee budgets to ensure that their listed expenses and revenues matched.
- The Leon Levine Foundation uses a review panel to rank the financial sustainability of applicants against each other instead of evaluating them individually.
- The United Way will not fund an organization if their funding represents more than 40% of an organization's proposed budget.

The Bank of America Charitable Foundation and the Arts and Science Council offer information sessions where they discuss financial management with applicants.

Grant Recipients

Nonprofits that Mecklenburg County has funded in the past through the CSG program are comfortable with the financial audit requirements, and feel as if the process is clear and understandable. When asked about creating sustainable funding sources, most nonprofits stated that they were able to use the County's funding to leverage additional funds from other sources.

OMB Staff

OMB staff felt that the review of financial statements by the Internal Contract Review Division was one of the CSG application processes' strengths. County staff believes that the current financial review process for the applying nonprofits is thorough and rigorous enough to vet nonprofits that are not financially sustainable. One OMB member stated that the County "has no interest in sustaining agencies that are dependent on County funding. In fact, we encourage them to minimize the reliability on County funds". Staff also asserted that the financial review handled by the Internal Contract Review Division added credibility to both the application process and to the nonprofits who have been chosen for funding.

Recommendations

The data collected by the MPA Team reveals that the County has advanced measures in place to ensure financial sustainability in comparison to other jurisdictions and local funding agencies. The County does have a strong financial review process through its Internal Contract Review Division, and should continue to require the stringent audited financial statements for applications. The MPA Team has one recommendation for the County to consider:

> *Recommendation 8:* The County should consider requiring multiple years' worth of audits, to ensure that the nonprofit has a strong history of financial sustainability and financial management. This would prevent nonprofits without successful financial histories from being funded. Through the implementation of a multi-year audit review, benchmarked counties such as Davidson (TN) ensure nonprofits have adequate financial audits to prove their longevity.

D. Collaboration

Collaboration is the practice by which two or more agencies with similar missions enter into partnerships to provide services. When organizations collaborate they can take advantage of their relative strengths, resulting in greater efficiency and effectiveness in service provision. Furthermore, collaboration can lead to a reduction in the duplication of services, thus freeing up resources to better maximize outcomes. Collaboration and joint applications between nonprofits help those with limited resources by mobilizing collective resources to achieve their mission "more efficiently, effectively, and sustainably" than if they worked alone (Cole, 2010). Based on the literature and data from local area funders, the following best practice was identified:

- *Encouraging Collaboration.* Encouraging collaboration occurs when funders take actions to urge nonprofit organizations to work together to provide services (i.e. collaborate). Such actions could take the form of providing incentives to collaborate (e.g. scoring collaborative grant applications higher when making funding decisions) or explaining the benefits of collaboration to applicants (e.g. discussing collaboration during information sessions or listing the advantages of collaboration on the application website). Literature has shown that granting agencies often encourage or require service providers to participate in interorganizational service collaborations to "yield the benefits of increased efficiency and innovation, local adaptation, increased flexibility and enhanced community ties" (Graddy and Chen, 2006, pg.2). Encouraging collaboration between nonprofits can result in the benefits outlined above.

Mecklenburg County's Process

Mecklenburg County does not have a process in place for encouraging collaboration among nonprofit grant applicants. Joint applications are permissible but such applications are not given preferential treatment.

Findings and Assessments

There were no direct questions asked regarding the encouragement of nonprofit collaboration. As a result, Table 6 gives the appearance that collaborative efforts are not encouraged widely by funding organizations. However, several local funders suggested that they value collaborative applications.

Table 6: Encouraging Nonprofit Collaboration Best Practices

	Nonprofit Collaboration Encouraged
Mecklenburg County, NC	
Davidson County, TN	
Durham County, NC	
Forsyth County, NC	
Fulton County, GA	
Guilford County, NC	
Wake County, NC	
Arts and Science Council	
Bank of America Charitable Foundation	
Foundation for the Carolinas	
The Duke Endowment	X
The Leon Levine Family Foundation	X
United Way Central Carolinas	

Benchmarking Counties

None of the benchmark counties stated that they encouraged collaborative applications.

Local Area Funders

Most of the funders interviewed stated that they value nonprofit organizations that collaborate. Five of the six local funders discussed how a joint application is more likely to receive funding than two nonprofits with similar missions competing for that same funding. For example, one respondent stated that, "After the recession we were concerned about the duplication of services. We believe that collaboration is key to dealing with this issue." In contrast, another funder stated that "It is not our role as a funder to force collaborations. We do not want to tell them how to do their job."

Only two of the local funders stated that they actively encourage collaboration. The Leon Levine Family Foundation is particularly assertive in this regard, claiming that they ask organizations

proposing similar programs or activities to collaborate and submit a single application. They believe that doing so results in stronger outcomes.

Local Grantees
None of the interviewed or surveyed nonprofit organizations stated that they had submitted a joint application or were engaged in collaborative service provision.

OMB Staff
Mecklenburg County staff made no comments regarding collaboration.

Recommendations

Mecklenburg County currently allows for the submission of joint applications, but collaboration is not formally encouraged. The MPA Team has formulated the following recommendation:

> *Recommendation 9:* Mecklenburg County should encourage nonprofit organizations to collaborate when submitting applications to the CSG program. Several local funders believe that collaboration leads to better outcomes. Having review panels weigh collaboration during the application review process and/or marketing the advantages of collaboration during the information session are possible methods for achieving this goal.

Funding

Funding through a grant program usually comes in the form of non-repayable funds disbursed by grant makers to a recipient nonprofit. Funding opportunities can be created to fund specific projects carried out by the nonprofits, and require compliance to targeted outcomes and scheduled progress reports. Funds are distributed either on a performance-based or scheduled basis.

A. Funding Distribution

Funding distribution is the process through which award money is disbursed from funding agencies to their chosen grant recipients. Based on data gathered from the literature, benchmarking, local grantees, and OMB staff, the MPA Team identified the following best practices regarding funding distribution:

- *Quarterly Payment Cycle.* A quarterly payment cycle disburses grant funds to nonprofits in separate payments that occur each fiscal quarter. In contrast to lump sum funding,

which disburses money in a single payment, quarterly payments ensure a scheduled flow of resources throughout the fiscal year. This helps to ensure that the grant recipient does not run out of money before the grant concludes.

- *Performance-Based Funding*. Performance-based funding is payment or reimbursement that is issued only if certain outcome/output goals are achieved by the nonprofit. Performance-based funding motivates nonprofit grant recipients to achieve assigned goals by offering a financial incentive for successful outcomes. It has been shown that such financial incentives serve as effective motivators for grant recipients (Benjamin, 2010).

Mecklenburg County's Process

In FY2016, Mecklenburg County will transition from four quarterly payments to five interval payments. Four payments will be distributed in 20% installments at the beginning of each fiscal quarter with an additional fifth installment (also 20%), referred to as a 'clawback' by the County, being issued at the end of the fourth quarter if performance outcomes are reached by the nonprofits. If the performance outcomes are not reached at the end of the year, the nonprofits do not receive the last 20% of their awarded amount from the County.

Findings and Analysis

Table 7 shows that Mecklenburg County currently uses both of the best practices outlined by the MPA Team and compares favorably to benchmark counties.

Table 7: Funding Distribution Best Practices

	Quarterly Payment Cycle	Performance Based Funding
Mecklenburg County, NC	X	X
Davidson County, TN		
Durham County, NC	X	
Forsyth County, NC	X	
Fulton County, GA		X
Guilford County, NC		X
Wake County, NC (capital)	X	
Wake County, NC (operating)		
Arts and Science Council	*	*
Bank of America Charitable Foundation	*	*
Foundation for the Carolinas	*	*
The Duke Endowment	*	*
The Leon Levine Family Foundation	*	*
United Way Central Carolinas	*	*

 * Local area funders were not asked questions in regards to payment

Benchmark Counties

Half of the benchmarked counties disburse money on a quarterly cycle, while only two carry out performance-based funding.

Fulton County (GA) disburses funds in two halves. The initial disbursement is given upon approval of the grant. The second disbursement is issued at the beginning of the second half of the fiscal year, only if they meet their agreed upon performance outcomes. If an agency is not performing well throughout the year, then the County will come up with a "correction action" as they want to make sure the services are provided.

Guilford County funds nonprofit grant recipients on a reimbursement basis. Nonprofits in Guilford County must initially fund their operations and receive quarterly reimbursement based on performance.

In contrast, Forsyth County decides on a case-by-case basis whether programs receive payment in one lump sum or biannually. Without a formal community grant program in place within Forsyth County, the line between 'community grant' and 'service contract' is often blurred, which would explain why the Board of County Commissioners reviews and distributes the community grant proposals individually on a case-by-case basis.

Davidson County (TN) follows a payment structure that is based on the funding amount of each organization. Organizations that receive $100,000 or more in funding are allowed to submit monthly invoices to the county government in order to receive reimbursements. Nonprofits who receive less than $100,000 in grants can submit invoices no more than on a quarterly basis.

Local Area Funders

While there was not much discussion regarding funding distribution plans among local area funders, Foundation for the Carolinas did express that it currently distributes one lump sum payment to its grant recipients as opposed to implementing quarterly payment cycles. With regard to performance, local funding agencies indicated that performance metrics were regarded during the application process, but not after grantees were already approved for funding. Their nonprofit grantees did not need to demonstrate their performance measures in order to continue to receive funding.

The Duke Endowment requires a final report at the end of the funding cycle and United Way requires clearly stated performance measures in their application; other local funders did not discuss these topics with the MPA Team. The local funders, in contrast to Mecklenburg and the other benchmark counties did not make reference to performance metric agreements or quarterly payments.

Grant Recipients

Those nonprofits who have received CSG funding in the past are aware of the current five-payment system that Mecklenburg County will employ in the upcoming fiscal year, and expressed general satisfaction with the timing of the County's funding cycle.

OMB Staff

Mecklenburg County OMB staff believes that the new 'clawback' provision will help to ensure high level performance on the part of grant recipients.

<u>Recommendations</u>

The data reveal that Mecklenburg County is on the right track regarding its funding distribution practice. The County currently conducts both of the best practices that have been identified. The MPA Team recommends that Mecklenburg County continue with the implementation of a quarterly payment cycle and performance-based funding. Given that this is the first year that Mecklenburg County is implementing a performance-based pay cycle, this initiative should be closely monitored in order to ensure that it is meeting the County's expectations.

<u>Relationship Management</u>

The management of the relationship between a funding agency and a grant recipient is an important part of the success of a grant program. Relationship management is maintained through the flow of information from one party to the other to instill transparency and an adequate distribution of information. The flow of information within relationship management should include feedback from both parties.

A. Feedback Process

A feedback process is a set of actions where information is communicated between funders and their grantees. When implemented correctly, information gained from feedback can be used to improve the grant process. The MPA Team used a review of relevant literature, the grantee focus group discussion, and interviews with local funders to identify two feedback process best practices:

- *Grant Recipient Surveys*. Funding agencies collect feedback data from their grantees through the use of surveys. This feedback can detail how well the grant program and its stipulations are working for the grantee. Surveys are an effective method for collecting feedback from grant recipients, as they are simple to deliver through online platforms and allow for candid answers. Surveys can be used to assess a program's viability and to

provide the grantor with reliable information throughout the grant process, particularly when evaluating performance goals (Berner and Bronson, 2005).

- *Funder Feedback.* Funder feedback is the provision of information by the funder to grantees regarding the quality of their applications or performance. Reciprocal feedback is important for maintaining a balanced relationship. Evidence from the literature suggests that effective feedback and data collection rests upon the notion that mutual trust, communication, and accountability exist between the grantor and grantee (Berner and Bronson, 2005).

Mecklenburg County's Process

The County has no formal methodology for collecting feedback from funded CSG nonprofits, nor does the County have a process or forum for evaluating and responding to any feedback it may receive. However, the County will provide feedback to nonprofits who request it directly.

Findings and Analysis

Table 8 reveals how Mecklenburg County's feedback process compares to benchmark counties and local area funders.

Table 8: Feedback Process Best Practices

	Funder Collects Feedback	Funder Feedback
Mecklenburg County, NC		
Davidson County, TN	X	X
Durham County, NC		
Forsyth County, NC		
Fulton County, GA		
Guilford County, NC		
Wake County, NC (capital)		
Wake County, NC (operating)		
Arts and Science Council		X
Bank of America Charitable Foundation	X	X
Foundation for the Carolinas		X
The Duke Endowment	X	X
The Leon Levine Family Foundation		X
United Way Central Carolinas	X	X

Benchmark Counties

Formal procedures for providing and receiving feedback were limited across the benchmark counties, as four of the six benchmark counties neither requested feedback from nor provided feedback to their nonprofit grantees. Two of the counties, Wake (capital) and Guilford provided

some information to their nonprofits, but neither had a formal process for providing feedback to their grantees. Davidson County (TN) was the only benchmark jurisdictions that requested feedback and provided feedback to the nonprofits, whether they were funded or not. Davidson County (TN) and Fulton County (GA) indicated that they also encourage their review teams to make comments as they score the grant applications so those comments can be used as feedback to the nonprofit about their applications.

None of the benchmarked counties use surveys to collect feedback from their grantees.

Local Area Funders
Local area funders placed greater emphasis on creating a feedback process. Table 8 indicates that, unlike most of the benchmark counties, all of the local area funders provided some amount of feedback to their grantee applicants. Three of the local funders also accepted feedback from their grantees by using surveys to collect feedback data. The United Way of Central Carolinas uses surveys distributed to their grantees every year to help access their grant program. The United Way has made numerous recommended alterations to their grant program as a direct result of the feedback collected from their surveys. While the specific changes they made were not discussed, they did indicate that it was in response to requests made by their grantees. The Leon Levine Family Foundation is currently considering using surveys in the future to collect feedback data to make their program more responsive to their grantees. The Foundation does provide feedback to the nonprofits that go unfunded, explaining why they were not selected for funding. The Foundation's goal is to have the nonprofits use that feedback to correct their applications and return the following year with an acceptable grant application.

Grant Recipients
The MPA Team's focus group with local grantees produced some helpful assessment and recommendations for the County's feedback process. Grantees indicated that County staff is helpful with providing feedback but only when the nonprofits contact the County directly. All of the focus group grant recipients specifically requested that the County provide more frequent and substantial feedback to them.

One focus group representative indicated that in the past, County staff would provide preliminary feedback, while other participants stated they had not received any feedback from the County either on their application or during the grant period. A majority of the grant recipients stated that they would like more feedback regarding their grant applications.

OMB Staff
OMB staff reported that they are always available to provide feedback when asked. Two staff members indicated that this fiscal year they have committed to follow up with the grant applications that were not funded to provide explanations as to why they did not receive funding.

Recommendations

The data from the literature review and the interviews with local area funders indicates that Mecklenburg County has an opportunity to improve its feedback process. The MPA Team has one recommendation:

> *Recommendation 10*: Mecklenburg County should implement a formal feedback process. This feedback should be collected from grantees using surveys. Feedback should also be given to applicants regarding application quality. The literature indicates that surveys are a beneficial way for the grantor to collect feedback and use it to help assess the nonprofit's performance (Berner and Bronson, 2005). Many of the local funders found feedback from the nonprofits they have funded to be useful. The United Way of Central Carolinas in particular expressed that feedback collected from nonprofits through their yearly surveys has allowed them to improve their grant program.

Renewal

Grant renewal is the process under which nonprofit programs previously funded under a specific grant can renew the grant to continue funded programming. This can either be done through a renewal process set in place through the funding agency, or by having the nonprofit submit a new application for funding.

A. Sunset Policies

A sunset provision ends a particular government activity or policy after a specified date or period of time. Within the context of grant funding, a sunset provision dictates the end of a funding agency/grantee relationship, and gives the funding agency a set date to reevaluate their agreements. The literature review did not identify any relevant material concerning sunset provisions within a grant-funding context. Additionally, no benchmark county or local area funding agencies had successfully implemented such a policy; therefore, the MPA Team could not identify any best practices.

Mecklenburg County's Process
Mecklenburg County recently instituted a three-year sunset provision for its CSG process. According to the County's guidelines, organizations funded in FY2016 will complete a Continuation Application to reapply for funds in FY2017 and FY2018 assuming that the organizations still meet the eligibility criteria. Those nonprofits who are reapplying will also be

required to complete a report on how their CSG funds were spent while supplying reasoning for continuing their funding through the CSG program.

After FY2018, the County Manager will exercise one of three options for each CSG funded nonprofit: 1) change the funded CSG recipient to vendor status, 2) invite the organization to reapply for CSG funding, or 3) restrict the organization from applying again for CSG funding. Moving a nonprofit to a vendor status may occur when the County identifies the mission, output, and outcomes of a nonprofit as an integral service within its target area at the end of the sunset provision period. Possible vendor nonprofits must prove that they have been able to meet at least 80% of their projected target outcomes. Being awarded vendor status changes funding sources from CSG funding to a County departmental budget in the correlated target area. Nonprofit vendor organizations are then funded through a County department's budget via the annual appropriations process rather than having to apply for grant funding every year. Organizations that become vendors are still monitored for performance and their overall effectiveness.

Findings and Analysis
Mecklenburg County is currently the only funder reviewed by the MPA Team that has a sunset provision within its grant programming. Guilford County, NC previously had a sunset provision in place but has since removed those provisions.

Benchmark Counties
The sunset provision, due to its sporadic use, is difficult to assess in terms of its efficiency and usefulness. Of the counties benchmarked, only Guildford County has used a sunset provision. However, Guildford County currently does not have the provision in place. The Board decided to eliminate the provision so that it could better react to shifting county-wide priorities. Similarly, Fulton County (GA) considered a sunset provision in the past, but ultimately decided against enacting it because the Board wanted to remain flexible as its priorities changed over time.

Local Area Funders
None of the local funding organizations interviewed reported that they have ever used a sunset provision as part of their grant funding process.

Local Grantees
Many of the nonprofit focus group participants were unaware of the sunset provision until a MPA Team member explained the process to them. After an explanation, a major concern among the focus group participants was the transparency of the process for determining which organizations could or would become vendors. All focus group respondents advocated for transparency and clarity regarding the process. One nonprofit commented that the new sunset provision could be positive for those nonprofits that have already received funding through the CSG and proven themselves to be reliable.

OMB Staff

According to the County's OMB staff, the sunset provision will ensure that nonprofits who are contributing to the community in meaningful ways and achieving performance measurement requirements can receive funding that is more stable. This stability of funding through achieving vendor status enables the nonprofits to better plan long-term activities and programming. OMB staff maintains that the sunset provision has the potential to help move high performing nonprofits to a sustainable business model while creating opportunities for new applicants to compete for limited funding.

Recommendations

It is difficult to assess the best process for the County's adoption of the sunset provisions as the initiative is in its infancy. The MPA Team has two recommendations for the County while moving forward with the sunset provision policy.

> *Recommendation 11*: Mecklenburg County should provide further information and explanation to applicants and current grantees about how the sunset provision process will work. According to the MPA Team's focus group discussion, local area grantees were not sure about how the County will be implementing the sunset provision. Grantees made it clear that they wanted to be more informed regarding the County's expectations surrounding the sunset provision.

> *Recommendation 12*: The County should evaluate whether or not this provision is necessary for continuation within the CSG program. The only benchmark county that has had a sunset provision has discontinued the practice. Other jurisdictions believe that sunset provisions might limit their ability to be responsive to changing priorities. With this in mind, the CSG sunset provision should be monitored closely to ensure that it is meeting the County's needs.

V. Summary & Conclusion

The MPA Team gathered data from benchmarked counties, local funders, CSG funded nonprofits, and previous literature in an effort to assess Mecklenburg County's current CSG application process and program. Best practices for the granting process were identified and used to make recommendations for improving Mecklenburg County's process.

Overall, the MPA Team's assessment found that Mecklenburg County administers the CSG program effectively and efficiently. The survey of CSG funded nonprofits reveals that grant recipients are generally happy with Mecklenburg County's process, giving it an average rating of

4 (out of 5) concerning their level of satisfaction. Furthermore, Mecklenburg County's CSG process compares well with the benchmarked counties and local area funders in terms of the number of best practices implemented currently. The MPA Team identified 23 best practices in this report and found that Mecklenburg County already implements 14. Some of the best practices in which Mecklenburg County is performing better than many benchmarked counties include target area alignment, hosting information sessions, having an online application, having internal and external application reviewers, ensuring mission alignment with target areas, providing financial information sessions, and utilizing performance-based funding.

Though Mecklenburg County's CSG application process and program is quite effective and efficient, there are opportunities to improve and strengthen the program. The MPA Team offered 12 process recommendations. These include (a full detailed list can be found in Executive Summary Table 2):

1. Establish a Two-Step Application Process
2. Provide a Save and Return Online Application Function
3. Provide Online Application Submission Confirmation
4. Purchase a Packaged Online Software
5. Include External Reviewers across all Target Areas
6. Conduct Site Visits
7. Analyze Nonprofit Leadership Quality
8. Require Multiple Years of Audit Information
9. Encourage Nonprofit Collaboration
10. Solicit and Provide Feedback
11. Provide Further Sunset Explanation to Nonprofits
12. Monitor Implementation of the Sunset Provision

The MPA Team commends Mecklenburg County for the quality of its CSG program. The recommendations provided in this report can serve to improve an already strong process.

VI. References

Abdoul, H. Perrey, C., Amiel, P., Tubach, F., Gottot, S., Durand-Zaleski, I., & Alberti, C. (2012). Peer review of grant applications: criteria used and qualitative study of reviewer practices. PloS One, 7(9), e46054

Benjamin, L.M., (2010). Funders as principals. Nonprofit Management and Leadership, 20(4), 383-403

Berner, M., & Bronson, M.,(2005) A case study of program evaluation in local government: Building consensus through collaboration. Public Performance & Management Review.   28(3), pp.309-325

Cole, M. T., Garner, B. J., & Coldwell, J. (2010). Can eLearning provide tools for capacity-building to improve performance in the nonprofit sector?. CATE 2011: Proceedings of the 2011 IASTED International Conference Computers and Advanced Technology in Education, pp.165-172

Forrer, J., Kee, J. E., Newcomer, K. E., & Boyer, E. (2010). Public–private partnerships and the public accountability question. Public Administration Review, 70(3), 475-484.
Gurwitz, D., Milanesi, E., & Koenig, T. (2014). Grant Application Review: The Case of Transparency. PLoS biology, 12(12), 1-6

Graddy, E. A., & Chen, B. (2006). Influences on the size and scope of networks for social service delivery. Journal of Public Administration Research and Theory, 16(4), 533-552.

 Handley, D.M., (2008). Strengthening the Intergovernmental Grant System: Long-Term Lessons for the Federal–Local Relationship. Public Administration Review. 68(1). pp.126-136

Morganti, K.G., Sontag-Padilla, L., & Staplefoote, B.L. (2012), Financial Sustainability for Nonprofit Organizations: A Review of the Literature. Santa Monica, CA: RAND Corporation, http://www.rand.org/pubs/research_reports/RR121.

Saxton, G. D., Guo, S. C., & Brown, W. A. (2007). New dimensions of nonprofit responsiveness: The application and promise of Internet-based technologies. Public performance & management review, 31(2), 144-173.

Thornton, J. P. (2014). Flypaper Nonprofits: The Impact of Federal Grant Structure on Nonprofit Expenditure Decisions. Public Finance Review, 42(2). pp.176-198

VII.   Appendix List

APPENDIX A - County's Scoring Sheet

APPENDIX B - County Government Benchmark Questions

APPENDIX C - Questions for the focus group

APPENDIX D - Survey of CSG Funded Nonprofits

APPENDIX E - Personal Interviews with Local Nonprofit Funding Agencies

APPENDIX F - Survey of Select Mecklenburg County Office of Management and Budget Staff

APPENDIX A

Mecklenburg County Community Service Grant Scoring Criteria

The review panelists scored each applicant on the nine categories listed below; the scoring range was "1 to 4" for each category. The scores from each panelist were averaged together for a composite score. The applicants were ranked based upon the score.

1. *Demonstration of Need*
    How clearly does the proposal present a need for the proposed service within Mecklenburg County? Give consideration to the strength of data and research included.

2. *Service Strategy*
    How well does the proposal present a coherent and actionable strategy to address the community need described? Give consideration to evidence (data or research) presented that the strategy will be successful.

3. *Service Delivery Process*
    How well does the proposal describe a realistic and efficient service delivery process that effectively meets the needs of the target population described? Consider staff, key activities and timelines. Consider collaboration and partnerships, if applicable.

4. *Proposed Service Results for FY2016*
    How critical is the proposed service contribution to the community in FY2016? To what degree will the service help Mecklenburg County make progress in the selected target area in FY2016?

5. *Professional Association*
    To what extent does the professional association of which the organization is a member, contribute to the organization's sustainability? Consider contributions the association is making toward improving or building the infrastructure of the organization.

6. *Performance Measures*
    How well do the performance measures reflect the service and service results described? Consider the service's proposed output and outcome measures. To what extent are the measures well defined, logical and within the organization's capacity to measure?

7. *Data Collection*
    How well does the proposal provide a clear outline of how they will collect and/or track the data? Consider the data collection process and the soundness of the methodology.

8. *Funding Request*
    To what degree does the organization present a realistic budget for the service it proposes to provide? Consider the service budget presented (budget and prior year actuals, if available). For the proposed service in FY2016, is the County funding request reasonable and appropriate?

9. *Alignment with Target Areas*
    How strongly does the proposal align with the selected target area?

APPENDIX B

County Government Benchmark Questions

1. Do you have a community grant program in place?

2. What is the dollar amount of grants that you fund?

3. What percent of your overall budget does this funding represent?

4. What is the overall population of your County?

5. Do you fund capital projects?

6. Do you fund salaries/benefits/general operations?

7. Ask for a brief overview of the process. What is the timetable? Do they offer an online application and submission option?

8. When receiving numerous grant proposals in a cycle, how do you determine which organizations to fund? Is there a limit on the number of applications? Is there a dollar amount?

9. How many organizations do you typically fund?

10. What Percent of applicants receive funding?

11. In evaluating grant applications, how do you prioritize financial stability and organizational/mission performance? Does a review panel formally rank these two items?

12. Do you have quarterly payments or is the funding in a lump sum?

13. What are your criteria for funding?   Are there target areas?

14. How long are you willing to sustain a program? What is your re-application process? What is your granting cycle?

15. Do you have a sunset clause in your grant-funding program?

16. Do you have a formal avenue for feedback?

17. How many nonprofits are turned down for incomplete applications?

APPENDIX C

CSG Funded Nonprofit Organizations Focus Group Questions

1. What is your role? How long have you been working with your current organization? How long have you been in this sector?

2. Are you able to share any completed proposals, evaluations, etc. at the end of this interview?

3. Has County funding provided a regular and sustainable funding source for your nonprofit? How does CSG funding affect your financial stability? Approximately how many other areas do you receive funding from?

4. What is working well with the current application process? What is not working or creates difficulties?

5. Is the online portal for submitting your grant application to the County user-friendly? Are there any online features that you wished they offered?

6. Does the 3-Year Sunset Plan seem to be an improvement to the process?

7. Do you use performance measurements for the County grant application outside the grant process?

8. Do you often feel you have to tailor your performance measures or goals to fit the objectives of the County or are the County goals streamlined with your mission?

9. Do you feel the County offers sufficient feedback on grant proposals both approved or denied? Please elaborate.

10. Can we use your organizational name and any information/quotes you share with us in our final paper and presentation to the County?

11. Is there anything that we should have asked that we did not ask? Any additional feedback is much appreciated.

APPENDIX D

CSG Funded Nonprofit Organizations Survey Questions

1. Please rate your level of satisfaction with the County's granting process. (required – select 1)
    1. Very Dissatisfied
    2. Dissatisfied
    3. Neutral
    4. Satisfied
    5. Very Satisfied
   Result: 4.00 out of 5

2. Do you believe the County's online application system for grants is easy to use? (required – select 1)
    1. Strongly Disagree
    2. Disagree
    3. Neither agree nor disagree
    4. Agree
    5. Strongly agree
   Result: 2.83 out of 5

3. Do you believe the performance measures required by the County are useful for your organization? (required – select 1)
    1. Strongly Disagree
    2. Disagree
    3. Neither agree nor disagree
    4. Agree
    5. Strongly agree
   Result: 4.17 out of 5

4. Do you feel that the County provides a source of funding that contributes to the sustainability of your organization? (required – select 1)
    1. Strongly disagree
    2. Disagree
    3. Neither agree nor disagree
    4. Agree
    5. Strongly agree
   Result: 4.08 out of 5

5. Please describe what aspects of the County's grant application and application process work well. (required – open-ended)
6. Please provide any feedback on potential improvements to the County's grant application and application process. (required – open-ended)
7. What is your name and job title? (optional – open-ended)
8. What organization do you work for? (optional – open-ended)

APPENDIX E

Nonprofit Funders Interview Questions

1. What is your role? How long have you been working with your current organization? How long have you been in this sector?

2. Are you able to share any completed proposals, evaluations, etc. at the end of this interview?

3. Please give a brief overview of your grant process. What is the timetable? How are nonprofits being invited to apply?

4. What are the most important factors that you review/require when evaluating an application?

5. Do you offer an online application and submission option? If so, have you had any compliments or complaints? Has the process been tweaked in response to these comments by your organizations?

6. When receiving numerous grant proposals in a cycle, how do you determine which organizations to fund? Is there a limit on the number of applications? Is there a dollar amount ceiling? Do you compare the grant proposals to each other or on an individual basis?

7. In evaluating grant applications, how do you prioritize financial stability and organizational/mission performance of the nonprofit? Does a review panel formally rank these two items?

8. Describe your funding process from an internal standpoint. How many staff members are involved? How efficient do you think your process is? Do you think there are areas for improvement?

9. Do you survey your grant applicants? Do you offer feedback on unfunded proposals?

10. What is your criteria for funding? What are your target areas?

11. How long are you willing to sustain a program? What is your re-application process? What is your granting cycle?

12. Are there any important factors to consider for nonprofit organizations in the application process that are unique to the Charlotte area?

13. Is there anything that we should have asked that we did not ask? Any additional feedback is much appreciated.

APPENDIX F

Office of Management and Budget Staff Survey Questions

1. What is your role? How long have you been working with Mecklenburg County? How long have you been in this sector?

2. Can you give us a brief overview of your funding process

3. How many organizations do you usually fund? What percentage of applicants receives funding?

4. What area do you feel needs the most improvement/opportunity to grow? What part of the process do you feel is your strongest? What areas do you feel are working very well?

5. How do you prioritize financial stability and organizational performance in the review panel stage of the grant application?

6. What are the components of the scoring system used during this stage (review panel)?

7. When receiving numerous grant proposals in a cycle, how do you determine which organizations to fund?

8. In considering new partnerships and continuing to help sustain local agencies that are dependent on County funding to stay afloat, how will you plan to prioritize who you fund?

9. Can you elaborate on how you feel the sunset plan will encourage new grantees?

10. How many nonprofits are turned away/down because of an incomplete or inadequate grant application?

11. What internal processes for CSGs are working well? What has been problematic? Any inefficiency from the staff side?

12. Have grant recipients seemed receptive to current practices? Do you survey your grant applicants? Do you offer feedback on unfunded proposals?

13. Do you have a formal plan for feedback from grantee organizations regarding the application process? Is there a point of contact for the grantee organizations within the County?

14. Do you think the selected programs are effectively meeting the goals set forth by the County?

15. Is there anything that we should have asked that we did not ask? Any additional feedback is much appreciated.