

Jan.  
1994

# Funding Challenges *in the 1990's ...*

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Edmonton Social Planning Council

Agency survey report  
January 1994

ESPC



## A. Introduction

The *funding challenges* project was initiated by the Funders' Forum, a group of Edmonton and area public and private funders operating primarily in the human service and health fields. The purpose of the project is to improve dialogue between funders and service organizations as we cope with declining resources. As part of the project, which also included a conference in May 1993, the Edmonton Social Planning Council co-ordinated a survey of human service agencies in the Edmonton area. The survey asked agencies to identify future prospects for funding, plans for dealing with resource shortfalls, and ways in which funders could be of assistance in coping with the changing fiscal environment. The survey questionnaire is attached as Appendix One.

A total of 191 questionnaires were mailed, and 76 were returned, for a response rate of 40%. As telephone follow-up was not possible due to confidentiality of replies, this is considered a good response. The responses to the numerical questions are summarized in Appendix Two of this report. Comments made on the four open-ended questions are transcribed in Appendix Three.

## B. Summary of responses

Most agencies now believe that their funding is likely to decrease over the next year and three years. The largest proportion of agencies felt the next year will see a zero to ten percent decline in core funding, while ten to twenty percent declines were predicted for the next three years.

At the same time, ten percent of agencies feel their core funding will increase over the next year, with one in six feeling that funding is likely to increase over the next three years.

Eighty-six percent of boards have discussed the question of funding reductions, and a variety of plans have been put into place to address shortfalls. The most popular response was to increase fundraising, followed by reductions in administrative costs and program staffing. Only thirty-five percent of agencies are considering merging with another organization as an option for addressing funding issues.

On the other hand, four in five agencies indicated they would attend a seminar on mergers and resource sharing. A similar proportion would attend a session on evaluation of service efficiency.

## C. Detailed analysis of responses

1. "In the next year, I believe that total core (ongoing) funding for my agency will ..."

Table one shows that two-thirds of agency respondents believe core funding will decrease over the next year. Just over one quarter felt funding would remain steady, and one in ten anticipated an increase.

Tables three graphs the views of agencies as to *how much* funding will grow or decline in the next year. On average, agencies see the next year as bringing small overall decreases in funding. One half of respondents anticipated a reduction of between one and ten percent in core funding.

A small but significant minority of agencies anticipate increases in core funding over the next year. Five agencies viewed core funding as likely to increase by less than ten percent, two by eleven to fifteen percent, and one by 30%.

2. "In the next three years, I believe total core funding will ..."

Table two shows the majority of agencies expect a decline in core funding over the next three years. This is basically consistent with projections for the next twelve months.

There are, however, some interesting differences. While more respondents - three-quarters - see the next three years as a period of decline in funding, fewer - less than one in ten - anticipated steady funding. A larger number, one in six, expected increases in core funding. This indicates a significant body of minority opinion in the agency community that believes the current negative funding climate will be very temporary.

Table four shows the relative growth or decline in core funding expected. About two in five agencies anticipated decreases of in excess of ten percent in overall core funding. Four agencies (6%) anticipated overall *increases* of above ten percent.



## Funding prospects

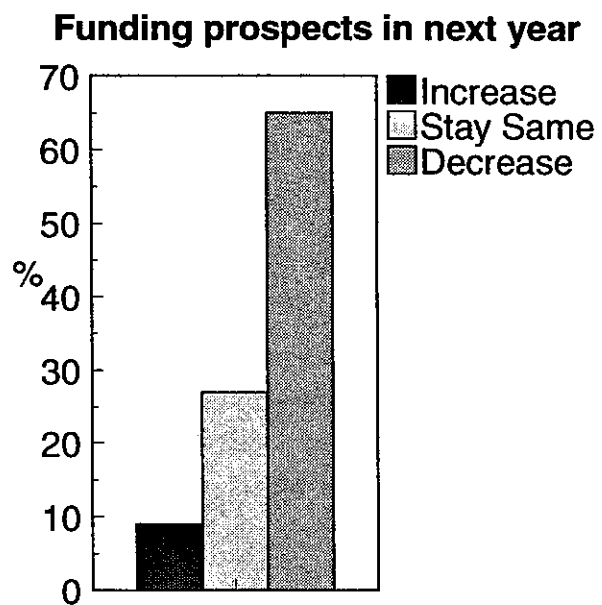


Table One

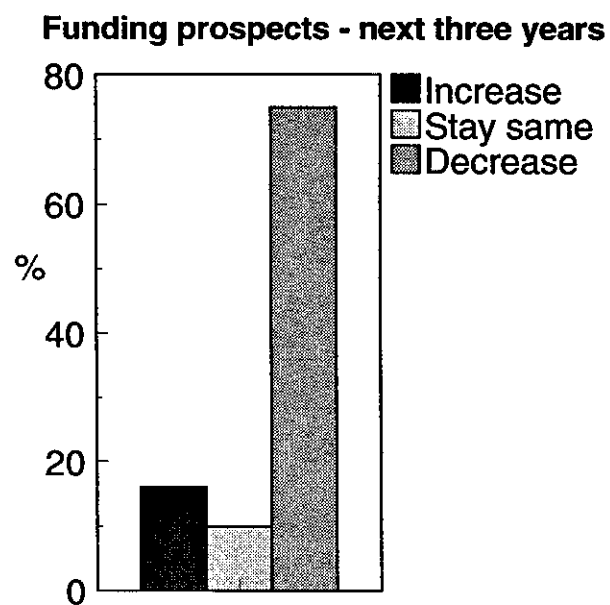


Table Two

3. *"If you believe that core funding is likely to decrease over the next year or years, has your Board of Directors discussed the issue?"*

Nearly nine in ten agencies indicated their boards had discussed likely reductions in core funding. Respondents were invited to attach comments, and twenty-eight chose to do so.

As might be expected, there was considerable divergence in written responses. A few said that discussions had been held, but "very superficially", not "not to any significant extent", etc.

A larger number suggested they had spent some considerable time on the question. These boards had taken several different approaches.

One group of respondents apparently assumed funding shortages and was planning to cope with them; "we are exploring options and prioritizing programs", "evaluating services/programs presently being offered", "review of mandates to

position in line with community needs", "cutting back on expenses", "only option is to reduce services", etc.

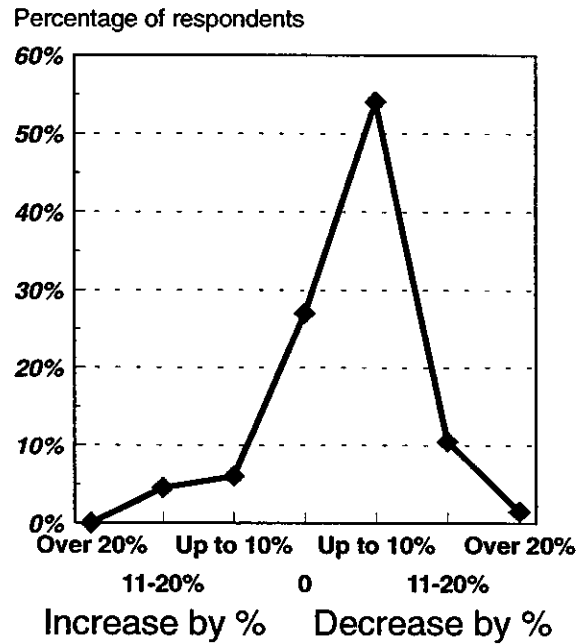
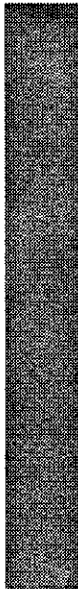
Many respondents took the position that the funding shortfalls should be made up through alternate source; "look for alternate funding sources", "planning fundraising project", "starting to review options for funding", etc.

Several responses suggested boards attempting to address both income and expenses; "have discussed collaborative strategies and alternate funding sources", "ongoing review of each budget item - seek other revenue source", "the board of directors is conducting a structural evaluation of the agency and considering alternatives to generate income".

4. *"If you believe funding is likely to decrease, what plans do you have to deal with the situation."*

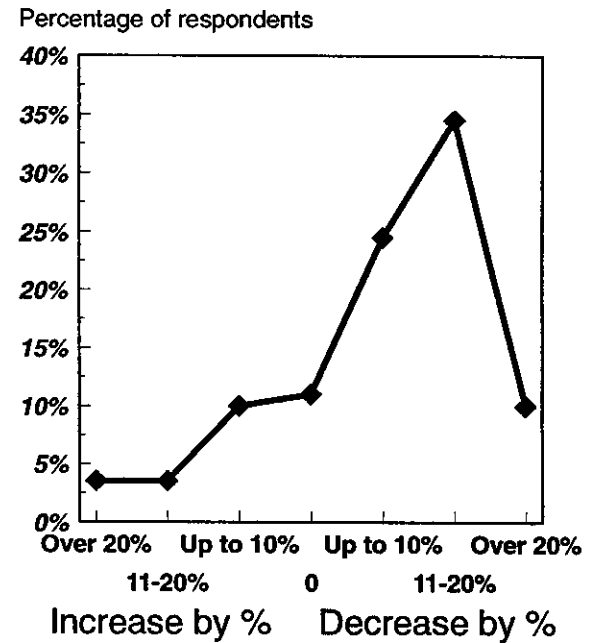
Agencies were provided four options to check off. These included doing more

# Anticipated extent of funding increase or decreases



A. Next year ...

Table Three



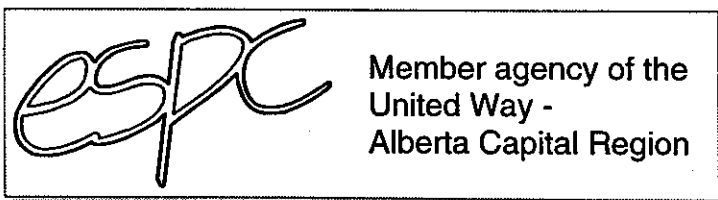
B. Next three years ...

Table Four

fundraising, reducing program (direct service) staffing, reducing administrative costs, and considering merging with another organization. Agencies were asked to check off all that applied. An opportunity was provided to suggest other ways to share resources with other groups.

The largest proportion, over three quarters of respondents, plan to do more fundraising. Nearly two thirds anticipate reducing administrative costs, while just over half expected to reduce program staffing. Only one in three planned to consider merging with another organization.

Thirty two respondents suggested other ways of sharing resources. Suggestions are varied, and listed in full in appendix three. Many respondents supported the concept of sharing administrative costs with other agencies.



5. *"Other than providing your organization with more funding, are there things your funder could do to help deal with current and future funding challenges?"*

Three quarters of respondents responded in the affirmative. Of these, almost all had specific suggestions. The comments can be broken down into several general areas.

The largest group suggested more prioritization of funding based on assessments of need.

Others wanted funding kept at current levels, more communication on the current funding situation, more flexibility in use of agency allocations, more advocacy for human service programs by funders, and referral to other funders when funding is being reduced or eliminated.

Because of the very wide range of responses to this question, it is recommended that the reader refers to the full transcription of responses, found in appendix three.





## What plans do you have to deal with reduced funding?

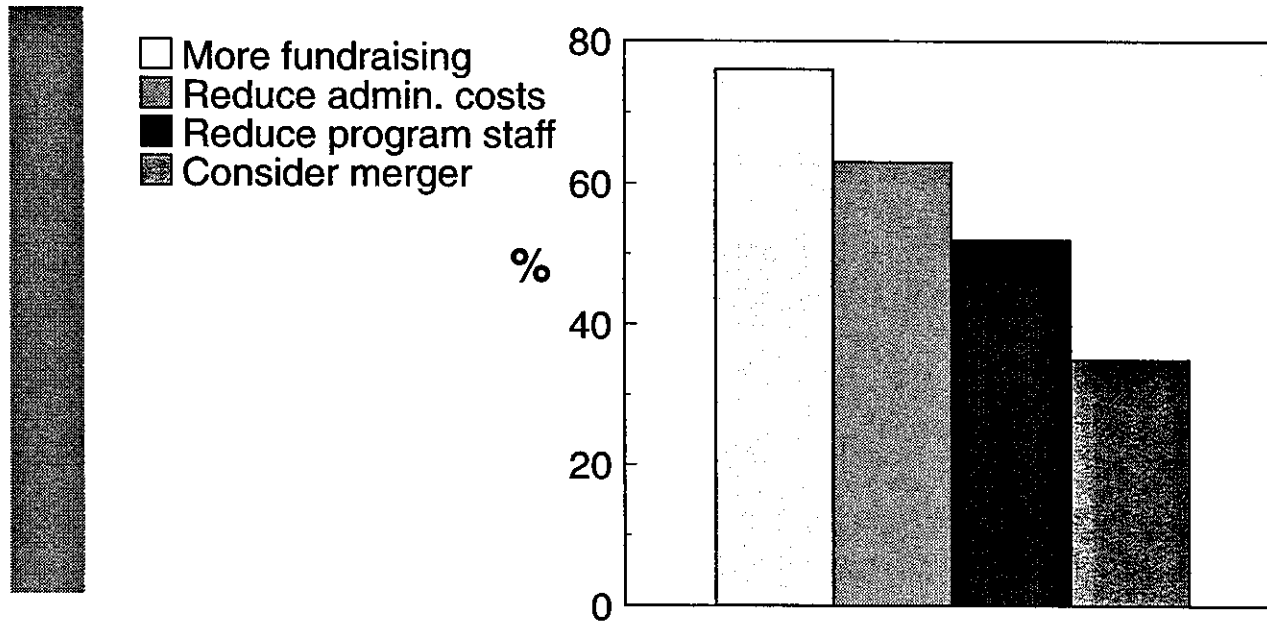


Table Five

6. "Would you attend -- a seminar on mergers and resource sharing? ... a seminar on ways to better evaluate service efficiency?"

Over eighty percent of respondents responded in the affirmative to both of these questions.

7. Other comments

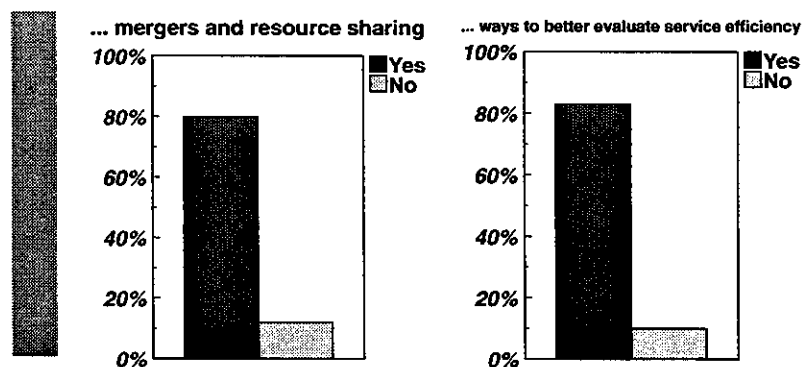
Nineteen respondents made general comments ranging from "thanks for asking" to "I can't quit my full time job to take on a volunteer job with no income".

The content of several comments would have fit appropriately as responses to questions three, four, or five.

A number of respondents requested copies of the results of this survey.



Would you attend a seminar on



Responses to survey question six

Table Six

## D. Conclusion and recommendations

### Funding prospects

- There is little need for further education on *present* funding realities, as most agencies are well aware of the current situation.
- Because a larger minority of agencies are not aware of the *long term* and structural aspect of the funding decline, funders should ensure this reality is communicated, whether as part of regular dialogue or in the form of longer term funding agreements which will reflect downsizing of funding levels.

### Adaptation to funding realities

- Further education is needed to ensure agencies do not delay restructuring efforts in anticipation of increased fundraising as a means to deal with resource shortfalls. While not all agencies will heed advice, the futility of the fundraising approach is already being reflected in increased competition over the same territory, which not only limits success but also causes ill-feeling and restricts service collaboration. Large public institutions are also competing in the same field, and smaller organizations are at a tremendous

disadvantage. New fundraised dollars will be hard to come by and will be increasingly expensive to raise.

- The primary focus of the remainder of the funding challenge process should be on encouraging mergers and resource sharing. Only a little over one third of agencies expressed interest in this alternative, although the small size of many human service organizations presents a variety of inefficiencies. These inefficiencies include excess office and administrative costs, inability to recruit quality board volunteers, and high ratio of funds devoted to maintaining the organization as opposed to service provision. A number of presentations have already been made at the request of organizations and interagency networks. An organized strategy and schedule of presentations should be developed and implemented, *with representation from the Funders' Forum at the presentations.*

Contact Jonathan Murphy at the Edmonton Social Planning Council (403) 423-2031 for more information about the *Funding Challenges* project, or to receive a copy of the proceedings of the "Meeting the Challenge of the 90's" conference held in May 1993.

## Funding Challenges Survey

1. In the next year, I believe that total core (ongoing) funding for my agency will:  
 Increase by \_\_\_%     Stay the same     Decrease by \_\_\_%
2. In the next three years, I believe total core (ongoing) funding for my agency will:  
 Increase by \_\_\_%     Stay the same     Decrease by \_\_\_%
3. If you believe that core funding is likely to decrease over the next year or years, has your Board of Directors discussed the issue?  
 Yes     No    Comments \_\_\_\_\_
4. If you believe funding is likely to decrease, what plans do you have to deal with the situation? Check all that apply, in the order of importance.
  - a) Do more fundraising
  - b) Reduce program (direct service) staffing
  - c) Reduce administrative costs
  - d) Consider merging with another organization
  - e) Consider other ways to share resources with other groups  (Please specify)  
\_\_\_\_\_  
\_\_\_\_\_
5. Other than providing your organization with more funding, are there things your funders could do to help deal with current and future funding challenges?  
 No     Yes, my funder(s) could:  
\_\_\_\_\_  
\_\_\_\_\_
6. Would you attend a seminar - on mergers and resource sharing?  Yes     No  
- on ways to better evaluate service efficiency?  Yes     No
7. Other Comments or suggestions (attach sheet if wished) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Send the completed form in the attached envelope, by November 15 1993 to  
Challenge of the 90's, #41, 9912 - 106 Street, Edmonton, Alberta T5K 1C5  
*Replies are confidential! -- Thank you for your help!*

## Appendix Two - Survey Results

N = 76

Questionnaires mailed = 191.

Returned = 76 (40%)

1. *In the next year, I believe that core (ongoing) funding for my agency will:*

*Increase by:*

1-5% = 4    6-10% = 1    11-15% = 2    30% = 1

Total 8 (10%)

*Stay the same:*

Total = 20 (27%)

*Decrease by:*

1-5% = 18    6-10% = 21    11-15% = 4

16-20% = 4    21-25% = 1

Total 48 (63%)

2. *In the next three years, I believe core (ongoing) funding for my agency will:*

*Increase by:*

1-5% = 5    6-10% = 3    11-15% = 2    25% = 1

45% = 1

Total = 13 (17%)

*Stay the same*

Total = 8 (11%)

*Decrease by:*

1-5% = 4    6-10% = 13    11-15% = 10    16-20% = 13

25% = 3    30% = 1    50% = 2    Unknown = 7

Total = 55 (75%)

3. *If you believe that core funding is likely to decrease over the next year or years, has your Board of Directors discussed the issue?*

Yes = 65 (86%)    No = 8 (11%)

4. *If you believe funding is likely to decrease, what plans do you have to deal with the situation? Check all that apply, in order of importance.*

- a) Do more fundraising 57 (76%)
- b) Reduce program (direct service) staffing 40 (52%)
- c) Reduce administrative costs 48 (63%)
- d) Consider merger with another organization 27 (35%)

5. *Other than providing your organization with more funding, are there things your funders could do to help deal with current and future funding challenges?*

No 11 (14%)    Yes 57 (75%)

6. *Would you attend a seminar on mergers and resource sharing?*

Yes 61 (80%)    No 9 (12%)

*Would you attend a seminar on ways to better evaluate service efficiency?*

Yes 63 (83%)    No 8 (10%)

## Appendix Three - Responses to open-ended questions

### QUESTION 3

*If you believe that core funding is likely to decrease over the next year or years, has your Board of Directors discussed the issue?*

No.	Y/N	Comments
1	N	No strategic planning going on. Mentioned but more concerned about office procedure and operations than \$. With a Board of Directors set on own agenda, how can staff plan for changes? If there is no effort to plan for future (no time set aside) will there be time to do more fundraising or must staff do that as well?
3	Y	An opening dialogue has been initiated between Board of Directors and the Unionized Staff of this agency on restructuring and better use of human/funding resources.
7	Y	Have discussed possibilities for increase or decrease
11	Y	Many times - part of long range plan
13	Y	We are exploring options, and prioritizing programs
15	Y	Have discussed collaborative strategies and alternate funding sources
16	Y	Starting to review options for funding
18	N	Not to any significant extent
19	N	Discussed only
22	Y	Is already engaged in looking at a three year plan to be completed by December 31, 1993
24	Y	Very superficially
25	Y	Not enthused
31	Y	Review of mandates to position in line with community needs

34	Y	Planning fundraising project
40	Y	Evaluating services/program presently being offered
41	Y	Ongoing review of each budget item. Seek other revenue source
42	Y	The Board has concerns because there has been no concrete direction or information from our funders regarding changes in funding
45	Y	Look for alternate funding services
54	Y	It is an ongoing discussion both at Board and Finance Committee meetings
55	Y	Must find other sources of funding
57	Y	Funding has decreased the amount of inflation in the past 5 years when no grant increases were received at the same time. If expenses did not decrease and were met during the same period, then in fact fundraising can be considered to have substantially increased (20-25%?)
59	Y	Our board began discussing this issue in 1989; in particular funding from the United Way
60	Y	The board of directors is conducting a structural evaluation of the agency and considering alternatives to generate income
61	Y	Issue is part of current strategic planning process
63	Y	Funding is always an issue we discuss
64	N	Good reminder
65	Y	Cutting back on expenses
69	Y	Only option is to reduce services.

**QUESTION 4 e)**

*Consider other ways to share resources with other groups (please specify)*

No.	Comments
7	Have a number of partnership programs and are working on others
11	Liaison on proposals, sometime for group discussion
13	Share space, charge more
14	We sit on several committees and have attended meetings re. merging also co-sponsor events
15	Do projects with other groups collectively
17	Partnerships/developing projects together, sharing resources
19	Merging all resources (rated #4)
21	Sharing of staff, staff development, admin. supplies
22	This is regarding fundraising. To perhaps hire an individual shared by 5 organizations to do fundraising for all 5. (rated #2)
26	Information gathering (rated #3)
27	Exploring this aspect
30	Partnership/shared resources (rated #3)
32	Job sharing, professional development (rated #1)
33	Not sure what at this point – reviewing options
35	Administration and supplies
40	Open to suggestions (rated #5)
42	Facility used by other organizations and individuals
44	Encourage financial support by shelters
45	Mergers may be the only way to ensure survival
47	Working with other similar agencies to provide services to consumer (rated #2)



51	We are looking at entrepreneurial initiatives
52	We're talking about sharing security etc.
54	In the apt. (see "f") setting – sharing overnight, day staff between programs – offer apts. to consumers from other agencies
56	More collaborative ventures
57	Shared resources seem more appropriate to increase program effectiveness but often have very small effect on the "bottom line" of finances
58	More proposals to funding source – but they objected
59	Sharing staff, building, possibly transportation with other groups
60	We are considering every option. The board of directors has appointed a number of sub-committees to study alternatives
61	Share administrative equipment and space
64	Office space – share office workers
67	Training – paid staff/volunteer
71	Possibly share room space when needed

**QUESTION 4 f)**

*If you believe funding is likely to decrease, what plans do you have to deal with the situation?  
Other, (please specify)*

No.	Comments
2	Reduce staff salaries/benefits
3	Restructure of framework of agency
5	Provide more fee for service programs (rated #2)
6	Seek out additional sources of revenue
7	To fund other programs and use an administrative fee to offset loss to core programs
8	Salary cuts will be implemented January 1, 1994 and we will devote our resources to "our core business"
11	Started a commercial project to raise ongoing funds
13	Programs will be eliminated, staffing is already "bare bones"
17	Become more creative and look to developing new programs to suit clients' needs in a changing society and environment
18	Identify other sources of funding – other pots, fee for service
22	Look at pertinent projects that this organization can do in order to maintain or cover the costs that are being diminished through funding cuts (rated #1)
24	Pursue other program services. Increase charges to clients
26	Increase fee for service workload (rated #2)
32	Broaden base (rated #2)
33	Charging fees for consultation and some services (rated #1)
34	Fees for service
35	Expanding

39	Restructure, cut back
42	Developing sponsorship with major corporations
43	Increase fees for events
53	Corporate sponsorship
54	Eliminate a core-funded program, replacing the physical spaces (apartments in a walk-up building) with individually funded consumers
58	Encourage government to discontinue corporate welfare
59	Ensure that our programs are not duplicating other programs; adapt programs to current realities; don't start new programs but rather expand current programs to incorporate new needs
61	This is currently under review/strategic planning
65	Merge with centres in area
67	Comprehensive review of all programs to determine ongoing relevancy in face of decreased \$

## QUESTION 5

*Other than providing your organization with more funding, are there things your funders could do to help deal with current and future funding challenges?*

*Yes, my funder(s) could:*

No.	Comments
1	Bd Members are really not looking to the future but focusing on details instead of vision or strategic planning
3	Assist in restructuring process Pressure Board of Directors to change existing structure
4	1. Acknowledge our presence publicly at their events (printed in programs, signage etc.) 2. Ask us to more functions 3. Refer us to other funders/organizations
6	Work closely with us to ensure funding equity amongst service agencies
7	Funders have been very positive in providing staff development support as well as one time money for capital costs
8	Assist with the bringing together of "like" agencies to focus on collaborative ventures
11	Continue to give excess funds they have to the programs now funded instead of to <u>new</u> programs
12	Realistically look at priorities and need!
13	Where possible do future 2 years funding commitments Communicate more with one another and programs about overlaps they see/possible mergers or resource sharing opportunities
14	Advocacy and public awareness campaign
15	Engage in dialogue to address possible alternatives and to know how important the work is
17	Direct and update agencies in the needs of funders, changing policies and funding programs. Provide advice on possible partnerships.

18	Prioritize where funds go, encourage cooperation in the field, lobby on our behalf to higher bureaucrats
19	Take a closer look at the value of our service, look at #s served and compare to parallel programs and fund accordingly
21	Budget on a global basis and allow us to use the monies we receive without being audited on a line by line basis
22	<ol style="list-style-type: none"> <li>1. Understand that the demands for services are increasing and try to ensure that the funding is at least maintained at the same level</li> <li>2. To help is out in fundraising strategies</li> </ol>
23	<ol style="list-style-type: none"> <li>1. Actively suggest mergers, or insist on them when feasible</li> <li>2. Ensure decisions are based on performance (effective and efficient service delivery)</li> </ol>
24	Give us clear information about their plans and priorities (Alberta Municipal Affairs)
25	More equitable funding - downscale City of Edmonton funding
26	Provide administrative assistance, office supplies
28	Get coordination in your funding or programs
29	Lobby and participate more actively in social justice issues
31	Work to encourage collaborative efforts in the community. Refer proposals they are unable to fund to other organizations.
32	Assist with strategies/support re. resource sharing both internal and external to the agency
33	Provide us with a clearer idea of what (%) of cutbacks we are going to receive and when
34	Communicate their need for improved partnership
35	<ol style="list-style-type: none"> <li>1. Ensure information is forwarded promptly</li> <li>2. Seek agencies input throughout budget process</li> <li>3. Inform agencies with seminars such as indicated below</li> </ol>
36	Speak out to the public and government regarding the value of services they support, and the enormous cost to society of a deterioration of the social service network
37	Ensure the purpose and value of the services provided is passed to decision makers

39	Maintain funding at current levels Make cuts to “top heavy” organizations (expensive staff – too many managers, or expensive rent costs) Value programming and front line work over time-consuming reports and extensive bureaucratic paperwork
40	Offer workshops - deal with situation - board workshops as well as staff - need to ensure everyone aware of situation
42	We should be informed in advance about changes in funding – ideally a three year plan should be presented by funders so that agencies can plan ahead
43	Detail a plan for the next 3 years
44	Change funding initiatives from project designation to continue program funding
45	Devote resources to ensure mergers occur
47	Keep us informed of new developments
48	Could be more specific about its plans
49	Help is to increase the funding base – perhaps by making it attractive for corporations to make their charitable giving in partnership with funders forum
51	Reduce the paperwork
54	Provide advance notice of all reductions, consult with us to validate our strategies, and to be flexible in use of remaining dollars
55	Government could look at purchasing on our behalf capital goods; find ways to allow us to receive their travel rates; we could plan better with long term information from funders – not last minute
56	Facilitate community education and networking around efficiency and merger info!
57	Assist in a public campaign to acknowledge a minimum funding requirement for community service. The unfortunate mentality that public service funding can be cut (or eliminated entirely) must be revised to a more positive image, the cuts and downloading will eventually cease and service to people will be assured
58	Process or move proposals to the real decision-making levels, not in the bureaucracy, but in government
59	Stop funding agencies that are not accountable

60	Carefully evaluate new organizations applying for first time funding and consider money for independent evaluations
61	a) Coordinate funding changes with other funders b) Be clear about prioritizing based on needs c) Provide multi-year funding agreements
62	Help us look at ways to be more efficient with fewer resources
65	Informing us of grants and programs such as ACE etc. funding trends
66	Assist with the development of partnerships/linkages with other organizations to maximize facilities, programs and human resources
67	Advocate for maintenance of core funding Communicate to “community” effects of “cuts”
70	1. Simplify reporting system. 2. Reduce duplication of services. 3. Set up a general funding system
71	Assist in identifying potential funders

## QUESTION 7

*Other comments or suggestions:*

No.	Comments
4	Thanks for asking!
7	<p>Have helped start a provincial association of non-profits that can connect with funders about ways of nationalizing resources in the community. The focus will be on encouraging funders to:</p> <ul style="list-style-type: none"> <li>a) Use more appropriate methods to evaluate program effectiveness</li> <li>b) Better plan the types of programs that are being funded</li> <li>c) Better coordinate resource allocation between funding bodies and their various offices</li> </ul>
13	<p>Funders need to be honest about their priorities and help agencies phase out programs no longer on their priority list. Also be realistic about agency's capabilities to adjust to funding cuts.</p>
18	<p>Non profits really need to strategize and cooperate. I also think we need to organize lobbies to put the ownership and responsibility back on the province where it belongs</p>
22	<p>We had already attended #6. I would like that my Board Members attend rather than I as staff. Secondly, the type of organization we are it is difficult for us to merge with any organization in particular. That for us is not really an option.</p>
23	<p>Re "c". We have been reducing administrative costs for several years, so there is little room left to cut more. This is why I've listed it "5" at this time. In fact, it was the first thing we did when we saw difficulties coming. I would like a copy of the report</p>
24	<p>Informed discussion with Municipal Affairs officials suggests that the Lodge Assistance Grant will be cut and regulations on rents lifted, forcing Foundation to charge more to residents – possibly income-tested.</p>
25	<p>To be serious there has to be better equity in funding and less wasted money by the City.</p>
36	<p>"Resource sharing" is time consuming and of questionable cost-effectiveness. We'd be open to resource sharing ideas that consider the cost of such efforts.</p>



40	This agency is open to any ideas that will allow us to continue to meet the needs of our clients.
45	I can't quit my full time paying job to take on a volunteer job with no income.
57	Evaluations cost money! Most service providers are lean, mean, machines. Give us the bucks that the evaluations, researchers, experts cost!
58	Government should divest itself of direct service delivery (e.g. child welfare services)
59	I would appreciate a copy of the survey report
61	Individual fundraising will be increasingly difficult; mergers will dilute special needs advocacy efforts; funding should purchase the outcomes consumers want; consumers must be consulted. Tax forms should give charities equal benefits with political parties re. tax credits.
65	We are working presently to collaborate in some areas e.g. special events
66	(Re. Seminars on mergers)– we would like to assist! If it can be assumed from this survey that “like” organizations will collaborate rather than compete for the same \$ and that ESPC can coordinate or support, then you can't do it fast enough!!!

# Funders' Forum

*Membership November 1993*

Mat Hanrahan, Bill Winship and Dr. David Paley

David Maher

Karen Koshman

John Lackey

Ann Dea

Rob Sproule, Hillel Boroditsky and Don Taylor

Bob Wyatt

Alberta Family and Social Services

Alberta Mental Health Services

Community and Family Services Advisory Committee

Edmonton Community and Family Services

Edmonton Community Foundation

United Way, Alberta Capital Region

The Muttart Foundation



*Project co-ordination*

Jonathan Murphy



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*project funding by*

Funders' Forum 

*Human service and health funders in the Edmonton region*