

**JEWISH FEDERATION OF OTTAWA
REPORT OF THE ALLOCATIONS TASK FORCE
MAY 2015**

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TASK FORCE MANDATE & COMPOSITION

A key goal in Federation’s strategic plan (2014 – 2019) is to manage and communicate a transparent and responsible process to allocate funds from the Annual Campaign. In September 2014, the Federation launched an Allocations Task Force with the mandate to undertake a comprehensive review of allocations to local Jewish organizations, and to determine recommendations to improve the transparency and accountability of the funding process. This document outlines the recommendations of the Task Force and the resulting changes to Federation’s allocations process.

The Task Force members were Gillie Vered (Chair), Josh Engel, Jessica Greenberg, Jason Shinder, Lawrence Soloway and Arlene Wortsman. The Task Force included staff members Andrea Freedman and Sarah Beutel.

The guiding principle of the Task Force was that Federation, as a steward of donor dollars, has a responsibility to provide appropriate oversight to ensure that best practices are in place within funded agencies so that donors can be assured that their dollars are being used effectively and prudently. At the same time, Federation is trying through its allocations process, to work in a collaborative manner with local Jewish agencies to improve services and programs to meet the emerging needs of the community, and to increase capacity in the community to respond to the ever changing environment.

TASK FORCE PROCESS

The Task Force met a total of five times over a period of six months, between November and April. Taking a consultative approach, the Task Force assessed funding models in different cities, and some members met with various stakeholders to get their feedback on how proposed changes would impact their ability to continue to deliver their programs and services. The proposed changes are based on feedback from funded agencies, the Grants and Evaluation Committee, and careful analysis by Federation’s Allocations Review Task Force.

DELIBERATIONS

The Task Force tackled the review of the allocations process by dividing its focus into four main areas:

I. **Determining Funding priorities: What we fund**

- Criteria used – determining what objectives we are trying to meet. What are Federation’s funding priorities? What elements make a program eligible for funding?
- Groupings – examination of the current funding baskets, is this the best model?
- Wide net? – do we want to limit the number of agencies funded? Is it helpful to provide small amounts to smaller organizations?

II. **Looking at the application process: How we fund**

- Review of how the current process works:
 - From Federation’s perspective, is the process efficient, are we utilizing staff and volunteer resources appropriately? Are we achieving our objectives with this process and are we gaining anything from it (building relationships, developing volunteers, etc.)?
 - From the agency’s perspective, is the process not overwhelming in terms of time and staff requirements? Is the process beneficial to them – are they able to gain useful insight and information through self-reflection and evaluation and tracking their performance?
 - From the donor’s perspective, is the process transparent, is it rigorous? Does it meet their expectations? Is it properly communicated?
- Type of funding provided: “Core” versus “Program” funding
Issues around Program Funding:
 - Is it working for agencies? Is it working for donors?
 - Are we funding the community’s highest priority needs?
 - Should we be looking at a hybrid model of both core and program funding?
 - Pending results, are there any agencies that we will always fund, and hence should be examined differently?
- How much we fund
 - Should an agency’s success in their own fundraising impact the level of Federation funding they receive?
 - Should we maintain the same levels of funding to less successful programs as we do to those that are more successful, and how do we make sure that we are not only funding those that are less successful?

III. **Examining the evaluation process: Measuring success**

- Are the questions asked on the current “Application Form” and the “Evaluation Report” gathering pertinent information? If not, what other models can be considered?
- Are we doing our due diligence with donors’ funds? Do we have a rigorous enough review process in place?
- What does success look like and are there consequences for lack thereof? How do we adequately measure an agency’s performance? How do we ensure that our dollars are being used for their stated purpose? How do we review agency presentations?
- What happens if results are not achieved?

IV. Communicate a transparent allocations process

- How can Federation improve transparency with agencies? How can Federation be more effective at sharing funding decisions and outcomes with the community?

RECOMMENDATIONS

I. Determining funding priorities

Funding priorities: The Task Force recommends replacing the current funding objectives (“strategic objectives”) with the Federation’s four “pillars”. Federation should fund local agencies that help to fulfill its mission of **Building Community, Helping the Vulnerable, Educating Jewishly** and **Supporting Israel**.

Funding Criteria: The Task Force recommends maintaining the current funding criteria and adding the additional requirement that an agency’s mission and vision must be in line with Federation’s mission and vision in order for it to be eligible to receive funding. See **Appendix A** for a list of the funding criteria.

Funding Envelopes: The Task Force recommends that the “Religious Outreach” envelope be rolled into the “Strengthening Community” Envelope. All programs that reach-out in order to strengthen community should be funded from the same funding envelope. This should not result in a decrease in funds available.

Wide Net funding: Task Force recommends that it is better for Federation to cast a wide net when funding local agencies instead of limiting funding to a few agencies and programs. Often, much can be accomplished with modest amounts of funding.

The Task Force reconfirmed that Federation funding is not an entitlement and all agencies applying for funding must serve valued community goals, apply principles of Good Governance, and demonstrate the need for their services or programs and show the results gained from them.

II. The application process: How we fund

Organizational Funding: The Task Force recommends that a hybrid model of funding be adopted that would see the largest 5 agencies receive “organizational funding”. Rather than focus on whether these agencies should continue to receive funding, the Grants and Evaluation Committee will focus on providing appropriate stewardship of donor dollars by ensuring that the agencies are well run and that there is alignment with Federation’s mission, vision and values statement. See **Appendix B** for a detailed explanation of the proposed funding model.

The Task Force recommends that for the first two years*, funding be set at the current year’s level (2014-2015). With the exception of the SJCC which has experienced a decrease in funding, these agencies have received relatively consistent funding since 2005. Every two years after that, funding levels should be contingent upon agencies meeting their funding conditions and objectives. The level of funding will be determined by the Federation board based on available dollars, on the agency’s

performance and their needs, and based on the recommendations from the Grants Committee. (*As per the decision of the Federation Board, funding for OJCS will be reviewed after one year, in 2016/17).

Standards for all funded agencies: It is recommended that all funded agencies be required to adhere to, or strive to adhere to standards laid out in a Good Governance Checklist that will measure aspects of the agency's overall performance. This will serve not only to enable Federation to gather information about an agency's efficiency and effectiveness, but it will also indicate in a clear way to agencies that these elements are taken into consideration when funding decisions are made.

Timing of the process: The Task Force recommends that the funding process be altered so that agencies learn about whether or not they will receive funding, and the estimated amount they will receive, at least 5 months prior to the start of funding on July 1.

Seed funding for innovation: The task force recommends adopting a formula whereby a proportion of up to 25% of increases to the allocations funding envelopes be held back to fund innovative programs as they arise throughout the year, up to a maximum of \$25,000 per year. (In the case of flat allocations, this formula will not apply.)

III. The evaluation process: Measuring success

Stringent accountability requirements: It is recommended that organizational funding be designed to hold these agencies more accountable for the funding they receive and involve more rigorous reporting requirements. This includes more stringent requirements for agencies to act with financial prudence, as well as annual reporting about the results of their activities using benchmarks to track progress over time and surveys of their clients to measure the rate of satisfaction with their services. Additionally, it is recommended that Federation's finance committee undertake an in-depth analysis of each of the core funded agencies every 2nd year.

"Tailored Accountability Framework": Organizational funding should be conditional on agencies meeting the requirements laid out in an agreed upon "Tailored Accountability Framework". The Framework, negotiated with each agency and including measurable outcomes specific to each agency, will lay out reporting requirements, financial requirements and minimum standards the agency must continue to adhere to in the area of board governance, in order to remain eligible for this funding.

Changes to requirements for agencies receiving program funding: The Task Force recommends that agencies receiving program funding be required to provide not only measurable indicators of success, but also comparative information to demonstrate continued growth and/or effectiveness of their funded programs over time (was the program well received or did the program change participant's behaviour over time?). There should be more focus placed on program evaluation, not only on quantitative metrics (i.e. number of participants) but also on the impact of participation.

Informal methods of evaluation: The Task Force notes that Federation can help with informal monitoring of funded agencies in a more systematic way, by having staff and senior volunteers attend

various agency programs and events throughout the year. This will help foster improved relations with agencies as it will show support, and at the same time enable staff and leadership to get an accurate feel for what agencies are actually doing.

IV. Improved communication

Increased transparency with agencies: The Task Force recommends that Federation clearly communicate the funding criteria in its Request for Proposals, in the application package and on Federation’s website. It is a good practice for organizations to explain why a funding request was not successful. In the event that funding is not awarded to an applicant agency, Federation should share with the agency in question the reason(s) why it was not granted funding.

Communicate funding decisions and outcomes to the community: It is recommended that Federation continue current initiatives to share funding decisions and outcomes of funded programs, and that Federation should look for every opportunity to promote funded agencies and to share information about the impact of their programs. See **Appendix C** for a list of recommended actions.

Appendix A

Funding Criteria

Funding decisions are made based on the following criteria:

a) Program fit with Federation priorities

- The program helps Federation fulfill its mission of Building Community, Helping the Vulnerable, Educating Jewishly and Supporting Israel.
- The program helps Federation meet the objectives laid out in its strategic plan.
- The applicant agency has a mission and vision that is in line with the Federation’s mission and vision.

b) Program design and management

- The program budget is realistic and the agency has a track record of good financial management and efforts at controlling costs.
- The program has clear objectives and the agency can demonstrate specific, measurable and attainable objectives.
- The agency has clear and practical plans to assess the impact and expected outcomes of the program.
- The program is viable based on its plan for implementation and can sustain itself with additional sources of income beyond that of the Federation.
- The agency running the program is amenable to collaborating with other organizations in order to make the best use of community dollars.

c) Program impact

- The program provides “bang for the buck” and its impact is in line with the amount of funding being requested (recognizing that certain programs and services cost more to deliver than others).
- The program or service meets an ongoing and documented community need.
- It is a service that is not already being offered by other agencies in the community.
- The program is of interest to and inclusive of all parts of the community, not just “members”. The program will actively seek to engage a broad cross-section of the community.
- If a program has been previously funded, to what extent has the agency been able to deliver the program with that amount of funding? What are the positive results from the previous year of funding?

Appendix B Hybrid Funding Model

Organizational Funding

Under the new proposed model, organizational funding will be provided to Federation's five largest beneficiary agencies – Jewish Family Services, Hillel Lodge, Tamir, OJCS and SJCC. Organizational funding is a recognition of an agency's importance to our community, both in terms of mandate and how that mandate is executed. At the same time, Federation has a responsibility to provide appropriate oversight for donor dollars. This includes appropriate financial review and assurances that funded agencies continue to meet their Judaic mandates.

Organizational funding is provided to these agencies because:

1. They provide core social services to vulnerable populations and this need will not change from year-to-year (Tamir, JFS and Hillel Lodge).

or

2. The institution is providing core services to the broader community regardless of affiliation, denomination, geographic location or other considerations. While there are many organizations that provide services to segments of the community, these agencies serve fundamental non-denominational needs and are critical to our community (SJCC and OJCS).

and

3. They receive more than \$75,000 of community funding.

Under this new model, rather than focus on whether these agencies should receive funding, the Grants and Evaluation Committee will focus on providing appropriate stewardship of donor dollars and work to ensure that there is alignment with Federation's mission, vision and values statement.

Determining the level of organizational funding

Funding will initially be based on historical levels. These agencies have received relatively consistent funding since 2005. Organizational funding would be set at the current year's level (2014-2015). This funding will be contingent upon Federation meeting its Annual Campaign targets. As the campaign increases, there is the possibility for these agencies to ask for and receive more funding. These agencies will also be eligible to apply for additional funding for new or special programs, over-and-above their annual allocation as part of the grants and allocations process or other Federation processes (i.e. New Fund for Innovative Capacity Building).

The Process

Under the proposed model, agencies will not have to apply for organizational funding. Instead of having an annual application form, there will be a **"Tailored Accountability Framework"**. This is intended to be a collaborative process between the Grants Committee and each individual agency. This will be

reviewed together with the agencies every 2 years. Additionally, Federation's finance committee will undertake an in-depth analysis of each of the agencies every 2nd year.

Annually, the core funded agencies will be expected to submit their Annual Report, audited financial statements, and a written report (based on the "Tailored Accountability Framework") of their activities. In addition to the review of the "Tailored Accountability Framework" every 2 years, the Grants Committee will meet face-to-face with each core funded agency in the non-review year, to receive an update about the agency's progress, successes and challenges.

The **Tailored Accountability Framework** will include general requirements that apply to all the agencies receiving organizational funding. All agencies will be required to:

- **Maintain a climate of cooperation and partnership.** Work in a collaborative spirit with Federation and other local Jewish agencies, on addressing broad community issues and challenges that go beyond the scope of any one agency.
- Strive to provide **excellence in service and programming** to the Ottawa Jewish community with a focus on innovation.
- **Support the Jewish Federation:** This includes recognition of Federation funding in printed materials, website and other promotional materials, active participation in promoting the success of Federation's fundraising and program activities, encouraging and enlisting participation of its constituency and members in activities such as the Annual Campaign Telethon, Campaign kick-off, Mitzvah Day and other Federation events.
- **Maintain financial oversight:** Obtain competitive prices for major expenditures. Tender the 3 highest major expenditures (non-staff overhead costs), for which there is agency discretion.
- Adhere to a **Good Governance Checklist** of minimum standards. See below.
- **Undertake Evaluation:** Undertake regular evaluation of activities to measure the impact that they are having in the community, and report their results on an annual basis to the Federation. This includes using benchmarks to track progress over time, as well as undertaking surveys of their clients (or their families) to measure the rate of satisfaction with their services.
- Comply with the **Tailored Accountability Framework**. Provide survey results of clients/participants, audited financial statements, other financial and statistical reports as requested. Funding is conditional on the completion of Federation evaluation reports.

Individual Tailored Requirements

The "Tailored Accountability Framework" will include individual tailored requirements for each agency that are subject to change as circumstances warrant. The individual requirements will reflect the values of Federation and will be developed in consultation between the Grants and Evaluation Committee and each agency. They will be reviewed together with the agencies every 2 years, and changes will be made

as needed, to reflect new realities. Here is a sample of some of the individual tailored requirements for each agency:

Hillel Lodge Tailored Accountability Framework

- 1) Kosher food continues to be provided for residents
- 2) % of Jewish residents remains above 80%

Tamir Tailored Accountability Framework

- 1) Maintenance of substantial Judaic programming
- 2) % of Jewish clients and residents remains above 80%

SJCC Tailored Accountability Framework

- 1) Athletic financials are reviewed and determined to be self-funding (or a profit center for the SJCC)
- 2) Produce an annual report of Jewish activity in which the community can take pride that uses the previous year's activity as a benchmark

Jewish Family Services Tailored Accountability Framework

- 1) Annual reporting of Jewish clients served
- 2) Demonstrated ability to refer Jewish clients to programs and services offered in the Jewish community (e.g. summer camp)

OJCS Tailored Accountability Framework

- 1) Continue to improve recruitment and marketing of the school. Annual reporting of recruitment strategies and successes
- 2) Work with other day schools on synergies that reduce overall costs

Accountability

If any outcome in the accountability framework is not met, the Grants and Evaluation committee will meet with leadership from the agency in question and determine:

- 1) Is the violation temporary and understandable? Are there extenuating circumstances? What steps have been taken to avoid a recurrence?
- 2) If not, identify mutually agree upon steps to rectify the situation.
- 3) If this is not possible, there are a variety of possible steps that may be taken such as:
 - Review of funding,
 - More frequent reporting requirements,
 - Placing a Federation representative on the agency's Board,
 - Possible reduction or suspension of funding.

Program Funding

The Federation will continue to provide grants for local programs that help to fulfill its mandate:

Building Community, Helping the Vulnerable, Educating Jewishly and Supporting Israel. See **Appendix A** for an explanation of the funding criteria.

- The following are the proposed changes to Program Funding:
- Program funding will be conditional on agencies meeting or working to meet standards laid out in a new **Good Governance Checklist**. As a funder and partner of local Jewish agencies, Federation has a vital interest in ensuring that they remain strong. The focus on governance will help agencies understand the tools and procedures needed to strengthen their organizations from within (see below).
- Changes to the annual Evaluation Report will require organizations to provide measurable indicators of success, as well as comparative information that demonstrates continued growth and effectiveness of their funded programs over time.
- The timing of the funding process would be altered so that agencies learn about whether or not they will receive funding, and the estimated amount they will receive, at least 5 months prior to the start of funding on July 1. This will address the need of agencies to learn about funding decisions in a more timely manner so they can better plan for their coming fiscal year.
- It is proposed that Federation eliminate the “Religious Outreach Envelope” and all organizations applying for funding to run programs that strengthen Jewish identity apply for funding from one envelope, the “Strengthening Community Envelope”. This is not a reduction in the amount of funding available. Programs that seek to assist vulnerable populations will continue to be able to apply for funding from the “Assisting the Vulnerable Envelope”.

Good Governance Checklist

As a funder and partner of local Jewish agencies, Federation has a vital interest in ensuring that they are well managed and well governed organizations. The most effective not-for-profit organizations have a strong partnership between talented professional leadership and a committed, informed, experienced and diligent board of directors. The purpose of the guidelines below is to ensure that agency boards have the tools needed to meet their responsibilities and to provide Federation with early warning of potential challenges. Although Federation recognizes that no two agencies are alike, and that each operates in a unique environment, we are detailing our expectations of standards for funded agencies, based on best practices in the field.

Minimum Standard	Agency Compliance
General Governance	
The agency holds an Annual General meeting.	Yes ___ No ___
The agency has term limits for board members. How many years?	Yes ___ No ___
The Board of Directors and senior officers have procedures to keep informed about compliance with applicable laws.	Yes ___ No ___
The Board and its committees document their actions in written minutes.	Yes ___ No ___
The Board reviews personnel policies and procedures periodically to ensure they comply with good practice.	Yes ___ No ___
How frequently does the Board of Directors meet? How are Board agendas set? (eg. by Board Chair or senior management, or a combination of the two?)	
Fiscal Oversight and Transparency	
Does management prepare a budget each fiscal year in sufficient detail to allow the Board (or its finance committee) to understand the Agency's revenues and expenses by appropriate operating area and its capital expenditures?	Yes ___ No ___
Does the budget include a narrative that describes key assumptions underlying it and significant changes from the prior year's budget and actual results?	Yes ___ No ___
Is the budget approved by the Board only after members of the Board or finance committee have had sufficient time to review it prior to the meeting at which it will be discussed and acted upon?	Yes ___ No ___
Does the Board (or its finance committee) receive and discuss at least quarterly, a financial report that shows YTD actual results compared to budget and prior year results by appropriate operating area (program, department, etc.)?	Yes ___ No ___
Does the Agency have a finance or audit committee composed of independent directors? Does the audit committee meet with the Agency's independent auditors to approve the scope of the audit and to receive the report of the auditors?	Yes ___ No ___

If an agency answers "NO" to any of the above, they will be asked to explain how their agency will address the issue, and if any plans are in place for change in the future. In rare cases, a particular standard may not be relevant for an organization.

Appendix C

Communicating Funding Decisions and Outcomes

The Task Force recommends that Federation should continue current initiatives to share funding decisions and outcomes of funded programs in the annual “Report on Community Funding” which is available on the website, and in the “Case for Giving” which is available on the website and distributed through the Ottawa Jewish Bulletin once a year. Federation should continue to highlight different funded agencies in the Annual Campaign video.

Federation should look for every opportunity to promote and celebrate funded agencies, and to share information about the impact of their programs:

- Create an annual on-line document to lay out all of Federation’s allocations and include short explanations of all Federation programs and services, short descriptions of each funded agency and program, and the amount of funding received.
- Create a 1-page info-graphic that explains Federation’s allocations process. This can be distributed along with tax receipts.
- Communicate widely the changes to the allocations process and the rigorous nature of the process.
- Federation should share program “Impact Reports” widely. Impact Reports are submitted on an annual basis by funded agencies, and describe the funded programs and their impact in the community.
- Use the *Shalom Ottawa* television show on Rogers TV to highlight funded organizations and how local people are impacted by their programs and services. The *Shalom Ottawa* features can be made available as short video clips, and other short videos can also be produced to highlight other funded programs and their impact in the community. These video clips can be posted to our website, shared on a more regular basis and used in creative ways.
- Use social media to share all the above as widely as possible.

Federation should improve transparency with agencies

Feedback from agencies is that they want to have a clearer understanding of how funding decisions are made, and in the event that a program is not funded, the reasons why. It is a good practice for organizations to explain why a funding request was not successful. In order to improve transparency with agencies, the Allocations Task Force recommends that Federation share with the agency in question the reason(s) why it was not granted funding.