



County of Santa Cruz

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Ellen M. Timberlake, Interim Director

Meeting Date: May 16, 2017
Date: May 5, 2017
To: The Board of Supervisors
From: Ellen Timberlake, Interim Director
Subject: Recommendations for CORE Investments

Two years ago, on April 21, 2015, your Board embarked on a change process to increase collective impact on shared outcomes and improve the funding model for safety net services by promoting the use of Evidence Based Practices (EBPs) in County funded services. To achieve a lasting systemic impact requires a mindset change that was summed up well in the Stanford Social Innovation Review: “Implementing an outcomes mindset does not require breaking new ground. It requires a deliberate approach. We need a policy environment that adopts and rewards the pursuit of outcomes and that values data, evidence, and knowledge; collaboration; dynamic iteration and learning; and bottom-up solutions as strategies to get there.”¹

The transition from the historical Community Programs funding model that has been in place for over three decades to the new model of Collective of Results and Evidence-based (CORE) Investments heeds this advice by: 1) taking a measured and deliberate approach; 2) focusing on community derived results from 9 strategic plans; 3) collaborating with jurisdictional funders, strategic plan representatives and service providers; 4) creating an open and competitive application process that has generated innovative and evidence based interventions from local community-based non-profits; and 5) openly acknowledging the need to collectively learn and evolve.

To support the new CORE Investments model, on November 22, 2016 your Board authorized the issuance of a joint Request for Proposals (RFP) for CORE Investments with the City of Santa Cruz (City) with additional direction that the base allocation level be increased from \$3.9 million to \$4.1 million per year for a three-year cycle beginning in FY 17-18. In recognition of the need for flexibility, your Board also set aside an additional \$150,000 for FY 17-18 to meet emerging or otherwise unmet safety net needs. Together these actions increased your Board’s substantial commitment to safety net funding by almost 10%.

¹ Shah, M. & Urquilla, M. “An Outcomes Mindset for Systemic Impact”, Stanford Social Innovation Review, February, 2016.

Simultaneously, the Santa Cruz City Council recommended an increase to the amount of annual funding for the new CORE Investments model. City staff is recommending to their Community Programs Committee and the City Council a same percentage increase to their FY 16-17 funding bringing their CORE Investments allocation to \$1,135,000 with an additional \$45,000 for the City specific set aside. These increases result in a CORE Investments combined allocation of \$5,235,000 with Set Aside funding handled annually and separately by the County and the City.

The purpose of this memo is to inform your Board of the results of the CORE Investments and Set Aside application processes and make staff recommendation for awards for both CORE Investments and County's Safety Net Set Aside.

CORE Investments: Request for Proposals

Applicant Profile

The response to the RFP was robust with 94 proposals² from 50 agencies requesting approximately \$10 million per year. A description of the applications is included in Attachment 1 with the following noteworthy highlights:

- Funding requests ranged from \$15,000 to \$502,000, with a median of \$59,000.
- Most agencies submitted one or two proposals, however, five agencies submitted six or more proposals each.
- Proposals for both currently funded programs and new programs were submitted. 41 applicant agencies are currently funded under the County's or City's Community Programs and nine are new applicants.
- A small number of currently funded agencies (6) did not apply. Of these, one only had prior funding through the City and three submitted an application through the Set Aside process
- All levels of Evidence Based Programs (EBPs) were represented with 57% of the proposals falling in the Model tier, 19% in the Promising tier, and 23% in the Innovative tier.

Fortunately, a large number of applicants (80 participants from 38 agencies) took advantage of technical assistance workshops and the individual assistance offered. It was evident from survey feedback they provided that many had enhanced their capacity to measure and report on outcomes, find EBPs, and said they had improved their ability to present their logic and outcome framework when applying for other funding³. Overall

² One proposal was withdrawn by the applicant

³ Survey conducted by Nicole Young of Optimal Solutions, Inc. after the training and technical assistance provided in December & January

the quality of the proposals was impressive with agencies providing clearly defined performance outcomes and measures and proposing new EBPs and collaborations.

Summary of Review Process

A careful and deliberative RFP and review process was followed to provide your Board, and our funding partner, the Santa Cruz City Council, a portfolio of funding recommendations that an outstanding cadre of panel reviewers and staff from both jurisdictions have determined will best address the safety net needs as identified in nine community-wide strategic plans. Staff took several important steps summarized below to ensure that the process was carefully designed and executed in an objective, informed, and fair manner. Attachment 2 includes a comprehensive summary of the CORE Investments proposal review process.

- Convened a diverse set of 36 reviewers with expertise across all nine strategic plans whose names were vetted by other funders and non-conflicted strategic plan representatives
- Required each reviewer to sign a confidentiality and a conflict of interest statement
- Conducted a Pre-panel to assure equitable assignment of proposals to panels
- Provided standardized analysis by the County's Auditor office to each of the panels on the budget portion of each proposal including items such as whether the agency budget meets typical standards, whether there is an agency deficit, and average CORE funding per participant
- Assigned three reviewers to rate each proposal according to criteria listed in RFP
- Convened four separate panels (health, homelessness, children/youth, seniors) to discuss proposals and determine group scores
- Informed each panel of the total allocated amount available. Panelists were not provided information on prior Community Programs funding allocations for currently funded agencies/programs.
- Convened a cross panel of strategic plan representatives to review for consistency across the four panels
- Reached consensus on recommendations

Additionally, although each panel had the difficult task of reducing the requested amount to the allocated amount for the panel, the process for arriving at recommendations was similar with the following generalizations:

- The largest funding requests were reduced because the size of the request would prohibit funding across a larger number of proposals.
- Highly ranked proposals received a higher percentage of their requested funding resulting in a staggered percentage funded based on score.
- Approximately 20% of proposals in each panel were not recommended for funding

- All recommended funding amounts were rounded down to the nearest thousand.

After the conclusion of the expert panel process, City staff finalized the overall City CORE Investments allocation to match the County's nearly ten percent (10%) increase, amounting to \$175,000 beyond the low end of the City's RFP funding range. Subsequently, City and County staff applied a community safety net lens to the panels' funding recommendations to assess: 1) geographic representation of services for people in poverty, 2) level of impact to programs that were the sole proposals focusing on particular safety net need areas, and 3) level of impact on agency and program budgets. To act as stewards across the entire investment, Staff distributed additional dollars and then made modest adjustments to the portfolio representing 2.8% of the \$5,235,000 total investment.

CORE Investments: Award Recommendations

As noted above, the applications were generally of very high quality across all sectors, although twice as much funding was requested as was available for award and not all applications could be funded. This extensive and careful process, however, has led to a recommended portfolio of investments that is results-driven and cognizant of the role this funding stream plays to support the county-wide safety net.

Funding Award Profile

In total, 74 programs within 44 agencies are recommended for collective funding by the County and City. A high level funding analysis detailing the funding recommendations by evidence based practice levels, demographic and strategic plan distribution as well as comparison with historically funded Community Programs can be found in Attachment 3. Highlights are summarized below.

- On average, four out of five proposals were recommended for award.
- The majority of recommended programs reflect Model Evidence Based Practices with remaining 42% split equally between Promising and Innovative practices.
- The vast majority of the funds will be used to support people that are low income; approximately \$3.2 million will support people struggling below the federal poverty level and \$1.5 million will support people living between 100% and 200% of the federal poverty level.
- The geographic representation of the award dollars generally approximates the proportion of people living below 200% of the federal poverty level.
- The recommended awards target more funds proportionally for children, youth, and seniors than for adults (ages 19-64) relative to the number of people who are poor within those categories.
- The ethnic/racial representation of the award dollars also generally approximates the proportions of people living below the federal poverty level.
- The recommended funding by each panel closely matches the allocation amount with 34% of the total funding health related programs, 32% children and youth

programs, 20% seniors programs, and 15% for homelessness related programs.

- Of the \$5,235,000 available, awards of \$4.9 million are recommended for FY 2016-17 Community Programs agencies (for currently funded and new programs), and \$332,000 for agencies not currently funded by County or City Community Programs.
- Of the 74 proposals recommended for funding, 74% are currently supported by the City or County Community Programs funding and 26% are new programs (15% within currently supported agencies and 11% are new programs in new agencies).
- Most currently funded Community Programs agencies will experience less than a two percent change in their overall agency budget as a result of CORE funding recommendations.

For your Board's consideration, details of the specific award recommendations are categorized by Strategic Plan and listed in Attachment 4. Please note that in the spirit of collective impact, the Probation Department has used the CORE Investments process to allocate \$30,000 in FY 2017-18 from the Local Innovation Trust Fund which was approved by your Board on March 21, 2017 (noted in Attachment 4).

Given that some agencies submitted more than one proposal and are recommended for multiple awards, Attachment 5 contains a list of the total recommended award amounts by agency. Based on the award amount, staff will work with agencies to modify scopes of work per mutual agreement of the vendor and funder. If approved by your Board and the City Council, staff will negotiate three year contract agreements with recommended awardees and submit the list of contracts as part of a Supplemental Budget item for your approval as part of the budget process. Staff will explore contracting options with the City that are as streamlined as possible to reduce administrative burden on vendors and funders. As this change process has led to an exciting mix of new and longstanding evidence based programs, it must also be recognized that shifts in funding will lead to a reduction in services provided by some programs to allow for the provision of new or increased services to the community by other programs.

Set Aside: Letter of Intent

As approved by your Board, the Letter of Intent solicitation for FY 2017-18 set aside funds in the amount of \$150,000 was released on March 16, 2017, and the application process closed on April 10, 2017. Thirty applications were received proposing a wide range of safety net services, requesting nearly \$683,000, more than four times the available funding amount.

The 30 applications were scored and rated by a review committee comprised of staff representatives from the Human Services Department, the Health Services Agency, the Probation Department, and the County's Homeless Services Coordinator's office. After receiving preliminary scores from the review committee, Staff assessed

recommendations against CORE funding applications and similar Set Aside requests made to the City.

Set Aside: Funding Recommendations

While all the applications merited funding consideration, Staff recommends your Board prioritize Set Aside funding based on the following factors: 1) an important safety net service was not funded through CORE Investments, 2) an emerging need was identified, or 3) the agency's ability to meet the safety net need would be greatly affected due to not utilizing this funding stream. Attachment 6 contains recommendations on Set Aside awards totaling \$150,000. If approved by your Board, staff will negotiate Purchase Order agreements with recommended awardees, for one-year agreements commencing on July 1, 2017, subject to approval of the FY 2017-18 budget.

Next Steps

The awards for CORE Investments and the Set Aside mark a critical juncture in moving towards greater collective impact through results-based funding. Collectively, your Board and the City Council have increased the investment in the safety net and taken an important step in focusing on shared results and promoting the use of EBPs to achieve them. In this change to a new funding model, it is also important to acknowledge that this is the first big step in an iterative process to improve the safety net and the lives of our community's most vulnerable residents. Along Shah and Urquilla's suggestion on the best way to achieve systemic impact, collectively we have begun to develop a new outcomes mindset that emphasizes the use of data, evidence, and results. To that end, staff will return to your Board by November, 2017 to report on their evaluation of the RFP and award process, the results of efforts to garner technical assistance to increase collective impact, and a plan for tracking the CORE Investments community level results.

IT IS THEREFORE RECOMMENDED that your Board:

1. Accept and file the report on award recommendations for CORE Investments and the safety net Set Aside;
2. Approve the CORE Investments funding recommendations as reflected in Attachment 5 and direct staff to return with a Supplemental Budget item with the list of CORE Investments contracts, for the term of July 1, 2017 to June 30, 2020, subject to approval of the FY 2017-18 budget;
3. Approve the Set Aside funding recommendations as reflected in Attachment 6 and direct staff to return with a Supplemental Budget item to enter into one-year purchase order agreements for FY 2017-18, subject to approval of the FY 2017-18 budget; and

4. Direct staff to report back on the status of CORE Investments, including the process evaluation, technical assistance efforts, and plan for tracking results by November, 2017.

Submitted by:


Ellen M. Timberlake, Interim Director 5/8/2017

Recommended:

Carlos J. Palacios, Assistant County Administrative Officer

Attachments:

- ATTACHMENT 1_ Description of applications
- ATTACHMENT 2_ Proposal Review Process
- ATTACHMENT 3_ Funding analysis
- ATTACHMENT 4_ Recommended awards by strategic plan
- ATTACHMENT 5_ Recommended awards by agency
- ATTACHMENT 6_ Recommended set aside awards