COMMITTEE AGENDA TOPICS

I. Subject: Council Referral: Review Out-of-School Time Partner funding level and sources

Action: None

COMMITTEE INFORMATION

Present: CM Barnes, CM Dulin, CM Fallon, CM Kinsey, CM Mayfield
Time: 12:02 p.m. to 1:36 p.m.

ATTACHMENTS

1. Out-of-School-Time Funding Presentation
2. July 9 Budget Committee Meeting "Summary of Funding Levels and Sources"
3. August 16 Economic development Committee meeting Out-of-School Time Discussion packet

DISCUSSION HIGHLIGHTS

Committee Discussion:

Council member Barnes welcomed everyone to the meeting and asked those in attendance to introduce themselves.

Mr. Barnes said I don't think we have had a chance to do this, but officially congratulated Randy Harrington on being confirmed as our Budget Director. You all may remember there was one of those Employee Newsletters that came out him listed as Director of Budget before it actually became the case. Randy has been wonderful to work with and I know he will continue to be wonderful to work with. Congratulations and we appreciate your efforts and everything that you do to help us do what we are doing and we know that we will have a Budget Retreat on September 27th. I believe is the current schedule for the full Council where we will re-engage in the CIP discussion, among other things. I hope the Committee, the five of us can talk and make sure that we are better together on each issue and not just in terms of the information, make sure we are better and more closely aligned.

Dulin: I went back Mr. Chair and looked at the historical data, way back in the fall of 2011 and oddly enough the historical pictures and they are all black and white, but back in 2011 Randy Harrington had a full head of hair. Something must have happened from December 31 to now.

Barnes: We have one item on the agenda today and that is the Review of the Out-of-School-Time Partner funding levels and sources. I hope you all got my e-mail yesterday where in I talked about some of the overlap issues we are having with ED. I think we should feel free to kind of move forward to the extent that we can and make any recommendations that we'd like to make today.

I. Council Referral: Review Out-of-School-Time Partner funding level and sources.

Harrington: Thank you Mr. Chairman and I appreciate the words of congratulations and it's my pleasure to work with you all and support the work that you are doing and try to help you as we work on the budget and various components of it. Thank you again, I appreciate that very much.

What I thought I would do before turning it over to Tom Warshauer, let me recap a little bit on where we are. We had a meeting back on July 9th where we talked about the Out-of-School component, the referral being looking at the funding levels and sources and essential caps associated with those. From that discussion on July 9th and your direction back to us was to come back with some potential ideas on some funding caps. We look at it at the micro level, the total funding component for Out-of-School as the Chair alluded to, the ED Committee is also talking about a related component of the issue. There may be some overlapping components and maybe some additional cap ideas that you have talked about and we will be more than happy to go with those if the Committee desires.

In your packet you have three attachments, one is the presentation for today, the second is Attachment 2 which was provided in the July 9th Budget Committee meeting and gives a summary of the funding levels. Attachment 3, the ED Committee at their August 16th meeting was the first meeting that they discussed the Out-of-School Time component, looking at RFP and I just wanted to provide that to you all. Today Tom Warshauer is going to lead us through the PowerPoint presentation.

Warshauer: I'm going to give you some background on the Out-of-School-Time (OST) funding and then we will ask you to take a look at our recommendation and methodology for a total budget cap on Out-of-School-Time funding. OST funds comes from CDBG funds as well as Innovative Housing pay-as-you-go funds, so some are local dollars and some are federal dollars. First, taking a look at the CDBG funds, these are federal funds used by the Cities to support a variety of activities and programs, housing, education. There is a 15% federal cap on the amount of the CDBG funds that we used for public services like the OST and we use 100% of the available funds for the OST programs. It is important to note and we will see it in a draft coming up, the federal CDBG funding allocation to cities has been declining over the last 10 years. What have we been doing to sort of make up for that really comes from innovative housing. Innovative Housing is local dollars used to supplement and expand CDBG funded programs so we put money into our own housing program to support homeownership opportunities, development and housing support. As CDBG has decreased, the additional cost of the OST to maintain it at a $1.2 million level has shifted to the Innovative Housing budget, which has really reduced funding available for the housing program.

Kinsey: Decreases funding – does that impact what we can do for affordable housing?

Warshauer: Yes, because we have less money that is available for the affordable housing.

Kinsey: That is sort of what I thought, but I wasn't sure.

Warshauer: Our total CDBG allocation peaked in FY02 to nearly $8 million and we are down to just over $4.5 million so there has been significant decreases in the overall CDBG allocation. This graph shows how we have made up for that. Innovative Housing in FY02 was at $300,000 and now Innovative Housing's component has almost doubled up to nearly $600,000. That is not including the $394,000 that came out of capital reserves and that went into the budget this year. The CDBG allocation for this has gone down from about $850,000 to about $650,000 so there have been significant changes in the way that the allocations are going. That is the way that the $1.2 million has been done.

Barnes: The $394,000 is above and beyond the $1.2 million?

Warshauer: Correct. Since that is a one time only that is off the graph, otherwise the graph would have significantly decreased.

Kinsey: That is what we did this year, right?

Warshauer: That is what you did this year. We had not done that previously. This just shows the percentage changes so in FY02 we were at nearly 75% funded by CDBG where now it is just over 53% funded by CDBG. There has been a significant increase in and reliance on Innovative Housing and local PAYGO money to support the Out of School Time. This is a recap of how that money was used last year. You can see the allocation to the agencies would be very consistent going back, but it shows where they are and what the percentage of the agency's budget is from the City. We understand you may want to talk about that a little bit later on.

Kinsey: How many applications have we received in addition to these right here?

Warshauer: We have 17 total applications so we received 11 additional applications.

Warshauer: We wanted to talk to you particularly about some options in relationship to a funding cap for the OST and we have three different options to present to you. First is, why you would want to do that? The National Best Practices have indicated that caps reinforce the message that funding is limited and it may not always be there and may not be able to continue. It also helps wean programs off of the City dependence and encourage agencies to look for funding diversification. When people begin to look for funding diversification studies indicate that they also look for new partnerships that can also enrich the program and the program delivery. Building an ability to solicit additional funds means that you are building a capacity organization to really make sure that you are doing best practices because you are continuing to sell your organization to others and it builds a more robust funding mechanism for your organization. Caps also reinforce the competitiveness of the funding process so it really pushes organizations to become better as they have to apply for additional funds.

The first option was to continue holding at a constant dollar amount what we have done in the past. The implication for this is you have a less predictable funding for OST. But the other implication is you have less predictable funding for the innovative housing which impacts your ability to deliver innovative housing for the community. If CDBG continues to decline and we expect it to continue, it would impact your ability to deliver the housing program that you also deliver.

The second option was to cap Innovative Housing contribution at a constant dollar amount.

Last year's amount was $589,000 not including the $394k. Innovative Housing was originally $389,000. This eliminates the increasing funding pressure on Innovative Housing and shares the risk of decreasing funding that comes from CDBG across both innovative housing and OST programs.

The third option would be to set a maximum percentage of OST funding from Innovative Housing dollars. Last year's was 47% and came from Innovative Housing. The impact of this would also control the funds for Innovative Housing, but if the CDBG were to decline it would also be less money coming for Innovative so you would be reducing the amount of funds from last year that you would be putting in for Innovative if CDBG declined.

Our recommendation would be to look at #2 which puts the funding at the same level that you've had in the past which is actually the highest level of funding the City has ever from Innovative Housing to the OST program activities. It would enable going forward so we could share the cost of innovative with the OST activities. Furthermore it provides some more predictability for PAYGO funding.

Barnes: Mr. Harrington, from the budget side of things would it be advisable or would it not make any difference to say round that up to $590 or round it down to $589?

Harrington: You can either round it up or down. A few thousand dollars isn't going to have much of a material effect on the PAYGO budget.

Barnes: I don't want to get crazy with that because somebody might round it from $500k to $600k and round $600k to $1 million.

Mayfield: Thinking about that last question, would that be a motion to consider rounding up or is that something that we could at least look at?

Barnes: I would like to put it out there now and toward the end we will vote on it.

Warshauer: Our next step will be to meet with OST respondents in September. We will have several meetings with OST providers to take a look at moving the schedules on which the funding is awarded taking a look at the RFP and the qualifications and their ability to seek feedback from them. It will then be brought back to ED on eligibility, the scoring mechanism and then taking your recommendations together with ED for approval and then releasing the RFP. We will get the RFP back and make a decision in the spring.

Fallon: Would it be the same people that have been up till now or are you going to be adding others? extra eleven?

Warshauer: There are meetings with the OST providers. We are doing them as a series of three and possibly four, but initially we want to talk with the ones we are funding now about the possibility of moving the scheduling to having the contract period September to August as opposed to a July to June contract period.

Fallon: Would you have to cut somebody's funding to cover these other people?

Warshauer: No, we are going to look at that as a no cost extension. The typical funding extension is for them to run their program through next summer. We wouldn't have any additional funds to run their programs through next summer.

Mayfield: Tom, we are thinking about how we, once we have the conversation between Budget and ED, what is the timeline you are looking at to actually roll it out? I know there is some concern of giving enough time to the community partners.

Warshauer: That was our first meeting and our second one which followed in the next hour after that with all 17 people that responded last year just to get their input on the RFP and what they thought of the RFP. Then we intend to do another meeting with all our OST providers that might be eligible, whether they could have a chance to take a look and give us some feedback. We really want to be doing this the best way for our whole community and they are part of the community. We are taking a little bit of time in September and the early part of October to meet with essential RFP respondents so that we can get some feedback from them. Not that they are making the decisions but they are providing us some meaningful feedback on how to best structure the RFP that would be more useful to them and for us. Then what we would be doing is issuing the RFP in December with it being due back in March, evaluating it and then we would bring back recommendations in April so they could have plenty time to really plan for their fall.

Kinsey: Back to Ms. Fallon's question. Maybe I will start this with a comment. We have funded this group for a while now except for PAL. Are we going to let them know that they are in competition with all of these others? Maybe this is an ED Committee decision, I don't know, but are we going to open it up honestly or are we going to just go back and fund the same ones? I prefer opening it up to be honest with you.

Warshauer: The instructions we have from you is that we were opening this up with an RFP process which was available to all eligible agencies. We will be communicating with all of them and they will all be in some of the same so I believe a lot of the OST providers are pretty well aware of what is going on, but they will be included in the meetings to provide us feedback, the existing agencies with new agencies that might be interesting in applying in late September or early October.

Kinsey: But will it wind up at Council level or somewhere make a decision as to whether we are going to open it up?

Warshauer: Correct, you all have to determine eligibility and that has to go back to Council and exactly how you are going to award funds so as you talk about specific caps. That is all material for these agencies so they need to know that and we would like them to know that earlier rather than later because they need to make plans. That is why we are trying to put all of our activity with you to make decisions on the total budget. Then we can begin to make decisions at the end of September when we present to ED on eligibility. All of the requirements and getting buy-in from everyone around that direction so that by the end of October we will have an RFP that you all will determine the eligibility. You will determine the type of scoring that will be used to evaluate the RFP and they will also know the maximum amounts of funding if you all choose to go in that direction.

Kinsey: I have no problem if it ends up that we have the same organizations next year I understand that, but I do think if there is a really good program out there that we would like to at least know about that and have that option.

Fallon: Explain something to me. If we are going to use the same pot of money, but we are going to add people in, somebody loses don't they?

Warshauer: Correct. So that is up to you all to determine eligibility. If you are going to

have agencies truly be eligible it would have to be shared out differently. That is a part of your discussions that you all are interested in having. Is there a maximum that an agency can get in terms of funding? Is there an actual percentage of their budget they can receive from the City in terms of funding?

Fallon: I agree with Ms. Kinsey. There are other agencies out there that haven't gotten anything until now that are really deserving of our help and it should be spread out more than it is now.

Barnes: Right and remember the e-mail that I sent you guys yesterday, one of the things I wanted to talk about today. Whether we should say that no one entity would get more than 10% of the $1.24 million or that no one entity would have more than 50% of their budget funded by us so we can spread it out more?

Fallon: The problem with that is that people are only getting $70,000 so if you say 50% and other people are getting $600,000 so it could be a problem with the percentage.

Barnes: That's what we're talking about. Not necessarily because if you say a person can't get more than 10% of the $1.2 million, that is $120,000. If you say they can't have more than 50% of their budget from us that could be $600,000.

Warshauer: You could have a maximum that you are going to award.

Fallon: A maximum plus a percentage.

Dulin: I want to go back to this CDBG, we've got $4.5 million in there now. Can we spend that much money?

Warshauer: We can only use 15% of that for OST.

Dulin: So, that's what is coming over from them to make the gap up?

Warshauer: Correct. We've got the maximum that we are allowed to spend on CDBG is 15% for the allocation. The rest of it goes to support your housing program.

Dulin: But on the housing side do we spend that much money every year? We are capable of going through that? The other thing to me and I've been in the minority on this for a long time, but other than PAL, those are our employees working for our City's youth, I'd like to start weaning some of these programs off. They are all good programs and there is thirty more, but I will be in the minority on the Committee here and on Council full, but I'd like to see some of these folks.

Kinsey: That is what we are talking about, not necessarily weaning them off, but competing. They've got to compete.

Dulin: Right, but if we start reducing that now getting ready to be $590k then Mr. Barnes I agree with you, if we don't watch it, it will be $600k and that can happen in a blink at one of our meetings. I don't have any problem taking it to $590k that is a nice round, better number. I'd really like to let all these other folks know that they are on a limited and it is time for them to crank up their fundi raising and let them survive or not. The ones that don't survive, there will be somebody that can make it survive and they are all good programs.

Barnes: Mr. Harrington, would you like to lead the discussion?

Harrington: Sure, I just have a process suggestion. It feels like there might be two elements here. One is that the total cap piece as it relates to all we've conveyed here and then there's the percentage cap at an individual agency level. Whether it be total percentage limit on the program budget coming from the City or a cap on the total amount that could come from the City's total allocation level of $1.24 million. My suggestion would be to start at the top level and then move down the discussion from there but I'm certainly open to any way that the Committee would like to go.

Kinsey: Are we getting ready to decide which we are going to do? I think what staff recommended and thinking through it, if we are going to do something put a cap on … otherwise every year it will go up.

Dulin: Of this page there are four that are above 50%. Bethlehem Center is 52%, Greater Enrichment is 81% and the Police Activities League is 77% but I don't mind that being 100%. Those are our folks. St. Paul is at 100%. This is interesting information.

Mayfield: Just for historic sake, could we get a brief synopsis of why we stepped into this role in the first place? I do agree that there should be a percentage but when we think about the idea of trying to eliminate funding, there was a reason that we stepped into this role as far as the City and City Council identifying these fundings because there was a major gap on the ground in the community as to why we needed to step into this role. The idea of thinking about weaning back to get to a point opposed to just having a comparative process where an organization could jump in whether it was a current organization or a new organization. Staff has already said in the previous meeting that with the new process that was created there is a scoring system and the way the scoring system works, that top organization receives 100% of their ask and then going down from that point, pulling from the pot of money. It seems like the conversation is heading in somewhat of a different direction than today's meeting.

Dulin: I can answer that for you Ms. Mayfield. It's a one word answer, politics. Over the years, historically we've not added any in my seven years but we have taken one off, POST. The money didn't reduce, it just went other places, but over the years, historically a Councilmember will get fired up about something and get it into the budget process and they tend to multiply. Once they get in it is very, very difficult to get out. For instance, Greater Enrichment, they've been in there for 32 years and the up-roar we saw when they didn't get any money last year. I've always said let's don't cold turkey anybody, let's just give them a five-year step-down program where this coming year we will fund whoever we will fund them with a full boat with whatever we fund them with, and then the next year if they are on there it is down 10, 15, or 25% and over five or six years they are nothing and that gives them an opportunity to get their act together and crank up some fund raising. These guys in most cases, they are doing their work, but they are not worrying funding because big daddy is going to come through in June.

Fallon: Weren't they told for the last three years that they have to start to diversify and get some matching funds? Don't they get federal and state funds in addition?

Alexander: Currently some state programs have their own state funds. All the programs for the last 12 years have been required to apply for at least three grants. They may or may not get those grants and some of those grants have been smaller corporate grants, maybe $1,000.

Fallon: Have they met the requirements for the last three years to start matching?

Alexander: They have met the requirements to apply for those grants, now whether they received those three grants, sometimes they do and sometimes they don't and sometimes they may apply for something that is a nominal Bank of America $500.

Barnes: Can you go back to the funding allocation slide please? I'm going to ask you the number of children that have been served in all of those programs.

Alexander: The highest amount of children is by Greater Enrichment. They served 375 children and the fewest would be served by St. Paul at 50, Bethlehem Center is about 100 and CMS is about 100.

Barnes: Isn't CMS larger than that?

Warshauer: CMS we pay specific amounts or the number of students and they do serve a lot of other kids but we are paying specifically for a program slot whereas others we are paying to help them administer a program.

Barnes: I asked the question because to a point that Ms. Mayfield was making about how and why we got into this business. It is clear I'm going back on some of my Council history now. We've seen the statistics about what happens with kids who don't have a lot of opportunities. Just to be clear, I have no interest or intent to see us get out of this business, I'm just trying to figure out how to get the most qualified partners to participate in it. One of the reasons I've always liked the CMS program is that they have always had very high performance numbers. I think we are all, to that issue Mr. Dulin raised; we were all somewhat surprised on what happened earlier this year because of the performance that we were dealing with and the outcome in terms of funding. What I would hope is that we would find a way to provide the resources we can provide to the most qualified, best performing entities that we can. Again, I'm not interested in wiping out anybody necessarily and I think about this issue of percentage of our $1.2 million and the percentage of their budget. It seems like a percentage of their budget makes more sense because for example if we said no one entity can get more than 10% of the $1.2 million. The northwest would be completely covered because $60,000 is 5% of the allotment to us whereas Greater Enrichment would have no opportunity to capture under $20,000. It seems that if we say that no one entity could get more than X percentage of their budget from us that might be more effective. What do you all think?

Mayfield: That is what I was thinking.

Barnes: Let me ask the question about an issue Mr. Dulin raised, regarding the PAL. Jeff Hood is not a City Employee, right. Our Police Officers volunteer a lot of time working with the kids.

Harrington: They do support the program, but you are correct, it is a non-profit program and is not staffed with City Employees.

Dulin: That is news to me Mr. Chair; I thought Jeff worked for the Chief.

Harrington: It is obviously supported by the Chief and CMPD.

Barnes: The reason I asked that and raised that issue is I like them as well. I think they do good work. They are in a good location. Do we want to do a carve out for them? They are probably going to be getting 77% or more of their budget from us permanently.

Mayfield: So for the previous years of PAL, I understand they've had some changes in their funding, but they had outside funding sources before applying this year for their full budget to come from the City of Charlotte. I'm just not sure why that process will be any different for PAL than it is for any other organization that needs to apply and show their numbers to the scoring system that was created last year.

Barnes: Could you talk, Mr. Harrington, about how we got to 282k for this budget year?

Warshauer: That is their request and they scored sufficiently that we met the entire request because we did a funding allocation that said that we would fund 100% of the request of the agencies of the ones that were the top scores until we ran out of money. That is what they thought they could push through, how large the organization, what money did they need. It is not as if an agency was just asking. They have to have the staff ability, the location to make that happen. They asked for 282k and they received it because they were one of our top scoring agencies.

Barnes: Have they historically performed well?

Alexander: Traditionally OST services is not part of a PAL program model. This is something additional they decided to do. They had a grant previously that funded their OST services. That grant ran out so this was the first time they had ever requested funding from the City. The amount of their budget that comes from the Police Department is not very much actually. They get in kind services, but it makes a very small percentage of their whole program budget. Most of their budget comes from fund raising.

Warshauer: They have their own Board of Directors just like all the other non-profit boards looking for funds too. They are also looking for other agencies to support their operations just as other non-profits are.

Barnes: In light of that what I'm feeling is that there would be no interest in doing a carve out.

Kinsey: I was going to say forget about it. I fear that if we carve out for one then I'm going to carve out for St. Paul because we don't give them that much.

Barnes: That is why I'm going to forget about it.

Fallon: I'm multiplying the number of kids they serve by how much. St. Paul does 50 kids on $70,000. Greater Enrichment does 375 kids and if you go by that they should not really be getting all that money, it should be $400 or something and leave some for someone else. You can say their expenses are more because they need more people.

Warshauer: Different agencies provide different levels of service and they also have different programs. Sometimes when they cost more per student, they may actually be delivering a lot more services and a lot more activities for the kids.

Fallon: Do you check on that to see what they are delivering?

Warshauer: Yes, we look at that as we are evaluating so part of looking at what they do and some of them have more money coming in so they can provide more services and some of them might be very specific like the Y has more wrap around services that they get funded separately so their cost per student is higher. Their cost to us per student isn't higher, but the cost that they actually spend per student may be higher. Different agencies are providing different levels of service so their costs may be different. It is not necessarily good or bad, but we take a look at whether that is reasonable for the services they are providing.

Barnes: I was talking about the number of students being served and trying to figure out, once again establish that no more than X percentage should anyone agency's budget be coming from us and you see St. Paul it is 100% of their budget coming from the City with Northwest After School X dollars and CMS after school 2% of their budget but that is for only the kids we cover so the most reasonable one I guess would be the YWCA at 17% of their budget. Do you all want to have any discussion about whether we want to look at it from that perspective of capping the amount any one agency receives based upon their budget?

Harrington: Just for clarification, on the right column where you said agency budget, that is really the program budget. I just wanted to make that clarification, the agency may be doing other programs, but the services as it relates to the funding of the program would be after school programs.

Dulin: I had in there program budget provided by the City, so do we say that no more than 50% of the program budget?

Warshauer: The after school program budget is what we believe you would be looking at.

Dulin: Yet for Greater Enrichment they are only an afterschool program.

Warshauer: Correct, so their whole budget would be an afterschool program and that is what we would look at for them. We took a look at some best practices from around the country and some averages for a study that was done, we looked at six cities and 111 programs, they found that about 1/3 of the funding came from the cities. We were one of the cities that participated in that. People do like to see programs have local funding sources and it does strengthen and give validity of the program if they apply to make sure that they are doing a good job and they develop different partners and that seems to be standard throughout the country.

Alexander: Looking at those 111 different programs across six different cities, of which we were one, 32% of the program funding portfolios were made up by public funds, that is state local and federal. Most of the programs that were in the study had at least three or four funding sources and the study concluded that the diversification of the funding sources was really important for the sustainability of the program. With the exception of Charlotte all the other cities in the study allowed the program to charge a nominal fee to the parent to make up some of their budget. Charlotte requires all the programs to be free. The other cities allow the program to charge a parent on a sliding scale somewhere between $5 and $20 per week. Very nominal fee, but it made up some of the programs budget to help with that budget gap.

Mayfield: Is there a reason the decision was made for them not to have a fee charged here in Charlotte to the parent? Even if it is a sliding scale fee for those that could afford the cost to help offset, we definitely want to punish those that financially can't afford it, but has there been conversation as far as a fee on a sliding scale?

Alexander: From what I do know PAL used to charge a fee and by coming into our funding sources, they were not able to charge a fee anymore and CMS used to charge a nominal fee and by coming into this project they no longer charge a fee for the students that we fund. I'm not sure where that came from, but I do know it has been a long standing process. There is no requirement that we have been given to make that so.

Warshauer: That would be a part of our discussion as we look at the RFP and how people build their budgets.

Kinsey: I was going to ask about CMS because I do know obviously, they do charge a fee. How do we check to make sure that the students we are funding, our money is not just going into an overall.

Warshauer: The kids that are eligible we are buying slots in CMS where as others are really supporting their operation in a different way. CMS we are really scholar shipping slots for kids in the CMS program.

Kinsey: Do we focus on any particular school?

Alexander: This year those slots are focused at five different schools where almost all of the children are eligible for free services.

Dulin: Do you know where those five schools are?

Alexander: Yes.

Dulin: Are they associated with project L.I.F.T.?

Alexander: One of them.

Barnes: Mr. Harrington I have some thoughts in mind but is there anything that you wanted to recommend beyond the cap of the 589k, or 590k?

Harrington: One thing the Committee could consider, if you went with a percentage of the agency programs funded from the City, maybe look for a 50% type level, but one consideration you may want to think about is for those legacy type programs that are beyond the 50%, if that were a direction that the Council would you have a step down or a phase in period to get down to a 50% or 40% or do you just straight at whatever the percentage would be.

Barnes: So for any new applicants, no more than 50% for fiscal 2014, for any existing the legacy programs, no more than 50% as of August 2016.

Harrington: 75%, 60% and 50% or something like that.

Mayfield: That goes back to the question that I asked earlier as far as what are we looking at for that implementation time because I know there is some concern in the community as far as let's say everything is clear between Budget and ED and we say starting in 2013 we are going to go to the new percentage mode. There are some people who are going to feel like that is not giving them enough time to reach out because here is the other part realistically, for non-profits it is extremely difficult for them to identify funding. A lot of the organizations

that used to be the main funding for non-profits that work directly in this area have gone out of business. They themselves are in financial straits so I think our conversation also needs to be, what would that step down process look like?

Barnes: That is why I was throwing out two years, five years.

Mayfield: I don't think we should extend it that long.

Barnes: Mr. Dulin said 5 and I think the range of about two.

Kinsey: I'm sort of for the school, no more than two I would say. We have talked with these people for how many years and they know that we are dealing with it and they know that – if the Greater Enrichment Program don't get off their duff and raise some money – I don't think we ought to give them a whole lot of time. Also the 50%, that sounds a little high to me and I'm just wondering if let's say that CMS after school, are they going to try to reach for that 50% or the YWCA, are they going to try to get to 50%.

Harington: In the report it was roughly 1/3 so that would be about 33%.

Fallon: Let's go back to the funding caps. That was the best practices. How do we handle that in addition to a percentage?

Warshauer: You could have a 50% of the agency held to a maximum of $300,000 which is the maximum we give any one agency or 50% maximum would be a budget up to $200,000 would be the maximum you would give any one agency. We don't want to have the agency funding cap so low that we now have 15 or 20 contracts that we are out there monitoring. From our perspective and also I think from an agency perspective if they are going to go to all this trouble to compete in this environment they would like to make good that they are able to offer substantial services to the community so we would not want a cap to be so low that we aren't doing something substitutive for the programs that are really doing great work.

Fallon: But we could do it in conjunction with the match?

Warshauer: Correct, you could say 50% maximum of your budget up to a maximum amount of $200, $300, $100, whatever you all decided, but as we were thinking about that in preparation for a later meeting we wanted to be cautious about how many contracts and how much effort agency had to put forth in order to get the city dollars. That was just a length that we were using as we were taking a look at this for an agency cap.

Barnes: Clarify for me why CMS went from $185,000 to $350,000. Did they add another 100 kids?

Alexander: We combined, before they had two separate contracts that were middle school and elementary school and now they have one contract. Also because they couldn't charge, they were charging $5 a week. That didn't make up much but that was why.

Harrington: Yeah, and you see the Northwest after School Program, that was one of the pieces rolled up into the CMS-After School program.

Barnes: Nationally the standard is about 1/3 of the budget, no more than 1/3 coming from municipalities?

Alexander: From public sources so from states and so forth.

Barnes: And what I hear from my colleagues is not only might we want say no more than X percentage coming from public sources or government but that no more than X number of dollars, whichever is greater.

Warshauer: It could also be a per student cap.

Barnes: Right. Would you all want to contemplate saying no more than 1/3 or $250,000 or $350,000?

Mayfield: I can support a percentage of their budget, no more than a certain percentage because when we get to that dollar limit we risk the chance of an organization that is doing really good work not receiving the amount of funding they need by putting that dollar limit on it. I'm much more comfortable with identifying a percentage, not to exceed their budget. That gives a little wiggle room for that dollar amount.

Kinsey: Are you guys not saying the same thing?

Mayfield: It was a combination of what Ms. Fallon asked, giving a dollar amount and a percentage. I was saying I could support a percentage of their budget but not put in a dollar amount cap so there is no more than 1/3 of their budget, not to exceed $250,000.

Kinsey: Here again I can see an agency saying oh well I can do this, but up to and they won't have that up to. I like what Michael was saying.

Mayfield: You have the opportunity to do up to 100% now, but you see there are agencies that don't have a percentage.

Kinsey: Have a percentage but up to a certain amount. I like to cap the amount.

Mayfield: That is what I'm saying I don't support. That is the same thing you are saying. That would say that the YWCA, just because they've had the opportunity to apply for 100% they haven't because they have been successful to get other funding sources, but for those other organizations, it would be making sure that they are actually going out and identifying other funding sources and not just submitting a grant application based on our rules and saying we tried, but we didn't get it.

Kinsey: I don't follow that, but that's okay.

Fallon: If you cap it then you force them to go out and look for other money which is what we've been trying to do for the last couple of years rather than depend on the City totally.

Mayfield: What amount would you consider capping when you look at CMS is at $350,000 already? Their $350,000 is less than 2% of the budget they are getting from us so if you put a cap on it you have to think about how much is that cap amount and how is any different opposed to just having a percentage of their budget.

Barnes: CMS would fit under the pure percentage model, but it wouldn't fit necessarily under the dollar amount.

Fallon: And say to give us our own money, don't combine us with CMS because that is why it went up so much.

Barnes: Let me give you another example. Look at St. Paul. If we said no more than 33% basically it would be no more than $23,000. Right now they are getting 100% of their budget from us, the $70,000. If we said no more than 1/3 or no more than $250,000 whichever is greater, they would be limited to $23,000 under any scenario. If we only do the percentage they would only get 1/3 of that $70,000 which is about $23,000 from the City. My point is if you say no more than 1/3 and I'm using that 1/3 because of the national press that we have, then they would know that they couldn't get any more than a third of that $158,000. Now whether they seek the 17% and whatever they sought would be up to them, but we rely on you guys to help protect the public money as well, but they would know that no more than 1/3 of their budget could come from the City.

Mayfield: The other piece that I want to throw in here, let's go back and look at YWCA, that is how much we gave to them, that $158,826. That is not their budget, that is the 17% of their budget that we contribute so whatever their total budget is, that is what we are going to be talking about. So even though we have these numbers in front of us because these are the only numbers that we care about because we're the only numbers that we are contributing to all they have from the City, so out of that $1 million budget, what I'm saying is if we do a combination of both, a dollar amount and a percentage we risk the chance of hurting an organization that is doing great work, but I believe that by identifying a percentage, even if we said no more than 50% of your budget can come from us, then that still gives them the opportunity to bring those numbers down and it still hopefully will encourage them to either partner with our staff or with some of these organizations that have been doing it successfully anyway to see how have you been able to keep your percentage.

Barnes: Mr. Mumford, react to that, the dollar amount versus percentage.

Mumford: If you just go with the percentage, I was going to speak to the dollar amount. I heard what Tom said about the per unit cap, if an organization is serving 50 children and we cap the dollar amount that might not be a problem. If an organization is currently serving 350 children and the dollar amount is capped, that may severely impact their service, so my thinking was if per unit cap although we can talk about services are different in different organizations, that per student cap would mean that no matter how many students you serve it won't negatively impact your operation. But if you are going with just the percentage then that is probably the point.

Barnes: What is the national standard for the per pupil expenditures?

Alexander: $3,620 per year per student.

Barnes: What do we do on average?

Alexander: About a thousand dollars.

Mayfield: I think we have looked at numbers previously and I think it was between $1,000 and $1,500 per child per year. Just look at Smart Start, the amount of money that Smart Start gives out to organizations, some of these organizations also receive funding for that budget, but we do not clear nearly as much on the front end for our after school and pre-school program that is done nationally.

Mumford: While we haven't looked at this, maybe we have to go back and do some analysis but maybe there is a way to cap the per student amount, but that last cap means you are going to deliver the full range of services so you have to prove out that you are delivering the service to reach that cap. If somebody might provide transportation, a supported services food and all this other stuff that somebody else might not, it is not to suggest that you get the match, but you can get up to that match providing the full range of service and then if you don't provide all of that that there is a scale on how much you would end up getting. That might be too much work for us, I don't know, but we've through about so many different ways to slice and dice this. We are cautious, as Aisha said. How much work on the back end it is going to take to monitor? So we don't want to be overly creative.

Barnes: Who is the most expensive partner and who is the most affordable partner?

Warshauer: There are different ways to look at that. Some of them have a higher percentage. Like the YMCA spends more money per student than most of the others, but they also have a more diversified funding source and the ability to do that. They would need to do that so they could achieve other grants so they can provide stronger services. So when we are looking at that initially on the per student, it was more challenging because of so many different ways that different agencies approach the type of educational experience that they provide the kids with a number of services for the kids.

Fallon: Why does the sliding scale work like that?

Warshauer: They may have the rest of their program and they may be able to do that. We also feel that if you are a large agency providing a lot of services, if you are a bigger agency you should be providing better programs. You should have the ability to also attract funds for your programs. There are advantages in being a larger agency and many of the larger agencies you see are reaching out more broadly but part of the reason for us having some sort of cap was to make sure that you were supporting different theories, different ideas, different types of programs and different geographies throughout the city. You didn't want to have all of your money in one program in three locations; you wanted to provide opportunities for kids everywhere in our community.

Fallon: You want to bring in other people too that haven't been getting it until now.

Kinsey: We are talking about the overall cap at $568,000 right, per year?

Barnes: I have been talking about $1.2 million from the City. They combine the Innovative housing and CDBG which is about $1.24 million. Also here is what I want to ask, in light of the changes that we asked you guys to make last year, that we ignored this year, if we added the no more than 33% of your budget can come from us piece to that process that was added last year, how would that impact what happened here?

Warshauer: You would be reducing some of the funding that would enable you to have other programs coming to funding so you would likely end up with a larger number of contracts that you would be awarding.

Barnes: Of the six programs that we didn't fund out of the 17, what was the quality of those programs? In other words were any of them really qualified to participate?

Alexander: We had some that were just short of being eligible. I know some of you all had

mentioned. There were five that had not been providing services in Charlotte for three years, which was a requirement of the RFP. They were just short of it, but we had to take them out and there were a couple others that were that in that, just shy of the requirements.

Barnes: So out of the six would you say three would qualify?

Alexander: Yes

Barnes: And do you have from our budget materials the performance that ranks these agencies, who did the best and who did the worst?

Warshauer: In terms of our scoring?

Barnes: Yes, do you have the data?

Warshauer: CMS was the top scorer, YWCA was second, PAL was third and Bethlehem fourth, St. Paul was fifth and Greater Enrichment was sixth.

Harrington: I was just eyeballing this and somebody can correct my math, but assuming a 33% cap I would bet that would free up $200,000 plus.

Barnes: And how much does Bell ask for?

Alexander: I don't know.

Kinsey: At what cap?

Harrington: 33%.

Barnes: I actually found these performance numbers surprising because you will notice the entities that got the least money from us.

Fallon: What criteria did you use?

Alexander: In your packet if you will look at what we presented to ED. That is attachment 3, so looking at the RFP proposal scoring, it was based on the five year service delivery, staffing and professional development, sustainable/reliable budgeting. There were eight different things that made up the core of the RFP that they had to respond to that describes their services.

Barnes: In terms of moving our way towards a motion of some sort, is the general agreement that we should cap our contributions from the Innovative Housing funding at $590,000?

Kinsey: So move

Mayfield: Second

Dulin: I don't mind moving to $590 from $589. Do we need to word that differently so that if we see a reason why we want it to move some it can? I'm not saying I want to spend more, but I'm not saying that at some point we won't need to spend more. The way this conversation is stringing we are going to be spending less. Fine too. I just wanted to make

sure that we didn't pigeon hole us or future Councils.

Barnes: I think Mr. Dulin we will spend the $1.24, we'll just add some additional partners. People want to do after school and I'm trying to find qualified people to do it. But to your point, what was provided here that by capping we would eliminate the increased funding pressure on Innovative Housing? It shares a risk across the after school time and housing purpose.

Kinsey: That's it.

Barnes: Do you want to do $590 or $589?

Kinsey: Oh, I don't care. It doesn't matter to me.

Barnes: You said $590, but it will be $600 by the time we take this back to the full Council.

The vote was taken on Ms. Kinsey's motion and was recorded as unanimous.

Barnes: Do I hear a motion regarding following this national standard trend of capping any one agency's contribution from us at 33% of their budget.

Mayfield: Thinking about everything that was said, even though we heard it at 33% is the national average, we also heard that nationally they spend more per pupil than what we are spending. We can't just stop on one piece where we are saying we will look at 1/3 based on what the national average is when we are not spending the amount that the national average says is being spent per child. Is there any wiggle room around that 33%? No, I'm not saying more than 50%, but I'm concerned at dropping it at 1/3 when we are not spending the $3,000 that other areas are.

Kinsey: But how much do those other governments allocate. Are they allocating more that we do? That is going to skew that. Our agencies are used to getting this amount, roughly $1,000 a participant in our particular program so I don't think it is going to – we just let them know ahead of time it is a third of the budget.

Harrington: I did do a little bit of math and based off the estimated numbers we plugged in here at $1.24 I came up with $1,700 per student.

Barnes: The question Ms. Kinsey raised about how much do these other municipalities dedicate to after school, what was that number? Do you know?

Alexander: I don't want to commit to it.

Barnes: Any general sense?

Fallon: I can tell you part of it would be. If you are having teachers do it, other places pay better salaries so the percentage is higher. We don't pay well here.

Kinsey: I think my point was you can't the $3,600 if we don't know what the other governmental agencies or other cities have allocated, in my mind.

Barnes: I understand. What I'm hearing from Ms. Mayfield is, I hear your 33%, but could it be a little bit more? I like the 33 because we are tying to what we saw as the national

average.

Mayfield: I like that if we were paying on that national average, but since we are not I'm concerned about what that third would look like for our children.

Barnes: Do you want to say half?

Mayfield: I could say 40% and be happy. I know I didn't want it to surpass 50%.

Barnes: I could do 33% easily, but we just arbitrarily arrived at 40%. What do you all think about that, any feelings here?

Kinsey: I'm good with 33% because I think we might be able to serve more students that way.

Fallon: I like what we do over three years, that you don't shock them and they get a chance to start reading it.

Barnes: The other issue is do we say that for any new partners for 2014 that no more than a third or whatever that percentage is will come from us and that as of August 2016 that for all partners it can be no more than a third. That is another piece. Mr. Dulin, Ms. Kinsey do you all have an appetite for 33%, 40%, 50% - any thoughts?

Dulin: My only thoughts are that I'd like to decrease our funding and not increase the programs because then we start picking programs. I'd like to decrease the funding and save the money.

Mayfield: And do what with it?

Dulin: We can build sidewalks with that money.

Mayfield: No we can't that money is for –

Dulin: The CDBG money is for that sort of thing, but the money that comes out of our checkbook can be spent. That comes out of the general fund.

Barnes: No, both Innovative Housing, well the Innovative Housing is the CDBG, but the balance.

Harrington: The city money comes from the PAYGO capital program so right now that does fund other housing related programs and its' certainly at the Council's discretion to use that money for that purpose or to allocate it for other capital needs in the PAYGO capital program.

Barnes: Let me save you some time on that. I don't think that is going to fly.

Mayfield: No – you will be on the front end or you will be on the back end.

Barnes: That won't get six votes, and it will be vetoed.

Dulin: I like our conversation here to hold these folks more accountable for their own good will.

Barnes: This stuff helps a lot of kids who don't have good parents or the parents are too busy.

Kinsey: I don't see any sense in giving them three years.

Barnes: Do you want to begin with fiscal 2014? Ms. Mayfield made a motion for 40% but what I'm talking about is there is a certain amount of dressing that needs to go around the motion regarding whether we are saying effective fiscal 2014 or over some period of time.

Harrington: Maybe just a thought the Committee could consider doing a transition of one year. You have two-thirds and then the one-third, so it is a one year transition.

Mayfield: So the motion would be a two-year transition with the first year being at two thirds of the budget with the second year being one third.

Dulin: And one third hence forward.

Mumford: Just to get a little clarification on the wording. You have said the percentage of their after school program?

Mayfield: Yes.

Warshauer: Two-thirds to the legacy to get a step down, new programs coming come in at one-third.

Mayfield: Correct. New partners come in at one-third, legacy partners are at two-thirds for this first year and with the next fiscal year until 2015 they will be at one-third and everybody is on the same page going forward.

Barnes: Does that work?

Kinsey: It might.

Fallon: I'll second it.

Barnes: Ms. Kinsey, any discussion?

Kinsey: No, I don't think so. We've done that before Michael.

Fallon: What does that mean money wise? Two-thirds of $605?

Eric: The two-thirds number that would put Greater Enrichment up about $492,000 and the one third minus $246,000.

Harrington: I think using the one-time component you would do the number on …..

Barnes: Ready to vote? Is the motion clear?

Mayfield: Just for clarification sake, with the motion that I just noted and Ms. Fallon just seconded what could possibly be the worse impact for our current groups. I'm not concerned about the new groups, what can be the worse scenario for our current funded groups? Can

any of them be put in a position since we are trying to do a transition? As far as I'm concerned the transition started last year when they got the notification but what is the worst case scenario?

Mumford: I would suggest that going from 81% to 66%, two-thirds percent for Greater Enrichment is probably a hurdle they can make if you get it out there early. They can bridge that gap. That is an assumption. If you take a look at St. Paul Baptist, they are small and they are at 100% funding so the first year is go to two-thirds funding, it is not that they can scale back their program a third, that would put them out if they didn't have any way to backfill that. That is my assumption and has always been my conversation with them. They don't have the order of magnitude to be able to handle a bid reduction. It is really just those two and then plus PAL, but PAL is in the game of getting grants.

Mayfield: That goes back to the conversation earlier when I asked about a percentage opposed to saying two-thirds or a quarter if we said you can't have more than 40% or 50% of your budget coming from us. At the end of the day this is going to be a considerable change but we have to put something in place that is going to give a clear goal. With the motion I just made, there is a possibility that it would affect St. Paul to the point where they might not be able to continue their program.

Mumford: If we are saying a maximum of two-thirds of their program budget will come from the City, today we are saying that 100% of their program budget comes from the City. They are going to have to find a way to make up that gap. My assumption if their operation is so small scale that they don't have a way to bridge that gap, they won't be able to operate. The overhead is kind of there. Reducing the number of students doesn't reduce that overhead.

Barnes: Is all this issue that is out there?

Alexander: It is. If we allow them to charge a nominal fee it helps them make up that gap, they could go back down to that 57 number when they used to charge.

Warshauer: You asked what the impact is, just remember that those numbers that you are seeing and won't be funded are based on $394,000 additional funding that was given last year that won't be there next year. GEP would see a significant reduction just based on that.

Fallon: Is it possible to do like a not less than? In other words so that we wouldn't hurt St. Paul that we would have a cap the other way that we couldn't give less than a certain amount so that we could keep that intact.

Barnes: I wouldn't support that.

Fallon: Then how are you going to cut with them?

Barnes: Just what she just said, let them charge $5.00.

Kinsey: Pat may be a little more familiar with St. Paul than I am, but I'm not real sure because the Senior Minister is a friend of mine. It is a huge church and it is not an un-wealthy church so I would think if that particular faith community wanted to continue its program they would be able to do that, but I also like the ability to have a minimal charge. I think that is probably what we should do.

Alexander: When we asked them that was their answer to request a larger donation.

Dulin: Where is St. Paul?

Kinsey: On Allen Street in Belmont.

The vote was taken on the motion and was recorded as unanimous.

Harrington: So we have new partners at a third and legacy we have one year phase the first one being down to two-thirds and that second year being at the one-third level and allowing a nominal fee for the agency that they so choose.

Barnes: I want to talk about a spot on the agenda for this Budget Retreat coming up in September. Do you all have a moment? With regards to the Budget Retreat, Mr. Harrington I know that you are working on the agenda now. Is there any particular feedback that this Committee wants to give to our Budget Director regarding what we are hoping to have come out of that retreat? As an example, I think the two key issues are the Streetcar and the property tax rate. Rather than spend our time talking about the Airport and the Blue Line and Bojangles and Dulin's Police Station, do we just want to focus on what really were the issues in the budget.

Kinsey: Well, I hate to be so negative today, but I really question whether or not we are going to get anything out of those meetings. Are we going to really accomplish anything? I haven't posed that to the Mayor because this is his desire and I think probably the main thing that we have to decide, and I don't disagree with what you are saying Michael, but I think we are going to have to decide probably up front if we are going to have the political will to put this on the ballot next fall. If we don't there is no reason to start talking about it.

Barnes: I understand that and I actually appreciate that point Ms. Kinsey. I believe that a majority of the Council is willing to entertain putting something on the ballot.

Kinsey: I'm not aware because I haven't talked to anybody.

Barnes: I think maybe it is a simple majority, but I think a majority is willing to do so.

Kinsey: Do we have anyone not running next time that we know of?

Fallon: It is way too early.

Barnes: I don't know.

Kinsey: I don't know either, I may not, but I usually don't make up my mind until Spring but if I'm not running I don't really care. Well, that's not what I mean. I care about the City.

Barnes: Any thoughts on those issues?

Dulin: I open mindedly will be there when told to be there.

Fallon: Seeing the Mayor yesterday, we are going to be going through the same thing, and I think he would like it to be in front of everybody and see if he can sway anybody. So far no body has been swayable.

Mayfield: The question was to give some type of direction to Randy as far as how to lead?

Barnes: Whether or not we had any particular feedback we wanted to give him in preparation for the Retreat.

Mayfield: I do think there needs to be time to really talk about the true impact of the dollars that we were looking at in that capital investment plan because there was a lot of gray area to a lot of people as far as actually how the money was going to play out in the community Hopefully, we will have some time between now and then to identify some other funding sources because I think that was the biggest concern, how we were going to fund it and I know I had spoken to Bob Hagemann about that idea that I threw out about the General Assembly can we identify an additional tax for them since we are stuck with it, so there are a couple opportunities that we may have but I do agree that we need to have some time to really talk about options in the budget because that is where the disconnect happened as far as I am concerned.

Barnes: Do you mean, Ms. Mayfield, with respect to Streetcar only?

Mayfield: With respect to the Streetcar specifically, but also I know even with District 3 there were dollars out there, but there wasn't necessarily a clear breakdown of how all those dollars were going to be spent in the community. What does that really look like on the ground? Something we had a little more detail in than others. Bojangles Arena, what really is going to be the impact for the dollars that we are looking to be invested into the up-fit and retrofit of Bojangles, how was that really going to impact? A lot of people saw a disconnect there. Those types will dive into it a little more.

Barnes: I think the same thing would apply to the Blue Line and what the $110 million would do for the corridor. We know because we've done the tours along South Corridor, but people want to know, what are corridor groups? Does that help at all? We want to be as meaningful without going each project.

Dulin: What time of day is that?

Barnes: It is a noon.

Harrington: Correct, we will provide the Mayor's office some of the physical details to be able to call a special meeting and obviously, with the meeting being called by the Mayor, the Mayor may have an additional or particular vision or whatnot for that first retreat. I thank you and I appreciate the feedback and the comments that you all are providing today. I'm sure the Mayor will have some comments as well whenever that date comes out for the special meeting. This is very helpful, thank you very much.

The meeting was adjourned at 1:36 p.m.