



Strengthening the Partnership

Recommendations
for the
City and CBOs

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Strengthening the Partnership: Recommendations for the City and CBOs

Introduction

In spring 2009, the San Francisco Community-Based Organizations (CBO) Task Force released a report, *Partnering with Nonprofits in Tough Times*, which outlined what the City and County of San Francisco (City) could do to be more strategic in its partnership with local CBOs in the coming years. The report acknowledged the critical role CBOs play in delivering City-funded services to vulnerable residents. In recognition of this role, the CBO Task Force report recommended the City work in partnership with CBOs to articulate a vision for service delivery and establish a clear accountability framework. As a result, Mayor Newsom and the Board of Supervisors directed Barbara Garcia, Deputy Director of the San Francisco Department of Public Health, and Kate Howard, the Mayor's Deputy Budget Director, to convene nonprofit and City leaders.

Guiding Principles

- Effective engagement between the City and CBOs strengthens the relationship between the City and CBO partners.
- City and CBO partnership reflects values of responsiveness, transparency, quality and service.

Strengthening the relationship between the City and CBOs is central to meeting the challenges each face in delivering effective and community-responsive services to the City's most vulnerable residents. As the City and CBOs continue to face unprecedented declines in revenues, strategic dialogue aimed at meeting challenges together has never been more important. The City's commitment to moving forward with the CBO Task Force Recommendations recognizes the vital role CBOs play in the delivery of public services. City leaders launched this planning effort with an emphasis on improving relationships, promoting more effective communication, and developing new accountability practices.

Planning Process

The CBO Task Force Response planning process was designed to engage nonprofit and City leaders in identifying solutions to current challenges. Criteria were established early on to ensure broad and diverse participation from nonprofits and included: CBOs representing nonprofit membership associations; CBOs representing diverse populations (e.g., age, race/ethnicity, sexual orientation) and priority neighborhoods; and CBOs of varying sizes. City staff from departments that procure CBO services also participated. Participants met over a four-month period and developed recommendations regarding: 1) **strategic communication** aimed at strengthening the nature of interactions between the City and its CBO contractors; 2) **accountability** directed towards improving coordination and oversight across City Departments; and 3) **capacity building** strategies for CBOs. This document presents recommendations that resulted from this planning process.

Strategic Communication

The unprecedented economic situation over the last two years has resulted in staff and service losses for both the City and CBOs. For many City Departments, CBOs are the main providers of City services. CBOs and City Departments sometimes experience miscommunication with one another regarding new or changed City Department requirements and systems. Similarly, miscommunication also occurs regarding CBO financial and service concerns. The perception of lack of real time exchange of information between City Departments and CBO contractors may serve as a barrier to identifying mutually beneficial solutions. Now, more than ever, there is greater recognition about the importance of effective communication and continued dialogue between the City and CBOs as a critical step to ensuring nonprofits are able to continue to deliver high quality services and respond to the needs of the City's most vulnerable community members. Moreover, the provision of timely and clear information builds credibility among CBO and City staff stakeholders and is essential to building trust in the long term.

Guiding Principle

- Clear, open, timely, and transparent communication is the cornerstone for a strong and enduring partnership between the City and the nonprofit sector.

- 1. Improve communications and interactions between the City and CBOs.** The City should enhance and expand its customer service trainings, emphasizing the importance of timely consultation and dialogue with its nonprofit partners. City Departments should also consider adding customer service components to staff performance goals. Similarly, CBOs should review current communication practices with the City to identify internal strengths and areas for improvement. In particular, CBOs should promptly notify their City counterparts when experiencing difficulties in service delivery and work pro-actively with the City to identify mutually beneficial solutions.
- 2. Increase frequency and methods.** City Departments should increase their communications to CBOs on changes in policy, program, and systems that have capacity implications and use multiple methods to do so including individual meetings, group discussions, and written communications. In addition, the City should clarify chains of command within City Departments, particularly when key staff are not available for extended periods of time; ensure grievance procedures are more public and accessible; and publicize schedules for budget-related meetings.
- 3. Gather and incorporate nonprofit input.** City Departments should clearly define the process for gathering and managing nonprofit feedback from CBOs about proposed changes to policies, programs, and systems. Ideally, departments should solicit CBO feedback on major changes and provide a clear timetable for provision of input.
- 4. Convene nonprofits in the earliest stages of policy development.** City Departments should convene the nonprofit sector at the earliest stages of policy development in order to collaboratively identify the impact of new federal, state or local policies or legislation. City Departments should take active steps to inform nonprofits of progress on policy developments. Additionally, these convenings could provide a forum to proactively discuss new service delivery strategies, as well as the emerging concerns with existing service delivery models.

Shared Accountability

The City and CBOs should undertake a set of commitments to ensure that nonprofit contractors are afforded with the best possible opportunity to achieve organizational excellence and deliver high-quality services. By working together to achieve the following commitments of good practice in accountability, the City and CBOs are in a better position to preserve and sustain services for priority populations and neighborhoods in San Francisco. In addition to these commitments, it is also critical for the City, with input from CBOs, to implement a corrective action policy that minimizes under-performance and poor outcomes of nonprofit contractors. Strengthening the City's ability to respond to CBO performance issues will support effective and timely resolution of challenges.

5. **Provide clear information on monitoring and performance standards.** City Departments should provide clear information on program, fiscal, and compliance monitoring standards and reporting deadlines in contracts.
6. **Adopt a best practice framework for achieving organizational excellence.** CBO contractors should adopt a Reference Guide that defines a best practice framework for achieving organizational excellence across five core development domains: 1) governance; 2) planning and operations; 3) finance; 4) human resources; and 5) evaluation and quality improvement. The City should continue to work with CBOs to further develop benchmarks within each core domain in order to provide a clear pathway for improving performance and achieving organizational excellence. The Reference Guide should serve as a tool to steer the work of the City and its CBO contractors toward continuous quality improvement.
7. **Address barriers to timely contract certification.** Because delays in contract certification can impact the delivery of services, the City should take active steps to investigate and address barriers to timely CBO contract and grant certification. This issue was also identified in the 2003 Nonprofit Task Force Report as an area of concern by the City and CBO contractors.
8. **Consistently implement methods for determining indirect cost reimbursement rates.** City Departments should review prior year actuals and current year cost allocation plans as part of negotiating indirect cost rates, when these documents are provided by CBOs during the negotiation process. This is consistent with guidance provided by the Controller's Office in April 2010. This is a current practice to some degree, but it should be more broadly implemented within contracting departments. CBOs should acknowledge the indirect cost reimbursement may fall below their actual indirect costs.
9. **Ensure CBOs have a functioning governing body in place.** The City should enhance nonprofit governance standards in the Citywide Nonprofit Monitoring Form and Guidelines so as to ensure that organizations have a functioning governing body in place that supports organizational sustainability.

10. Endorse a standardized Corrective Action Policy. The Joint Planning Group endorsed a standardized Corrective Action Policy developed by the Controller's Office and City Departments. Key elements of this policy include:

- Mayor's policy directive to ensure City Departments incorporate a Corrective Action Plan into their monitoring process;
- City Departments are responsible for providing risk-based monitoring and oversight to nonprofits in receipt of their funding and documenting the results;
- Performance and monitoring standards as well as reporting deadlines should be clear and reasonable in all City grants and contracts;
- City Departments should consider technical assistance and dialogue with nonprofit leadership, including boards of directors, to make progress on corrective action;
- City Departments must designate "elevated concern status" when a nonprofit has not, in a timely fashion, responded to the request for corrective action, provided a corrective action plan that is acceptable to the department(s), or complied with the implementation of their corrective action plan;
- "Red flag status" is initiated by a City department/division head and occurs when a CBO is a critical service provider at imminent risk of being unable to perform services per their agreement, or is unable or unwilling to engage in required corrective action;
- A nonprofit remains on elevated concern or red flag status until providing a satisfactory corrective action plan and fully implementing it, or partially implementing the plan to the satisfaction of the City;
- The Controller's Office will maintain a list of nonprofits with elevated concern and red flag status and share it with City departments and decision-makers; and
- Departments are responsible for ensuring that nonprofits that have elevated concern or red flag status due to fiscal and compliance issues do not receive additional City funding.

Capacity Building

Capacity building is critical to building and sustaining a vibrant system of care. An emerging consequence of the unprecedented economic downturn is the negative impact on CBO infrastructure. CBOs are doing more with less which affects their ability to serve City residents. Cut backs to administrative and financial systems place additional strain on CBOs ability to operate efficiently. As a recent Urban Institute Report on the state of collaboration between human service nonprofits and the government pointed out, “The hollowing out of organizational infrastructure may take years, if ever, to rebuild. Nonprofits and government agencies at all levels must collaborate to identify and implement workable solutions.”¹ Part of the workable solutions means investing in effective capacity building efforts to support organizational capacity. Another recent publication in the Stanford Social Innovation Review took on the topic of how funders can take the lead by providing supports, including capacity building. “The recession (presents) an excellent opportunity to redress decades-long underinvestment in nonprofit infrastructure. There is real potential for change if all of the major stakeholders—government, private funders, and the nonprofits themselves —take steps to acknowledge that capacity building is critical to the health of an organization.”² A strengths-based approach to capacity building promotes proactive identification of CBO challenges.

Current City Efforts

City Departments currently provide various programmatic capacity building supports. Organizational development, governance, and financial management, training and capacity building support are offered primarily through the Citywide Nonprofit Monitoring and Capacity Building Program facilitated by the Controller’s Office.

- 11. Proactively provide peer-to-peer support to nonprofits in need.** CBO contractors should play a proactive role in providing peer-based capacity building support to nonprofits struggling with leadership, management, and financial issues. Established, stable nonprofits can serve as mentors for other grassroots or new nonprofits looking to improve or grow.
- 12. Prioritize peer-based mentorship models.** City Departments should strive to support peer-based mentorship models including training CBOs and creating opportunities for peer exchange and learning. The City should work toward expanding resources to support peer-based capacity building approaches that have been shown to be effective by soliciting grants from foundations.
- 13. Convene cross-department meetings.** City Departments should hold a convening of Program and Contract Officers across City Departments to provide a forum for mutual learning, interdepartmental conversations, and program oversight as needed.
- 14. Think strategically about training opportunities and create a plan to measure its impact.** The City should continue to centralize its capacity building efforts across City Departments, although programmatic capacity building should be City Department specific. In addition, City Departments should measure the effectiveness of these capacity building efforts.

¹ Boris, Elizabeth T., Erwin de Leon, Katie L. Roeger, and Milena Nikolva. “Human Service Nonprofits and Government Collaboration. Findings from the 2010 National Survey of Nonprofit Government Contracting and Grants.” Urban Institute.

² Gregory, Ann Gogins, and Don Howard. “The Nonprofit Starvation Cycle.” Stanford Social Innovation Review. Fall 2009

Next Steps

The City and its CBO partners are committed to working together to continue to build a strong and successful partnership into the future. These recommendations represent another step forward in strengthening the delivery of essential services to San Francisco's most vulnerable residents.

In recognition of the importance of CBOs to City service delivery, City Departments will convene this group moving forward to discuss progress made on the recommendations outlined in this document.

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