



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration
COMMITTEE DATE:	September 24, 2018
SUBJECT/REPORT NO:	2018 United Way Funding Review (CM18020) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tameem Miri
SUBMITTED BY:	John Hertel Director, Strategic Partnerships & Communications City Manager's Office
SIGNATURE:	

Council Direction:

Grants Sub-Committee at its meeting on June 12th, 2018, passed the following motion:

"Staff was directed to communicate with the remaining organizations that were affected by the United Way funding cutbacks, with respect to the impacts the deficit has on each of those organizations, and report back to the Grants Sub-Committee."

INFORMATION:

Amalgamated United Way Halton & Hamilton

Over the course of the past decade, the previous United Way Burlington & Greater Hamilton has invested \$30 million into local programs on behalf of donors. In recent years, the charitable sector has seen significant change, presenting new fundraising challenges to an organization like the United Way. In April 2017, as a result of the changing landscape within the sector and to better leverage their resources, United Way Halton & Hamilton amalgamated four local United Ways to create one organization. The new organization, United Way Halton & Hamilton consolidates United Way Burlington & Greater Hamilton, United Way Halton Hills, United Way Milton, and United Way Oakville. The newly formed United Way Halton & Hamilton positions the organization to realize economies of scale and greater efficiencies with a goal to raise and invest more in all of these communities.

New Framework – Road to Greater Impact (RTGI)

United Way Burlington and Greater Hamilton had previously operated under a funding framework that followed the guidelines of the National Organization, United Way Centraide, providing support to programs that aligned with broad priority areas. In 2015, the organization launched a process to re-position the funding framework in order to

maximize the impact of investments within the community. This process, called Road to Greater Impact, was community led including consultation with agencies, subject matter experts, key informants, advisors, community members and donors. In Hamilton, United Way and its partners reached a consensus on six local priorities, all concentrated around addressing poverty and supporting families. The new funding framework was implemented for the 2018 United Way funding cycle and consists of the following six priority areas:

From Poverty to Possibility	All That Kids Can Be	Healthy People, Strong Communities
1) Food Security	3) After-School Programs	5) Counselling & Mental Health
2) Youth Career Building	4) Family Support	6) Community Inclusion

For the first time in a decade, this new funding framework resulted in an open application process whereby both traditionally funded programs and new programs were eligible to apply for United Way funding.

United Way – Fundraising Challenges

United Way Halton & Hamilton (UW) derives their fundraising dollars from two primary sources:

- 1) Restricted Donations – whereby donations are restricted and targeted to a specific charity of the donor’s choice.
- 2) Unrestricted Donations – whereby donations do not have any donor restrictions and can be placed in the general community fund to support United Way agencies.

In January of 2018, United Way Halton & Hamilton recognized the risk of not reaching their unrestricted fundraising target. As a result, the organization hosted a meeting in February of 2018 to ensure agencies were aware of the shortfall and prepared for some possible funding reductions. For the past several years, United Way Hamilton had accessed reserve funds to offset funding shortfalls within the Hamilton community. Unfortunately, for the 2018 funding cycle, all United Way Hamilton reserve funds had been exhausted.

United Way Hamilton Funding Cutbacks

The United Way Halton & Hamilton faced funding challenges in the 2018 cycle as a result of numerous factors including:

- Facing a shortfall in un-restricted fundraising revenues
- A depleted reserve fund in Hamilton
- A new investment framework that resulted in an open application process.

The factors listed above contributed to a reduction or elimination in funding to a number of longstanding United Way agencies. Below is a summary of the impact to the Hamilton community.

UW Funding Reductions	# of Programs Impacted	2017 UW Funding	2018 UW Funding	Total Dollar Value of Funding Loss
Funds Eliminated ¹	19	\$ 382,821	\$ 0	-\$ 382,821
Funds Reduced ²	5	\$ 293,015	\$ 208,181	-\$ 84,834
Returning Agencies - New Programs ³	8	\$ 247,446	\$ 38,400	-\$ 209,046
Total	32	\$ 923,282	\$ 246,581	-\$ 676,701

¹ Refer to Appendix A for a detailed breakdown of United Way defunded programs.

² Refer to Appendix B for a detailed breakdown of United Way program funding reductions.

³ Refer to Appendix C for a detailed breakdown of Agencies that lost funding as a result of realigning their program to the new United Way funding priorities.

Defunded - Returning Programs

A total of 19 returning programs were completely defunded from United Way funding for the 2018 cycle, impacting 15 agencies throughout the Hamilton community. In aggregate, a combined \$382,821 of funding was discontinued for these programs. The impact to each program ranges from a small scale down of the program to offset the funding reductions, to a complete cancellation of the defunded program. Appendix A provides a detailed breakdown of how each one of the 19 programs was impacted due to a loss in United Way funding.

Funding Reduced - Returning Programs

A total of 5 returning programs received a funding reduction for the 2018 United Way funding cycle, impacting 4 agencies throughout the Hamilton community. In aggregate, these programs lost \$84,834 of funding. Appendix B provides a detailed breakdown of how each one of the 5 programs was impacted due to a loss in United Way funding.

Returning Agencies – New Programs

An additional 4 agencies that received UW funding in 2017 for a combined 13 programs, adjusted their 2018 UW program applications in order to better align with the new UW funding priorities. Realigning the programs resulted in 3 agencies receiving no funding for the programs with 1 realizing a significant year-over-year decrease. In aggregate, these agencies lost a combined \$209,046 in funding from the United Way for these programs. Appendix C provides a year-over-year comparison of the level of funding received from the United Way for each of these agencies.

City Enrichment Fund – Funding Relief

In order to ensure the financial viability of programs funded through the City Enrichment Fund (CEF), Council approved emergency one-time funding for 6 organizations to offset UW funding reductions. The chart below provides a high level summary of the financial assistance provided to each of the 6 organizations.

Organization	City Enrichment Fund Reserve Funding
Catholic family Services	\$ 25,629
Dundas Community Services	\$ 32,000
Glanbrook Community Services	\$ 11,780
Multiple Sclerosis Society of Canada	\$ 39,146
St. Matthew`s House	\$ 10,072
YWCA Hamilton	\$ 22,309
Total	\$140,936

The CEF reserve has a remaining balance of \$36,067.

United Way – Communications Activity

The process to re-position the UW investment framework began in 2015. UW hosted multiple Agency Meetings from 2015 – 2018, highlighting the new funding framework - Road to Greater Impact (RTGI). An allocation letter was sent to all agencies in March of 2017 referencing investment changes and the potential for funding changes to existing programs. United Way hosted a final meeting in February 2018 in order to inform agencies of the un-restricted funding shortfall and the potential for changes in investment.

City of Hamilton staff communicated with all of the organizations impacted by the United Way funding reductions, confirming that all agencies were provided notice of the changes in the framework. However, organizations criticized the feedback they received throughout the 2018 UW application process; most agencies received feedback from the United Way that indicated their programs aligned to the new funding framework and felt blindsided when their funding was discontinued. The timing of the funding announcements also placed the organizations in a tough position. United Way sent out investment letters in late March / early April 2018 informing agencies if their application was successful. Final funding payments for the 2017 cycle were also processed in late March 2018. Organizations that were optimistic of funding for the 2018 cycle, based on feedback from the United Way, had very little time to secure alternative sources of funding to offset the United Way reductions.

Although United Way launched a new investment framework, the primary reason programs were impacted was the result of a fundraising shortfall. United Way Hamilton had exhausted its reserve fund in previous years, resulting in no available funds to draw upon to bridge the funding shortfall in 2018.

APPENDICES ATTACHED

Appendix “A” to CM18020 – 2018 United Way Funding – Defunded Programs.

Appendix “B” to CM18020 – 2018 United Way Funding – Reduced Program Funding.

Appendix “C” to CM1802 – 2018 United Way Funding – Returning Agencies with New Applications.