

Napa County MSA Funding Assessment: Findings & Recommendations

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Purpose

Prompted by recommendations from a March 2015 Grand Jury Report, the Napa County Board of Supervisors authorized an independent review of its Health and Human Service Agency's Tobacco Master Settlement Agreement (MSA) funding process. The purpose of this report is to summarize the assessment of the MSA Funding Process and the extent to which it meets the County's goals, is reasonable for applicants, and fits best practices for local government contracting of this type and scope. From this assessment, the report provides both short- and longer-term recommendations for continuing to improve the process and ultimately increase the impact of MSA investment.

Methodology

The assessment of the MSA funding process was comprised of three major components: applicant survey, document review and key stakeholder interviews.

First, documents related to MSA's funding process including selection criteria, application forms, funding recommendations, and reports to the Board of Supervisors were reviewed. These materials were then benchmarked against the selection criteria and processes of four other local funding sources, specifically: First Five, Mental Health Services Act Prevention and Early Intervention (PEI) contracts, City of Napa Community Development Block Grant (CDBG), and the Napa Valley Vintners Community Support Fund. In addition to these sources, a number of common standards and best practices from general public and private grantmaking were applied in this review. Please see Appendix B for summary benchmark findings.

Second, a 15-question, confidential online survey was sent to the 38 nonprofit organizations that had applied for MSA funding over the past four years. Forty-seven percent (18) responded, a higher than expected return considering that the majority of the 38 surveyed (22) had never received MSA funding. Questions covered basic organizational characteristics (e.g. number of staff, budget size, funding sources) as well as questions specific to how MSA's selection criteria and process compared to the agencies' other government funding sources. Please see Appendix C for survey instrument and Appendix D for summary survey findings.

Third, five key stakeholder interviews were conducted with the Napa County Health and Human Services (HHS) Director, HHS Deputy Operations Director, and Chief Public Health Officer as well as the Assistant Director of Sonoma County's Department of Human Services and the Executive Director of the Napa Valley Coalition of Nonprofit Agencies. Conversations were also held with

administrators of the First Five and PEI funding sources. The interviews provided a range of perspectives on the goals of the current process, its efficacy in achieving these goals, and recommendations for future MSA investment objectives and processes.

Context

MSA Mandate

In 2001, the Board of Supervisors defined the terms by which State Tobacco Settlement Funds would be distributed in Napa County. The adopted definition was: "Physical, mental, and drug and alcohol programs and facilities which provide inpatient and outpatient services, including related prevention and education programs." It also determined priority for (a) collaborative, community efforts that will gain the greatest return on investment for physical, mental, and drug and alcohol programs; (b) investments that leverage additional resources and broaden the number and range of funding opportunities; and (c) sustainability.

In 2006, the Board of Supervisors approved award of these funds through a competitive RFP process designed and managed by the Health and Human Services Agency. This process has been refined over time to respond to emergent community needs (such as the 2008 recession) and to ensure greater *transparency and accountability*. Most recently, in 2012, the Board directed the Health and Human Services Agency to continue to award the grants through a *competitive* grant program, entertain applications for both single-year and multi-year grants, and structure the program in a manner that encourages the use of *evidence-based practices*.

Napa County's decision to distribute this funding to community-based organizations through a competitive RFP process is unusual in California. The majority of other counties simply folded the funding allocation into the general funding of their Health and Human Services agencies, using it for their own operations and priorities rather than regranting it to the community. Even more uniquely, the County has awarded 100% of the dollars to nonprofit organizations, keeping no funding for its own administration and overhead. It has provided the grantmaking and grants management services 'in-kind' through existing County staff, rather than allocating funds for staff positions to design, implement, and evaluate the process.

Benchmarking

As other counties do not issue Requests for Proposals for their MSA funds, Napa's process could not be benchmarked against their practices. Nor are there other Napa County grant processes that are logical public funding peers to MSA's annual competitive process that seeks to fund a range of health and human services activities. The majority of Napa's MSA applicants do,

however, receive funding from one or more of the following local funding sources, so they were selected for comparative purposes: First Five, Mental Health Services Act Prevention and Early Intervention (PEI) contracts (which were also noted as a comparator in the Grand Jury Report), City of Napa Community Development Block Grant (CDBG), and the Napa Valley Vintners (NVV) Community Support Fund. While both First Five and PEI held open, competitive processes earlier in their evolution, they now disburse funding through an annual contract renewal process that is very well received by those that are funded, but not open to new applicants.

MSA Funding

Over the last 15 years, Napa County has awarded more than \$12 million to 40 separate nonprofit organizations through the MSA funding process. About 14 agencies receive grants in a typical year, although it has ranged from a low of 8 in 2015/16 (due in part to multi-year grant agreements) to a high of 17 in 2012/13. The median grant amount awarded is \$70,000, and the most frequent recipients are family resource centers, service agencies, and health centers. Ten agencies have received competitive funding in five or more grant cycles: *Big Brothers, Big Sisters; Clinic Ole; Community Action Napa Valley; COPE Family Center; Family Services of the North Bay; Legal Aid; Napa Emergency Women's Services; On the Move; Sister Ann Dental Clinic; Puertas Abiertas; and Up Valley Family Centers*, and seven of these (shown in **bold**) have received a total of \$500K or more since the inception of Napa's MSA funding.

Annually, Napa has awarded about \$1 million in MSA funds to 7-15 nonprofit organizations through this competitive process. Within this amount, \$100,000 annually had been earmarked for a non-competitive contract with Children's Health Initiative Napa County to be used for the purpose of promoting access to health care and health care coverage for children from birth through the age of eighteen. More recently, \$75,000 per year for three years was set aside for a smoking cessation program and award to Community Action Napa Valley.

Report Impetus

In March 2015, the Napa County Grand Jury issued a report on the Health and Human Services Agency that generally commended the agency for its strong work, but identified several areas for review and improvement. Specifically, it found that the MSA funding process was considered quite burdensome by nonprofit organizations and suggested an independent review to identify ways to streamline the process, while still meeting the County's standards for transparency and accountability.

This report is intended to explore the Grand Jury's findings, assessing MSA's selection criteria and process and making recommendations to inform future investment of the approximately \$21 million in additional funds that may be available to be awarded over the next decade.

Findings

Alignment with County Goals

Perhaps the most important difference between MSA's guidelines and those of best practices and other sources is the lack of articulation of specific goals or desired impact for MSA funds. MSA offers five very broad funding categories – Health and Wellness; Alcohol, Tobacco and Drugs; Mental Health; Youth Development; and Safety Net with a variety of allowable program types listed under each one. Generally, funding sources, particularly those requiring evidence-based practices, are doing so to drive toward more specific results such as reducing childhood obesity by 25% or reducing children's health disparities overall. They often specify activities that are eligible for funding such as provision of strength-based relational model training and education to increase the quality of early childhood providers (First Five) or increasing attendance and decreasing suspensions through Positive Behavior Intervention & Support programming (PEI).

The goals that Napa County has established are more about the funding process – the 'How' rather than the 'What' – with an emphasis on conducting a fair, transparent and competitive process that funds evidence-based practices. Although not mandated as explicitly in the Board of Supervisors reports, the MSA scoring criteria also prioritizes programs that serve documented community needs, target low-income and diverse populations, are linked to and leverage other community-based programs, and provide safety net-related services.

Fair, Transparent & Competitive Process

In terms of *fairness*, MSA's process has formal scoring criteria, a clear review process, and multiple reviewers, all designed to ensure an unbiased rating of proposals and formulation of recommendations for the Board of Supervisors. From outside review, this process appears to be as fair as other local processes, but 60% of applicant survey respondents stated that it was a little or much less fair than their other public funding sources in its implementation. The main concern expressed was with the composition, training, and objectivity of the review panel, with a number of stakeholders stating that the lack of community members and/or others with strong content knowledge leads to less informed scoring. They also expressed a concern that reviewers were not consistently applying the scoring criteria.

MSA's process is very *transparent* with comprehensive information shared through multiple mediums – in-person bidder's conference, online, email and through printed materials. In fact four survey respondents specifically praised the clarity and transparency of the process, stating that all of the materials and timeline are available in print and online, individual applicant questions/answers are shared with full applicant pool throughout the process, and the

expectations and steps in the process are made very clear. Further, respondents commended *the Health and Human Services Agency Staff*, noting their availability to assist with questions throughout the process; provision of feedback on applications afterwards to help applicants be more competitive in the future; and overall openness to feedback and making adjustments to the process based upon applicant input. Overall, MSA is more solicitous of feedback and inclined to continuous improvement than many local sources, conducting surveys of applicants regarding the process and proposing changes to the Board of Supervisors most years.

The process that MSA has designed is certainly *competitive*, with the majority of funds open for competitive application each year, unlike a number of local sources such as First Five and PEI. Some survey respondents state that this is the most competitive pool of funds for which they apply. Although, the process is open and competitive, the complexity of the process and rigor of requirements around evidence-based practices lead to similar results most years – with only larger, more established, organizations actually receiving funding awards. Without professional grant writing and program evaluation support, it is difficult for an agency to be competitive in MSA’s process, leaving out smaller, grassroots organizations that may have strong programs and relationships with their target populations/communities, but lack the ability to demonstrate this well on paper. The County added the interview process in part to address this, but ultimately without designated staff, consultants and/or an Executive Director with strong grant writing and program planning and evaluation skills (and time to utilize them on this process), it is very difficult to submit a proposal that will be truly competitive.

Evidence-Based Practices

The County’s MSA process is designed to fund evidence-based practices, with the majority of the proposal narrative and 56% of the scoring criteria related to evidence-based practices, outcomes, and evaluation. Unfortunately, this rigor does not follow through in terms of looking at the impact of implementing evidence-based practices in terms of actual program results or past track records. There are not scoring criteria that rate the actual program outcomes and capture whether the evidence-based practices are being implemented with fidelity, or even more importantly, are achieving real results for the populations being served.

Although 100% of survey respondents stated that MSA’s requirements regarding logic models, program outcomes, and evaluation are as or more rigorous than other sources, agencies are only required to demonstrate that they have this data and employ these practices on paper. Several survey respondents and interviewees commented on this, requesting more emphasis on reviewing and scoring an agency’s actual results in the criteria, and less on documentation of intent to employ a specific evidence-based practice.

While evidence-based practice is an area of priority for two other local sources, they take a more moderate approach, offering a range of options, from emerging/innovative to promising to evidence-based, with clear definitions of how each level of practice is defined. For these sources, evidence-based practice related criteria comprise about 10% (First Five) and 16% (NVV) of the overall scoring. Five survey respondents and four interviewees specifically recommended that space be made for promising, innovative, and community-based programs and not restricted to only evidence-based ones. Several suggested moving to an evidence-informed approach with multiple levels of rigor possible, similar to those employed by Napa's First Five and Sonoma County's Upstream Investments process. All agreed with the intent of ensuring that dollars are invested in programs that actually help people, but recommended a wider-definition of practice be employed.

Reasonableness

The Grand Jury Report was particularly concerned with the reasonableness of MSA's process and asked whether it was too burdensome on nonprofit applicants and grantees. Overall, it does appear that MSA's *application process* is more time-consuming and complex than other local funding sources. Only one of the other local processes requires both a pre-application and full-application phase, and none require presentations to the review committee. Two others have removed the application process for ongoing grantees in good stead altogether, allowing them to submitted updated scopes of work and budgets, but not requiring them to reapply for identical programs each year.

In terms of *submission requirements*, MSA's requirements for general organizational and program narratives are on par with other sources, although its specific questions around evidence-based practices require much additional narrative and documentation. Its requirements around budget format, indirect costs, matching funds, financial audits and other areas related to financial leverage and accountability are far less stringent than others.

The vast majority (93%) of respondents stated that MSA's application process is more *time-consuming* than their other public funding sources citing the requirement for a pre-application, full application, and in-person interview as particularly challenging. When queried as to whether the actual work to reward ratio made it worth it, 56% of respondents felt that the amount of work to reward ratio was too high, but a significant percent (37.5%) felt it was on par with other government sources. This is similar to the results of the County's 2014 applicant survey, which found that 86% of applicants reported that a pretty large amount of effort goes into applying for an MSA grant relative to the potential payoff.

The complexity of the *scoring criteria* along with the multiple application steps is also very time-consuming for the reviewers and county staff, all of who are working on MSA in addition to other full-time responsibilities. Several interviewees stated that part of the reason there are no longer community members on the review committee is due to this excessive time burden. A more streamlined proposal process would benefit both county staff and nonprofit applicants, allowing them to spend more time actually implementing and monitoring the programs.

Best Practices

MSA's process meets best grantmaking practices for public funding on a number of levels including the flexibility for agencies to submit multiple proposals and apply for multiple years and the accessibility of staff and their openness to continuous improvement. The intention to ensure that funds are awarded to programs that can demonstrate results for their target populations is also admirable, and three survey respondents specifically noted MSA's focus on outcomes, evaluation, and evidence-based practices as a strength, even if it needs to be implemented more flexibly.

In fact, this focus has led to some significant capacity building that not only benefits the particular program receiving funding, but the organization as a whole, as evidenced by the following survey comments:

- *"MSA improved our capacity around evaluation and outcomes and best practices and research in field that has helped us to leverage other funding"*
- *"The process has improved our capacity as an organization. It has encouraged our learning around our practices, evaluation and outcomes measures. We have broadened our understanding of mental health/substance abuse language and practices in a way that has leveraged other funding for us. Although it has been filled with anxiety because it is so competitive, and you can't count on it from year to year, we have elevated our skills and our service provision as a result."*
- *"The County has utilized some of the funding for technical assistance to applicants in the form of grant writing training and evaluation development support. This investment in the professional development of the applicant organizations serves to strengthen the larger nonprofit community."*

The process falls short most significantly, however, in terms of having specific goals and priorities, which has a direct impact on the application process and funding results. **MSA's more general funding framework results in a broader pool of eligible applicants and activities, thereby requiring a longer application review process and making it more difficult to measure overall investment impact.**

To follow best practices, a more streamlined *application process* can be developed, particularly for those agencies that receive funding year after year and are providing vital services for the County. Successful applications/programs could be extended for multiple years and/or given priority in the next funding cycle and/or have simplified forms to complete for re-application. And for all applicants, depending on what the County is trying to achieve with this funding, the pre-application process may not be necessary, the full application process could be simplified to allow smaller nonprofits to be competitive, and/or the interview process could be removed.

Having written *scoring criteria* shared with applicants ahead of time is definitely a best practice, so nonprofits are able to determine their competitiveness up front. The selection criteria are overly complex, however, and need to be weighted more proportionally amongst the many elements that make for a strong program and investment. Two important additions that need to be made are inclusion of scoring around actual program performance and track record and review around cost-effectiveness and financial health/sustainability.

MSA's use of a *review committee* is a best practice, although others often include more community members and/or content experts amongst their review team. As with many public funding sources, MSA has more formal scoring criteria and ranking process than is found in private proposal review, necessitating more training for reviewers and more overall time spent by reviewers ranking the proposals. One of the challenges in this arena is that the County does not have designated MSA staff and must draw from a variety of departments for reviewers, nor does it have funds to compensate community reviewers for their time.

MSA requires more frequent *reports* (quarterly) than other sources, which generally only require bi-annual or even annual reporting. Although submission of these reports triggers payment, the actual outputs and outcomes achieved on them are not part of the selection criteria or review process for future funding. The reports appear to be used more as a compliance function than a means to evaluate effectiveness of the particular grant, organization, or MSA funding investment as a whole. Decreasing the frequency of required reports and increasing their use for MSA program evaluation and funding decisions would move MSA into the best practice realm in this area.

Ultimately, all of the decisions about the funding process – the 'How' – should follow from the 'What' that MSA is trying to achieve. Without defining what MSA is specifically trying to impact with these dollars, it is difficult to define *best practices* for a grantmaking process or to know how to prioritize one application over another.

Recommendations

Napa County has been more generous with its MSA funds than other California Counties, awarding them to community-based organizations through a competitive process, rather than rolling them into the Health and Human Service Agency's general fund. In doing so, it strove to develop a fair and transparent process to address a range of health and human services needs, with the primary requirement being the use of evidence-based practices. The County's goal was to ensure an open, competitive process not restricted to a certain issue area, target population, or methodology, but prioritizing organizations using proven methods to serve their clientele. Ultimately, the Board hoped to ensure the greatest impact and community benefit with these limited dollars.

As funding has not been allocated to evaluate the impact of MSA dollars to date – or even for staff to monitor grantee's outputs and outcomes on a regular basis – it is hard to quantify MSA's specific impact in Napa County. It is clear, however, that thousands of Napa residents have received vital health and social services through the many programs and agencies funded in this process. By clarifying MSA funding goals, improving its processes, and ultimately aligning it with other community initiatives, priorities, and funding streams, the Board of Supervisors has the opportunity to invest MSA funds for even greater impact.

Following are a series of shorter- and longer-term recommendations that the County can implement to generate greater results. In order to do so, it is likely that the County will need to allocate additional resources to support the improvement, redesign, and ultimate alignment of MSA funding with the County's overall human service, health and wellness goals.

Shorter-Term Recommendations

In terms of near-term improvements, there are a number of steps that the County can implement while maintaining fairness, transparency, and its commitment to funding effective services. Based on the findings of this report, it is recommended that the County implement the following for its next cycle of MSA funding:

1. *Application Elements*: Eliminate the pre-application phase and interview requirement, basing funding decisions upon the review of one full application.
2. *Evidence-Based Practices*: Revise evidence-based practice criteria to evidence-informed criteria and include three possible levels of practice from evidence based to promising to emerging with clear definitions for each level.

3. *Scoring Criteria:* Develop new scoring criteria based upon a 100-point scale. Reduce evidence-based weighting in scoring criteria to no more than 15 points. Add past years outputs and outcomes to application and scoring criteria, ensuring that at least 15 points are based upon the program's actual past performance and ability to achieve outcomes for its target population. Add a criterion around cost-effectiveness, leverage, and financial health/sustainability.
4. *Financial Requirements:* Consider requiring matching of MSA funds so that MSA funds do not comprise more than 50% of the program budget and 25% of the agency budget. Require submission of most recent statements of financial position and activities and annual audited financial statements (or 990 form if audit not required due to organization size).
5. *Review Panel:* Invite other public and private funders in Napa County to serve on the review committee and ensure recruitment of County staff with strong content knowledge and grantmaking experience. Time commitment for reviewers should be significantly reduced, which may help to attract additional reviewers.
6. *Grant Award Size:* Consider establishing minimum and maximum grant award amounts – suggested range of \$50-150K given total amount of funds available.
7. *Reporting Requirements:* Move reporting requirements from quarterly to bi-annual. Develop a simplified output, outcome and financial reporting form for all agencies to use that ensures reporting on some common data and metrics, while leaving space for agencies to add their own particular data as well.
8. *Monitoring:* Train staff in program and financial report review, and allocate enough of their time to follow-up with grantees on areas of question or concern. Conduct site visits at least every three years, preferably every two years. Develop a brief annual summary of grantee's performance that can be utilized by the review committee.
9. *Streamlined Process for Re-Applicants:* Whenever feasible, provide further stream-lined process for re-applicants, more in line with the contracting processes offered by First Five and PEI to grantees who are successfully meeting their output and outcome targets. This recommendation might be able to be acted on in the shorter-term or it may make more sense to wait until the County's goals for MSA are clarified.

Longer-Term Recommendations

The County has a significant opportunity to increase the impact of its remaining MSA dollars – more than \$20 million that can be deployed to help the County improve its health and human services outcomes. Following are steps that may take one to three years to implement, but will greatly increase the quantifiable results of this investment.

1. *Goal Setting:* The first step is to establish clear goals for MSA funding – defining the type of impact or the ‘What’ that the County wants to achieve with these dollars. There are numerous potential goals to choose from, and the process to determine and prioritize them can build off existing community efforts (such as Live Health Napa County or Mental Health Services Act plans) and/or stem from new processes. A clear theory of change needs to be articulated, helping the County to identify the pathways it most wants to pursue to achieve the specific goals. From that, values (such as prevention or collaboration) and priorities (such as target population or types of intervention) can be established, and then these will inform what type of funding process is best suited to meet the particular goals and priorities. In many ways, this is a larger scale version of the type of work the MSA funding process has been asking nonprofit applicants to do in their proposals.
2. *Capacity Building:* If emerging organizations are needed to meet the goals, then the process needs to ensure that they will be competitive along with the larger, more established organizations. This can be done by providing technical assistance and support for emerging organizations as well as removing application barriers and adding scoring criteria such as level of cultural competence. Organizations of all sizes are likely to need support with evidence-informed practices, and Sonoma County’s guide to Upstream Investments provides a good model for this. Sonoma offers a range of technical assistance to help organizations document their practices and move into and up three tiers of practice from innovative to promising to evidence-based. In addition, they offer support toward implementing these practices with more fidelity and evaluating them to ensure ongoing learning and course correction opportunities.
3. *Impact Evaluation:* It is critical for the County to develop and implement an evaluation plan that will capture the results of its MSA investments on an ongoing basis and provide real-time feedback to help adjust its goals and processes along the way. The County may also wish to conduct a retrospective evaluation of its first 15 years of MSA investment to summarize the impact that has already been made and establish a baseline that the County can seek to surpass over the next ten years of funding.

4. *Resource Alignment:* Napa County has some exciting possibilities to align MSA funding on a longer-term basis with other community priorities and funding streams for greater impact. Live Healthy Napa County presents a particularly strong starting point, with many community goals, priorities, and activities already identified from its robust stakeholder input process. These need to be more clearly categorized and made into more of a SMART (Specific, Measurable, Achievable, Results-Focused, and Time-bound) goals format, but could serve as a great base for identifying which ones make most sense for MSA funding and which have other potential revenue streams. As the County explores these opportunities, it may make more sense to combine the MSA funding stream with others rather than having it as a separate RFP process or perhaps even to fund one large, strategic initiative that really gets at the heart of the County's goals. The first step in the alignment process is to identify what the County's goals are in this area and what other related initiatives might be able to be leveraged to support them.

Conclusion

This report ends as it began – with the recommendation that to accurately assess the efficacy of MSA's funding processes, it is critical to first identify what the County specifically wants to achieve with this investment. As the assessment currently concludes, Napa County's Health and Human Services Agency has provided a transparent, competitive process that has encouraged the use of evidence-based practices and helped a number of health and human services organizations serve a wide range of community needs. Shorter-term, it can benefit from streamlining its processes, expanding its definition of evidence-based practices, and revising its scoring criteria. Longer-term, Napa County has an opportunity to significantly increase its funding impact through the setting of clear goals, priorities, evaluation processes, and alignment with other initiatives and resources.