

## **BURKE COUNTY UNITED WAY BUDGET AND ALLOCATIONS PROCEDURE**

### A. UNITED WAY AND BUDGETING

The United Way idea originated in America nearly 100 years ago as a common sense answer to the problem of the financial support of voluntary social agencies in the community. It has been demonstrated that a single combined campaign for funds is more efficient and successful than a series of separate agency campaigns. Campaign costs are reduced, the base of giving is broadened, time of volunteers conserved, and agency staff are permitted to devote more time to their community effort rather than to fund raising. Inherent in the philosophy of all United Ways is the concept that funds are to be allocated in a manner that **best serves the entire community**. Allocations by United Way volunteers to agencies are designed to ameliorate social deficiencies in the community. To fulfill their stewardship role, United Way volunteers monitor allocated funds and make assessments about the effectiveness of the expenditures in meeting community needs. Agencies are encouraged to use good management techniques.

### B. BUDGET

An annual budget is a blueprint in dollars and cents of the agency's plans, policies, and procedures. Its principle purpose is to enable an organization to plan the coming year's expenditures in relation to anticipated income. Unless an organization's expenditures are consistent with its potential income, serious financial difficulties may result. The consideration of agency budgets is a three-fold review of services and program plan, analysis of financial data, and review of the organization's management capability. Social conditions are constantly changing. Some programs should be expanded, others maintained at existing levels, and still others curtailed. The Budget and Allocations Committee and Panels attempt to evaluate services and the agencies capability of delivering those services. In doing this evaluation the B&A volunteers consider some of the following questions:

1. How important is this service to the community? How severe and costly to individuals and to the community would the consequences be if this service were not provided? Is it the only service available of its type in the community? How many people does it effect?
2. How effective is the service? To what extent have persons or groups directly benefited by the service? Is the agency engaged in self-evaluation to increase their effectiveness? To what degree is the service alleviating or reducing the problem toward which it is directed?
3. Stage of development? Is the volume of service rendered meeting the need, increasing or decreasing?
4. Financing pattern. Are expenditure items consistent with program plans for the year? For example, are requests for additional staff and equipment in line with proposed plans for increased service? What percentage of program total income is requested from the United Way and how does it compare with similar agencies? Is the agency making every appropriate attempt to secure maximum income from fees and dues of participants?

5. Management capability. How well is the agency able to manage its affairs and deliver quality services effectively and efficiently? Does the agency ask for input from the individuals using their service? Are clients a part of the program evaluation?

### C. UNITED WAY STATEMENT OF MISSION AND VISION

Mission: "To inspire Burke County's residents and businesses to create a stronger, healthier and happier community through financial generosity and volunteer commitment."

Vision: "Burke County will be a vital, caring community where thousands of people mobilize to provide human services for their neighbors."

To carry out the mission and vision, the following steps will be implemented:

#### 1. PLANNING

Assess on a continuing basis the need for human service programs, seek solutions to human problems; assist in the development of new or the expansion or modification of existing human service programs; promote prevention activities and foster cooperation among local, state and national agencies serving the community.

#### 2. FUND RAISING

Develop as fully as possible the financial resources, governmental and voluntary, needed to meet the human service needs of the community and reduce the number of appeals for financial support for services.

#### 3. ALLOCATIONS

Deploy United Way financial support so as to maximize the resources available to agencies for services aimed at the most urgent current needs of the community, including those supplied by organizations not now receiving United Way financing.

#### 4. COMMUNICATIONS

Muster community support and commitment for the entire United Way enterprise through a systematic communications program, which both speaks and listens to the community, particularly the donors. Burke County United Way is donor driven. Therefore it is the stakeholders and existing community groups such as the Health Dept., DSS, Employment Security Commission, Economic Development Council, U.S. Census, and the Chamber of Commerce, to name a few, who will help set the priorities for funding each year.

#### 5. MANAGEMENT

Manage United Way effectively, and offer assistance to agencies wishing to improve their management skills.

### D. BUDGET AND ALLOCATIONS COMMITTEE

The Burke County United Way Board of Directors charges the Budget and Allocations Committee (B&A) with responsibility for carrying out the purposes of this corporation, as stated in the above goals, that apply to the planning of and allocations of health and human service programs. B&A is directly responsible to the Board of Directors.

#### E. BUDGET PANELS AND THE ALLOCATIONS PROCESS

Panel membership is normally 10 to 12 volunteers. Each panel reviews the programs and budgets of specific agencies which provide similar or related programs. The panels recommend the amount of funds for the specific programs of the agencies assigned to the panel.

The B&A Committee reviews and consolidates recommendations of the five panels in preparing its report for action by the United Way Board of Directors. The B&A Committee may revise panel recommendations particularly if amounts recommended exceed the maximum total available. Panel recommendations, however, are not changed lightly.

Panels are responsible for (1) securing the confidence of agencies by visiting them and gaining an understanding of their programs, and (2) evaluating agency programs. Once an agency's allocation has been determined, it is incumbent on that agency to revise its budget to complete its work for the year within its allocation and other known income. Revised budgets, on UW forms, should be submitted after the allocations letter is received by each agency

Agencies should coordinate with United Way before engaging in new activities, which require increased United Way financial support.

#### F. GUIDELINES FOR SITE VISITS

1. The first part of the visit should include introductions and greetings between the agency and their representatives and the members of the Budget and Allocation Panel.
2. The agency representatives should present information on the overall function and purpose of the agency. This should include a brief description of each program offered by the agency. An emphasis should be made on objectives and outcomes of each program United Way has funded. The agency representatives should be able to state how these services address the unmet needs of the community. It is always a good idea to have a client served in the past to tell their story to the Panel, if at all possible.
3. The Budget Request Form will be reviewed and discussed by the agency representatives and the B&A members. The agency should be prepared to answer questions that may arise with panel members and provide any supporting documentation needed for the review. (See Section B, Questions 1-5 on page 1.)
4. When agency representatives discuss existing and expanded program services for the proposed funding year, the following issues should be addressed:
  - a. Identify existing and/or expanded programs.
  - b. Does local government or other non-profit agency impact service?
  - c. List goals and objectives of the program, the needs of the community and how the agency addresses these needs.

- d. Use handouts and client testimony as often and as in much detail as possible.
5. Allow time for a tour of the agency and observation of the program(s).

#### G. AGENCY-UNITED WAY RELATIONSHIP

The relationship between United Way and the agencies receiving funding lends itself to policy and procedural determinations that may from time to time be developed. In addition there are certain realities that affect a good working relationship:

- Agencies are autonomous organizations with their own voluntary governing boards.
- Agency participation with United Way is voluntary. Agencies do not have to accept United Way funds.
- United Way is autonomous (governed by its own local Board of Directors) but draws from the experiences of similar organizations throughout the country.
- United Way is accountable to its donors and aims to distribute funds in a manner generally acceptable to them.
- Available funds rarely equal agency requests.**

#### H. BUDGET AND ALLOCATIONS PANEL PROCEDURES

##### 1. Proposed Agency Budgets

Each spring, agencies present completed budgets to the United Way. These budget requests are the basis of United Way goal setting in June of each year. All agency programs shall be included, even though United Way funds may not be requested for all programs. These proposed budgets are the agency's blue print in dollars for its coming fiscal year operation.

##### 2. Outcomes

Program goals, objectives and outcomes will be reviewed annually by the B&A panel members. (These completed forms are to be sent to the UW office by January 30<sup>th</sup> of each year.) Goals, objectives, and outcomes must be specific and measurable. Outcomes for non-United Way funded programs within your agency need not be submitted. These outcomes must be submitted on United Way forms in order to be universally read and understood by the United Way volunteers.

##### 3. Revised Agency Budgets

Within 30 days of allocation notification, agencies are asked to file a balanced, revised budget with United Way. This budget is based on the allocation to each program made by the United Way and in relation to other anticipated income to be received by the agency. Revised budgets must be submitted on United Way budget forms.

Panel members may arrive at different allocation recommendations after looking at the same information submitted by the agencies. This is not surprising as no matter how uniform a budget form is, it can be interpreted in many ways depending upon the personal approach used by each panel member. Following are some issues to consider:

1. Straight across the board percentage increases or decreases to agencies do not take into consideration community needs or differences between programs of agencies. It is regarded as a poor budgeting practice.
2. Low staff salaries at one agency does not necessarily mean their employees are more dedicated than counterparts at other agencies. Most agency staff are dedicated to programs in which they work. The job market and the skills of the employee may have a determining effect on the salary scale and unstated differences may occur between apparently similar agencies.
3. Many human service programs deal with emotional problems. However, highly emotional presentations do not necessarily mean that one program is of greater value than another less emotional program
4. Differences in unit cost may vary in like programs based on staff-client ratio, and other program elements. Program results may be more effective in a slightly higher cost program and the unit cost alone is not a sufficient basis for program allocations. Major differences in Unit cost of like programs should be questioned.
5. Programs presented before each panel compete for a limited amount of revenue. Specific allocations must be **weighed in light of community needs and available funds**. Unrealistically high allocations for one program mean unrealistically low allocations for another. Careful deliberation is required for every program presented.
6. Panel members serve as trustees for every United Way donor. Decisions made by panel members collectively have a real impact on services affecting the quality of life in Burke County.

An agency wishing to appeal its allocation must submit a letter to the President of the United Way requesting another budget conference with their panel members. This request must be submitted within fourteen days of the date appearing on the United Way allocation letter.

The Budget and Allocation Committee Chair will consult with his/her members to determine if an appeal is warranted. If so, there will be an appeal meeting held with the respective community panel. For an appeal to be heard, the agency must bring forth either new information or a clarification of the program or budget information that may directly impact the decision.

If approved, the respective B&A panel chair will then bring the new funding recommendation to the B&A Committee and they will send their recommendation to the Board.

## I. BUDGET AND ALLOCATIONS PANEL STRUCTURE

### A. Allocations Structure

1. Budget and Allocations Executive Committee
  - a. Chairperson and Vice-Chairperson of B&A
  - b. Co-Chairpersons of 5 Panels

### B. Responsibility

1. Budget and Allocations Executive Committee

- a. To make final recommendations on allocations to the United Way Board of Directors.
- b. To recommend special study or evaluation committees in the area of Budget and Allocations.

## 2. Panels

- a. To make allocations recommendations to the Budget and Allocations Executive Committee concerning current programs.
- b. To become informed about programs being offered by agencies within the panel group.
- c. To handle special assignments as directed by the Budget and Allocations Executive Committee.

## J. PROGRAM ALLOCATIONS

Burke County United Way intends to allocate by program to the extent possible. By allocating amounts to particular activities (programs) within an agency, the recommendations of B&A are more directly related to the quality of health and human services being delivered in the community.

A reduced program allocation may not lead to a reduction in services in the program area. If, for example, an agency is able to increase its fees for service or find an alternative source of revenue to replace the reduction of United Way funding, the agency may still provide the service at its present or even at an increased level. The agency may also use surplus revenue generated by another program to reduce the deficit in any or all programs before requesting a United Way allocation.

The difficulty in making allocations to similar programs of different agencies is perhaps the hardest task in the program allocations process. Some of the considerations that may help are:

1. What are the objectives of the program?
2. How well did each program fulfill its objective?
3. Who is the program serving?
4. How much of this type of service is being provided to the community as a whole?
5. Is a more expensive program working with a more difficult program and/or achieving better results?
6. What would the result of a decreased or increased allocation mean to the program?

Although no allocation is made directly to administrative costs of an agency, these costs are distributed to each program based on percentage of individual program costs to the total cost of operating all programs within the agency. Panel members should feel free to question and/or discuss with the agency its administrative costs or practices that may seem irregular or excessive.

Forms 3 and 3A presented by the agencies to the United Way show categories of income and expenses for the delivery of services. These items are shown both for total agency operations and for each program. The forms also show the cost of delivering a unit of service within each program. Units of service may be by hour, day, person, etc. The number of service units provided are shown for the current and preceding year. Included

is information indicating the projected increase or decrease in the number of service units provided and the cost of each unit.

Agencies present written information on program content both current and projected in their narrative. This information will be of great help to each panel member in formulating questions for agencies when they make their oral presentations to the panel.

**No system of allocating is ever perfect. All that can be asked is that each person make his/her judgment with deliberation and concern for the total community.**

#### J. SOME BUDGETING PRINCIPLES AND POLICIES

1. United Way allocates funds for operating purposes only.
2. Agency capital plans and problems may directly affect the operating program. Therefore, panel members may recommend general policies governing capital expansion and request reporting of facts about capital accounts to United Way.
3. United Way allocations shall be for the fiscal year beginning July 1 and ending on June 30<sup>th</sup>, unless otherwise authorized by the B&A Committee.
4. There shall be an annual audit of each member agency's operating and capital accounts made by an independent auditor and filed with the United Way. (See Burke County United Way audit policy.)
5. Donor restricted funds are those funds available to the agency, but expendable only for purposes specified by the donor or grantor.
6. Interest on restricted donations, unless otherwise stipulated by the donor, and unrestricted gifts of less than \$500 will be considered general operating revenue.
7. Agreements may be made between agencies and United Way regarding the restricted or unrestricted nature of funds raised through special solicitation or sales to the public.
8. Membership dues shall be considered current operating income.
9. Salaries and wages are the responsibility of each agency. B&A may, in appropriate circumstances, offer suggestions based on their observations of all agency budgets.

#### K. FUND-RAISING BENEFITS

The amount charged for a fund-raising event should be normal for the type of performance involved, a "value received" level to avoid the connotation of outright fund-raising effort.

Any agency for which another organization proposes to raise funds through a benefit shall include in the information submitted, estimates of the expenses, gross receipt and amount to be received by the agency; such benefits must conform with city and state statutes regarding "excessive fund raising costs".

#### L. ALLOCATIONS 3R'S

RELEVANCY of the program to total needs of the community. (Another term for this is "priorities".)

RESOURCES available to finance the need and which resources are most appropriate. (Government funds, fees, United Way allocations, etc.)

RESPONSE capacity of the agency. (Can it deliver?)

WHAT IS THE ALLOCATIONS PROCESS?

The transference of the dollars that donors give United Way to those agencies providing needed services throughout the community.

Approved by the Board of Directors March 22, 2004