Creating a Strategic Financing Plan
ARCH National Respite
Network & Resource Center
(703) 256-2084
www.archrespite.org

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Sustainability TA

• ARCH’s collaboration with The Finance Project

• Resources: http://www.lifespanrespite.memberlodge.org/Sustainability_Tools

• Selection of Exemplar States
  AL, IA, LA, MA, NE, NH, PA, VA
Cheri Hayes
President & CEO
The Finance Project
Washington, DC
Module III: Creating a Strategic Financing Plan

Cheri Hayes

March 5, 2014
Key Questions

- What do you want to sustain?
- What are the fiscal and non-fiscal needs?
- What resources do you currently have to fill those needs?
- What are the resource gaps?
- What monetary and non-monetary sources and strategies are best suited to help fill the gaps?
Webinar Goals

• Provide information and tools that will help you:
  – Link the cost and resource estimations to the continuation or expansion goals
  – Identify the range of fiscal and non-fiscal resources needed to support your initiative over a defined timeframe
  – Align fiscal resources with the activities and services that you want to finance
  – Clarify and prioritize which financing strategies best match your goals
Strategic Financing Plan

• Clarify “financing for what?”
• Estimate fiscal needs
• Map current funding
• Assess gaps
• Identify funding sources and financing strategies
Clarify “Financing for What?”

- **Scope**
  (e.g. population, geographic area, standard of quality, etc.)

- **Scale**
  (e.g. number of people served, number of programs, etc.)

- **Ramp-Up Assumptions**
  (what period of time? What benchmarks?)
## Identifying Elements to Sustain

<table>
<thead>
<tr>
<th>Goals and activities that you want to sustain within your respite care project</th>
<th>What scale are we aiming to sustain?</th>
<th>Over what time do we want to sustain?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 1</strong></td>
<td><strong>Year 2</strong></td>
<td><strong>Year 3</strong></td>
</tr>
<tr>
<td>Cataloguing and making accessible lists of providers and resources</td>
<td>Collect information respite providers as part of an environmental scan</td>
<td>Develop partners and embed resources onto their websites</td>
</tr>
<tr>
<td>Raising public awareness of respite care</td>
<td>Cultivate a network of community volunteers and stakeholders</td>
<td>Identify gaps and barriers to respite services and work with partners to provide education and public awareness</td>
</tr>
</tbody>
</table>
Estimate Fiscal Needs

• Program Costs
  (e.g. start-up and operating costs)

• Infrastructure Costs:
  (e.g. staff compensation, communications, professional development, etc.)

• Capital Costs
  (e.g. facilities, equipment, etc.)
## Cost Estimates

<table>
<thead>
<tr>
<th>Program Element</th>
<th>Estimated Cost Year 1</th>
<th>Estimated Cost Year 2</th>
<th>Estimated Cost Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start-up Costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning and promotional activities (marketing, outreach, recruitment)</td>
<td>$500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community assessment</td>
<td>$50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial staff recruitment and training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment and supplies acquisition (computers, books, materials, etc)</td>
<td>$400,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities renovation/expansion</td>
<td>$30,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ongoing Operating Costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff (include all positions and percentage of salary and fringe)</td>
<td>$150,000 (3 FTE)</td>
<td>$154,500 (3 FTE)</td>
<td>$159,135 (3 FTE)</td>
</tr>
<tr>
<td>Equipment and supplies maintenance</td>
<td>$25,000</td>
<td>$25,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>Training, professional development and technical assistance</td>
<td>$35,000</td>
<td>$35,000</td>
<td>$35,000</td>
</tr>
<tr>
<td>Transportation/Travel</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Facilities (rent, utilities, and maintenance)</td>
<td>$325,000</td>
<td>$325,000</td>
<td>$325,000</td>
</tr>
<tr>
<td>Administration and overhead</td>
<td>$375,000</td>
<td>$375,000</td>
<td>$375,000</td>
</tr>
<tr>
<td>Instructional activities</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
</tbody>
</table>
Map Current Resources

• What are your current funding resources (cash and in-kind)?

• How flexible are the resources?
  – Are they restricted to specific activities?
  – Can they be directed to other purposes as needed?

• How durable are the resources?
  – Over what time period will they be available?
  – Will they be automatically renewed?
  – Are there funding sources that are at risk of being cut or reduced?

• How robust is your overall funding mix?
  – Is there a balance of public and private funding, short- and long-term support, restricted and flexible resources?
## Resources

<table>
<thead>
<tr>
<th>Activity/Service</th>
<th>Source (Funding or In-Kind)</th>
<th>Level of Support</th>
<th>Funding Period (End Date)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respite vouchers</td>
<td>Interagency Fiscal Partnership</td>
<td>$100,000</td>
<td>June 30, 2014</td>
<td></td>
</tr>
<tr>
<td>Respite network infrastructure costs</td>
<td>Pooling State Funds and Part C Early Intervention Funds</td>
<td>$50,000</td>
<td>June 30, 2014</td>
<td></td>
</tr>
<tr>
<td>Respite Services to Children</td>
<td>Administrative Claiming through Medicaid and other funds</td>
<td>$80,000</td>
<td>October 2014</td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>XYZ Foundation</td>
<td>$500,000</td>
<td>TBD</td>
<td></td>
</tr>
</tbody>
</table>
Poll Question

1. Which of the following strategies is your respite coalition currently utilizing?
   a. Making better use of existing resources (e.g. economies of scale)
   b. Maximizing federal and state resources (e.g. leveraging, administrative claiming)
   c. Creating more flexibility in existing resources (e.g. pooling, de-categorization, interagency fiscal partnerships, etc.)
   d. Building public-private partnerships (e.g. grassroots/community engagement, foundation funding, etc.)
   e. Creating new dedicated revenue streams (e.g. fundraising, special taxing districts, generating unrelated business income, etc.)
Assessing Resource Gaps

**Estimate of Costs – Current Resources = Gap or Surplus**

- Pinpoint the nature of the funding needs:
  - What goal, activities/services or infrastructure?
  - What categories of spending (e.g. staff salaries)?
  - What timeframe (e.g. next year or long-term)?
## Gap Analysis

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th></th>
<th>Year 2</th>
<th></th>
<th>Year 3</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Costs</td>
<td>Available Resources</td>
<td>Gaps</td>
<td>Total Costs</td>
<td>Available Resources</td>
<td>Gaps</td>
</tr>
<tr>
<td>Respite Vouchers</td>
<td>40,000</td>
<td>50,000</td>
<td>10,000</td>
<td>50,000</td>
<td>40,000</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Database of Providers and Services</td>
<td>80,000</td>
<td>40,000</td>
<td>(40,000)</td>
<td>60,000</td>
<td>9,000</td>
<td>(51,000)</td>
</tr>
<tr>
<td>Respite Network Infrastructure Costs</td>
<td>$2m</td>
<td>$200K</td>
<td>($1.8m)</td>
<td>$1.02m</td>
<td>$100K</td>
<td>($1.01m)</td>
</tr>
</tbody>
</table>
Financing Strategies: Make Better Use of Existing Resources

- Redeployment: shifting funding from higher cost to lower cost programming
- Operating more efficiently: cutting costs that can be reinvested in expanding services
- Reinvestment: Allocating funds that can be “saved” through redeployment, refinancing, reductions in spending to new or alternative supports and services
- Embed Lifespan Respite activities into ongoing state efforts: embedding Lifespan Respite projects into ongoing sustainable state efforts
Financing Strategies: Maximize Federal and State Revenue

- **Grant writing**: applying for discretionary grants from public agencies
- **Leveraging**: Maximizing federal revenue by taking advantage of programs that provide funding contingent on state, local, and private funding
- **Refinancing**: utilizing other sources of money to pay for activities already provided and freeing up your own money for new use
- **Administrative claiming**: using available Medicaid and other funds to cover an array of administrative costs, based on local match funds
Financing Strategies: Creating Flexibility in Existing Resources

- **Coordination**: aligning categorical funding from a number of agencies and funding streams to support community and program-level initiatives

- **Pooling**: combining a portion of funds from several agencies and programs into a single unified funding stream

- **Decategorization**: advocating for removing narrow eligibility requirements and rules governing allocations from existing funding streams

- **Develop interagency fiscal partnerships**: developing partnerships with other state agencies to support direct services or the system’s infrastructure
Financing Strategies: Build Public-Private Partnerships

- **Leveraging**: creating new partnerships that expand the fiscal base for respite services
- **Leadership**: Building new, shared public-private leadership for investments in respite services
- **Technical assistance**: creating opportunities for sharing knowledge, skills, and technical resources needed to create and sustain systems of support and services
- **Grassroots/community engagement**: grassroots support and efforts to assist long-term sustainability
- **Foundation funding**: Community foundations and private donations
Financing Strategies:
Create New Dedicated Revenue Streams

• **Fundraising**: organizing community fundraising campaigns to generate support

• **Fee for service**: charging fees to service users to help cover the program costs

• **Generating unrelated business income**: creating revenue by pursuing an activity not related to the mission of the organization or program

• **Advocacy/education**: committing resources to support a coalition composed of diverse agencies and organizations

• **Special taxing districts**: creating independent units of government with taxing authority purpose
Financing Strategies:
Create New Dedicated Revenue Streams

- **Special tax levies**: adding onto existing taxes with additional revenue earmarked for specific programs or services
- **Fees and narrowly based taxes**: generating revenue from fees or taxes on specific segments of economic activity
- **Lotteries and gaming**: Using lottery and gaming proceeds to support respite programs and initiatives
- **Income tax check-offs**: Allowing taxpayers to designate a portion of their tax liability or to donate a part of their refunds to specific services or programs
Contact Information

- Cheri Hayes
  chayes@financeproject.org