

Increasing equity in Neighborhood Coalition funding

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Introduction

The City of Portland's Office of Neighborhood Involvement (ONI) provides annual funding to the seven Neighborhood Coalitions in Portland, most recently totaling about \$2 million. The coalitions earmark some of this funding for individual neighborhoods for various purposes such as outreach, insurance, and communications. Most of the funding is used for staff for each coalition and overhead expenses used for operating the coalitions' offices so they can have a physical presence in the coalition areas.

The neighborhood coalitions vary in terms of size of population served, the number of neighborhoods served, and the needs of people in the neighborhoods. While the current funding formula accounts for some of these differences, it is in need of recalibration. The historical formula does not account for the eastern expansion of the City in the 1990s, greater population growth in some areas of the City, and growing diversity, highlighted by an increase in immigrants and refugees in the City. These changes have spurred City leaders to call for a closer look at how ONI policies impact equity. The following recent developments have all called for increased funding equity:

- Community Connect (2008) established a 5-year strategic plan that identified needed changes to improve Portland's community involvement system and equity across the system.
- The Portland Plan established the overarching goal of achieving greater equity in Portland.
- ONI engaged in a planning process in the summer of 2011 that mapped out the resources needed to achieve the goals established in Community Connect and the Portland Plan. This included increasing the equity of funding across the system.

The funding each coalition receives each year is partially based on a historical formula, the origin of which has not yet been identified, which gives differing amounts to each coalition. About 87% of the budget is based on this historical formula. The other 13%, which includes funds for specific purposes like communications and grants, is based on different factors such as population, number of neighborhoods, and household income.

The need to review and update the funding allocation across neighborhood district coalitions has been raised several times during the past 20 years.

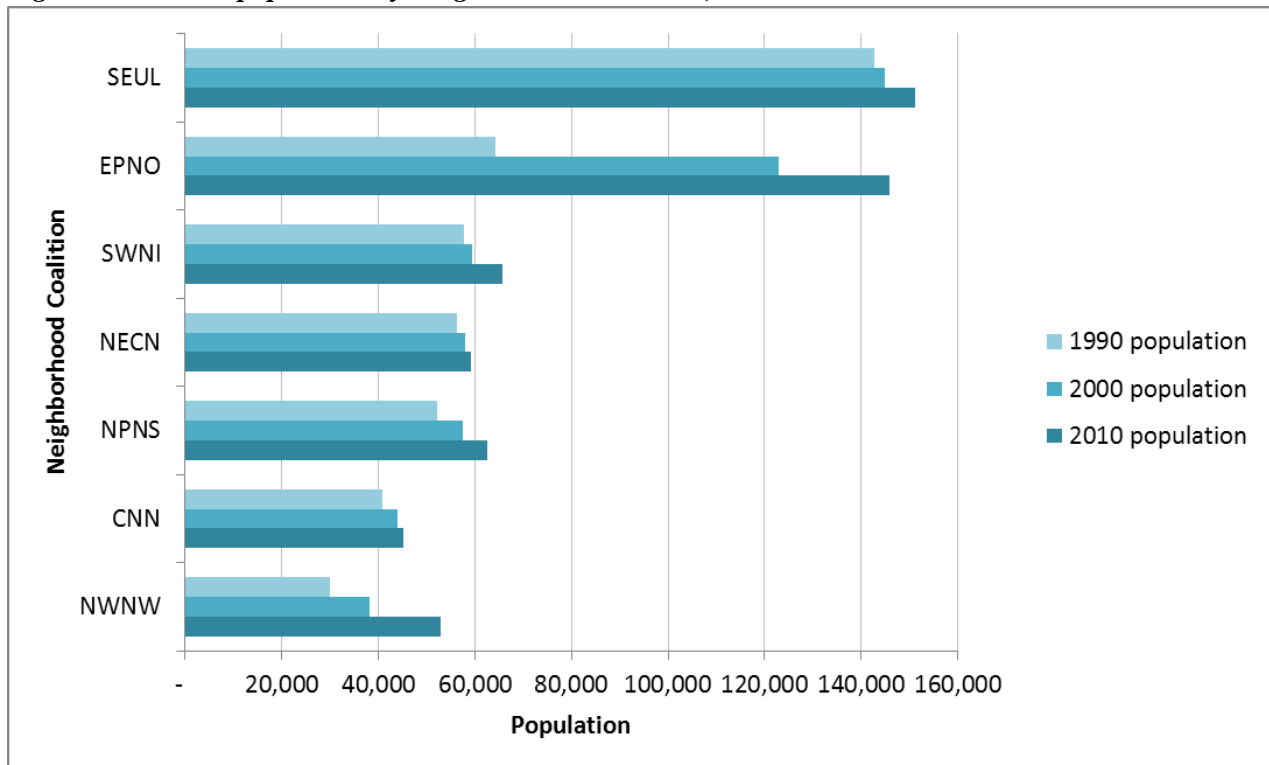
- The FY 1993-1994 budget called for review and update of the coalition funding formula.
- The Neighborhood Involvement Task Force (1995-96) identified need to remedy inequities in coalition funding allocation.
- At some point before 1993, ONI included a significant increase in funding for SE Uplift to reflect the large portion of Portland's population in that coalition.

Funding History

Over time, each coalition has received between ten and fifteen percent of the total funding with the exception of Southeast Uplift (SEUL), which has received between twenty-one and twenty-six percent of the budget for the years for which data is available. While reliable data is not available before 1990, past stakeholders and former staff recall that the original formula provided a base amount for each coalition (with SEUL receiving twice as much due to size) plus \$1,000 per neighborhood association in the coalition. Base amounts may have been determined according to spending in the early 1980s, when coalitions submitted line item budgets to the City.

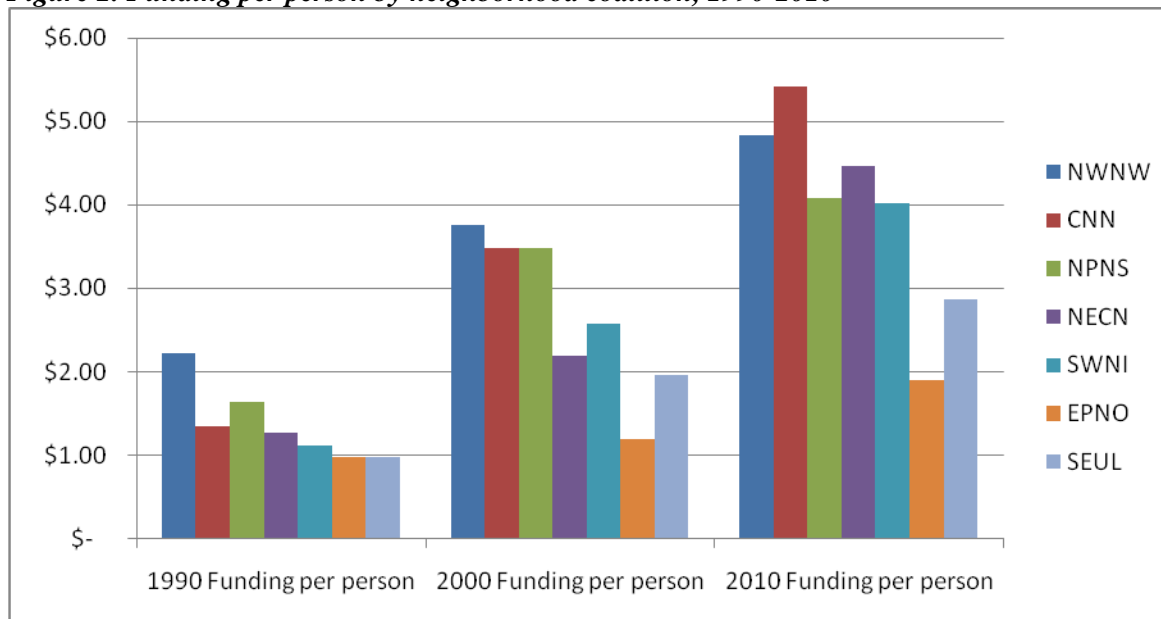
In the past, SEUL did have at least twice as many people as the other coalitions. But population growth and annexations in the past two decades have altered that pattern. The current funding formula does not reflect the changes that have taken place over time. Figure 1 shows the growth in population of each coalition over time.

Figure 1. Portland population by Neighborhood Coalition, 1990-2010



Population growth has not coincided with proportional growth in funding, as demonstrated in Figure 2. While funding should not necessarily be based only on population, this data shows the growing disparity in funding relative to population. All coalitions have experienced at least a tripling in funding between 1990 and 2010, but some have seen greater increases than others. Population increases by coalition vary widely, from 5% for Northeast Coalition of Neighborhoods (NECN) to 127% for East Portland Neighborhood Office (EPNO). Of particular concern is the low per capita funding for EPNO, the fastest growing coalition which now has almost as many residents as SEUL.

Figure 2. Funding per person by neighborhood coalition, 1990-2010



Note: This chart uses total funding, including base plus communications, insurance, and grants. Amounts are not adjusted for inflation.

Currently, the seven coalitions receive:

- Base funding that is based on an undocumented historical formula
- Communications funding, based on number of households
- Insurance funding, based on number of neighborhood associations
- Small grants, based on percent of low income households (2/3 weight) and number of neighborhood associations (1/3 weight)

Table 1 shows the funding amounts for each neighborhood coalition for the current fiscal year. Southeast Uplift (SEUL) receives a total of \$471,196, which represents 22% of the total funding for all neighborhood coalitions. EPNO, the second most populous coalition, also receives the second largest amount of funding - but that funding is more than \$160,000 less than SEUL's allocation.

Table 1: Fiscal Year 2011-2012 Neighborhood Coalition Funding from ONI

Coalition	Base Funding	Communications	Insurance	Grants	Total	% of total
CNN	\$ 231,826	\$ 7,502	\$ 3,307	\$ 19,877	\$ 262,512	12%
EPNO	\$ 239,142	\$ 19,382	\$ 5,374	\$ 41,572	\$ 305,470	14%
NECN	\$ 242,707	\$ 10,034	\$ 4,961	\$ 27,993	\$ 285,695	13%
NPNS	\$ 236,114	\$ 9,446	\$ 4,547	\$ 24,435	\$ 274,542	13%
NWNW	\$ 231,551	\$ 12,414	\$ 4,961	\$ 27,968	\$ 276,894	13%
SEUL	\$ 381,778	\$ 26,964	\$ 8,268	\$ 54,186	\$ 471,196	22%
SWNI	\$ 238,850	\$ 11,458	\$ 7,028	\$ 27,008	\$ 284,344	13%
TOTAL	\$ 1,801,968	\$ 97,200	\$ 38,446	\$ 223,039	\$ 2,160,653	100%

Task Force on Neighborhood Involvement

In 1995, the City of Portland Task Force on Neighborhood Involvement conducted a study and developed recommendations for the future of ONI (then the Office of Neighborhood Associations). One of the topics the Task Force tackled was the distribution of funds. Suggestions devised by the Task Force included a formula that provided enough base funding to cover at least four staff members for each coalition. Compensation parity was also an important issue identified in the study. Because two of the coalitions operate under the City umbrella and the others are independent, compensation levels are uneven. The Task Force also recommended providing enough funding for a twice-a-year newsletter mailing to every household in each coalition.

The Task Force called for increased equity among districts within the budget allocations. Two options were suggested. The first, “Working Toward Equity in the Future,” called for future allocation to be determined by:

- population
- number of neighborhood associations served
- area
- need (measured by rate of development, crime, poverty, and education and income levels)

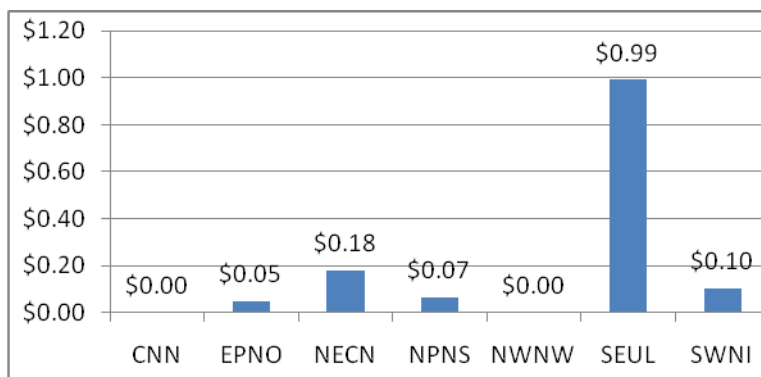
Under this option, each coalition would submit proposals to ONI. The second option, called “Full Equity,” called for the core staff of four with recommended salary levels, plus a per-person funding level determined by the estimated costs to serve each person in the district.

Potential Solutions

One major concern to take into account when developing a new formula for budget allocation is that there be no reductions in funding for any one coalition. In order to achieve no reductions, additional funding from the City will be required.

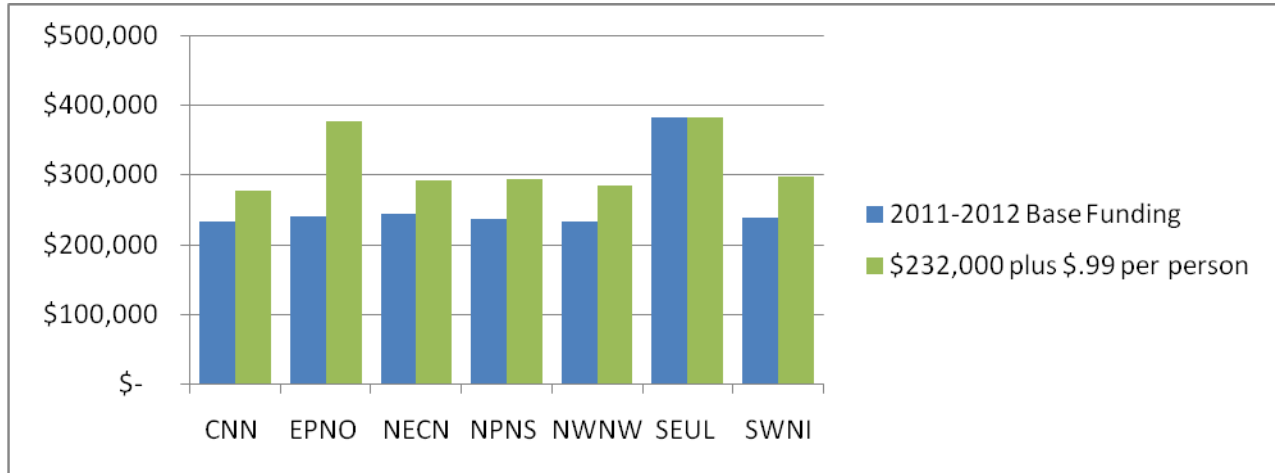
One solution could involve establishing a base and then adding additional funds based on population. The first step would be to change the base funding for each coalition to \$232,000, which matches the lowest current base funding (NWNW and CNN). This funding will cover two or more staff and overhead expenses for each coalition, depending on the structure of the coalition (city-run versus nonprofit).

Figure 3: Funding per person above a \$232,000 suggested base level. 2011-2012



Then, one can determine how much beyond this base each coalition currently receives, and divide this remainder by the population of the coalition. The SEUL neighborhood coalition has the highest per person funding above the base, at 99 cents. If the 99 cents per person figure is applied to each of the coalitions, each

would receive a larger allocation of funding than they currently receive, except SEUL, which would experience no change in funding. The new formula would require about \$400,000 in additional base funding over current levels. A breakdown of what each coalition would receive under this scenario is shown below.



In addition to population, other variables shown in Table 2 that may be used in the formula are:

- Number of neighborhoods
- Number of households
- Number or percent of youth (under 18)
- Number or percent of elderly (over 65)
- Race/ethnicity
- Income
- Poverty
- Homeownership rate
- Land Area

Table 2. Neighborhood Coalition Demographics and other Characteristics

Coalition	# NAs	Households	Population	% Under 18	% 65+	% Nonwhite	Median Household Income	% in poverty	% pop in rental housing	Square miles
CNN	8	18755	45151	21%	11%	30%	\$ 54,748	15%	38%	11.2
EPNO	13	58242	145931	25%	13%	39%	\$ 45,493	17%	45%	31.4
NECN	13	24746	59276	18%	10%	30%	\$ 59,573	15%	42%	8.7
NPNS	11	25528	62666	20%	10%	35%	\$ 45,187	18%	40%	24.3
NWNW	12	30767	53025	9%	12%	20%	\$ 53,618	18%	58%	29.7
SEUL	20	68352	151167	17%	10%	21%	\$ 49,910	14%	43%	21.8
SWNI	17	29792	65639	18%	13%	15%	\$ 80,984	9%	35%	18.2
TOTAL	94	256182	582855	19.10%	10.40%	28%	\$48,831	16%	41%	145.4

Note: All demographic data is from the Census Bureau, either Census 2010 or American Community Survey 2006-2010 5-year estimates.

The table below shows the same variables as Table 2 (excluding median household income), but this time as a percent of City totals.

Table 3. Neighborhood Coalition demographics as a percent of Citywide totals

Coalition	% total NAs	% total households	% total population	% total under 18	% total 65+	% total nonwhite	% total in poverty	% total pop in rental housing	% total land area
CNN	9%	7%	8%	8%	8%	8%	8%	7%	8%
EPNO	14%	23%	25%	33%	28%	35%	28%	26%	22%
NECN	14%	10%	10%	10%	9%	11%	10%	10%	6%
NPNS	12%	10%	11%	11%	9%	13%	13%	10%	17%
NWNW	13%	12%	9%	4%	10%	7%	11%	12%	20%
SEUL	21%	27%	26%	23%	23%	19%	24%	26%	15%
SWNI	18%	12%	11%	11%	13%	6%	7%	9%	13%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: All demographic data is from the Census Bureau, either Census 2010 or American Community Survey 2006-2010 5-year estimates.

Other possible variables that could be obtained include:

- Number of single parent households
- Educational Attainment – percent with high school degree or percent with bachelor degree
- Access to Open Space
- Substandard housing
- Gentrification – movements of communities of color over time

How do other Cities fund their neighborhood groups?

In Los Angeles, each neighborhood council gets an equal share of funding – most recently a lump sum of around \$40,000. Funding is not based on need or population. The neighborhood councils all must have a minimum of 20,000 stakeholders (people who live, work, or own property in the neighborhood), but they vary considerably in population and in wealth.

The City of Minneapolis, MN allocates their funds to neighborhood organizations based on several factors, each given a percentage weight:

- 20% population
- 10% number of housing units
- 10% number of non-homestead housing units
- 20% Racial/cultural diversity
- 10% number of ESL students
- 10% median household income
- 10% crimes in past three years
- 10% foreclosure rate

The City of St. Paul, MN allocates funding based on four factors:

1. 75% population
2. 15% poverty
3. 5% non-English speaking population
4. 5% number of jobs

Proposal for Coalition Equity Formula

The Coalition Directors have developed an equity funding formula that is intended to be relevant, simple, transparent, and responsive to future needs and changes in demographics. The formula would exclude funds for the Neighborhood Small Grant Program, which would continue to use the existing formula. The formula would be based on the program functions outlined in the coalition contract with the City:

1. Strengthen the capacity of existing volunteers
2. Encourage and facilitate communication
3. Increase the number and diversity of people involved
4. Foster networking and collaboration
5. Provide information and referral
6. Collaborate with ONI programs

To keep it simple, proxy measures were chosen for the first three functions, with the assumption that the final three functions are sufficiently covered by measures for the first three. Equal weight (funding) was placed on each of the first three functions.

Proxy measures for these program functions:

1. Strengthen the capacity of existing volunteers – # of neighborhood associations
2. Encourage and facilitate communication. - # of people
3. Increase the number and diversity of people involved - # of renters and # of non-white.
(This function is represented by two proxy measures, each weighted equally.)

The current proposal is to adopt a formula. We suggest the implementation of the formula be phased in with additional funding to the coalitions, to not reduce the current funding level of any coalition.

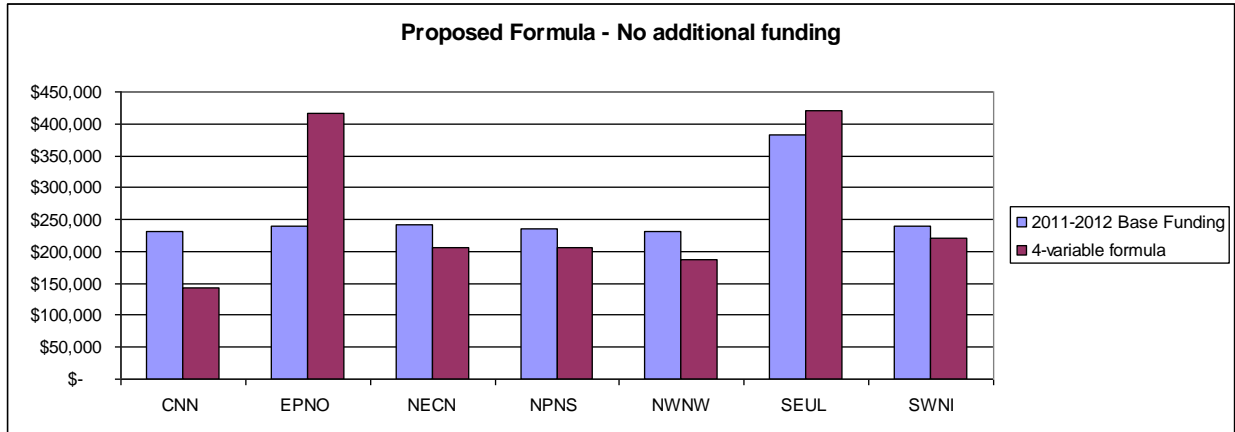
Proposed funding formula:

1. Existing volunteers - # of neighborhood associations – 1/3
2. Communication = # of people – 1/3
3. New and diverse volunteers – 1/3
 # of renters – 1/6
 # of non-white – 1/6

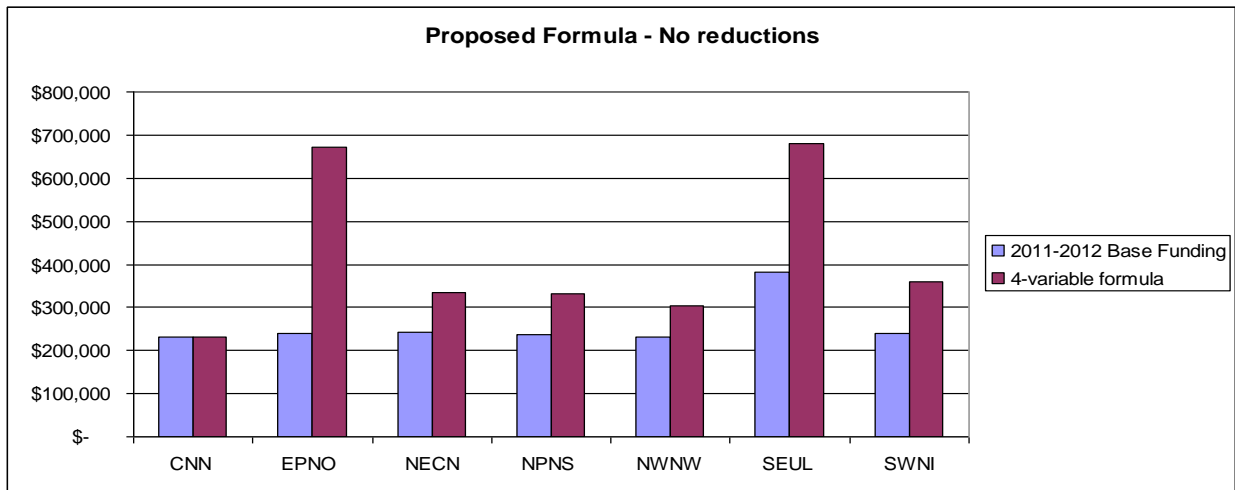
The following charts show implementation of the funding formula at various levels of total funding.

With no additional funds.

Compared with current funding levels, five coalitions would lose between \$88,000 and \$17,000.



With no coalition receiving any reductions. Would require an additional \$1,110,000



Total funding matching the strategic 5-year budget developed last year.

Would require an additional \$2,510,000

