Funding and Financial Planning

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PROVIDER TRANSFORMATION SERIES

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Objectives

To explore how strategic planning lays the groundwork for creating a financial model that propels and sustains transformation

Sustaining your organization through creative funding and advocacy
You must determine where you are going before you can determine how to get there.

Be bold in your vision!

**Arc of Tuscaloosa, Al. Long-Term Transformation Goals**

1. Individuals have jobs in competitive integrated employment.
2. Individuals receive pre-employment training outside of the facility.
3. Individuals are independent and actively participating in all aspects of society.
The Financial Planning Team

CEO/COO

CFO/Accounting staff

Development/Fundraising staff

Human Resources staff

Key program management staff
Needed Information

Budgets & Financials (current and past performance)

Information about current and potential future funding
- Eligibility
- Accessibility
- Rates
- Rules

Referral flow
Pilot results
Staff productivity
## Research Funding Options

See Provider Transformation Manual Module 4, Funding, to find extensive discussion of funding sources below:

<table>
<thead>
<tr>
<th>Vocational Rehabilitation</th>
<th>State Funded Services</th>
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</thead>
<tbody>
<tr>
<td>Medicaid Home &amp; Community Based-Services</td>
<td>WIPA</td>
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<tr>
<td>Ticket to Work</td>
<td>County, Municipal or Local Funds</td>
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<tr>
<td>Education Funds</td>
<td>Foundations</td>
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<tr>
<td>Workforce Funds</td>
<td>DD Council’s</td>
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</tbody>
</table>
Review Current Funding
<table>
<thead>
<tr>
<th><strong>Think Big</strong></th>
<th>Always keep your long term vision in mind when planning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start Small</strong></td>
<td>Develop pilots to develop skill, identify and create procedures and processes to address problems, identify costs</td>
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<tr>
<td><strong>Scale Quickly</strong></td>
<td>Analyze your outcomes, make adjustments as needed and launch new services</td>
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**Develop Pilots for New Services**
Forecasting

predicting future costs and resource requirements
Analyze Information from Pilot & Timeline

- **Determine**: activities requiring new sources of funding or expansion of current funding
- **Identify**: sources of needed funding
- **Develop**: a plan for pursuing those sources
Determine How to Fund

- Determine the cost of services you will provide (pilots)
- Review research on possible funding streams
- Identify funding streams to pursue
- Begin outreach to potential funders
Budgetary Projections

You will go back and forth between planning operationally and reconciling budgetarily.

Best to develop projected budgets for the duration of your strategic or transformation plan (3 yr. plan = 3 yr. budgets)

You may have a shortfall initially, however, projections made after programmatic and structural changes should begin to show positive financial outcomes.
Analyzing the Transition from Production Income to Other Sources

Make a careful analysis of production finances - do you have a profit currently?

Remove all support provided to operations by Medicaid funding - how does this impact your profit?

Calculate with all workers making minimum wage - how does this impact your profit?
Maximizing Profitability in a New Service Environment

Providing services not otherwise funded — explore funding options not considered before to pay for services

Growth and expansion — consider decentralization of services; reduced start-up costs for community-based services

Reserves — may draw on reserves until financial stability is achieved
Focus on Capability and Capacity for New Services & Revenue Streams

Employment – Successful transitions to community employment can only be facilitated by qualified, capable job development and employment staff. This personnel MUST be in place.

Wrap-around supports - Many people will not start by working FT. They may require additional non-work supports. You can provide a needed service AND tap a new revenue stream.

Being prepared to provide these services quickly and efficiently will allow you to scale up quickly and gain new revenue sooner.
Develop a Timeline for Transformation

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLOSE SHOP</td>
<td></td>
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<td></td>
<td>5</td>
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<tr>
<td>AGGRESSIVE OUTPLACEMENT</td>
<td></td>
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<td>4</td>
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<tr>
<td>PRIORITIZE FOR JD</td>
<td></td>
<td></td>
<td>3.5</td>
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<tr>
<td>BEGIN TO SCALE BOTH</td>
<td>2</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>CBDS ENHANCEMENT</td>
<td>1.5</td>
<td></td>
<td></td>
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<tr>
<td>CE PILOT</td>
<td>1</td>
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</tbody>
</table>

JD = job development; CBDS = community-based day; services; CE = customized employment
Transition from Facility-Based to Community-Based Services

1.) Ensure pilots have been completed and new services established
2.) Ensure personnel is in place. (employment, wrap-around & case management)
3.) Close the “front door” to referrals to facility-based work
4.) Set dates and hard numbers for transition (X # into community integrated employment by Y date)
5.) Begin referral process to Vocational Rehabilitation for employment
6.) Begin referral process for wrap-around support, if required
Transition from Facility-Based to Community-Based Services

6.) Assess impact of loss of workers on contracts

7.) Identify dates when contract will cease, notify business, determine if they will hire individuals directly

8.) Calculate impact of funding for new services for people previously in production work

9.) Anticipate a period of shortfall while building up new services and phasing out old ones

9.) Identify costs to be reduced
   • Equipment
   • Staff
   • Space
Think Financial Agility!

Don’t lock in long term financial commitments
- Purchases of property or facilities
- Long-term leases without kick-out clauses
- Vehicles & Equipment - think “leasing”

Think decentralized services

Think electronics for efficiency
Decentralized Services & Technology

**DECENTRALIZED SERVICES**

- Plan for fewer people coming to central locations (facilities)
- Consider impact of less travel, less need for large facilities and associated costs
- People served closer to home, better connection to natural supports

**TECHNOLOGY**

- Initial investment required
- Staff untethered from facility – can do work anywhere, fewer offices
- Efficiencies achieved
Consider Case Mix

Do you have a diverse group of individuals on your case loads?
  ◦ Analyze the support levels of the people you currently support
  ◦ Analyze the support levels of the referrals you are receiving – what do they tell you?

Solicit a wider range of clientele – some with fewer support requirements as well as those with greater needs

Develop “mixed“ caseloads for employment specialists

Consider other populations and referral sources

Consider specialization among employment staff, while allowing for flexibility in how staff are deployed
Benefits

Some quicker placements - May be able to make placements sooner with people with fewer challenges to employment

Can balance financially - earning profit with some job seekers and experiencing loss with others

Employment staff experience success more frequently, highly motivating
Creative Funding for Sustainable Operations
Read and (Re-read) Service Definitions and Contracts

- How are you currently using funding?
- What are components of the service definition/contract you haven’t focused on?
- How can these components support your work?
Pennsylvania Example: Funding Discovery

- Apply for VR
- Discovery through Day Supports
- Job Development VR or HCBS
Using a Creative (Careful) Lens

Too often we keep doing our work the same way

How can we restructure services to get better outcomes and increase funding?

Assume funders are flexible and creative
New York Example: Taking a Second Look at Funding Opportunities

<table>
<thead>
<tr>
<th>SUPPORTED EMPLOYMENT</th>
<th>UCS FUNDING (TITLE I) AND YOUTH SERVICES</th>
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</thead>
<tbody>
<tr>
<td>Milestones Only</td>
<td>Community-Based Work Assessments</td>
</tr>
<tr>
<td>▪ Job Development</td>
<td>Milestones Job Coaching</td>
</tr>
<tr>
<td>▪ Placement</td>
<td>Work Experience</td>
</tr>
<tr>
<td>▪ 45 days</td>
<td>Work Try Outs</td>
</tr>
<tr>
<td>▪ 90 days</td>
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</tbody>
</table>
New York Example: Innovative Program Design

Community Based Work Assessment

Work Experience + Job Coaching

Supported Employment Milestones

OR

Title I Milestones + Job Coaching
Maintaining Ongoing Relationship with Funders

Be the agency to pilot new funding streams!

Know and position yourself for new opportunities coming down the road.
Understanding Funding Mechanisms
Advantages/Disadvantages
Questions to Ask

How much flexibility does this payment structure provide?

What is the impact on the quality of our services?

How will it impact which individuals we serve?

How will this system impact our bottom line?
Remember the Important Middle Level Managers

WHERE FOCUS AND EFFORT NEEDS TO BE:

- Persons-Served & Supporters
- Staff
- Managers
- Organization
- Funding Sources

Better Outcomes → Increased ROI
Research

Research rates in other areas of the State

Research rates in other States particularly States with similar economies

Data and Resources to Inspire a Vision of Employment (DRIVE) website has State rates (use as starting point– some may have changed)

http://drivedisabilityemployment.org/home

Use your network to talk with colleagues in other States
Understanding Your Funders’ Agenda

How can you and other providers help with pressures on them?

How does this proposal contain costs now or in the future?

Don’t forget about shared values
Educating Your Funder

- Describe how employment supports are provided
- Employment specialists visit sites for short periods of time and visit multiple people each day or week
- Higher rate is offset by smaller number of support hours
- Why working with employers requires higher wages for staff
- The importance of middle level managers for employment and community based services
Discussion Questions

What strategies has your organization used in financial planning to transition to CIE and community based services? What are some additional strategies that would help you plan out next steps?

Identify funding issues associated with transformation and develop a plan for exploring funding opportunities or changes in structuring services that can generate more revenue to support transformation?
Questions
Your Presenters

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