

# Operational Grants Reduction Policy

## Preamble

EHC juries assess applicants and make funding recommendations based on criteria published for each grant stream.

The EHC prefers and encourages stability in Operating grants. Applicants are not guaranteed the maximum 25% funding, nor that their grant will be maintained to the same amount if their overall eligible expenses decrease. EHC aims to minimize significant and unexpected decreases in funding to any organization to allow organizations to reasonably budget from year to year. This must be balanced with EHC's responsibility to ensure that all grantees meet a reasonable standard of activity and accountability consistent with public funding.

Applicant organizations occasionally have challenges meeting this reasonable standard. When that applicant is an ongoing recipient of an EHC Operational grant, this presents a conflict of values, given the preference for stable funding year-to-year.

The intent of this policy is to provide a level of notification to applicants and clear guidance to juries when there is a potential for grant reductions. The final decision regarding grant recommendations to the City of Edmonton rests with the EHC Board of Directors following any appeals processes.

This policy applies to applicants to be assessed by peer juries, specifically Operational Grants, at the time of writing.

There are three parts to this policy:

- 1) Warnings leading to grant reductions.
- 2) Extraordinary Circumstances warranting grant reductions.
- 3) Overall budget reductions leading to grant reductions.

## 1) Warnings leading to grant reductions.

An Operational grant peer jury can issue a Warning when they feel that an applicant has failed to meet a reasonable standard related to any of the assessment criteria identified in the program guidelines. Having issued a Warning to an applicant, Juries must then make Recommendations and may reduce the applicant's grant funding following the procedure outlined in this policy.

Situations that may cause a jury to issue a Warning include as examples:

- Persistent and ongoing reduction in relevant programming or activities in Edmonton;
- Financial issues such as high debt, ongoing deficits, or similar issues. This may also include non-compliance with EHC's or the City of Edmonton's policies;
- Poor or failing organizational structure (vacant Board positions, lack of staff, absence of long-range strategy, questions of overall capacity/stability);
- Failure to provide sufficient information in their grant application.

Juries often offer feedback to applicants to communicate some of their assessment. Recommendations under this Warnings policy must be explicitly stated, over and above the usual jury feedback to applicants.

## 2) Extraordinary Circumstances warranting grant reductions

The EHC recognizes that juries may wish to recommend reduced grants or removal of funding in response to extraordinary circumstances. Examples of extraordinary circumstances may include:

- the complete organizational or financial collapse of an organization
- more than one year of no discernable activity by an organization

If a jury feels that an organization is in an extraordinary situation that warrants immediate grant reductions outside the scope of the other provisions of this policy, they must provide a detailed justification delivered by the Jury Chair to the EHC Board of Directors.

In some cases, organizations may submit incomplete applications that are deemed ineligible following administrative review. In this extraordinary circumstance, the application will not be forwarded to the jury and no grant will be awarded. The organization will be notified that they will not receive funding in advance of the scheduled jury session.

### 3) Reductions in overall available grant funds

Grants reductions due to Concerns or Extraordinary Circumstances are suited to situations when overall available grant funds are equal to or greater than the year before.

Should the situation arise when the EHC's budgets allocation will not support stable grant levels for all applicants, then reductions are to be expected as a natural part of the jury's work. The EHC will expect the jury to make judicious grant recommendations with the overall good of the applicant community in mind. The jury may make use of the other two parts of this policy in response to specific circumstances but will not be obligated by those provisions when recommending reduced grants in this situation.

#### Procedure – Warnings leading to grant reductions

##### Year One

- a) The jury may formally notify the applicant of a concern by issuing a Warning and must then make one or more Recommendation(s) specific to the area of concern. This must consist of one or more actions/activities/processes to show that the applicant has acknowledged the issue and is responding.
- b) Along with a Warning, the jury may recommend a grant reduction of no more than 15% from the previous year.
- c) EHC Grants Staff will include in the applicant's notification letter the Warning identified along with the Recommendation(s). The applicant will have the opportunity to address this as part of the appeal process should they choose.
- d) The applicant must respond to the Warning in their next application to the same program, either by implementing the Recommendation(s), or another course of action as determined by the applicant.
- e) The subsequent jury will be informed of the Warning and Recommendation(s) previously provided.

## Year Two

- a) The jury assesses the applicant first based on both the evaluation criteria of the grant program and then based on any responses to the issues expressed by the previous juries.
- b) They may determine that the issue has been addressed, or, in their opinion, is not relevant, at which point they declare that this policy no longer applies to this applicant.
- c) They may determine that the applicant has not adequately responded to the Warning(s) that the applicant's situation warrants and may recommend a reduced grant amount by up to 50% from the previous year. A statement of the jury's Warning(s) and Recommendation(s) must accompany grant reductions.
- d) EHC Grants Staff will include in the applicant's notification letter the Warning and Recommendation(s) by the jury and the applicant will have the opportunity to address this as part of the appeal process.
- e) Should the organization choose to apply again, the subsequent jury will be informed of the application history of the organization, including the previous years' jury Concerns.

## Year Three

- a) Should an organization choose to submit another application, the procedures for Year Two shall apply, except that the jury will have the option to return a grant of any amount, including a response of 'unsuccessful'.