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### States have a role in ensuring success at the local level

- ▶ States can be instrumental in raising and supporting redesign explorations and/or mergers.
  - ▶ Certain elements must be in place first in order for the state office to be an effective partner in the process. These include:
- ▶ Clear state office mission, vision and values in place
- ▶ A state office focus on the Community Action Agency as a key customer
- ▶ State statutory and rule provisions supportive of merger
- ▶ Flexibility - each situation is unique

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### A partnership approach is important

- ▶ There can be the foundation of trust necessary for moving forward as partners in merger and/or redesign explorations if a partnership approach exists between the state office and local CAAs.
  - ▶ Mutual Respect
  - ▶ Open Communication
  - ▶ Joint Problem Solving
  - ▶ Valuing Diversity
  - ▶ An Ethical Code of Conduct

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### The state office has a role in CAA's performance

- ▶ Merger is not a substitute for the QIP process or following the defunding process for underperforming CAA's
- ▶ Relationships matter and it is important to have the ability to have difficult conversations
- ▶ A sense of trust between the merging CAA's and the State office is key
- ▶ Staff with capacity to provide technical assistance from the State Office is valuable
- ▶ Mergers take time

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### Support from the State Association

- ▶ The MN Office of Economic Opportunity strongly encouraged all members of Minnesota's Community Action network to consider whether the low-income persons in their community might be better served in the near and distant future by the adoption of one of these strategic options for their CAA.
- ▶ Together we provide support for agencies who wish to merge in order to better serve the low-income families in their community. (sometimes includes "fancy footwork")
- ▶ This is about what is best for Community Action (CSBG is a funding stream not a program )

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### State Roles

- ▶ Making merger a topic of consideration. at statewide meetings/training, when there's a retirement of an agency Executive Director, during monitoring visits, and in communications with Boards.
- ▶ States should ensure that its state rules and laws are supportive of redesign considerations.
  - ▶ The Minnesota Community Action rule has provisions for 2 or more CAAs merging. We revised our own state Community Action law to remove disincentives for CAA merger.

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### State Roles

- ▶ It's essential that the focus be on best serving low-income people in the service area.
  - ▶ Because very quickly issues of loyalties of staff and leadership come up.
    - ▶ Not all staff will survive. The issue of jobs (especially in rural areas) will arise.
- ▶ There are no two mergers or redesign explorations that will be alike.

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### State Roles

- ▶ This costs real money. State CSBG offices may be able to provide support for some merger related costs
  - ▶ CSBG Discretionary, or help in seeking foundation support.
  - ▶ Our experience however has been that it is difficult to secure resources for merger costs.
  - ▶ We would like to see the federal Office of Community Services designate resources for this.
- ▶ Merger and/or redesign conversations may be perceived as threatening to other agencies. It is important to be aware of and identify issues and circumstances unique to the particular situation.

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### State Roles

- ▶ Federal Head Start policies with respect to re-competition have been the biggest barrier in MN
- ▶ Keeping agencies “whole” best serves low-income families
  - ▶ Because the intent of a merger is to bring two agencies - and all of their programming - together, it is a violation of the spirit of the CAA merger provision to have neighboring CAAs actively pursuing these programs if the law requires them to come up for re-competition.
- ▶ For contiguous CAA's “Do unto others as you would have them do unto you”

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### State Roles

- ▶ Language matters - the “m” word can sometimes thwart efforts to partner and collaborate.
- ▶ Not all are technically a corporate merger, but rather
  - ▶ Program transfer
    - ▶ Grants held by one CAA are transferred to the other CAA along with any remaining balances.
  - ▶ May be a need to keep the shell of an agency operating to keep a specific grant in place

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### Under Minnesota corporate law

- ▶ It was deemed necessary for one of the CAA's to eventually dissolve as a nonprofit corporation (after all programs have been transferred and legal paperwork finalized). Assets and Liabilities remain with the dissolving corporation.
- ▶ The other CAA remained the legal entity and Community Action agency for the expanded service area.
- ▶ Decisions should be made in advance about whether/how staff from each CAA will maintain their employment and if restructuring is to be part of the merger.

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### Shared services

- ▶ There can be programmatic and administrative efficiencies and improvements without merger.
- ▶ Increasingly, Community Action Agencies (CAAs) are exploring shared services as strategies to improve their sustainability and enhance their efficiency and effectiveness.
  - ▶ CAPLAW has a guide to help CAAs and other Community Services Block Grant (CSBG) organizations better understand these arrangements

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### Leadership is the key to success both at the State Office and Locally

- ▶ Unionization. Our experience in the one merger where unionization was an issue, the wages at the non-unionized and surviving agency were higher, so it wasn't a deal killer.
- ▶ Redesign explorations - started with doing a joint Community Assessment. Then moved on to reviewing agency personnel policies. Very helpful to start with smaller, "winnable" tasks first, and then build.

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### Advice for State Offices and CAAs:

- ▶ Don't wait too long to act. It is so much better to do this from a position of strength.
- ▶ Be relentless in keeping tangibly focused on the ultimate goal: improving services for low-income people and communities.
  - ▶ Low-income families come first.
  - ▶ Mergers are not about protecting staff or budgets. They are not about pleasing public institutions. If two CAAs merge, they do so to better serve low-income families. Period.

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### Advice for State Offices

- ▶ The MN State CSBG Office has been at this for a long time. This is part of ongoing, developmental work with grantees, focused on continuous improvement:
- ▶ Board training
- ▶ Succession planning
- ▶ Merger/redesign support
- ▶ We have good relationship with our State Association. We are careful about roles, and have not bumped heads. They were supportive and instrumental in securing state statutory language change that removed

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### Advice for State Offices

- ▶ In all of our merger situations, the range of services offered has increased as a result
- ▶ Address myths, and the scuttle which will arise. Plan for it. Communication is difficult and important.
- ▶ Don't waiver. Might have to create face-saving opportunities.

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## Minnesota Community Action Programs State Rule chapter 9571

PART	Title	PART	Title
9571.0010	PURPOSE	9571.0100	WITHHOLDING OF CASH DISBURSEMENTS
9571.0020	DEFINITIONS	9571.0110	PARTICIPATION BY LOW-INCOME PERSONS
9571.0030	DESIGNATION OF CAA'S	9571.0120	LOCAL PLANNING PROCESS
9571.0040	RECOGNITION OF CAA'S	9571.0130	EVALUATION PROCESS
9571.0050	CESSATION AND CHANGE OF DESIGNATION	9571.0140	ADMINISTRATION OF GRANTS
9571.0060	TERMINATION FOR CAUSE	9571.0150	GRANT APPLICATIONS
9571.0070	ALLOCATION OF FUNDS	9571.0160	SUBGRANTEES
9571.0080	DUE DATES FOR REPORTS	9571.0170	RECORD KEEPING
		9571.0180	MONITORING.

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### 9571.0040 RECOGNITION OF COMMUNITY ACTION AGENCIES Subp. 4 Merging of designated and recognized community Action agencies.

Two or more community action agencies previously designated by one or more governing bodies and recognized by the state may seek approval to merge their organizations. The boards of directors of the community action agencies seeking to merge must:

- notify the department of their intent to merge;
- submit to the department a transition plan for the composition of the board of directors, the leadership and staffing of the merged agency, and the uninterrupted continuation of services; and
- provide documentation showing that the board of directors of each community action agency involved in the proposed merger supports the merger.

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### Subp. 5. Review and approval of merger transition plan.

- ▶ The department has 60 days from the date of receipt of the transition plan to either approve or disapprove the plan. The department may request additional information and meetings with the boards of directors or their representatives and with the leadership of the agencies.
- ▶ The department will consider the proximity of the service areas and the priorities listed in part 9571.0050, subpart 2, when it reviews proposed merger plans. If the transition plan is not approved, the department must provide written comments and the options for remedy of the department's concerns. The boards of directors may submit a subsequent transition plan consistent with the department's comments.

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### Stories

Agency A was struggling with issues in finance and a small size in a rural area. It became clear to the state office that the agency would not be viable going forward.

- ▶ An open communication with the Ex Director and the Board
- ▶ The agency chose which contiguous agency they would merge with
- ▶ Head Start had to re-compete and was awarded to a different CAA
- ▶ All other agency programs transferred to the newly expanded CAA and the original CAA dissolved

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### Stories

- ▶ A public CAA's long time Ex Director was planning to retire. OEO started a conversation about merging with a contiguous CAA. Educated them on provisions in the MN Rule about mergers.

- ▶ The Ex Director made a recommendation to the Board, framing the advantages to low-income participants in the county and a net gain for the county in the future.
- ▶ When she retired the programs all transferred to the newly expanded CAA.
- ▶ The Public CAA did not operate Head Start
- ▶ This was a very neat and tidy merger

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### Stories

- ▶ A consortium of 4 contiguous CAA's in a region of Minnesota started talks about merging into a regional CAP. Talks went on for a year and two of the smallest CAA's dropped out for various reasons. The two larger CAA's began seriously discussing merger and worked for two years to try to merge HR and Fiscal systems in preparation for the final merger.

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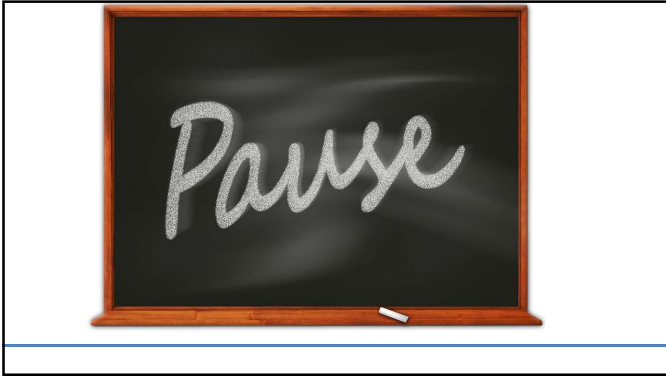
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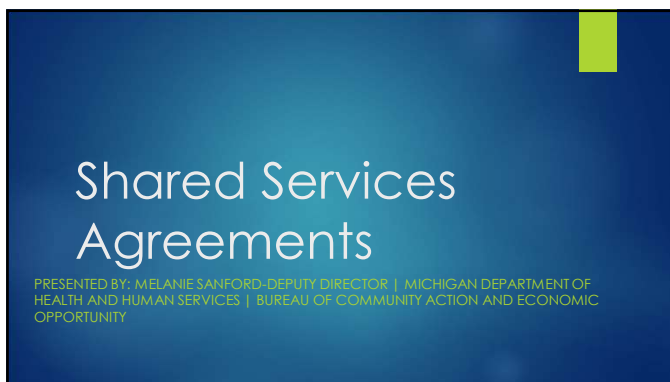
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## Shared Services Agreements

PRESENTED BY: MELANIE SANFORD-DEPUTY DIRECTOR | MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES | BUREAU OF COMMUNITY ACTION AND ECONOMIC OPPORTUNITY

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## Community Action in Michigan

-83 Counties  
-29 Agencies

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## Shared Services Agreement vs. Subcontract

### Shared Services

- ❖ Consultation
- ❖ "Borrow" staff and policies
- ❖ No budget included



### Subcontract

- ❖ Pass-through funding
- ❖ Includes a budget

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Shared Services Agreement:  
Human Development Commission  
and  
Muskegon-Oceana Community Action Partnership

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## Purpose

- ▶ Severe deficiencies
  - ▶ New Executive Director
  - ▶ All new staff
- ▶ Settlement Agreement signed in 2016 as an alternative to shutdown
  - ▶ Board reconstruction
  - ▶ MDHHS will provide funding for training
  - ▶ Repay settlement
  - ▶ Shared Services Agreement




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## Process

### Request for Proposal

- MOCAP along with MDHHS Prepared
- Modeled around Quality Improvement Plan
- Shared leadership and Financial Services
- Issued to 28 Community Action Agencies via our state partner

### Selection

- MOCAP had sole discretion in partner choice

### Moving forward

- Selected entity, along with MDHHS, will help MOCAP achieve the Action Items of the QIP.

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## Request for Proposal

### Services Solicited

- ▶ Leadership
- ▶ Finance
- ▶ Human Resources
- ▶ Community Outreach and Intake
- ▶ Program Management/Quality Control
- ▶ Information Technology
- ▶ Program Development
- ▶ Other

### Scoring

- ▶ Experience: 20 Points
- ▶ Approach/Method: 30 Points
- ▶ References: 15 Points
- ▶ Cost: 25 Points
- ▶ Begin Date: 10 Points

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Human Development Commission submitted the awarded bid.  
\$75/hour for training  
\$50/hour for travel  
Agreement active until the QIP is completed

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## BCAEO Involvement

Aided with development of RFP

Provides ongoing support to both agencies

- Weekly check-in calls
- Onsite visits to MOCAP as needed
- Various training held at MOCAP
- Assistance with the QIP
- Moral and professional support/encouragement
- Attendance at Board meetings

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## Challenges



- ▶ All new board members
- ▶ Initial lack of leadership
- ▶ Lack of trust
- ▶ Poor communication
- ▶ New Executive Director
- ▶ Distance
- ▶ Clearly defined roles and responsibilities

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