

**CITY COUNCIL AGENDA ITEM**

CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Human Services Funding Issues		
<b>DEPARTMENT:</b>	Community Services		
<b>PRESENTED BY:</b>	Rob Beem, Community Services Division Manager George Smith, Human Services Planner		
<b>ACTION:</b>	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

**PROBLEM/ISSUE STATEMENT:**

In preparation for the 2013/2014 biennial human service funding process, staff is providing the City Council an update on the human services program.

In 2009 the Human Service Task Force, a group of 17 residents, updated the City's Human Service Plan. The 2009 Plan Update focused on identifying and increasing individual and community assets and capacity to address problems. The plan identified seven critical issues and strategies to address them. The seven critical issues are:

- Basic needs and poverty
- Barriers to service
- Refugees and immigrants
- Raising young and elementary school children
- Older Adults
- Youth and Young Adults
- People with Disabilities

The 2012 City budget allocates \$480,000 to local human service agencies to support the provision of direct services to residents. The following table summarizes the 2012 human service agency funding:

	2012
<b>Funding Source:</b>	
General Fund	\$347,192
Community Development Block Grant (CDBG)	108,257
Criminal Justice – State Shared Revenue	16,731
Liquor Tax & Profits (2% of Annual Allocation)	11,917
Total	<u>\$484,097</u>
<b>Use:</b>	
Allocation to Agencies	\$409,097
Minor Home Repair Program	75,000
Total	<u>\$484,097</u>

In addition to the human service agency funding referenced above, an inter-local agreement between King County and the City provides for an allocation of additional CDBG funding to the Major Home Repair Fund, a revolving fund providing no-interest loans for home maintenance, the Housing Stability Fund to prevent eviction and provide rapid re-housing of homeless and for local administration costs. These are regional programs administered by King County. The estimated allocation for these programs in 2012 is \$170,960 and in 2013 is \$161,200.

Staff also provides leadership, planning and facilitation to other human services funders and the local human services community to promote a focus of resources in Shoreline and enhance services to Shoreline residents.

The City's long-term financial projections maintain the 2012 level of general funding into future years. At the same time, staff anticipates a decline in CDBG revenues in future years. Staff is asking for Council's guidance on three issues:

1. How should allocations for direct services be impacted by changing levels of Community Development Block Grant funding?
2. Does the current mix of agency funding adequately reflect alignment with the City's adopted Human Service Plan and Council priorities?
3. Should the City Manger continue the practice of convening an ad hoc committee to develop the Human Services Allocations Plan given no change in the mix of agencies funded?

#### **RESOURCE/FINANCIAL IMPACT:**

The City's 2012 budget includes \$484,000 for human services agency funding.

#### **RECOMMENDATION**

This item is for discussion. The City Council should provide direction to staff regarding any desired changes in the future allocation of human service funding.

Approved By:            City Manager *JU*    City Attorney \_\_\_\_

## **INTRODUCTION**

This spring the City initiates the application, review and allocation process that will result in the development of the 2013/14 Human Services Funding Plan. In preparation, staff is presenting an update on the human services program and asking for Council's guidance on three issues.

1. How should allocations for direct services be impacted by changing levels of Community Development Block Grant funding?
2. Does the current mix of agency funding adequately reflect alignment with the City's adopted Human Service Plan and Council priorities?
3. Should the City Manager continue the practice of convening an ad hoc committee to develop the Human Services Allocations Plan given no change in the mix of agencies funded?

In 2011 Shoreline provided funding to 14 non-profit human service agencies that provide 24 services that assisted an estimated 8,000 Shoreline residents. The 2012 City Budget allocates \$480,750 for human service agencies and this amount has been constant over the past three years.

The following chart shows human service agency funding for 2008 through 2012:

	2008	2009	2010	2011	2012 est
CDBG Services	\$ 39,268	\$ 39,268	\$ 37,394	\$ 36,215	\$ 30,120
CDBG Minor Home Repair	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 76,381
Criminal Justice - Special Programs	\$ 15,655	\$ 16,281	\$ 16,941	\$ 16,557	\$ 16,731
Liquor Excise Tax	\$ 5,120	\$ 5,223	\$ 5,383	\$ 5,239	\$ 5,331
Liquor Profits	\$ 7,190	\$ 7,354	\$ 8,690	\$ 7,389	\$ 6,586
General Fund	\$ 334,001	\$ 341,359	\$ 340,327	\$ 344,588	\$ 348,948
Total Contract Expenditures	\$ 471,234	\$ 479,485	\$ 478,735	\$ 479,988	\$ 484,097

As can be seen from the previous chart, the City's human service agency funding comes from three primary sources: General Fund, Community Development Block Grant (CDBG) and a small amount of pass through state funding for alcohol education/treatment, and domestic violence services. Since 2008 the general fund allocation has increased by 4.5%, off-setting declines in CDBG funding and maintaining the overall allocation of funding to human service agencies.

In addition to the human service agency funding referenced above, an inter-local agreement between King County and the City provides for an allocation of additional CDBG funding to the Major Home Repair Fund, a revolving fund providing no-interest loans for home maintenance, the Housing Stability Fund to prevent eviction and provide rapid re-housing of homeless and for local administration costs. These are regional programs administered by King County. The estimated allocation for these programs in 2012 is \$170,960 and in 2013 is \$161,200. See Attachment A for a summary of CDBG

funds estimated to be allocated for 2012 and 2013 (these figures have not yet been finalized by the US Department of Housing and Urban Development).

In King County, human services are supported by two other funding sources. The Veterans and Human Services Levy which provides about \$13 million a year equally divided between veteran's services and services. The Mental Illness and Drug Dependency (MIDD) one tenth of one percent sales tax, augments state funding, and provides about \$50 million a year through 2016. The expenditure of these funds is guided by plans that are specific to the two revenue streams. The Veterans and Human Services Levy directly funds an outreach worker who works out of the Shoreline Senior Center several days a month. It also funds family support services through the Center for Human Services. The MIDD also provides funding to the Center for Human Services. Shoreline residents are also served by regional services such as Drug Courts, Jail Diversion or the Crisis Clinic – 211. Overall King County reports that the proportion of residents of North King County receiving services is roughly equivalent to the proportion of the overall population living in North King County.

### **BACKGROUND**

Many human services are funded by one level of government and delivered by another or by the non-profit sector. The federal government provides funding through entitlement programs such as Social Security, Medicare and Medicaid and indirect, or "pass-through," funding to state, local, and tribal governments, and through competitive grants.

The state government administers economic and medical services that are jointly funded with the federal government. The state is also responsible for child and adult protective services, juvenile institutions, early childhood education, vocational rehabilitation, basic health coverage, foster care, long term care and other prevention and advocacy services.

The county government, and more specifically King County government, administers (with federal and state funding) services for aging, severe mental illness, alcohol and substance abuse, people with developmental disabilities, and some veterans' services. County government has traditionally provided for some services for youth, public health, employment, domestic violence, child care and emergencies, as well as health and human services planning. City governments in King County vary in which human services they support and the amount of money they invest. It is possible those services will suffer major funding cuts or elimination due to the recession.

The City of Shoreline contracts with local human service providers to help meet the needs of Shoreline residents. City funding fills one of two general purposes. In most instances, the City is contracting for a service to be available locally. Examples of this purpose include food banks and English as a Second Language classes. In other instances, the City is joining with other funders to support a regionally-delivered service. Examples of these are the 211 community information line and domestic violence victim services.

City staff activities and approach are guided by the 2009 Human Services Plan adopted by Council in November of 2009. This plan identifies seven critical issue areas as well as strategies to address each one. These areas are:

- Basic needs and poverty
- Barriers to service
- Refugees and immigrants
- Raising young and elementary school children
- Older Adults
- Youth and Young Adults
- People with Disabilities

The 2009 Shoreline Human Services Plan is available on the City's website at <http://shorelinewa.gov/index.aspx?page=108>.

### **Other Aspects of Shoreline's Human Services Program**

Funding for agencies to provide services to Shoreline residents is only one aspect of the City's overall human service program. Shoreline staff also serve as facilitators and catalysts for efforts that develop new and enhanced services or responses to the needs of our citizens. This work takes many forms including leadership and organizing, data analysis, interpretation, and advocacy with other governments and funders.

In the past year these are some of the accomplishments of the program:

- Leveraged partnerships with two other organizations to help us in two critical areas: affordable housing development and preservation and special needs transportation. Successes include:
  - Expanded the service area for the Hyde Shuttle, a free neighborhood transportation service for elderly and disabled, to include the medical facilities surrounding Northgate.
  - Co-Convened the Affordable Housing Work Group which has helped stimulate two congregations' interest in and support for development of affordable housing. This implements a key strategy in the Comprehensive Housing Strategy and the Comprehensive Plan's Housing Element.
- Analyzed the Census and American Community Survey Data and prepared presentations for Council and the public.
- Promoted the Earned Income Tax Credit program that brings an estimated \$4 million to low and moderate income households in Shoreline.
- Outreached to existing multi-family landlords to inform them of services available to help them succeed.
  - This resulted in some "hard to house tenants" e.g. people with poor credit or housing histories, finding housing, and
  - Preserving 139 units of rental housing as affordable through purchase by the King County Housing Authority. Preservation of Shoreline's rental housing stock is a key strategy of the City's Housing Strategy.
- Provided leadership on the Northshore/Shoreline Community Network, NUHSA (North Urban Human Services Alliance), FACES (Families and Children Early Support) and the Community Resource Team (CRT) that focuses on human service delivery to families and children. This past year CRT was instrumental in starting the first summer lunch program for low income Shoreline youth.

### **Great Recession Makes Things Worse**

The Great Recession and its aftermath continue to adversely affect all human service agencies and the people they serve regionally and locally. Primarily the recession has resulted in an increased demand for human service assistance while the funding ability of many public agencies has declined. To illustrate, the Housing Stability Fund, to which the City contributes through an inter-local agreement with King County, ran out of funds by August in 2011. Prior to 2011 these funds lasted until the fourth quarter of a given year. Residents were put on a wait list until 2012 when new funding was available. The fund is used to prevent evictions and to help homeless people become re-housed.

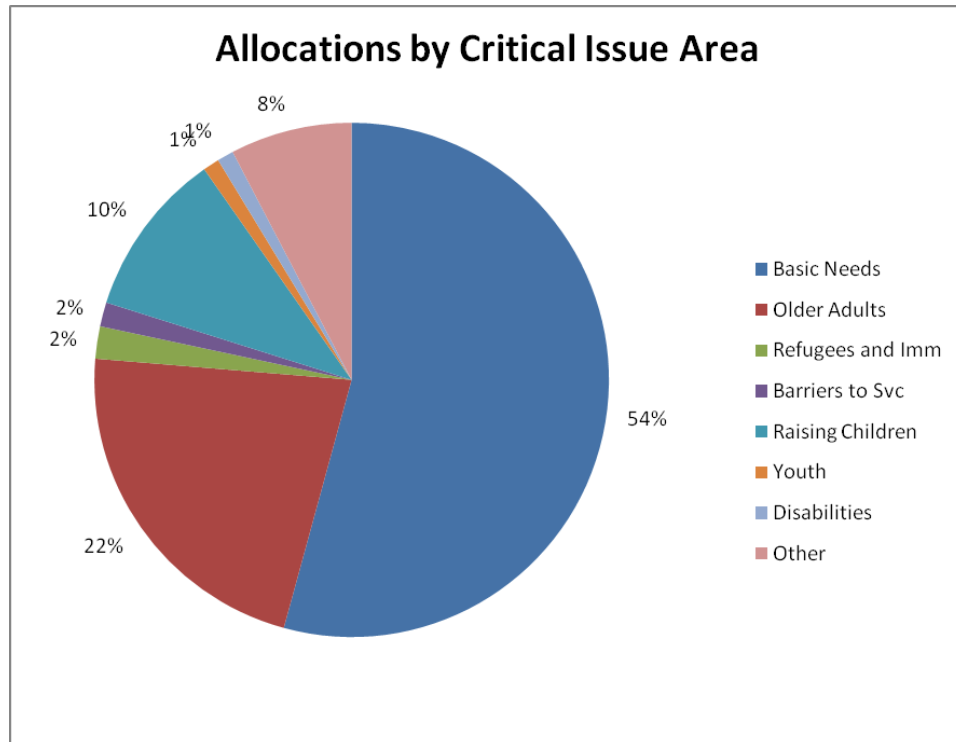
Needs are increasing and poverty is increasing in Shoreline. The estimate was 8% (1.2% margin of error) according to the US Census, American Community Survey, for the period 2005-2009. This is up from a figure of 6.9% in 2000. Homeless children in the Shoreline School District have increased from 66 in the 2005-2006 school year to 112 in the 2010-11 school year. The WORKS, a clothing and school supplies bank, has already seen double the requests of children since 2009. While these are examples of the increasing need for human service support, needs are across the board and no one service area is experiencing disproportionate levels of change.

### **2009 Human Services Funding Plan's Guidance**

In 2009, the City convened a citizens committee to update the Human Services Plan. Their recommendations were affirmed by the City Council in November of that year. This Plan identifies 7 key areas of need and strategies to address each that guide our ongoing work and the allocation of funding and contracting for human services.

The plan identified seven priority issues: basic needs and poverty; barriers to service; refugees and immigrants; raising school age children; older adults; youth and young adults and people with disabilities. In the category of serving youth and young adults, the city also uses funding through the Park and Cultural Services Department budget to provide recreational and special needs recreation programming to youth.

The current allocation of funds is responsive to the priority issues identified by the Human Services Task Force that prepared the 2009 human services plan. The chart below illustrates the distribution of the seven priority issues.



*Source: 2011-2012 Allocation Plan*

In addition, the plan lays out a strategy to increase cultural competency in the delivery of human services to immigrant and refugee groups. This past year, through the contracting process, we required each agency to tell us about one practice they have implemented that would help reduce language and cultural barriers. Attachment B provides a full listing of the agency and program funding for 2012.

#### 2012 Funded Agencies

Agency	Amount
Senior Services	177,369
Center for Human Services	135,006
Hopelink	71,464
New Beginnings	26,527
Crisis Clinic	12,258
Friends of Youth	9,876
Refugee Women's Alliance	9,762
King County Sexual Assault Resource Center	5,206
Children's Response Center	5,082
Food Lifeline	5,000
Child Care Resource and Referral	4,958
Health Point	4,958
Wonderland Development Center	4,958
Compass Housing Alliance	4,598
Catholic Community Services	3,728
<b>Total</b>	<b>480,750</b>

## **Funding Process**

The human service funding process for 2013-2014 begins March 7, 2012 with the North and East Funders Workshop. All current and prospective grant applicants are invited. Applications for human services funding are due on April 26. As in past years, cities across King County come together to administer one common grant application process. Thus an agency needs only to develop one grant application which can be submitted to many cities at the same time.

Traditionally the City has formed an ad-hoc Human Services Allocation Committee, appointed by the City Manager to review applications, assess the overall distribution of competitive funds and recommend an allocation plan to the City Manager. Shoreline's competitive funding has been level at \$480,000 for several years and the agencies we fund have not changed. Thus the focus of the Ad-hoc Committee's work has shifted from review of individual applications to oversight and review of the overall funding plan to confirm that allocations align with the strategies in the Human Service Plan and committee member's knowledge of the community.

The exception to this has been capital applications. These are all one-time requests and are reviewed and ranked by both staff and the Ad-hoc Committee. The 2013 capital allocation will be approximately \$109,820 of which \$70,000 has traditionally been used for minor home repair.

## **DISCUSSION**

Prior to commencing the 2013-2014 human service funding process, staff would like guidance from Council on the following issues:

*1. How should allocations for direct services be impacted by changing levels of Community Development Block Grant Funding?*

The City uses CDBG funding to support the overall Human Services Allocation Plan. Each year when the Allocations Plan is developed the funding level is set using an estimate of CDBG revenues. In instances when these revenues come in lower than estimated, the General Fund has filled the gap. Variance from those revenue estimates, higher or lower, does not affect the total funding contracted to agencies. Staff anticipates that the 2013 funding will vary by as much as +/- 15% from the 2012 level. A 15% reduction translates into a loss of as much as \$4,800 in services and \$17,100 in capital funds.

Since 2008 the general fund allocation has increased by 4.5%, off-setting declines in CDBG funding and maintaining the overall allocation of funding to human service agencies. In 2012 the general fund allocation is approximately \$349,000. The City Council should provide direction on whether it prefers to maintain the current level of funding for human service agencies regardless of the level of CDBG funding or if funding should be changed to mirror the change in CDBG funding levels. Obviously significant increases in general fund contributions may require a review of funding to other general fund services.



*Pro:* The City has no control over the levels of CDBG that it receives. Because these grant funds are directly tied to a specific activity and cannot be expected to use local revenues to cover shortfalls in federal spending. Anticipating reductions maintain the integrity of the general fund.

*Con:* This would be a change in practice. Historically the City has managed variances in revenue of this magnitude within the overall operating budget. Reductions at the high end of the estimate, \$4,800, would mean elimination of at least one complete program and/or cuts to others currently supported by the City. The impact to the agencies would be significant and the impact to the general fund would be minimal.

In the event of reductions to human services funding, staff proposes the following criteria be applied:

- Maintain support levels to core agencies
- Prioritize services that have a physical presence or deliver services in Shoreline
- Prioritize programs that enhance residents ability to access other services

*Staff Recommendation:* Staff recommends that the City continue the current practice to maintain overall funding levels to the Human Services Allocation Plan for direct services independent of actual CDBG revenues.

*2. Does the current mix of agency funding adequately reflect alignment with the City's adopted Human Service Plan and Council priorities?*

*Pro:* Changing the mix of services would allow the City to increase support to some agencies and have the effect of maintaining or enhancing their ability to serve Shoreline residents.

*Con:* These shifts would come at the expense of existing services. The resulting cuts would hamper those agencies' ability to serve Shoreline and weaken the connection these agencies have with the Shoreline community. If major re-allocations of funding were made, it is likely that many of the small grants would have to be discontinued.

Three quarters of current funding goes to basic survival services and supporting older adults. The balance of funds is spread across six other categories. All grantees are performing on their contracts and the Ad-hoc Allocations Committee last year confirmed that none of the new applications reviewed met a compelling enough need to warrant not funding or reducing funding of a currently funded program. Only one change in funding has been made in the past four years and that was the result of one funded agency going out of business, allowing us to fund Refugee Women's Alliance (ReWA), which provides services to refugees and immigrants.

The current Humans Services Allocation Plan concentrates funding in three core agencies: The Center for Human Services; Hopelink and the Senior Center. These three agencies account for 77% of human service funding. The three agencies are regional but have a strong local presence including service delivery sites located in Shoreline. The agencies together provide services across the seven critical issue areas in the Human Service Plan with an emphasis on basic services and serving older adults.

In addition to fulfilling a human service role, these agencies also provide employment and purchase goods and services in the community.

*Staff Recommendation:* Staff recommends retaining the current mix of services and contracts among agencies provided agencies are able to demonstrate effectiveness and are able to sustain services to Shoreline residents.

3. *Should the City Manager continue the practice of convening an ad hoc committee to develop the Human Services Allocations Plan given no change in the mix of agencies funded?*

Traditionally the City Manager has convened an Ad Hoc Committee of citizens to review and rank applications and to develop a recommendation for the two year allocation plan. For the past two full rounds of human services allocations the mix of services has remained constant. The City will receive upwards of 35 applications for review. With no anticipated change, the committee's work is limited to verifying that the current agencies are performing adequately. This limited scope of review calls into question the balance between the work that these volunteers are asked to do in reading and ranking applications and the narrow range of options they have in developing a recommendation.

Making changes in the funding levels to different agencies would require that either the agency allocation to existing contracts be reduced or eliminated. In some cases this may affect an agency's ability to continue providing service.

*Pro:* Community volunteers provide a community perspective which expands on the base of knowledge available in the staff. Engaging volunteers increases their understanding of human services issues.

*Con:* Asking volunteers to read and rank applications when they have no or very limited ability to shape the mix of agencies funded is not a wise use of their time.

*Staff Recommendation:* Staff recommends that the City not convene a citizens' committee absent direction from the Council to re-evaluate the mix of agencies and services.

### **COUNCIL GOALS ADDRESSED**

Human services funding and staff activity support three of the Council's Focus Goals:

- FG 3: Support the provision of human services to meet community needs.
- FG 6: Make decisions that value Shoreline's social, economic and cultural diversity.
- FG 17: Strengthen partnerships with schools, non-governmental organizations, volunteers, public agencies and the business community.

### **RECOMMENDATION**

This item is for discussion. The City Council should provide direction to staff regarding any desired changes in the future allocation of human service funding.

**2012 Estimated CDBG Funding Totals by Source**

Share of 2012 Entitlement Grant Allocation	\$ 269,000
Program Income**	\$ 32,200
<b>Total CDBG Revenue</b>	<b>\$ 301,200</b>

<b>Public Services</b>	
King County Housing Stability Project (5%)*	\$ 15,060
<i>Shoreline Human Service Agency Funding (10%)*</i>	\$ 30,120
<b>King County Major Home Repair (25%)*</b>	\$ 75,300
<b>Capital Projects</b>	
<i>Shoreline Capital Projects</i>	\$ 114,456
King County Capital Projects Administration (2%)*	\$ 6,024
<b>Program Administration and Planning</b>	
King County (10%)*	\$ 30,120
Shoreline (10%)*	\$ 30,120
<b>Total CDBG Expenditures</b>	<b>\$ 301,200</b>

**2013 Estimated CDBG Funding Totals By Source**

Share of 2013 Entitlement Grant Allocation	\$ 269,000
Program Income**	\$ 20,000
<b>Total CDBG Revenue</b>	<b>\$ 289,000</b>

<b>Public Services</b>	
King County Housing Stability Project (5%)*	\$ 14,450
<i>Shoreline Human Service Agency Funding (10%)*</i>	\$ 28,900
<b>King County Major Home Repair (25%)*</b>	\$ 72,250
<b>Capital Projects</b>	
<i>Shoreline Capital Projects</i>	\$ 109,820
King County Capital Projects Administration (2%)*	\$ 5,780
<b>Program Administration and Planning</b>	
King County (10%)*	\$ 28,900
Shoreline (10%)*	\$ 28,900
<b>Total CDBG Expenditures</b>	<b>\$ 289,000</b>

\*Percentage of Total CDBG Revenue (set by inter-local agreement).

\*\*Fluctuates based on loan repayments to Major Home Repair

Italicized line items show funds available through application to the City.

## Funded Agencies

2011-2012 Services Funding		
Agency	Program	Amount
Catholic Community Services	Volunteer Chore Services	\$3,728
Center for Human Services	CHS-Family Counseling	\$47,722
Center for Human Services	Family Support Centers	\$63,042
Center for Human Services	CHS-Substance Abuse	\$11,000
Center for Human Services	2% State Liquor Profits and Taxes	\$13,242
Child Care Resource and Referral	Child Care Resource and Referral	\$4,958
Children's Response Center	Sexual Assault	\$5,082
Compass Housing Alliance	HomeStep	\$4,598
Health Point	Medical	\$4,958
Crisis Clinic	24 -Hour Crisis Line	\$3,830
Crisis Clinic	2-1-1 Community Info Line	\$3,470
Crisis Clinic	Teen Link	\$4,958
Food Lifeline	Food Lifeline	\$5,000
Friends of Youth	Healthy Start	\$9,876
Hopelink	Hopelink/ Adult Literacy	\$3,000
Hopelink	Kenmore Family Shelter	\$7,208
Hopelink	Family Development	\$7,500
Hopelink	Emergency Feeding Services	\$4,958
Hopelink	Emergency Services	\$23,798
Hopelink - Utilities	Emergency Services – Utility Payments	\$25,000
King County Sexual Assault Resource Center	Comprehensive Sexual Assault Services	\$5,206
New Beginnings	Domestic Violence Services	\$26,527
Refugee Women's Alliance (ReWA)	Customized Career Navigation	\$9,762
Senior Services	Community Dining	\$2,975
Senior Services	Meals On Wheels	\$4,958
Senior Services	Shoreline/LFP Senior Center	\$95,708
Senior Services	Volunteer Transportation	\$3,728
Senior Services	Minor Home Repair	\$70,000
Wonderland Developmental Center	Early Intervention Program	\$4,958
		\$480,750
Highlighted are non-competitive.		