

## Overview and Initial Issues Identification HUMAN SERVICES DEPARTMENT

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### *Expenditures/Revenues*

	2015 Adopted Budget	2016 Endorsed Budget	2016 Proposed Budget	% Change Endorsed to Proposed
<b>Expenditures by BCL</b>				
Aging and Disability Services – Area Agency on Aging	\$37,162,000	\$37,029,000	\$37,115,000	0.2%
CDBG – Human Services Department	\$4,952,000	\$4,954,000	\$4,837,000	(2.4%)
Community Support and Assistance	\$49,055,000	\$47,430,000	\$44,401,000	(6.4%)
Leadership and Administration	\$8,142,000	\$8,001,000	\$15,396,000	92.4%
Public Health Services	\$11,570,000	\$11,902,000	\$12,328,000	3.6%
Youth and Family Empowerment	\$19,128,000	\$18,549,000	\$26,795,000	44.5%
<b>Total Expenditures</b>	<b>\$130,009,000</b>	<b>\$127,865,000</b>	<b>\$140,872,000</b>	<b>10.2%</b>
Total FTEs	326.60	326.60	330.60	1.2%
<b>Revenues</b>				
General Subfund	\$64,383,000	\$64,886,000	\$76,329,000	17.6%
Other Revenue Sources	\$65,626,000	\$62,978,000	\$64,543,000	2.5%
<b>Total Revenues</b>	<b>\$130,009,000</b>	<b>\$127,864,000</b>	<b>\$140,872,000</b>	<b>10.2%</b>

*Dollars rounded to thousands.*

### **Introduction:**

The 2016 Proposed budget for the Human Services Department (HSD) includes an increase of over 10 percent relative to the 2016 Endorsed budget, and an approximately 18 percent increase in appropriations funded by the General Subfund (GSF). The increase is largely the result of HSD assuming a program that is currently housed in the Department of Education and Early Learning, as well as increased investments in a number of program areas. Some of the significant changes included in the proposed budget are:

- \$5,870,000 – Transfer of the Seattle Youth Violence Prevention Initiative (SYVPI) from the Department of Education and Early Learning to HSD. This also includes the transfer of 4 FTE.
- \$1,750,000 – Child Care Bonus funds to be applied towards the construction of a new child care facility at Plaza Roberto Maestas, which will be located at the El Centro de La Raza campus on Beacon Hill.
- \$1,436,000 – Increased homelessness investments; see discussion below.
- \$1,500,000 – Investment in community health facilities; see discussion below.

- (\$817,000) – Reduction in the GSF contract inflation amount for 2016. The 2015 Adopted budget included a GSF inflation increase of 2.1%, which ended up being 1.5% above actual inflation for the year. To recapture this excess amount, the GSF contracts for 2016 will be increased by 0.8%, rather than the full 2.3% that is the estimated inflation for 2016.
- \$550,000 – Increased funding for administration of the Utility Discount Program, the ORCA LIFT discount card program, and the Seattle Transportation Benefit District vehicle license fee rebate.
- \$525,000 – HSD's portion of the Citywide Summit Re-Implementation project.

### **Identified Issues:**

#### **1. Minimum Wage Mitigation and Capacity Building (Goodnight)**

During the development of the 2015 Adopted and 2016 Endorsed budgets last fall, Council approved Green Sheet 56-2-A-3 that increased appropriations in HSD to mitigate the impact of minimum wage increases for human services providers under contract to the City. The increases were \$663,000 in 2015, and \$1,061,000 in 2016.

The Council also approved a companion Statement of Legislative Intent (SLI 56-1-A-2) that requested HSD and the City Budget Office (CBO) to report on the cost to maintain current City-funded human service delivery levels with the increased minimum wage. In the first phase response transmitted to Council on June 15, HSD provided estimates for the number of City-contracted providers expected to be affected by the minimum wage increase each year, as well as the estimated dollar impact for those agencies. The estimates are summarized in the table below:

Year	# Affected Providers	Dollar Impact
2015	16	\$45,000
2016	24	\$343,000
2017	35	\$1,124,000
2018	38	\$1,295,000

HSD was unable to allocate any of the 2015 funding to providers due to the audit risk associated with adding funding to existing contracts. The intent of HSD and CBO is for the \$663,000 in 2015 funding to carry forward into 2016 and be applied towards capacity building efforts for non-profit providers. At this time, other than proposing to host a capacity conference for providers and attempting to reach agreement with funders on capacity investments, HSD has not articulated a set of specific capacity building efforts it intends to perform in 2016. Therefore, some or all of this funding may be available for alternative Council priorities.

Additionally, as shown in the table above, the estimated impact of the minimum wage increase on the City's contracted human services providers in 2016 is \$343,000. The 2016 Proposed budget maintains the \$1,061,000 in mitigation funding that Council added to the 2016 Endorsed budget last year, resulting in an excess appropriation of \$718,000. CBO indicated

that any of these funds not needed for mitigation in 2016 would be carried forward to address mitigation in 2017.

## 2. Increases to Address Homelessness (McConaghy)

The Mayor's Proposed budget increases Seattle's support for homeless services by \$1.44 million over the 2016 Endorsed budget. This would bring the total proposed investments in homeless services in 2016 to approximately \$40 million. More than two-thirds of the total proposed investments are dedicated to intervention efforts, such as emergency shelter, transitional housing, day/hygiene centers, street outreach, and meal programs. Only about 12 percent of the investments are dedicated to preventing homelessness, through actions including rental assistance, eviction prevention, housing stability services for seniors and tenant-based education. About 19 percent is for permanent housing in the form of housing with supportive services and rapid re-housing for families. This portion of the memorandum discusses the Mayor's proposed increases in funding and sets out options for Council consideration for channeling investments to address the homelessness crisis.

HSD's Homelessness Investment Analysis (March 2015) similarly found that most of the City of Seattle's homeless service investments (70% for 2014) are dedicated to intervention and recommended taking steps to shift Seattle's funding to services preventing homelessness and helping people secure permanent housing. In July 2015, Council resolved, with the Mayor concurring (Resolution 31606), to approve the new strategic plan for the Committee to End Homeless (now known as All Home). In the Resolution, the Council and the Mayor called for focusing "expenditure of new resources on effective prevention and housing services."

2016 Proposed Additional Homeless Service Investments (in \$1000s)				
BCL and Program	Adds	Endorsed	Proposed	Change
Community Support and Assistance: Emergency and Transitional Services	157 Roy Street Shelter	\$0	\$422	\$422
	Encampment Case Management Services	\$0	\$150	\$150
	Portfolio Model	\$0	\$300	\$300
	Encampment Lease Costs	\$0	\$90	\$90
	24-hour shelter	\$0	\$200	\$200
	Shelter Fluctuation Funds	\$0	\$100	\$100
<i>subtotal</i>			\$1,262	\$1,262
Program totals		\$38,965	\$40,477	\$1,512
adds as % of program total				3.1%
Youth and Family Empowerment: Youth Services	Youth Case Management and Shelter at PSKS	\$0	\$174	\$174
<i>subtotal</i>		\$0	\$174	\$174
Program totals		\$15,891	\$21,427	\$5,536
adds as % of program total				0.8%
<i>Total proposed adds</i>				\$1,436

While most of the services that would be purchased with Mayor's proposed additions to the budget for 2016 mostly serve as interventions for people experiencing homelessness, the additions also begin to shift the proportion of investment to prevention and permanent housing. The table above shows the Mayor's proposed new investment in homeless services organized by Budget Control Level (BCL) and Program.

*Progressive Engagement Pilot Project (Portfolio Model)*

HSD is currently developing a pilot project with selected service providers to shift homeless investments to a "progressive engagement model". This means providing the most helpful services at the time they need it to people experiencing homelessness, from a range of services including diversion, shelter, rapid rehousing, housing search and employment navigation. In this pilot project, HSD also aims to improve the efficiency of administering contracts with providers by collapsing multiple contracts to a single contract for combined services, when possible.

Seattle's funding to these service providers makes up about 35 percent of the City's total investment in homelessness. HSD and the selected providers are still in discussion about changes to funding and contracts for 2016. New funding appropriated to pay for services, \$300,000, for the pilot is shown in the table above.

In addition to the possibility of increasing funding through the pilot project for providers to divert families from homelessness, the 2016 Proposed budget includes \$122,520 specifically identified for diversion for families.

*Transitional encampments*

Council action last year added \$100,000 in both 2015 and 2016 to support operations of transitional encampments. The purpose of this funding is to pay for operational costs associated with City-sanctioned transitional encampments, such as one-time set up costs, hygiene, refuse removal, and bait stations for rodents. This funding could be used to support any legally sited, sanctioned transitional encampment, which could be sited on City-owned property, private property, or religious property.

Through June 30, 2015, \$32,500 has been expended from the 2015 appropriation on portable toilets and garbage collection for encampments.

The Mayor proposes an additional \$150,000 in funding to support the provision of case management services at the sanctioned encampments. The \$150,000 will pay for two, full-time case managers, a program manager, and for client assistance funding. HSD's plan is to deploy case managers to assist encampment residents to access services, develop personal stability plans, and transition to permanent housing. The Executive characterizes case management as critical to supporting any sanctioned encampments as temporary intervention.

The 2016 Proposed budget also includes \$90,000 for rent for sanctioned encampments on Seattle City Light property. The Proposed budget continues the base funding of \$309,000 dedicated to help people living in their vehicles to transition to a more stable living environment.

*New Shelter at 157 Roy Street*

The 2016 Proposed Budget adds \$422,000 for the operating budget for a new DESC shelter at 157 Roy Street Shelter with capacity for 100 adult men who are over 60 years of age or disabled. HSD is working with DESC to revise the operating budget from 8-hour shelter to 12-hour shelter; the approximately \$200,000 in additional funding needed to extend shelter hours is not identified in the 2016 Proposed budget.

In addition, HSD is paying the estimated total cost of about \$471,000 from fund balance for the improvements to the 157 Roy Street City Light building in order to make it ready for the new shelter. Additional set-up costs for mats and bunks along with assembly are currently being assessed. To reduce cost, DESC will see if other furnishings are available from City of Seattle Surplus.

*Council interest in changes to the Endorsed Budget*

There is Council interest in exploring additional funding for homeless services. These include:

- Outreach, case management and employment-readiness for homeless youth, with special regard to LGBTQ youth;
- Expanding day shelter for vulnerable populations;
- Outreach and services to persons residing in authorized and unauthorized encampments and vehicles;
- Expanding services for people simultaneously coping with homelessness and with mental illness and/or substance use disorders and homelessness; and
- Increasing support for client-oriented engagement, such as diversion services, for families, single adults and youth and young adults.

**Options for the Council:**

- Progressive Engagement:* Council could consider requesting that HSD report on the performance of service providers engaged in the portfolio model either through a statement of legislative intent (SLI) or as part of Council's work plan. Depending on Council's evaluation of such reports, Council could consider future legislation to align homeless services investments with the recommendations.
- New strategy and advice:* Council could also consider requesting reporting on recommendations of the consultants that HSD has engaged to develop a new strategy for homeless investment and of the Special Advisor on Homelessness. Based on these reports, Council could consider shifts in Seattle's investment in homeless services and possible supplemental budget legislation.

- c) *Targeted adds to purchase additional services:* Council could consider providing additional revenue and appropriation authority to increase services or provide different services than those provided by the Mayor.

### **Potential Issues Under Assessment:**

#### **3. Seattle Youth Employment Program (Goodnight)**

The Seattle Youth Employment Program (SYEP) currently provides funding for approximately 450 paid youth internships per year. The majority of the youth participate in the summer program, for which HSD provides services, such as: training, job matching and placement, and support for both the youth and employers. Typically the summer participants are referred to the program by outside partners (e.g. YMCA, Boys and Girls Club) that are providing the youth with case management services. These internships generally last for seven weeks, with the youth working approximately 20 hours per week.

About 150 of these youth, however, participate in a version of the program known as the “year-round” program. The year-round program provides all of the same job training and placement services as the summer program, but also provides a year of intensive case management services. Traditionally, the City has funded the majority of the case management work through a federal grant, which is now known as the Workforce Innovation and Opportunity Act (WIOA).

The 2016 Proposed budget alters the program’s service model to eliminate the year-round version of the program, and the intensive case management services, which are the defining feature of that version. Instead, the program will shift to a model consisting of three cohorts aligned into a trimester system, each of which will be similar in style to the current summer program and will focus primarily on job training, placement, and support. According to the department, this change is partially due to the loss of the federal grant that previously supported the case management activities, and partially to align the program with what HSD perceives as the strength of the City in supporting youth. The table below shows the current funding for the program, along with the 2016 Endorsed and 2016 Proposed amounts.

Fund Source	2015 Adopted	2016 Endorsed	2016 Proposed
General Subfund	\$2,153,734	\$2,188,607	\$2,188,507
Min. Wage Increase <sup>1</sup>	\$294,257	--	\$392,342
GSF Increase	--	--	\$507,100
General Subfund Total	\$2,447,991	\$2,188,607	\$3,087,949
SYVPI <sup>2</sup>	\$903,923	\$904,180	\$904,180
WIOA	\$816,700	\$816,700	--
Total	\$4,168,614	\$3,909,487	\$3,992,129

<sup>1</sup>The 2015 youth wage increase was added during the First Quarter 2015 Employment Ordinance.

<sup>2</sup>SYVPI was housed within the Department of Education and Early Learning in 2015, and is transferred to HSD in the proposed budget.

In summary, the program is losing approximately \$800,000 of federal grant funds, and is backfilling that loss with an additional \$500,000 in new GSF appropriations. The table also shows that in mid-year 2015 and in the 2016 Proposed budget, the City is providing additional funds to support an increase in youth wages to align with the new minimum wage.

In addition to altering the program's model, HSD is aiming to increase the number of supported internships from 450 to 1,050. Consistent with previous years, the 2016 Proposed budget provides sufficient funding for the department to cover the youth wages for 450 internships. The additional 600 internships can be supported by HSD staff, but HSD will rely upon the services of an intermediary to recruit private employers to provide internship opportunities and youth wage funding. The intermediary function will also be new for the City in 2016, and the contract for those services is proposed to be funded and managed through the Office of Economic Development, using a combination of new GSF (\$175,000) and an external grant (\$250,000) in 2016.

Councilmembers have expressed concerns regarding the changing nature of the program's model, as well as the program's lack of a provision to provide lunches for youth participants.

#### **4. Social Support Services at Senior Centers (Clifthorne/Goodnight)**

In 2014, HSD issued a Request for Investment through which it awarded approximately \$1.1 million to 11 different senior centers throughout Seattle. Senior centers provide opportunities for older adults to improve their physical and mental health and well-being, and help to reduce social isolation. The 2016 Proposed budget contains approximately \$1.3 million for contracts with senior centers, and one of the services required by the contracts is the provision of social support services. Social support services are typically provided by licensed social workers and include activities such as: providing information and assistance, convening support groups, providing counseling, and performing home visits.

The provision of these services varies for each senior center under contract, and the contracts do not require agencies to submit budget figures specifically for social support services. HSD estimates that, in total, the agencies spend approximately \$250,000 per year providing social support services. Some senior centers have reported to Council offices that the limited amount of social support service hours are insufficient to meet the communities' needs, and also creates difficulty in retaining qualified social workers.

#### **5. United Way of King County's Funding Changes (Goodnight)**

Earlier this year, the United Way of King County (UWKC) released its 2015-2020 Strategic Plan that provides a new strategic direction for the agency, and focuses resources and fundraising efforts in support of three objectives: ending homelessness, stabilizing families, and ensuring that youth graduate. Agencies and programs that currently receive funding for other types of services, such as senior centers, adult day services, and health and wellness programs for older adults and people with disabilities, will no longer receive funding for those service beginning in

July 2016. UWKC has released a list of 29 affected agencies in King County, for a total impact of \$1.76 million. It is unclear at this time the number of agencies and the funding impact for services being provided within the City.

UWKC staff have indicated that they are willing to work with agencies that will be impacted by the funding shifts in 2016 to see whether some aspect of their work aligns with the investment priorities in the new strategic plan. In November 2015, UWKC will release its Fiscal Year 2017 Strategy and Investment Plan, which will likely be brought before the UWKC Board in January 2016. The plan will include information about which investment areas will be open for competition, and associated requests for proposals will be released in early 2016.

**Other Changes that Do Not Warrant Analysis as “Issues”:**

**6. Community Health Facilities (Lee)**

The Mayor’s 2016 Proposed Budget includes \$1.5 million for investments in community health facilities. Similar to how HSD allocates other funding, HSD will develop criteria and a competitive process to allocate this funding. This will allow all the community health facilities the opportunity to know about this funding and to compete for it.

Increased demand for services is being placed on community health facilities due in part to increased Medicaid coverage provided by the Affordable Care Act. Improvements and expansions of facilities are being considered by several organizations in order to provide these services. The City also funds \$7 million a year in primary medical and dental services provided by community health facilities.