

Budget Deliberations – October 23, 2018

HUMAN SERVICES DEPARTMENT (HSD)

Staff: Jeff Simms, Alan Lee and Greg Doss

Budget Summary (\$ in 1,000s)

	2018 Adopted	2019 Proposed	% Change 2018 Adopted to 2019 Proposed	2020 Proposed	% Change 2019 Proposed to 2020 Proposed
Appropriations by BSL					
<i>Addressing Homelessness</i>	75,233	79,470	5.6%	80,200	0.9%
<i>Emergency Preparedness and Provider Support¹</i>	438	--	--	--	--
<i>Leadership and Administration</i>	436	10,753	2,366.3%	11,210	4.2%
<i>Preparing Youth for Success</i>	19,239	19,523	1.5%	19,797	1.4%
<i>Promoting Healthy Aging</i>	43,781	41,730	(4.7%)	43,559	4.4%
<i>Promoting Public Health</i>	11,374	10,974	(3.5%)	10,200	(7.1%)
<i>Supporting Affordability and Livability</i>	16,144	23,231	43.9%	21,737	(6.4%)
<i>Supporting Safe Communities</i>	9,868	9,241	(6.4%)	9,289	0.5%
Total Appropriation²	176,513	194,922	10.4%	195,993	0.5%
Total FTEs	366.25	381.75	15.5	381.75	--
Revenues					
<i>General Fund</i>	103,554	118,997	14.9%	120,910	1.6%
<i>Other Sources</i>	72,959	75,925	4.1%	75,083	1.1%
Total Revenues	176,513	194,922	10.4%	195,993	0.05%

¹ The Emergency Preparedness and Provider Support BSL is a program within the Supporting Affordability and Livability BSL in the 2019 Proposed Budget.

² Numbers may not add due to rounding.

Background:

The 2019 Proposed Budget for the Human Services Department (HSD) is \$195 million, an increase of \$18 million, or 10.4 percent, from the 2018 Adopted Budget. The majority of the proposed increase (\$13.6 million) entails maintaining or creating new investments in homelessness programming; these items are discussed separately in the homelessness and Navigation Team issue papers.

Other additions in the 2019 Proposed Budget for HSD are highlighted below. These include (1) general items that have notable impacts on HSD but for which there are no issues identified at this time and (2) items with identified issues for the Council's consideration.

General items:

Community Development Block Grant Underspend Projects – Alan Lee

The Proposed Budget includes \$2.9 million in new capital projects using federal funds through the Community Development Block Grant (CDBG) program. CDBG is a large-scale block grant program administered by U.S. Department of Housing and Urban Development.

These new projects include:

- \$1 million in 2019 to allow Evergreen Treatment Services (ETS) to purchase the building in which they operate in the SODO neighborhood. ETS is the largest provider of medication assisted treatment (MAT) in Seattle, with over 1,300 clients enrolled in 2017. The City contracts with the ETS REACH program for the Navigation Team; REACH is also subcontracted with City funds for Law Enforcement Assisted Diversion (LEAD) case management.
- \$1 million in 2019 for a land purchase on Capitol Hill for a youth and young adult affordable housing and services center. The 2018 Adopted Budget contains \$500,000 in appropriations held in Finance General for this project; the City Budget Office (CBO) has indicated that these appropriations will carry-forward to 2019 for the same purpose, subject to the Council’s approval through future budget legislation—this would bring the City-funded total for this project to \$1.5 million.
- \$500,000 to assist Northwest Harvest in relocating from its site in Downtown to SODO.
- \$433,449 for a roof replacement project for a community facility.

Should any of these projects not move forward, the Department will release a competitive request-for-proposals during 2019.

Community-Based Meals and Programs - Jeff Simms

The Proposed Budget includes an increase of \$1.1 million in 2019 that is continued in 2020 for nutrition and food access programs above the 2018 Revised Budget. The 2018 amended budget supplanted \$2 million of General Fund revenue for these programs with Sweetened Beverage Tax (SBT) revenue and expanded nutrition and food access programs by \$1 million with SBT funds. These investments are discussed fully in the cross-cutting paper on the SBT.

Administrative Support - Alan Lee

The Proposed Budget includes new staff positions in the Leadership and Administration Division, including two positions in the Risk Management Unit (RMU): Risk Manager (Manager 3, 1.0 FTE, \$161,437) and Senior Grants and Contracts Specialist (1.0 FTE, \$103,233). The RMU consists of contracts compliance, fiscal compliance and emergency management teams. The manager would lead RMU and set departmental policies for risk mitigation. The Senior Grants and Contracts Specialist would edit contracts, respond to and forestall future negative audit findings, and execute contracts.

The third administrative position is a grant writer (Senior Planning and Development Specialist, 1.0 FTE, \$130,174), who would be tasked with diversifying and broadening the Department's grant revenue portfolio.

Issue Identification:

Contract Inflation – Jeff Simms

The 2019 Proposed Budget provides \$1.7 million for a two percent cost-of-living adjustment for all HSD contracts supported by the GF in 2019, and in 2020, the Proposed Budget provides \$3.6 million for a further two percent increase. These increases are less than projected local inflation, which was 3.3 percent for Seattle in the first half of 2018.

Providing an inflationary increase to contracts is one approach that has been considered for addressing the low wages earned by human services workers. Other approaches for increasing wages are limited because human services agencies often are funded from multiple sources besides the City. For example, targeting funds specifically toward wages could create disparities among workers based on a program's funding source or require the City to provide funding for services purchased by other entities, which would constitute an impermissible gift of public funds. That approach could also lead to requests for wage increases in other sectors. For those reasons, contract inflation is seen as a more viable option. However, it is not possible to ensure that contract inflation will be directed to increasing worker wages. The City acts only as a purchaser of services, regardless of the rate it pays, and it is up to individual employers to determine how increases are allocated.

Nevertheless, taking no action impacts recruitment and retention at human services agencies, and higher rates of staff turnover undermine efficiency, especially for services that benefit from relationships strengthened over time. Low wages for human services workers also reflects a social justice issue because many human services agencies employ many women and people of color.

Options:

- A. Appropriate funding above the inflation rate to potentially impact provider wages.
- B. Appropriate funding to provide a contract increase for all GF funded contracts that keeps pace with inflation (\$2.7 million - \$3 million in 2019).
- C. Provide no contract inflation increase in 2019 or 2020.
- D. No action.

Councilmember proposals related to contract inflation and human services wages:

1. **Add \$5.9 million in 2019 in ongoing funding to increase the wages of human services providers (Councilmember Mosqueda and O'Brien)**—Provide an additional increase above the Proposed Budget in order to provide a 3.5 percent cost-of-living adjustment (1.5 percent above the proposed budget) to all human services contracts, not just those funded through GF revenue as proposed in Mayor's 2019 Proposed Budget, with the intention of increasing wages at contracted agencies.

- 2. Add \$150,000 in 2019 to conduct an analysis of human services wages (Councilmembers O'Brien and Mosqueda)**—Provide one-time funds for a report analyzing King County's recent survey of human services wages to estimate the gap between current wages and an hourly wage of \$29.04, which is the estimated wage necessary to rent a one-bedroom unit while meeting other living expenses.

Law Enforcement Assisted Diversion (LEAD) – Greg Doss

Program History: LEAD is a program focused on reducing recidivism and improving psychosocial outcomes for people who have been, or are at risk to be, engaged in the criminal justice system. The goal of LEAD is to reduce law violations by participants, through use of harm reduction-based case management, prolonged engagement and coordination among justice system, law enforcement, human services and neighborhood partners. Program evaluations have found that LEAD's point of arrest referrals are an effective, evidence-based method of achieving program goals and outcomes. The flagship LEAD program was launched in Belltown in 2011, and, due to demand from other neighborhoods, the Mayor and the Council have chosen to expand the program to other downtown neighborhoods (2014), to the East Precinct (2016), and to the North Precinct (2018).

LEAD staff have indicated that in 2017 approximately 80% of its clients are referred through social contacts while the other 20% are arrest referrals. While social contact referrals are not point of arrest diversions, the large majority of these referrals are made by Seattle Police Department (SPD) officers who consider a client's background before making the referral. LEAD staff have also indicated that approximately 80% of its clients are homeless.

LEAD's governing structure is comprised of the Public Defenders Association (PDA), the King County Prosecutor's Office, the Office of the Mayor, the City Council, the King County Council, Evergreen Treatment Services, SPD, the King County Sheriff's Office, the City Attorney's Office, the American Civil Liberties Union, and other community stakeholders.

Arrest diversion criteria were expanded in 2018 to include a population of clients with higher acuity mental illness. Beginning July 2018, LEAD law enforcement partners are able to refer individuals to LEAD when they are under arrest for a wider range of offenses, including criminal trespass; theft; and property destruction, which collectively account for nearly half of cases in which individuals were held for competency evaluation by the Seattle Municipal Court in the first quarter of 2018.

Funding History: In 2016, the Council approved \$150,000 in ongoing funding to support LEAD expansion in the East Precinct. The 2017 Adopted Budget added 0.5 FTE for an attorney in the City Attorney's Office, funded by the PDA, to provide follow up to LEAD clients in Seattle. The 2018 Adopted Budget increased a part-time assistant paralegal to full time, which was funded by the PDA, to assist the LEAD attorney.

The 2018 Adopted Budget included a total of \$996,600 in appropriations for the LEAD program as well as \$750,000 that was proposed to be provided for LEAD to expand its services to the North Precinct. The Council imposed a proviso on the \$750,000, which required the LEAD program to expand its eligibility criteria to include parking infractions or other traffic violations related to

vehicular living. The proviso did not require a specific lift from the Council, rather that the money be spent consistent with the proviso language.

LEAD’s non-City funding includes the following:

- King County Executive Dow Constantine has included in his Proposed Budget \$3.1 million to expand LEAD to residents in South King County (e.g., Burien and White Center). The funding will not be available unless the King County Council includes it in the 2019-20 Adopted Budget.
- LEAD was awarded a \$1.0 million grant as part of the Trueblood Court Settlement Agreement.¹ This funding will allow LEAD to target individuals whose law violations were thought to stem from high acuity mental health needs.
- LEAD also receives funding from private funders including, the Ford Foundation, Open Society Foundations, the Vital Projects Fund, the RiverStyx Foundation, the Massena Foundation, and the Social Justice Fund Northwest.

LEAD’s 2019-20 Budget Proposal: Program staff have proposed expanding LEAD’s geographic coverage to the South and Southwest precincts, which are not currently providing potential LEAD clients with diversion or social contact referral options. Expansion in each area will cost \$231,000 (see Table 1a and Table 1b below). In addition to geographic expansion, LEAD program staff have also expressed a desire to expand and deepen services within the city limits. Staff indicate that many who would be appropriate LEAD referrals are not being connected to the program because of lack of case management capacity. Table 2 below shows how coverage could be deepened in existing precincts as well as expansion precincts.

Table 1. Geographic Based Expansion of LEAD: Add Southwest and South Precinct Service

Leased Work Space	\$60,000
2.0 Outreach Coordinator	\$150,000
1.0 Project Manager	\$92,000
2.0 Case Manager	\$160,000
TOTAL	\$462,000

Table 2. Deepening coverage in existing LEAD precincts: Added Capacity at each Precinct**

5.0 Case Managers	\$400,000
Client Direct Services	\$138,000
TOTAL	\$538,000

** LEAD management notes that \$1 million (geographic expansion and deepened coverage) “isn't sufficient to take LEAD to scale citywide at adequate depth,” but that “\$1 million is a good next step, allows us to start work in the two remaining precincts, and increase coverage in the areas where we already take referrals.”

¹ For a description of the Trueblood settlement, see <https://www.dshs.wa.gov/bha/division-behavioral-health-and-recovery/trueblood-et-al-v-washington-state-dshs>

Options:

- A. Expand LEAD to South and Southwest precincts (\$462,000).
- B. Expand LEAD to deepen coverage in existing and new precincts (\$1.0 million).
- C. No action.

Councilmember proposals related to expanding LEAD:

1. **Add \$1.0 million in 2019 to expand LEAD (Councilmember O’Brien)** – This proposal would increase the current LEAD budget from \$1.75 million to \$2.75 million. The proposal would expand the lead program services to the South and Southwest precincts as well as to provide deeper coverage across all five of SPD’s precincts.

Community Health Engagement Location (CHEL) – Alan Lee

On June 7, 2018, in the Housing, Health, Energy and Workers’ Rights Committee, the Executive indicated that no existing City-owned properties are viable for a CHEL and that acquiring appropriate property is prohibitively expensive. A CHEL is a location at which people with opioid use disorder can consume narcotics such as heroin in a supervised location and have access to key health and social services, including medical care, needle exchange, health promotion, behavioral health treatment, and social services. The Executive also confirmed that King County is not considering any of its in-city properties to site a CHEL. The lack of availability of government-owned property and the high cost of acquiring property has made, according to the Executive, a mobile-fixed site the most viable option.

A mobile-fixed site model involves parking a customized mobile medical van next to a leased site providing additional services, in the same spot every day. For estimated one-time and ongoing costs for a mobile-fixed site see Table 3.

Table 3. Mobile-fixed Site CHEL estimated cost

Ongoing costs	Operating models			
	40 hours	45 hours (B)	45 hours (A)	70 hours
Staffing	\$472,000	\$980,000	\$1,110,000	\$1,640,000
Operating Expenses	\$324,000	\$350,000	\$350,000	\$510,000
Neighborhood Mitigation & Outreach	\$300,000	\$300,000	\$300,000	\$300,000
Lease	\$45,000	\$45,000	\$45,000	\$45,000
Ongoing cost total	\$1,141,000	\$1,675,000	\$1,805,000	\$2,495,000
One-time costs	40 hours	45 hours (B)	45 hours (A)	70 hours
Site Development	\$1,300,000	\$1,300,000	\$1,300,000	\$1,300,000
Vehicle Acquisition	\$350,000	\$350,000	\$350,000	\$350,000
Community Outreach	\$90,000	\$90,000	\$90,000	\$90,000
One-time cost total	\$1,740,000	\$1,740,000	\$1,740,000	\$1,740,000
TOTAL	\$2,881,000	\$3,415,000	\$3,545,000	\$4,235,000

Programmatic features for all models include needle exchange, facilities management, peer education, emphasis patrols, garbage sweeps, naloxone distribution, a space for consumption and an area for post-consumption observation. Differences between models are as follows:

- 70 hours (\$4.235 million). A full service CHEL that is open ten hours daily and seven days weekly. In addition to all services above, includes primary medical care, medication assisted treatment, social work, case management and behavioral counseling.
- 45 hours (A) (\$3.545 million). A full service CHEL with all services of the 70 hour model but open nine hours daily and five days weekly.
- 45 hours (B) (\$3.415 million). A partial service CHEL with all services and operating hours of the 40 hour (A) model except primary medical care.
- 40 hours (\$2.881 million). A partial service CHEL with base services and without primary medical care or medication assisted treatment.

The models in Table 3 represent a range in pricing; Public Health Seattle-King County has additional operational models, all of which include adjusting hours of operation and staffing.

The \$1.3 million (GF) appropriation currently held in Finance General is anticipated to remain unspent in 2018; CBO has indicated that these appropriations will carry-forward to 2019 for the same purpose, subject to the Council's approval through future budget legislation. In addition to this anticipated one-time appropriation of \$1.3 million, \$440,000 in annual ongoing funds from King County's Mental Illness and Drug Dependency (MIDD) tax is anticipated to be available in 2019 to operate a CHEL in the City.

Given that a site and partnering agency have yet to be identified, standing up a CHEL during the first quarter of 2019 is unlikely.

Options:

- A. Appropriate funding for up to nine months of operations (\$855,750 - \$1,871,250) for 2019 and full operating costs for 2020 (\$1,141,000 - \$2,495,000), and/or capital costs (\$1,740,000) to augment the one-time \$1.3 million expected to carry-forward to 2019.
- B. Appropriate the \$1.3 million expected to carry-forward in 2019 for another purpose.
- C. No action.

Councilmember proposals related to a Community Health Engagement Location:

- 1. Add \$440,000 in 2019 for a community health engagement location (Councilmember Johnson)** – This funding would be used for one-time expenses, including the purchase of a mobile medical van and costs of site preparation, to establish a mobile fixed-site CHEL.
- 2. SLI requesting the Office of the Mayor to identify a site for a CHEL (Councilmember Sawant)** – This SLI would request the Office of the Mayor to identify a site for a CHEL early in 2019.

Budget Actions Proposed by Councilmembers as of October 10, 2018:

Substance Use Disorder

- 1. Add \$762,000 in 2019 and \$762,000 in 2020 for substance use disorder treatment (Councilmember O'Brien)**—Provide funding to support a medication assisted treatment (MAT) pilot program. The funding would support six nurses and six social workers for on-demand MAT for people experiencing substance use disorder at an organization such as Evergreen Treatment Services.

Behavioral Health

- 2. Add \$403,030 in 2019 and \$403,030 in 2020 for a single diversion portal program (Councilmember Bagshaw)**—Provide ongoing funding for a single diversion portal pilot program. The pilot would serve as a human services triage tool that allows first responders to avoid unnecessary institutional response and direct individuals in crisis into appropriate modes of care. Skilled staff, such as at Crisis Connections, would provide immediate phone or internet app-based assistance directly to first responders encountering individuals in behavioral health crises.

Youth Programs

- 3. Add \$385,000 in 2019 to coordinate and implement multi-strategy, cross-sector youth violence prevention services (Councilmember Harrell)**—Provide ongoing funding to continue multi-strategy, cross-sector youth violence prevention activities and interagency coordination in Southeast Seattle, such as those provided by the Children and Youth Justice Center.
- 4. Add \$365,597 in 2019 for a youth development services contractor (Councilmember Harrell)**—Provide ongoing funding to maintain the youth development services of a youth violence prevention grantee in Southeast Seattle, such as the Boys and Girls Club of King County.
- 5. Add \$193,915 in 2019 for a safe passage program (Councilmember Harrell)**—Provide ongoing funding to maintain a safe passage program in Southeast Seattle, such as the program operated by the Boys and Girls Club of King County.
- 6. Add \$75,000 in 2019 for a youth violence prevention contractor to provide case management (Councilmember Harrell)**—Provide ongoing funds for case management services to prevent youth violence to a grantee in Southeast Seattle, such as the Boys and Girls Club of King County.

Senior Services

- 7. Add \$249,000 in 2019 and 2020 for an LGBTQ senior center (Councilmembers Herbold, Gonzalez, and Sawant)**—Provide ongoing funding for senior center services at an LGBTQ organization on Capitol Hill, such as GenPride.
- 8. Add \$30,000 in 2019 and 2020 in ongoing funding for services to Vietnamese seniors (Councilmember Sawant)**—Provide ongoing funds to a grantee, such as the Vietnamese Senior Association, to restore social activities and a \$20 monthly transit subsidy to Vietnamese seniors in the Chinatown/International District.

Domestic Violence

9. **Add \$150,000 in 2019 and 2020 for legal representation for domestic violence and sexual assault survivors (Councilmember Gonzalez)**—Provide ongoing funding to support one FTE who will provide legal representation for victims of domestic violence and sexual assault. These services are currently supported through a Council add of \$150,000 to the 2018 Adopted Budget but are not proposed to be funded in the Mayor’s 2019 Proposed Budget.

Nutrition and Food Access

10. **Add \$35,921 in 2019 and \$37,539 in 2020 for food delivery capacity add (Councilmember Johnson)**—Provide ongoing funding to support a contract for the transportation of food from large, non-profit providers (e.g., Food Lifeline and Northwest Harvest) to individual food banks. Twenty food banks are part of an existing transportation collaboration, and these funds would expand that collaboration to five additional food banks.