

HUMAN SERVICES DEPARTMENT AND COMMUNITY LED INVESTMENTS

Staff: Amy Gore and Tom Mikesell

Budget Summary (\$ in 000s)

	2021 Adopted	2022 Proposed	% Change
Human Services Department Appropriations			
Supporting Affordability & Livability (HSD-BO-HS-H1000)	\$29,284	\$29,831	1.9%
Preparing Youth for Success (HSD-BO-HS-H2000)	\$14,662	\$13,730	(6.4%)
Addressing Homelessness (HSD-BO-HS-H3000)	\$148,471	\$114,854	(22.6%) ¹
Supporting Safe Communities (HSD-BO-HS-H4000)	\$32,151	\$40,963	27.4%
Leadership and Administration (HSD-BO-HS-H5000)	\$12,829	\$14,361	11.9%
Promoting Healthy Aging (HSD-BO-HS-H6000)	\$50,545	\$56,990	12.8%
Promoting Public Health (HSD-BO-HS-H7000)	\$13,534	\$16,096	18.9%
Total Appropriations²	\$301,475	\$286,826	(4.9%)¹
Total FTEs	399	389	(2.4%)
Human Services Department Revenue			
General Fund (00100)	\$174,951	\$171,269	-2.1%
Human Services Fund (16200)	\$118,481	\$72,754	(38.6%)
Sweetened Beverage Tax Fund (00155)	\$4,743	\$4,897	3.2%
Short-Term Rental Tax Fund (12200)	\$3,300	\$3,380	2.4%
Coronavirus Local Fiscal Recovery Fund (14000)	\$0	\$24,813	
Payroll Expense Tax (14500)	\$0	\$9,714	
Total Revenue²	\$301,475	\$286,826	(4.9%)
Community Led Investments Appropriations			
Equitable Communities Initiative	\$30,000	\$30,000	0.0%
Participatory Budgeting	\$28,300	\$30,000	6.0%
Total Appropriations²	\$58,300	\$60,000	2.9%

¹ Includes a \$17M transfer to the King County Regional Homelessness Authority, which will not result in a reduction in service delivery as well as the transfer of LEAD and the Mobile Crisis Teams from Addressing Homelessness to other BSLs.

² Numbers may not add up due to rounding.

The following paper discusses the Human Services Department (HSD) and Community-Led Investments such as Participatory Budgeting (PB) and the Equitable Communities Initiative (ECI). For more information on homeless services, see the Homelessness Issue Identification memo presented to the Budget Committee on October 14, 2021. For more information on public safety response programs, see Alternatives to Police Response Issue ID paper presented to the Budget Committee on October 15, 2021.

I. Background

Human Services Department

The Human Services Department (HSD) funds and operates programs and services to meet the basic needs of all people, particularly people experiencing homelessness, children and youth, survivors of domestic violence, families and individuals with low incomes, persons with disabilities, and seniors. HSD's service delivery model relies on contracts with over 170 community organizations to provide services to the people of Seattle. The department is currently divided into five divisions:

1. Homeless Strategy and Investment (HSI) – The majority of the funding for the City's response to homelessness is managed through the HSI division, including contracts for shelters, tiny home villages, day and hygiene centers, and operations of permanent supportive housing (PSH) facilities. In 2022, many of these activities and their funding will transfer to the King County Regional Homelessness Authority. Please see the Homelessness Response Issue Identification Paper that will be presented to the Select Budget Committee on October 14 for more on this topic.
2. Aging and Disability Services (ADS) – This division is designated by the state and federal governments as the Area Agency on Aging for both Seattle and King County. The division manages programs that serve older people, family caregivers, and individuals with disabilities, including case management for clients who receive in-home care, nutrition services, caregiver support, senior centers, information and referrals to a network of support.
3. Youth and Family Empowerment (YFE) – This division manages HSD's investments in programs for youth, low-income families and public health. Programs include youth development and mentoring, family resource centers, mental health counseling, food banks and nutrition programs. Funding for public health services is managed through a single contract with Public Health – Seattle and King County (PHSKC). PHSKC is housed within King County while a limited number of staff at HSD manage the contract.
4. Safe and Thriving Communities (STC) – Created in 2021, the Safe and Thriving Communities Division manages the department's growing investments in community safety programs, such as youth outreach and case management, re-entry services, community crime prevention and organizational capacity building. The Division also includes the Mayor's Office on Domestic Violence and Sexual Assault (MODVSA), which leads the City's response to gender-based violence and funds programs to support survivors of domestic violence and sexual assault, including shelters, prevention and intervention programs, and mobile flexible advocacy programs.
5. Leadership and Administration (LAD) – This division provides support to the other divisions through executive, community, financial, human resource, technology, and business support.

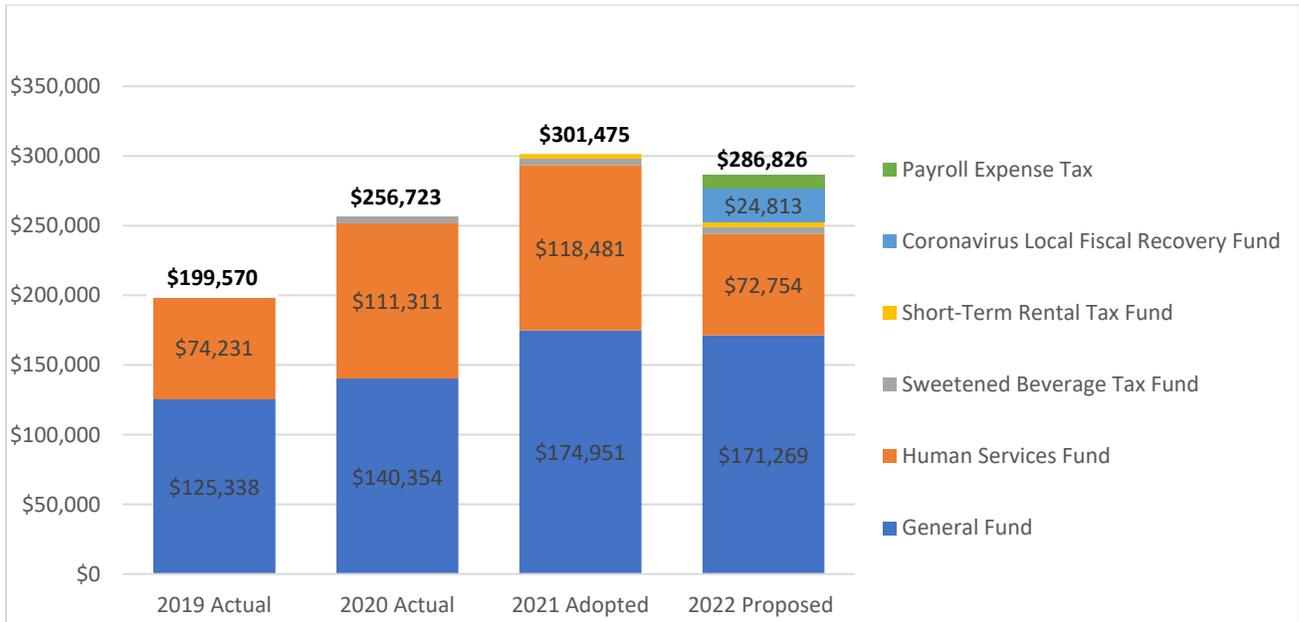
HSD 2022 Proposed Budget Overview

Department Budget Revenue

The 2022 Proposed Budget for HSD is \$286.8 million, a decrease of \$14.6 million (-4.9 percent) from the 2021 Adopted Budget. In the 2022 Proposed Budget, HSD is funded through a combination of sources:

- General Fund Revenues – \$171.3 million in GF revenues, a decrease of \$3.7 million (-2.1 percent) from 2021.
- Federal, State and Other Grants (Human Services Fund) – \$72.8 million in outside grant funding, a decrease of \$34.7 million (42 percent) from 2021. This reduction is primarily due to:
 - Decrease in one-time COVID funding – In both 2020 and 2021, the HSD budget was funded with significant amounts of one-time resources for COVID response. In 2021, this included COVID Emergency Services Grant (ESG) (\$23.5 million) and CARES Act Community Development Block Grant (CDBG) funding (\$31.6 million). In 2022, the budget includes \$24.8 million of Coronavirus Local Fiscal Recovery (CLFR) Fund dollars, however it still represents an overall reduction as new federal funding for COVID relief efforts decrease.
 - Transfer of funding to King County – \$17.0 million to reflect that the McKinney Grant for homelessness will flow directly to the King County Regional Homelessness Authority.
- Sweetened Beverage Tax (SBT) Revenues – \$4.9 million in SBT revenues, an increase of 3.2 percent from 2021.
- Short-Term Rental Tax (STRT) Revenues – \$3.4 million in STRT revenues, an increase of 2.4 percent from 2021.
- Coronavirus Local Fiscal Recovery Funds – \$24.8 million of Coronavirus Local Fiscal Recovery Funds (CLFR), representing 8.6 percent of the department’s budget in 2022.
- Payroll Expense Tax Revenues – \$9.7 million of payroll expense tax revenues.

2022 Proposed Budget HSD Revenue (\$ in 000s)



HSD Spending

There are several notable changes in the 2022 Proposed Budget impacting the HSD Budget:

1. Movement of programs from the Homeless Strategy and Investment Division – As part of the establishment of the King County Regional Homelessness Authority, some programs have been transferred from the Homeless Strategy and Investment Division to other HSD divisions. For example, the LEAD program (\$6.4 million GF) is moved to Safe and Thriving Communities and funding for Mobile Crisis Team (\$1.0 million GF) is moved to the Youth and Family Empowerment Division (Promoting Health).
2. Domestic Violence/Sexual Assault (DV/SA) Programs – 2.0 FTEs would be added for Victim Advocates, who would provide services for survivors of Gender-based violence, bringing the total number of advocates to 14. The proposed budget adds \$224,000 GF for DV/SA services for organizations that serve the American Indian and Alaska Native (AI/AN) community and \$875,000 GF for DV/SA services to replace declining revenues from the Sex Industry Victims Fund. This funding will allow the department to maintain current levels of service and does not represent an expansion of the program.
3. Community Safety Investments – There are several additions proposed to expand HSD’s community safety investments. It includes \$1,575,000 GF for re-entry services, including \$75,000 for re-entry services specializing in AI/AN populations. The budget provides \$10.0 million ongoing GF funding to continue the work begun as part of the Community Safety Capacity Building RFP and \$1.5 million GF for the Regional Peacekeepers program through Seattle King County Public Health. In addition, the budget includes \$403,030 one-time payroll expense tax funding for the continuation of the OneCall Pilot Program, which

provides support for the Seattle Police Department (SPD) and the Seattle Fire Department (SFD) when dealing with a person experiencing behavioral health issues. (See Alternatives to Police Response and Criminal Legal System Issue ID for more on this topic.)

4. **Removal of One-Time Funding** – The removal of funding includes reductions to relatively small programs and services which were included in the 2021 Adopted Budget as one-time expenditures, including \$33,000 GF for programs supporting Native and Indigenous children and families, \$1.12 million GF for drug user health services, and \$200,000 GF for harm reduction programs. It also includes the removal of significant investments (\$33M) of one-time COVID response funding from ESG and the City’s Joint COVID-Relief investments that relied on use of the City’s emergency reserves.
5. **Transfer of funding for HealthOne** – The HealthOne program includes staffing and funding from both SFD and HSD. Funding for case management and care coordination would be transferred to HSD where the position pockets are located. (\$587,837 GF).
6. **Provider Contract Inflation** – Adds \$4.6 million to allow for inflationary increases of 2.4% to partner organization contracts. The inflationary increase is primarily supported by General Fund revenue, but also includes \$151,952 of SBT revenue and \$79,210 of STRT revenue. Pursuant to the requirements of [ORD 125865](#), the inflationary amount should be 3.0%, or an additional \$1.15 million, for a total of \$5.7 million. This will be corrected in the errata (Council Budget Action that adopts corrections to errors in amounts of appropriations or revenues for the 2022 Proposed Budget and 2022-2027 CIP).
7. **Senior Services** – Adds \$150,000 GF for the Visiting Nurse Project which would provide home based care to 200 individuals. It also adds \$300,000 to fund 2.5 FTE for outreach, case management and services for low-income older adults at Seattle Housing Authority (SHA) properties. The funding is from \$150,000 of ongoing GF and \$150,000 of revenue-backed funds provided by SHA.
8. **Food Access** – Adds one-time CLFR funding of \$2.5 million for meals in PSH, emergency shelters, and food banks. This funding is intended to “ramp down” COVID relief funds and bring food services funding to pre-COVID baseline levels. Additionally, the budget funds \$200,000 GF for Farm to Table which helps local farmers provide food to preschool and after school programs.

Community-Led Investments

Participatory Budgeting

On September 22, 2020, Council passed Ordinance 126151 which appropriated \$3 million to the Legislative Department to “enter into contracts with community-based organizations to research processes that will promote public safety informed by community needs.” The Council’s intent was that this initial funding would be used to develop recommendations for a PB process for 2021. The 2021 Adopted Budget included \$28.3 million in one-time funds for PB (FG-004-A-002). This funding was under proviso until June 1, 2021, when Council passed Ordinance 126360 to lift the proviso, and to create and fund three new positions in Seattle Office for Civil Rights. These new positions were added to work with community to develop and issue a Request For Proposal (RFP) to select a third-party administrator, negotiate and manage the contract, and to staff the PB Program, including coordinating internal City staff and collaborating with external partners in support of the program. It is expected that the positions will be filled and the RFP will be issued by late October. Because the PB process will likely not start until 2022, \$27.2 million to fund both the PB process and the selected projects remains in Finance General Reserves. The 2022 Proposed Budget includes new, on-going GF funding in Finance General of \$30 million per year for PB, which would result in a total of \$57.2 million for PB in 2022, reducing to \$30 million in 2023.

Equitable Communities Initiative

ECI was funded with \$29.9 million of one-time funding in the 2021 Adopted Budget.¹ In 2021, the Department of Neighborhoods led a task force of 26 community members to develop recommendations for spending of the funds. The task force recommended projects in four spending categories: Business, Education, Health and Housing. In August, Council passed [Ordinance 126401](#) which appropriated the \$30 million to eight different departments for the task-force recommended projects. These departments are currently in the process of designing and issuing RFPs with the intent of having funds available by the end of 2021, with the majority of the funded work done in 2022.

The following table provides an overview of the ECI investments appropriated in 2021 and would be continued as ongoing funding in the 2022 Proposed Budget. Please see the General Fund Balancing Issue Identification Paper that will be presented to the Select Budget Committee on October 13 for a discussion of the ECI 2022 Proposed Budget.

¹ ORD 126401 amended the 2021 Adopted Budget, adding \$100,000 GF for ECI, bringing the total funding to \$30 million.

	2021 ORD 126401	2022 Proposed Budget		
Fund/Department/Budget Item	One-time 2021 Appropriations	Appropriations	FTE	Timing
General Fund				
Office of Arts and Culture				
Equity and Cultural Education	\$2,000,000	\$2,000,000		OG
Department of Education and Early Learning				
Equity and Cultural Education Fund (ECI)	\$4,000,000	\$4,000,000	1.00	OG
Department of Neighborhoods				
Investment in the Food Equity Fund (ECI)	\$750,000	\$750,000	1.00	OG
Provide Resources for Wealth Education (ECI)	\$1,800,000	\$1,800,000	2.50	OG
Human Services Department				
Reentry Programs for Formerly Incarcerated individuals (ECI)	\$1,500,000	\$1,500,000		OG
Culturally Responsive & Inclusive Direct Healthcare (ECI)	\$1,500,000	\$1,500,000		OG
Culturally Responsive & Inclusive Access to Healthcare (ECI)	\$1,000,000	\$1,000,000		OG
Farm to Table (ECI)	\$200,000	\$200,000		OG
Subtotal - General Fund	\$12,750,000	\$12,750,000	4.50	
JumpStart Fund				
Office of Economic Development				
Youth Healthcare Career Exploration (ECI)	\$480,621	\$480,621	1.0	OG
Healthcare Career Pipeline (ECI)	\$1,680,621	\$1,680,621	1.0	OG
Small Business Development Capital (ECI)	\$4,980,621	\$4,980,621	1.0	OG
Small Business Technical Assistance (ECI)	\$2,480,621	\$2,480,621	1.0	OG
Office of Housing				
Homeownership Development (ECI)	\$4,625,000	\$4,875,000		OG
Lease to Own	\$250,000			
Reserve Funding for Lease to Own Study Recommendations funded in 2021		\$250,000		OG
Ownership Retention Program (ECI)	\$875,000	\$875,000		OG
Office of Sustainability and the Environment				
Increase Environmental Justice Fund (ECI)	\$550,000	\$550,000		OG
Finance and Administrative Services				
Funding for Workforce Equity and WMBE Support (ECI) ^{1/}	\$1,000,000	\$1,000,000		OG
Subtotal - JumpStart Fund		\$17,172,484	4.0	
ECI Total		\$29,922,484	8.50	

II. Issue Identification

1. Food Access

During the COVID-19 Pandemic, funding for Food Programs has increased significantly to help address the growing need for food support due to the economic impacts of the pandemic and loss of income for area families. Funding for food programs increased from \$16.5 million in 2019 to over \$28.6 million in the 2020 Revised Budget and \$26.6 million in the 2021 Revised Budget.² The 2022 Proposed Budget for food programs is \$18.6 million, a reduction of over \$8.0 million, or 30.1 percent from 2021, but still an increase over pre-pandemic funding levels. The proposed 2022 budget appropriates \$2.5 million in “ramp down funding”, which provides a bridge between the higher pandemic funding with the lower baseline budget, so that organizations can transition back from the higher funding levels. The \$2.5 million includes \$220,000 for Ethnic Grocery Bags, \$1 million for meals in PSH units and shelters, and \$1.28 million for food banks.

Funding for Key Food Programs (\$ in 000s)



Options:

- Increase one-time funding to minimize service reductions in 2022.
- Provide on-going funding to sustain increased investments in Food Programs. To fully restore funding to 2021 levels would require an additional \$8.0 million.
- No action.

² Due to significant differences between the Adopted Budget and Revised Budgets for food programs, this comparison shows data Revised Budgets which include mid-year additions.

2. Participatory Budgeting

As noted above, there is currently \$27.2 million in Finance General Reserve to be used for PB, including funds to hire a third-party administrator to lead the PB process, and funding for recommended projects. The 2022 Proposed Budget includes new, on-going funding of \$30 million per year for PB, supported by the GF. With the addition of the on-going funding, a total of \$57.2 million is available for PB in 2022, which would drop again to \$30 million in 2023.

Options:

- A. Change the proposed add for PB from on-going to one-time funding and state Council's intent to identify an ongoing revenue source to support these investments in 2023 and beyond.
- B. Cut some or all of the proposed \$30 million GF for in 2022, recognizing that much of the 2021 appropriations for PB will carryforward into 2022, redirecting funds for other one-time Council-identified priorities, and reducing the impact of drastic funding reduction in Year 2 (2023) of the PB program.
- C. No action.

3. Equitable Communities Initiative

As discussed above and in the General Fund Balancing Analysis, the 2022 Proposed Budget establishes \$30 million in on-going funds for the ECI projects but does not identify a new revenue source for this investment. These funds are in addition to the \$30 million in project funding adopted by Council in September of this year which are anticipated to mostly be expended during 2022.

Options:

- A. Change the appropriations to one-time and engage the ECI Task Force to identify an ongoing progressive revenue source.
- B. Reduce some or all of the proposed appropriations in 2022, recognizing that much of the 2021 appropriations for the ECI recommendations will carryforward into 2022, and engage the ECI Task Force to identify an ongoing progressive revenue source to support these investments ongoing in 2023 and beyond.
- C. No action.

III. Budget Legislation

1. CBO 2021 Year-End Grant Acceptance ORD

This legislation would accept funding from non-City sources in 2021. It includes the following proposed changes related to HSD's 2021 budget:

- \$291,422 from the Consolidated Appropriations Act Grant Expanding Access to COVID Vaccines for supporting access to COVID-19 vaccines for Older Adults in King County;
- \$104,955 from the Coronavirus Response and Relief Supplemental Appropriations Act Vaccine Response Funding for providing education on COVID-19 and assistance with accessing COVID-19 vaccines for older adults and people with disabilities in King County; and
- \$1,960,000 from the Washington Department of Commerce for capital costs related to Tiny Home Villages.

2. CBO 2021 Year-End Supplemental Budget ORD

This legislation would amend the 2021 Adopted Budget to increase, decrease and transfer appropriation authority, amend the Capital Improvement Program, create new positions and transfer positions. The legislation would have the following impacts on HSD Budget:

- Transfer \$8,000,000 for rental assistance from HSD to OH;
- Reduce Addressing Homelessness BSL by \$2,297,433 due to erroneous carryforward;
- Increase of \$384,000 for the language premium stipend;
- Increase of \$291,422 for supporting access to COVID-19 vaccines for Older Adults in King County;
- Increase of \$104,955 for providing education on COVID-19 and assistance with accessing COVID-19 vaccines for older adults and people with disabilities in King County;
- Increase of \$1,960,000 for capital costs related to Tiny Home Villages (THVs);
- Transfer \$4,188,437 of community safety programs (Re-Entry for Indigenous Peoples and Seattle Safe Communities Initiative) from Youth and Family Empowerment Division to Safe and Thriving Communities Division;
- Transfer \$400,000 of appropriation authority for tiny house villages from the Human Services Fund to the Coronavirus Local Fiscal Recovery Fund; and
- Create 1.0 FTE to support service contracts identified by the Equitable Communities Initiative.

3. CBO 2022 Recurring Grant Acceptance ORD

This legislation would authorize Department directors to accept and appropriate grants and enter into revenue-backed service contracts that support appropriations in the proposed 2022 budget. It includes 17 grants totaling \$20.8 million appropriated to HSD, including:

- \$7,703,533 from Older Americans Act and Nutrition Services Incentive Program for services for older adults, including supportive services, congregate nutrition programs, home delivered meals, health promotion and caregiver support;
- \$5,794,407 from Community Development Block Grants for affordable housing, anti-poverty programs, and infrastructure development;
- \$3,150,304 from Housing for Persons Living with AIDS (HOPWA) for housing needs for individuals with HIV/AIDS;
- \$2,330,788 from the Rental Assistance Housing Levy for homelessness prevention;
- \$805,090 from Emergency Services Grant for homelessness services;
- \$500,000 from Title XIX for healthcare programs for people with low incomes; and
- \$300,000 for the Medicaid Transformation Demonstration Project.