



Dawn Farm Plan

To Fulfill the City of Ann Arbor's Living Wage Ordinance

by June 3, 2016

Background

While working with the 15th District Court on the renewal of our contract to provide addiction treatment services to drug court participants, Dawn Farm requested an exemption from the Ann Arbor Living Wage ordinance. The basis for this request was:

1. Dawn Farm provides generous benefits to full-time employees (over 30 hours per week), including paid time off, health insurance (Dawn Farm pays 84%), dental insurance, life insurance, short-term disability insurance, long-term disability insurance, 5% matching 401k, continuing education, paying license and certification fees, etc. The value of these benefits exceeds the compensation standards set by the living wage.
2. For part-time employees, Dawn Farm provides paid time off and matching 401k.
3. Dawn Farm has no policies or practices that prevent part-time employees from becoming full-time employees.
4. Dawn Farm has been experiencing significant financial hardship. We have had operating losses for 3 of the last 5 years.

Dawn Farm is supportive of the intent of the living wage and has provided excellent employee benefits for more than 20 years. Employee satisfaction is of great importance to us and we are very proud to be a Detroit Free Press Top Workplace for 4 consecutive years. This award is based on employee satisfaction surveys and weighs our employee ratings against hundreds of other businesses in Michigan.

Dawn Farm is also a highly efficient organization, consistently keeping administrative costs and fundraising at 10% of all expenses.

Complying with the living wage ordinance would cost Dawn Farm more than \$91,500 per year. This is only the cost of bringing everyone up to the living wage, it does not include any of the increases that would be necessary to maintain internal compensation equity after those increases were implemented.

Options

In order to comply, Dawn Farm would have to weigh the following options:

Terminating/reducing unreimbursed and partially reimbursed services.

Dawn Farm's mission and identity as a charity have drawn the organization into a wide range of services for we we are not reimbursed or are only partially reimbursed. Terminating or reducing these services might help make it possible for Dawn Farm to comply with the living wage ordinance.

Dawn Farm Spera Recovery Center - This program had 1299 admissions in 2012 for detox and outreach services. Of these admissions, 41.5% are partially funded through grants or contracts with the WCHO. The other 58.5% are completely unfunded.

Residential Treatment - At any given time we are providing long term residential treatment for 7 to 9 people for whom we receive no reimbursement or partial reimbursement.

Transitional Housing - Dawn Farm serves more than 150 people a day in these sober living programs—where an individual can enter at no upfront cost, and with significantly reduced cost for monthly support.

Outpatient Services - Dawn Farm Outpatient Services serves more than 430 people a year. We receive partial reimbursement for approximately 40% of these clients.

Educational Services - Dawn Farm provides several educational services that are all free of charge and unfunded:

- The *Dawn Farm Education Series* runs 9 months of the year and reaches 2000 local people.
- *Teens Using Drugs* repeats several times a year and offers a two part educational program for parents and concerned adults. The program helps them determine if a teen in their life has a problem with drugs or alcohol and what to do about it. This program had more than 400 attendees last year.
- Dawn Farm also responds to requests for presentations from local high schools, middle schools and teen organizations. These presentations reached more than 2000 teens last year.

Clients in all of our programs are also provided services that are not reimbursed or required for licensing, accreditation or other agency funding. These services include GED classes, case management and support from Recovery Support Specialists, employment support, food assistance, transportation assistance, etc. Cutting these support services would also have to be considered.

Increase program fees.

Some Dawn Farm programs generate revenue from client fees. We work hard to keep these fees low, as quality addictions services are generally financially out of reach for middle class families. We recently increased these fees by 10% to 20%. There is little doubt that increasing fees more would price some clients out of our services and it's not clear that demand would continue.

Increase Dawn Farm funding from Ann Arbor and other customers to allow us to afford the living wage.

Dawn Farm has endured cuts in county, city—and the total loss of all United Way funding, *while maintaining essential services*. The feedback we receive is that these funding sources do not have more money to give. We could seek increases in funding from the City and County to cover the additional costs of complying with the living wage.

Seek a living wage exemption for nonprofits.

City Council has already discussed a nonprofit exemption. This solution would avoid painful cuts that would prevent people from accessing services and reduce success rates for those who are able to access services.

Implementation

Gathering stakeholder input is important to Dawn Farm. Should the current living wage ordinance remain in effect, Dawn Farm will consult stakeholders to determine which of the above options will be implemented. If we are granted a waiver, we could begin these stakeholder conversations this Fall.