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Housing and Human Services Advisory Board Recommendations for 2011 Human Services Funding
 The following recommendations are from the Housing and Human Services Advisory Board (HHSAB) for City Council review and consideration as a part of the 2011 Budget process. These recommendations call on City Council to avert or minimize funding cuts to local human service nonprofits. At worst, funding to human service agencies should be reduced by no more than the total percentage reduction to the City’s overall General Fund for 2011.

Background

In July 2009, the City partnered with the Washtenaw Urban County to create and fund a two-year integrated funding process for human services. The nonprofits chosen to provide critical services to residents in need have performed well and meeting an increased demand for services with fewer overall resources.

The Urban County, nonprofits, and the community recognize that honoring the second year of the City’s two-year commitment will be more challenging than anticipated.

The severe economic downturn has produced negative impacts on nearly every facet of our community. Increased unemployment, skyrocketing foreclosures, decreasing property values, and burgeoning poverty have created a sharp increase in the demand for services, especially those provided by the array of local non-profit human service agencies.

Unfortunately, the dramatic increases in needs for human services comes at the same time - and resulting from the same forces - as the City’s decreased resources with which to address them.

Key indicators provide clear evidence of the increasing needs of residents, including:

Increased Poverty and Economic Instability - The Poverty Rate for Washtenaw County has risen in

recent years to equal that of the State of Michigan - 14% of all county residents are now living in poverty. In the City of Ann Arbor, 22% of residents are living in poverty. While this figure is inclusive of students, it still represents a 6% increase in the percentage of people living in poverty from 2007 to 2008. The Department of Human Services in Washtenaw County also released payment data comparing 2008 to 2009, which show a 34% increase in State Emergency Relief (SER) payments used to prevent evictions and utility shut-offs - \$302,767 paid out in December, 2009 alone - to County residents. A 25% increase in direct cash assistance to County residents including more than \$500,000 in December, 2009. A 34% increase in food stamp payments to County residents - equating \$4.6 million in December, 2009.

Increased Food Insecurity and Hunger - Food Gatherers, in partnership with Feeding America, conducted a research study of the economic downturn and increased need for emergency food assistance in early February, 2010. They found that more than 43,900 people - including more than 14,000 children and 6,500 seniors - receive emergency food each year through food pantries and meal sites in Washtenaw County. These numbers represent a 138% increase since 2006.

Increased Foreclosures and Housing Instability - Evictions and foreclosures are on the rise as well. While complete eviction data is not available, it is estimated that at least 1,200 county residents were evicted last year. Foreclosures increased more than 100% from 2006 to 2009. The County Treasurer sold forty-five foreclosed parcels at auction in October, 2009, compared to an average of eleven in previous auctions. This summer, the Treasurer expects as many as 400 properties to go to auction. Local shelter and homelessness support agencies reported a twenty percent increase in demand in 2009 year for single adults, families, and youth experiencing homelessness or housing crisis.

Considerations

The City currently funds forty human service programs, utilizing them to deliver critical services such as shelter and housing, nutritional food, affordable healthcare, and programming to high-risk children and youth. These programs, and the nonprofits delivering them, play a critical role in strengthening and extending the helping hands of City government and assist in improving the quality of life for residents.

City-funded human service nonprofits also provide broader community benefits. Indeed, the relief and support that nonprofits provide to residents in need plays a critical role in stabilizing the local workforce and community, and reduces the demand on some services that the City would otherwise have to provide. Additionally, together these non-profits serve as a significant economic engine in the City of Ann Arbor and throughout Washtenaw County. As employers, consumers, and revenue generators, the nonprofits funded by the City of Ann Arbor generate significant economic benefits for the City and surrounding areas.

In short, the non-profits funded by the City of Ann Arbor deliver the following economic “returns on investment” to our community:

- Leveraging Millions of Dollars in Non-Local Funding by securing grants and contracts from State and Federal governments and national foundations and corporations. For every one dollar that local government invests, these agencies secure more than ten dollars of outside resources: that means dollars flowing directly into our community.
- Providing Significant Private Employment Opportunities through the employment of more than

1,100 people, expending more than \$35 million in payroll and benefits. According to a statewide study in Florida, 95% of the personal income generated by non-profits stays within the state, and most within the local community. As a whole, the human service non-profit organizations funded by Washtenaw County and/or the City of Ann Arbor represent the fifth largest private employer Washtenaw County.

- *Generating and Supporting For-Profit Jobs in Ann Arbor* through indirect and induced effects created when nonprofits purchase goods and services directly, when employees spend their salaries on goods and services, and when for-profit jobs are created to provide the goods and services purchased. Economic models indicate that for every five non-profit jobs there are an average of three for-profit jobs created. Using this analysis, the 1,100 employees of the non-profits funded by the City of Ann Arbor maintain 660 additional for-profit jobs through indirect or induced effects.

Recommendation

Based on the above, the HHSAB recommends that City Council consider the following when determining funding levels for human service nonprofits in the 2011 budget:

- A reduction should not occur in real dollars when the need is already increasing in relation to existing funds;
- At worst, any reduction in funding to housing and human services should not be greater than the overall reduction in the General Fund;
- If there are reductions to the General Fund human service funding level, the reductions should be offset with funding from the Affordable Housing Trust Funds (AAHTF), administered by staff in accordance with the fund's policy;
- if there are reductions to the General Fund human service funding level without offsetting funds from the AAHTF, the reductions should be made exclusively to non-basic needs agencies; and
- Regardless of the human service funding levels for 2011, City Council should mandate collaboration and/or consolidation as a requirement for all subsequent City funding to nonprofits.

Sponsored by: Housing and Human Services Advisory Board (Edward Staebler, David Blanchard, Barbara Eichmuller, Robyn Konkel, Kristine Martin Profit, Soni Mithani, Stephen Pontoni, Anthony Ramirez, Anna Erickson, Ingrid Ault
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