

# OUTSIDE AGENCY ALLOCATION & INTEGRATED FUNDING MODEL

Washtenaw County Board of Commissioners  
2010/11 Planning Process  
April 2, 2009

# Agenda

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- Budget Process Overview
- “Outside Agencies” Presentation
  1. Community Need & Investment in Non-Profits
  2. Economic Return on Investment in Non-Profits
  3. Consolidation of Efforts & Integration of Funding
- Requested BOC Actions (*needed by June 2009*)

# Budget Development Timeline

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- Information Sharing & Input from BOC
  - *Financial State of County (Done)*
  - *Review Revenues (Done; amend in April)*
  - *Mandated & Non-Mandated Services (Done)*
  - *Community Needs & Major Expenditures (Done)*
  - *Employee Compensation & Benefit Levels (April 1)*
  - *Outside Agency Allocation & Integrated Funding (April 2)*
  - Support to Non General Fund (April 15)
  - Regionalism, Shared Services & Government Efficiency (April 16)

# Outside Agency Funding

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- Historically the Board of Commissioners have adopted three different “pools” of outside agency allocations
  - Human Services
  - Children’s Well Being
  - Miscellaneous Other Aligned with BOC Priorities

# Outside Agency Funding

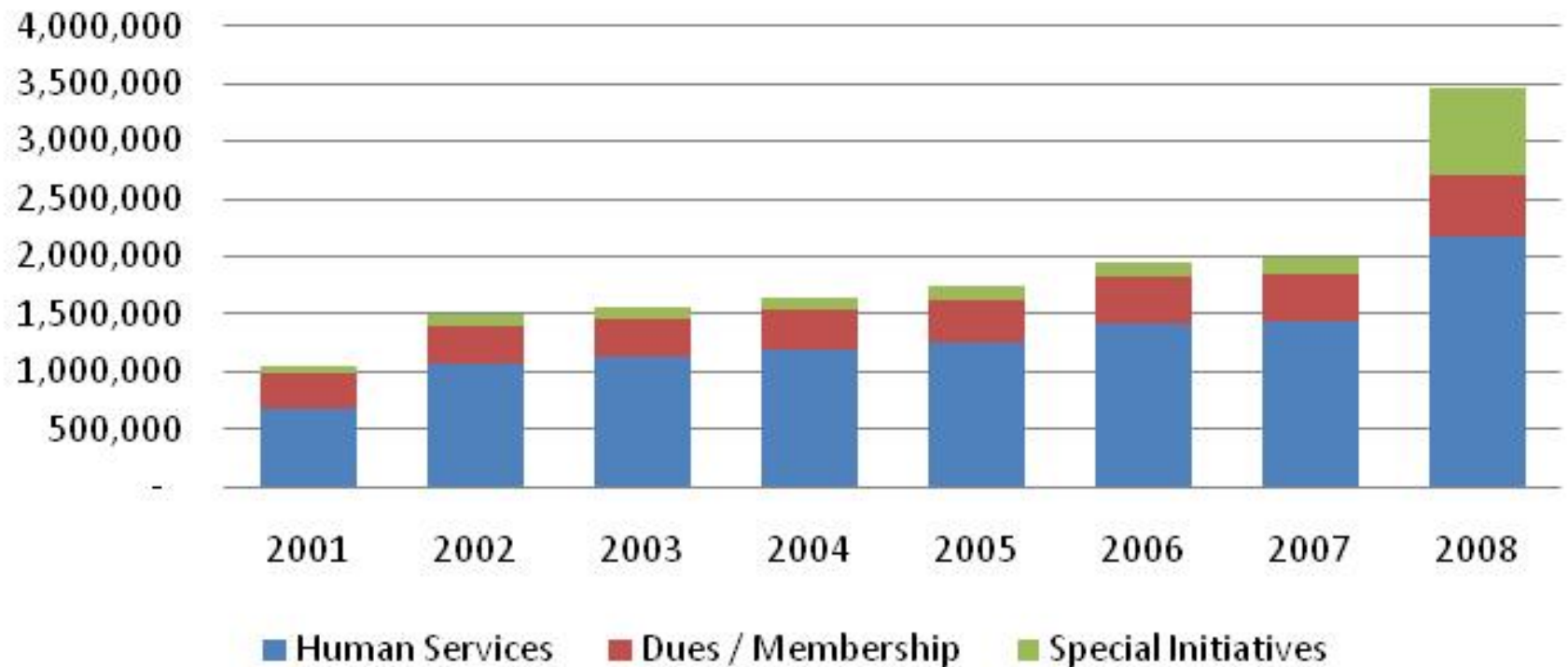
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- As part of Financial State of County, we categorized “Miscellaneous Other Allocations” into:
  - Dues/ Membership
  - Human Services
  - Special Initiatives
- Historical allocations have grown over time
  - Made strategic investments during 2008/09 Budget
  - BOC adopted an increase in CWB/Human Services to total of \$1 Million

# Budget Trends

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## Outside Agency Allocations



# Decisions Needed by June

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- Decide on whether to move to integrated funding model (proposal to be presented by Community Development and Children's Services)
- Determine what current allocations should move to integrated funding model
- Adopt funding amount for integrated funding allocation, and any other allocations outside of integrated model
- Adopt budget and Position Modifications to implement changes

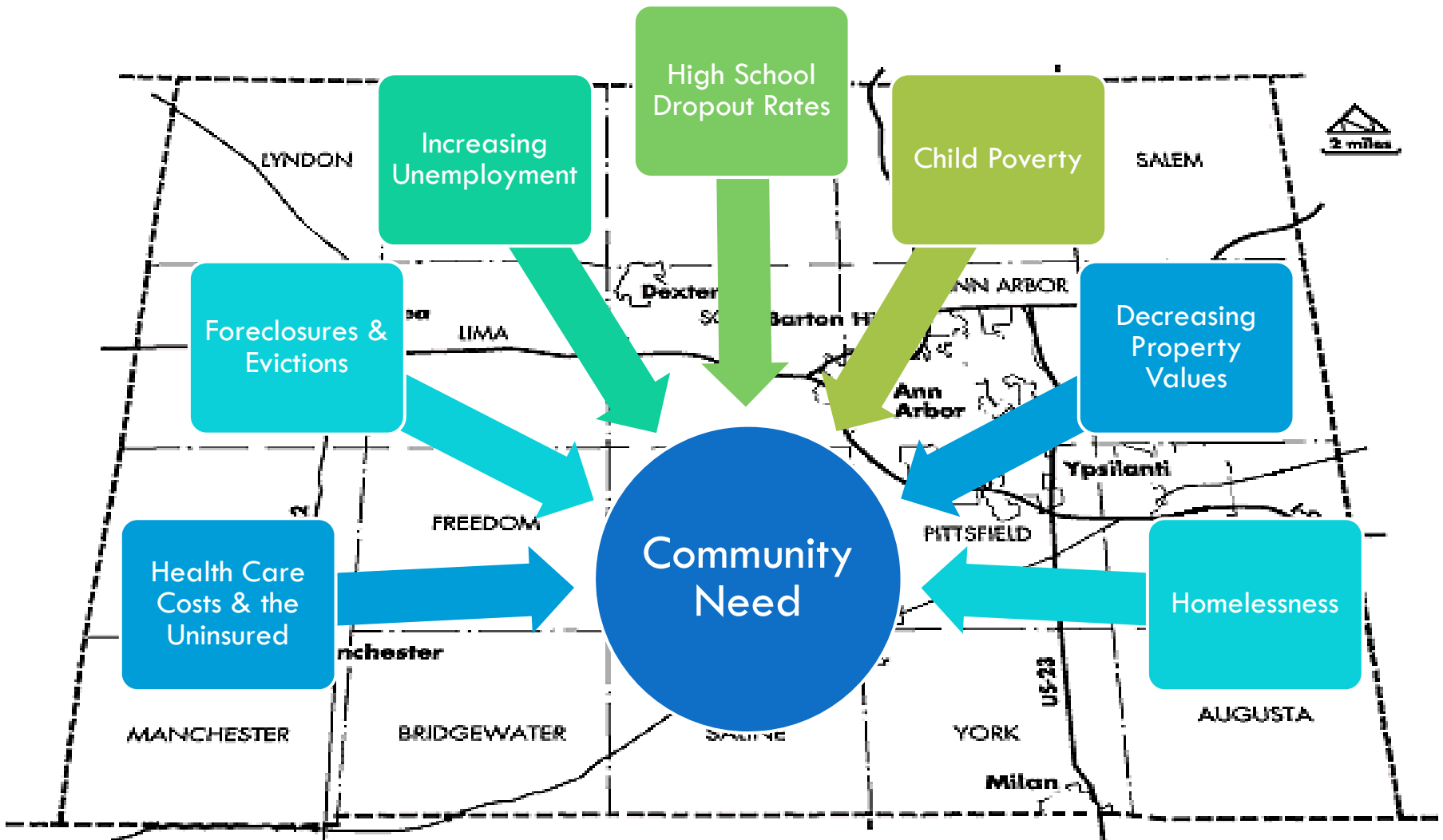
# PAYING IT FORWARD:

Outside Agency Funding, Economic Return on  
Investment & Integrated Human Services Model

*Washtenaw County Board of Commissioners  
2010/11 Planning Process  
April 2, 2009*



# A Perfect Storm...



# Areas of Investment

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City of Ann Arbor

Washtenaw Urban  
County

Washtenaw County

**HOUSING**

**HEALTH**

**CHILDREN & YOUTH**

**ECONOMIC STABILITY**

# Areas of Investment in Human Services Funding

	City of Ann Arbor	Washtenaw Urban County	WC Child Well-being & Human Service Agencies
HOUSING	<p><b>Increase Housing Stability</b></p> <ul style="list-style-type: none"> <li>▪ Reduce incidence of Homelessness</li> <li>▪ Reduce Negative Impact of Homelessness</li> <li>▪ Provide Homeowner <u>or</u> Supportive Housing assistance</li> <li>▪ Provide Emergency Shelter to those who are Homeless</li> </ul>	<ul style="list-style-type: none"> <li>▪ Prevent Homelessness</li> <li>▪ Provide Supportive Housing Assistance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Housing &amp; Homelessness</li> </ul>
HEALTH	<p><b>Access to Health &amp; Well-being</b></p> <ul style="list-style-type: none"> <li>▪ Affordable Health &amp; Specialty Care</li> <li>▪ Food &amp; nutritional supplements</li> </ul>	<ul style="list-style-type: none"> <li>▪ Health Services</li> </ul>	<ul style="list-style-type: none"> <li>▪ Health</li> </ul>
CHILDREN & YOUTH	<p><b>Increase success of At-risk Youth</b></p> <ul style="list-style-type: none"> <li>▪ After school &amp; Summer Enrichment</li> <li>▪ Job &amp; Leadership Training</li> </ul>	<ul style="list-style-type: none"> <li>▪ Youth Services</li> </ul>	<ul style="list-style-type: none"> <li>▪ Caring Adults</li> <li>▪ Safe Places</li> <li>▪ Healthy Start</li> <li>▪ Marketable Skills</li> <li>▪ Youth as Resources</li> </ul>
ECONOMIC STABILITY	<p><b>Family Economic Stability</b></p> <ul style="list-style-type: none"> <li>▪ Access to affordable Childcare</li> <li>▪ Assist with Independence for those with Special Needs</li> <li>▪ Employability supports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Childcare</li> <li>▪ Services to Persons with Disabilities</li> <li>▪ Transportation</li> <li>▪ Employment Training</li> </ul>	

# Washtenaw County Investment in Non-Profit Organizations (NPOs)

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- In FY 2008/09, Washtenaw County invested more than \$2 million annually in Human Services programs.
- The City of Ann Arbor invested more than \$1.9 million in Human Services programs.
- Additionally, the City of Ann Arbor supports area non-profit agencies through its PILOT Ordinance with an additional \$425,000 .

# Return on Investment

Result of 'Perfect Storm'	Community Costs	Examples of Non-Profit Prevention Services
Emergency Room Visits	\$560 per visit (\$904 if surgical procedure involved) <sup>1</sup>	Low-Cost or Free Health Care Services
Psychiatric Hospitalizations	\$700 per day <sup>2</sup>	Affordable Mental Health Services & Supportive Housing
Home Foreclosure	\$34,000 in direct costs to municipalities & \$220,000 in lost property value per foreclosed home <sup>3</sup>	Foreclosure Prevention Programs
Unemployment	1% increase in Unemployment Rate = 3 to 4% drop in state/local revenue <sup>4</sup>	Adult Literacy Training & Employment Skill Building
Adult & Juvenile Justice Systems	\$94 per day in WC Jail & \$225 per day in WC Juvenile Detention <sup>5</sup>	Youth Development & Supportive Housing Programs
School Failure	\$127,000 per dropout <sup>6</sup>	Academic & Youth Development Programs

# Return on Investment

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- In addition to the breadth and depth of social benefit to the Washtenaw County region, investment in NPOs returns an economic benefit.
- Washtenaw County NPOs support the local economy as:
  - Employers
  - Consumers
  - Revenue Generators



# Return on Investment

## □ **Non-Profit Organizations as EMPLOYERS**

- The 42 funded NPOs employ more than **1 200 people**, and expend more than **\$37 million in payroll and benefits**
- Compared to the County's population, **the nonprofit workforce trends younger (especially under 35)**, and thus has an added impact of keeping this key population from leaving Michigan.
- These NPOs **provide more local jobs than some of the biggest employers in the county.**

Employer	Employees
Locally Funded NPOs	1 200
Borders	1 049
Toyota	1 000
Domino's Pizza	550

# Return on Investment

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- **Non-Profit Organizations as CONSUMERS**
  - Washtenaw County's nonprofits create positive economic impact:
    - through the **purchase of goods** and **services directly**
    - through **employees spending their salaries**
    - through the job creation related to providing the goods and services purchased
  - **For every five nonprofit jobs, there are an average of three for-profit jobs created.**<sup>7</sup>

The 1200 nonprofit employees of the nonprofits funded by Washtenaw County and the City of Ann Arbor **maintain 720 additional for-profit jobs** through indirect or induced effects.

# Return on Investment

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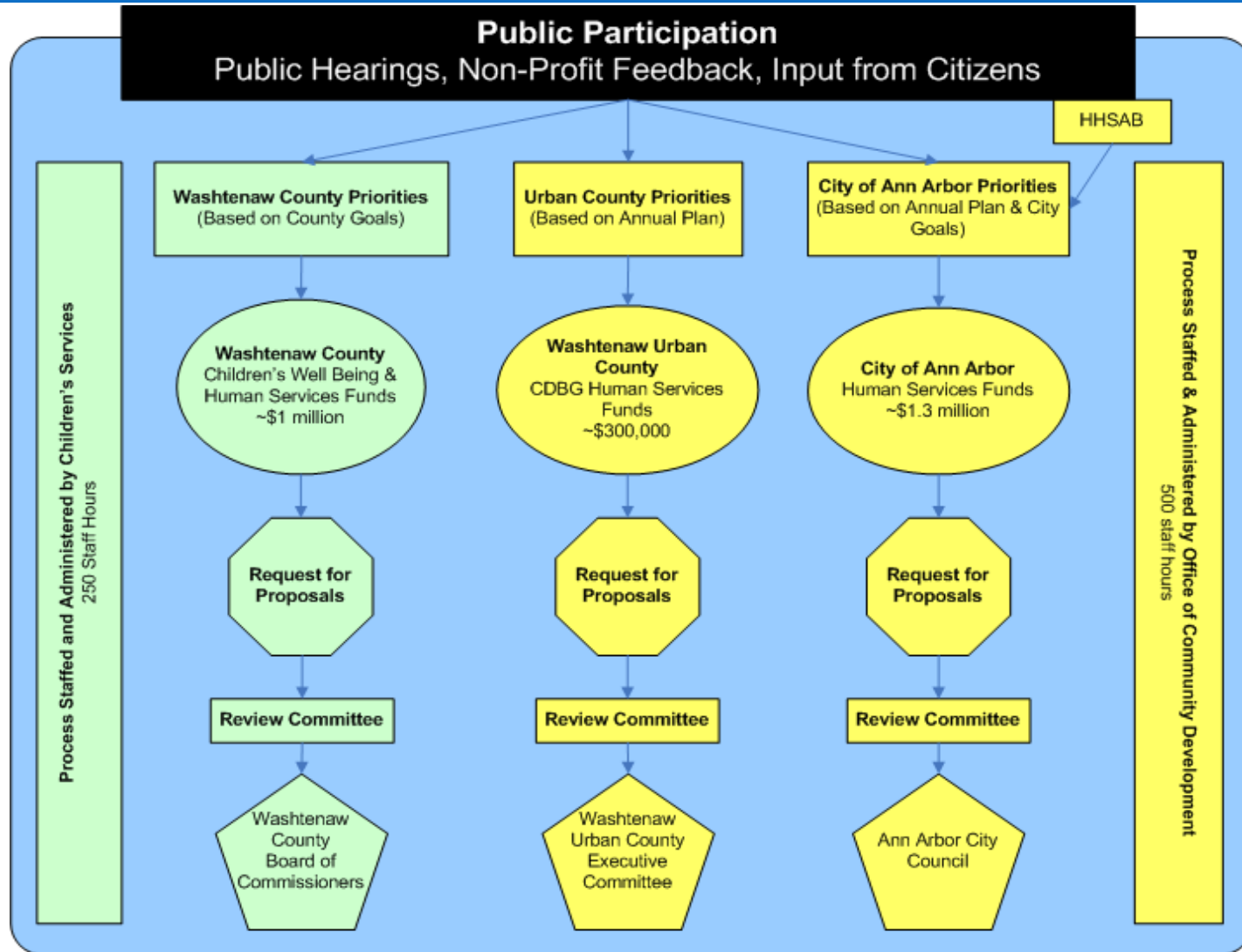
## □ **Non-Profit Organizations as REVENUE GENERATORS**

- Almost all local human service nonprofits have **a complex base of funding from public and private sources.**
- Washtenaw County's eighty largest nonprofits leverage more than **\$100 million** annually in these non-local sources.
- The 42 agencies funded by Washtenaw County and/or the City of Ann Arbor generate **\$30 million** of non-local revenue.
- Last year, these agencies generated **400,000 hours** of volunteer time, equivalent to **200 full-time employees**, and **\$7.5million in wages.**

For every \$1 invested by local governments, Washtenaw County- & City of Ann Arbor-funded Non-Profit Organizations **leverage more than \$10 in non-local resources.**

# How We Have Funded in the Past

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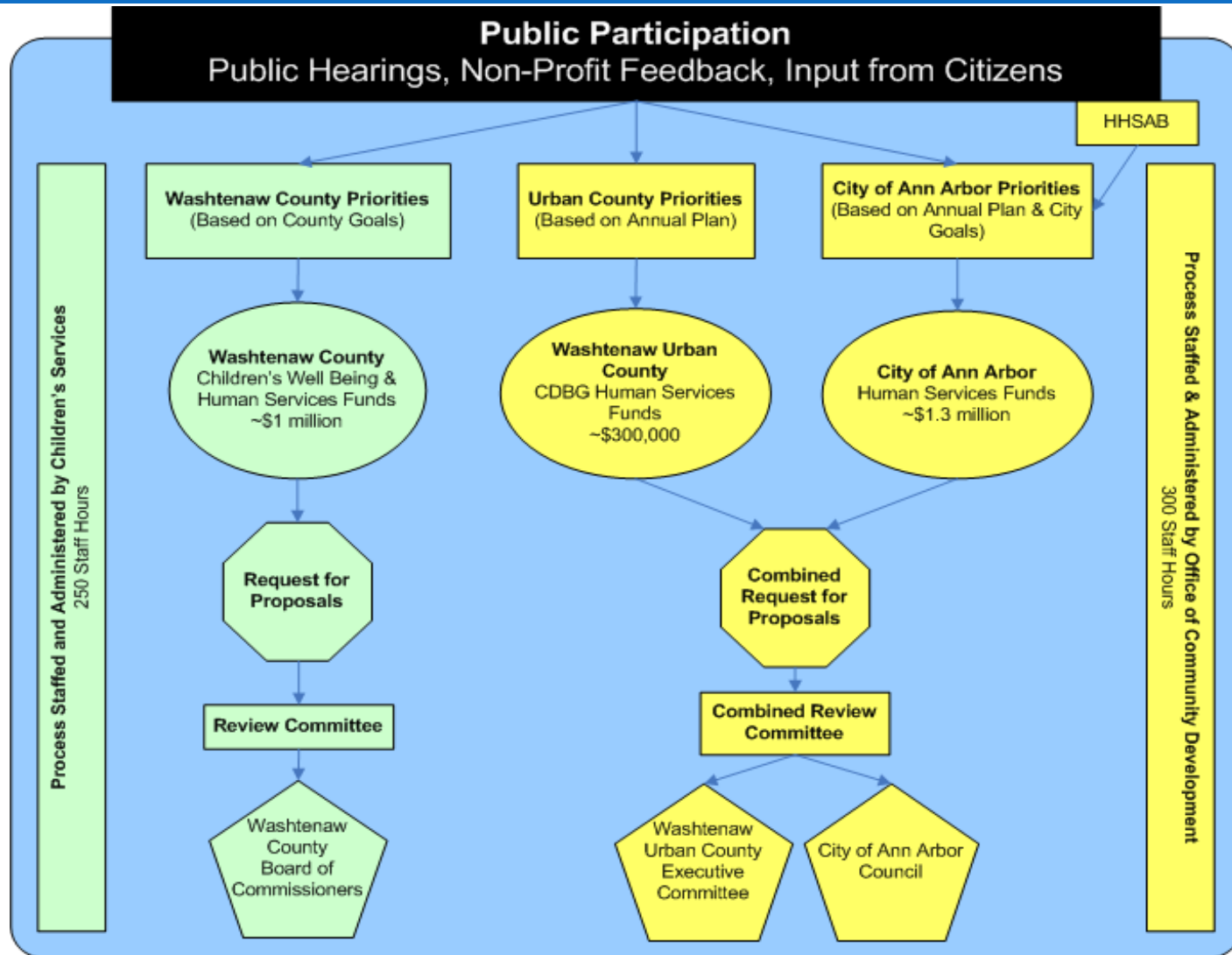
# How We Have Funded in the Past

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- Prior to 2009, Human Services Funding was fragmented and duplicative.
- Inefficient use of staff time:
  - Created & implemented a funding process for each funding source on different timelines
  - Created multiple contracts with same agencies—often for the same programs
  - Duplicated monitoring visits and measured different outcomes
- For three separate RFP processes, staff contributed approximately **750 hours** of time.

# Current Integrated Funding Process

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# Current Integrated Funding Process

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- For the 2009-11 Human Services Funding process, the Office of Community Development implemented an **integrated funding process**.
- This process has resulted in:
  - ▣ Savings of more than **200 hours** of staff time
  - ▣ **Alignment of human services priorities** for the City & Urban County
  - ▣ More **efficient & effective monitoring** of non-profit programs for funding
  - ▣ Significant progress toward a County-wide approach

# Proposed Integrated Funding Process

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# Proposed Integrated Funding Process

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- Benefits of Funding Integration
  - Staff/Administrative Efficiencies
    - Saving more than **450 hours** of staff time with integrated RFP process
  - Community Outcomes & Measures
    - Staff will be able to **develop and implement community outcomes for human services priority areas**
    - **In step with Funders Forum' aims on county-wide approach**, including the merger of the Office of Community Development
    - Co-convening events with Washtenaw United Way to **increase non-profit capacity & collaboration**

# \$ Integration: Impact on Non-Profits

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- Efficient Funding Access for Non-Profits
  - Fewer **funding applications, monitoring visits, & reports**
- Improved Service Delivery
  - **Cross-systems perspective** on service delivery
- Service Providers & Funding Decisions
  - Development of a **community-based approach** to the RFP process utilizing the expertise of providers to inform funding priorities & decisions.
- Integration of Funding → Integration of Services
  - As government must **do business differently**, so too must the non-profit sector

# Decisions Needed by June

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# Citations

1. Figures represent 2003 estimates. Taken from US Department of Health and Human Service website MEPS, Medical Expenditure Panel Survey, 2006.
2. Based off of a \$700-900 per night cost range of in-patient psychiatric hospitalization at Saint Joseph Mercy Hospital System.
3. Foreclosure information taken from:
  - William C. Apgar, Mark Duda, and Rochelle Nawrocki Gorey, "The Municipal Cost of Foreclosures: A Chicago Case Study," February 27, 2005, p. 2.
  - William C. Apgar and Mark Duda, "Collateral Damage: The Municipal Impact of Today's Mortgage Foreclosure Boom," May 11, 2005, p. 4.
4. John Holahan and Bowen Garrett, *Rising Unemployment, Medicaid, and the Uninsured*, prepared for the Kaiser Commission on Medicaid and the Uninsured, January 2009.
5. Commander, Washtenaw County Jail, 2009 & Washtenaw County Juvenile Detention Director Lisa Greco, 2009.
6. According to Columbia University's prestigious Teachers College report, *boosting high school graduation rates would save \$127,000 per new graduate through extra tax revenues, reduced costs of public health, crime and justice, and decreased welfare payments.* (Columbia University Study, 2007)
7. The economics Regional Input-Output Model (RIMS II) uses a representation of a region's economy to predict the effect of changes in one industry on others and the effects of changes by consumers, government, and suppliers on the economy. Used to calculate the economic effects of the non-profit sector, the RIMS II model illustrates that in addition to direct employment and income; non-profit organizations generate other economic activity known as *indirect effects and induced effects*.

# Questions

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