

The Economic Argument for Investing in People

Notes from Dan McConnon's Presentation (page 1 of 2)

Dan McConnon is the Assistant Director for Community Services and Housing for the WA State Department of Commerce.

How Human Services Make Business Sense:

- Healthy communities attract employers.
- Social services provide employment services along a continuum that includes helping people prepare for work, find jobs, and train for better jobs.
- Our state's commerce growth is due in part to quality of life, which is greatly enhanced by human services.

The Department of Commerce

The Dept. of Commerce looked at effective models across the U.S. and met throughout WA state with human services, businesses, and community organizations to understand what the most important factors for creating vibrant and effective communities were. To ensure our communities are attractive places to live, work, and attract businesses, the best focus was determined to be a partnership between social services and economic development strategies. Some efforts include consolidating services to streamline and break down "silos".

Social services mean economic development. There is a continuum—basic needs and emergency services must be there; barriers must be removed; resources given. Earning power leads to self sufficiency.

Data on Washington State

- The highest ratio of mortgage debt to home value (8th worst)
- In the top ten for least affordable rental housing (10th)
- 5th best in two year college degree attainment
- Leads the nation in minority owned businesses (5th)
- Seattle-Tacoma-Bellevue is #1 economy in America (2010 Policom rating)

Unemployment rate 1st Quarter 2010

- WA state 10.2--10.4—10.0 (Jan—Feb—Mar)
- King County 8.8--8.7--8.2
- Snohomish 10.5--10.4--9.8

How will Commerce Grow and Improve the Job Market? Our Priorities:

- Competitiveness
- Education and workforce training
- Efficient regulation
- Infrastructure investment
- Rural focus
- Sector focus
- Small business (a particularly strong focus area moving forward)

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Community Capacity Metrics

GOAL: Mobilize and enhance local assets that strengthen community ability to meet the economic and social needs of Washington's families, workers and employers

The state looks at graduation rates, affordable housing data, number of households in poverty, number of violent crimes, state unemployment rates.

Role of Commerce in Communities

- Causes and effects of crime and violence
- Develop and preserve affordable housing
- Promote self sufficiency
- Reduce homelessness
- Invest in community assets

Invest in working poor—creating minimum wage jobs is not adequate.

Federal and state money passed through to human services from Commerce Department.

Commerce programs

- Federal recovery act money went into programs at Commerce, such as weatherization of homes. Money will end in Sept. 2010; some will continue until 9/2011.
- Community capital
Jobs act of 2010, building communities fund—weatherizing schools
- Housing
Housing trust fund, weatherization, homeless housing, tenant based rental assistance.
- Crime Victims and Public Safety
Office of Crime Victims Advocacy, Justice Assistance Grants, Community Mobilization
- Employment and self-sufficiency
WorkFirst, CSBG, Asset Building
- In this year's legislative session, the state continued to support human services even though the budget was tight. It is assumed that this will continue—especially to those organizations that can prove outcomes. Need for human services doesn't begin to go down until economy has been better for some time.

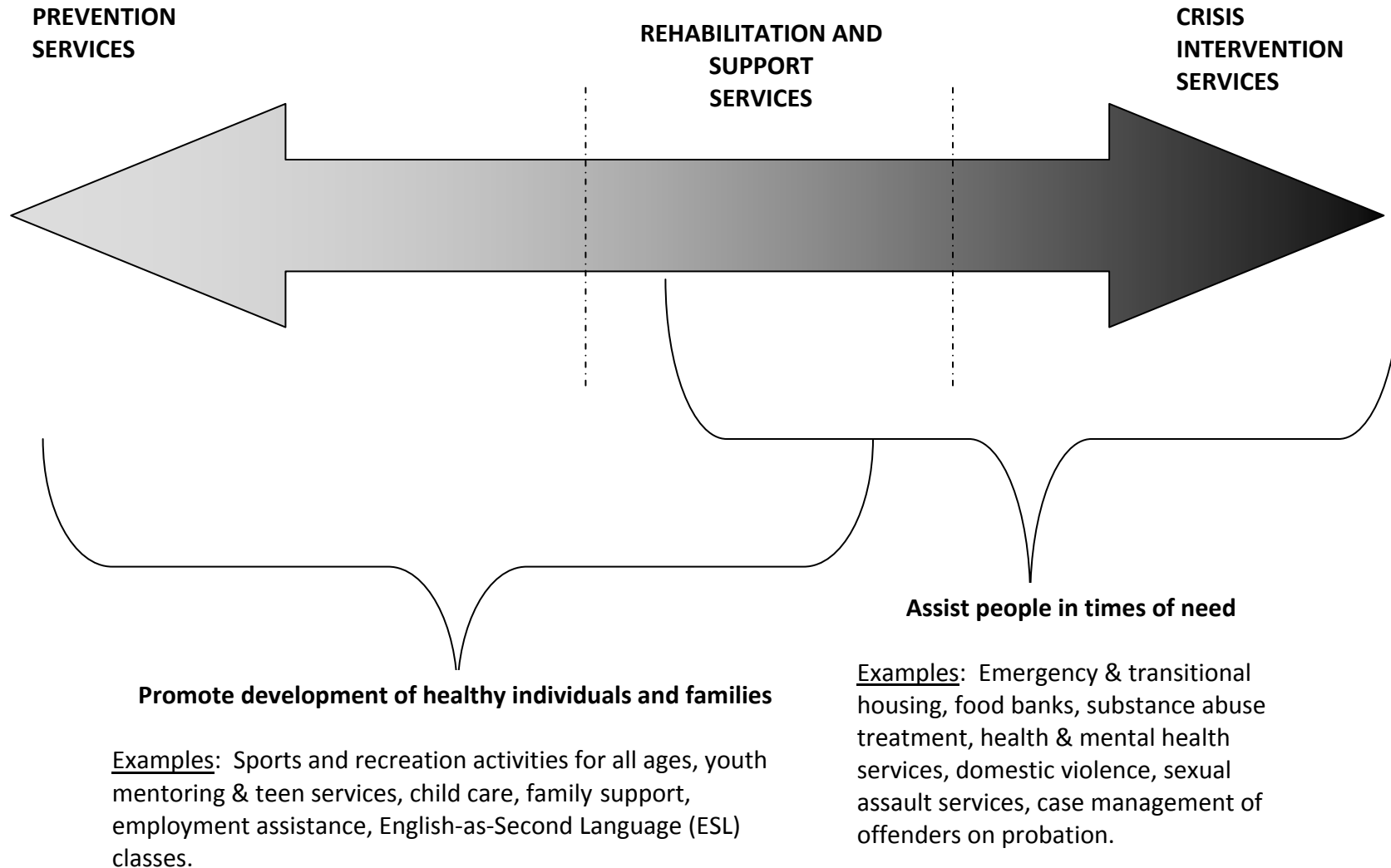
What's Next for Department of Commerce:

- Improve our service: Streamline our systems so you spend less time on applications and other requirements.
- Support improvements: Assist local providers to improve business practices.
- Build Capacity: Seek and offer tools beyond our program portfolio.

In closing, Mr. McConnon emphasized the importance of to quantify the return on investment for social services. Since many organizations don't have the capacity to do this kind of analysis, we should seek partners to support this work.

The Continuum of Human Services

Human Services ensure Eastside residents receive basic needs during times of economic and personal crisis to become successful in their lives. This response is a broad continuum of services from prevention to crisis intervention.



Investing in Health & Human Services is Cost Effective

The cost of doing business grows exponentially if human service needs go unattended.

- The Center for Disease Control and Prevention estimates that the annual cost of lost productivity due to domestic violence equals \$727.8 million with more than 7.9 paid workdays lost each year.
- A recent study estimated “that the costs to the US associated with childhood poverty total about \$500 billion per year, or the equivalent of nearly 4% of GDP.”
- Hunger costs our society roughly *\$130 billion a year*. It is believed we could fix this problem for a little more than *\$30 billion annually*.

Eastside Non-profits Are Big Business

Human services agencies are held to very high standards:

- Organizational capacity – history, well trained staff. contract compliance
- Structural integrity – Boards, bylaws, fiscal management
- Rigorous record keeping – client files, data collection, financial audits
- Attention to outcome measures

Non-profits leverage funding dollars:

- Volunteers – Youth Eastside Services (YES) had an estimated 200,000 in volunteer time donated in 2009. In that same year Eastside Domestic Violence Program (EDVP) had approximately 400 volunteers who donated 15,000 hours of their time.
- In-kind donations – In 2009 Hopelink had almost 4 million dollars donated in in-kind contributions. EDVP had over \$600,000 in in-kind contributions.

Non-profits are your business neighbors:

- 34% of nonprofit revenue goes to nonprofits who are NOT hospitals or universities and nationally only 12% of nonprofit revenues originated with state and local governments.
- There are twice as many employees in the nonprofit sector than in the construction industry.
- Non-profits are productive businesses in our local community- EDVP has a \$2.8 million budget and employs approximately 45 staff – Hopelink is a \$55 million business and employs approximately 250 staff. YES is a \$3.2 million business and employs 73 people.

As a Leader and Decision-Maker in East King County, What Can You Do?

- Acknowledge that **needs are changing**. We're not the same Eastside. Know your community's real needs and work to **align funding decisions** with need as closely as possible.
- Acknowledge that the **need is increasing**. Don't expect agencies to continue to provide more service with the same or less money.
- At a minimum, **fight to preserve what we have and need now**. Preserve or increase the current level of funding to prevent further erosion of our funding base.
- Join us as we work with our regional partners to craft **long-term funding solutions**.
- Be an advocate with your peers to **encourage continued investment** in the Eastside.
- **Fund across the continuum** of human services needs
- Despite the tough economy, don't give in to the tendency to sacrifice prevention programs in favor of crisis intervention. The short-term fix is not worth the higher long-term cost. **Prevention does pay**.
- Help agencies by providing **more discretionary funding** that acknowledges the dilemmas they face.
- Acknowledge the real, increasing costs of doing business, and be willing to **help underwrite those costs**.
- Recognize that the people using human services are **just like you**. Any of us could need these services at any time.
- Be prepared to tell our story. Go into the budget process armed to **dispel the myths** about human services on the Eastside.

To Help You Stay Informed

Websites:

- Eastside Human Services Forum
eastsideforum.org
- Alliance of Eastside Agencies
allianceofeastsideagencies.org
- Bellevue Human Services Needs Update
bellevuewa.gov/humanservices_needs_update.htm
- Communities Count (Social and Health Indicators Across King County)
communitiescount.org
- Census data
census.gov/main/www/access.html