## STAFF REPORT

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| **Agenda Item:** | 5 | **Name:** | Mary BourguignonScarlett Aldebot-Green |
| **Proposed No**.: | 2016-0157 | **Date:** | April 13, 2016 |

**SUBJECT**

Proposed Ordinance 2016-0157 would approve an appropriation of $3,166,667 from the Best Starts for Kids levy to fund 2016 implementation of the Youth and Family Homeless Prevention Initiative.[[1]](#footnote-1)

**SUMMARY**

The Best Starts for Kids (BSK) levy approved by King County voters in November 2015 includes $19 million for a Youth and Family Homeless Prevention (YFHP) Initiative that is intended to "prevent and divert children and youth and their families from becoming homeless." The legislation that placed the BSK levy on the ballot required that the Executive transmit an implementation plan for this initiative by March 1, 2016.[[2]](#footnote-2) Proposed Ordinance 2016-0156, which has been dually referred to the Regional Policy Committee and the Health, Housing and Human Services Committee, would approve the proposed implementation plan for the YFHP Initiative. Proposed Ordinance 2016-0157 would begin implementation of the initiative by approving an initial appropriation of $3,166,167 to fund the YFHP initiative in 2016.

According to the implementation plan, the YFHP Initiative would be modelled on the Washington State Domestic Violence Housing First (DVHF) Program, which combined case management with flexible funding for clients.[[3]](#footnote-3) To implement that model, Proposed Ordinance 2016-0157 seeks authority for:

* $202,899 for King County, to fund training, capacity-building and infrastructure support for provider agencies, as well as wages and benefits for one new FTE at the Department of Community and Human Services to manage contracts;
* $75,275 for County central rates; and
* $2,888,493 to be allocated to provider agencies through a competitive Request for Proposals (RFP) process to fund case managers, flexible funding, and agency implementation expenses.

**BACKGROUND**

The Best Starts for Kids (BSK) levy that was approved by King County voters in November 2015 includes $19 million for a Youth and Family Homeless Prevention (YFHP) Initiative that is intended to "prevent and divert children and youth and their families from becoming homeless."[[4]](#footnote-4) Proposed Ordinance 2016-0156, which has been dually referred to the Regional Policy Committee and the Health, Housing and Human Services Committee, would approve the required implementation plan for the YFHP Initiative and also establish a requirement for an annual report on initiative outcomes.

To begin implementation of the Initiative, Proposed Ordinance 2016-0157, which has been referred to the Budget and Fiscal Management Committee, would approve appropriation authority of $3,166,167 for 2016.

**Implementation Plan.** Although the implementation plan for the YFHP Initiative is being reviewed separately, it would provide guidance for the use of the funds that are proposed for appropriation through Proposed Ordinance 2016-0157. As a result, this staff report provides a brief overview of the proposed implementation plan. More detailed information can be found in the staff reports that have been developed for Proposed Ordinance 2016-0156.

The implementation plan includes the following elements:

* **Prevention focus.** The YFHP Initiative proposes to focus on preventing youth and families who are imminently at risk of homelessness from becoming literally homeless. This focus on prevention was proposed because of the fact that approximately half of all people who become homeless in King County (including 46 percent of homeless families and 64 percent of homeless youth who sought services in King County during 2015) have become homeless for the first time.[[5]](#footnote-5)

Despite the number of people becoming homeless for the first time, the region has a relative lack of available resources to help people at risk avoid becoming homeless. In 2014, for example, out of more than $158 million in federal, state, local, and philanthropic funds devoted to homeless services and housing resources around the region, only $5.52 million (approximately 3.5 percent) was spent on prevention and diversion.[[6]](#footnote-6) The goal for the YFHP Initiative is that, with this focus on prevention, the number of people who are newly homeless in King County will decline over time.

* **YFHP Initiative modeled on Domestic Violence Housing First Program.** The YFHP Initiative is proposed to be modeled on the Washington State Domestic Violence Housing First (DVHF) Program, a homeless prevention program that was funded by the Bill & Melinda Gates Foundation and coordinated by the Washington Coalition Against Domestic Violence.[[7]](#footnote-7)

DVHF allocated $2.95 million[[8]](#footnote-8) between 2009 and 2014 to approximately 900 domestic violence survivors and their children through 13 domestic violence programs around the state, with the goal that lack of housing should not be a reason to stay in a violent relationship.[[9]](#footnote-9),[[10]](#footnote-10) Evaluation of the DVHF program found that nearly 90 percent of participants had been able to obtain or maintain permanent housing as of the program’s conclusion.[[11]](#footnote-11),[[12]](#footnote-12)

The YFHP Initiative proposes to model DVHF by incorporating a combination of client-centered case management and flexible funds to meet clients’ immediate needs (such as child care, car repairs, or rental assistance). The YFHP initiative would be targeted to address the root causes of homelessness, such as domestic violence, youth who identify as LGBTQ, juvenile justice system involvement, school suspension, or involvement with the foster care system. It would also focus on communities disproportionately likely to be at risk for homelessness, including people of color and LGBTQ youth.

* **Outcomes measurement.** The YFHP Initiative aims to prevent youth and families from becoming homeless. To determine whether that has occurred, the implementation plan proposes to employ three measures of success: the absence of clients served by this initiative from future need for homeless services, as documented by the Homeless Management Information System (HMIS);[[13]](#footnote-13) an overall reduction in newly homeless youth and families; and other, to-be-determined measures of client success, such as safety and well-being, success in school, or lack of involvement with the criminal justice system.
* **Disproportionality.** Records on people seeking homeless services show that people of color and LGBTQ youth are disproportionately likely to be at risk of homelessness.[[14]](#footnote-14) To address disproportionality, the implementation plan proposes to focus on client needs by meeting them within their communities, to reach out to communities throughout the county, to provide training on the DVHF model, and to foster partnerships among small and large provider agencies.

**Appropriation request.** Proposed Ordinance 2016-0157 proposes that $3,166,167 million be appropriated to the Best Starts for Kids fund and then, from there to the Housing Opportunity Fund, to be used to begin implementation of the YFHP Initiative during 2016.

**Best Starts for Kids Appropriation $3,166,667**

***2015/2016 Adopted Budget: N/A (levy was approved in November 2015)***

***Supplemental Appropriations: $5,452,000***

***Cumulative Appropriation to Date: $5,452,000***

***Total Appropriation including PO 2016-0157: $8,618,667***

**Housing Opportunity Fund Appropriation $3,166,667**

***2015/2016 Adopted Budget: $63,997,000***

***Supplemental Appropriations: $0***

***Cumulative Appropriation to Date: $63,997,000***

***Total Appropriation including PO 2016-0157: $67,163,667***

The fiscal note that accompanied the proposed ordinance proposes the following distribution of funds:

**Table 1. Proposed Distribution of Funds**

**Proposed Ordinance 2016-0157**

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| --- | --- | --- |
| **Proposed Use** | **Proposed Amount** | **Notes\*** |
| King County wages and benefits and agency support | $202,899 | * Ongoing training, capacity-building, and infrastructure support[[15]](#footnote-15) for provider agencies that receive funding through the YFHP Initiative
* Facilitation of provider learning groups
* One new FTE at DCHS to manage new service contracts
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| King County central rates | $75,275 | * Central rates associated with the additional one FTE at DCHS
* Central rates associated with the competitive Request for Proposals (RFP) process
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| --- | --- | --- |
| **Proposed Use** | **Proposed Amount** | **Notes\*** |
| Contracts with provider agencies | $2,888,493 | Funds to be allocated to provider agencies through a competitive RFP process to fund:* Case management services and staff
* Flexible funds for clients
* Provider expenses for administration, technology (use of HMIS), training, reporting
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\*Based on information provided by Executive staff, March 2016

**ANALYSIS**

Proposed Ordinance 2016-0157, the appropriation authority for 2016 implementation of the BSK YFHP Initiative, cannot be approved until Proposed Ordinance 2016-0156, the implementation plan for the BSK YFHP Initiative, is approved.

Deliberations on the implementation plan have begun, with briefings in the Regional Policy Committee on March 9, 2016 and in the Health, Housing and Human Services Committee on March 15, 2016. The Regional Policy Committee has agreed to complete its review by April 13, 2016, at which point, the Health, Housing and Human Services Committee, and then the full Council will deliberate on the proposed implementation plan.

The implementation plan that is ultimately adopted will affect the proposed appropriation. While those deliberations are underway, this staff report identifies several issues related to the appropriation:

**Prohibition on Supplantation.** As Councilmembers discussed at the time the BSK Levy was approved to be placed on the ballot,

“Under state law[[16]](#footnote-16), a levy lid lift proposition, such as Best Starts for Kids, may only be used for the specific limited purpose of the levy, as identified in the ballot title. In addition, state law allows for levy funds to be used to provide for existing programs and services, provided the levy funds are used to supplement, but not supplant existing funds. Existing funding is determined based on actual spending in the year in which the levy is placed on the ballot; in the case of the Best Starts for Kids Levy, existing funding would be determined using actual expenditures in 2015. **Existing funding excludes lost federal funds, lost or expired state grants or loans, extraordinary events not likely to reoccur, changes in contract provisions beyond the control of the taxing district receiving the services, and major nonrecurring capital expenditures.**

For the Best Starts for Kids Levy, this prohibition on supplantation means that levy funds may be used for entirely new programs and services—in any amount over the life of the levy—and to fund existing programs and services, but only in an amount additional to the amounts the County spent on those programs or services in 2015, unless one of the exceptions noted earlier applies.”[[17]](#footnote-17)

Staff is in the process of preparing a baseline analysis of 2015 spending on homeless prevention and diversion services to ensure that supplantation is avoided in 2016 and following years for the YFHP Initiative. Executive staff has noted that an initial review indicates that the County did not fund any prevention and diversion programs during 2015 that were similar to the proposed YFHP Initiative (that is, programs similar to the DVHF program that is proposed to serve as a model for the YFHP Initiative) meaning that supplantation would not be a concern for the initiative. Further analysis is underway and will be reported to the committee when it is complete.

**Timing and amount of allocation.** The proposed ordinance would allocate $3,166,167 million for the remainder of 2016, with funding for 2017 and 2018 to be sought through the biennial budget process. Executive staff indicate that the Children and Youth Advisory Board recommended an overall allocation strategy that would spend more money in the early years and, as a result, exhaust the $19 million YFHP fund before the end of the BSK levy. Executive staff note that this approach was recommended because of the magnitude of the homelessness crisis and the desire to determine as quickly as possible if a prevention-oriented approach would be successful in reducing the numbers of youth and families becoming homeless for the first time.

Executive staff have noted that the intent would be to continue to fund prevention strategies even after the YFHP funds are exhausted, and have expressed the hope that prevention strategies could be funded through a hoped-for reduction in the need for homeless services (assuming fewer youth and families become homeless for the first time). Councilmembers may want to consider this proposed allocation strategy and provide guidance not only on 2016, which is covered in the proposed ordinance, but also on the expectation for 2017 and beyond.

**Proposed allocation of funds.** Of the $2.9 million proposed to be allocated to provider agencies, Executive staff has indicated the intent to provide funding to approximately 25 agencies, with each one receiving approximately $100,000 for the remainder of 2016. Executive staff note that, based on the number of agencies selected by funding, there may be some funds held in reserve to be made available to agencies if there is a need for additional flexible funding for clients. Executive staff note that this proposed allocation strategy is based on the average amount received by agencies in the DVHF model, as well as the desire to spread funds to a wide variety of agencies.

**Proposed distribution of funds within provider agencies.** For the provider agencies that participated in the DVHF program (as noted above, the proposed model for the YFHP Initiative), providers were instructed to split their funds 50/50, with half of the funding going to case managers and administrative costs and the other half going to flexible funds for clients. Most of the provider agencies in that program were awarded $250,000 to cover three years, and dedicated $125,000 to hire one case manager and fund administrative overhead for three years, and $125,000 for flexible funds for clients for three years.

Typical County homeless services contracts funded in the past have used a 10/70/20 fund split, with agency administrative costs limited to 10 percent, direct program costs (such as case managers) at 70 percent, and participant costs (such as flexible funds) at 20 percent.

For the YFHP Initiative, Executive staff propose to take a more flexible approach: instead of requiring either a 50/50 or 10/70/20 approach, they recommend allowing each agency to recommend a funding allocation strategy. They have made this proposal in recognition of the fact that agencies serving culturally-specific communities may be smaller and may have limited infrastructure and thus may need more administrative and technical support to succeed. They note that the procurement process would be designed to favor partnerships between large and small agencies, as well as to prioritize agencies that can leverage other resources and programs for YFHP clients.

**Anticipated number of people to be served.** Preliminary information from Executive staff indicates that they anticipate that up to 750 clients could be served by the YFHP Initiative each year, with 75 percent of these clients being able to avoid homelessness.[[18]](#footnote-18) For 2016, that amount would be prorated, based on when contracts take effect. Executive staff note that because the YFHP Initiative would be a new approach, some adjustments may need to be made to ensure that programmatic outcomes are met.

By way of comparison, the DVHF program allocated $2.95 million to 13 agencies over the course of five years and served 900 households. It should be noted that the DVHF program served a specific cohort, survivors of domestic violence, who might have different needs from those of the at-risk youth and families the YFHP Initiative would serve (although because domestic violence is a leading cause of homelessness for families, the families served by the YFHP Initiative may be similar to those served by the DVHF program).

**AMENDMENTS**

In addition to any substantive amendments that may be drafted by Councilmembers on this issue, the proposed ordinance will need a technical amendment and a title amendment to ensure the budget totals to round to the nearest thousand, consistent with the County’s financial policies.[[19]](#footnote-19)

**NEXT STEPS**

As noted above, no action on Proposed Ordinance 2016-0157 is expected today.

**ATTACHMENTS**

1. Proposed Ordinance 2016-0157
2. Fiscal Note
3. Fund 1480 Supplemental Appropriation
4. Transmittal Letter

**INVITED**

1. Adrienne Quinn, Director, Department of Community and Human Services
1. The $3,166,667 would be double-budgeted with an appropriation in the Best Starts for Kids appropriation and the Housing Opportunity Fund appropriation. [↑](#footnote-ref-1)
2. Ordinance 18088 [↑](#footnote-ref-2)
3. http://wscadv.org/projects/domestic-violence-housing-first/ [↑](#footnote-ref-3)
4. Ordinance 18088 [↑](#footnote-ref-4)
5. Homeless Management Information System (HMIS), detailed data for 2015, page 3 of YFHP Implementation Plan [↑](#footnote-ref-5)
6. All Home (formerly Committee to End Homelessness in King County) Strategic Plan, 2015-2019, p. 28, http://allhomekc.org/the-plan/ [↑](#footnote-ref-6)
7. http://wscadv.org/projects/domestic-violence-housing-first/ [↑](#footnote-ref-7)
8. Program Expansion: Preventing Homelessness for Survivors of Domestic Violence, Bill & Melinda Gates Foundation doubles efforts by adding nine new service providers to Domestic Violence Housing First, September 13, 2012, Washington State Coalition Against Domestic Violence, Accessed May 15, 2015: http://wscadv2.org/docs/dvhf2011pressrelease.pdf [↑](#footnote-ref-8)
9. Mbilinyi, Lyungai, Ph.D., and Alison Kreiter, MSW, Innovative Programs Research Group, School of Social Work, University of Washington, Seattle, The Washington State Domestic Violence Housing First Program Evaluation Summary, Cohort 1 Agencies, July 2011-December 2012, September 2013, (Cohort 1 Evaluation), Accessed May 15, 2015: http://wscadv2.org/docs/dvhfcohort1evaluationsummary.pdf [↑](#footnote-ref-9)
10. Mbilinyi, Lyungai, Ph.D., Innovative Programs Research Group, School of Social Work, University of Washington, Seattle, The Washington State Domestic Violence Housing First Program Cohort 2 Agencies Final Evaluation Report, September 2011-September 2014, February 2015, (Cohort 2 Evaluation), Accessed May 15, 2015: http://wscadv2.org/docs/DVHF-FinalEvaluation.pdf [↑](#footnote-ref-10)
11. Cohort 1 evaluation, page 20 [↑](#footnote-ref-11)
12. Cohort 2 evaluation, page 29 [↑](#footnote-ref-12)
13. A Homeless Management Information System (HMIS) is a locally administered database on people who use homeless services. An HMIS is required to be eligible to receive state and federal homeless services funds. The Seattle-King County region’s HMIS is in the process of transitioning from the Seattle Human Services Department to the King County Department of Community and Human Services. It is governed by All Home, which is the federally designated “continuum of care” for the region. [↑](#footnote-ref-13)
14. Page 4 of Youth and Family Homeless Prevention Initiative Implementation Plan [↑](#footnote-ref-14)
15. Executive staff have noted that if use of the Homeless Management Information System (HMIS) is required as a way to track clients, small provider agencies and those not currently part of the homeless services system may require support to acquire the necessary technology and training to use the HMIS. [↑](#footnote-ref-15)
16. RCW 84.55.050. [↑](#footnote-ref-16)
17. Staff report for Proposed Ordinance 2015-0177 (Ordinance 18088), dated July 8, 2015 [↑](#footnote-ref-17)
18. Staff are working with Executive staff to refine these estimates, though there is a certain level of uncertainty given that the proposed model to be used is a new approach for King County. [↑](#footnote-ref-18)
19. Motion 14110, adopted in 2014. [↑](#footnote-ref-19)