

## **Funding**

The vast majority of public dollars available to support human services in the MAG Region are obtained through various federal grant programs. These federal monies are often dispersed to the states in the form of block grants, which are then distributed among local communities and/or service providers. Alternatively, some block grants are made available directly to municipalities through a federal application process.

This chapter will provide a brief summary of some of the federal programs that are important to the delivery of human services in Maricopa County, as well as an estimate of funds received by Arizona through each program over the last available fiscal year. These figures will be compared to the totals received by other states with similar populations. The purpose of providing this information is to more thoroughly understand the amount of federal funds Arizona receives relative to similarly populated states. As the population of Arizona continues to grow at a rapid pace, particularly in the MAG region where approximately 60% of the state's population resides, it is important for human services professionals, elected officials, and community members to understand the impact of this growth upon the availability of resources (MAG, 2004). It may become necessary to seek additional funding as growth may quickly exceed resources.

### **Comparable States and Cities**

In order to provide a basis for comparison, a few states with similar population totals were chosen for examination. The basis for inclusion here is based solely upon comparable population size. The comparable population states are as follows: Maryland, Missouri, Tennessee, and Wisconsin. The states of Colorado, Oregon and Washington are also examined to provide information regarding other Western states with relatively similar populations. Although

funding data is not typically available on a county or regional basis, where applicable, information on the funding received by the City of Phoenix will be compared to other similarly populated municipalities to demonstrate a comparison at the local level. Comparably populated cities are Philadelphia, San Antonio, and San Diego. Again, comparison cities were chosen solely on the basis of similar population size.

Charts 1 & 2

Poverty

Many of the federal programs outlined below provide funding to states and local communities based upon various allocation formulas that take into account numerous factors in addition to population. Frequently, poverty data is a key component in the formula allocations. Poverty guidelines are established annually by the U.S. Department of Health and Human Services. The following chart provides information on the poverty guidelines for calendar year 2005.

**2005 HHS Poverty Guidelines**

<b>Persons in Family Unit</b>	<b>48 Contiguous States and D.C.</b>	<b>Alaska</b>	<b>Hawaii</b>
1	\$ 9,570	\$11,950	\$11,010
2	12,830	16,030	14,760
3	16,090	20,110	18,510
4	19,350	24,190	22,260
5	22,610	28,270	26,010
6	25,870	32,350	29,760
7	29,130	36,430	33,510
8	32,390	40,510	37,260
For each additional person, add	3,260	4,080	3,750

**SOURCE:** *Federal Register*, Vol. 70, No. 33, February 18, 2005, pp. 8373-8375.

In Arizona, there are 797,726 people living in poverty, according to the American Community Survey conducted by the U.S. Census Bureau in 2004. This is approximately 14.22% of the total population (ACS, 2005). The same survey shows there are 417,011 people living in poverty in Maricopa County, or 12.12% of the total population. In the City of Phoenix, 210,457 people are living in poverty, or 15.91% of the city's total population (ACS, 2005). The attached table shows the poverty levels for the various comparison states and cities.

Charts 2B and 2C

### Federal Sources of Funds for Human Services

Department of Housing and Urban Development (HUD)

Community Development Block Grants (CDBG): This program “provides annual grants on a formula basis to entitled cities, urban counties and states to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons” (HUD, 2005). CDBG monies are allocated based on formulas that take several factors into account including population, poverty levels, housing overcrowding, any lag in growth when compared to other areas and the average age of housing. In these formulas, poverty levels and age of housing are given the most weight.

After a small amount of set-asides for Indian communities, 70 percent of CDBG funds are reserved for metropolitan cities and urban counties. The amount remaining to be allocated to the states for service in rural areas is relatively small by comparison. The State of Arizona received \$13,432,908 in CDBG funds for FY2005 (figures do not include funding distributed directly to municipalities).

### Chart 3

By comparison, the City of Phoenix received \$19,258,051 in CDBG funds for FY05. The average amount across the comparison cities was \$28,186,754, with the City of Philadelphia receiving significantly more than the other comparison cities. Thus, the City of Phoenix was \$8,928,703 below the average total municipal distribution.

### Chart 4

Continuum of Care McKinney-Vento Homeless Assistance Awards: “The McKinney-Vento Homeless Assistance Act programs administered by HUD award funds competitively and require the development of a "Continuum of Care" system in the community where assistance is being sought. The continuum of care system is designed to address the critical problem of homelessness through a coordinated community-based process of identifying needs and building a system to address those needs” (HUD, 2005). McKinney awards are distributed to Continuums of Care, rather than by state or municipality. In Arizona, there are three Continuums: one for the greater metropolitan Phoenix area, a second in the metropolitan Tucson/Pima County area, and another for the balance-of-state or rural areas. Total distributions are provided by state and by comparing the MAG Continuum of Care region to similar areas in Philadelphia, San Antonio, and San Diego.

### Charts 7 & 8

The State of Arizona and the Phoenix metropolitan region received well above the average among the states studied. McKinney-Vento Homeless Assistance Awards are granted on a competitive basis to agencies that apply through a consolidated regional application process that is overseen by the local Continuum of Care Committee on Homelessness. The total amount of funding sought is based upon each agency’s pro-rata renewal amount and in conjunction with Continuum representatives. Regional applications are awarded points based on the strength of

the individual programs and their applications. Funding is then dispersed to the regions according to the pre-determined need in the area and the scored consolidated applications.

#### Department of Health and Human Services (DHHS)

Community Services Block Grant (CSBG): This program “provides States and Federal and State-recognized Indian Tribes with funds to provide a range of services to address the needs of low-income individuals to ameliorate the causes and conditions of poverty” (DHHS, 2005). For FY05, the State of Arizona received \$5,173,970 in CSBG funding, or an average of 90 cents per Arizona resident. The average total distribution among the comparable population states was \$10,319,604. Among all the states, including the three Western states, the average CSBG received per resident was \$1.60. Among the states studied, Arizona received the least amount of CSBG funding on a per person basis. See the following chart.

#### Chart 9

Low Income Home Energy Assistance Program (LIHEAP): LIHEAP assists eligible low-income households in meeting the heating or cooling portion of their residential energy bills. In order to be eligible to receive LIHEAP assistance, a household must be low-income and meet any additional eligibility criteria established by the LIHEAP grantee, such as the state or designated municipality. The relevant statute establishes 150 percent of the poverty level as the maximum income level allowed in determining LIHEAP income eligibility, except where 60 percent of a state's median income is higher. In Arizona, households must earn 150 percent of the federal poverty level or below to qualify. In 2005, 150 percent of the poverty level for a family of four was \$29,025. LIHEAP grantees can set the eligibility income anywhere between 110 percent of the poverty level and the greater of 150 percent of the **poverty level** or 60 percent of **state median income** (DHHS, 2005). Under the law, LIHEAP grantees also have the ability to serve

households with at least one member who also receives assistance under the following federal programs: Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), food stamps, or certain needs-tested veteran's benefits (DHHS, 2005).

Averaging the number of LIHEAP eligible households for FY01-03, the Department of Health & Human Services estimated there was an average of 522,988 LIHEAP eligible households in Arizona each year during this time period. In FY2002, 30,219 households received LIHEAP assistance, or approximately 5.8% of those eligible. This was by far the lowest percentage of income-eligible households receiving assistance among all of the comparison states. The highest percentage was in Missouri, where slightly more than 25% of the income-eligible households received assistance.

#### LIHEAP Chart

Head Start: “Head Start and Early Head Start are comprehensive child development programs that serve children from birth to age 5 [0-4 years], pregnant women, and their families. They are child-focused programs and have the overall goal of increasing the school readiness of young children in low-income families” (DHHS, 2005). According to the Department of Health and Human Services “children from low-income families shall be eligible for participation...if their families' incomes are below the poverty line” (DHHS, 2005). In 1998, the most recent year when Head Start data was tabulated geographically and expansion funds were allocated, there were 21,337 Head Start eligible children in Maricopa County. At that time, 6,360 children were participating in Heart Start programs (City of Phoenix, 2005). The total percentage of eligible children being served was 29.8%. (These figures do not include Early Head Start participation).

As a state, Arizona received slightly more funding for Head Start and Early Head Start programs than was average among the comparable population states. For FY04, Arizona received \$102,022,603 or an average of \$17.76 per Arizona resident based upon 2004 population

estimates. The average among the five comparable population states was a total distribution of \$101,027,501. The average distribution per person among all states studied, including Colorado, Oregon and Washington, was \$16.96.

#### Chart 10

Social Services Block Grant (SSBG): This program “funds States, territories, and insular areas for the provision of social services directed toward achieving economic self-support or self-sufficiency, preventing or remedying neglect, abuse, or the exploitation of children and adults, preventing or reducing inappropriate institutionalization, and securing referral for institutional care, where appropriate” (DHHS, 2005). The amount allocated to the states in SSBG dollars was relatively consistent across all the states studied. However, the State of Arizona was roughly 10 cents lower per Arizona resident than the average of all states combined. See the attached chart.

#### Chart 11

#### Other Programs

Workforce Investment Act (WIA): This program “provides the framework for a unique national workforce preparation and employment system designed to meet both the needs of the nation’s businesses *and* the needs of job seekers and those who want to further their careers” (Department of Labor, 2005). WIA provides funds for programming related to preparing youth for employment, adult education activities, and displaced workers. In all of these areas, the WIA provides Arizona with slightly above the average allocation among all of the studied states.

Older Americans Act: This program “authorized grants to States for community planning and services programs, as well as for research, demonstration and training projects in the field of aging. Later amendments to the Act added grants to Area Agencies on Aging for local needs identification, planning, and funding of services” (DHHS, Administration on Aging, 2005).

Under the Older Americans Act, funds are distributed to the states under Title III, which provides for general state and community programming on aging, and under Title VII, which is reserved for vulnerable elder rights protections (DHHS, Administration on Aging, 2005). Arizona comes in slightly below the average among the studied states under in Title III funds, but just slightly above in Title VII funding.

### Conclusion

In five of the federal grant programs studied, the State of Arizona (and where applicable, the City of Phoenix) received less than was average among the comparable population states; these included the Community Development Block Grant program, Low Income Home Energy Assistance Program, Community Services Block Grant program, Social Services Block Grant program, and the Older Americans Act, Title III. Arizona and the City of Phoenix received more than the average in McKinney-Vento Homeless Assistance Awards, Head Start funds, the Workforce Initiative Act and Older Americans Act, Title VII. However, in these areas Arizona typically does not receive much above the average. For example, under the Head Start program, Arizona receives approximately \$1 million above the average among comparable population states. On the other hand, under the programs where Arizona is below the average, it is normally well below. For example, Arizona receives roughly \$5 million less than the average in CSBG funds, and nearly \$10 million less in CDBG funds. Given the disparity, it is possible that with continued rapid population growth in Arizona, and in Maricopa County particularly, it may soon become necessary to explore ways to increase the total resources available for human services. The alternative may jeopardize providers' ability to deliver the current level of assistance for basic needs. Other regions around the country are currently facing similar problems; therefore, the increase of overall support for human services at a federal level is far preferable to simply reallocating funding from another community.

Frequently, municipalities already supplement federal monies earmarked for human services with money from their general funds. For example, the City of Phoenix Council has allocated nearly \$25 million of general funds for human services in FY2006 (City of Phoenix Budget Detail, 2005). This does not include additional smaller amounts from other areas, such as water, transit, and city improvement funds. If federal assistance grants are eliminated or shrink over time due to growing populations, the amount of local revenue needed in order to maintain current services would likely increase.

While it is possible that there is an opportunity for Arizona lawmakers and human services professionals to collectively request additional human services funding for Arizona from Congress, there is also a possibility that federal monies for human services may be cut across the board for all states and local municipalities in the near future. Given the latter scenario, the need is even stronger in Arizona for providers, government entities, communities, and other stakeholders to work together collaboratively when addressing human services needs. Some organizations are making a conscious effort to achieve creative solutions and to efficiently, but no less effectively, deliver streamlined services in a way that maximizes scarce resources.

## Capacity

### Best Practices

Over time, there has been a relatively slow, but dramatic, shift in the delivery of human services, generally moving away from governments and towards the nonprofit sector. Government has continued to support human services by making funds available to local communities through programs such as those discussed above. However, government distribution of resources towards these programs has not grown substantially over the last several years, ultimately not keeping pace with the rapid population growth in many areas of the country, such as in Arizona. In some program areas, financial support for human services has even been cut. As the need for human services begins to exceed the resources available to support their delivery, it may be helpful to examine some national and local best practices in human services for examples of how governments, nonprofits and communities may work together collaboratively to ensure the most efficient use of scarce resources.

### National Best Practice Models

U.S. Conference of Mayors Innovative City/County Partnerships Award Winner:

#### Connecting People to Jobs

The City of Baltimore has created a network of six One-Stop Career Centers located in active, easily accessible areas of the City as a key part of their workforce development system. The Centers use a customer-oriented approach to connect residents to jobs in the City and surrounding areas. Several municipal departments are co-located within the Centers, allowing special efforts to be made to solve customers' problems with peripheral issues affecting employment, such as transportation and childcare. Staff members are cross-trained and equipped to tailor services to each customer's needs.

In addition to gaining access to information regarding employment opportunities, customers may attend workshops on interviewing, resume writing, appropriate dress, communication and other skills. They can join job clubs in which job seekers share ideas and gain peer support. Tutorials on basic math, basic language skills, and GED preparation programs are accessible via computers. Unemployment insurance claims can be filed at the Centers, and health consultations are available at least one day each week.

Center staff does not wait for customers to find them. The network utilizes a comprehensive outreach program to disseminate information about their resources, requiring that the centers initiate or participate in at least five community activities each month. Center staff members also provide job search and career development workshops at churches and community centers, as well as at partner government agencies. (U.S. Conference of Mayors, 1998).

*More information at:*

[http://www.usmayors.org/USCM/best\\_practices/bp98/06\\_1998\\_Connecting\\_People\\_To\\_Jobs!Baltimore\\_MD.htm](http://www.usmayors.org/USCM/best_practices/bp98/06_1998_Connecting_People_To_Jobs!Baltimore_MD.htm)

### Innovations in American Government Award Winner

#### Santa Fe Affordable Housing Roundtable

In the early 1990's, the average income in the City of Santa Fe was 28 percent below the national average; however, housing costs were 49 percent higher than the average. In response to this crisis situation, in 1992 the City helped create the Santa Fe Affordable Housing Roundtable. Roundtable participants included a "coalition of city and county government officials, nine local nonprofit groups, and the Enterprise Foundation, a national, affordable-housing intermediary" (Government Innovative Network, 1996). They developed an ambitious strategic housing plan to "maintain the economic and ethnic diversity of Santa Fe by ensuring that half of all future housing would be affordable to low- and middle-income households" (Government Innovative Network, 1996).

Since 1992, the Roundtable has combined seventeen separate housing programs, including city-funded mortgage assistance, federally funded rent subsidies, homebuyer training programs, and transitional housing for homeless families. Over three years, and with a municipal investment of just over \$800,000, the Roundtable leveraged \$52 million in housing assistance from the government and the private sector (Harvard University JFK School of Government, Government Innovators Network, 1996).

*More information at:*

<http://www.innovations.harvard.edu/awards.html?id=3737>

## Innovations in American Government Award Winner

### Youth Civic Engagement

One of the goals of the City of Hampton, VA in the late 1980's and early 1990's was to develop a competitive workforce to spur economic development, as well as to "foster a citizenry that would contribute to the community rather than drain its resources" (Harvard University JFK School of Government, Government Innovators Network, 2005). With an eye toward helping young people to thrive and to be prepared to respond to business and industry demands, Youth Civic Engagement (YCE) was established by the City in 1990. A principle of YCE was that "when adults view young people as mere recipients of services, youth are excluded from the community's social contract; this ensures that the youth remain problems to be fixed instead of assets that enhance the community" (Harvard University JFK School of Government, Government Innovators Network, 2005). The City worked to make youth invaluable resources to their neighborhoods, schools, and local government.

YCE identifies three major pathways through which young people can participate actively in local government and the community. First, there are numerous opportunities for

involvement through participation in the delivery of projects and services offered by city departments, schools, and neighborhoods. Second, with increased skills and interest levels, youth can also contribute through input and advisory functions, including membership on all major city commissions and on advisory teams for the superintendent of schools and all secondary school principals. Through these memberships, students help to develop policies that will affect them directly. Third, youth can also serve on their own commission, which in the City of Hampton is tasked with disseminating \$40,000 worth of grant money each year (Harvard University JFK School of Government, Government Innovators Network, 2005).

*More information at:*

<http://www.innovations.harvard.edu/awards.html?id=7499>

### **Local Best Practice Models**

City of Phoenix Earned Income Tax Credit (EITC) Campaign: To increase public awareness and utilization of the Earned Income Tax Credit (EITC) Program, the City of Phoenix mobilized a broad range of groups and organizations committed to improving the lives of low and moderate income residents. This coalition is comprised of over 50 key stakeholders in the public and private sectors that have established ways to reach EITC-eligible families and individuals, and includes area schools, neighborhood groups, churches, social agencies, banking institutions, utility companies, and several branches of government at the local, state, and federal levels. Within the city government, a total of eighteen city departments participated by providing volunteers, tax sites, or public outreach.

In launching a campaign that has the potential of reaching all Phoenix residents in need, the broad-based EITC Coalition encompasses the growing diversity of the population landscape. As such, organizations such as the African-American Christian Clergy Association,

Inter-Tribal Council of Arizona, Chicanos por la Causa, International Rescue Committee, and Arizona Bridge to Independent Living have been instrumental in promoting the EITC Program and developing free tax preparation services for families striving for self-sufficiency.

The City of Phoenix EITC campaign has been recognized as a national best practice numerous times over the past two years. It is one of only a few city governments that has taken a leadership role in coordinating local EITC campaign efforts. In February, 2004, the Arizona Governor's Office announced that statewide efforts would mirror the City of Phoenix EITC Campaign, and publicly expressed appreciation for the city's leadership in this area. In June, 2004, the National League of Cities designated the City of Phoenix EITC Campaign as a "best practice." The U.S. Conference of Mayors recognized the City of Phoenix for implementing a successful diverse coalition, and contributing to the campaign by directing existing resources and thus not incurring additional budget expenses. The Center on Budget and Policy Priorities recognized the City of Phoenix for its successful effort to reach out to special populations, including monolingual Spanish-speakers, Native Americans, refugees, and people with disabilities.

West Valley Human Services Alliance: In March 2005, the West Valley Human Services Stakeholders, the West Valley Domestic Violence Coordinating Council, and the West Valley Council on Community Initiatives merged into one organization to become the West Valley Human Services Alliance. This combined group has mobilized resources and stakeholders in the West Valley to address human services needs. The first priority of the Alliance has been to identify the existing strengths in the community and build upon them to enhance the quality of life for West Valley residents.

The merger represents the collaboration of the mayors and managers of the West Valley cities and towns, the community, the Maricopa Association of Governments, the Valley of the Sun United Way, Arizona State University West, and the Department of Economic Security. All of these groups are striving to reduce duplications of efforts and believe the Alliance will be able to accomplish this by providing a central coordinating forum for all human service activity in the region.

Each of the three previously independent groups participated in Valley of the Sun United Way's (VSUW) West Valley Scan, a survey of needs and resources in the community conducted in 2004. In doing so, they discovered they focused on many similar issues. As a result, the three groups decided to address human services in the West Valley in a more coordinated way under the umbrella of the West Valley Human Services Alliance and are continuing the work begun by the West Valley Scan.

Since that time, the Alliance has grown exponentially and now includes five subcommittees that are focused on the following issues: Communication and Collaboration; Transportation; Education; Community Planning and Development; and Health, Wellness and Safety. These groups were formed in response to the needs expressed by community participants in the 2004 West Valley Scan. Each subcommittee has drafted an action plan they will present to the public, community stakeholders, and potential funders in early 2006. The goal of the Alliance is to create actionable plans through extensive collaboration that will bring additional resources to the West Valley. These plans will be based upon the expressed needs of West Valley residents.

Community Services of Arizona, Inc. Rental Housing Program: Community Services of Arizona (CSA) has been assisting low to moderate-income families throughout Maricopa County since

1970. The agency provides numerous services including emergency home repair and rehabilitation; first-time homebuyer programs; senior centers in Chandler and Gilbert; childcare and youth programs in Chandler and Mesa and Community Action Programs (CAPs) in Gilbert and Chandler. The Rental Housing Program is designed to provide affordable rental housing to persons in the workforce, special needs families, and elderly residents throughout Arizona. CSA owns, either directly through affiliated Limited Liability Companies (LLC's) or through Limited Partnerships (LP's) more than forty residential properties containing more than 3,500 rental units. CSA also has a Community Liaison who is responsible for linking persons and families coming out of transitional housing with discounted permanent rental units available from CSA's affordable housing inventory. This is a unique and necessary service as many people progressing from special needs or transitional housing are still unable to afford market rents. Participating properties are available in all parts of the Valley. Rents are reduced by 20 percent the first year and 10 percent the second year. By the third year, tenants are expected to pay the normal rent rate for that property.