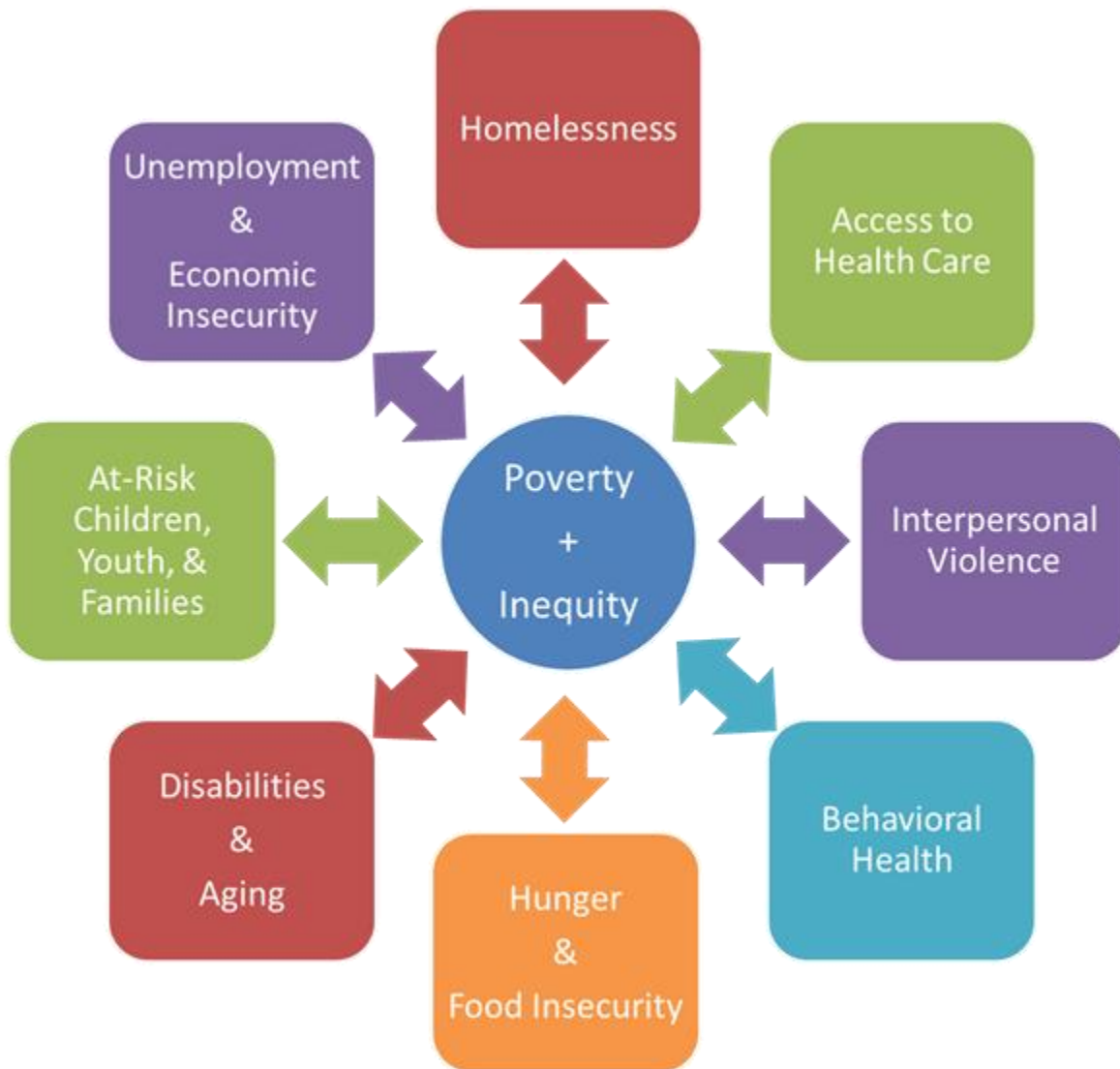


City of Columbia FY2021 Budget: Social Services Funding

For over 50 years, the City of Columbia has recognized that in addition to physical infrastructure and public safety, it must also make an investment in our community's social infrastructure. To this end, the City has both provided and purchased social services to ensure that adequate levels of these services are available to low-income residents of the City.

The social services provided and purchased by the City address some of our community's most challenging issues, many of which are rooted in poverty and inequity.



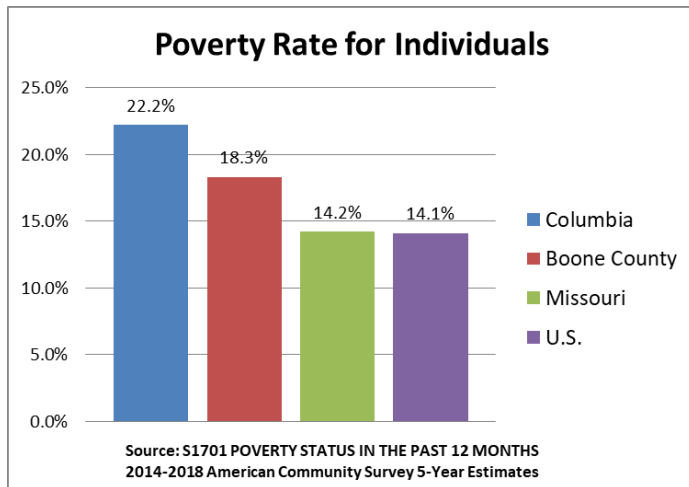
This report, from the Human Services commission, is intended to outline these issues and the critical role the City's social services funding plays in addressing their causes and effects.

For detailed information about the City's social services funding, please visit the [City of Columbia Social Services Funding web page](https://www.como.gov/health/human-services/social-services/social-services-funding-overview) (<https://www.como.gov/health/human-services/social-services/social-services-funding-overview>).

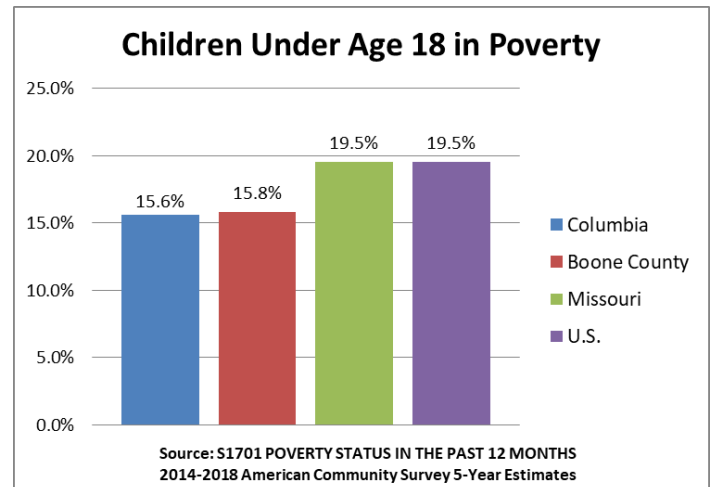
Socio-Economic Conditions

Poverty

The child poverty rate is a critical measure in our community because it mitigates the effect of college students on the individual poverty rate and because it is particularly challenging to escape poverty in Columbia.



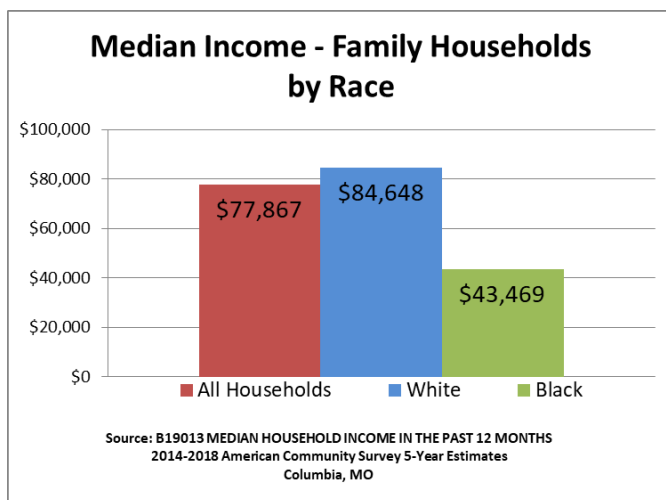
Prior to the pandemic, we continued to see a relatively high individual poverty rate in Columbia.



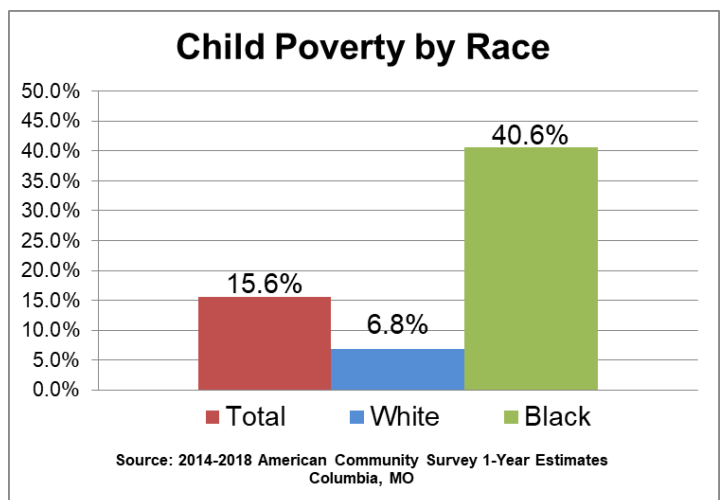
However, poverty rates were falling, and we were positively impacting our child poverty rate, which is lower than state and national rates, and the rates of many of our peer communities.

Disparities

Social, economic, health, and educational disparities continue to be a significant issue in our community. African-Americans in Columbia experience disproportionately high rates of poverty, unemployment, and morbidity & mortality and disproportionately low rates of educational and economic attainment.



Black family household income is only 51% of that of white households.



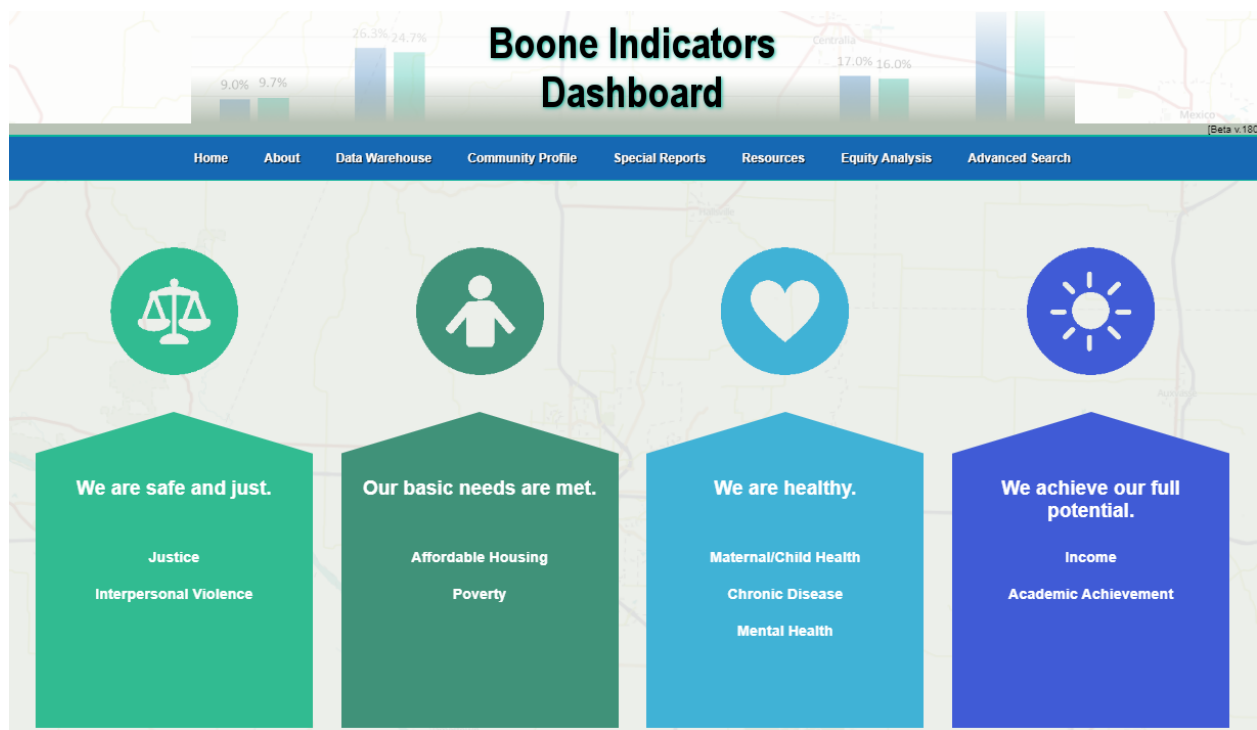
40% of black children in Columbia live in poverty as opposed to only 6% of white children.

These disparities have been laid bare and exacerbated by the pandemic.

While we don't yet know the full socio-economic impact of the pandemic, available indicators point to the significant challenges we face. For example, the unemployment rate in Columbia, which was at historic lows prior to the pandemic, has more than doubled.

Columbia Unemployment Rate	June 2019	June 2020
	2.6%	5.7%

For detailed socio-economic information, please visit our [Boone Indicators Dashboard](http://www.booneindicators.org) (www.booneindicators.org).



The State of Social Services

State and federal resources for social services have been steadily declining since the 1980s. Also, more recently, private donations to community providers and support organizations (e.g. Heart of Missouri United Way) have sharply fallen due several factors, including:

- Rising income inequality
- Changes in the standard federal income tax deduction
- Instability in the Missouri tax credit policy

Due to the economic fallout of the pandemic, we are seeing unprecedented demand for social services. However, as the need for social services rises, federal COVID-19 social relief programs, such as additional unemployment and SNAP (food stamps) benefits, are ending. This is of particular concern because as these programs end, our community has yet to receive federal CARES Act funding for human services and housing, including Emergency Solutions Grant, Community Services Block Grant, LIHEAP, and Community Development Block Grant funding.

At the same time, our nonprofit partners indicate that their expenses are rising while revenues are declining, the primary driver of which is decreasing revenue from fundraising. While this trend began with the change in the standard federal income tax deduction, it has been accelerated at an alarming rate by the pandemic.

For a detailed analysis of the results from the recent survey of local nonprofit, please see the attached *CoMoHelps Nonprofit Partners Survey Report*.

A Strategic Investment

Because the City does not have the capacity to provide all of the social services needed to address the causes and effects of poverty and inequity in our community, the Human Services Commission and the Department of Public Health and Human Services are charged by the Columbia City Council to make annual recommendations for the purchase of social services, through professional services agreements with community-based providers, utilizing the City's social services funding.

In order to target limited resources, the City's social services funding is allocated to address two issue areas reflecting the funding priorities identified by the HSC and approved by the City Council:

- **Basic Needs**
- **Opportunity**

Goal Ensure our basic needs are met and we all have the opportunity to achieve our full potential.

Requests for proposals and the resulting purchase of service contracts are issued in a staggered, two year cycle:

Issue	Funding Cycle	%		Amount	
		Range	Mean	Range	Mean
Basic Needs	2020 - 2021	50 – 75%	62.5%	\$446,778 - \$670,167	\$558,472.50
Opportunity	2021 – 2022	25 – 50%	37.5%	\$223,389 - \$446,778	\$338,083.50

The social services contracted by the City are identified and prioritized through a data driven process, which also incorporates an ongoing assessment of community needs and resources. While the City's investment in social services is not adequate to fully address the causes and effects of poverty and inequality, it does substantially increase the availability of services in Columbia. Examples of services the City purchases include:

- Employment readiness and support from Job Point
- Personal finance education from the Columbia Housing Authority
- Homelessness and shelter services from Phoenix Programs, Salvation Army, Room at the Inn, and Turning Point
- Positive youth development from Big Brothers Big Sisters, Columbia Housing Authority, Fun City, and Grade A Plus
- Domestic violence services from True North
- Senior and disability services from Services for Independent Living, Meals on Wheels, and Columbia Housing Authority
- Nutritious supplemental foods from the Food Bank and the Community Garden Coalition
- Mental health services from Compass Health and Phoenix Programs

Without funding from the City, many of these services would simply be unavailable to our community's most vulnerable residents.

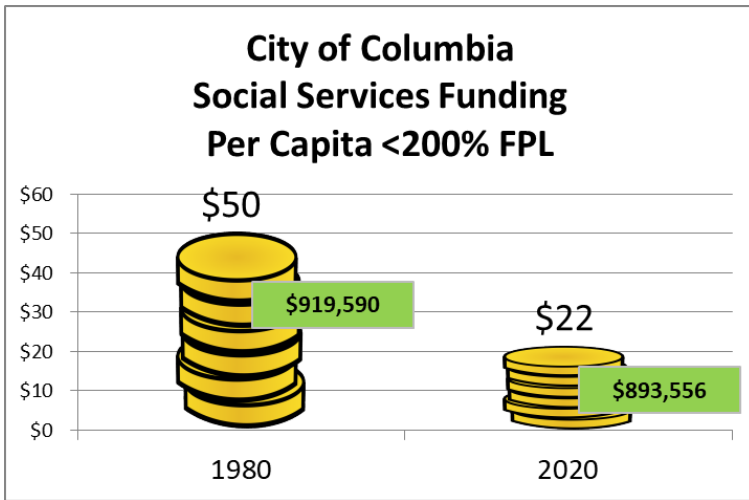
A Return on Investment

\$11:1

The City's investment also allows our contracted partners to leverage additional, external resources which further increase the community's capacity to deliver social services. Based on an analysis of our current social services contracts, we found that for every \$1 the City of Columbia invests in local social services, our contracted providers generate \$11 additional dollars... a \$11/\$1 **return on investment**. In addition, a significant portion of these revenues is obtained from sources outside our community. Our relatively small investment makes Columbia very competitive in obtaining shrinking resources from external funders which are increasingly requiring local matching funds.

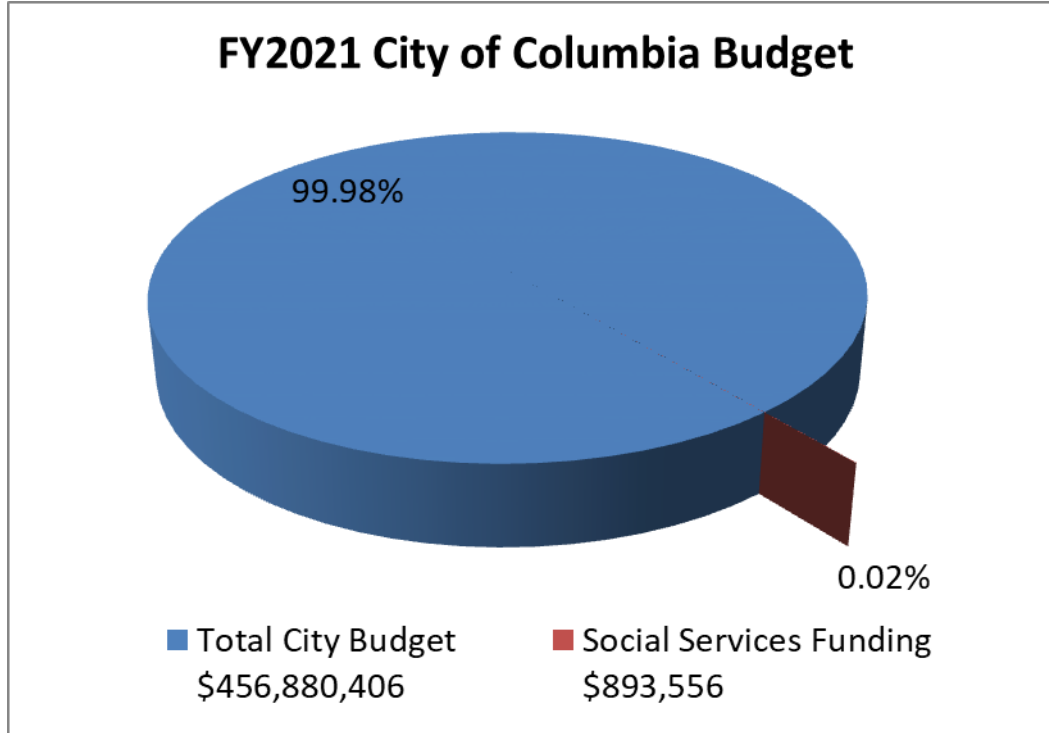
A Declining Investment

Unfortunately, the City’s investment in social services has not kept pace with the growing number of people in poverty in our community. City social services funding was reduced from \$903,743 in FY2009 to \$893,556 in FY2010 (a reduction of 1.1% or \$10,187) and has been held flat since that time.



In 1980, the City’s investment in social services was the equivalent of \$919,590 in today’s dollars, or a rate of \$50 per low income resident, as compared to the City’s current investment of \$893,556, a rate of only \$22 per low income resident.

Social services funding represents .02% of the proposed FY2021 City of Columbia budget.



FY2021 Social Services Request for Proposals

On July 20, 2020, City staff issued a request for proposals (RFP) for social services to address the issue area of opportunity. The RFP seeks children/youth and economic opportunity services. While normally considered in the basic needs issue area, this RFP also seeks overnight emergency shelter services as a strategic opportunity to address concerns about our community’s winter shelter capacity during the pandemic.

Summary

The issues of poverty and inequity have conspired to keep too many of our community members from realizing their true potential. This is why the City's investment in social services, which not only assist people in meeting their basic needs, but also build the skills and assets people need to move up and out of poverty, is so critical. And now, due to the economic fallout from the pandemic, the need for social services has never been greater. At the same time, the pandemic further shifted the burden of providing and funding social services to local communities. Therefore, the City's social services funding is need now more than ever.

So, while the Human Services Commission would have liked to have seen an increase in social services funding in the FY2021 budget, we understand resources are limited. We do applaud the City Manager's recommendation to include funding for mental health staff at the Department of Public Health and Human Services, as the City's current expenditure on mental services totals only \$135,118.

The members of the Human Services Commission would like to thank the City Council for its longstanding support of the City's investment in the social infrastructure of our community. The Human Services Commission looks forward to the opportunity to present the FY2021 social services contract recommendations to the City Council on December 15, 2020.



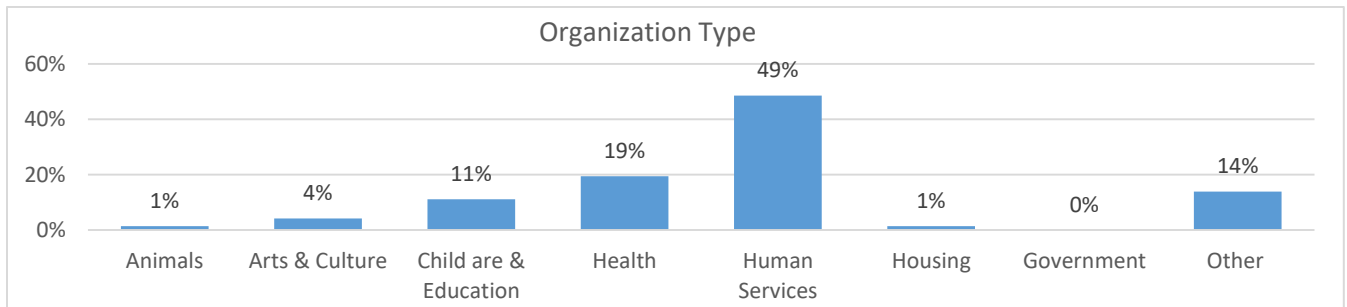
CoMoHelps Nonprofit Partners Survey Report

Impact of COVID-19 Pandemic on Local Nonprofit Sector

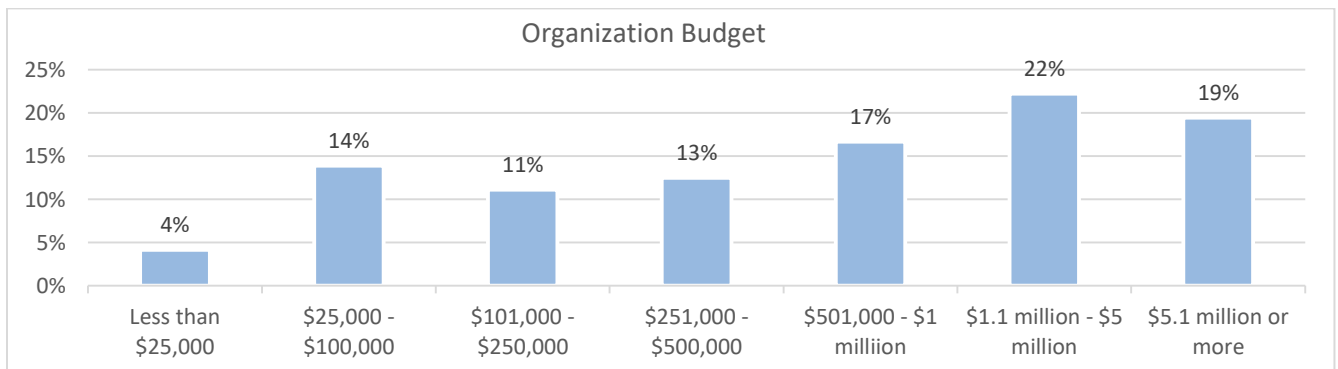
This report looks into the impact of the COVID-19 pandemic on local nonprofit organizations based within Boone County. CoMoHelps is a joint effort of Boone County, City of Columbia, Community Foundation of Central Missouri, Heart of Missouri United Way, and Veteran’s United Foundation. This collaborative works with local nonprofits, community partners, and government agencies to quickly determine and meet the needs of Boone County communities during the COVID-19 pandemic. Recently, CoMoHelps released the CoMoHelps Nonprofit Partner Survey to understand how the pandemic has impacted organizations. These results come from 73 organizations which provided responses between May 15, 2020 to June 15, 2020. Questions assessed impact of the pandemic currently (through June 15, 2020) and asked organizational leaders to forecast anticipated impacts through the end of 2020 (12/31/2020).

Organization Context

Organizations who completed the survey were asked to provide background information about their organization, budget information, and the types of services they provide. Nearly fifty percent (49%) of organizations identified as a human service organization, 19% identify as a health organization, 14% identify as ‘other’ which includes advocacy organizations, and 11% identify as a childcare and education organization (n=72).

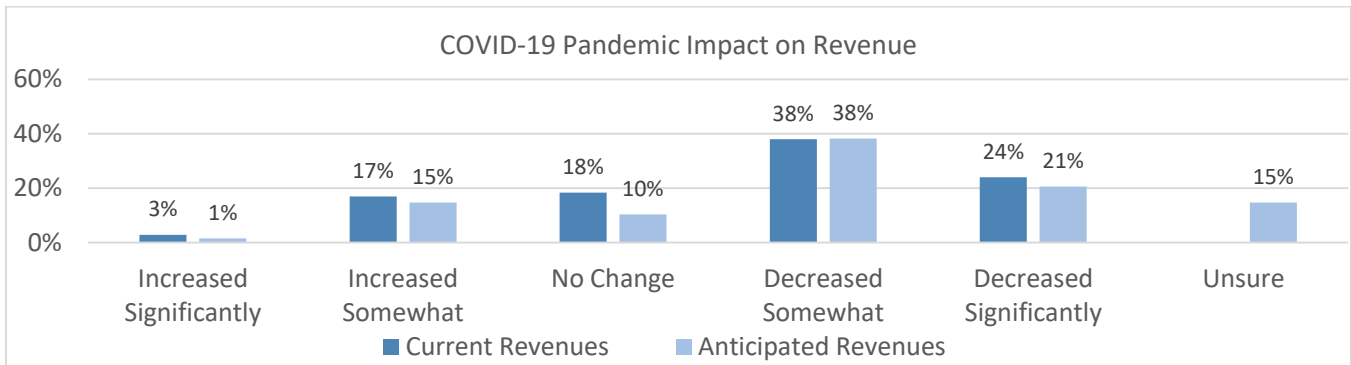


There was diversity in size of program budgets of survey respondents. Of the 72 respondents, 58% of organizations completing the survey had budgets of \$501,000 or \$5.1 million or more; 42% of organization have budgets under \$500,000.



Impact on Overall Revenue

Organizations were asked about the impact of the pandemic on their current revenues and anticipated revenues through the end of the year (12/31/2020). Only 38% of organizations have seen increased revenues or have yet to experience changes in revenues while 52% have reported experiencing somewhat or significantly decreased revenues thus far (n=71). Looking forward throughout 2020, 59% of organizations expect somewhat or significantly decreased revenues; 26% anticipate increased or no changes in their revenue; 15% of organizations are unsure of what the revenue impact will be by the end of the year (n=68).



Organizations were asked to describe the amount of revenue lost or gained to date. Throughout the pandemic, organizations self-reported an increase of \$2,623,195.00, with an average of \$327,899.38 across eight organizations which provided enough information for a calculation.¹ Organization reported increases in revenue due to CARES Act funding, changes in service delivery, and funding from CoMoHelps in response to community needs during the pandemic.

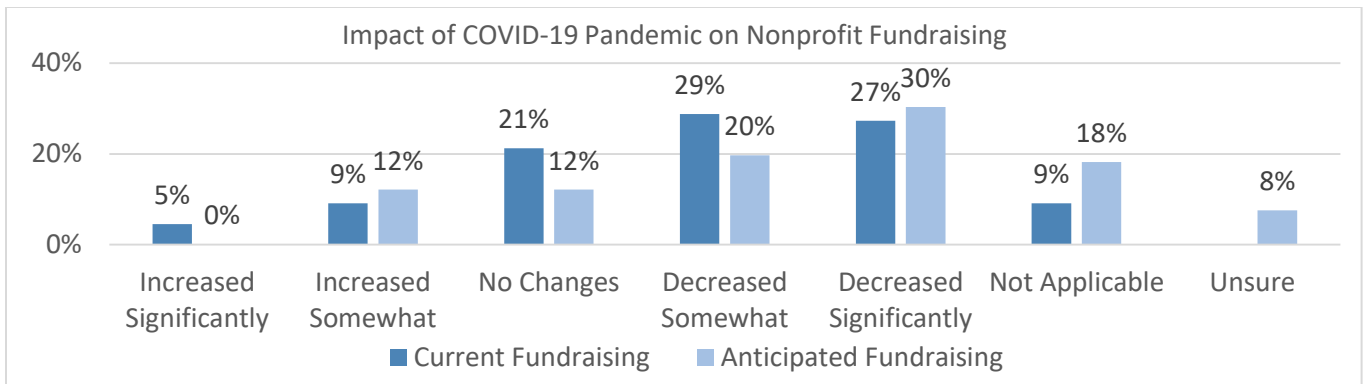
More troublesome for the nonprofit sector is the decreased revenues reported throughout the pandemic. Organizations have reported **\$6,996,246.00 in lost revenue, with an average of \$233,208.20 in decreased revenue from 30 organizations** which provided adequate information for a calculation.² The inability to offer services, cancelled or postponed events, decreased demand for services, and decreased individual or business donations are factors identified leading to decreased revenues.

Impact on Fundraising

Fundraising is a critical activity for nonprofit organizations to support administrative costs and to fill in gaps not covered by other funding streams. Due to the economic impact of the COVID-19 pandemic, nonprofit organizations reported substantial current and anticipated fundraising losses. Over half of organizations (56%) who completed the survey have indicated they are currently experiencing somewhat or significantly decreased in fundraising activities. Only 35% of agencies have seen no change or increased fundraising revenue (n=66). Throughout the end of 2020, 50% of organizations expect decreases in revenue; 24% expect somewhat increased or no change in their fundraising activities; 8% of organizations reported they are unsure how their fundraising strategy will be affected (n=66).

¹ Data was not consistently reported across a similar timeframe for all responding organizations. The largest outlier was an organization receiving \$2 million over the course of two years.

² Data was not consistently reported. Some organizations provided a percentage of their budgets, some offered weekly amounts of lost revenues, and others monthly costs. Calculations were made to cover a three month window based on social distancing orders through the Columbia/Boone County Department of Public Health and Human Services.

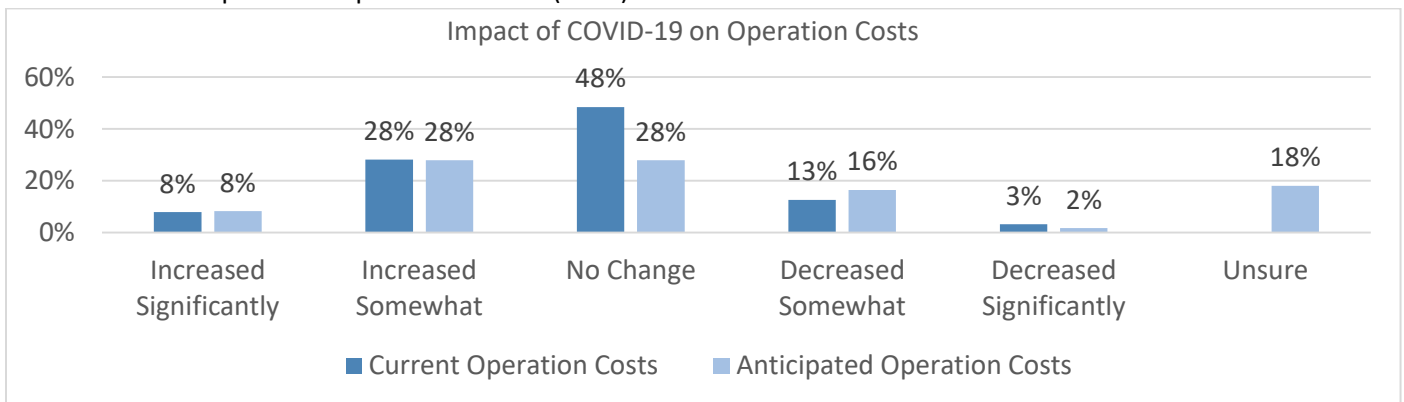


To better understand the gains or losses in fundraising revenues, organizations were asked to provide detailed information about their actual losses currently. Only three organizations responded they had increased fundraising revenue for a total of \$50,500.00 or an average of \$16,833.33. Those organizations which reported increases shared changes in their current fundraising strategies, increased awareness of community issues, and the availability of emergency funding allowed for improved fundraising.

Twenty-six agencies reported losses of \$2,530,524.96 or an average of \$97,327.88 in their fundraising activities. Inability to hold events, cancellation of previously scheduled events, and decreased individual and business donations were cited as the reasons behind current fundraising losses. CoMoHelps has encouraged nonprofit organizations to find innovative online strategies to hold fundraising events, as social distancing requirements will limit large gatherings. This figure is likely underreporting actual fundraising losses as several organizations reported it is too soon to know the whole impact of this pandemic on each organization.

Operational Costs

Nonprofits were asked about changes in operational costs during the COVID-19 pandemic. Increases in operation costs were reported in 36% of organizations; 48% reported no change in costs; and 16% reported decreases in operation costs (n=64). Looking forward throughout 2020, organizations 36% expect an increase in costs; 28% expect no change in costs; 18% expect decreased costs; and 18% of organizations are unsure what to expect with operational costs (n=61).



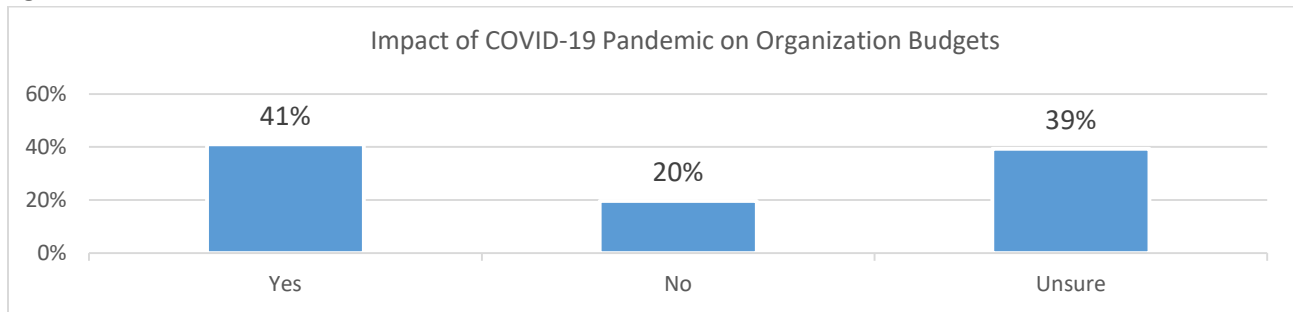
Thirteen organizations have reported an **increase in operational costs of \$2,947,746.20 or an average of \$226,749.71.**³ Increased costs were due to increased staff costs (either hiring more staff or increasing pay to retain staff), costs associated with personal protective equipment or sanitizing supplies, and increased technology costs to maintain service delivery. Three organizations reported a decrease in operational costs

³ Data was not consistently reported across respondents. When applicable, weekly or monthly costs provided were projected over a three month period to account for changes in social distancing guidelines.

of \$110,000.00 or an average of \$36,666.67. Organizations with decreased costs reported decreases in staff costs (laying off employees or reduced hours), decreased costs with utilities, printing, and travel.

Impact on Nonprofit Organization Budgets

Survey respondents were asked if their organization would experience a budgetary shortfall due to the COVID-19 pandemic. Of the 61 organizations which responded, 41% indicated they would, 20% indicated they would not experience a budget shortfall. However, 39% of organizations are unsure of the budgetary impact of the pandemic (n=61). **Organizations reported an average shortfall of \$144,906.58 across 19 agencies.**



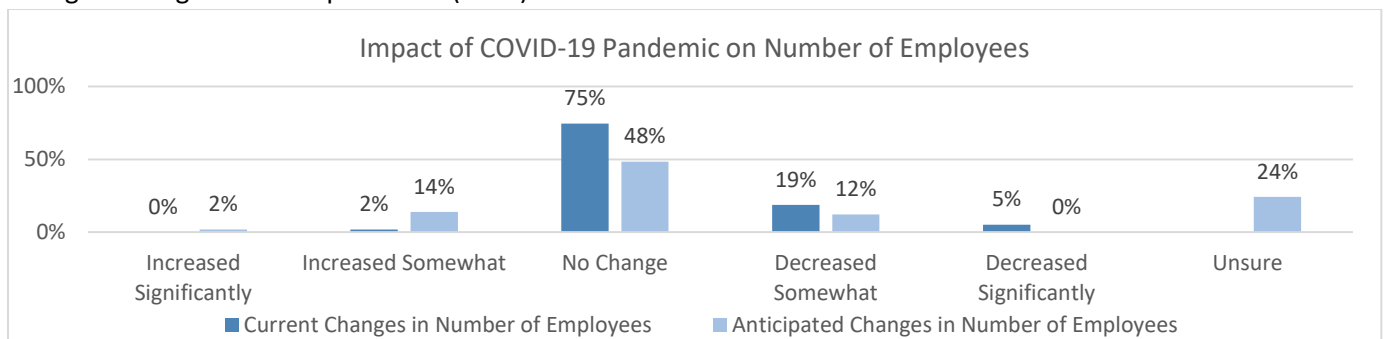
Engagement in Payment Protection Program (PPP)

Organizations were asked if they had participated in the PPP program. Fifty-two percent (52%) of organizations have applied for funds; 47% of organizations have not applied and do not plan to apply (n=58).

Yes, applied for and received funds	Yes, applied and approved for funds, but have not yet received them	Yes, applied for funds, but application is still pending approval	Yes, applied for funds, but application was rejected due to unavailability of PPP funds	Yes, applied for funds, but the application was rejected for other reasons.	No, has not applied, but planning to apply.	No, did not apply and not planning to apply.
50%	0%	2%	0%	2%	0%	47%

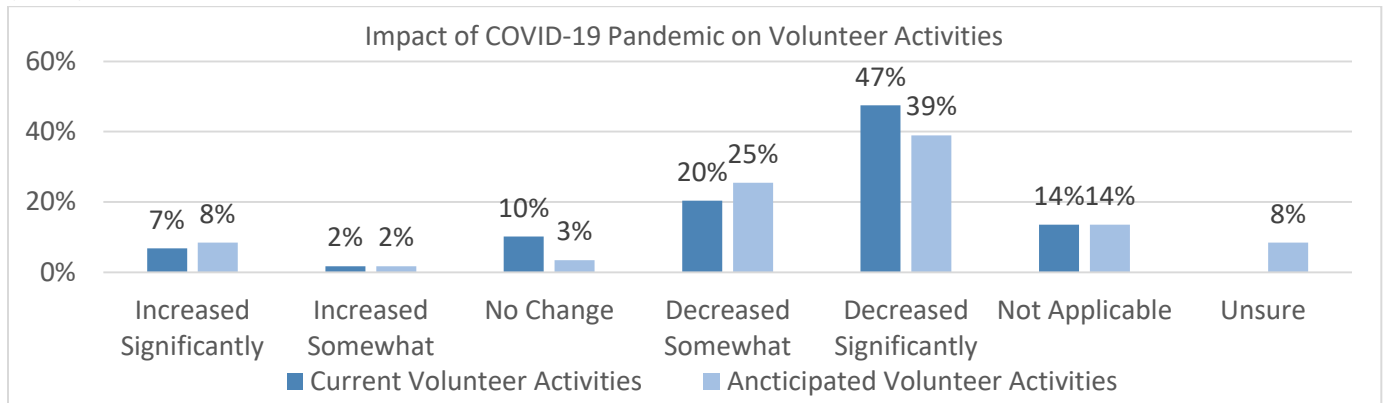
Impact on Employees

Organizations were asked to report on changes in the number of employees. Overwhelmingly, there has been no reported change in the number of employees currently. Two percent (2%) of organizations have increased the number of staff and 24% have decreased their staff. Most organizations (48%) do not expect to have to change their number of employees. Throughout 2020, 16% of organizations expect to increase their number of staff; 12% expect to decrease their number of staff; and 24% are unsure if they will need to change staffing due to the pandemic (n=58).



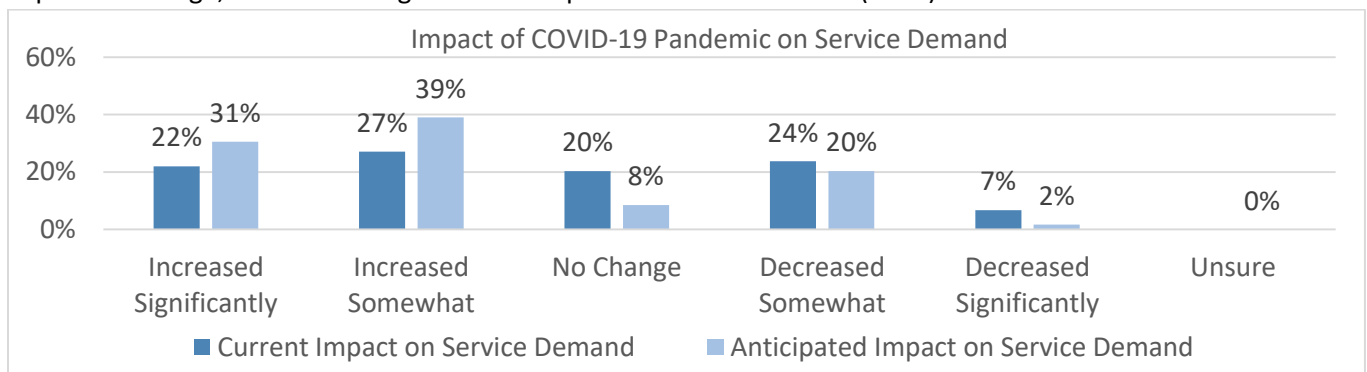
Impact on Volunteers

Nonprofit organizations use volunteers to expand the organizational capacity and to deliver services. Currently, volunteer activities have decreased in 67%. Only 9% of organizations have seen an increase in volunteer activities. Throughout 2020, most organizations expect ongoing decreased volunteer activities (n=59).



Impact on Service Demand

Organizations were asked to describe current or anticipated demand for services from the community. Currently, 48% of organizations have seen an increase in demand for services; 20% have had no discernable change in service demand; and 31% of organizations have experienced decreased service demand. Throughout 2020, 70% of organizations expect significant or somewhat increased demand for services; 8% expect no change; and 22% of organizations expect decreased demand (n=59).



Conclusions

Information reported from Boone County nonprofit organizations indicate a grim future for the sector. Service demand is expected to increase during a time of significantly reduced revenues and increasing costs. These factors are leading organizations to have large budget shortfalls.

Recommendations

It is hard to offer comprehensive recommendations at this time due to unprecedented nature of the COVID-19 pandemic. However, the following are offered as initial recommendations:

- *Support the nonprofit sector with CARES Act funding to purchase needed community services.*
- *Build capacity within nonprofits to utilize innovative fundraising strategies, including online events or social media campaigns.*
- *Encourage organizations to apply for funding through the Payment Protection Program.*
- *Help convene struggling nonprofits to identify opportunities for organizational mergers to keep service delivery intact.*