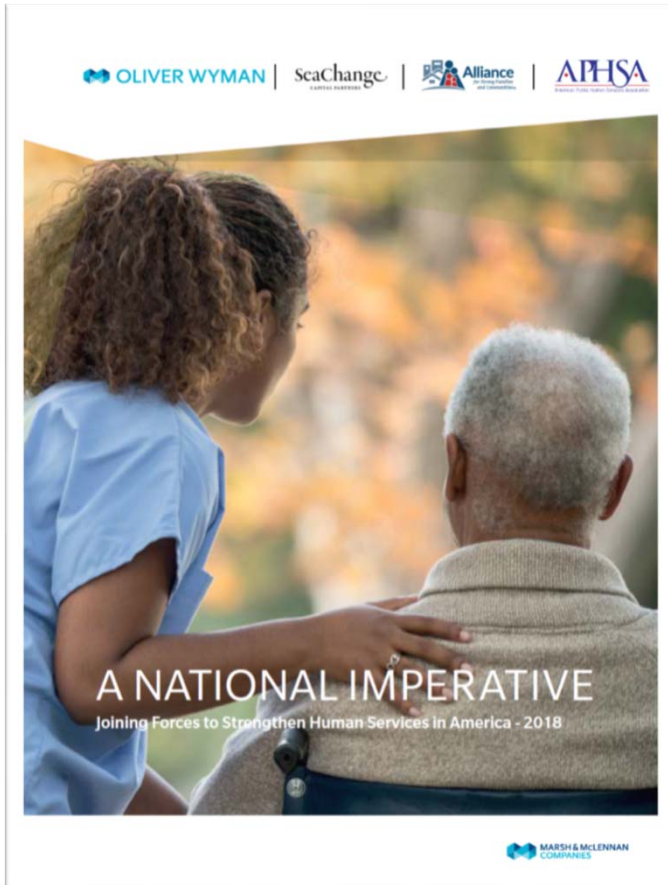


# A National Imperative:

A context for the  
Safety Net Resiliency Initiative

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SeaChange  
CAPITAL PARTNERS



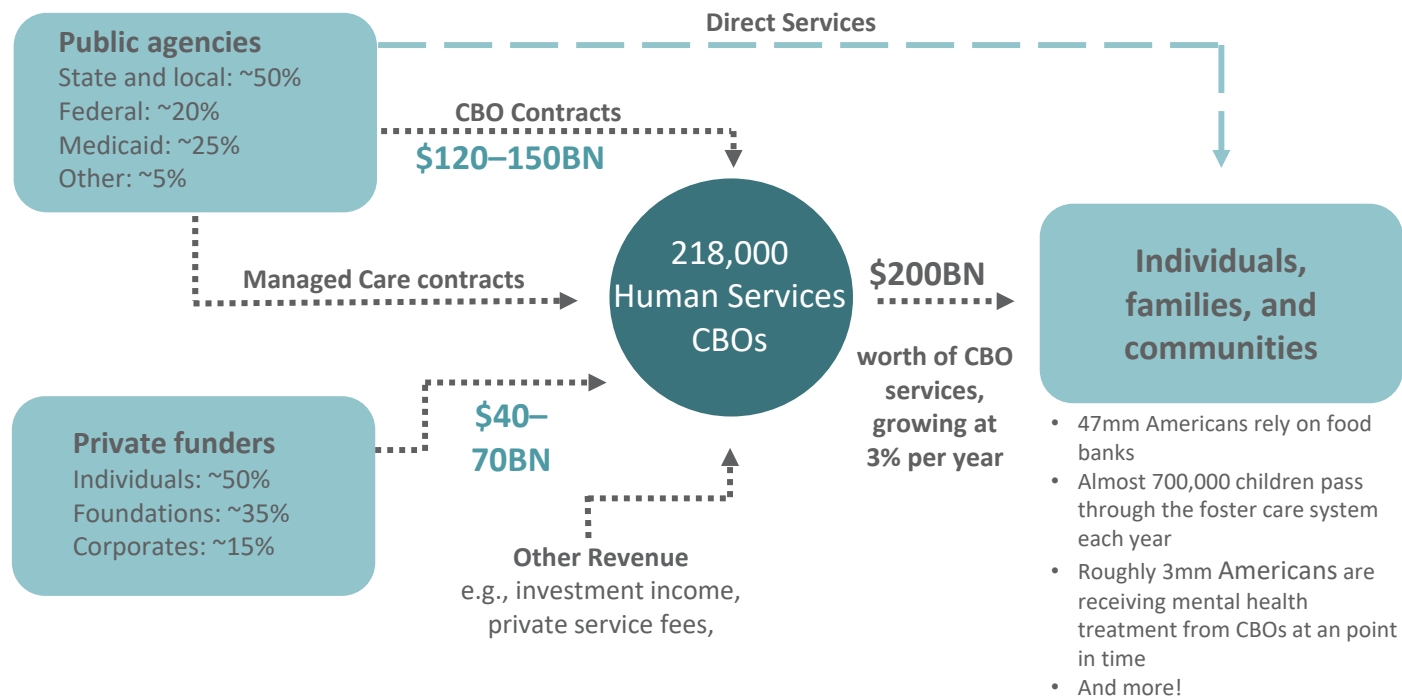
THE KRESGE FOUNDATION



## Why This Report Now?

- Change the societal narrative about the role and importance of the sector
- Improve the financial stability, sustainability, and impact of human services CBO's
- Seize the challenges and opportunities in front of us :
  - Growing demand for services and supports and impact
  - Increasing complexity and cost of service delivery
  - Increasing uncertainty in timing and amounts of funding
  - Rapidly changing business environment accelerated by science and technology
- Inflection point where make collective change is vital

# Human Services CBOs are critical to our society and to our economy



# But there is opportunity for CBOs to have even greater, more transformational impact

## Sustainable, high-impact CBOs...

- Potential to reinvest portion of savings in “upstream” interventions to continue to drive improvements in future outcomes

## ... serving growing demands...

- 533% increase in heroin overdoses, 2002-2016
- 40+ years of steady decline in share of income earned by poorest 20%
- Severe depression in youth increased from 5.9% to 8.2%, 2012 – 2015 (just three years!)

## ... reducing future health care costs

- 20% of health outcomes are determined by health care access and quality
- 80% of health outcomes are driven by social determinants—housing, nutrition, education, health behaviors, etc.
- OECD countries spend 40% less on healthcare than on human services; the US spends 44% less on human services than on health care

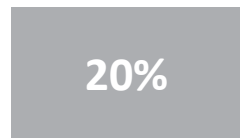
## ...reduce future criminal justice costs

- The US spends ~\$80BN on corrections—a more than 4x increase in real dollars over the last 30 years!

## ... positioning communities to meet their full potential...

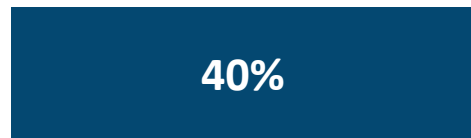
- Higher levels of health and well-being
- Higher productivity and employment rates
- Over time, reduced need for high cost emergency interventions

In particular, a stronger human services ecosystem has the potential to greatly impact population health and reduce health care spending

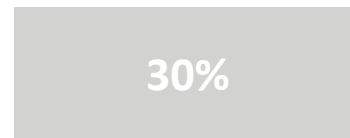


**Health care**  
Access to care  
Quality of care

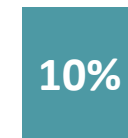
Addressed by Human Services



**Socioeconomic factors**  
Education  
Employment  
Income  
Family and social support  
Community safety

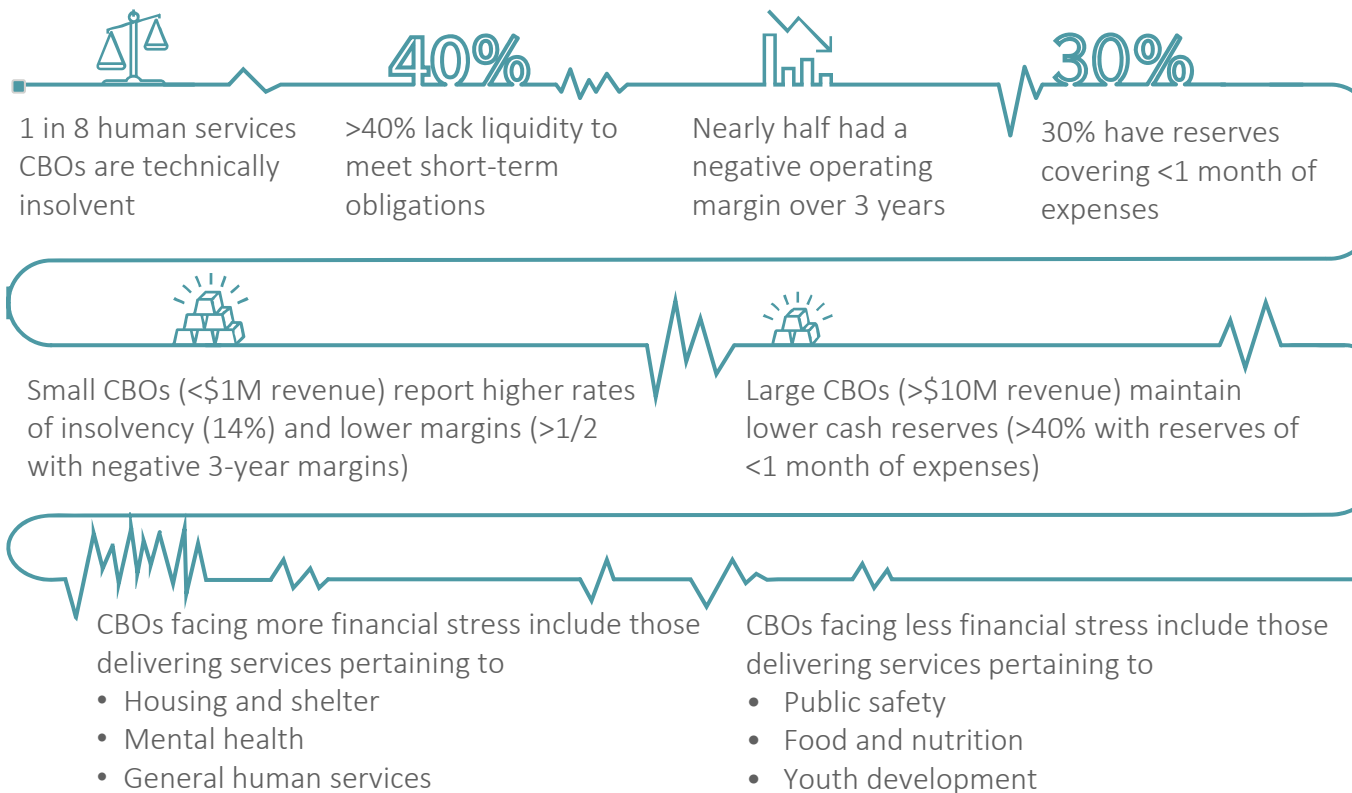


**Health behaviors**  
Tobacco use  
Diet and exercise  
Alcohol use  
Sexual health



**Physical environment**  
Quality of environment  
Home and built environment

# But CBOs are also severely stressed—and unlikely to realize their full potential without significant changes



# CBOs are currently prevented from realizing their full potential by a series of roadblocks and challenges

## Roadblocks to realizing the transformative potential of human services

| Financial stress among human services CBOs  | Operational shortcomings of the human services ecosystem  | Mistaken beliefs about human services CBOs  | Human services CBO talent and technology limitations  |
|---|---|---|---|
| <ul style="list-style-type: none"><li>• Constraints imposed by government contracts</li><li>• Constraints imposed by private philanthropy</li><li>• Challenging regulatory and legal environment</li><li>• Underdeveloped financial risk management</li></ul> | <ul style="list-style-type: none"><li>• Organizational silos</li><li>• Transitioning from providing services to delivering outcomes</li></ul> | <ul style="list-style-type: none"><li>• Building trust among human services stakeholders</li><li>• Building trust in the transformative potential of the human services ecosystem</li></ul> | <ul style="list-style-type: none"><li>• Human capital</li><li>• Technology challenges</li></ul> |



# We propose five imperative “North Star” initiatives to be embraced by CBOs and their partners in the human services ecosystem

## **1** Commitment to outcomes

- Invest in data, IT, analytics to track outcomes over time
- Share information across geographies, programs, CBO/government siloes
- Allocate funding based on outcomes evidence

## **2** Capacity for innovation

- Invest in experimentation
- Invest in ability to measure success (and failure)
- “Fail forward”

## **3** Operating Model 2.0— A Strategic Partnership Approach

- Pilot joint planning and population needs assessments across both CBOs and public agencies
- Create partnership-based rather than transactional procurement processes within public agencies
- Create shared service “utilities” for CBOs

## **4** Financial management policies & practices

- Invest in finance and financial risk management capabilities—make hard choices re security vs programs
- Reform public agency contracting processes to provide full, timely payment

## **5** Regulatory modernization

- Eliminate or simplify outdated, duplicative, overlapping regulations
- Standardize interpretation, enforcement

# Can these ideas work? They already are!

## **Dakota County, Minnesota**

- Budgeting process structured around evidence-based outcomes analysis
- Performance-based CBO contracts designed around target outcomes

## **Blue Meridian Partners**

- Making big (up to \$200mm) and long-term (5-10 years) bets on innovative programs
- Funding goes not to program delivery but to build capacity and scale for transformative programs

## **Children's Home Society of Florida & Florida's Community Partnership Schools**

- Student receive integrated support packages, combining health and wellness, nutrition, after-school recreation, and counseling
- Partnership effort of CBOs, government agencies, health centers, colleges, and school districts

## **Montgomery County, Maryland**

- Revolutionized calculation of indirect reimbursement rates to ensure that they are clear, consistent, and actually cover indirect costs

## **Colorado Department of Human Services**

- 20% of state level regulations eliminated
- CBOs formally involved in feedback and refinement loop for all new regulations

# Discussion

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