

A National Imperative

Joining Forces to Strengthen Human Services in America



Families and communities are stronger when they have access to the vital building blocks of health and well-being.

A National Imperative: Joining Forces to Strengthen Human Services in America is a report commissioned by the Alliance for Strong Families and Communities and the American Public Human Services Association (APHSA) and written by Oliver Wyman and SeaChange Capital Partners with lead funding from the Ballmer Group and The Kresge Foundation.

This groundbreaking report focuses on the economic and social impact of human services community-based organizations (CBOs), and the need to strengthen and ensure their pivotal role in the larger human services ecosystem, which is comprised of an integrated web of public health and human services agencies, other public sector agencies, human services CBOs, philanthropic organizations, academic institutions, and the business community.

The report provides a roadmap for all participants in the human services ecosystem to achieve breakthrough results with individuals, families, and communities. The transformative power of human services CBOs can be achieved through greater integration and coordination across the ecosystem on five key issues the report calls “north stars,” including a shift in focus from service provision to outcomes, improving the sector’s capacity for innovation, establishing generative partnerships, adopting new financial strategies, and reforming the regulatory environment.

The report offers an important cross-sector call to realize our opportunities to achieve bigger results and to address the challenges facing human services CBOs—challenges that impede their ability to play a critical role in building foundational supports that contribute to the health, well-being, and success of individuals, families, and communities.



The Human Services Ecosystem



The Critical Role of CBOs

-  Ensuring children and youth are protected and live in safe homes and neighborhoods so they succeed in school and have strong, nurturing, and economically secure families
-  Helping older adults maintain a high quality of life
-  Supporting people with disabilities so they can live their lives fully
-  Providing workforce supports that help people obtain and retain employment at livable wages
-  Ensuring quality affordable housing
-  Promoting improved health outcomes and reduced health care costs
-  Providing crucial effective mental health and substance abuse services, especially given the current opioid epidemic

The human services ecosystem impacts the lives of an estimated one in five Americans; human services CBOs employ more than three million Americans and generate in excess of \$200 billion per year in economic activity through spending on wages, rent, and other expenditures that positively impact local economies.

People who are recipients of human services receive critical assistance and support—both preventive and when in crisis—which allows them to lead healthier and more productive lives. These outcomes then benefit broader society directly.

While human services CBOs are providing clear value today,

their potential value is much greater than what has been realized so far. As integral partners in the human services ecosystem, their ability to address the social determinants of health and improve outcomes must be fully appreciated and supported.

People who are recipients of human services, and society overall, face significant risks if the larger human services ecosystem is not financially strong, integrated, and delivering on its potential. The consequences can include negative physical health and behavioral health outcomes, poor education outcomes, chronic poverty, and elevated health and criminal justice expenses.

Roadblocks and Challenges

The ability of human services CBOs to achieve breakthrough results, particularly against the backdrop of an increasing need for human services, faces several roadblocks and obstacles.

Public Perception – There is a lack of understanding about the importance and impact of human services CBOs and a mistaken perception of nonprofits as charities that are ineffective, poorly managed, and simply provide “handouts.”

Operational Shortcomings – Operational shortcomings within the ecosystem include lack of integration, limited data sharing, low collaboration, and difficulty in measuring return on investment (ROI) and outcomes.

Financial Stress – Many CBOs lack cash liquidity and the ability to make necessary investments for higher performance. Government and philanthropic funding often fail to cover the full cost of providing services or restrict how that funding can be best used. In addition, increasing passing of litigation risk from government to CBOs is high.

Capacity Limitations – Human services CBOs lack access to capital for investment in technology and talent, which limit opportunities for innovation, developing evidence, data sharing, and integration of systems.

Key Recommendations

The report identifies five “north star” initiatives designed to improve the human services ecosystem to generate population health and well-being, increase economic productivity, and lower social costs over time. When fully developed and implemented, these initiatives can accelerate the success of human services CBOs and put them on a path to achieving their full potential. Confidence in our ability to achieve the report’s recommendations is high as we found evidence of all recommendations happening in places across the country. These initiatives and recommendations are more fully described in the report but include:



Commitment to Outcomes

Members of the human services ecosystem must commit to the achievement and measurement of outcomes in all practices, policies, and regulatory and budget mechanisms. This includes focus on a common set of outcomes rather than services delivered and core measures with accountability, full funding, incentives, disincentives, and flexibility.



Capacity for Innovation

Together, we must develop and incentivize the human services ecosystem's capacity for innovation through better data sharing and analysis, technology, agility and adaptability, and knowledge and leadership exchange. Public and private funders need to recognize the importance of innovation and support it through funding. Innovation and the ability to evolve and improve over time accelerates the entire ecosystem to higher performance, increased efficiency, and better outcomes.



Strategic Partnerships

All members of the human services ecosystem must work to establish deeper and disruptive partnerships, mergers, affiliations, and networks to realize maximum value, efficiency, and impact. By shifting to an "Operating Model 2.0" for strategic partnerships, we can change how members of the ecosystem work with each other and leverage assets to achieve better outcomes, reduce costs and redundancy, and foster innovation. We must generate both public and private funding to encourage and support partnerships, mergers, affiliations, and network development activities.



New Financial Strategies

Members of the human services ecosystem need to move to more modern outcomes-based contracting and procurement processes including diverse financial strategies and more mature financial risk management capabilities. These include CBOs saying no to contracts and grants that do not cover the full cost of service delivery, scenario planning, recovery and program continuity planning, benchmarking and self-rating, reporting, disclosure, and better back office operations systems to realize maximum value and impact. We must also generate public and private funding in support of partnerships, mergers, and network development activities.



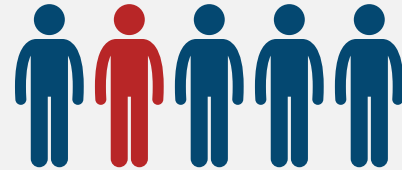
Regulatory Modernization

Government needs to work with human services CBOs to review and update, for relevancy, the regulations, rules, and requirements in the human services ecosystem, many of

Human services community-based organizations are crucial to American society and the economy, providing critical services and employing millions.

1 in 5

Receive critical services from the human services system



218k

Community-based organizations nationwide

3.2m

Total employees

\$200b+

Economic activity generated through wages and services

which are outdated, redundant, overlapping, and conflict with regulations from other agencies. One particular area is litigation risk, which has become a serious, escalating issue for human services CBOs.

Despite the current financial stress being experienced by many CBOs, this report is optimistic, and the argument for making these changes is strong, given the potential for building the human capital of America with larger economic and social returns. Addressing these complex and interrelated challenges requires a comprehensive, aligned response by human services CBOs, all levels of government, and the philanthropic sector across the ecosystem. In addition, achieving these returns requires our nation to embrace and invest in human services CBOs, mitigate the barriers identified in the report, and advance the five north star initiatives, so the human services ecosystem can achieve the results that are truly within reach.



Across America, families and communities are facing mounting challenges.
But a solution is within reach.

About the Project

The project was supported by a national advisory council, whose members come from government, health care, the corporate sector, human services CBOs, and academia, and was funded by The Kresge Foundation and the Ballmer Group, with additional support from the Health Foundation for Western & Central New York, Mutual of America, Selective Insurance Company of America, and the U.S. Chamber of Commerce.

The authors of the report analyzed over 200,000 publicly available Form 990 tax filings from roughly 40,000 human services CBOs; administered an online survey, which drew responses from 177 human services CBOs and 40 government agencies; and conducted interviews with more than 40 senior executives from CBOs, government agencies, and philanthropic foundations. The report uncovered the critical role and value of human services CBOs.

To learn more about how you may assist in advancing our north star initiatives, go to:
alliance1.org/strengthen-human-services

