



A CALL FOR ACTION:
Strengthening the Human Services Sector

A Synopsis Report

THE
KRESGE
FOUNDATION



Above: Mission Promise Neighborhood in San Francisco connects these brothers and their family to resources that can help them succeed.

Cover: Robert Davis, 11, and Ari' yana Banks, 9, on the playground of Hamilton Crossing, an affordable housing complex in Ypsilanti, Mich., where residents receive help to become self-sufficient.

We seek to expand access and opportunity for individuals and families who are vulnerable or have low incomes by strengthening human-services organizations and the networks that support them. We want all individuals to achieve well-being, lead thriving, self-determined lives and join the economic mainstream.

– Human Services Program, The Kresge Foundation

CONTENTS

- 3** Introduction
- 4** The State of the Human Services Sector
 - Funding Trends
 - Advocacy
 - Nontraditional Models
 - High-Value Service Delivery
- 8** Recommendations for Strengthening the Human Services Sector
 - Invest in Leadership and Develop Talent
 - Adaptive Leadership*
 - Talent Pipeline*
 - Address Infrastructure Needs and Increase the Sector’s Capacity
 - Discovery*
 - Reimbursements*
 - Accounting and Financial Management*
 - Infrastructure Investments and Flexible Capital*
 - Technology Tools*
 - Regulatory Environment*
 - Promote Effective Practice, Advance Collaboration and Reduce the Number of Silos
 - Service Delivery and Asset Mapping*
 - Collaboration and Service Integration*
 - Influence Public Opinion and Policy through Messaging, Advocacy and Civic Engagement
 - Communication, Messaging and Language*
 - Convening*
 - Policy Advocacy*
 - Civic Engagement*
- 15** Conclusion
- 16** Participant List

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Hamilton Crossing resident Kristen Banks with her three children, Jayden, 4, Dasani, 2, and Ari' yana, 9, in her living room. Thanks to a renovation effort, the complex in Ypsilanti, Mich., "has changed drastically," she says.

INTRODUCTION

THE HUMAN SERVICES* sector finds itself today in an environment of profound change. The demography of our nation is being reconfigured. Technologies are being reinvented almost daily. The size and structure of governmental supports are in flux, as are governmental regulations. Our organizations face growing for-profit competition, expanded capital requirements, increasing donor expectations and, on the part of many would-be public supporters, an unsettling degree of “*compassion fatigue*.” Moreover, as one thought leader pointed out, all of these trends are here to stay.

To examine these and other concerns, The Kresge Foundation held a symposium with leaders of national networks and umbrella human services nonprofits on April 4, 2014, at the Aspen Institute in Washington, D.C. The goals of the symposium were to:

1. Identify the major challenges and issues in the current environment that affect the capacity of human services organizations and networks to effectively deliver services.
2. Provide an opportunity for human services leaders to share knowledge and expertise with peers while forming new relationships and partnerships.
3. Develop actionable recommendations to assist in the transformation of the human services sector.

This document distills the themes of the meeting. By doing so, Kresge and the participants hope to encourage discussion of real solutions to the concerns that nonprofit human services leaders have identified.

** The Kresge Foundation defines human services as an interdisciplinary field focused on the prevention and remediation of problems with a commitment to improving the overall quality of life across the lifespan. Human services include, but are not limited to, services for the elderly, disabled, homeless, youth, refugees and immigrants. Also included are programs for or addressing such areas as behavioral health, prison re-entry, supportive housing, domestic violence, substance abuse and other forms of counseling, employment and training, maternal and child welfare, and before- and after-school care.*

This mosaic of services, benefits and supports creates pathways for individuals and families to access economic opportunities and achieve financial security. The Kresge Foundation’s emphasis on supporting multiservice approaches emerges from a recognition that individuals and families experience multiple challenges simultaneously. Attending to their human needs with integrated and holistic approaches increases the likelihood of success.

THE STATE OF THE HUMAN SERVICES SECTOR

The symposium began with presentations and a panel discussion with key thought leaders who presented an overview of the current state of the sector. Presenters made four key assertions, in the areas of funding trends, advocacy, nontraditional models and high-value service delivery. The discussion of these assertions led participants to develop a series of recommendations for strengthening the capacity of the sector to meet our nation's needs.

FUNDING TRENDS

Human services are effective, but funding is declining.

Presenter Robert Greenstein, founder and president of the Center on Budget and Policy Priorities, set the tone by noting the 50th anniversary of the federal War on Poverty and by reminding attendees that “social services are demonstrably effective: Recent research shows that social safety net programs have cut poverty in half, and also serve as a ladder of opportunity.”

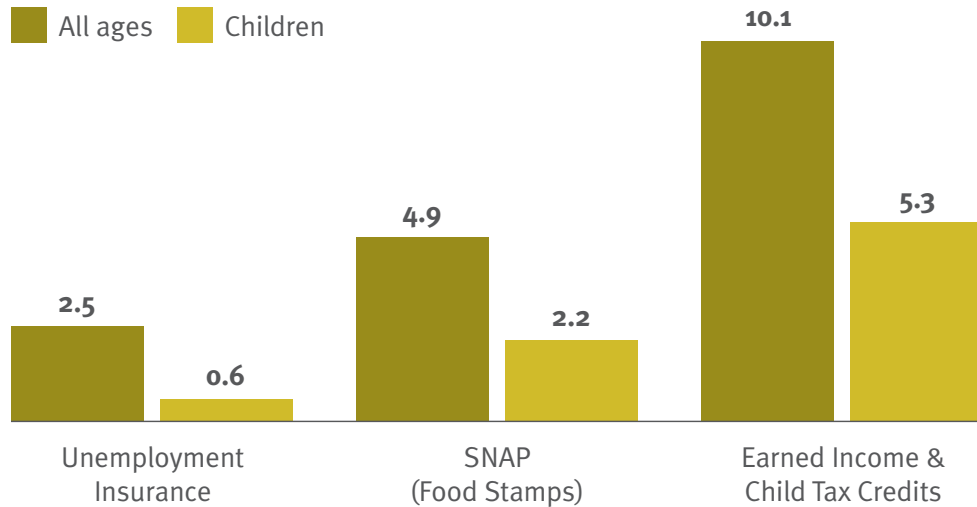
Meanwhile, the nation faces fundamental resource allocation questions at the federal, state and local levels. If action is not taken, nondefense discretionary spending as a share of the economy will be at its lowest level since the Eisenhower administration. This trend highlights the reality that broader fiscal policy is particularly important to human services. Though the Affordable Care Act could fund a broad array of services, including behavioral health and substance abuse treatment, the human services sector must continue to advocate for preserving the social safety net as a whole.



Comunidades Latinas Unidas En Servicio serves Minneapolis-St. Paul's growing Latino community, helping individuals and families become decision-makers with regard to their health, housing, employment, finances, education and other matters.

Safety Net Programs Keep Millions Out of Poverty

Millions of people kept above poverty line based on Supplemental Poverty Measure, 2012



Source: Center on Budget and Policy Priorities analysis of U.S. Census data, PowerPoint presentation by Robert Greenstein, 2014.

PROGRESS CAN BE MADE AT FEDERAL, STATE AND LOCAL LEVELS

- **Focus on the necessary conditions for children's success by fostering income and stability through nutrition and through housing assistance, the Earned Income Tax Credit, improved implementation and take-up of current supports, help for very disadvantaged families (such as home visiting), etc.**

- **Address the education gap:**

Monitor and address disparities that emerge early and that persist.

Expand early education programs, enhance K-12 success and increase access to postsecondary education.

- **Help more people succeed in the labor market:**

Spur economic growth.

Make work pay to reduce poverty and increase incentives to work for childless individuals.

Address the lack of jobs for less educated workers.

Address the needs of very disadvantaged parents.

- **Expand health reform/Medicaid.**
- **Reform incarceration policy.**
- **Reform immigration policy.**

In all these initiatives, the fiscal context must support antipoverty/opportunity efforts.

Source: PowerPoint presentation by Robert Greenstein, 2014.

ADVOCACY

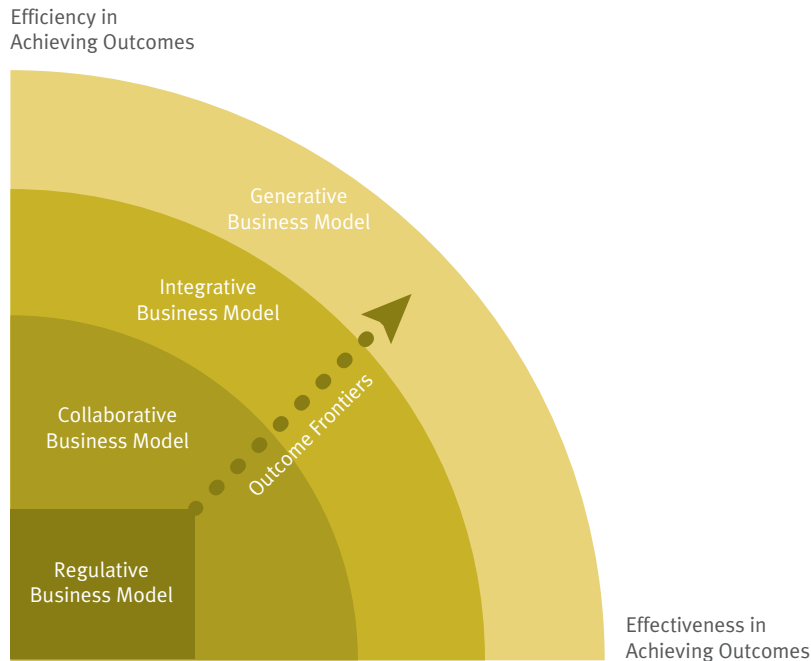
States can be persuaded to buck funding reduction trends, but sustained, innovative advocacy is required.

Greenstein noted that not all fiscal trends are bleak: Progress is being made, particularly at the state and local levels. In 2013 for example, governors or legislative leaders in five states proposed the complete elimination of the state income tax, which would have greatly eroded the revenue base and meant major negative consequences for human services. Most of those tax cuts were initially expected to pass, but none did. In every state, broad coalitions persuaded both parties to reach a more rational outcome. Greenstein argued that stakeholders can learn from these efforts to not only prevent further damage to the human services sector, but also to foster policy innovations to benefit our country's most vulnerable and disenfranchised populations.



Veronica Esparza teaches prospective medical assistants at the Good Careers Academy in downtown San Antonio. The academy, a partnership between Goodwill Industries and Alamo Community College, brings career-certification training to low-income minority individuals.

Human Services Value Curve



Source: Antonio Oftelie, 2014.

NONTRADITIONAL MODELS

Nonprofits need to look beyond traditional models and sources of support.

There is a struggle underway for the soul of the nonprofit sector in this country. That was the assessment of Lester Salamon, director of Johns Hopkins' Center for Civil Society Studies. He sees tension between the root values of volunteerism/civic activism and professionalism. That tension is particularly worrisome given the retrenchment of government support, competition from within and beyond the sector and a public that questions the legitimacy of all civic institutions, including nonprofits. For these reasons, he told participants, it is important to look beyond traditional models and sources of support. Some nonprofit organizations already have begun to reinvent themselves. Creative nonprofits have expanded their reliance on fee income, created new consortiums, forged complex partnerships with government and business entities, undertaken new enterprises or significantly restructured themselves.

HIGH-VALUE SERVICE DELIVERY

In an era of heightened accountability, nonprofits will need to move beyond traditional business models to adopt new, higher-value ways of defining and delivering human services.

Antonio Oftelie, executive director of Leadership for a Networked World, pointed to the sector's long-term fiscal and structural imbalances and argued these disruptive forces can create an opportunity to transform organizations and the sector as a whole, thus increasing its capacity and delivering broader, more valuable outcomes. Oftelie presented a Human Services Value Curve, developed from best practices of leading human services organizations. The curve can help agencies assess themselves and the changes needed for a more effective and efficient business model. Transformation requires that leaders assess their value proposition, map opportunities for transformation and exercise adaptive leadership to sustain progress. Learn more about the Human Services Value Curve at lnwprogram.org/hsvc.

RECOMMENDATIONS FOR STRENGTHENING THE HUMAN SERVICES SECTOR

Adapting to the reality of declining resources at a time of greater demand for human services requires changes in how providers work in their organizations and with one another, as well as changes in how stakeholders respond to sector challenges and engage in opportunities for advancing the field. Symposium participants offered recommendations in four key areas.



INVEST IN LEADERSHIP AND DEVELOP TALENT

Symposium participants articulated leadership and staffing concerns that affect their ability to deliver services and transform their organizations.

Adaptive leadership:

Human services organizations would benefit from adaptive leadership approaches to advance organizational change and encourage the evolution of the field.



Invest in Leadership
and Develop Talent



Address Infrastructure
Needs and Increase
Sector's Capacity



Promote Effective
Practice, Advance
Collaboration and
Reduce Silos



Influence Public
Opinion and Policy
Through Messaging,
Advocacy and Civic
Engagement



Boston HandyWorks, a social enterprise of the Boston multiservice organization Pine Street Inn, provides on-the-job training and transitional employment for individuals who have experienced homelessness and have been estranged from the workforce.

Adaptive leadership is defined as a practical framework that helps individuals and organizations adapt and thrive in challenging environments. It teaches leaders to identify and tackle systemic change by confronting the status quo and identifying technical and adaptive challenges. Technical challenges are solved through the application of expertise and information. Adaptive challenges can only be addressed through changes in people’s priorities, beliefs, habits and loyalties. Making progress requires going beyond any authoritative expertise to mobilize discovery, shedding entrenched ways, tolerating losses, and generating the new capacity to thrive anew. For more information, see “The Practice of Adaptive Leadership,” by Ronald A. Heifetz, Marty Linsky and Alexander Grashow (Harvard Business Press, 2009).

Talent pipeline:

The human services sector must have the ability to attract, retain and continually develop diverse talent, with breadth and depth, to ensure the continued vibrancy of the field.

Yet the sector faces significant workforce challenges, particularly with a generation of nonprofit leaders poised to retire. This sectorwide executive transition, combined with the evolving skill requirements posed by trends such as new technologies and a more multicultural society, represents a confluence of opportunity, disruption and transformation that the sector must mine and address.

“We have workforce challenges. We are looking for people with unusual skill sets, in that they must understand how the federal government works but also know how to interact with families and kids. We need strong grant administrators at the same time we need folks who have good social work skills. The challenge is finding this kind of diversely talented workforce or trying to figure out how to train a workforce yourself.”



ADDRESS INFRASTRUCTURE NEEDS AND INCREASE THE SECTOR'S CAPACITY

Throughout the symposium, participants referenced capacity challenges that impede effective and efficient service delivery, as well as the many obstacles to securing sufficient funding to address those gaps. Participants pointed to ongoing difficulties in having candid conversations with funders about the infrastructure needs and real costs of their organizations.

Discovery:

The sector needs to communicate more clearly and candidly its needs and capacity gaps to potential funders outside the context of funding requests. In some instances, it may be beneficial for funders to hear frank, unattributed comments about the challenges that nonprofits face.

“Truly honest conversations – without fear of embarrassment – between donor organizations and nonprofits can free us all from making misguided decisions. We all know our highest-performing nonprofits also suffer gaps we don’t always want to acknowledge. Yet advancements in those areas would surely help us improve many more lives.”

Reimbursements:

Participants noted repeatedly that funders give insufficient attention to supporting a range of contributions that are uniquely provided by the nonprofit sector. These contributions go beyond program services.

“If you reimburse on the basis of lowest unit cost, you are driving out exactly the things that make nonprofits unique. You are driving out advocacy, community organizing – all those features that really have set the nonprofit sector apart. That decision translates into squeezing the character out of the nonprofit sector, and makes it very difficult to find resources to continue to do the things that aren’t related to the unit cost of service.”

Accounting and financial management:

Providers need the systems, tools and expertise to determine the true cost of their services, obtain sufficient funding and leverage additional resources to optimize service provision. Disparate, unreliable, narrow or insufficient funding streams can make it difficult for organizations to deliver the services that best meet participants’ needs. Greater expertise in securing, blending and braiding alternative financing sources is required.

“We need to consider the ‘net grant’ concept. Net-grant thinking is about truly understanding and analyzing all the costs associated with a grant. Let’s use the example of a \$50,000 grant from a funder to do ‘X’ project. Using net-grant thinking, you do an analysis of the net dollars to your organization, determining whether it is really enough to cover all of your costs. This can help provide the discipline to either pass on the grant or to negotiate a larger amount that really covers the costs.”

Infrastructure investments and flexible capital:

Human services providers need greater investments in “unsexy” infrastructure to achieve scale and investments in flexible capital and incentives to spur innovation. Human services organizations with extensive affiliate networks have the potential to scale impact significantly, but resources must be made available by private and public sources.

“Buy capital pays for products and services to our community, but build capital is what we need to grow our infrastructure to scale. We need to focus on creating the leadership and support for business models leading to more flexible build capital that can fund infrastructure. This is a difficult time to talk with funders about financial matters. We can still easily talk with them about programs, but not about capital and operating budgets.”



Kristen Banks' children, ages 4 to 9 years old, play at the Hamilton Crossing development in Ypsilanti, Mich.

Technology tools:

The sector can become more efficient and effective with the right technology tools and the ability to analyze data to refine service delivery. Human services organizations need the capacity to monitor and track progress toward outcomes, particularly as funding becomes tied to the achievement of results rather than to the provision of services.

“Technology is no longer nice to have – you cannot do business without it. Technology is unbelievably expensive, especially if you are in the Medicaid-managed care arena, where you need electronic health care records.”

Regulatory environment:

Human services providers need the capacity to stay current on federal and state regulatory changes, adapt to changes in the regulatory environment and advance initiatives that more effectively influence stakeholders and policy decision-makers, and they must take advantage of new sources of support (e.g., indirect cost-reimbursement policies).

“We need the ability to go to source documents/regulations and separate fact from fable.”



PROMOTE EFFECTIVE PRACTICE, ADVANCE COLLABORATION AND REDUCE THE NUMBER OF SILOS

Participants pointed to the benefits of collaboration and service integration, but noted that many barriers – both actual and perceived – challenge their ability to maximize their strengths, share information and work with one another. Barriers include regulatory obstacles, internal culture (e.g., each organization prefers to have its own back-office capacity, such as accounting and human resources), technology systems that impede data sharing and outcome measurement and governance and resource allocation issues.

“We benefit by leveraging one another’s networks, sharing programming knowledge, closing the gaps on benefits. Collectively, we have the expertise; we have the tools. We can get the benefits of mergers without merging.”



Winston-Salem Industries for the Blind, based in Winston-Salem, N.C., has grown from a two-room workshop to the nation's largest employer of blind and visually impaired individuals.

Service delivery and asset mapping:

The sector would benefit from more systematic approaches to identifying and replicating effective models and service-delivery approaches. Networks and umbrella organizations need resources to regularly conduct bright-spot analyses to identify what is working so they can advance innovation and the adoption of best practices across the sector. They also need forms of governance and partnership that support sharing these services and practices across organizations and sectors.

“There is capital that helps us pilot innovation, but there is also the capital that helps us take the best practice to common practice – and that’s really scale.”

Collaboration and service integration:

The human services sector would benefit from new ways to share knowledge and resources, such as back-office functions, and innovative ways to pursue joint action and coordinated service delivery to best meet participants’ needs. Better understanding of the barriers to collaboration and identifying potential solutions would advance the sector’s ability to break down silos.

“We need the ability to convene the community to analyze needs, to map existing assets, to plan action with accountability, and [we need] shared metrics to move the needle.”



INFLUENCE PUBLIC OPINION AND POLICY THROUGH MESSAGING, ADVOCACY AND CIVIC ENGAGEMENT

A third of the sector's revenue comes from government, so it is no surprise that the influence of state and federal government was a consistent symposium theme. Participants agreed the sector needs to better communicate the effectiveness, scope, scale and relevance of human services to inform stakeholders and influence policy and funding decisions.

Communications, messaging and language:

Participants called for the creation and use of common language and messaging to talk about human needs. Finding ways of talking about the entire spectrum of human services across subsectors, populations, specializations, organizations and networks will elevate commonly held values and beliefs. The sector must clearly articulate these values to reach the public, the media, thought leaders and policymakers.

“What is meaningful language? We talk past each other pretty quickly on some concepts. ... There's a big opportunity here to get to meaningful language. Part of what we exposed ourselves to on this day was the kind of language that animates our missions and the kinds of things that we need to consider, because language matters.”

Convening:

Leaders in the nonprofit sector are enthusiastic about the prospect of “safe space” convenings, where perspectives about emerging challenges and opportunities – not pending funding requests – are exchanged with donor organizations. The sector would benefit from deeper personal relationships and knowledge-sharing among philanthropic organizations, and also with leaders in government, business and volunteer-service organizations as all sectors increasingly seek more integrative and generative business models.

“Nonprofit leaders are hungry to come together to learn from one another. We need to create some space for these groups to come together and understand they're not alone.”

Policy advocacy:

Nonprofits can have a stronger voice in public policy through broader coalitions and advocacy efforts, such as joint efforts with state fiscal policy groups and others that share common interests. The sector needs resources to support civic engagement and advocacy, particularly at the state level.

“We need to have more general operating support at the state level for advocacy. ... What we do in our network is develop templates at the national level that people can then use for policy matters. Instead of having each state coming up with their different tear sheets on different types of government contracting reform work, we develop it nationally.”

Civic engagement:

Human service providers need to engage the community and their constituents to improve service delivery, mobilize support and marshal resources for the field. New tools, such as social media and the analysis of big data, and traditional tools, such as the creation of issue campaigns and coalitions, have tremendous potential for reaching and engaging a broader array of stakeholders.

Elizabeth Boris, director of the Center on Nonprofits and Philanthropy at the Urban Institute, offered an example of a practical way human services agencies can increase their effectiveness and visibility. She suggested that agencies help their participants register to vote and become more engaged in civic action. For example, Nonprofit VOTE, an organization that provides resources and training for the nonprofit sector on how to conduct nonpartisan voter participation and election activities, has helped to expand voting rights and has worked to engage diverse populations in the democratic process.



Winson-Salem Industries for the Blind provides training, employment and services for blind and visually impaired individuals.

CONCLUSION

THE HUMAN SERVICES sector is vital to the country; it supports the nation's most vulnerable individuals and families when their needs are greatest. Despite its importance, the sector faces significant obstacles that impede its ability to deliver services effectively and efficiently. At the Kresge symposium, human services leaders articulated the challenges their organizations face in the hope that all stakeholders who depend on and care about the human services sector will help to address these urgent issues. The field must find innovative ways to address these myriad challenges to transform the sector into one that is effective, resilient and best able to provide services to those in need. The Kresge Foundation seeks to improve the organizational effectiveness of the sector, and welcomes opportunities to collaborate with others who share this goal.

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Mission Promise Neighborhood students in San Francisco start the school year with new backpacks – and smiles.

- Don Mathis – President and CEO, Community Action Partnership
- Norah McVeigh – Managing Director for Financial Services, Nonprofit Finance Fund
- Antonio Oftelie – Executive Director, Leadership for a Networked World, Harvard University
- Karen Pittman – President and CEO, Forum for Youth Investment
- Lester Salamon – Director, Institute for Policy Studies, Johns Hopkins University
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**Affiliations of participants at the time of the symposium.*

Produced by The Kresge Foundation, Communications Department. Our thanks to Mission Economic Development Agency, Comunidades Latinas Unidas En Servicio and Pine Street Inn for their photos.



Kristen Banks and her daughter, Jayden, share a moment on the Hamilton Crossing playground.

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