



## Economic Crisis: Impacts and Opportunities

During a time of unprecedented economic turmoil, Community Action is in a unique position to play an essential role in responding to the increased demand for assistance from struggling families, while also having a positive impact on the growth of the community safety net and the revitalization of the local economy.

### HOW HAS COMMUNITY ACTION BEEN IMPACTED BY THE CURRENT ECONOMY?

*Increased Service Demand:* The number of people in Washington County seeking assistance has grown significantly. With increased unemployment and instability within the housing market, many families who had been financially stable until the economic downturn are now turning to Community Action for help. They are learning to navigate the social service system and are often surprised that the community safety net is not broader and deeper. A system already struggling to meet the needs of those living poverty is now strained beyond measure in an attempt to accommodate a new population of economically insecure families.

*Funding Volatility:* Public funding is contracting at the state level due to budget shortfalls, just as it is expanding at the federal level with the passage of the economic stimulus package. Community Action will benefit from this supplemental funding in several key programs, including emergency rent, shelter services, weatherization, child care and Head Start. With these funds comes the challenge of assuring adequate organizational capacity so that the delivery of expanded services can be quickly and effectively achieved. On the private funding side, Community Action is being impacted as corporate partners implement cutbacks motivated by business slowdowns and foundations realize investment losses. Individual donors remain committed and new donors are surfacing in response to the increasing need for essential services. The hope is that more donors, moved by the plight of their neighbors, will be giving, but it is expected that the amounts may be smaller. These trends are consistent within our region and across the country.

*Increased Leadership Expectations:* As challenging as these times may be, Community Action has never been more relevant to our community and to those working to respond to the effects of this economy. Government, business and civic leaders are turning to Community Action to gain a clearer understanding of how families are being impacted and to become better informed about what is needed to stabilize at risk populations. In recent months, Community Action leadership staff have been called upon to participate in strategy forums, emergency funding initiatives, and to testify before government leaders. Our community partners are also reaching out to Community Action, asking that we play a leadership role in developing collaborative solutions that address the escalating demand for supportive services. Now, more than ever, Community Action is seen as a respected and reliable source for information and expertise related to issues of poverty.

### HOW ARE THOSE SERVED BY COMMUNITY ACTION BEING IMPACTED BY THE CURRENT ECONOMY?

*Income Insecurity:* Unemployment, or under-employment, is the primary factor impacting local families today. Businesses are closing; they are eliminating jobs or reducing the volume of available work. To keep staff employed, many businesses are requiring workers to reduce hours or take unpaid leave. Hiring freezes and wage freezes are prevalent across most industries. Loss of employment also equates to a loss of health care benefits, forcing many struggling families to forego vital medications and put off care until illnesses become emergencies. Income lost by workers during December's severe weather demonstrated the financial vulnerability of those living paycheck to paycheck. And for people who have been searching for work for an extended period, unemployment benefits are quickly running out. A lack of stable income has forced many people to seek assistance for the first time and they are turning to Community Action for help.



*Inadequate Safety Net:* Washington County continues to have some of the highest housing costs in Oregon, making it a challenge for countless working families to find affordable housing. The collapse of the housing bubble has placed many homeowners at greater risk for foreclosure, ruining credit and leaving more families at risk of becoming homeless. Last year's record fuel prices strained family budgets as never before and pushed up the cost of many basic items, especially food. Though gas prices have returned to normal for the time being, this has not necessarily filtered down to other essential commodities. Food instability is reaching a crisis point in this area as more people turn to local food banks to bridge the gap in family budgets. Homeless families unable to find employment cannot transition back to stable housing, causing them to move from shelter to shelter or return to the streets. Health care organizations are seeing their lobbies fill with the growing number of uninsured. For social service agencies overwhelmed by the rapidly increasing number of people coming forward for help, it is clear that the existing safety net cannot meet the current need.

## **ORGANIZATIONAL OPPORTUNITY**

*Increased Response:* Community Action is well-positioned to respond to an increase in available resources coming out of the federal economic stimulus package. Program models are already being adapted to expand so that the agency can accommodate the expected influx of supplemental funding. Simultaneously, we are taking into account the natural contraction that will occur as funds are distributed by the September 2010 deadline. It is expected that funds will soon flow into emergency shelter, rent assistance, weatherization, child care, Head Start, and the Community Services Block Grant (CSGB) program. With solid programs already in place, increasing the delivery of resources can happen efficiently and strategically. More families can receive help and, in some cases, more help can be offered.

*Increased Awareness & Community Engagement:* Experiencing an economic crisis of this magnitude is a new experience for most Americans. As a result, a growing number of community leaders see the need to be a part of long-term solutions, just as a growing number of our neighbors feel they must lend a hand wherever they can. Community Action is playing a vital role in expanding the community safety net, working with organizations like United Way to educate the community and generate increased financial investment in essential services. And we continue to be a point of contact for legislators and decision makers seeking information around issues of poverty and the impacts of the current economy. Increasing and sustaining community engagement efforts will result in a more informed and more involved community.

## **COMMUNITY BENEFIT**

*Strengthening the Economy:* While relief to struggling families is an important outcome of the economic stimulus package, there is a direct economic impact to be realized by increased investment in Community Action programs. Expansion of the weatherization program will add jobs at Community Action and in the community, pushing dollars into the economy as vendors are contracted to undertake the home improvements associated with this program. Carpenters, electricians, and other trades people who have struggled to find work in recent months will be employed. As supplies are purchased, manufacturers and retailers will see sales increase and they, in turn, may be in a position to bring people back to work. When people are called back to work, affordable child care will be more readily available, and the expansion of the child care provider network will bring jobs to the economy. Even emergency rent payments can boost the economy as landlords see revenue come back to the bottom line. And as families regain financial stability they can begin to increase discretionary spending.

*Protecting Families:* These extraordinary times will demand much of organizations like Community Action, and we are committed to maximizing every opportunity to help struggling families and strengthen local communities. Increased investment in weatherization means that hundreds more families will be safe and warm in their homes, and energy costs will be lower, helping to stretch family budgets. Hundreds more children's lives will be changed when they enroll in Head Start. Increased access to affordable child care will allow more working parents to reduce child care costs. And the safety net will grow so that more households can receive rent assistance. By providing the right mix of services at the right time, Community Action will help people through the challenges of this economy. And as we offer vital support that can stabilize families and raise them out of poverty, we can also provide a sense of hope for the future.