



THE  
**Downtown  
Mission**  
OF WINDSOR

DETROIT ECONOMIC GROWTH CORPORATION:

**MODELING & CAPTURING THE FINANCIAL IMPACT OF  
THE DOWNTOWN MISSION ENTERPRISE PROGRAM**

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# Introduction

The current Enterprise programming at The Downtown Mission is funded through the Ontario Trillium Fund Seed Grant – supporting projects at the idea or conceptual stage. To continue with the established programming long term, which aids individuals in poverty to gain employment, an application for Grow grants needs to be approved. The main criteria are supported on evidence-based development of activities of the original outcome. The goal of increasing the reach of the enterprise is only possible through the justification of resources – proving effectiveness of program results.

Within the application there must be a submitted evidence base that supports the positive results of the financial impacts within the community, along with documented research and evaluations of measured factors providing demonstration of the need and confirmation of the proposed approach being used; in reference to the Seed project.

Priority outcomes are centred on increasing economic opportunity for people who are economically vulnerable. This is achieved through the education of skills and knowledge providing the ability to obtain greater financial independence, creating opportunities to become or stay employed, as well as fostering individual entrepreneurship.

Within the given application framework – specific key metrics were researched and identified, which would exemplify the greatest impacts of programming. To correctly assess these elements, best practices amongst the city throughout multiple industries were compared to narrow down relevant methodologies to be adopted.

Both the consideration of direct and indirect impacts was accounted for, in addition to impacts not only on the community but also on the individual themselves. Although not all factors could be quantified, there is a great deal of importance on the personal growth and development aspect. Details encompassing the multiple sectors that would be influenced by continued educational programming were outlined, explained in detail and organized into an economic impact model, which can be utilized to predict the powerful effects that are occurring within the community as a result.

Having a breakdown of the different sectors allows for a better understanding when analysing other programming being conducted and can be used as an example to be modified to allow for any differentiating factors. Knowing which metrics are needed for accurate predictions paves the way for data analysis of participants and any further possible information collection.

## Why it Matters

A truism has long held that homelessness is more expensive to society than the costs of solving the problem (Harrington, 1997). Having evolved from merely an emergency shelter service, to advocating and creating opportunity for human growth and self sustainability, shelters such as The Windsor Downtown Mission, are leading practices in holistic, multi-pronged, integrated approaches to addressing the social, emotional, and physical problems of homeless individuals and families (Kunstler, 1993). Many social problems have multiple

dimensions; they impact multiple sectors, such as education, disadvantaged youth, or adults with behavioural disabilities. With the assistance of government grants, this will allow the Downtown Mission administration to provide services that can play a more positive role in addressing the needs of people who are homeless and mitigating the incidence and duration of the problem.

Many people who are experiencing homelessness have education levels that are lower than the general public, causing challenges when competing in the formal labour market. A consistent finding of the Labour Force Survey conducted in Canada is that quality of life improves with increased education (Statistics Canada, 2007). However, education is not the only factor of consideration. Often individuals lack soft skills such as self-confidence, self-awareness or even the ability to structure a day – without these attributes, sustainable employment is difficult to achieve. With the Downtown Mission providing programs that generate work placements, it provides invaluable experience for people facing barriers to work. It also helps people develop key employability skills, improve self-confidence, and gain essential references. Post-graduate program offers individuals a forum to meet on a regular basis – keeping people motivated, focused and allowing for any additional training and support needed to maintain employment. There is increased recognition that access to recreational opportunities can improve the quality of life of homeless people in important ways (Ward, 1990).

Successful programs in the United Kingdom such as Business In The Community: Ready for Work, provides 3.12 times the return in benefits to society for every dollar which is invested in the programming. With 54% of the programme participants gaining work following their placements and 81% sustaining employment. With leading national examples of enterprise programming successfully employing citizens who are considered to be a vulnerable demographic, this allows an opportunity for The Downtown Mission to become an industry leader for enterprise programming. Encompassing best practices and positioning for future provincial grant creates a well-rounded holistic approach to making a positive impact for individuals experiencing poverty.

Through future grants supported by evidence, and continuous evaluation of programming impacts as well as analysis of individual success - all data can be leveraged for social changes to be made through legislation that can be recognized federally.

## Best Practices

In order to best answer the question of how to measure the impact of the Enterprise Program, research into the best practices within multiple industries was conducted. The industries in which our group decided to look into were ones well known to Windsor, which would help in making it easier to relate and put into practice. Alongside the differing industry best practices, we were able to speak with local experts regarding economic impact models.

After conducting research, we analyzed the Sports Tourism industry. Windsor is home to many sports events that require government and investor funding. The city demands reports that illustrate the financial impact of holding and funding these events. Our main contact person for this industry was Samantha Magalas, who is the current Sports Tourism Officer within the City of Windsor. When speaking with Samantha, we were able to

understand the best practices in which she had evaluated the financial impacts of bringing in sporting events. Each economic impact model differs but the main goal of the models should be to highlight the return on investment for the funder. In order to properly report the financial impacts, Samantha stated that the first point in clarity for the funders should be discussing the funding. The Downtown Mission would first need to discuss what money was spent from the funding. This would be further broken down into the programs that are being created, how many people are being provided with assistance, and what the expected funds will provide for these people and so forth.

The second point to discuss to the funders would be to further break down the demographic of people who would be using these programs and funds. The one best practice that Samantha mentioned was regarding what would be beneficial for the funders to know. This section would highlight information regarding the community information, in the aspect of the history of previous grants and how they have or have not been successful. This presents a precedent of previous successful grants and how to portray the economic impact they had contributed to the community. For example, once these participants have graduated and are fully employed, where and how have they contributed to the Windsor economy and community. Within this section, there should also be points touching upon the opportunity of new Windsor residents, seeing as Windsor is such a multicultural community and these new participants would ultimately affect them and the networking opportunities present.

Samantha was also able to discuss the Trillium Grants and their historical financial impact. The best practice that she had experienced with Trillium was looking at an impact that can be quantified. They are looking specifically for what the exact numbers are in the sense of how many people have went through the program, how many succeeded and so on. Being able to provide simple and exact numbers of the skills gained, hours worked, salary earned, money taken away from assistance throughout the report is the best practice she had experienced with Trillium. Finally, another additional point Samantha had mentioned that has not been standard but beneficial would be letters of supports from business. These letters could be from local businesses who have financially grown through the employment of these successful participants.

The second resource in which we were able to contact was directly from the City of Windsor, dealing with business impact analysis. Our contact was Matthew Johnson, who is the Economic Development Officer at the City of Windsor. Speaking with Matthew, we were able to better grasp the business aspect of the financial impact that would occur and how to portray and illustrate those impacts in the report to the grantor. Matthew suggested breaking up the impacts throughout the report into four buckets. The first bucket would describe the direct impacts that would occur through this program; these would include the jobs that are created, salaries that are provided, GDP and financial contributions due to this program. The second bucket would look at indirect impacts occurring from this program running, which are supported by the organization. These impacts would look at items such as the number of people visiting and spending money at the stores with newly hired graduates of the program. The third bucket would look at induced impacts, which are the jobs that are supported by the spending patterns of those employed directly or indirectly by the Downtown Mission. The final bucket would go on to illustrate the catalytic impacts, which may be difficult to pin point seeing as they would be the longer term improvements made by the organization. An example of this would look at change within the Windsor-Essex community from the beginning of this program to this current point in time. The best practice from this perspective

and ultimate goal would be to portray the return on investment for the funder, who in this case would be the Trillium Foundation.

Another beneficial point that was considered through contacting resources at the EPICentre, as well as United Way in London was this project is a social project. What that means is although the financial, concise and direct impacts need to be portrayed, the social benefits should be outlined in addition to the financial impacts. This would further look into social and community benefits. Overall, what is best practice and has been most successful based on multiple industries and perspectives has been outlined above.

## Depth of Knowledge

### Cost Background

The basis for the costs in the financial impact model is largely revolved around the percentage of the population in Ontario living in poverty. Roughly 13.5% of Ontarians are currently living in poverty, a term defined by the Low Income Measure (LIM); the poverty line calculated as 50 per cent of the median income of the population in that country or region (Conference Board of Canada, 2017). In Windsor, 16.67% of people are living in poverty, which means that 1 in 6 people you pass on the street currently live in poverty. A total of 69,512 currently make less than \$20,000 a year in Windsor and Essex County.

### Calculation Part 1: The Average Costs Deferred

The average cost of sustaining a homeless individual or an individual living in poverty is a heavy burden on society. This falls on agencies and non-profits committed to the assistance of such troubled individuals, generating substantial costs per individual served, particularly over a long-term. Other costs to society are those that the individual in this particular wage group will consume. Once broken down, these costs are staggering and beg the question; should we be supporting our homeless and poverty-inflicted populations passively? Or, is there a way to mobilize them with the tools to create better lives.

The costs that would be deferred should we approach the problem from the latter school of thought come primarily from the following buckets; Healthcare, Crime, Intergenerational, Lost productivity, costs to the Downtown Mission. These costs were available in data that was dated back to 2007, therefore calculation were made to inflate the numbers in reference to the inflation rate of 1.0153%

Healthcare is a remedial cost of poverty. Literature has shown a clear inverse relationship between a person's income and their health. In Canada (as well as other countries), statistics point to the reality that people with low incomes tend to suffer from poorer health (Drummond, 2008). This directly leads to the use of healthcare dollars more prevalent amongst this population, resulting in an average cost of 2.9 Billion dollars a year in Ontario alone. This number reflects 7.2% of Ontario's overall healthcare budget being used towards these vulnerable populations. In Windsor and Essex County \$1,788.17 per year per individual is spent on healthcare for those living in poverty.

Data also shows a direct link between low income and the increased use of emergency rooms and services (Drummond, 2008). In fact, 18 percent of Canadians at the bottom of the income scale reported the use of an emergency room and its services at least once per year. One visit to the ER in Canada yields an average cost of \$984 per individual,

translating to an additional cost to sustain those living in poverty as their chances of using these services increase.

Next, while there are numerous studies that draw a link between poverty and crime, there is no definitive causal link between the two. For this reason, the factor of crime is often left out of the conversation when it comes to calculating the costs associated with the poor. This is a serious mistake, as the National Council of Welfare has acknowledged that poverty “may in some cases have indirect effects by amplifying life problems that can lead to crime.” (Drummond, 2008). In fact, Ontario is spending anywhere between 250 and 600 million dollars a year on crime-related costs for its lowest income population. In Windsor, this cost translates to a total of \$262 a year per person.

To the extent that poverty among adults contributes to a lifetime of poverty among their children, we must accept responsibility for denying generations to come the equal opportunity to succeed by allowing Canada’s high poverty rate to rise (Drummond, 2008). This is considered intergenerational costs and is reflected in concepts such as educational attainment. Of the 760,000 Canadian children under the age of 18 living in poverty in Canada in 2006, the estimate of our relatively high rate of intergenerational mobility suggests that approximately 152,000 (20 per cent x 760,000) will also be likely to live in poverty when they are adults (Drummond, 2008). This number, once translated to Windsor’s statistics, reflects a cost of \$894 a year per individual, as a burden for intergenerational poverty.

The opportunity costs of poverty reflect the lost productivity that is experienced by the individuals in the lowest income bracket. The low productivity of the poor costs them the ability to generate income and is a burden on society. The attached algorithm shows the costs in terms of the extra income those in the bottom income bracket forego by not being able to move up a step on the income ladder (Drummond, 2008). These opportunity costs translate to a total of \$3,114 a year per individual in Windsor.

Ontario Works (OW) is a social assistance program that provides employment and income support for individuals who are in financial need. To qualify for OW, applicants must be a resident of Ontario, in immediate financial need, be willing to participate in employment assistance programs/activities, and have limited assets. OW assesses personal information such as family size, income, assets, and housing costs to determine the amount of money the individual will receive. This is an example of one of the ways that individuals in poverty are assisted by the government. Sadly, an individual on OW lives more than \$11,000 below the Low Income Measure annually (Wereality, 2017). In Windsor, the average cost for social assistance per individual is approximately \$7,872 a year.

Key findings suggest a correlation between poverty and mental health related issues. Mental health is a field where resources for services and supports cut across private and public sectors. The costs to sustain those in the lowest income bracket of the population are not surprisingly higher than those with higher incomes. 35% of people living in poverty reported the use of mental health support agencies. In Canada, more than 14.3 Billion dollars is dedicated to mental health services yearly (Institute of Health Economics, 2017). In Windsor, this translated to an annual cost of \$405 per individual.

Finally, a key consideration in the costs of poverty is the burden on agencies such as the Downtown Mission to support the average individual with their support programs and sanctuary. These costs include the program expenses reported by the Downtown Mission \$4,983,899 divided by the amount of homeless people in the city. While the Downtown mission serves more than this population, it can be estimated that this vulnerable population of individuals will surely be using the services of the mission and will require the sanctuary provided by them.

Combined, these factors create a total picture of what it means to sustain an individual living in poverty. The final number, \$15,401, reflects the costs that can be deferred should one person living in poverty be supported out of this state.

## Calculation Part 2: The Benefits Generated

The benefits generated from a successful candidate completing the program and obtaining a job come in two waves. The first wave is income tax generation coming from the wages earned throughout the successful candidate's time spent working at their new position. By working minimum wage full time for a full year, he or she will gross roughly \$23,200. This will put the candidate in the 20.05% tax bracket for income tax in Ontario, which will generate \$4,652 in taxes back to the government (Ontario Personal Tax Rates, 2017). The second wave of benefits is incurred through everyday spending of his or her income into the local economy. According to a study completed in 2016, the expenditure-to-income ratio was 75% (Pew Charitable Trust, 2016). Taking this data and applying it to the candidate, they will typically spend \$13,911 into the local economy throughout the year. With these two waves of benefits, it is shown that a successful candidate will generate up to just over \$18,500 between taxation and spending. It is important to understand the concept that the people completing this program and successfully obtaining a job can generate money for the government as well as help sustain and grow the local economy with their spending.

## Other Considerations: The Factors You Can't Quantify

Not considered here are benefits that are not necessarily quantifiable. These intangible aspects of the equation may perhaps be the most important in the bigger picture. The first to consider is the dignity and self-respect that is generated from becoming a contributing member of society. Specifically, for those individuals who have lived the majority of their lives stripped of the ability to feel that their contributions to the community around them are relevant or even possible, this becomes key to their ability to prosper emotionally. Directly linked to that is the idea that poverty weakens communities and the community feel. This same individual whose dignity is restored is likely to create a chain effect that supports the community around them. This effect can be conceptualized one step further in that one can consider the support that the same individual will give others who are suffering from poverty. Advice, references and in this particular case, a referral to the enterprise program would result in a positive chain effect that supports the community as a whole.

The Enterprise Program is more than the sum of its parts. In many ways, the success of one individual acts as an iconic symbol of hope for many of those suffering from similar issues in Windsor and Essex community. The realization that there is an answer that involves a real solution, rather than a temporary one is something that may not be quantifiable but should not be ignored.



## Calculation Part 3: The Costs Incurred

The costs incurred are essentially linked to running the enterprise program itself. This involves a number of direct costs that include: direct personnel, graphic designs, IT support, media and advertising, as well as other non direct costs such as materials and supplies, travel, performance evaluation, etc. These costs are laid out in the excel template with an explanation as to where they come from and why they are needed. After tallying up all the costs that it takes to run the enterprise program it comes out to being \$75,000, which happens to be the exact amount of the Ontario Trillium Fund grant. This shows that this program is truly a non-for profit as all the money received is being put towards creating the best possible program that is built to create successful graduates who can join the local workforce.

## Summarizing the Final Calculation

The final summary of calculations brings together the total costs deferred, the total benefits generated, and the total costs incurred to run the program. If a candidate ends up being successful and obtains a job through this program, they will eliminate just under \$15,500 of costs to the government, as well as generate over \$18,500 between taxes and spending into the local economy. This means that there will be a positive gain of about \$34,000 just for one successful candidate. The enterprise program has the capacity to handle up to 90 graduates in a year with the original \$75,000 grant. If this were the case, it would cost about \$800 per person to run through the program. The success rate, success meaning the graduates obtains work after completion, is sitting roughly around 50% with optimism that it can reach up to 70%. However, due to the incredible impact that one single success can generate up to \$34,000 for the government and local community, this program can be deemed an overwhelming success if they can simply get more than two graduates into the workforce and out of poverty/homelessness in one year.

Going deeper into the numbers and staying at a conservative level of a 50% success rate. If the program can have 45 successful graduates, this would mean an overall generation of roughly \$1.5 million dollars that comes from the \$75,000 grant. Therefore for every dollar the Ontario Trillium Fund donates to the Downtown mission, they are generating up to \$20 in returns for the year. One thing to be considered however is the fact that capacity of the program must be maxed out (90 total graduates) in order to obtain this type of return. This ratio of 20:1 shows that the return on investment for the government is not only positive, but helps the local economy of Windsor at the same time by providing the skills needed to obtain jobs and keeps individuals off the streets and out of poverty.

## Projected Financial Impact

With an increase in funding, the Enterprise program has the potential to grow in ways that would touch the lives of potentially double the people that it currently does. In fact, with a grant of \$750,000 the program would increase its ability to become more robust, possibly introducing another stream of courses in sectors such as manufacturing. This would help cultivate talent in other fields as well as retail and the food industry. The depth of training in the program can be improved as well, allowing for growth in the diversity of the employment opportunities offered. As the program increases in success and continues to receive recognition, this will result in increased employer partnerships as well. As a result of this, the

ability to provide customized job coaching will be a feasible option for the Enterprise program.

Increased funding will directly result in doubling the capacity of the program, this will mean having to hire more personnel to support the individuals in the program. Furthermore, this will mean an expansion in terms of physical space as the current facilities cannot hold the participants at double the rate should the program expand. With that being said, the success of the program will continue to generate the same exponential benefits for society, meaning an increase in funds will only amplify these benefits.

## Final Recommendation(s)

The purpose and importance of this report is twofold: first, it provides a sustainable and sound economic model, and second, it creates social justice for those who are economically disadvantaged.

The economic model proves that this business is sustainable. It also proves that all stakeholders are benefitting. The Downtown Mission is benefitting because it is creating a business that is sustainable and able to create jobs and growth internally. The model proves that there are growth prospects, provided there is greater access to grants.

The greatest beneficiary is the participants of the Downtown Mission's program. As the participants are either homeless or well below the poverty line, the Downtown Mission is providing them with an opportunity to learn skills that can help them provide for themselves, or potentially even turn their lives around.

The grantors also benefit from the current business structure. A lot of charities raise money and they would simply donate it to a cause. For example, Meals on Wheels provides meals for people in need. A dollar donated would translate to a dollar (less expenses) towards a meal for a homeless person. The difference with this charity is that one dollar has the power to go much further. The reason for this is because if a participant can learn the skills, work for the rest of his or her life, and create a family, then the financial benefits are astronomical.

Another beneficiary is the community. The community benefits because this program will create a lower demand for community housing, it will bring homeless people off of the streets, and it will allow businesses to grow with skilled labour.

The final beneficiary is the local businesses that will be hiring these workers. Retail stores will be assured that they are hiring workers that are capable because they would have completed this training program. This training program will reduce the learning curve and it will allow employees to be a better salespeople faster.

As the philosopher Maimonides said, "Give a man a fish, and you feed him for a day. Teach a man to fish, and you feed him for a lifetime". This quote is relevant to what the Downtown Mission is accomplishing because they are not just handing out money, they are teaching skills that will allow people in need to create jobs and livelihoods for themselves. The social impact of this program is not quantifiable. Considering the high drug use among homeless people, it would make sense that this program reduces drug usage. This program may give people the capacity to turn their lives around and even start a family. There is no doubt that the Downtown Mission is improving the lives of its participants, as well as all of the aforementioned stakeholders. Each person that is a participant has their own story, with their own problems - that is the reason why they need such assistance. The social justice

aspect of the Downtown Mission will be different for every individual, however it will be significant in immeasurable ways.

## Conclusion

Providing evidence of sustainability and impact of the enterprise programming which has been established by The Downtown Mission is an essential component of the process in generating continuous funding - allowing the program to expand and greater its contributions. Poverty is an issue that is often hidden, yet is a circumstance where any one individual may find himself or herself facing. Through educational practices - citizens and the community as a whole are given a fighting chance of re-establishing their independence and minimizing the burden on social offerings. It is important to note the significance of change begins with the personal value of one's self - which expands into further cost savings and positive contributions to the economy. Utilizing the economic model offers possibilities to quantify the impacts that can be presented as an advantage to further funding enterprise programs and creating change in legislation to support vulnerable demographics such as those living in poverty.

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