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RECENT CSI REPORT ON HOMELESSNESS INACCURATE AND MISLEADING

Report Overestimates Per Person Costs and Misrepresents Comparisons of Spending to Other Sectors

[Denver, CO – August 17, 2021]: The report recently issued by the Common Sense Institute is an inaccurate and misleading look at the region's spending on homelessness.

The recent report issued by the Common Sense Institute is neither valid nor reliable in determining the economic footprint of homelessness. "MDHI identified several limitations and inaccuracies which were the basis of this report to the researchers during the design phase of this report," said Dr. Matt Meyer, Executive Director of the Metro Denver Homeless Initiative (MDHI). "However, the researchers chose to move forward fully aware of these limitations which led to MDHI's decision not participate," added Meyer.

The following are some of the inaccuracies contained within the report:

- The per person cost in excess of \$104,000 in Denver and \$78,000 throughout the region is a misrepresentation. The authors divided their calculated *annual cost* by the number of people experiencing homelessness on a *single night*. This created a grossly inflated cost which is misleading.
- The comparison to spending in other sectors contains glaring errors. For example, with education spending, the report limited the cost of education to government spending and does not include nonprofits serving the educational needs of students, volunteer hours, nor healthcare costs such as school-based health centers and other medical services provided to students. Yet, these types of costs are included in the \$481 million the report claims in spending on homelessness. These two numbers cannot and should not be compared.
- The report's numerator is grossly inflated because it includes substantial spending *not* related to homelessness, such as housing programs, food insecurity, poverty, and housing instability, which are a significant portion of the reported \$481M annual expenditure.
- The report fails to isolate spending on homelessness occurring in the region. Many of the nonprofits included in the report operate programs and services in other regions of the state and the analysis does not fully account for this in its methodology.
- In some cases, spending is counted twice and perhaps even three times when federal funding is included. The report includes several governmental sources of funding, including the \$40M in Denver's Homelessness Resolution Fund, which are then sub-granted to nonprofit service providers in the region. The report includes this funding a second time as reported on the organizations' 990s. This double counting occurs numerous times

throughout the report. Additionally, the Homelessness Resolution Fund was not in existence during the report's timeframe.

- The healthcare calculation is inaccurate as it includes all costs for anyone identifying as homeless. Local data show approximately 70% of these individuals are enrolled in healthcare due in part to Medicaid expansion. Many are also employed. The study does not isolate which healthcare costs are directly related to the experience of homelessness as other similar, valid reports of this nature have done.

By removing the known double counting, inaccurate healthcare costs, and volunteer hours, the \$481M figure is nearly cut in half. A deeper analysis of which portion of the spending is dedicated solely to the region's response to homelessness, and not the larger response to housing instability and poverty throughout the entire state, serves to further diminish this inflated figure. Overall, the report's conclusions are based on invalid assumptions, inaccurate data usage, and a complete misunderstanding of how the homelessness response system operates.

"Homelessness is a complex but solvable issue. Inaccurate reports such as this fail to move us towards a solution. Our efforts are much better spent addressing the systemic causes of homelessness and creating thoughtful, evidence-based solutions," Meyer shared.

About Organization

MDHI is the Metro Denver Continuum of Care, the regional system that coordinates services and housing for people experiencing homelessness. This includes prevention/diversion, street outreach, emergency shelter, transitional housing, rapid rehousing, and permanent supportive housing. MDHI works closely with each county in its continuum (Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson) to build a homeless crisis response system that gets people back into housing as quickly as possible.

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