Human Services in a Time of Economic Crisis

Presentation Prepared for
June 11 NACO Webinar
Joe Valentine, Director
Contra Costa County Employment and Human Services

Applicants Wait in Line for Benefits, Richmond, CA 2009
In April 2009, A Report Was Jointly Issued by the California State Association of Counties [CSAC] and the California Welfare Director's Association [CWDA]
“Human Services In A Time Of Economic Crisis”

✓ Profiled the growing number of applications and caseloads;

✓ Documented the growing state funding gap for county human service programs;

✓ Demonstrated the economic stimulus impact of human services spending.
Key Message Points:

- The recession has sparked a rising demand for county social services.

- There are many persons and families turning to the county for help that have never used social services before.

- The long-term disinvestment by the state – nearly $2 billion annually – has crippled the ability of counties to meet the rising need for safety net services.
Key Message Points:

• The increasing number of applications, coupled with the chronic underfunding by the state, is leading to delays in the ability of people to receive help.

• A new study by Beacon Economics that CSAC and CWDA commissioned shows that human services spending stimulates the economy – every $1 of spending generates another $1.32 of local economic activity.
Presentations to County Boards of Supervisors

- In April and May, Social Services Directors presented their reports to Boards of Supervisors across the state using a Powerpoint presentation that summarized the report’s key findings, supplemented with local data.

- A statewide “call-in” press conference was held to roll out the report to the major media.

- Outreach was made in each county to local media to generate as much coverage as possible. Many local media ran stories covering the report and its key findings.
Presentations to County Boards of Supervisors

The Goals of the presentations were to:

• Arm supervisors with the information they needed to address the chronic underfunding by the state of the social services programs which counties administer on behalf of the state; and,

• To lobby the state not to make any additional cuts in human services that could have disastrous consequences for county residents and local economies.
The Economic Recession

- Key Message Point: *the rise in unemployment had led to increased demand for social services*

<table>
<thead>
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<th>Dec 07</th>
<th>Feb 09</th>
<th>Projected: 2nd QRT 2010</th>
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<tbody>
<tr>
<td>State</td>
<td>5.9%</td>
<td>10.5%</td>
<td>11.9%</td>
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<td>CC County</td>
<td>5.0%</td>
<td>9.3%</td>
<td>&gt; 10%</td>
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Impact of Recession on Demand for Human Services

- Counties have experienced a surge in applications for basic assistance: Food Stamps, CalWORKs, General Assistance, and Medi-Cal.

- Applications increased by 20 to 40% in 2008.

- Higher application rates have not only continued into 2009, but in some counties, such as Contra Costa, have increased even more.
Impact of Recession on Demand for Human Services

Chart C-1

Social Service Applications in California September 2006-October 2008
(Normalized to September 2006=100)

- CalWORKs
- Homeless Assistance Requests
- Food Stamp
- Medi-Cal
- General Assistance

Normalized Scale

Sep-06 Mar-07 Sep-07 Mar-08 Sep-08
The “New Poor”

- Recession has forced many working families to apply for government help who have never done so before.

- Some have assets and income higher than the maximum eligibility limits, resulting in a greater % of applications being denied than previously.

- These families may return in a few months – in even greater need – once they spend down those resources.
The “New Poor” in Contra Costa County

1. Father who worked as a carpenter in housing construction for 20 years: laid off, mortgage interest increased, lost his home.

2. Single mother with 3 children: Real Estate agent ran out of work last April, payroll checks from employer bounced, evicted in December.
Rising Demand for Social Services

Monthly Office Visits

<table>
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<tr>
<th>Year/Quarter</th>
<th>Visits</th>
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<tbody>
<tr>
<td>2008</td>
<td>16400</td>
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<tr>
<td>Jan-March 09</td>
<td>23000</td>
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Monthly Office Visits
Rising Applications

Monthly Applications

Year

Applications

2007 2008 2009

Medi-Cal  Food Stamps  CalWORKS  General Assistance
Rising Caseloads

note: applications have increased faster than caseloads

CalWORKS & Food Stamp Cases

Food Stamps  CalWORKS
Rising Caseloads

Medi-Cal Cases

- 2007: 30032
- 2008: 34662
- 2009: 37237

Graph showing an upward trend in Medi-Cal cases from 2007 to 2009.
Daily Visits to One-Stop Centers

- PY2008: 394 (100%)
- PY2009: 501 (127%)
- Jan 2009: 613 (149%)
Staffing Reductions

• State funding has not kept up with the rising demand.

• Legislative cuts and Governor vetoes led to reduction of over $86 million for social services for 2008-2009.

• In Contra Costa, this led to a shortfall of over $6 million to fund the number of staff needed to keep up with the rising caseloads.

• The loss of revenue was equivalent to 60.5 FTEs.
Staffing Reductions

- Halfway through the fiscal year, state and county tax revenues continued to decline leading to a shortfall in the EHSD budget of over $16 million.

- On December 31, 203 positions were cut, including 74 layoffs.
Program Impacts

Programs that relied the most heavily on county supplemental funding or were 100% county funded experienced the largest impacts:

- **Child Welfare**: 67 “case carrying positions” - almost a 1/3 of all child welfare positions.
- **Adult Protective Services**: 9 positions cut – only 6 social workers remaining.
- **General Assistance**: over 60% of staff cut – only 8 eligibility workers remaining.
- More than ½ of all the **clerical staff** who handle reception and support case processing let go.
Cost of Doing Business Gap

• State has provided no “cost of doing business” adjustments in funding allocations since 2001.

• Statewide CODB Gap over $1 billion. Counties have been forced to cut services or use a larger share of county general fund.

• Contra Costa 09-10 CODB Gap is $37.9 million.

• Our CODB gap is equivalent to 370 positions!
Human Services as Economic Stimulus

• While Federal Economic Stimulus funds provide some time-limited help, Social Service benefit payments provide an ongoing contribution to the local economy.

• Benefit payments find their way immediately into the local economy:
  ✓ Food purchases
  ✓ Rent payments
  ✓ Purchases of household goods
  ✓ Payments to medical providers, etc.
Human Services as Economic Stimulus

The BEACON ECONOMICS Report shows that benefit payments have a “multiplier” affect in the local economy.

- Every $1 dollar in payments generates another $1.32 in local economic activity.
- In Contra Costa: over $11 million in benefits are issued each month for Food Stamps, CalWORKS, GA, Foster Care payments, etc.
- Clients use of these benefits leads to immediate purchases of goods and services – this money enters the local economy quickly.
Human Services as Economic Stimulus

- Contra Costa monthly multiplier effect from benefit payments = $14.5 million.
- The multiplier affect plus the benefit payments = $25 million monthly contribution to the county’s economy!
What Needs to be Done?

- Urge legislative delegation to preserve existing funding for human services.
- Insist that the state treat counties as equal partners and recognize that costs have been shifted to them.
- Ensure infrastructure is in place to maximize leveraging of federal stimulus $.
- Urge state to share a proportion of federal stimulus $ with counties.
Contact Information

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