

# Human Services In a Time of Economic Crisis

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Presentation Prepared for the Contra  
Costa County Board of Supervisors

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*Applicants wait in line for benefits, Richmond 2009*



## **Key Points:**

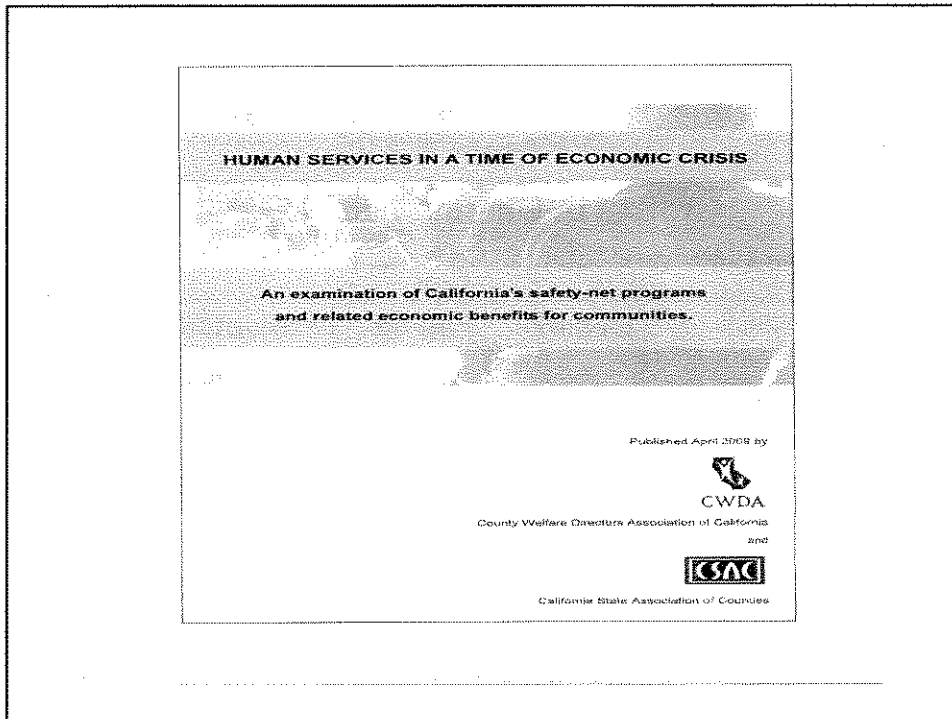
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- The recession has sparked a rising demand for county social services. Contra Costa County is one of the hardest hit.
- There are many persons and families turning to the county for help that have never used social services before.
- The long-term disinvestment by the state – nearly \$2 billion annually – has crippled the ability of counties to meet the rising need for safety net services.

## **Key Points:**

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- 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 shows that human services spending stimulates the economy – every \$1 of spending generates another \$1.32 of local economic activity.



## *“Human Services In A Time Of Economic Crisis”*

### Joint CSAC/ CWDA Report:

- ✓ *Summarizes the economic stimulus impact of human services spending;*
  
- ✓ *Profiles the growing number of applications and caseloads;*
  
- ✓ *Documents the growing state funding gap.*

## The Economic Recession

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### Growth in Unemployment

	Dec 07	Feb 09	Projected: 2 <sup>nd</sup> QRT 2010
State	5.9%	10.5%	11.9%
CC County	5.0%	9.3%	> 10%

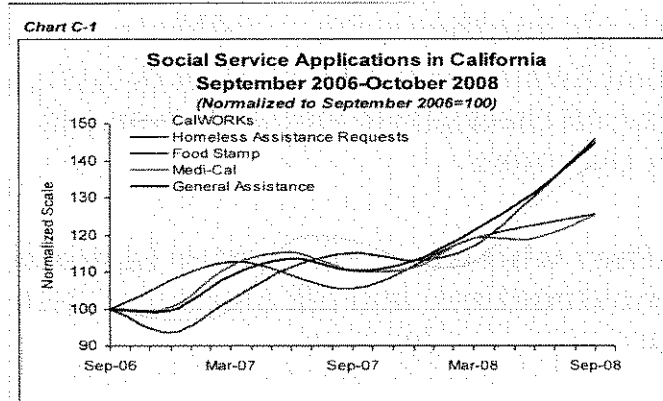
## Impact of Recession on Demand for Human Services

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- 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 the last year, and even higher in some counties.
- The higher demand for services has continued in 2009, and in some counties is even increasing [including Contra Costa].

## Impact of Recession on Demand for Human Services

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## The “New Poor”

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- 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**

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**1. Single mother with 3 children:**

Real Estate agent ran out of work last April, payroll checks from employer bounced, evicted in December.

**2. Father who was a carpenter in housing construction:** laid off, mortgage interest increased, lost his home.

## **The Impact of the Recession on Contra Costa**

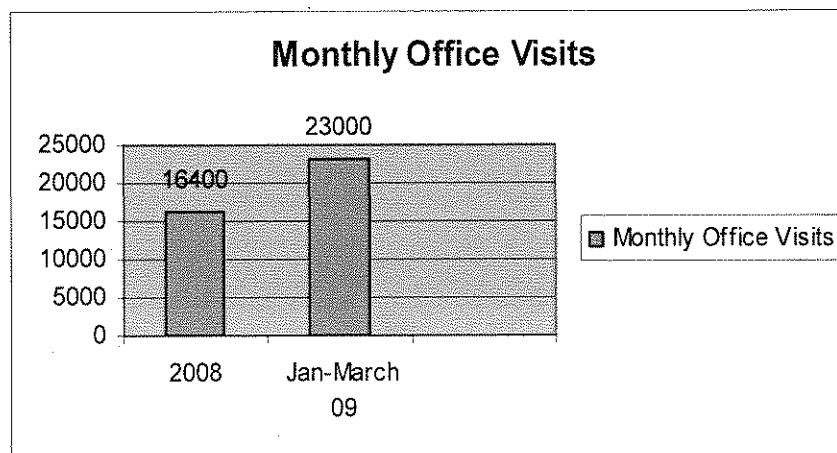
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- Applications for assistance have increased by 20-40% depending on the program.
- Particularly hard hit is East County where applications have increased the fastest – almost half of all applications are taken at Antioch and Brentwood offices.

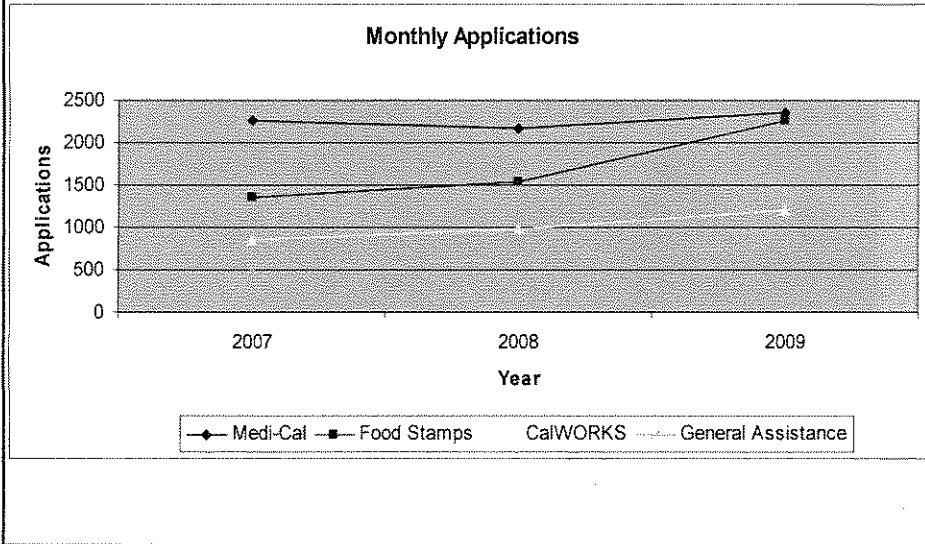
## The Impact of the Recession on Contra Costa



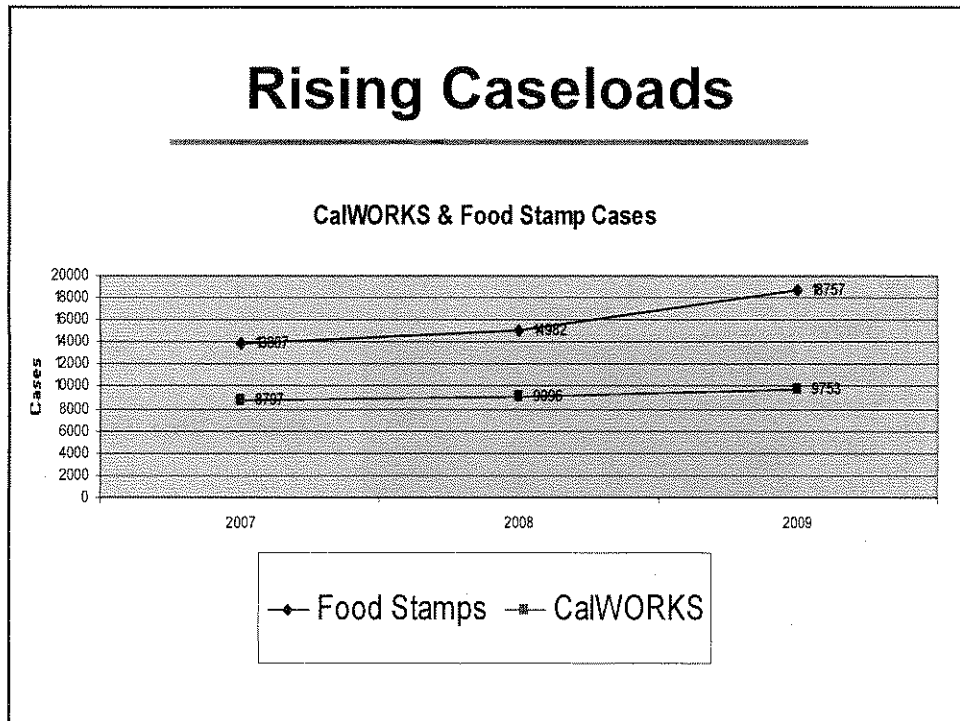
## Rising Demand for Social Services



# Rising Applications



# Rising Caseloads

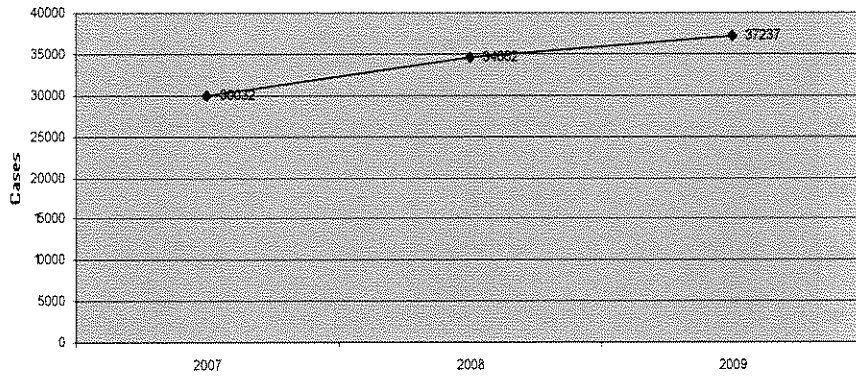




# Rising Cases

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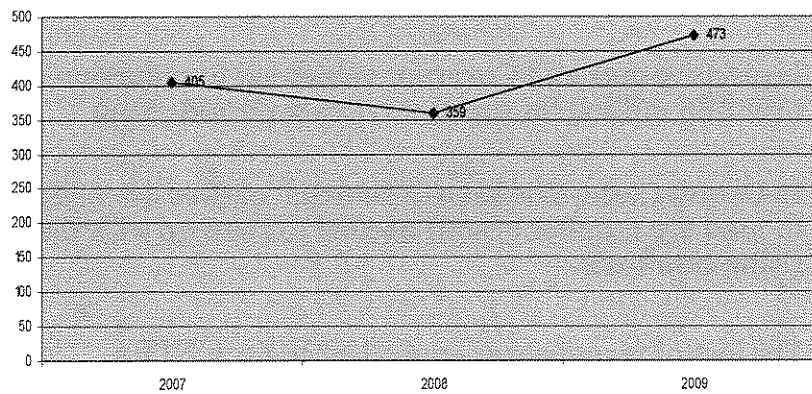
## Medi-Cal Cases



# Rising Caseloads

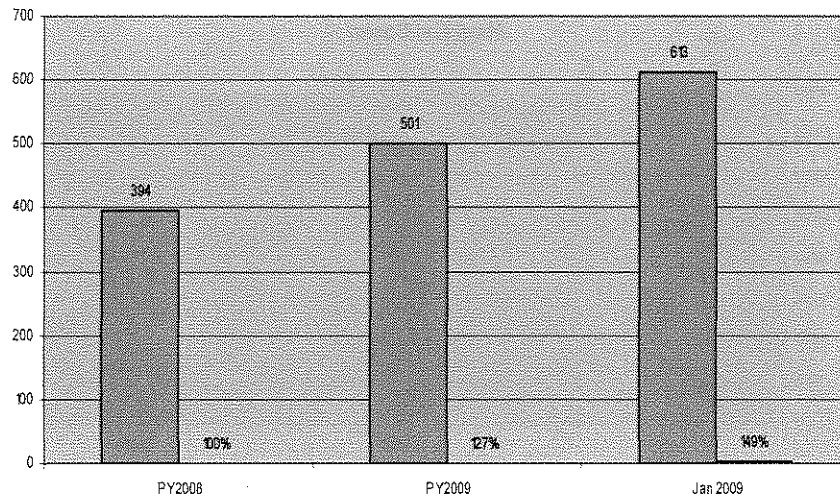
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## General Assistance Cases



## Daily Visits to One-Stop Centers

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## Staffing Reductions

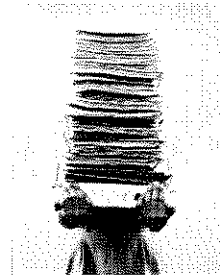
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- State funding has not kept up with the rising demand.
- Legislative cuts and Governor vetoes led to reduction of over \$86 million for social services for 2008-2009.
- In Contra Costa, this led to a shortfall of over \$6 million to fund the number of staff needed to keep up with the rising caseloads.
- The loss of revenue was equivalent to 60.5 FTEs.

## Staffing Reductions

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- In December, EHSD cut \$18.5 million due in large part to a state revenue shortfall of about \$9.2 million.
- 203 positions were cut, including 74 layoffs.



## Program Impacts

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- **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 1/2 of all the **clerical staff** who handle reception and support case processing let go.

## **Cost of Doing Business Gap**

- Failure of state funding to cover true costs of providing services continues to grow.
- Statewide CODB Gap over \$1 billion.
- Contra Costa 09-10 CODB Gap is \$37.9 million.
- Our CODB gap is equivalent to 370 positions!

## **Federal Economic Stimulus Act**

- “American Recovery and Reinvestment Act” will temporarily increase Federal Matching Rate for a number of programs.
- Most will primarily benefit the state, a few will result in increases for the county:
  - ✓ **Head Start** – over \$ 2 million
  - ✓ **Training & Employment Services** – \$4.7 million
  - ✓ Reduce county cost for **IHSS** - \$4.5 million
- We need to maintain the infrastructure necessary to claim those funds.

## **Human Services as Economic Stimulus**

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- Federal Economic Stimulus funds time-limited.
- 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**

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- 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: \$5.3 million of Food Stamp benefits are issued each month.
- Over \$11 million in total monthly benefit payments for all programs.

## Human Services as Economic Stimulus

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- Contra Costa monthly multiplier effect for Food Stamp payments alone = **\$7.3 million, in addition to the food purchases!**



## 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.