

HUMAN SERVICES IN A TIME OF ECONOMIC CRISIS

**Public safety-net programs
and related risks and benefits for the community**



Social Services Agency of Santa Clara County
in conjunction with the California State Association of Counties and
County Welfare Directors Association of California



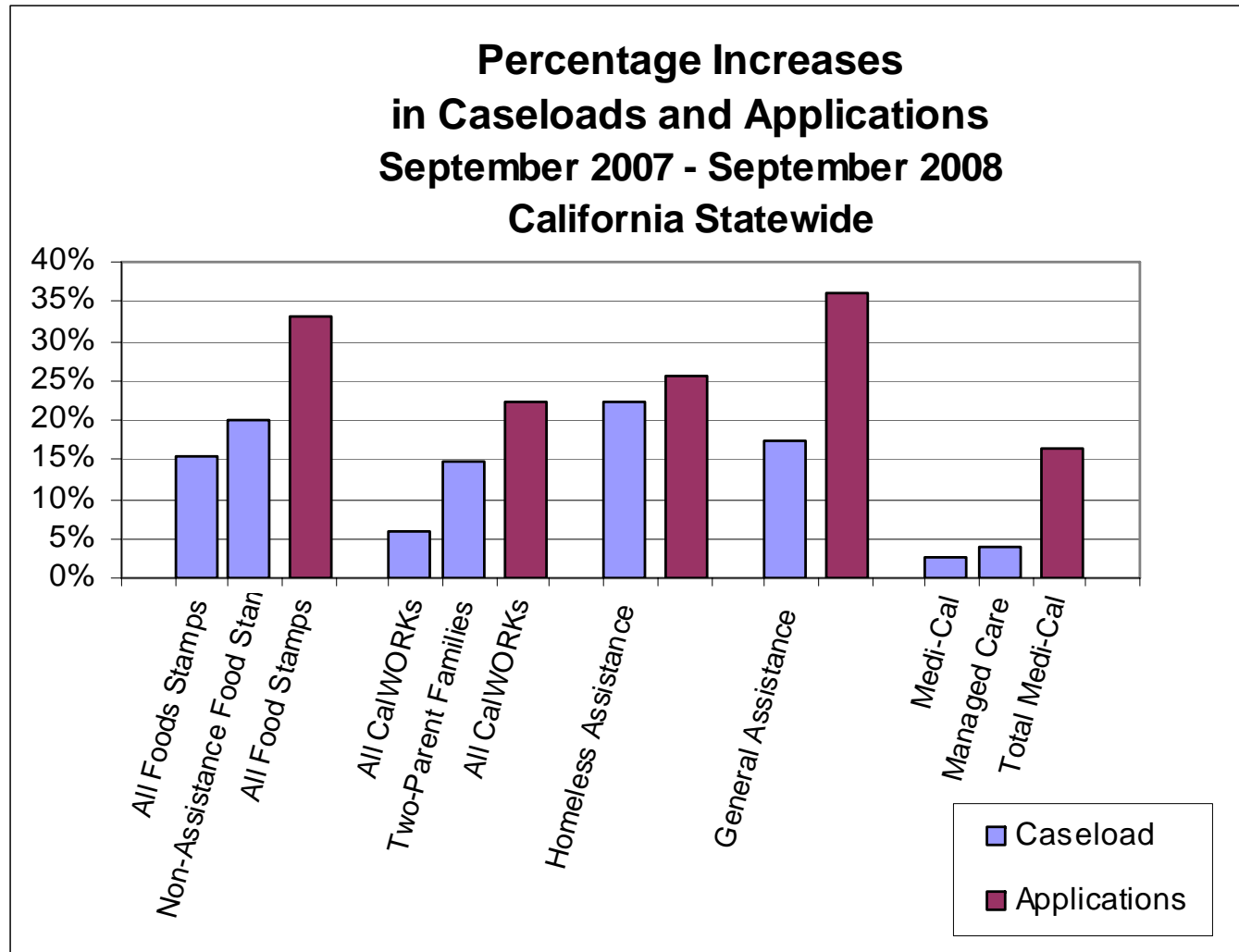
Overview of Presentation

- How do public human services stimulate the economy?
- How does the recession drive demand for public human services?
- How does the human services funding deficit jeopardize our local economy and our ability to provide needed services?
- What can we do to protect our local economy and preserve the public safety net?

Economic Recession & Downturn

- Statewide unemployment: 11.5% in March 2009
 - 6.5% a year ago
- Santa Clara County unemployment: 10.8% in March 2009
 - 5.2% a year ago
- Deepest recession since the Great Depression
- State unemployment rate expected to rise to 12-13% by 2011

Economy is Driving Demand (Statewide)



Increasing Demand in Economic Hard Times

Impact in Santa Clara:

Applications have increased dramatically in many programs from September 2007 to January 2009.

- **Food Stamps**
 - Applications increased 60 percent

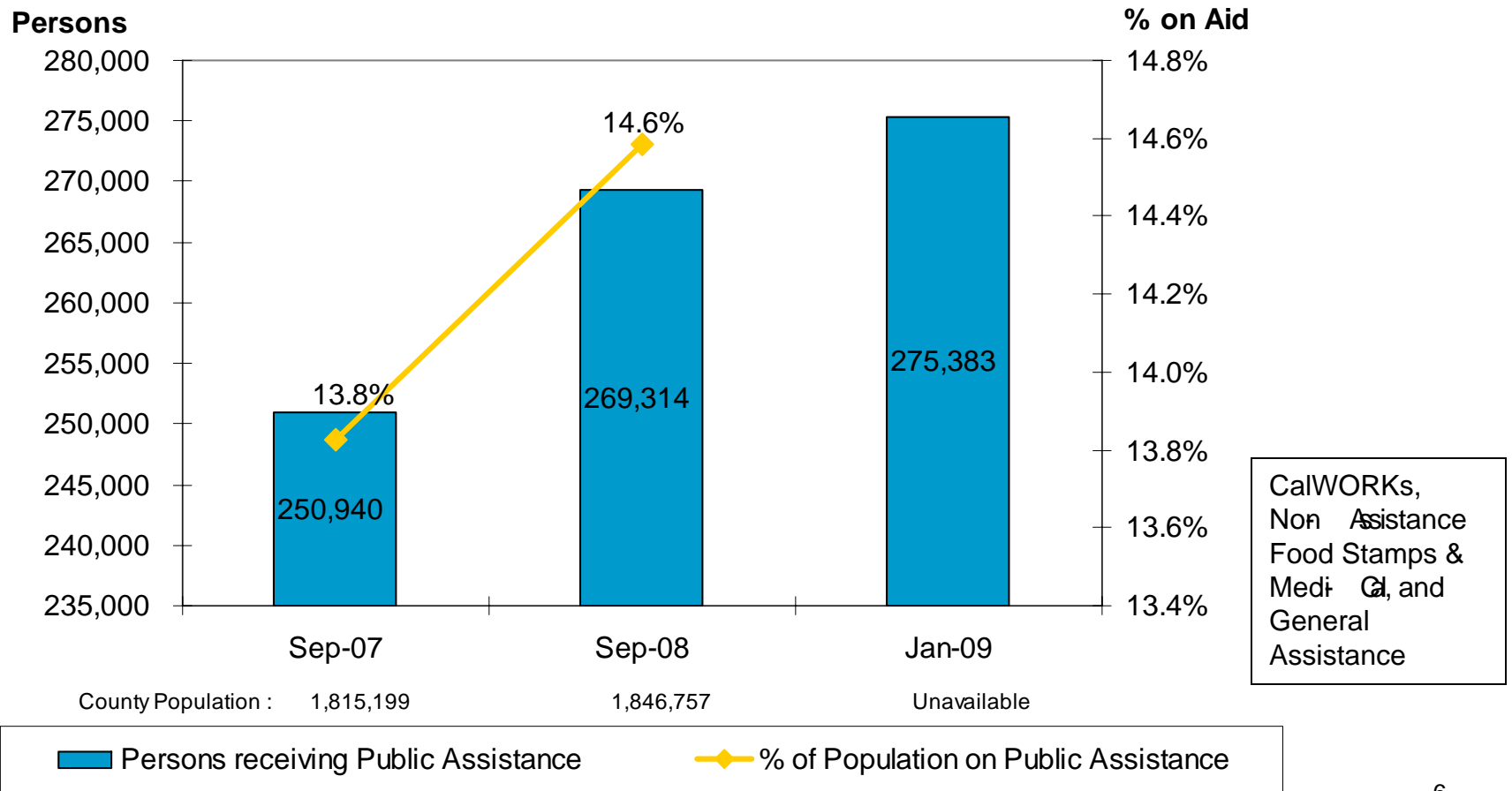
- **CalWORKs**
 - Applications increased 56.9 percent

- **General Assistance**
 - Applications increased 28.2 percent

- **Medi-Cal**
 - Applications increased 13.9 percent

Increasing Demand in Economic Hard Times

**Santa Clara County Population Receiving Public Assistance
(Point in Time Unduplicated Count)**



Changing Applicant Mix

First time applicants in Santa Clara County since September 2008 make up:

- 43% - 45% of Medi-Cal applicants
- 25% - 27% of Food Stamp applicants
- 15% - 20% of CalWORKs applicants

Human Services Programs Play Economic Stimulus Role

- Spending on programs generates additional economic activity locally
- On average, every \$1 spent in human services programs generates \$1.32 in economic activity, i.e. groceries and rent (multiplier effect)
- Programs largely funded with state/federal dollars, while benefits are primarily local

Economic Stimulus

In Santa Clara County this benefit is considerable. Annualizing actual benefit distributions for January 2009 (assuming no caseload growth) the CY2009 economic stimulus would be:

- Food Stamps benefits
 - Food Stamps annualized benefits and multiplier projected to be approximately \$151 million

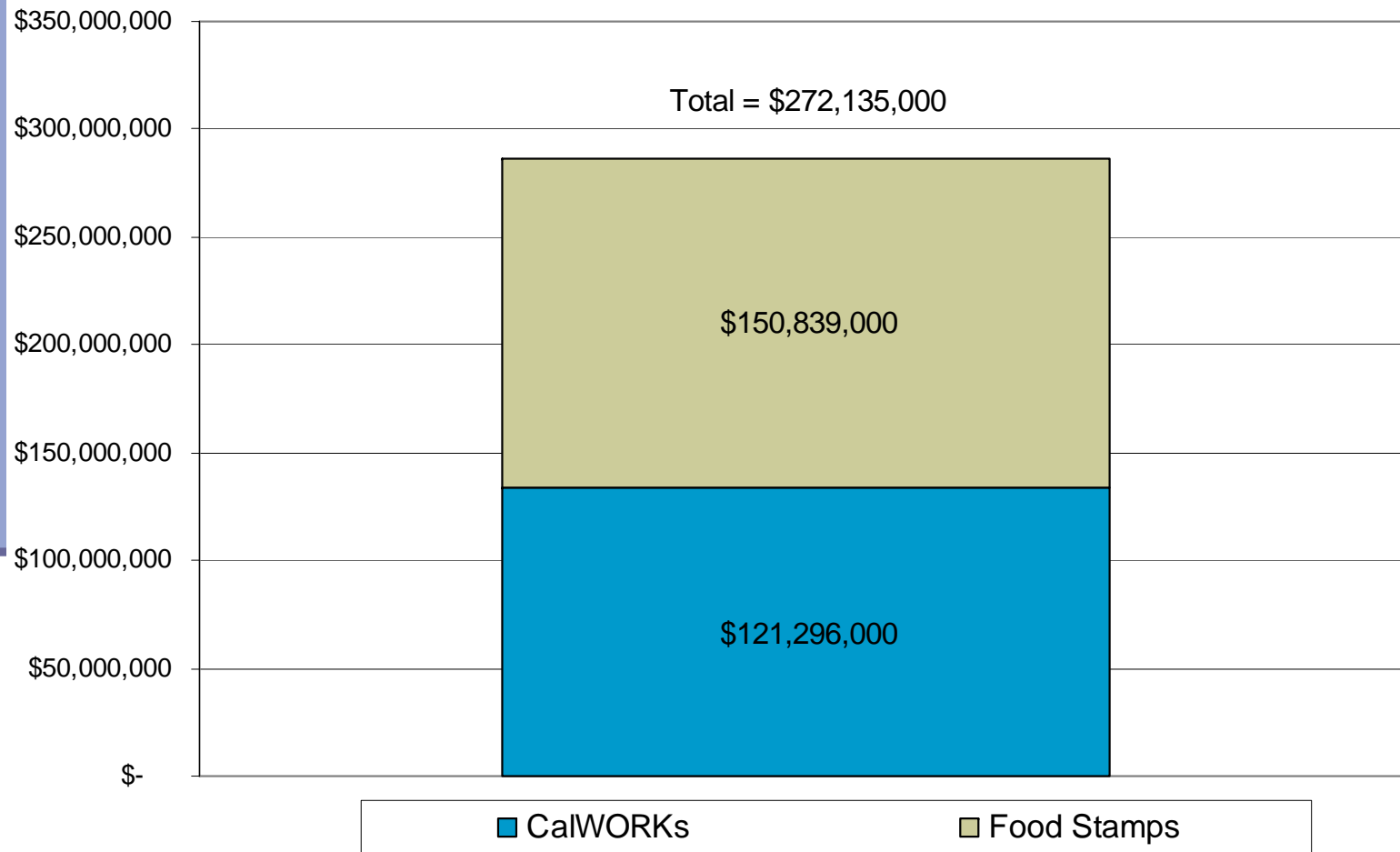
- CalWORKs
 - CalWORKs annualized benefits and multiplier total \$121 million
 - County contribution \$2.3 million (2.5% of grant payments)

- Total economic impact is over \$270 million dollars into the local economy in return for the \$2.3 million local investment

Projected 2009 Economic Value

(based on January 2009 payments)

Economic Value of Benefits on Santa Clara Economy



Human Services Funding Deficit

- More than **\$1 billion ongoing annual shortfall statewide**
- Counties legislatively mandated to administer human services programs on the state's behalf
- Funding frozen at 2001 cost levels
- Counties have backfilled human services programs to the tune of **\$595 million**

Growing State Funding Gap

- Three primary components:
 - Human Services Funding Deficit: \$1 billion
 - Direct program cuts: \$433 million
 - Declining realignment revenues: \$400 million

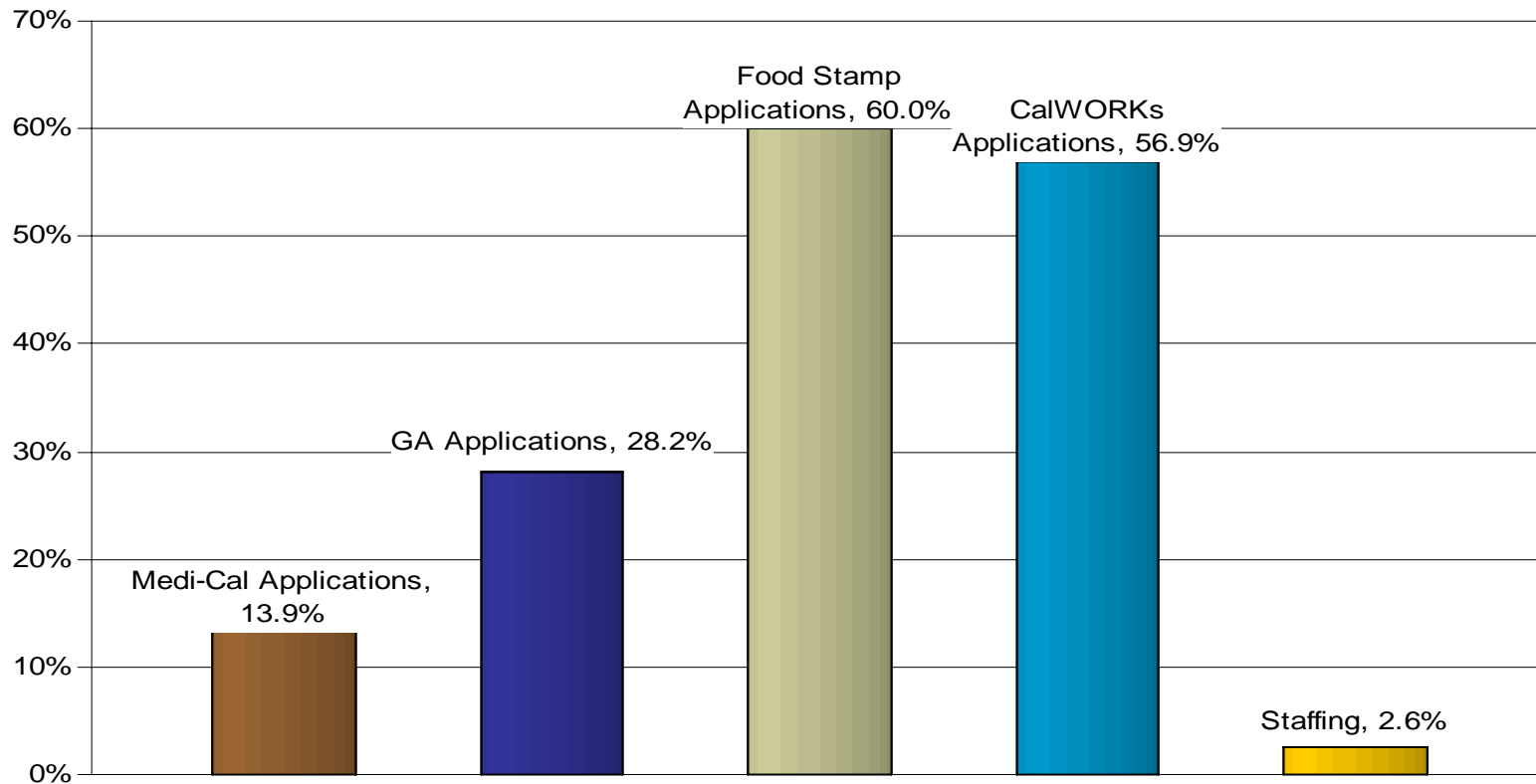
Nearly \$2 billion current year shortfall

For Santa Clara County...

- The Human Services Funding Deficit is now:
 - \$37.3 million (the State is under funding the county)
- State funding has remained flat since 2001 for the costs of running state and federal programs – things like social worker salaries, worker's compensation, pension costs, health care costs, energy costs, transportation and leases.

Staffing Cannot Catch up with Caseload Increase

**Public Assistance Workload Indicators
Change from September 2007 to January 2009**



Impacts of Demand, Cuts

- In Santa Clara County:
 - The State's failure to meet its obligations to support the programs the County administers on its behalf translates into approximately 150 staff positions across the Agency- in public benefits, approximately 90.
 - As result the timelines for routine benefits determinations are lengthening, people in need are waiting longer, and the stimulus effect on the local economy is delayed.

What can we do?

- Recognize the economic value the public human services creates in the local economy
- Insist the State prioritize legally mandated human services and protect the economic value that they generate locally
- Contact legislative delegation
 - Advocate for cost of doing business increase
 - Insist that counties be fairly treated as partners
 - Reject any further cuts to human services
- Share our county data