



CWDA

Advancing Human Services
for the Welfare of *All* Californians

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To: The Honorable Dr. Richard Pan
Chair, Senate Budget Subcommittee No. 3

Honorable Members
Senate Budget Subcommittee No. 3

From: Frank J. Mecca, Executive Director

**RE: COST ADJUSTMENTS FOR COUNTY
ADMINISTRATION OF HUMAN SERVICES PROGRAMS**

The County Welfare Directors Association of California (CWDA) respectfully requests your support for updating the funding levels for county administration of human services programs to reflect the appropriate state share of actual costs. Counties administer these programs on behalf of the state. Yet the proposed budget does not provide funding to cover the actual costs of counties for performing those duties in several key areas.

Counties operate several entitlement programs on behalf of the state, under the direction of state departments, and in accordance with federal and state law. These programs, including CalFresh, CalWORKs, the In-Home Supportive Services (IHSS) Program, Child Welfare Services, the Foster Care Program, and Medi-Cal, provide critical supports and services to the most vulnerable Californians. The administrative functions that counties perform are mandated by federal and state law, and counties do not have discretion about whether to perform these activities.

Prior to 2000, the funding provided to counties for administration of these programs was updated annually to reflect the actual costs of the counties in performing these duties. Beginning in 2000-01, however, those annual cost increases for the human services programs were frozen, and a gap developed between the funding necessary to keep pace with inflation and effectively administer the programs and the actual funding provided. This gap has totaled hundreds of millions of dollars over the years and has had a significant impact on service delivery across all the programs. Counties have been forced to make trade-offs, such as with the CalWORKs program, where counties were unable to provide as comprehensive and robust employment and supportive services as are needed by the clients because they are forced to use limited resources on the required eligibility activities. In other areas, counties are in a continual process of prioritizing required work, such as with the IHSS Program, where counties have focused resources on timely performance of initial

assessments only to have timeliness of reassessments slip. Ultimately, it is clients paying the price of inadequate funding through reduced and delayed services and supports.

Recently the state has begun to provide funding increases in selected areas to bring state funding up to more current county cost levels. In child welfare, the state has been forced to fund actual county costs for administrative activities and services provided under the Continuum of Care Reform because of the 2011 Realignment and Proposition 30 statutory and Constitutional requirements. For other programs, including CalWORKs eligibility and employment services case management and IHSS administration, the Administration has worked with CWDA and counties to update the budget methodologies used to provide annual funding for administration of those programs. When the budget methodology has been updated, the funding level has been rebenchmarked at more current county costs. CWDA is also currently working with the Administration to update the budget methodology for CalFresh administration, which should be completed for the May Revision. However, none of the new budget methodologies includes the provision of annual or periodic cost adjustments to reflect inflationary changes. The result is that the gap in necessary funding is growing again.

In contrast, when the state provides funding for new positions and workload of state departments, they do so at current state cost levels. The California Department of Social Services (CDSS) has 15 budget change proposals (BCPs) for 2020-21 requesting funding for a total of 109 positions to ensure that CDSS can provide services, supports, and oversight in accordance with current law. These resources are in addition to those that CDSS obtains each year through the budget process to support new programs and services that the Legislature includes in the budget. The positions and related operational costs are not funded at 2000-01 levels; they are funded in accordance with current labor agreements and actual inflation-adjusted operational costs.

CWDA has explored various inflation factors and consulted with the Administration and have concluded that the California Consumer Price Index (CA CPI-U) would be the most applicable for adjusting county administrative worker and operational costs. The CA CPI-U is also the inflation factor currently used to determine county funding for Medi-Cal Administration. Based on our analysis, if the state had provided counties a funding increase based on the CA CPI-U in each year over the past 10 years, county funding would have increased by about the same proportion as the state's labor and operational costs have been increased; that is, county funding would have kept pace with what the state provides to its own departments and workers. It would cost \$50.0 million General Fund (GF) in 2020-21 (and ongoing) to provide a funding increase for county administration of all programs other than CalFresh Administration based on the estimated 3.25 percent CA CPI-U. (We are assuming that funding for CalFresh Administration will be included in the May Revision as part of the new budget methodology that will rebenchmark costs at current levels.)

Although we have been in discussions with the Administration about county administration cost adjustments since last Fall, we request your support for our efforts to update county administrative funding. By making county administration funding levels current, counties will not only be able to perform federal and state mandated activities, but will be able to improve services, supports and outcomes for the clients we serve. Thank you for your consideration.

cc: Mareva Brown, Office of the Senate President Pro Tempore
Chris Woods, Office of the Senate President Pro Tempore
Renita Polk, Senate Budget and Fiscal Review Subcommittee No. 3
Rebecca Hamilton, Senate Republican Fiscal Office
Luan Huynh, Office of Senator Holly Mitchell
Bernadette Sullivan, Office of Senator Richard Pan
Richard Figueroa, Office of the Governor
Tam Ma, Office of the Governor
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Adam Dorsey, HHS, Department of Finance
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County Caucus