HUMAN SERVICES FUNDING DEFICIT TALKING POINTS

Costs for counties to deliver human services programs on behalf of the State increase annually but funding has remained flat since 2001, creating a nearly $1 billion funding gap annually. While counties are legislatively mandated to administer numerous human services programs including Foster Care, Child Welfare Services, CalWORKs, Adoptions, and Adult Protective Services, funding for these services is frozen at 2001 cost levels. Failing to fund actual county cost increases for seven years has led to a growing funding gap of nearly $1 billion annually. This puts counties in the untenable position of backfilling the gap with their own limited resources or cutting services that the State expects us to deliver.

Counties are exposed to liability because the State is not fulfilling its funding obligations. Because counties must pay the cost of running human services programs in today’s dollars, the cuts force us to reduce services or cut other programs to make up the difference. For example, the 2006-07 budget for Child Welfare Services assumed that counties could fund 10,285 full-time workers to serve abused and neglected children. However, since counties have not been funded for increases in costs for several years, the 2006-07 budget only funded 8,514 full-time workers – a 17 percent gap in what the State expects and what counties can deliver.

Not funding program costs impairs or even prevents the ability of counties to meet accountability standards and avoid penalties, putting the state and counties at risk for hundreds of millions of dollars in federal penalties. Freezing program funding also shifts costs to counties and increases the county share of program costs above statutory sharing ratios, and is contrary to the constitutional provisions of Proposition 1A.

County supervisors must make public decisions about service levels and expose the county to liability when the state abdicates its responsibility to provide funding for these services. Additionally after making these decisions, county supervisors must face constituents and suffer the political fallout. Needy constituents are not going away.

Counties are pleased that the Administration recognizes the extent of the unfunded costs to counties. However, funding has not been forthcoming, and the time has come to resolve this issue. Counties appreciate the Administration’s recognition of the critical importance of this issue. The Administration’s 2007 May Revision proposal was a positive step towards restoring the process of appropriately funding counties so we can deliver human services programs on behalf of the State. However, no appropriations have been made to date. Therefore counties should no longer be asked to institute performance standards or be responsible for a share of any penalties unless the State takes steps to first ensure reasonable and predictable funding reflective of county statutory and programmatic responsibilities.

Counties would like to work with the Legislature and the Administration on a mutually agreeable prospective solution that is both achievable and fair. Counties pledge to work with the Legislature and the Administration to develop a solution to this issue that would provide fair, predictable, and permanent funding for counties to deliver human services programs on behalf of the State. Doing so would allow counties to meet existing accountability and performance measures, avoid federal penalties, and meet the needs of those eligible for these services.