CWDA

March 27, 2009

To: Honorable Jerry Hill, Chair
Assembly Budget Subcommittee No. 1

Honorable Members
Assembly Budget Subcommittee No. 1

From: Frank J. Mecca, Executive Director

RE: Child Welfare Services County Cost-Sharing—SUPPORT FULL FUNDING OF NEW REQUIREMENTS [Item 5180]

The County Welfare Directors Association of California (CWDA) is pleased with the Administration's efforts to increase critically needed investments in the child welfare program. Specifically, we are supportive of the proposals to increase family engagement and case planning, relative search and engagement and monthly social worker visits. However, we oppose efforts by the Administration to pass on over $6.5 million in costs to counties at a time when counties cannot afford to absorb any program cost increases. For reasons we elaborate below, we believe these new costs should be borne by the state.

Child Welfare Services Critically Underfunded

Despite the proposed investments, the child welfare system remains critically underfunded. The current budgeting methodology for the program uses social worker caseload standards not updated since 1984. A workload study was mandated by SB 2030 (Costa, Statutes of 1998) and its findings, published in 2000, found that child welfare workload far exceeded available resources. For example, on average, county social workers oversee 30 to 55 children, much higher than the recommended 10 to 15. The study provided recommendations for achieving minimal and optimal workload standards to ensure children and families are served effectively.

Nine years after completion of the workload study, the budgeting standard for the program has remained unchanged, while workload continues to increase. This funding shortfall is compounded by the fact the state has failed to fund the actual costs of operating this program since 2000-01, resulting in a loss of $486.4 million ($206.9 million GF) annually. Counties have partially bridged this funding gap by investing significant amounts of local dollars into the program, overmatching the state's contribution by more than $150 million a year. However, counties no longer have the capacity to backfill for such severe shortfalls in the state's allocation. Local revenues have dropped, and many counties are scaling back their levels of overmatch to maintain existing program operations. Counties are having difficulty maintaining the current level of funding, let alone increasing it to make up for the additional activities that will require a county match.

New Investments Are Driven by the Federal Government

We believe the Administration's proposals are long-overdue and needed investments that will support emerging practice in child welfare. These new activities are also federally driven, intended to improve child welfare outcomes and comply with recent federal directives. For example, family case planning and engagement and relative search and engagement are intended to improve overall program performance in response to findings from the most recent federal Child and Family Services Review. As a result of this review, the State and federal governments are currently negotiating a final Program Improvement Plan (PIP). Failure to meet improvement goals resulted in a federal penalty of $8.9 million in the first round of reviews, and in this second round of reviews, the federal penalty could under the worst-case scenario reach $107 million. The state also faces the possibility of additional federal penalties due to noncompliance in monthly social worker visits.

While we are supportive of the proposed strategies, we do not believe it is appropriate to impose on counties the cost of these new activities, totaling $6.5 million, in order for the state to avoid federal fiscal penalties. Nor do we believe it is prudent to ask counties to share in the cost of this new activity when the program is already so critically underfunded and counties are struggling to maintain level funding under the current poor economic climate. We believe it is highly unlikely that counties will be able to come up with a county match in order to access federal and state funds and engage in these new activities, thus ultimately increasing the risk of federal fiscal penalties to the state.

Thank you for your consideration of these concerns.

cc: Nicole Vazquez, Consultant, Assembly Budget Committee
Gail Gronert, Office of The Honorable Karen Bass
Julie Souliere, Consultant, Assembly Republican Fiscal Office
Jennifer Kent, Office of Governor Arnold Schwarzenegger
Leslie McGorman, Health and Human Services Agency
John Wagner, Director, Department of Social Services
Patricia Huston, Department of Social Services
Mike Wilkening, Department of Finance
Ginni Bella, Legislative Analyst's Office
Kelly Brooks, California State Association of Counties
Trula M. LaCalle, Ph.D., CA Association of Public Authorities for IHSS
County Caucus