



Alameda County

Social Services
Agency

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March 19, 2010

Honorable Board of Supervisors
Susan Muranishi, County Administrator
Administration Building
Oakland, CA 94612

Dear Board Members and Susan:

On February 23, 2010, your Board requested that the SSA and the Sheriff's department review and comment on the outcome of "Where We Sleep", Costs when Homeless and Housed in Los Angeles, 2009. Local advocates presented this model as an alternative to our implementation of time limits.

The following is some general information regarding Los Angeles (LA) County and characteristics of their general assistance program. Although the general population of LA County is seven times that of Alameda County, their poverty population is about 1.5 million persons or 9-10 times that of Alameda County. As of December 2009, LA County's GR (GA) caseload was 91,863; also between 9-10 times that of Alameda County. LA's base grant level for General Assistance/General Relief is \$221 (Alameda County's is \$336), they have 9 month time limits and they reduce the grant level for some by implementing shared housing deductions. As part of a legislative agreement with the State that dates back to the mid-late '90's, LA County must provide the same level of employment services to their GA/GR clients as their CalWORKs clients in order to continue to pay the mandate relief amount of \$221 and not have to renew the approval of the Commission on State Mandates.

Where we Sleep Pilot Description

The objective of the "Where We Sleep" pilot was to test whether assisting the homeless General Relief (GR otherwise referred to as General Assistance) population with a rent subsidy and coordinating access to other necessary supportive services reduces homelessness, increases employment, and/or increases receipt of Supplemental Security Income (SSI) benefits. Also, in implementing this pilot the central question investigated is whether providing supportive housing would have an impact on public services, such as public protection and health care services.

The basic model for the pilot was to provide transitional housing, SSI advocacy, and/or employment services in addition to case management services to a select group of homeless individuals. Participants had to voluntarily participate and comply with the program requirements, i.e., SSI advocacy, employment services, etc. They included clientele from three specific groups: one third chronically homeless, one-third employables, and one-third SSI candidates. They drew from already funded SSI advocacy and employment services but supplemented the program with transitional housing, an allocation for move in costs, case management services staffed at a rate of one case manager per every 75 GA recipients, and the management oversight of the program.

For those clients who volunteer to participate in the program, the Project would divert either \$136 of their grant or \$115 (if shared housing) and supplement it with \$300-400. About one third of the participants stayed less than 3 months and one third stayed longer than 12 months, with the average length of stay being 7 months.

Financing

This pilot was partially financed by client grants (the portion of their rent allocation), Federal Financial Participation for clinical staff (SSI advocacy) and Food Stamp Employment and Training (FSET) federal match and increased Net County Cost. LA made an initial investment of \$7.2 million, a one time funding, which included \$3.9 million for housing subsidies. It is intended that future-housing expansions will be funded from grant savings from clients who come off the program.

On October 6, 2009, the Board of Supervisors approved a recommendation to restructure the General Relief Program adopting the General Relief (General Assistance) Housing Subsidy & Case Management Project. They approved 27 recommendations, some of which included financial commitments as follows:

FY 10/11 Cost Projections

Recommendations w/funding		NCC	Revenue	Total
3. Service Integration		\$78,868		\$78,868
5. Housing Subsidies	Current	\$4,052,000	\$1,194,324	
	New	\$2,627,515		\$7,873,839
8. Extensive MH/Medical assessments	Assessments-current	\$2,860,000	\$2,860,000	\$5,720,000
	Evaluations-new	\$500,000	\$800,000	\$1,300,000
9. Retrieval of health and mental records		\$1,033,677	\$804,911	\$1,838,588
11. Integration of public defenders into DPSS SSI Advocacy		\$51,747	\$51,746	\$103,493
12. Enhanced services to Grow Participants (employment services)		\$750,000	\$750,000	\$1,500,000
17. Comprehensive Study of MSARP		\$250,000		\$250,000
26. Evaluation of GR Program		\$300,000		\$300,000
Total		\$12,424,939	\$6,460,981	\$18,885,920

In short, the LA County Board of Supervisors approved 27 recommendations of which most were to be implemented within existing resources and eight included an allocation of resources to a sum of \$12.4 million (about \$6.8 current and \$5.6 new) in net county cost and \$6.5 million (some current and some new) in federal financial participation.

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Pilot Findings

- 92 of 305 pilot project participants found jobs as compared to 69 of a control group.
- 85 of the 266 SSI applications made and 91 are pending as compared to 18 of 100 and 29 pending of a control group.
- 266 of 950 cases remain in the housing subsidy case management pilot more than three months with or without employment or SSI.

Other findings

Undersheriff Lucia thoroughly reviewed both studies: The "GR Outcomes Report" and "Where We Sleep" Cost When Homeless and Housed in Los Angeles, 2009. He reported that the "GR Outcomes Report" does not mention any efforts to correlate lack of GA/GR or similar benefits with crime or cost savings within the criminal justice system. The "Where We Sleep" study does indicate the possibility that the Los Angeles Sheriff's Office has some savings in the area of housing mentally ill or homeless individuals; however, there is no real empirical data to support these claims. This study also fails to address any nexus between crime and the lack of GA/GR type assistance and does not identify any significant savings in the criminal justice system based upon the program implemented in Los Angeles.

Conclusion

In conclusion, the pilot seems to have been productive. The LA Board of Supervisor invested an initial \$7.2 million and has since approved a number of recommendations with additional financial commitments to continue and expand the housing and casement services. The federal financial participation revenues utilized in this project are funding sources that are also available to Alameda County should we choose to invest local resources on medical personnel for SSI advocacy and/or Food Stamp Employment and Training (FSET) services.


It should be noted that although their evaluation asserts that there were significant projected savings in other public systems this pilot did not result in the shifting of resources from public protection and/or health care to their General Relief (GR) program.

Respectfully Submitted,



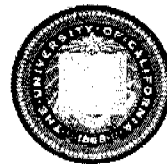
Yolanda Baldovinos

cc: Susan Muranishi, CAO
Patrick O'Connell, Auditor
Richard Winnie, County Counsel
Gregory J. Ahern, Sheriff
Richard Lucia, Undersheriff
Alex Briscoe, HCSA Director




**POVERTY ALLEVIATION
DURING THE GREAT
RECESSION: IS OUR SOCIAL
SAFETY NET UP TO THE**

Steven Raphael
Goldman School of Public Policy
University of California, Berkeley



PRESENTATION OUTLINE

- Defining poverty
 - Who is poor in the U.S. and in California
 - Recessions, unemployment, poverty, and the poverty gap
 - The evolution of the U.S. social safety net
 - Poverty alleviation and the current recession: automatic stabilizers and temporary responses
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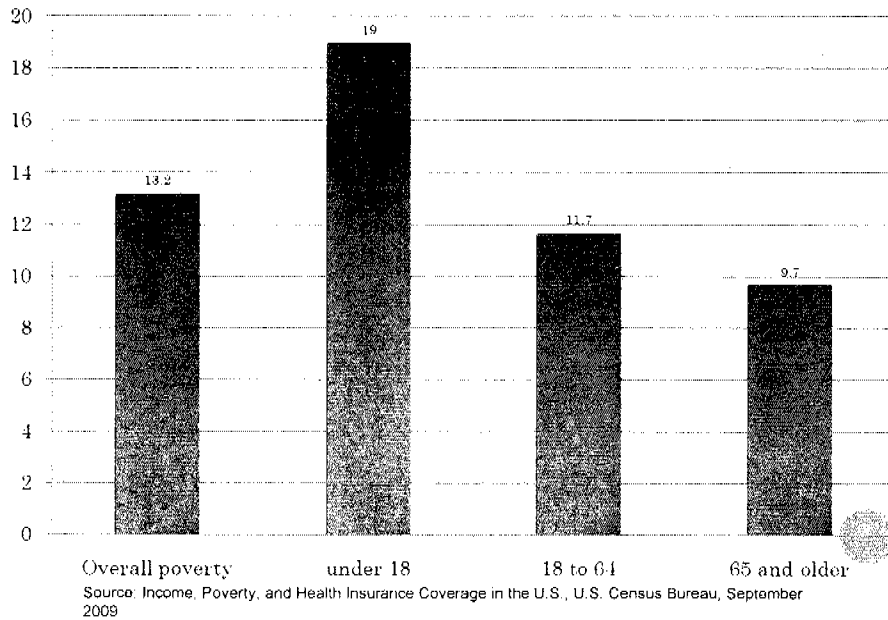
WHO IS POOR?

Annual Income Threshold for Poverty in 2008, by Household

One person	\$11,201
One adult, one child	\$14,840
One adult, two children	\$17,436
Two adults, two children	\$21,834

Source: US Census Bureau

Poverty Rates in 2008, All Individuals and by Age



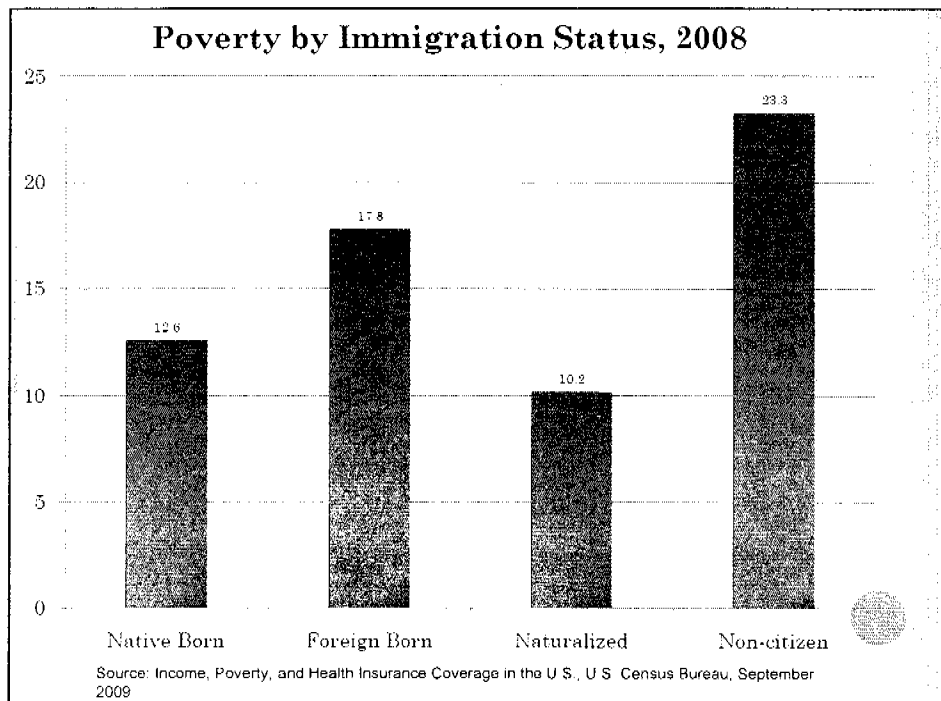
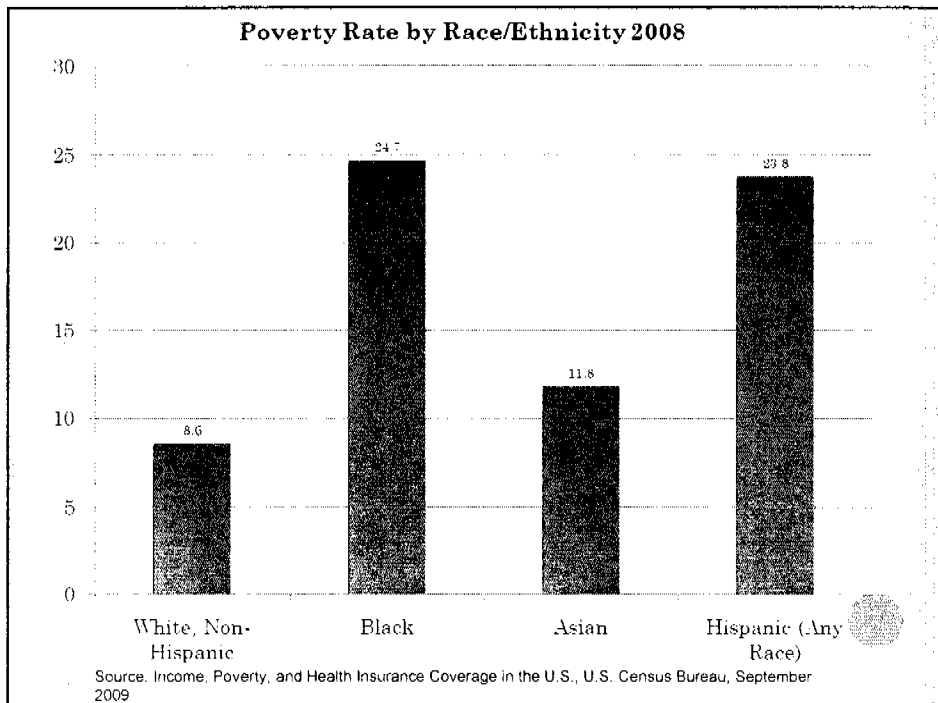
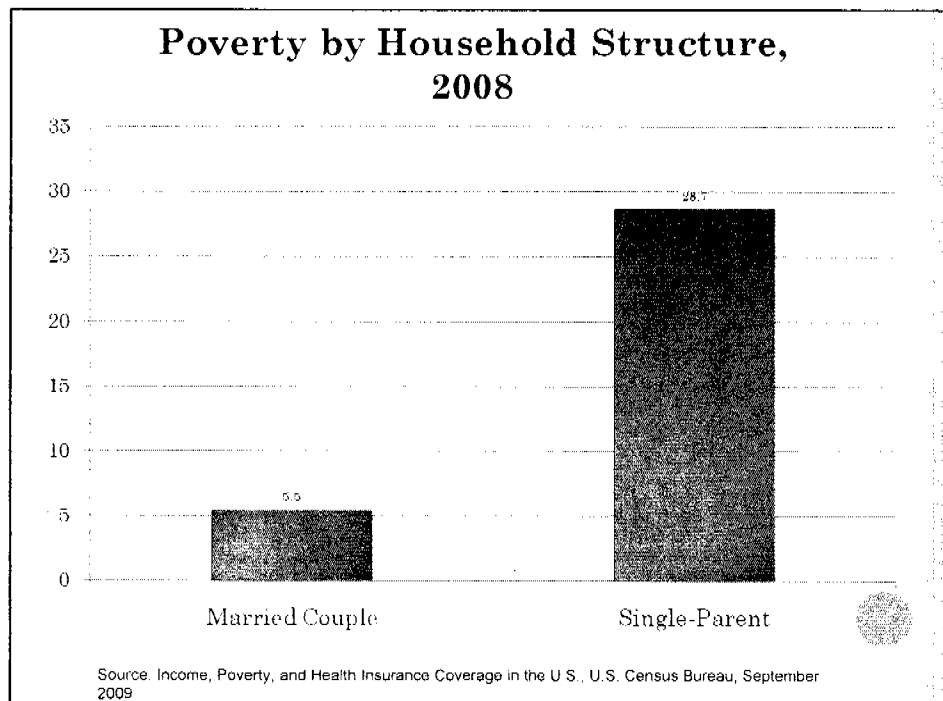


Table 2
Poverty Rates Among Immigrants by Region of Origin, 1970 to 2005

	1970	1980	1990	2000	2005
North America	0.090	0.080	0.081	0.076	0.080
Latin America					
Mexico	0.292	0.264	0.294	0.265	0.261
Central America	0.159	0.206	0.224	0.199	0.179
Caribbean	0.147	0.164	0.186	0.175	0.179
South America	0.145	0.153	0.146	0.155	0.122
Europe					
Western ^a	0.126	0.085	0.081	0.078	0.082
Eastern ^b	0.143	0.089	0.092	0.117	0.109
Russian Empire	0.161	0.149	0.197	0.196	0.169
Asia					
East	0.134	0.127	0.156	0.151	0.150
Southeast	0.162	0.198	0.184	0.122	0.114
India/SW	0.146	0.172	0.124	0.110	0.098
Middle East	0.143	0.201	0.195	0.183	0.193
Africa	0.125	0.204	0.149	0.176	0.204
Oceania	0.119	0.159	0.161	0.121	0.105
Other	0.208	0.231	0.247	-	0.174

Tabulated from the Integrated Public Use Microdata Samples of the U.S. Census



COMPARISON OF POVERTY IN CALIFORNIA AND THE U.S.

	California	U.S.
All	14.6%	13.2%
Under 18	20.8	19.0
18 to 64	13.3	11.7
65+	9.1	9.7

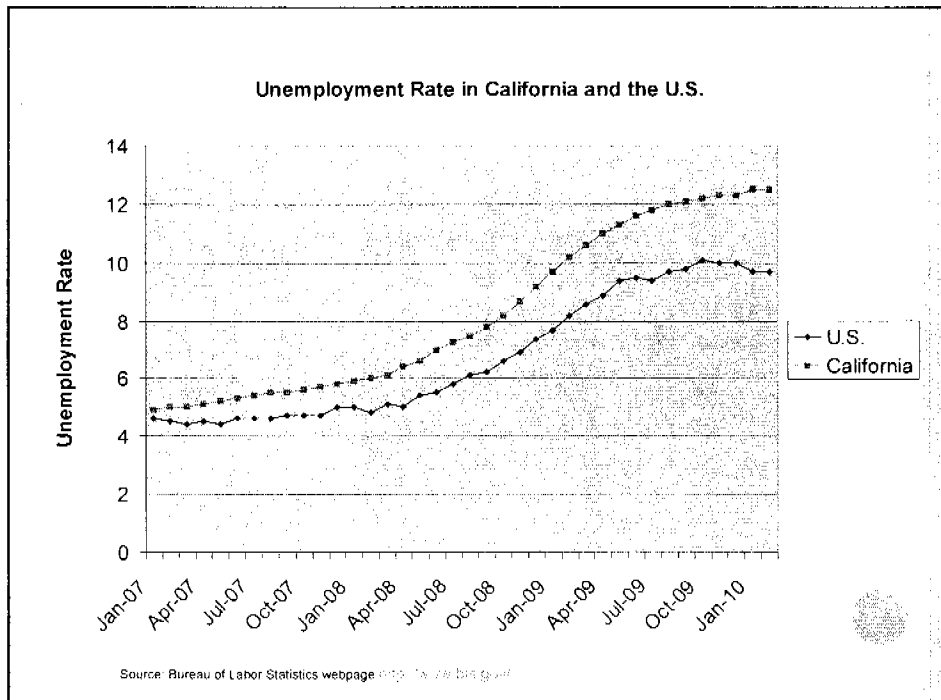
Tabulated from the 2008 American Community Survey, U.S. Bureau of the Census

POVERTY TRENDS ASSOCIATED WITH CURRENT ECONOMIC DOWNTURN

- Increase in poverty rate between 2007 and 2008 (from 12.5 to 13.2) was the first significant increase in poverty since the 2001 economic downturn.
- Between August 2008 and August 2009, the number of people receiving Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) increased by 24 percent. This with incomes below 130 percent of the poverty line with less than 2k in the bank are eligible for SNAP benefits.
 - * BOTTOM LINE: WHEN NEW ESTIMATES ARE RELEASED IN FALL 2010, WE WILL MOST LIKELY SEE AN INCREASE IN THE NATIONAL POVERTY RATE.

UNEMPLOYMENT AND POVERTY

- Least skilled are the last hired and first fired
- Low search costs to replace low skilled workers
- Low training costs (not as much of an investment to lose with employee turnover)
- Increase in unemployment not evenly distributed with the poor and near-poor bearing the brunt of job and income loss during an economic downturn.



COMPARISON OF UNEMPLOYMENT RATES FOR MARCH 2009 AND MARCH 2010 FOR VARIOUS SUB-GROUPS

	2009	2010
All workers	8.6%	9.7%
White	8.0	8.8
Black	13.5	16.5
Hispanic	11.6	12.6
Less than a high school degree	13.8	14.5
High school graduate	9.1	10.8
Some college	7.3	8.2
College plus	4.4	4.9

Source: Bureau of Labor Statistics

THE EVOLUTION OF ANTI-POVERTY POLICY

- Plugging the cracks: a social contract intended to cover all possible avenues to poverty
- Shifting demographics and the threat to New Deal programs
- The tension between assuring a minimum level of material wellbeing and the normative goal of fostering self-sufficiency among the poor
- Carrots and sticks: policy reforms penalizing dependence and rewarding work.
- Challenge to the new social safety net posed by the current recession

THE SAFETY NET PRIOR TO 1990

- Social Security Act of 1935
 - Unemployment Insurance
 - Social Security
 - Aid to Families with Dependent Children
- Food Stamps (1964)
- Medicaid (1965)
- Medicare (1966)

DEMOGRAPHIC SHIFTS THAT RAISED CONCERNS ABOUT THE SOCIAL SAFETY NET

- Decline in marriage and increase in the proportion of children residing with a single parent household
- Large increases in the welfare roles during the 1960
- Disproportionate share of welfare caseloads accounted for by racial and ethnic minorities

WORK DISINCENTIVES ASSOCIATED WITH SOCIAL SAFETY NET PRIOR TO 1990

- Very high marginal tax rates on earnings for households receiving AFDC benefits
- For households near the poverty line, loss of Medicaid benefits created the "Medicaid notch" where marginal tax rates exceed 100 %
- Concern that existing system discourage work, engendered long-term and multi-generational dependence, and created an incentive to have children out of wedlock.
 - Research suggests substantial impact of work disincentives on actual labor force participation.

AUTOMATIC STABILIZERS INHERENT TO THE OLDER SOCIAL SAFETY NET

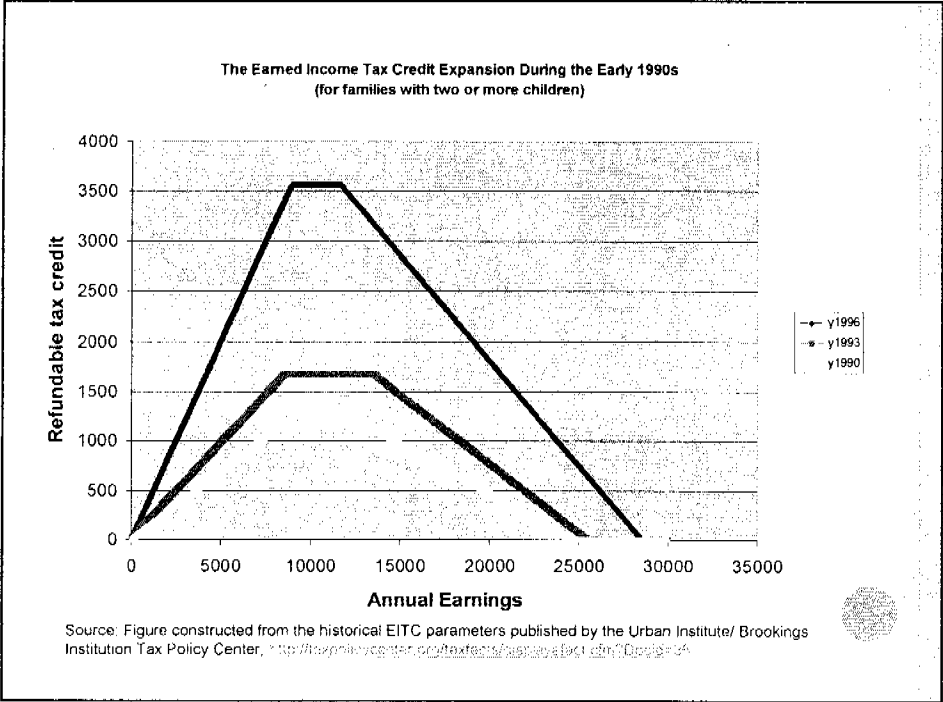
- Unemployment insurance roles expand with unemployment, injecting more into the economy when unemployment is high
- AFDC expenditures expand automatically with economic downturns given the program's entitlement status.
- Food stamps expand automatically with need.
- IN THE AGGREGATE, ALL THREE ELEMENTS OF THE SOCIAL SAFETY NET VARY COUNTER-CYCLICALLY.

THE SOCIAL SAFETY NET AFTER 1990

- Early state experimentation with AFDC
 - Income disregards, help with work related expenditures (transportation, child care), time limits, reduction in benefits reduction rates
- 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)
 - Life time benefits limits (5 years)
 - Work first orientation
 - Turned the program into a block grant
 - Devolved power to the states
 - ELIMINATE ENTITLEMENT STATUS

EXPANSION OF THE EARNED INCOME TAX CREDIT (EITC)

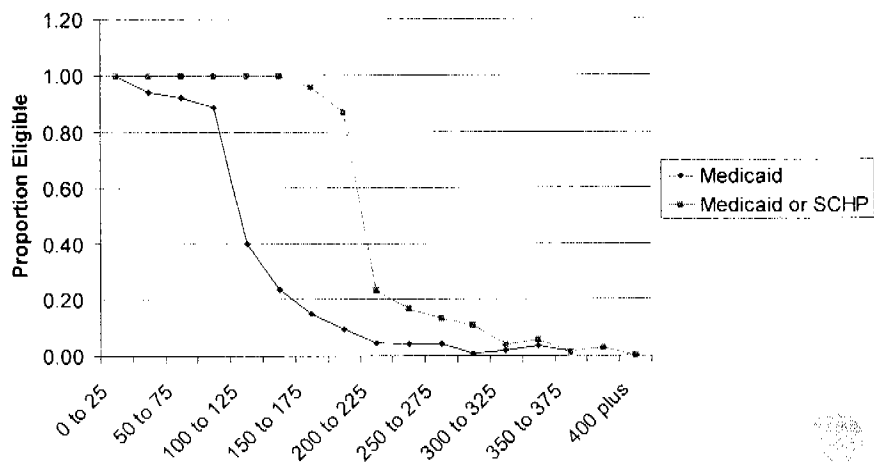
- EITC is a refundable tax credit that subsidizes the earnings of low-income households with children.
- Expanded greatly between 1990 and 1996
- Requires labor earnings during the year to receive benefits
- In 2005, EITC expenditures totals \$35 billion (compared with \$24 billion on TANF).



State Children's Health Insurance Program 1997
(Healthy Families in California)

- Expanded eligibility for public health benefits to children in near-poor households.
- Eligibility criteria left up to the states.
 - California criteria currently 250 percent of the poverty line

Proportion of Children 18 and Under Eligible for Public Health Insurance Benefits Under the Medicaid and SCHIP Programs by Income Relative to the Poverty Line, 2001



NET EFFECTS OF POLICY REFORM

- Greatly reduced the disincentive to work
- Greatly increased the dependence of one's material well being on the ability to procure and maintain employment.
- Reduce the degree to which the social safety net acts as an automatic stabilizer. EITC benefits are likely to contract in a downturn
- Pro-cyclical policy alleviation more dependent on political will than in the past. (increasing TANF block-grants, extension of unemployment insurance benefits).

WHO FALLS THROUGH THE CRACKS OF THE CURRENT SOCIAL SAFETY NET?

- Childless adults and the non-custodial parents of minor children
 - Former prison inmates (x percent of all adult males, and roughly one-fifth of adult black males).
 - Emancipated youth
 - Women with children hitting the lifetime limit or other state-imposed time limit on TANF benefits

Impacts of state budget crisis on social safety net spending in the state (Closing the 2009-2010 budget gap)

- Cuts to SSI/SSP
 - Suspended cost-of-living adjustments (COLA) and decreased nominal value of benefits payments
- CalWORKS
 - Suspended July COLA and permanently eliminated statutory COLAs; and cut grants by 4 percent
 - Cut funding for county-provided employment services
 - Limit adults to 48 cumulative months of benefits (against 60 month lifetime limit)
- Child welfare services and foster care
 - Reduced allocation to both, reduced foster care rates
- Healthy Families
 - Enrolment freeze

Source: California Budget Project (2009), *A review of recent cuts to California's Safety Net*.

Proposals in the Governor's FY 2010-2011 Budget

- CalWORKS
 - Reduce payments by 15.7 percent effective June 1, 2010
 - Eliminate eligibility for legal immigrants who have resided in the U.S. for less than five years
- SSI/SSP
 - Reduce payment to individuals by \$15 per month to \$830 (the federal minimum)
 - Eliminate Cash Assistance Program for Immigrants (CAPI)
- Healthy Families
 - Reduce income eligibility limit to 250 percent of FPL
 - Eliminate routine vision care
 - Increase family premiums

Sources: California Budget Project (1) *The Governors Proposed Budget Could Cause More than 1 Million Children to lose Health Benefits or Coverage*, (2) *The Governors Proposed Cuts to SSI/SSP and CAPI Programs would Affect Nearly 950,000 Californians*, and (3) *The Governors Proposed Budget Would Eliminate CALWORKS Cash Assistance For More than 1.4 Million Low-Income Children and Parents*

Suggested further readings

- Cancian, Maria and Sheldon Danziger (eds) (2009), *Changing Poverty, Changing Policies*, Russell Sage Foundation, New York, NY.
- DeNavas-Walt, Carmen; Proctor, Bernadette D. and Jessica C. Smith (2009), *Income, Poverty, and Health Insurance Coverage in the United States: 2008*, Current Population Reports, P60-246(RV), U.S. Department of Commerce Economics and Statistics Administration, U.S. Census Bureau.
- California Budget Project (2009), *An Overview of Recent Cuts to California's Safety Net*, http://www.cbj.org/pubs/2009-09/0821_Post_Webinar_Slides.pdf
- California Budget Project Human Services and Childcare Webpage, http://www.cbj.org/publications/human_services_land.html