



SOCIAL SERVICES CENTRALIZATION/PRIVATIZATION OF PUBLIC ASSISTANCE PROGRAMS

SUMMARY OF THE ISSUE

ABX4 7 was signed into law by the Governor as part of the State budget on July 28, 2009. This bill will allow the State Department of Health Care Services and the State Department of Social Services to contract with a private vendor to perform eligibility determinations for Medi-Cal, Food Stamps, and CalWORKs using a large statewide automation contract centralized in Sacramento. Santa Barbara County believes that the privatization of the statewide eligibility determination and case management process for the CalWORKs, Medi-Cal and Food Stamp may jeopardize the delivery of services to local clients and may not achieve savings.

PUBLIC BENEFIT/IMPACT

The County is supportive of efforts to increase efficiencies through the use of automation and other technologies. In fact, counties are already using technology to improve services and the County of Santa Barbara opened the Benefit Service Center (BSC) in September 2008. In Fiscal Year 2008-09, BSC staffing levels have remained static despite a 27% combined Medi-Cal and Food Stamp caseload growth. In addition, the County is supportive of a single statewide automated system. Currently there are four Statewide Automated Welfare Systems (SAWS) that are being used by the 58 counties. Significant financial investment of State and Federal monies were put into these systems that accurately determine eligibility in a consistent manner with very low error rates. However, AB 7's intent to develop a new automated system is tenuous when one of these existing systems could be utilized statewide by all 58 counties to determine eligibility and achieve the desired outcomes of AB 7. Federal agencies may not approve funding to develop a new eligibility determination system to replace systems that are currently funded and reporting eligibility determinations. Moreover, as illustrated by experiences in other states, some centralized, privately-administered programs did not achieve effectiveness or efficiencies. Savings did not materialize in similar projects in other states and, in some cases, access to service was reduced and ineligibility errors made.

Potential impacts of this type of system on the public include:

- No local offices for clients to access (for public assistance and emergency services, (i.e. expedited food stamps, CalWORKs homeless assistance)).
- A privatized state automated system assumes that all applicants have access to a computer and are computer-literate. Access issues may prevent clients from applying or renewing benefits.
- A privatized state automated system will not be able to recognize and adapt to the barriers that exist for varying clients (i.e., mental health issues, physical disabilities)

COST TO THE GOVERNMENT

While the State is proposing to implement a centralized automated system to achieve savings, it is unclear whether these savings will materialize and whether services to clients will be hampered. ABX4 7 appears to duplicate or replace, at a much greater cost on a much longer timeframe, the existing successful systems. Previous state attempts in California to automate similar services have either failed completely or taken an extended period of time to complete at a substantially greater cost than originally estimated. Failed projects in Texas, Indiana, Wisconsin, Ohio and the District of Columbia, provide recent examples of cost overruns and

COUNTY EXECUTIVE OFFICE

105 East Anapamu Street, Suite 406
Santa Barbara, California 93101
805/568-3400 • Fax 805/568-3414

*Terri Maus Nisich, Assistant County Executive Officer
Sharon Friedrichsen, Assistant to the County Executive Officer*



overcharges across multiple human services programs. Counties may be placed in a position of continuing to pay a county share for programs governed solely by the State. Should issues arise in terms of determining eligibility and other administrative issues, there will be less opportunity for a “face to face” resolution between a client and a local County employee.

REQUESTED ACTION AND STRATEGY

The County requests that its delegation propose the use of an existing single statewide eligibility determination system that is county-administered rather than implement a new centralized and privately-administered system. Safeguards should be put in place to ensure that client access to service is not jeopardized. While efforts to support increased efficiencies should be supported, there are other mechanisms. For example, as illustrated in the “cost of doing business” brief, the County Department of Social Services has not been able to devote funding for technology as it currently must use funds to backfill the State’s share of the cost of administering various social aid programs.

CONTACT:

Kathy Gallagher, Director, Department of Social Services, 805.681.4451

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Santa Barbara, California 93101
805/568-3400 • Fax 805/568-3414

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