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Testimony by Bruce Wagstaff Before the FCIC

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Testimony before the Financial Crisis Inquiry Commission
September 23, 2010
Bruce Wagstaff, Agency Administrator
Sacramento County Countywide Services Agency

Chairman Angelides, Vice-Chair Thomas, and members of the Commission, I am Bruce Wagstaff, Administrator of Sacramento County's Countywide Services Agency. I would like to welcome you to Sacramento, and thank you for your work to examine the causes of our country's current financial crisis and for conducting this hearing today to explore the impact on our community.

My Agency includes our county's programs that provide financial assistance, indigent health care, mental health and homeless services, food assistance, child and family welfare, and a number of other services to those who are most in need. There is no question that the financial crisis has had an impact statewide as well as locally on individuals and families with children, many who were already living on the edge.

Statewide and locally, caseloads in human services programs have surged since the onset of the recession in 2007. Public assistance programs now touch one in every three Sacramento County residents. Since January 2008, our economic decline and high unemployment rate have resulted in an increase in our version of the national TANF Program, which in California is called CalWORKs. This occurred following a period of significant caseload decline after the implementation of welfare reform in the late nineties. The number of individuals receiving CalWORKs in January 2008 was 77,064. The number is now 89,909, a 17% increase, and includes 65,838 children age 18 and under. The number of people receiving Food Stamps climbed from 129,358 to 188,646, a substantial increase of

46%. The number of Medi-Cal (California's Medicaid Program) recipients has risen from 127,089 to 145,905, or 15%; and our General Assistance Program, which is targeted for single adults who do not qualify for other programs, went from 7,013 to 8,553 clients, an increase of 20%. The increase in applications and caseload has been both rapid and dramatic, and shows no sign of slowing. We see those needing our services lining up at our doors hours before our offices open, and demands on our workers being at an all time high.

Our community providers have also seen increased demands for emergency food, clothing, parenting supplies and other essentials. For example, Sacramento Food Bank and Family Services assist 1,000 clients each day, many seeking help for the first time. They report a 30% increase since 2007, and that number continues to climb.

It has been clear that not only are higher demands for services occurring, but that the characteristics of the persons seeking our help are changing dramatically. We've seen a significant increase in those seeking aid for the first time, those who have recent work history but have lost their jobs, and those who for the first time are at risk of or have become homeless. The increased level of stress and tension is felt every day. Those who may initially be found to be ineligible for aid because of available assets, are frequently returning a few months later when those assets have been used up and are then approved for assistance.

Shane and Jennifer Taylor, who have three children, are an example of the "new faces" of public assistance. When Jennifer, the primary bread-winner, was laid off from her banking job of 15 years in June 2009, the family was faced with becoming homeless. They never expected they'd have to apply for CalWORKs

cash assistance, food stamps and Medi-Cal. Jennifer found temporary employment working for the U.S. Census, but that ended in June 2010. She now participates in Community Work Experience to fulfill her family's Welfare-to-Work requirement, a condition of receiving CalWORKs. She is hopeful to find a job that pays enough to support her family without the help from public assistance.

A critical aspect of our situation in Sacramento, and the situation throughout the State, is that these increased demands for services are occurring at the same time that resources available to provide those services are being dramatically reduced. This is the result of reductions in State and Federal funding, as well as local revenues due to declining property and sales tax revenues. In Sacramento County, more than 3,000 positions have been eliminated countywide over the last three years (since FY 07/08). This is why we refer to our current situation as the "perfect storm."

I should note that we have effectively utilized available federal stimulus funding to help address our situation. This includes the TANF Emergency Contingency Fund, of which we have used \$2.7 million as of June 30 and anticipate expenditures to go up to \$3.3 million by October 1, 2010, and have placed 450 adults and 392 youth in subsidized employment positions in our community. Of the adults placed, 216 resulted in employment. Unfortunately, this funding expires at the end of this month unless there is some last minute action to extend it.

Sacramento's Homeless Prevention and Rapid Re-housing Program (HPRP) has aligned a total of \$9 million in one-time funding through September 2011 to find housing or prevent homelessness for up to 1,800 families and individuals. To date,

1320 households have received assistance to leave homelessness or to stabilize their housing situation.

Our experience dramatically shows that the situation the Country has been dealing with is not just a fiscal crisis affecting financial institutions. It is absolutely a human crisis as well, and while some economic organizations have indicated that the recession has ended, I can tell you that it has not ended for the hundreds of families and individuals that we see every day who continue to need our help.

Your Commission certainly has a huge challenge in looking for the causes of our current situation. Thank you for taking on this important task. My hope is that you are successful and are able to provide key information that could prevent future collapses and save future generations from facing the struggles that so many are facing today.

Thank you.