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Economy & Efficiency Commission
Presentation

PRESENTATION OF
Mr. Burt Margolin, Brady & Berliner
Legislative Strategist for Los Angeles County
November 5, 1997

Topic: Welfare Reform

Chairman Abel introduced Mr. Margolin and welcomed him to the Commission.

Mr. Margolin stated that he and Chairman Abel thought it would be beneficial to discuss Welfare Reform, what the County accomplished at Federal and State levels and why it was able to accomplish what it did. After that, he will cover a few issues that were covered in Sacramento this year and will reappear next year.

Welfare Reform has presented the greatest challenge for the County because it proposes such an enormous risk in the financial responsibility to constituents in the County. However, Welfare Reform has turned out to be a success story for the County.

Background - Beginning of 1997
20% of all legal immigrants in the nation reside in Los Angeles County. Therefore, when Congress stated that they would eliminate various benefits for legal immigrants, the financial impact was destined to hit LA County harder than any other urban jurisdiction in the nation. SSI and medical cuts were threatened. There was also a risk posed by the possibility of the State giving counties local discretion in developing their own individual plans and eligibility standards, that LA County could have become a magnet for welfare recipients from other jurisdictions. The end results of these threats meant that the General Relief Fund would have been completely exhausted.

Welfare Plan - The following actions were taken at the end of 1997

- SSI restored for legal immigrants by Federal Government
- Medical eligibility for current legal immigrants was preserved by Governor
- Food stamps for children and seniors were restored by State law
- Childcare funding was funded at a much higher level anticipated
- Adequate funding for GAIN, welfare to work training program, was received from the State
- State created a single state wide eligibility plan, which avoided risk of LA County absorbing welfare spillover from neighboring jurisdictions
- General Relief Fund was preserved by State's decision that once an individual has exhausted their welfare assistance they are not eligible for General Relief
- A comprise was reached on time limits for receiving Welfare - 2 years is the maximum amount of time to be on Welfare on a consistent basis, with a lifetime cap of 5 years

Although there are many successes in the new system, it is not perfect and the County will return to

Sacramento next year to ask for changes and adjustments to deal with inefficiencies.

Reason for Successes

1. Board of Supervisors worked together on development of Board policy and strategy in a collaborative bipartisan atmosphere. Even when differences were present, such as the issue of prenatal care, the Board was able to maintain a consensus on the larger issues at hand.

   Lynn Bayer, Director of DPSS, and her staff did a superb job of staying on top of the issues and working with the Board offices to develop a technical basis for political consensus.

2. The County was able to work with its local delegation at the Federal and State levels. The delegation referred to Lynn Bayer and DPSS for technical advice.
3. The economy has been extremely good this year. Changes were made easier due to availability of funds.

Other Successes

- Trial Court Funding
- DISH Funding restored by State

Failures

ERAF - the effort to facilitate a shift of property tax dollars to the County was killed by the State Senate. This issue will be approached in Sacramento again next year, and if it is not resolved the counties may place it on the ballot.

Proposition 62 - Taxes now have to be approved by voters, but due to legal ambiguity, taxes were imposed without approval by counties between 1991-1995. The County tried to get a grandfather clause in order to keep those funds collected, but this was vetoed by the Governor.

The Child Health Initiative, one of the few new sources of funding for the safety net, will be a major concern for the County in the coming year. President Clinton and the Congress agreed to spend $20 billion on a new program to insure the children of the working poor, families that do not qualify for Medical and cannot pay for private insurance. There are approximately 580,000 children in California that qualify for the program. The Federal program gave the money and Governor Wilson got the legislature to quickly agree to the inclusion of a new State program that will be run by a new State Commission, the Major Risk Medical Insurance Board (MR MIB) chaired by Cliff Allenboughy. MR MIB will reduce the County's burden for caring for uninsured children.

Due to the State match requirements of the Child Health Initiative, the Governor did not draw down all the money available, so there is a considerable amount, $550 million, waiting to be used in the next two years.

Commissioner Frankel asked Mr. Margolin what has been the contributing factor to the drop in welfare recipients. Mr. Margolin responded that it is a combination of factors including the good economy and the lifetime cap of 5 years on welfare.

Commissioner Seidner asked if the County has to keep the money that it receives from state and federal aid programs segregated from other monies. Mr. Margolin replied yes, especially with the Child Health Initiative. The County can only access that money in two ways: 1) create a insurance agency managed care plan that contracts with the State, and then enroll children in the plan, or 2) health care grants.

Commissioner Frankel asked if this new fund, which will allow regular access to family doctors, lessens the problems with emergency room (ER) overload caused by many using it as their only means of health care. Mr. Margolin replied yes, their insurance card will allow them to receive care at clinics and private doctors and, when and if they are admitted to the ER, they will be covered under the insurance program.

Commissioner Buerk asked if term limits have been a major factor in the successes that Mr. Margolin mentioned. Mr. Margolin replied that the main contributing factor was the work of the Board and the Department heads. All Board members have worked to better understand the Sacramento perspective. Commissioner Buerk asked what is the status of the CCRC's recommendations. Mr. Margolin replied that, currently, they are not being implemented.

Commissioner Padilla asked how the Commission can be more effective in the reports, many requested by the Board, and recommendations that those reports suggest. For example, the EEC's Pension Spiking Report highlighted a very important issue and made recommendations to deal with this problem. Mr. Margolin suggested that when a report is completed the Commission focus on finding one Board member to champion the report and recommendations.

Commissioner Lucente asked for the most substantial risks faced by the County. Mr. Margolin stated that the biggest challenge is seizing the opportunity presented by the surplus and good economy to find long term solutions and fundamental structure reform.

Chairman Abel thanked Mr. Margolin for his presentation

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