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Publication Date

2010-07-01



Regional Economic Impacts of Proposed Health and Human Services Cuts

by Ken Jacobs, Laurel Lucia and T. William Lester

July 2010

This brief was funded by a grant from The California Endowment.



In “The Economic Consequences of Proposed California Budget Cuts,”¹ we estimated the statewide economic impact of Governor Schwarzenegger’s proposed fiscal year (FY) 2010–2011 budget using IMPLAN 3.0, an industry-standard input-output modeling software package. We found that the proposed cuts to major health and human services programs would have the greatest impact on job loss and state and local tax revenue reduction, compared to other budget solutions. In this brief, we report the economic impact by region using a similar methodology.

Table 1. Economic Impact of Major Health and Human Services Spending Cuts, FY 10–11

Region ²	\$ Billions Lost				FTE Jobs Lost
	General Fund	Federal Matching Dollars	Economic Output	State and Local Tax Revenue	Employment
Bay Area	0.60	0.75	2.63	0.16	37,000
Central Coast	0.21	0.26	0.73	0.04	11,000
Los Angeles	1.57	1.98	4.97	0.29	84,000
Northern/Sierra	0.21	0.27	0.68	0.04	11,000
Other Southern	1.33	1.68	3.90	0.23	52,000
Sacramento Area	0.39	0.49	1.15	0.08	18,000
San Joaquin Area	1.05	1.33	2.61	0.16	34,000

Table 2. Employment Impact of Major Health and Human Services Spending Cuts by Category, FY 10–11 (FTE Jobs)

	CalWORKS	Child Care	Medi-Cal	IHSS	Other*	Total
Bay Area	6,000	5,000	4,000	20,000	2,000	37,000
Central Coast	2,000	2,000	2,000	4,000	1,000	11,000
Los Angeles	14,000	11,000	10,000	48,000	1,000	84,000
Northern/Sierra	2,000	2,000	1,000	5,000	1,000	11,000
Other Southern	12,000	9,000	7,000	21,000	3,000	52,000
Sacramento Area	4,000	3,000	2,000	8,000	1,000	18,000
San Joaquin Area	11,000	7,000	5,000	10,000	1,000	34,000

* Other includes Health Families, Mental Health, SSI and Food Stamps cuts.

Table 3. State and Local Tax Revenue Impact of Major Health and Human Services Spending Cuts by Category, FY 10–11 (\$ Millions)

	CalWORKS	Child Care	Medi-Cal	IHSS	Other*	Total
Bay Area	51	24	32	34	17	158
Central Coast	14	7	12	5	4	43
Los Angeles	105	40	73	64	9	292
Northern/Sierra	14	6	9	6	5	40
Other Southern	93	32	53	31	26	234
Sacramento Area	33	10	14	11	7	75
San Joaquin Area	76	21	36	13	11	157

* Other includes Health Families, Mental Health, SSI and Food Stamps cuts.

Methodology/Sources

Our methodology is described in detail in “The Economic Consequences of Proposed California Budget Cuts.” The proposed spending cuts were allocated by region based on current program spending or utilization by county. CalWORKS, IHSS, Healthy Families and SSI cuts were allocated based on California Budget Project estimates of the budget impact.³ Child care cuts were allocated based on the percentage of children served in non-CalWORKs child care programs, based on data provided by the California Child Care Resource and Referral Network. Medi-Cal cuts were allocated based on California Department of Health Care Services Medi-Cal enrollment data.⁴ Mental health cuts were allocated based on California Department of Mental Health client data.⁵ Food stamp cuts were allocated based on the value of state-only benefit issuances according to the California Department of Social Services.⁶

¹ Ken Jacobs, Laurel Lucia and T. William Lester, “The Economic Consequences of Proposed California Budget Cuts,” UC Berkeley Center for Labor Research and Education Policy Brief, May 2010, http://laborcenter.berkeley.edu/californiabudget/budget_impact10.pdf.

² Regions were defined based on groups of counties. **Bay Area:** Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma; **Central Coast:** Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz and Ventura; **Los Angeles:** Los Angeles; **Northern/Sierra:** Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tuolumne, Yuba; **Other Southern:** Imperial, Orange, Riverside, San Bernardino, San Diego; **Sacramento Area:** El Dorado, Placer, Sacramento, Yolo; **San Joaquin Area:** Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare.

³ California Budget Project, “The Governor’s Proposed Budget Would Eliminate CalWORKs Cash Assistance for More than 1.4 Million Low-Income Children and Parents,” March 19, 2010, http://www.cbp.org/pdfs/2010/100319_CalWorks_County.pdf. “The Governor’s Proposed Budget would Eliminate In-Home Supportive Services for More than 476,000 Low-Income Seniors and People with Disabilities,” April 23, 2010, http://www.cbp.org/pdfs/2010/100425_IHSS_Program_Cuts_county.pdf. “The Governor’s Proposed Budget could Cause More than 1 Million Children to Lose Health Benefits or Coverage,” February 26, 2010, http://www.cbp.org/pdfs/2010/100226_HFP_Cuts_%20Fact_Sheet.pdf. “The Governor’s Proposed Cuts to the SSI/SSP and CAPI Programs Would Affect Nearly 950,000 Californians,” March 11, 2010, http://www.cbp.org/pdfs/2010/100311_County_SSI-SSP.pdf.

⁴ California Department of Health Care Services, “Medi-Cal Beneficiary Counts Pivot Table - Most Recent 24 Months,” http://www.dhcs.ca.gov/dataandstats/statistics/Pages/RASS_Medi-CalBeneficiaries-SummaryPivotTableMostRecent24Months.aspx. Analysis based on June 2010 data.

⁵ California Department of Mental Health Client and Service Information Service, “Unduplicated Count of Clients Served by County and Month of Service,” Fiscal Year 2008-2009, http://www.dmh.ca.gov/Statistics_and_Data_Analysis/CSI.asp.

⁶ California Department of Social Services, “Food Stamp Program Participation and Benefits Issuance Report,” April 2010, <http://www.dss.cahwnet.gov/research/P352.htm>.

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