

Social Services Financing

101

Social Service Financing

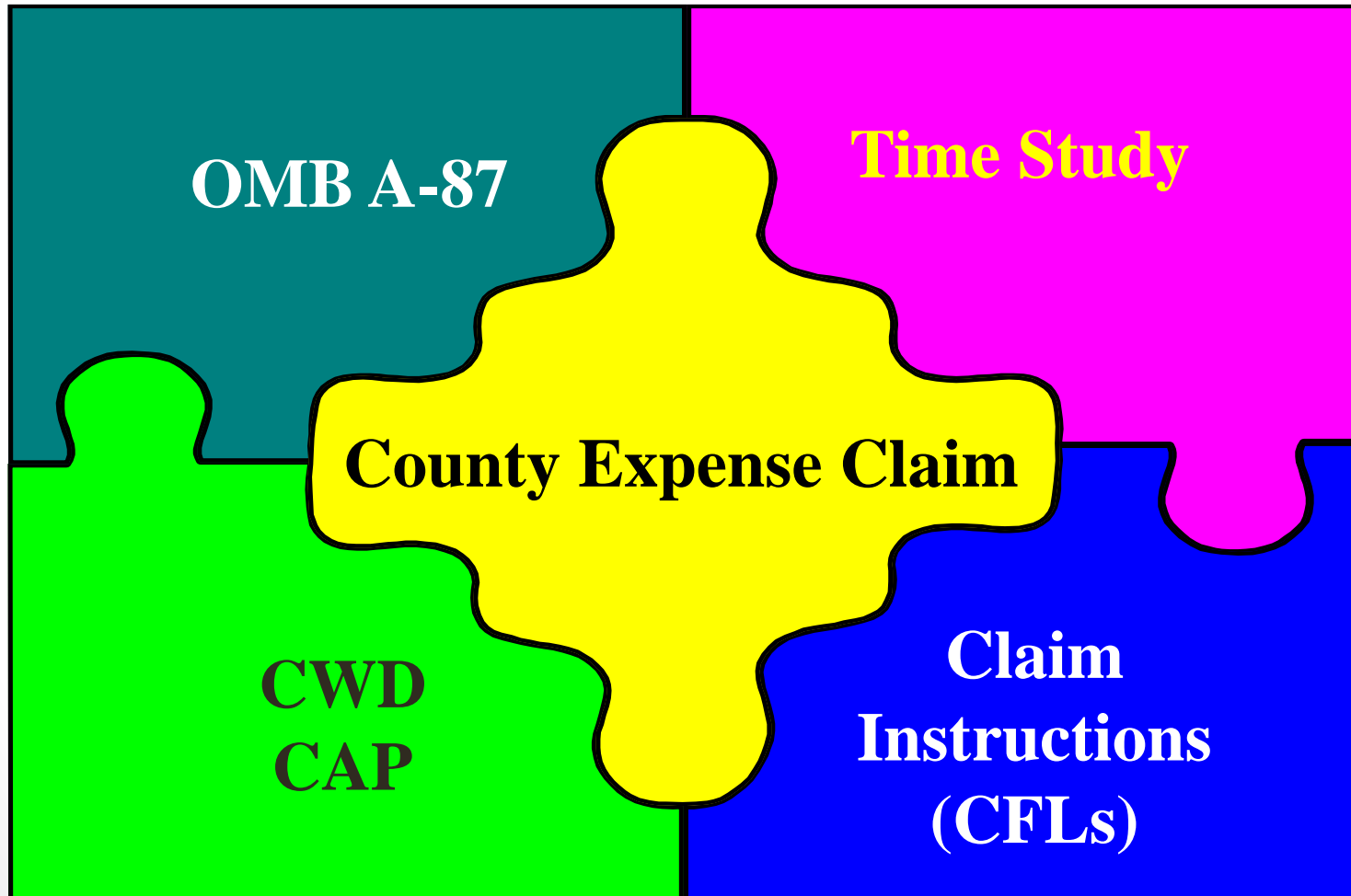
- The CEC is the main document the state uses to authorize federal and state funds be paid to counties (Admin programs)
- Funding is to reimburse Counties for Costs Paid (Cash Basis)
- Advances are based on estimates made by the state, usually based on past history of spending.

Fiscal Regulations

Social Services financing is regulated by many agencies and regulations

- County Welfare Department Cost Allocation Plan
- OMB A-87 “Cost Principles for State, Local & Indian Tribal Governments”
- CFL’s and ACL’s

Fiscal Regulations



OMB A-87

- Federal Provisions that outline principles in determining allowable costs.
 - Costs Required to Operate a Program
 - Fixed Assets
 - Space
 - Debt Expenses
 - Employee Morale Expenditures

CWD Statewide CAP

- **What is a Cost Allocation Plan?**
 - A description of the procedures that are used in identifying, measuring and allocating costs incurred in support of all programs administered or supervised by the Department.
 - Includes guidance for charging both labor and non labor costs

Why is the Cost Allocation Plan (CAP) Necessary?

- The Federal Government requires the use of a CAP to satisfy federal reporting and funding requirements.
- Costs not claimed in accordance with the approved CAP will be disallowed by the Federal government.
- Provides expenditure data for efficient welfare operation management.

CWD Statewide CAP

- **Non Labor Costs**
 - Client Services
 - Overhead –Direct Charge
 - Overhead –Spread
 - Start Up Costs
 - Fixed Assets

Overhead – Spread Costs

- **Support operating costs which:**
 - Typically have a department wide benefit to all programs, or
 - Cannot be direct charged to a function and/or program,
 - Will be distributed to the functions based on a ratio of total caseworker time study results.

Overhead Costs – Direct Charge

- County's can also elect to directly charge to specific programs if:
 - A formal election is made with the State
 - County can identify and compile related costs.
 - Can apply methodology consistently across programs for specific type of expenditure

Start-Up and One time Only Costs

- Start-up/nonrecurring costs are one-time only costs incurred as a result of major program change, an expansion of an existing program or a major agency or when a county receives an augmentation or one-time receipt of new funds for a program.
- These costs can be direct charged to benefitting programs.

Fixed Assets

- Fixed assets must be depreciated and claimed over their useful life.
 - Furniture and Fixtures > \$25k
 - EDP Hardware and Software >\$5k

Importance of Time Studies and Costs Shifts

- **Time Studies are the basis for:**
 - Allocating Salary Costs to benefiting programs
 - Allocating Overhead based on the Spread Methodology

Importance of Time Studies and Costs Shifts

- **Managing and Fully Staffing Programs can Save County Funds**
 - Understand time study instructions so to Maximize funding while being in compliance
 - Use Health Related codes whenever valid
 - Reviewing and adjusting your SSTRP can increase flexibility in allocating costs

Importance of Time Studies and Costs Shifts

- **Fully Staff Programs that have no County and Adequate Funding**

Overhead Cost Spread \$2,000,000.00

FTE's/Hours	Hours	Ratio	Overhead Cost Allocation	County Cost
CalWorks	1000	0.258065	\$516,129.03	MOE
CalFresh	600	0.154839	\$309,677.42	MOE
Medi-Cal	1600	0.412903	\$825,806.45	None
General Relief	175	0.045161	\$90,322.58	\$90,322.58
CWS	400	0.103226	\$206,451.61	\$30,967.74
IHSS	100	0.025806	\$51,612.90	MOE
	3875	100%	\$2,000,000.00	\$121,290.32

Generic Cost Spread \$2,000,000.00

Increase Staffing in Medi-Cal

FTE's/Hours		Ratio	Overhead	County Cost
CalWorks	1000	0.233918	\$467,836.26	MOE
CalFresh	600	0.140351	\$280,701.75	MOE
Medi-Cal	2000	0.467836	\$935,672.51	None
General Relief	175	0.040936	\$81,871.35	\$81,871.35
CWS	400	0.093567	\$187,134.50	\$28,070.18
IHSS	100	0.023392	\$46,783.63	MOE
	4275	100%	\$2,000,000.00	\$109,941.52

Decrease Staffing in Medi-Cal

FTE's/Hours		Ratio	Overhead	County Cost
CalWorks	1000	0.272109	\$544,217.69	MOE
CalFresh	600	0.163265	\$326,530.61	MOE
Medi-Cal	1400	0.380952	\$761,904.76	None
General Relief	175	0.047619	\$95,238.10	\$95,238.10
CWS	400	0.108844	\$217,687.07	\$32,653.06
IHSS	100	0.027211	\$54,421.77	MOE
	3675	100%	\$2,000,000.00	\$127,891.16

SOCIAL SERVICES FUNDING

Funding Components

- **Federal Participation**
- **State Participation**
- **County Participation**
- **Realignment**

Federal Funding

- The majority of our funding begins at the federal level.
- Federal program regulations describe the funding parameters that are to be used for each federal funding source.
- Federal fiscal year is October 1-Sept 30

State General Funding

- The State budget delineates how much State General funds will be available
 - State General Fund is used to draw down Federal dollars
 - There are also State only programs.
- State fiscal year is July 1- June 30
- Allocations letters delineates how much each County will receive.

Basics of Allocations

Assistance

- State and Federal funding for CalWORKs assistance costs are considered Entitlement programs (open ended) and not allocated to counties
- Foster Care and Adoptions Assistance programs are funded with Federal funds and 2011 Realignment
- IHSS is funded through Title XIX and moved to the new MOE model, making the State share vary

Basics of Allocations

Administration

- Allocations are made to the administrative side of the house with capped State funding streams.
- Allocations are reimbursed by the expenditures through CEC.
- Allocations are not controlled at the detail level.
- Allocations are only good for one fiscal year! **Use it or lose it.**

Allocation Development

- Each Allocation uses a different methodology/ies to develop County Specific Amounts
- Usually outlined in Allocation Letter
- Outlined in Annual Allocation Matrix developed by the CWDA FAAD's workgroup
- Explained in other CWDA publications.

1991 REALIGNMENT

1991 Realignment

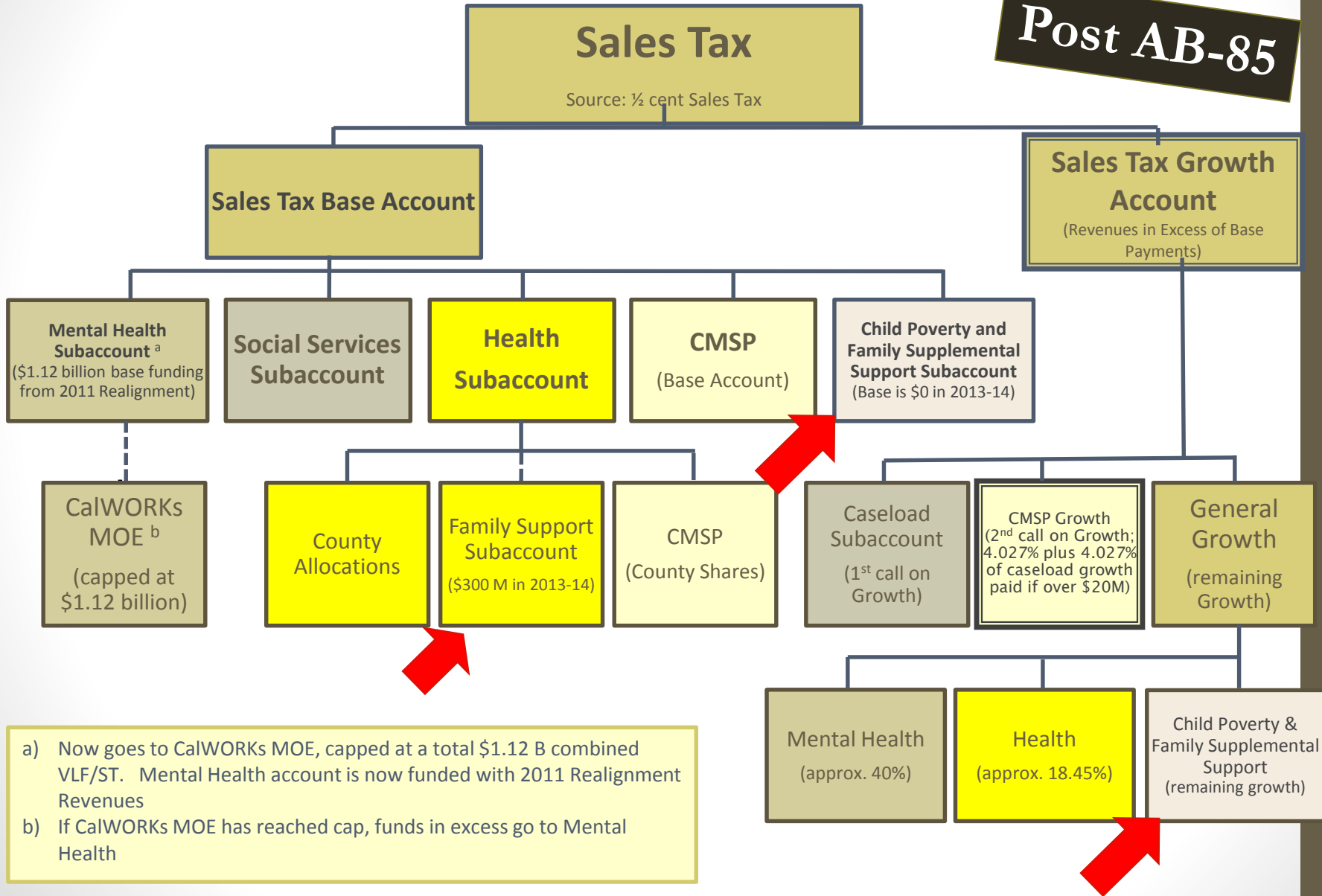
There are two dedicated revenue sources to fund the programs:

- A one-half cent increase in the State sales tax
- An increase in vehicle license fees

1991 REALIGNMENT STRUCTURE - STATE

SALES TAX DISTRIBUTIONS

Post AB-85

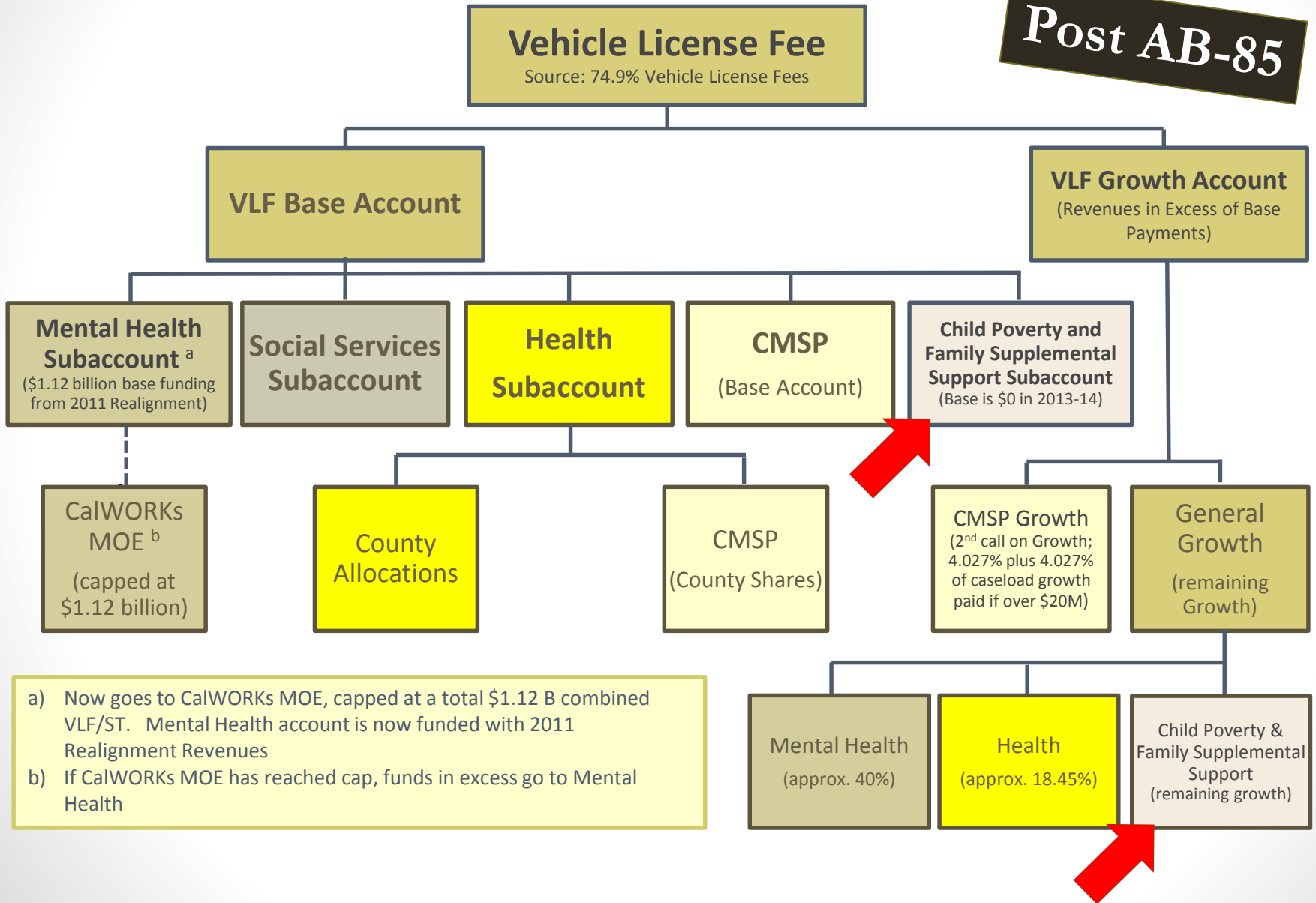


- a) Now goes to CalWORKs MOE, capped at a total \$1.12 B combined VLF/ST. Mental Health account is now funded with 2011 Realignment Revenues
- b) If CalWORKs MOE has reached cap, funds in excess go to Mental Health

1991 REALIGNMENT STRUCTURE - STATE

VEHICLE LICENSE FEE DISTRIBUTIONS

Post AB-85



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1991 Realignment Programs

- **AB 8 County Health Services**
- **Local Health Services**
- **California Children's Services**
- **Indigent Health**
- **CalWORKs**
- **Employment Services**
- **County Services Block Grant**
- **IHSS**
- **Foster Care**
- **CWS**
- **Adoptions**
- **County Stabilization Subvention**
- **County Juvenile Justice Subvention (AB90)**
- **Mental Health**
- **EPSDT**
- **Managed Care**

1991 Realignment Program Ratios

Program

Old Share (non-Fed)

New 1991 Share (non-Fed)

CalWORKs Aid Payments

11%

5%

CalWORKs Eligibility

50%

30%

Foster Care

5%

60%

Child Welfare Services

24%

30%

Adoptions Assistance

0%

25%

CalWORKs Employment Services

0%

30%

In-Home Supportive Services

3%

35%

County Services Block Grant

16%

30% total

California Children's Services

25%

50% total

CalWorks MOE Realignment

- AB 118 and ABX116
- The intent of this legislation is to limit the county's share of cost to the amount of funds received in its CalWORKs MOE Subaccount.
- AB 85 will change the State share of MOE.

1991 REALIGNMENT STRUCTURE - STATE

SALES TAX DISTRIBUTIONS

Sales Tax
Source: ½ cent Sales Tax

Sales Tax Growth Account
(Revenues in Excess of Base Payments)

Sales Tax Growth Account
(Revenues in Excess of Base Payments)

Pre AB-85

Post AB-85

Caseload Subaccount
(1st call on Growth)

CMSP Growth
(2nd call on Growth;
4.027% plus 4.027%
of caseload growth
paid if over \$20M)

General Growth
(remaining Growth)

Caseload Subaccount
(1st call on Growth)

CMSP Growth
(2nd call on Growth;
4.027% plus 4.027%
of caseload growth
paid if over \$20M)

General Growth
(remaining Growth)

Mental Health
(approx. 40%)

Health
(approx. 52%)

Social Services
(approx. 8%)

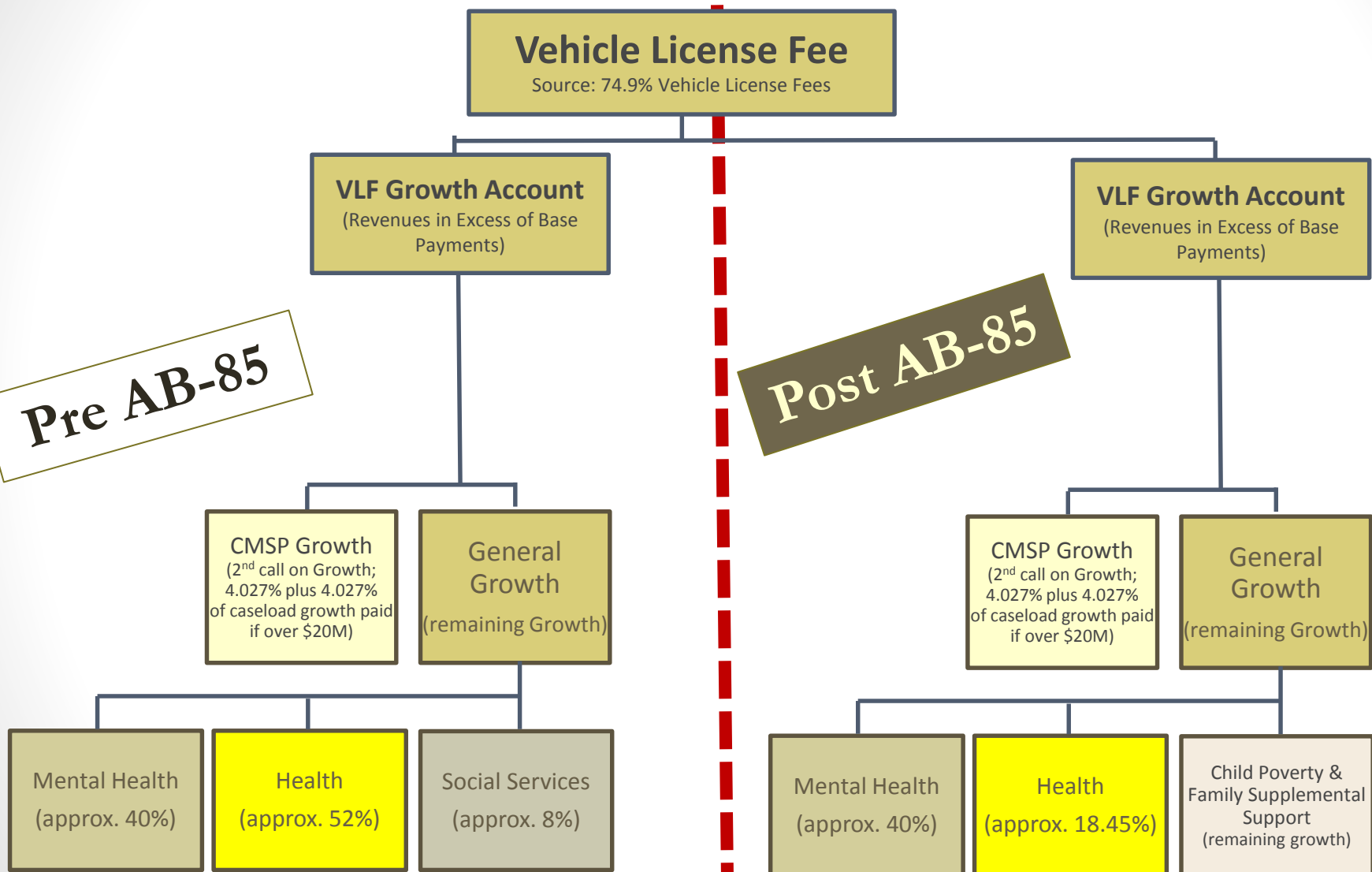
Mental Health
(approx. 40%)

Health
(approx. 18.45%)

Child Poverty & Family Supplemental Support
(remaining growth)

1991 REALIGNMENT STRUCTURE - STATE

VEHICLE LICENSE FEE DISTRIBUTIONS



Flow of 1991 Realignment - Theory and Reality

“1991 Realignment Social Services (Sales Tax and VLF) – Full Funding Assertion”

8/22/2013

1991 REALIGNMENT (SALES TAX AND VLF) FULL FUNDING ASSERTION

IN THEORY

- Each year State Controller's Office (SCO) publishes a base amount of realignment (equivalent to its prior year amount of realignment), plus growth for caseload, and possibly "general growth"
- The base amount plus the growth amount becomes the next year's "Base amount"
- These funds flow annually and are available to cover the county share of the 1991 Social Services Realignment programs

STATE	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	Total
Base *	1,638,646,354	1,732,860,104	1,838,249,556	1,943,222,110	1,987,394,879	1,987,481,703	2,021,120,258	13,148,974,966
growth (caseload)**	91,543,337	105,389,452	104,972,554	44,172,769	86,824	33,638,555	pending	379,803,491
growth (general)	2,670,413						pending	2,670,413
Total	1,732,860,104	1,838,249,556	1,943,222,110	1,987,394,879	1,987,481,703	2,021,120,258	2,021,120,258	13,531,448,870

* note: The "base" amount in FY 06/07 (\$1.6 billion) is the actual base amount for COSD from SCO website

** note: These are the actual statewide caseload growth amounts, per CDSS and SCO

IN REALITY

- The flow of realignment revenue (sales tax and VLF) is based on the economy and not tied directly to costs
- Realignment has not worked over the past years and has forced counties to manage to available resources
- The data demonstrates that it can take over five years to receive owed caseload growth
- Even when caseload growth is paid, there is no "re-payment" for the years it was owed but not paid
- The FY 12/13 base amount is still less than the FY 06/07 Realignment

STATE	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11*	FY 11/12**	FY 12/13	Total
Base	1,638,646,354	1,629,011,635	1,420,042,920	1,365,852,335	1,365,852,335	1,475,796,532	1,724,575,703	10,619,777,813
growth for 06/07	17,138,152				74,405,185			91,543,337
growth for 07/08					39,480,983	65,908,469		105,389,452
growth for 08/09						104,972,554		104,972,554
growth for 09/10						44,172,769		44,172,769
growth for 10/11						86,824		86,824
growth for 11/12						33,638,555		33,638,555
growth (general)	2,670,413							2,670,413
Total	1,658,454,920	1,629,011,635	1,420,042,920	1,365,852,335	1,479,738,503	1,724,575,703	1,724,575,703	11,002,251,717

Base compared to 06/07

(29,443,284.99) (238,411,999.60) (292,602,584.32) (178,716,416.61)

The amounts listed are from the SCO website on 1991 Realignment: http://www.sco.ca.gov/ard_payments_realignment.html

*The growth payments listed as received for FY 10/11, were actually paid Sept 27,2011 (in FY 11/12)

**The growth payments listed as received for FY 11/12, were actually paid 10/18/2012 (FY 12/13)

VARIANCE BETWEEN THEORY AND REALITY

STATE	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	Total
Base loss/gain	0	(103,848,470)	(418,206,636)	(577,369,775)	(621,542,544)	(511,685,172)	(296,544,556)	(2,529,197,153)
Growth	(74,405,185)	(105,389,452)	(104,972,554)	(44,172,769)	113,799,344	181,415,237	pending	(33,725,379)
Variance	(74,405,185)	(209,237,922)	(523,179,190)	(621,542,544)	(507,743,200)	(330,269,934)	(296,544,556)	(2,562,922,531)

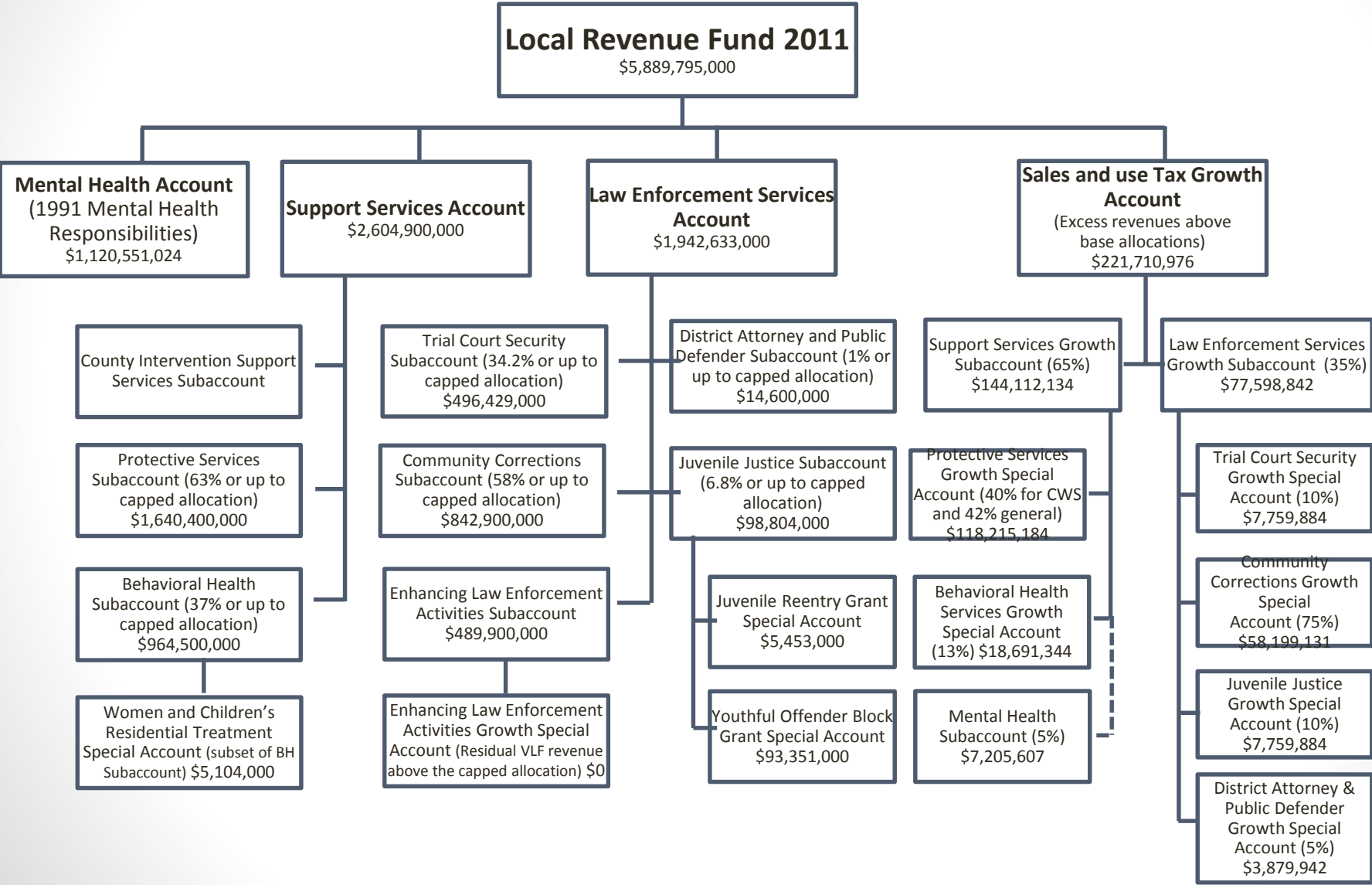
2011 REALIGNMENT

2011 Realignment

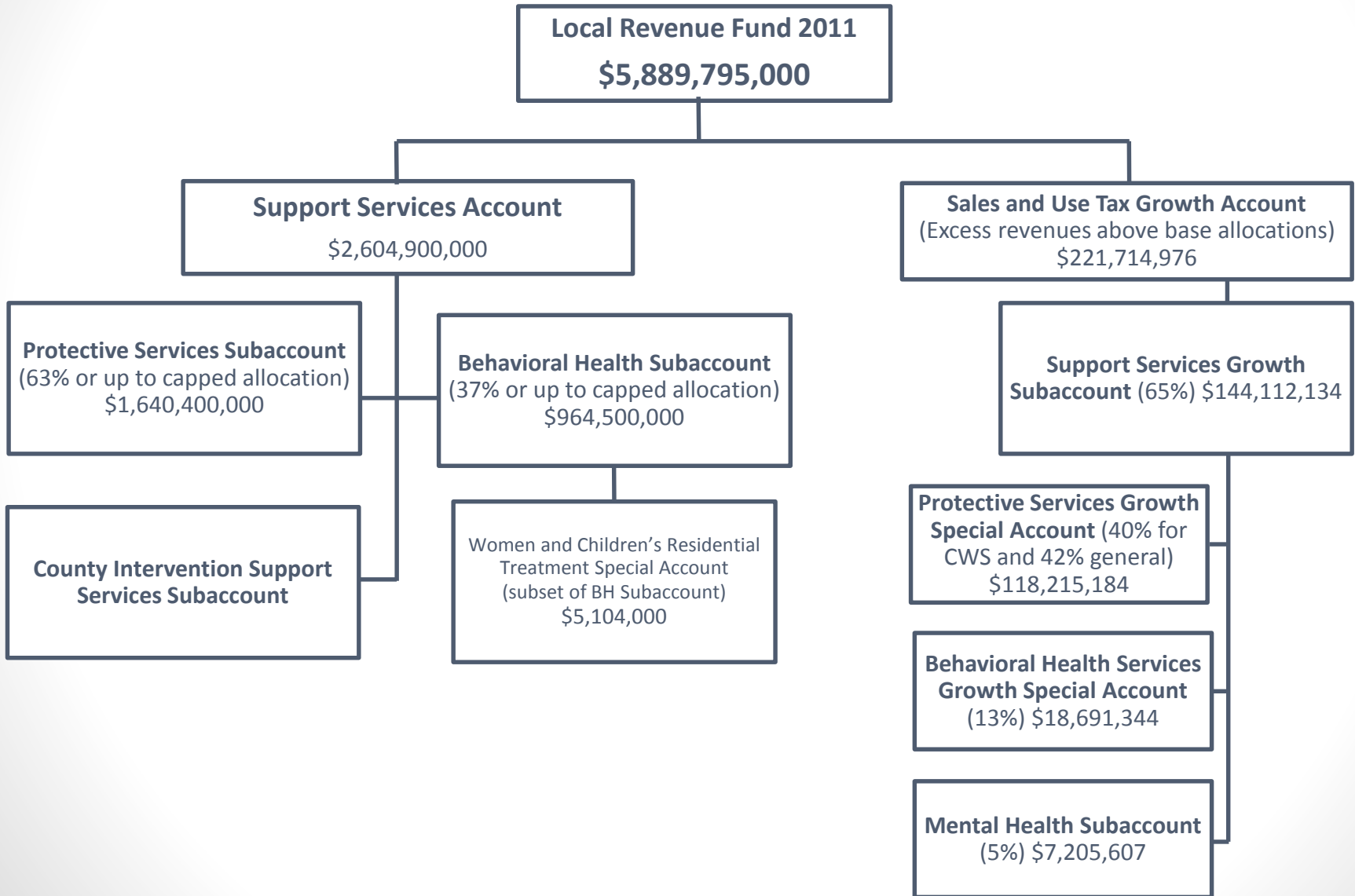
- Instead of State General fund allocations, Counties will receive a % of 2011 realignment funding.
- Increased risk to Counties if sales tax and VLF do not materialize

Local Revenue Fund 2011

State Structure for FY 2012-13

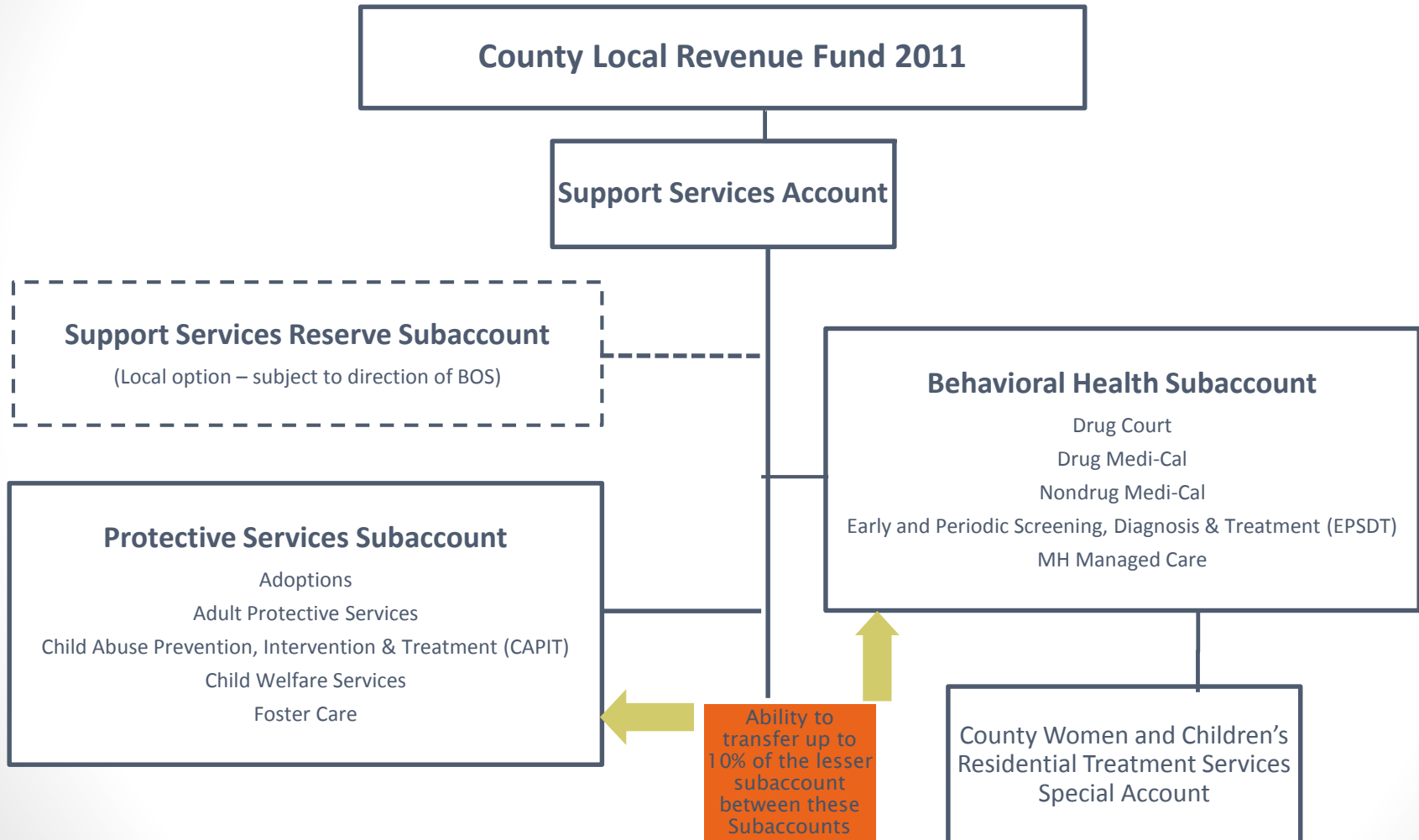


State Structure for Support Services for FY 2012-13



County Local Revenue Fund 2011

Support Services



2011 Realignment Programs

- Foster Care
- CWS
- Adoptions
- Adult Protective Services
- Child Abuse Prevention, Intervention & Treatment (CAPIT)
- Women and Children's Residential Treatment
- Drug Medical
- Nondrug Medical
- Drug Court
- Mental Health
- EPSDT
- Managed Care
- Law Enforcement
 - Trial Court Security
 - District Attorney and Public Defender
 - Juvenile Justice
 - Community Corrections
 - Local Public Safety Subventions

Impact of 2011 Realignment to 1991 Sharing Ratios

Program

Foster Care

Child Welfare Services

Adoptions Assistance

Adoptions Eligibility

Adult Protective Services

Child Abuse Prevention,
Intervention, & Treatment (CAPIT)

1991
Share
(non-Fed)

60%

30%

25%

0%

MOE

16%

New 2011
Share
(non-Fed)

100%

100%

100%

100%

100%

100%

INTERSECTION OF REALIGNMENT PROGRAMS

Intersection of Realignment Programs

1991 Realignment

- AB 8 County Health Services
- Local Health Services
- California Children's Services
- Indigent Health
- CalWORKs
- Employment Services
- County Services Block Grant
- In-Home Supportive Services
- County Stabilization Subvention
- County Juvenile Justice Subvention (AB90)

Shared

- Foster Care
- CWS
- Adoptions
- Mental Health
- EPSDT
- Managed Care

2011 Realignment

- Adult Protective Services
- Child Abuse Prevention, Intervention & Treatment (CAPIT)
- Women and Children's Residential Treatment
- Drug Medical
- Non-drug Medical
- Drug Court
- Law Enforcement
 - Trial Court Security
 - Juvenile Justice
 - District Attorney and Public Defender
 - Community Corrections
 - Local Public Safety Subventions

Things to Consider

- **Several Years of Growth Adjustments**
- **\$200 million - CWS**
- **CWS Augmentation**
- **Base Restoration**

Opportunities & Possibilities

- **LOOK FOR THE INTERSECTIONS**
- **LOOK AT CURRENT PROGRAMS**
- Possibility?: SB-163 Wrap-Around Services
- Possibility?: Katie A.
- Possibility?: Preventative Services

Enhancing Program Resources to Benefit Service Outcomes

Enhancing Program Resources to Benefit Service Outcomes

CWDA - learn from each other about Creative Program Financing

- County Expense Claim (CEC)
- Braided Funding Partnerships
- Leveraging Public/Private Funds
- Realignment Funding
- Best Model = County's unique needs
- Creative Financial Models can be shared, improved and changed to support individual County goals

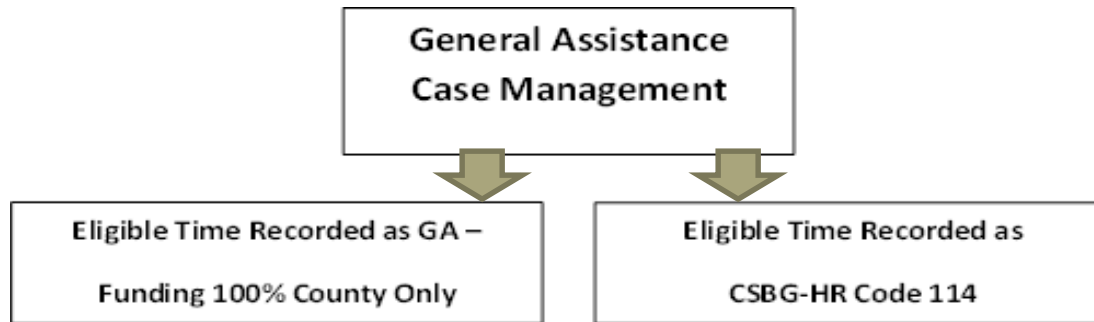
Creative Financial Modeling - Process & Documentation

- Leadership Vision & Mission (why)
- Customer Needs (what)
- Service Design & Accounting Model (how)
 - Program Management; Fiscal Lead
 - Flow Chart Funding to Services
 - Braid Funds, Match Model or other
 - Cost Plan Documentation (contract, pin codes, payment methods, budget design, reporting, monitoring, audit plan)
- Outcomes Tracking & Reporting: Did we achieve a better service outcome? (What if?)

Opportunities within the County Expense Claim (CEC)

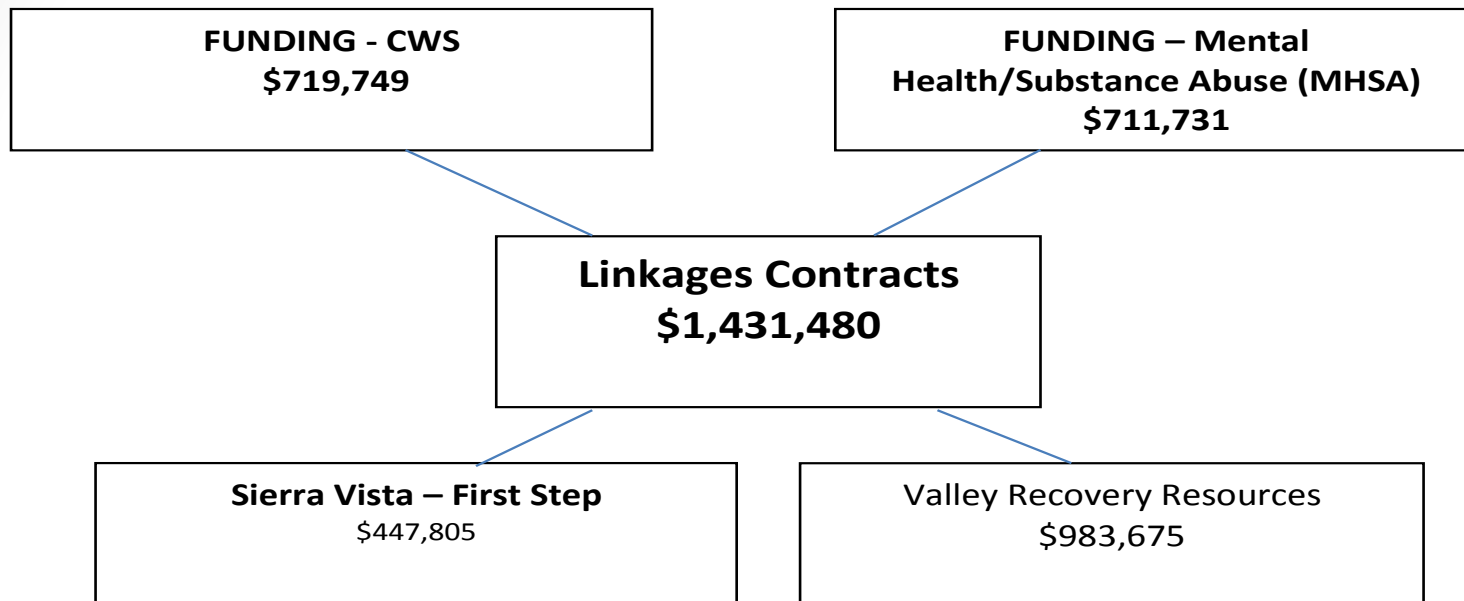
- Access to Open-ended Federal Funding
 - Health-Related Title XIX for CSBG, IHSS, CWS
 - Title IV-E for CWS, FC
 - Examples: Public Health Nurses and/or Mental Health Clinicians in Adult/Children's Services
- Internal Braiding
 - SSI Advocacy supported by CSBG Health Related
 - Linkages supported by CWS and/or CalWORKs

SSI Advocacy Model



- **Vision/Mission:** Enhance access to health care. Reduce County General Fund Costs.
- **Customer Needs:** Many GA customers are disabled and eligible for SSI.
- **Service Design & Accounting Model:** GA Case Management time refocused to include SSI Advocacy. SSI advocacy time is eligible to CSBG code 114.
- **Outcomes:** Improved access to health care; SSI financial assistance is ongoing
 - FY 2011-2012 ROI is \$1.63
 - FY 2012-2013 11% reduction in GA caseload

Linkages Model



Vision/Mission: Linkages ensure the best services are provided to children and families.

Customer Needs: Support for residential and sober living environment services.

Service Design & Accounting Model: Close relationship between program and fiscal staff. Client lists reviewed by FSS for StanWORKs funds first. Coordinated Case Plan.

Outcomes: Necessary services are provided to the clients that need them at the lowest county cost producing maximum county cost avoidance.

- FY 2012-2013 reflects 32% utilization of StanWORKs funds for CWS “linked” cases

Braided Funding Partnerships

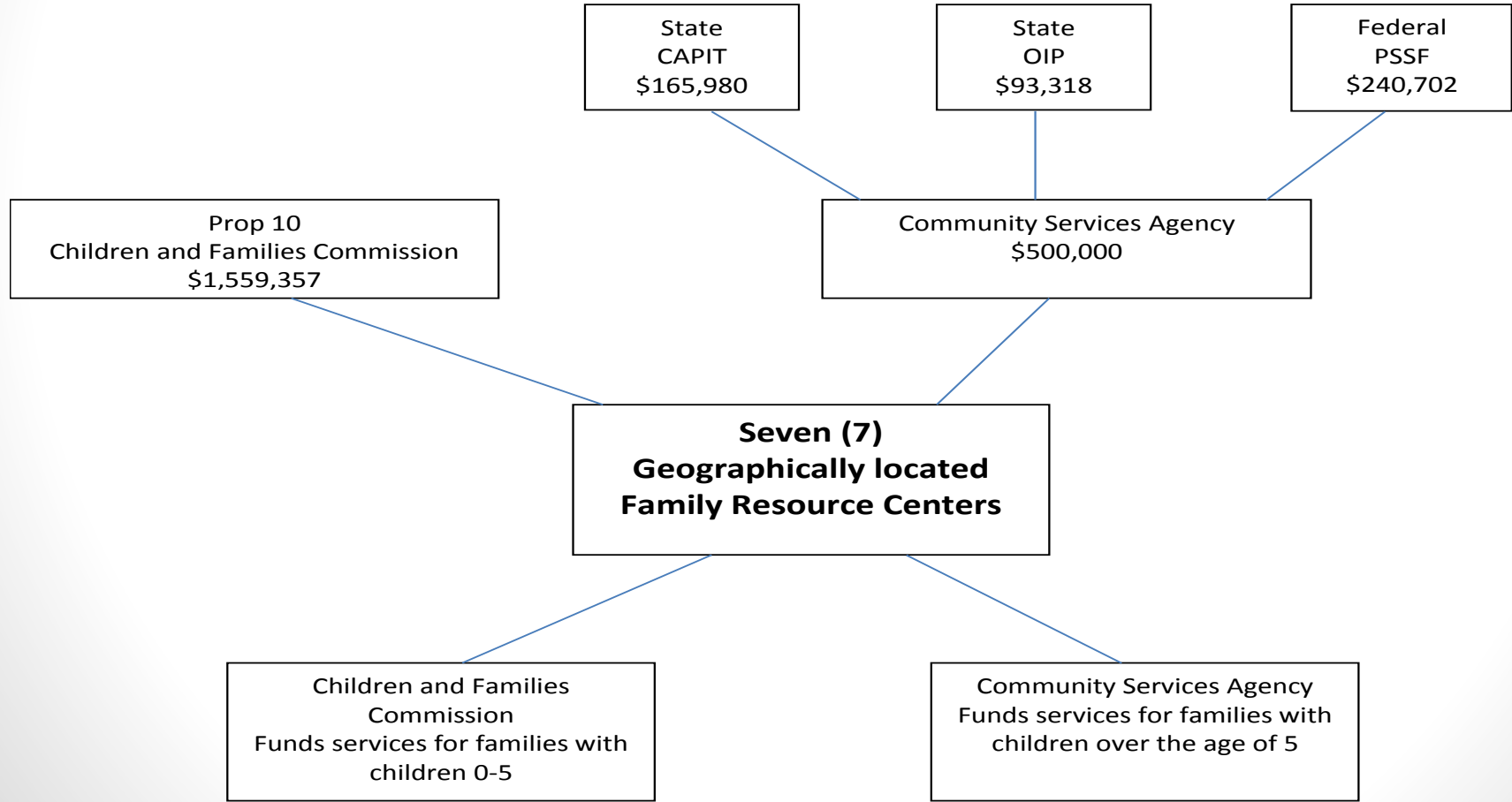
- Partnership to combine resources with other entities to serve a common customer population
- Contract/MOU based agreements
 - define the model
 - governance
 - resource contributions
 - Fiscal Lead
- Can include multiple public and/or private entities
- Example:
 - Differential Response with Children & Families Commission and local CBO Family Resource Centers

Differential Response

- **Vision/Mission:** Improved Safety Net for Children at risk of abuse and neglect in our community
- **Customer Needs:** Family Resource Centers to provide family support services at the community/neighborhood level.
 - A response to every Child Welfare referral to ensure children are safe (CWS) and families have access to services (FRC/CWS)
- **Service Design & Accounting Model:**
 - Stakeholder process developed three pathways for response to ER calls
 - FRC's since 2005: prevention; early intervention & support
 - Cost reimbursed services for children 0-5 is from Prop 10; 6 and above is Prevention Funding.
- **Outcomes:** Families are supported and safe in communities
 - Reduce incidents of child abuse & maltreatment; Increase positive social support
 - Reduce repeat child maltreatment reports; Increase family resilience capacity

Differential Response

Stanislaus County Family Resource Center Partnership FY 2013/2014



Leveraging Public/Private Funds

- Partnership to combine resources with other entities
 - “local match” to access Federal/State program funds
 - provide a specific service or serve a specific customer population
- Contract/MOU based agreements to define the model, governance, resource contributions and Fiscal Lead
 - Can include multiple public and/or private entities
- Federal Funding Matrix- Allowable Usage of Local Match Funds
- Examples:
 - Sober Living Environment Services
 - Family Justice Center

Sober Living Environment Services

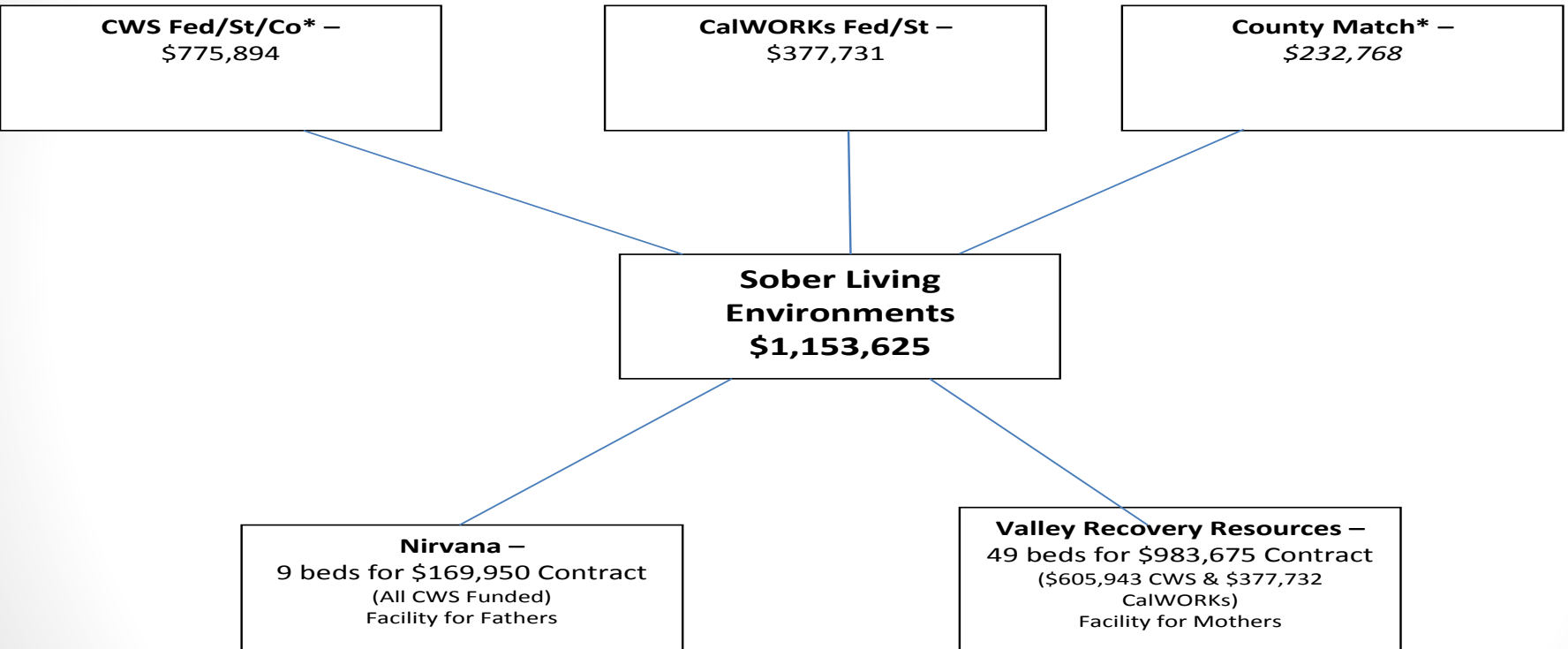
- **Vision/Mission:** Break the cycle of drug/alcohol dependency and restore families so children can remain safely at home
- **Customer Needs:** Access to Sober Living Environment Services
 - Economic Environment
 - CWS allocation unattainable due to lack of local match
 - CWS budget reductions; lost services & resources
 - Significant Impact to families and children
- **Service Design & Accounting Model:**
 - Concerned Citizens: Offer of private contributions as local match
 - Board of Supervisors commitment
 - Establishment of Non-profit & Public –Private partnership
- **Outcomes:** Over \$3 million accessed in total CWS funding. Staffing restored; improved case management; Capacity has grown; 60 families each month avoid OHP

Sober Living Environment Services

Stanislaus County

Sober Living Environments Partnership

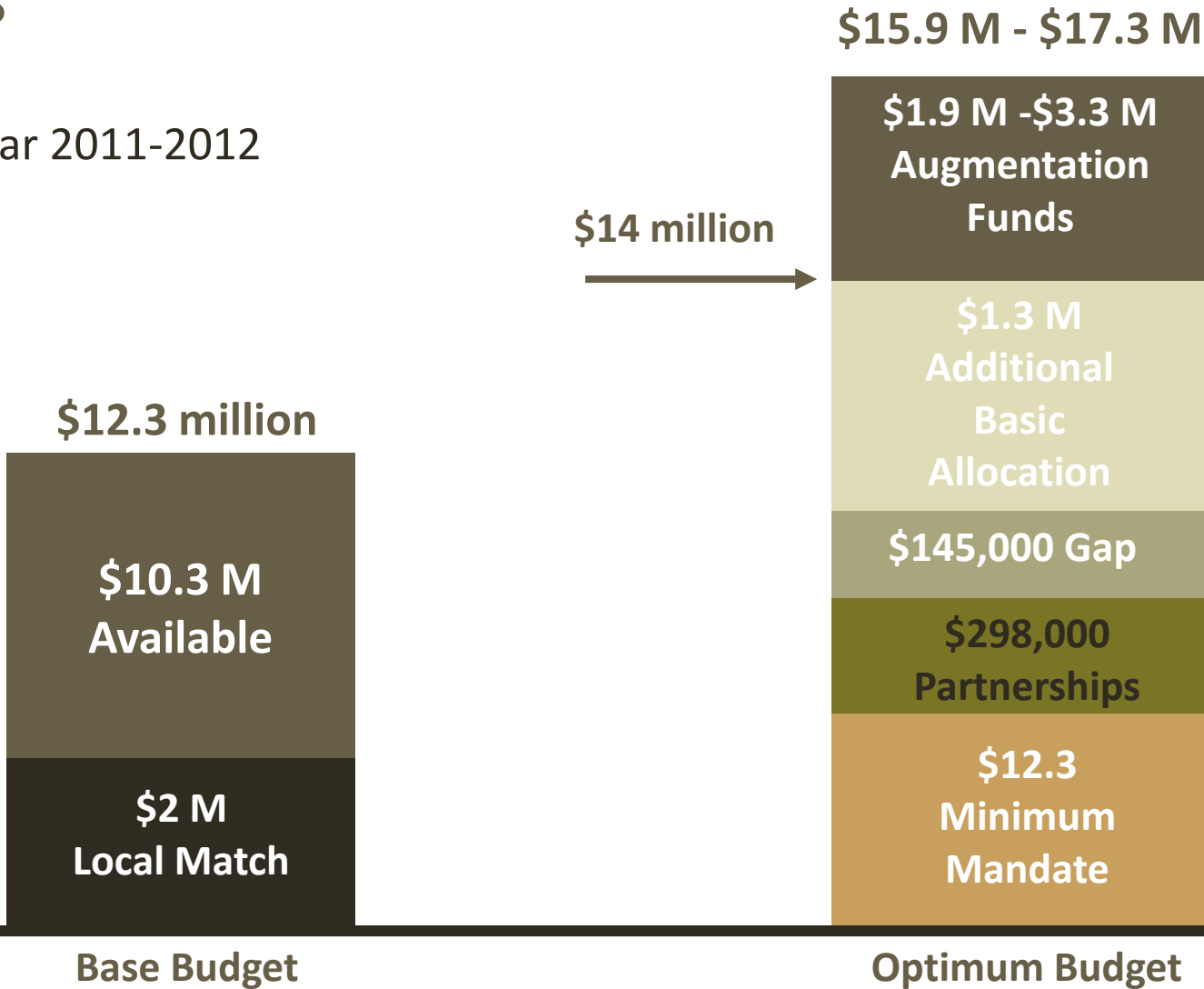
FY 2013/2014



*Contracted local match contributions by each contractor are donated in support of these sober living environment contracts. Match contributions are equivalent to 30% local match requirement for costs claimed to CWS funding. County match is 30% of CWS funds. Local match provided by existing contractors consists of vendor private pay revenue and vendor local fundraising revenue.

Leveraging Donor Funds for Child Welfare Services

Fiscal Year 2011-2012



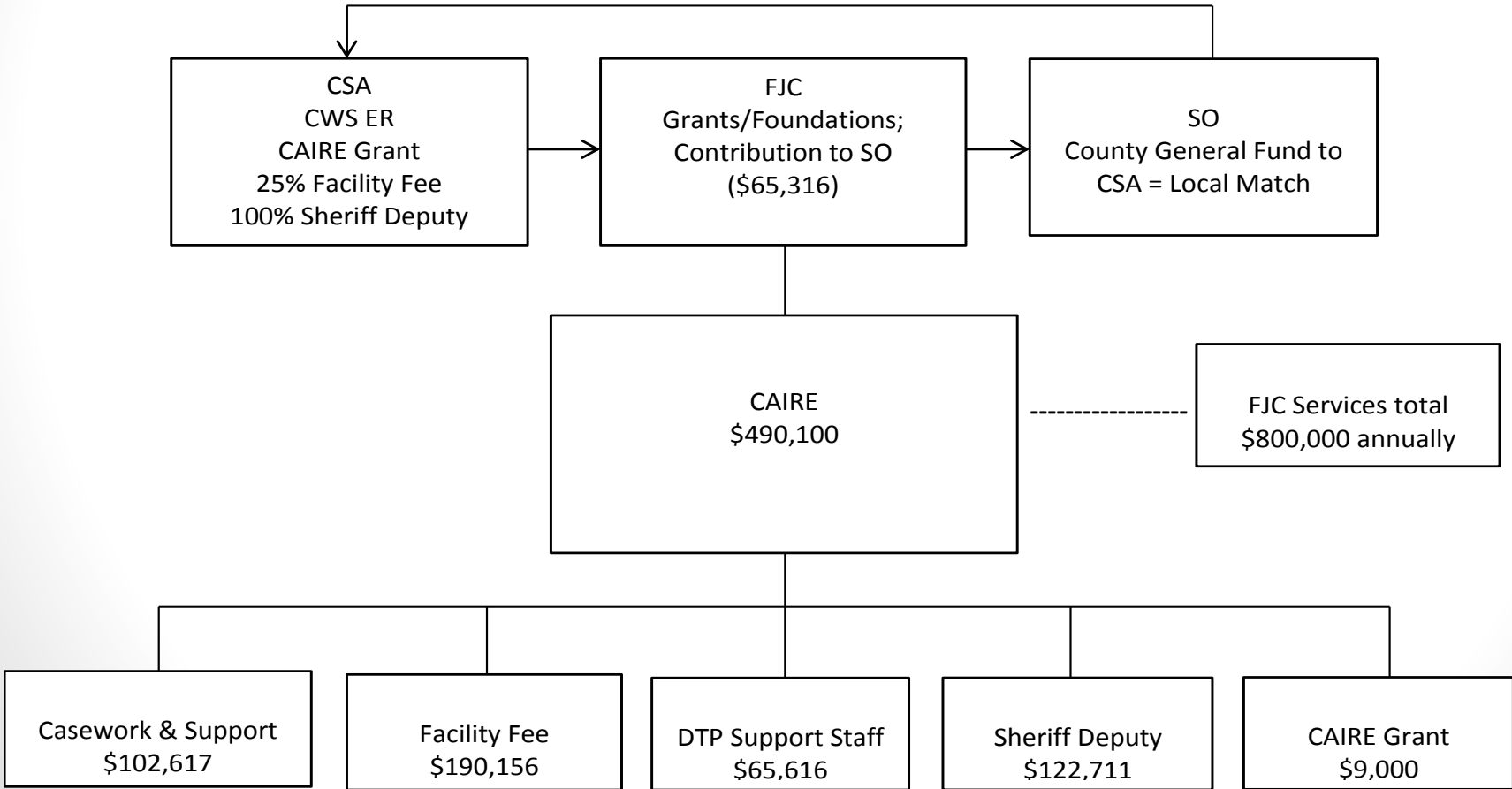
\$14 million
→

Family Justice Center

- **Vision/Mission:** One-stop center offering help and hope for victims and survivors of domestic violence, sexual assault, child abuse and elder abuse.
- **Customer Needs:** Services to meet the individual needs of victims.
- **Service Design & Accounting Model:**
 - Stakeholder process began with DA as lead; now Non Profit
 - CSA operates the Child Advocacy Center or “CAIRE Center” co-located within the FJC
 - Model leverages CWS funding where applicable, braids with other Government agencies and provides local match through a three way agreement between Social Services, Sheriff & FJC
- **Outcomes:** Safety Plans for 297 adults ; Services/Support for 881 children; CAIRE Interviews for 252 children

Family Justice Center

**Stanislaus County
Child Abuse Interview, Referral, and Evaluation (CAIRE) Center
Family Justice Center (FJC)
Sheriff's Office (SO)
FY 13/14**



Opportunities with Realignment Funding

- Flexibility varies by County based on Accounting Structure
- Deferred revenue may allow for multi-year planning
- Sales tax dollars provide opportunities for non-fed match for the realigned programs
- Most flexibility lies in the programs that are both 1990-1991 and 2011 realigned
- Evolving opportunities as more becomes known

Enhancing Program Resources to Benefit Service Outcomes

- Creative Financial Models can be shared, improved and changed to support individual County goals for the best service outcomes.
- New opportunities in the future.....