Social Service Fiscal Essentials 102

- Now that you know all about funding and revenue streams (Fiscal Essentials 101)....
- Now What?
- How do you draw down funding, what costs are applied against it and how can you anticipate utilization of these funds?
- What rules do you have to follow?
Reimbursement of Expenditures

- 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.
Classification of Costs Charged Against Funding

- Salary & Benefit Costs
- Allocable Operating Costs (Non Labor)
- IT Costs
- Staff Development Costs
- Direct
- Cost Shifts
Salary and Benefit Costs

There are two basic types of Salary Costs

- Caseworker Costs
- Support Staff Costs
Caseworker Staff Costs

*WHAT ARE CASEWORKER COSTS?*

Salaries and benefits of:

- First Line Supervisors
- Social Workers
- Eligibility Determination Workers
- Employment Services Workers

*(Excludes Overtime)*
Caseworker Staff Costs (Cont’d)

Caseworker Salary Costs are Grouped in Salary Pools

- Social Workers
- Eligibility Workers
- Employment Service Workers

- These costs are combined via the County’s payroll and accounting systems
Caseworker Staff Costs (Cont’d)

What does this Mean?

Caseworker Salary Costs are Grouped in Salary Pools

- The Average Cost of Workers in Each Salary Pool is charged against the appropriate program/funding source

Important when developing Grant Proposals
### Caseworker Staff Costs (Cont’d)

**Example**

The following staff time study to the below programs

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 SW in CWS @ $100,000 yr</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>20 SW Sups in CWS @ $150,000 yr</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>75 SW in APS @ $75,000 yr</td>
<td>$5,625,000</td>
</tr>
<tr>
<td>10 SW Sups in APS @ $90,000 yr</td>
<td>$900,000</td>
</tr>
<tr>
<td></td>
<td><strong>$19,525,000</strong></td>
</tr>
</tbody>
</table>
## Caseworker Staff Costs (Cont’d)

If the cost of staff were directly charged against programs, the following would be true.

<table>
<thead>
<tr>
<th>Program</th>
<th>Total Cost</th>
<th>Per FTE Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWS:</td>
<td>$10,000,000 + $3,000,000</td>
<td>$13,000,000</td>
</tr>
<tr>
<td></td>
<td>$13,000,000/120</td>
<td>$108,333</td>
</tr>
<tr>
<td>APS:</td>
<td>$5,625,000 + $900,000</td>
<td>$6,525,000</td>
</tr>
<tr>
<td></td>
<td>$6,525,000/85</td>
<td>$76,765</td>
</tr>
</tbody>
</table>
However, CWD’s use a salary pool methodology

Total Salary Costs $19,525,000

Per Program Ratio:
CWS: 120/205 = .585365854
APS: 85/205 = .414634146

CWS: $19,525,000 * .585365854 = $11,429,268
Or a per FTE cost
$11,429,268/120 = $95,244

APS: $19,525,000 * .414634146 = $8,095,732
Or a per FTE cost
$8,095,732/85 = $95,244
Support staff

- Their costs are pooled in the same way as Caseworkers
- They are allocated as part of program overhead
Support Staff Costs

Support Salary Costs are Grouped in Salary Pools

- Admin Support
- Program Support
- Clerical Support

The Cost Allocation plan and Support Staff Time Report Plan defines the methodology to allocate Support Staff to Program.
Support Staff Costs

Support Salary Costs are Grouped in Salary Pools

- The Average Cost of Support Staff in Each Salary Pool is charged against the appropriate program/funding source depending on line worker time study results.
Cost Allocation Concept

Now that you understand how we calculate the claimable cost per worker

It is time to allocate these staff costs to programs!
Cost Allocation Concept (Cont’d)

Time Study Hours are used to

- Spread caseworker pooled costs,
- Allocate most support staff costs to Programs,
- Spread most overhead costs to programs
Support Staff Costs (Cont’d)

Most Common:

Support Staff are required to report their time to either:

- Generic Support
- Functional Support
- Directly to a Specific Program (Only when there are no line workers)
Cost Allocation Concept (Cont’d)

• The CEC uses time study results reported by line staff as the basis for distributing costs to function, program and activities.

• Function: This term refers to each of the major program areas performed by the Department.

• Program: This term refers to the broad classification under which an activity is grouped.
## Cost Allocation Concept (Cont’d)

<table>
<thead>
<tr>
<th>Programs:</th>
<th>CalWorks Elig</th>
<th>Other Public Assistance</th>
<th>Social Services</th>
<th>Childcare</th>
<th>Non Welfare</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTW</td>
<td>Cal-Learn</td>
<td>Medi-Cal</td>
<td>APS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Food Stamps</td>
<td>CWS</td>
<td></td>
<td>Stage One</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GR</td>
<td>IHSS Admin</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Foster Care Elig</td>
<td>Adoption Elig</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>ILP</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Licensing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Cost allocation ratios (Cont’d)

• **Generic Support**
  • Staff Support all programs

  • Are first allocated to Function using the Function Ratio
  • Then to Program using the Program Ratio
Cost allocation ratios (Cont’d)

- **Functional Support**
- **Staff Supporting only programs within one function**
  - Use only use the program ratio calculated for the applicable function.

  **Multi functional supports follow Generic Allocation Methodology**
Cost allocation ratios

- **Function ratio:**
  
  \[
  \frac{\text{Time Study hours to all programs under a function}}{\text{Total Time Study hours reported Department wide}}
  \]

- **Program Ratio**
  
  \[
  \frac{\text{Time Study hours to a program}}{\text{Total Time Study hours for of all programs under a function}}
  \]
## Support Staff Allocation

You have the following caseworker time study results:

<table>
<thead>
<tr>
<th>Function</th>
<th>Program</th>
<th>Timestudy Hours</th>
<th>Functional Ratios</th>
<th>Program Ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social Service Function</strong></td>
<td>APS</td>
<td>10800</td>
<td>9.677%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CWS</td>
<td>97200</td>
<td>87.097%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Licensing</td>
<td>3600</td>
<td>3.226%</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>111600</td>
<td>17.816%</td>
<td></td>
</tr>
<tr>
<td><strong>CalWORKs Function</strong></td>
<td>CalWORKs Eligibility</td>
<td>95400</td>
<td>46.491%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>WTW</td>
<td>109800</td>
<td>53.509%</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>205200</td>
<td>32.759%</td>
<td></td>
</tr>
<tr>
<td><strong>Other Public Assistance</strong></td>
<td>Food Stamps</td>
<td>45000</td>
<td></td>
<td>15.723%</td>
</tr>
<tr>
<td></td>
<td>Medi-Cal</td>
<td>208800</td>
<td></td>
<td>72.956%</td>
</tr>
<tr>
<td></td>
<td>General Relief</td>
<td>18000</td>
<td></td>
<td>6.289%</td>
</tr>
<tr>
<td></td>
<td>Foster Care Eligibility</td>
<td>14400</td>
<td></td>
<td>5.031%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>286200</td>
<td>45.690%</td>
<td></td>
</tr>
<tr>
<td><strong>Child Care</strong></td>
<td>Stage 1</td>
<td>14400</td>
<td>2.299%</td>
<td>100.000%</td>
</tr>
<tr>
<td></td>
<td>Non Welfare</td>
<td>9000</td>
<td>1.437%</td>
<td>100.000%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>626400</td>
<td>1.000</td>
<td></td>
</tr>
</tbody>
</table>

Approximate FTE's: 348
Your Program Support Personnel Salary Pool is $5 million

Your Support Staff time is reported as follows:

Calculate what it will cost FS, Medi, GR and FC Elig for Support Staff?

<table>
<thead>
<tr>
<th>Function</th>
<th>Support Staff Hours</th>
<th>Ratio</th>
<th>Functional Cost</th>
<th>Case Worker Ratio</th>
<th>Generic Spread</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Services</td>
<td>20,000</td>
<td>13.115%</td>
<td>$655,750.00</td>
<td>17.816%</td>
<td>$105,141.67</td>
<td>$760,891.67</td>
</tr>
<tr>
<td>CalWorks</td>
<td>45,000</td>
<td>29.508%</td>
<td>$1,475,400.00</td>
<td>32.759%</td>
<td>$193,325.00</td>
<td>$1,668,725.00</td>
</tr>
<tr>
<td>Other Pub Asst</td>
<td>65,000</td>
<td>42.623%</td>
<td>$2,131,150.00</td>
<td>45.690%</td>
<td>$269,637.50</td>
<td>$2,400,787.50</td>
</tr>
<tr>
<td>Childcare</td>
<td>3,000</td>
<td>1.967%</td>
<td>$98,350.00</td>
<td>2.299%</td>
<td>$13,566.67</td>
<td>$111,916.67</td>
</tr>
<tr>
<td>Non Welfare</td>
<td>1,500</td>
<td>0.984%</td>
<td>$49,200.00</td>
<td>1.437%</td>
<td>$8,479.17</td>
<td>$57,679.17</td>
</tr>
<tr>
<td>Generic</td>
<td>18,000</td>
<td>11.803%</td>
<td>$590,150.00</td>
<td>0.000%</td>
<td>($590,150.00)</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

152,500 100.000% $5,000,000.00 100.000% $0.00 $5,000,000.00

Cost of Support Staff Charged to Programs within OPA Function

<table>
<thead>
<tr>
<th></th>
<th>Ratio</th>
<th>Support Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Stamps</td>
<td>15.723%</td>
<td>$377,482.31</td>
</tr>
<tr>
<td>Medi-Cal</td>
<td>72.956%</td>
<td>$1,751,517.92</td>
</tr>
<tr>
<td>General Relief</td>
<td>6.289%</td>
<td>$150,992.92</td>
</tr>
<tr>
<td>Foster Care Eligibility</td>
<td>5.031%</td>
<td>$120,794.34</td>
</tr>
</tbody>
</table>

In this example Medi picks up 33.3% (72.9% of 45.69%) of generic costs
Cost allocation ratios (Cont’d)

As Demonstrated both ratios play a big part in allocating costs to programs funding sources
How to Save Local funding by Adding Staff

- Fully Staff Programs that have no County Share and Adequate Funding may Decrease County Cost or Use of Realignment
Allocation of Costs Discussion:

Why should Managers and Executives understand the basics how overhead is spread to programs?
Other Operating Costs

Now that you have this methodology down, the rest is a piece of cake!
Other Allocable Operating Costs

- Most Counties treat these costs as generic.

- Costs are primarily operating costs, including other County departments, space, travel, supplies, fixed assets under $25,000 etc.

- Allocate same as generic support staff costs.
Other Allocable Operating Costs

- Counties 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
Fixed Assets

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

Direct Costs are primarily those costs considered direct client services

- These costs are charged directly to the benefiting program.
  - Childcare
  - Job Club/Job Search
  - Assessments/Counseling
  - Direct Service Delivery
  - Etc.
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.
Cost Shifts

Last but not least - Miscellaneous Cost Shifts
Cost Shifts

• Cost Shifts are built into our allocation methodology

• Examples:
  • Case Counts shift CWS costs from Federal to State
  • Case Counts shift CalWorks Intake to the Food Stamp allocation
  • Time Studying to Initial Eligibility is paid 1/3 CalWORKs, 1/3 FS and 1/3 Medi-Cal
Cost Shifts

- It is very important that you anticipate these adjustments and monitor the changes in this data.

- They can significantly shift costs from an open ended or well-funded program to a capped allocation.
The Time Study
TIME IS MONEY
Supervisor/Manager Responsibilities

• Ensure training is conducted to fully inform staff of program changes and their impact on the time study.

• Make sure supervisors know they are a key figure in this process and in managing costs.

• Supervisors should carefully review the time studies of their staff, checking for accuracy.
Supervisor/Manager Responsibilities

- Always consider how staffing in one program effects costs in other programs

- The time study/RMS process drives the claim. All distributions of cost start with the time study.
Supervisor Responsibility

- Each supervisor **MUST** thoroughly review time study results.

- Staff should **NEVER** be asked to change a time study result, unless there is an obvious error that the worker agrees is erroneous.

- Time Study results should tie to Payroll information.
General Guidelines

- Travel time goes to the program for which it is associated.
- Break time goes to the last program worked.
- Training time goes to the associated program.
General guidelines

- Conference/staff meeting time is recorded to the associated program.

- Supervisors spending direct time on casework may direct charge their time, otherwise it is allocated.
General guidelines

- Use generic code sparingly

- Salary pool costs associated with Non allocable and generic codes are spread to other programs. This will have an effect on your program as well as others.
Questions/Comments