

# Social Services

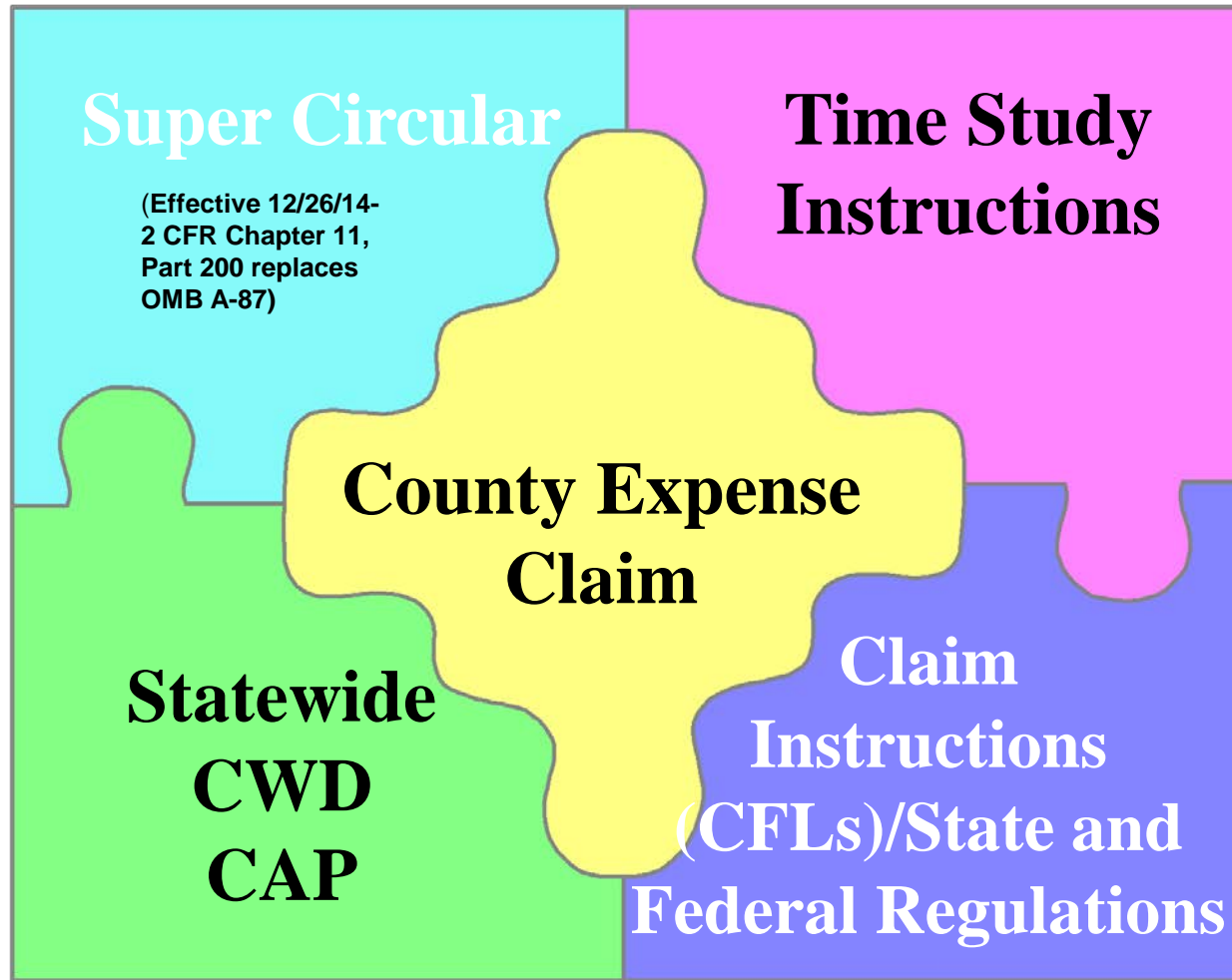
## Fiscal Essentials 102

# 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?

# Fiscal Regulations



**County Policies**

# 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

	Cost
100 SW in CWS @ \$100,000yr	\$10,000,000
20 SW Sups in CWS @ \$150,000yr	\$ 3,000,000
75 SW in APS @ \$75,000yr	\$ 5,625,000
10 SW Sups in APS @ \$90,000yr	<u>\$ 900,000</u>
	\$19,525,000

## Caseworker Staff Costs (Cont'd)

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

	Cost
<b>CWS:</b> \$10,000,000 + \$3,000,000	\$13,000,000
<b>Or a per FTE cost</b>	
\$13,000,000/120	<b>\$ 108,333</b>
<b>APS:</b> \$5,625,000 + \$900,000	\$ 6,525,000
<b>Or a per FTE cost</b>	
\$6,525,000/85	<b>\$ 76,765</b>

# Caseworker Staff Costs (Cont'd)

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)

**Functions:**

**Programs:**

	<b>CalWorks</b>	<b>Other Public Assistance</b>	<b>Social Services</b>	<b>Childcare</b>	<b>Non Welfare</b>
	CalWorks Elig	Food Stamps	CWS	Stage One	
	WTW	Medi-Cal	APS		
	Cal-Learn	GR	IHSS Admin		
		Foster Care Elig	Adoption Elig		
			ILP		
			Licensing		

## 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:**

Time Study hours to all programs under a function

Total Time Study hours reported Department wide

- **Program Ratio**

Time Study hours to a program

Total Time Study hours for of all programs under a function

# Support Staff Allocation

You have the following caseworker time study results:

**Functional Ratios**

**Program Ratios**

**Function**

Program	Timestudy Hours		
<b>Social Service Function</b>			
APS	10800		9.677%
CWS	97200		87.097%
Licensing	3600		3.226%
	111600	17.816%	
<b>CalWORKs Function</b>			
CalWORKs Eligibility	95400		46.491%
WTW	109800		53.509%
	205200	32.759%	
<b>Other Public Assistance</b>			
Food Stamps	45000		15.723%
Medi-Cal	208800		72.956%
General Relief	18000		6.289%
Foster Care Eligibility	14400		5.031%
	286200	45.690%	
<b>Child Care</b>			
Stage 1	14400	2.299%	100.000%
<b>Non Welfare</b>			
	9000	1.437%	100.000%
<b>Total Department Hours</b>			
	626400	1.000	
<b>Approximate FTE's</b>			
	348		



# Support Staff Allocation-\$\$\$

→ 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?

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

	Ratio	Support Cost
Food Stamps	15.723%	\$377,482.31
Medi-Cal	72.956%	\$1,751,517.92
General Relief	6.289%	\$150,992.92
Foster Care Eligibility	5.031%	\$120,794.34
		\$2,400,787.50

## 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 a 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.
- Staff should **NEVER** be asked to change a time study result, unless it is an obvious error.
- Time Study results should tie to payroll information.



# Supervisor/Manager Responsibilities

- Always consider how staffing in one program effects costs in other programs
- The time study process drives the claim. All distributions of cost start with the time study.



**Super Circular**

# Super Circular

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

# Super Circular

- ▶ Outlines Purchasing Requirements
  - Must use local purchasing policies
  - Non State Entities have extra requirements
    - Have contract of interest rules
    - Deal with only responsible contractors
    - Ensure full and open Competition
      - No geographical preferences

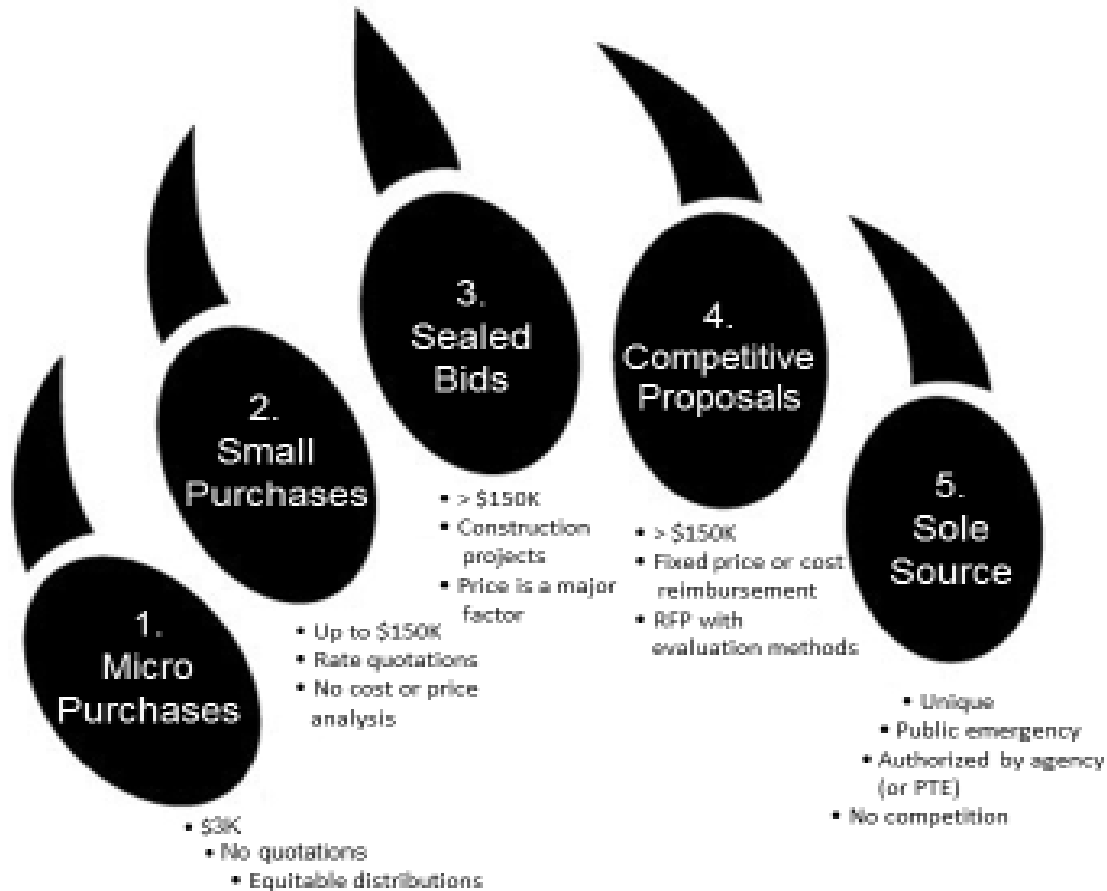
# Super Circular

## ▶ Outlines Purchasing Requirements

- **Micro-Purchases not to exceed \$3,000** (\$2,000 for Davis-Bacon Act purchases) may be conducted without soliciting competitive quotes if the price is considered reasonable
- **Small Purchases not to exceed \$150,000** must obtain an adequate number of price and rate quotes from qualified sources
- **Over \$150,000**
  - Requires a formal sealed bid process if price is a major factor
  - Competitive proposal-RFP with evaluation methods

# Super Circular

## Procurement “Claw” (Section 200.320)



# Super Circular

- ▶ **Outlines Purchasing Requirements**
  - **.320.6 Methods of Procurement and Indirect Costs (FAQ Document Updated 11/2014)**

<https://cfo.gov/wp-content/uploads/2014/08/2014-08-29-Frequently-Asked-Questions.pdf>

**Question:** Does the Uniform Guidance procurement standards apply to procurements made for indirect costs (for example: would a non-Federal entity need to follow them when hiring a plumber to fix a broken pipe in the headquarters building?)

**Answer:** No the uniform guidance procurement standards do not apply to procurements made in indirect cost service areas. They apply to procurements for goods and services that are directly charged to a Federal Award.

## Super Circular

- ▶ What is the difference when contracting with a contractor versus a sub-recipient?
- ▶ Determined by the substance of the agreement rather than the form of the agreement
- ▶ Impacts the level of monitoring and provisions of the agreement



# Super Circular

- ▶ **Sub-recipient**
- ▶ Determines Eligibility
- ▶ Performance Measured against grant objectives
- ▶ Responsible for making programmatic decisions
- ▶ Required adherence to federal rules
- ▶ Provides actual support to the program rather than providing services to support the Department as an entity.

# Super Circular

- ▶ **Definition of Sub-recipient**
- ▶ Determines Eligibility
- ▶ Performance Measured against grant objectives
- ▶ Responsible for making programmatic decisions
- ▶ Required adherence to federal rules
- ▶ Provides actual support to the program rather than providing services to support the Department as an entity.

## Super Circular

**It is critical to work with your County on the implementation of the Super Circular to ensure you are in compliance. Don't assume that you can do things the same way you have done them in the past!**

# **Social Services Fiscal Essentials 102**

**Questions/Comments**