



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Social Services
Department No.: 044
For Agenda Of: 04/3/12
Placement: Departmental
Estimated Tme: 20 Minutes
Continued Item: No
If Yes, date from:
Vote Required: 4/5 Vote

TO: Board of Supervisors

FROM: Department Kathy M. Gallagher, Director 681-4451
Director(s)
Contact Info: Victor Zambrano, Chief Financial Officer 681-4464

SUBJECT: Adjusted Social Services Budget

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form:

Recommended Actions:

1. Approve the attached Budget Revision for the Department of Social Services (DSS) to increase Federal and State revenue by \$6.8 million, increase expenditures by \$4.4 million in Salaries and Benefits, \$1.6 million in Services and Supplies, \$0.2 million for Fixed Assets and Other Financing Uses, and decrease Other Charges by \$4.7 million, mainly from a reduction in Cash Assistance payments, and combined increase in Restricted and Committed Fund Balance of \$5.9 million primarily due to the unanticipated receipt of one time realignment funding.

Summary Text:

Each year, your Board adopts the DSS budget during the June budget hearings. However, for DSS, this acts only as a preliminary budget as the Department's funding is primarily from Federal and State funds which are not determined and appropriated until the passage of the annual State budget. At that point, the State has 90 days to develop and issue individual allocations in the nine major programs and numerous sub-programs administered by county Social Services departments around the state. This necessitates a revision to the adopted department budget, which in years past has been included in one of the monthly Budget Revision Request items from the CEO Budget Office.

In order to provide more transparency and ensure that your Board is fully informed of the nature and content of the final revised budget for DSS, a separate Board letter is being presented that details the major adjustments and changes required.

Background:

The Department of Social Services is primarily funded with Federal and State funds; therefore, the Department's operating budget is heavily reliant on the funding adopted in the State budget. For FY 2011-12, to comply with the County policy of having an adopted budget prior to the start of the new fiscal year, the Department completed and submitted its budget in the spring of 2011. The State budget was not adopted until June 30, 2011. Because of the timing of these different budget cycles, the Department must use prior year State allocations as estimates for building its FY 11-12 Recommended budget. Additionally, caseload projections were completed 6 months prior to the beginning of the FY 11-12 budget year.

When the Department actually receives State funding allocations, usually in the Fall; the Department then develops a new operating plan which includes funding increases/decreases and programmatic changes adopted by the State. This revised budget also includes updated caseload projections and any financial effects that recent judgments due to lawsuits have on the Department. As a result of these changes, the Department is submitting to the Board of Supervisors a revised FY 11-12 budget. This budget revision reflects these changes.

The main adjustments to expenditures are an increase in Salaries and Benefits (\$4.4 million) and Services and Supplies (\$1.6 million).

Salaries and Benefit increases are primarily driven by measured growth in Clerical Support and Eligibility worker FTEs. With the increased State and Federal revenue we are able to fund and fill 69.05 FTE's previously unfunded. These FTE's are necessary in order for the Department to improve our ability to meet the growing number and needs of clients, to ensure correct and quality performance to avoid audit findings, as well as improve the Department's ability to adhere to ever increasing mandates.

The services and supplies accounts reflect a net increase of \$1.6 million and the Department's fixed assets reflect an increase of \$165 thousand for a net increase of \$1.8 million. This change is a combination of decreases in Department service and supplies reflecting a multi-year trend of decreasing non-labor expenses, an increase in appropriations for the implementation of new technology in order to increase efficiencies in the delivery of staff training to staff in various locations as well as increases in the cost of providing direct client services. These increases in direct client services are; (1) increases for subsidized client wages under a newly funded State CalWORKs subsidized employment program (AB98) of \$418 thousand, (2) increases in contracts and services to families in our Child Welfare Services program (\$213 thousand), increase of \$928 thousand to reimburse Workforce Investment Act (WIA) adults for their cost of outside training classes and supported services needed to become job ready as outlined and funded in WIA legislation and an increase of \$265 thousand to provide additional services to WIA youth.

Additionally, this budget revision reflects a net reduction Other Charges of \$4.7 million. This reduction is driven predominately by a reduction in CalWORKs Assistance payments as a result of the State budget changes that reduced the length of eligibility from 60 months to 48 months, causing a reduction

in the average number of paid cases in a month to drop approximately 318 cases from a monthly average of 4,953. Additional reductions reflect the Department's modification of overall caseload projections in other assistance categories such as foster care placements based on current trends for FY 11-12.

These increases in expenditures are funded by increases in Federal and State revenue of approximately \$6.7 million.

The BRR also reflects a combined net increase of \$5.4 million in Restricted and Committed Fund Balance (net increase in Restricted Fund Balance of \$1.3 million and increase in Committed Fund Balance of \$4.1 million) mainly attributable to one-time additional revenue attributable to Realignment caseload growth, Realignment base increase, a one-time accrual of Realignment revenue, decrease in Cash Assistance payments and an increase to SB 163 restricted funds. This unanticipated increase to our Special Revenue funds will be budgeted in FY 12-13 to close the Department's mandatory local match funding gap.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

See attached Budget Revision

Staffing Impacts:

Legal Positions:

0

FTEs:

+69.05

Special Instructions:

Attachments:

DSS FY 2011-12 Budget Revision Request

Authored by:

Victor Zambrano, CFO, Department of Social Services