



**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: 04/16/13
Placement: Departmental
Estimated Time: 20 Minutes
Continued Item: No
If Yes, date from:
Vote Required: 4/5 Vote

TO: Board of Supervisors

FROM: Department Ted Myers, Interim Director (805) 346-7101
Director(s)
Contact Info: Ted Myers, Interim Director (805) 346-7101

SUBJECT: Adjusted Social Services Budget

County Counsel Concurrence

As to form: N/A

Other Concurrence:

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- A. Approve the attached Budget Revision Request (BJE No. 0002798) for the Department of Social Services (DSS) to:
- i. Increase Revenues by \$7.7 million of which \$7.2 million is from 1991 Realignment due to caseload growth (\$3.6 one-time, \$3.6 ongoing), \$0.9 million from an inter-fund transfer (Other Financing Sources), \$1.8 million from Federal and State program allocations and a reduction of \$2.2 million in Federal and State cash assistance revenue primarily due to lower than anticipated CalWORKs payments; and
 - ii. Increase expenditures by \$1.3 million in Services and Supplies, \$0.9 million in Other Financing Uses (inter-fund transfer), \$0.1 million in Salaries and Benefits, \$0.05 million for Fixed Assets; and
 - iii. Decrease Other Charges by \$2.3 million, mainly from a reduction in cash assistance payments; and
 - iv. Increase Restricted Fund Balance by \$5.0 million generated from increases in realignment funding; and increase in Committed Fund Balance by \$2.7 million resulting from the reduced utilization of current year committed funds offset by the corresponding use of restricted funding.

Summary Text:

Each June, your Board adopts the DSS budget during the County budget hearings. This effectively enacts a preliminary budget for DSS since 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 and the resultant county allocations have been developed and issued, which typically occurs between June and September every year, after the County budget has been adopted. Since our preliminary budget is conservatively built upon prior year allocations for revenue projections, it is imperative that we adjust our budget accordingly after we know our actual allocations, which in recent years have been increasing due to caseload growth and new mandates. Doing so allows DSS to maximize State/Federal revenues available to serve County residents. The Adopted Department Budget is then revised either through one of the monthly Budget Revision Request (BRR) items from the CEO's Budget office or in a separate Departmental Agenda item such as this.

Background:

Over 90% of DSS is funded with Federal and State funds; therefore, the Department's operating budget is contingent upon the funding adopted in the State budget. To comply with the County policy of having an adopted local budget prior to the start of the new fiscal year, the Department completed and submitted its FY 12-13 budget in the Spring of 2012, prior to the State budget being adopted on June 15, 2012. The Department used prior year State allocations as estimates for building its FY 12-13 Recommended County budget. Additionally, caseload projections for cash assistance and foster care placements were completed well in advance of the FY 12-13 budget year, when new program changes were enacted.

When DSS actually receives State funding allocations sometime in the fall, the Department develops a revised operating plan which includes funding increases/decreases and mandated programmatic changes adopted by the State. This revised operating plan or revised budget also includes updated caseload projections and any financial impacts of legislative changes or recent court actions. As a result of significant additional revenues and changes in projected categorical aid payments and related operational expenditures, DSS is submitting a revised FY 12-13 budget to your Board.

The attached BRR reflects adjustments to revenue and expenditures as highlighted below.

Revenue - The BRR reflects a combined net revenue increase of \$7.7 million of which \$7.2 million is from one-time unanticipated revenue from 1991 Realignment caseload growth (\$3.6 million) and ongoing Realignment base increase (\$3.6 million), \$0.9 million is from an inter-fund transfer (Other financing sources) and \$1.8 million is from Federal and State program allocations reduced by a \$2.2 million reduction in Federal and State revenue for cash assistance. This unanticipated increase in Revenue will increase the Department's Special Revenue fund by \$7.7 million which is budgeted in FY 13-14 to meet the Department's mandatory local match requirement.

Expenditures - There are two main adjustments to expenditures resulting in no net change:

1. A \$1.3 million increase to Services and Supplies, \$0.9 million in Other Financing Uses (inter fund transfer), \$0.1 million in Salaries and Benefits, and \$0.05 million for Fixed Assets mainly due to:
 - Required re-programming of the Department's eligibility system (CalWIN), fully funded by Federal and State funds (\$616,000);

- Purchase and reconfiguration of furniture in the Department's Benefit Service Center and the Betteravia buildings, fully funded with unanticipated one-time funding from redistributed program allocations (\$373,000); and
 - Modified projections for In-Home Supportive Services (IHSS) Health Insurance costs, with no increase in local share (\$377,000).
2. A decrease to Other Charges (-\$2.3 million) mainly due to:
- Reduction in cash assistance payments as a result of decreased overall caseload projections and State budget changes reducing the length of eligibility in the CalWORKs program from 48 months to 24 months. CalWORKs cash assistance is 97.5% funded with Federal and State funds, 2.5% local funds. (\$2.1 million overall reduction yields a \$55,000 decreased use of local funds)

Facilities Impact:

None

Fiscal Analysis:

Approval of this budget adjustment has no impact on the County General Fund contribution to DSS. The mechanics of this request accounts for the typical annual cycle of unanticipated revenues (or decreased revenues) and adjusted expenditures to meet community needs in the area of social services delivery including protective services, employment services, and public assistance eligibility.

Staffing Impacts:

Legal Positions:

On-Going FTEs:

Special Instructions:

After execution by the Chair, please return one (1) certified copy of the minute order to Jennifer Lock, Department of Social Services.

Attachments:

DSS FY 2012-13 Budget Revision Request

Authored by:

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Terrie Concellos, Deputy Director, Department of Social Services