



CDSS

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October 26, 2009

COUNTY FISCAL LETTER (CFL) 09/10-32

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY FISCAL OFFICERS
ALL COUNTY AUDITOR CONTROLLERS
ALL COUNTY PROBATION OFFICERS

SUBJECT: FINAL CLAIMING INSTRUCTIONS FOR THE TEMPORARY
ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY
CONTINGENCY FUND (ECF)

REFERENCE: CFL 09/10-03, ALL COUNTY LETTER (ACL) 09-42

This CFL provides County Welfare Departments (CWDs) with final instructions regarding the claiming of TANF ECF subsidized employment expenditures in the County Expense Claim (CEC). A subsequent CFL will be issued regarding claiming TANF ECF non-recurring short term benefits expenditures.

American Recovery and Reinvestment Act (ARRA) of 2009

On February 17, 2009, the President signed ARRA, establishing the ECF for state TANF programs, i.e. the California Work Opportunity and Responsibility to Kids (CalWORKs) program. ARRA provides new funding to California for assistance, subsidized employment programs, and/or non-recurring short term benefits under certain conditions. Through the ECF, California could be reimbursed for 80 percent of expenditures in federal fiscal years (FFY) 2009 and FFY 2010 that exceed the state's expenditures in the determined base year (either FFY 2007 or FFY 2008). In order to be eligible to receive ECF funds, the California Department of Social Services (CDSS) would have to not only maintain the base level expenditures, but exceed that level of base expenditures. ECF funds will cover 80 percent of expenditures exceeding the base, while counties must fund the remaining 20 percent. Counties will have four different ways to fund the 20 percent, which includes using county funds/third party contributions, Single Allocation, or Fraud Incentives. To ensure the statewide base is met, CDSS, the County Welfare Directors Association (CWDA), and county representatives have collaboratively developed a quarterly process to be implemented. For more information regarding the subsidized employment TANF ECF implementation, please refer to ACL No. 09-42.

Assembly Bill (AB) 98 and TANF ECF

AB 98, Chapter 589, Statutes of 2007 allowed counties to fund 50 percent of the amount paid to employers for subsidized employment from their county's Single Allocation and the remainder to be funded outside the county's Single Allocation. CFL No. 07/08-35 instructed counties how to claim wage subsidy costs to the following program identifier numbers (PIN):

PIN	403028	AB 98 Subsidized Employment
PIN	404098	AB 98 Nonfederal Subsidized Employment
PIN	633098	WTW Subsidized Employment
PIN	451098	Nonfederal WTW Subsidized Employment

As part of the collaborative effort to implement ECF subsidized employment, counties have agreed to suspend AB 98 claiming, and the funds previously appropriated for the purposes of AB 98 will be utilized to pay for the TANF ECF subsidized employment base year expenditures. Therefore, effective with the September 2009 quarter, claiming to the codes listed above has been suspended as long as funding for TANF ECF is available.

Base Year Expenditures

It has been determined that for the subsidized employment program, FFY 2009 and FFY 2010 expenditures would be compared to the base year, FFY 2007, expenditures on a quarter by quarter basis. The quarterly process includes the provision that the state will fund 100 percent of the base year expenditures if counties, on a statewide basis, meet and exceed the FFY 2007 expenditures. Refer to Attachment I for county-specific quarterly breakdowns of the state's base expenditures. Please note that Attachment I has been revised due to revised administrative cost assumptions. Thus, those counties who had subsidized employment expenditures in FFY 2007 will receive an equivalent amount of their FFY 2009 and FFY 2010 base expenditures funded at 100 percent with State General Fund (SGF). Any base county that exceeds their FFY 2007 expenditures in FFY 2009 and FFY 2010 will be reimbursed 80 percent of the portion that exceeds the base with ECF funds. Those counties that did not have subsidized employment expenditures in FFY 2007 will not benefit from the 100 percent state funded base codes, except as described below, but are eligible to receive an 80 percent reimbursement on all their expenditures if the base amount is exceeded statewide.

To ensure the base is met statewide before accessing ECF funds, CWDA has agreed to monitor base counties on a quarterly basis, and contact CDSS prior to the end of each quarter to provide county-specific information for base year amounts. This process

must be adhered to in order for the subsidized employment program to be successful. Without CWDA coordination, the state's ECF funds may be at risk.

CWDA and county representatives have also developed a methodology regarding how the state should reallocate the base in the event a county is not able to meet their base obligation. If a county is unable to spend their commensurate share of the base funding, CWDA will inform CDSS on how the base should be redistributed. The redistribution methodology allows San Bernardino to access the remaining state funds first, followed by Los Angeles and San Francisco. In the event that collectively San Bernardino, Los Angeles and San Francisco cannot meet the additional base, counties who did not have an existing program in the base year would have the opportunity to fund some of their expenditures with SGF.

Retroactive Claiming (October 2008 - June 2009)

Retroactive claiming for the first three quarters of FFY 2009 (October 2008 through June 2009) will not be permitted. After recent discussions with the federal government, it was determined that community college expenditures must be included in the base year data to continue processing the state's request for ECF funding. Due to budget reductions in State Fiscal Year 2009-10, community colleges will not be able to meet their base year expenditure level in FFY 2010, resulting in the statewide base not being met in FFY 2010. In order to meet the statewide base in FFY 2010, counties must use the earned FFY 2009 ECF funds, from the first three quarters, on subsidized employment expenditures. Refer to Attachment II for county-specific quarterly breakdowns of how the earned ECF must be spent in FFY 2010.

Claiming Instructions

As instructed on the August 6, 2009, preliminary CFL No. 09/10-03, counties were to begin internally tracking their expenditures and time for the ECF subsidized employment program. Since federal approval has been granted, any expenditures that were internally tracked, beginning with the September 2009 quarter, can now be claimed to the CEC. However, payments for these costs will not be processed until state budget authority has been granted.

Due to the timing that information must be submitted to the Department of Health and Human Services and the Administration for Children and Families, no adjustments will be allowed for the adjustment quarters of March 2010, June 2010 or September 2010. As a result of the CEC requirement of Cash Basis Claiming, only costs paid in the September 2010 quarter can be claimed on the September quarter 2010 CEC. CDSS is currently discussing options for claiming costs for subsidized employment for those services incurred prior to September 30, 2010, but not paid until after September 30, 2010.

Effective with the September 2009 quarter, the following program code (PC) and PIN code instructions have been established to capture a CalWORKs recipient's wage subsidy costs and any additional administrative costs associated with subsidized employment. According to 45 CFR 263.13, States may not expend more than 15 percent of their total TANF expenditures on administrative activities and those administrative costs must be reported separately from non-administrative costs. In order to comply with federal regulations, counties must identify their administrative and non-administrative costs and claim them accordingly. An outline of administrative costs associated with the 15 percent cap can be found at 45 CFR 263.0(b)(1).

Claiming Expenditures for the Base:

The following PCs will only be available for those counties who had expenditures in the base year. The implementation plan states that counties, who contributed to the FFY 2007 base, would have their proportionate share of the base funded, by quarter, at 100 percent for FFY 2009 and 2010 expenditures. In order to meet the base, counties will utilize PC 870 (Admin) or PC 871 (Non-Admin) for claiming base expenditures. If a county did not have a program in the base year but will be allowed to access the 100 percent state funded code, as outlined under the redistribution methodology, CDSS will make this PC available on a quarter by quarter basis. Otherwise, these codes will be blocked for counties who are not base counties.

PC	870	ARRA Sub Employ Base - Admin
PIN	870028	Work-Related Activities and Expenses
PIN	870032	Contracted Service
PIN	870098	Wage Subsidies

PC	871	ARRA Sub Employ Base - NonAdmin
PIN	871028	Work-Related Activities and Expenses
PIN	871032	Contracted Service
PIN	871098	Wage Subsidies

Costs will be funded at 00/100/00/00 (Federal/State/Health/County).

Claiming Earned FFY 2009 ECF for Use in FFY 2010 Expenditures:

Effective with the December 2009 quarter, the following PCs will only be available for those counties in Attachment II that have earned FFY 2009 ECF. In order to meet the FFY 2010 base by quarter, counties in Attachment II must utilize PC 737 (Admin) and PC 738 (Non-Admin) for claiming FFY 2010 expenditures before using the Non-Base Year codes. PC 737 and PC 738 will be funded 100 percent ECF.

PC	737	ARRA 2009 Earned ECF - Admin
PIN	737028	Work-Related Activities and Expenses
PIN	737032	Contracted Service
PIN	737098	Wage Subsidies

PC	738	ARRA 2009 Earned ECF - NonAdmin
PIN	738028	Work-Related Activities and Expenses
PIN	738032	Contracted Service
PIN	738098	Wage Subsidies

Costs will be funded at 100/00/00/00 (Federal/State/Health/County).

Claiming Non-Base Year Expenditures:

The following PCs should be used by counties who do not have a base obligation as well as those counties who have additional expenditures above their base. Counties will need to cover the 20 percent with county funds, third party contributions, Single Allocation funds, or Fraud Incentive funds. Counties will have the option to claim to the following codes based on how they chose to fund the 20 percent not covered by the TANF ECF.

Fund with County funds or Third Party contributions:

Counties will claim 100 percent of their wage subsidies and other administrative costs associated with subsidized employment to PC 872 (Admin) or PC 873 (Non-Admin), if they wish to fund the 20 percent with county funds or documented third party contributions. Additionally, counties who have provided services to needy families were funding this population with county funds, since they were ineligible for funding through the Single Allocation. ACL 09-42 expands the population to needy families specifically for services provided under TANF ECF. Counties, who wish to fund this population with TANF ECF can claim to PC 872 or PC 873 and must continue to fund the 20 percent using county funds. Through the use of a State Use Only (SUO) Code, the CEC will shift 20 percent of the costs claimed to PC 872 to SUO Code 383, and PC 873 to SUO Code 384.

PC	872	Sub Emp ECF/County - Admin
PIN	872028	Work-Related Activities and Expenses
PIN	872032	Contracted Service
PIN	872098	Wage Subsidies

PC	873	Sub Emp ECF/County - NonAdmin
PIN	873028	Work-Related Activities and Expenses
PIN	873032	Contracted Service
PIN	873098	Wage Subsidies

Costs in PC 872 and PC 873 will be funded at 100/00/00/00 (Federal/State/Health/County). Costs moved to SUO Code 383 and SUO Code 384 will be funded at 00/00/00/100 (Federal/State/Health/County).

Fund with Single Allocation – Federally Eligible population:

Counties will claim 100 percent of their wage subsidies and other administrative costs associated with subsidized employment to PC 874 (Admin) or PC 875 (Non-Admin), if the recipient is federally eligible under CalWORKs and they wish to fund the 20 percent with their Single Allocation. The CEC will shift 20 percent of the costs claimed to PC 874 to SUO Code 385 and PC 875 to SUO Code 386. SUO 385 and SUO 386 will be included in Ledger #076 and tracked against the counties Single Allocation.

PC	874	Sub Emp ECF/Single - Admin
PIN	874028	Work-Related Activities and Expenses
PIN	874032	Contracted Service
PIN	874098	Wage Subsidies

PC	875	Sub Emp ECF/Single - NonAdmin
PIN	875028	Work-Related Activities and Expenses
PIN	875032	Contracted Service
PIN	875098	Wage Subsidies

Costs in PC 874 and PC 875 will be funded at 100/00/00/00 (Federal/State/Health/County). Costs moved to SUO Code 385 and SUO Code 386 will be funded at 100/00/00/00 (Federal/State/Health/County).

Fund with Single Allocation – Non-Federal population:

Counties will claim 100 percent of their nonfederal CalWORKs recipient's wage subsidies and other administrative costs associated with subsidized employment to PC 876 (Admin) or PC 877 (Non-Admin), if the recipient is not federally eligible under TANF. ECF funds are not allowable for non-federal eligible recipients. Therefore, this code will be funded 100 percent SGF and tracked against the Single Allocation.

PC	876	NonFed Sub. Emp ECF/Sing - Adm
PIN	876028	Work-Related Activities and Expenses
PIN	876032	Contracted Service
PIN	876098	Wage Subsidies

PC	877	NonFed Sub. Emp ECF/Sing - NonAdm
PIN	877028	Work-Related Activities and Expenses
PIN	877032	Contracted Service
PIN	877098	Wage Subsidies

Costs in PC 876 and 877 will be funded at 00/100/00/00
 (Federal/State/Health/County).

Fund with Fraud Incentive funds

Counties will claim 100 percent of their wage subsidies and other administrative costs associated with subsidized employment to PC 878 (Admin) or PC 879 (Non-Admin), if they wish to fund the 20 percent with their Fraud Incentives. Additionally, counties who provide services to needy families, expanded by ACL 09-42, can also fund this population with TANF ECF and fraud incentives. To use county fraud incentives, counties must manually enter the amount, equivalent to 20 percent of the total expenditures claimed, on the DFA 335 fraud incentives page. The claim will not balance and can not be submitted if you utilize PC 878 or PC 879 without inputting 20 percent on the DFA 335.

PC	878	Sub Emp ECF/Fraud Inc - Admin
PIN	878028	Work-Related Activities and Expenses
PIN	878032	Contracted Service
PIN	878098	Wage Subsidies

PC	879	Sub Emp ECF/Fraud Inc - NonAdmin
PIN	879028	Work-Related Activities and Expenses
PIN	879032	Contracted Service
PIN	879098	Wage Subsidies

Costs in PC 878 and 879 will be funded at 100/00/00/00
 (Federal/State/Health/County). Costs reported on the DFA 335 will be funded at 100/00/00/00 (Federal/State/Health/County) and tracked against the county's Fraud Incentives Allocation. If the county does not have sufficient Fraud Incentive Allocation balance to cover the 20 percent, the county will be contacted and will need to move 100 percent of the costs claimed to PC 878 or PC 879 to one of the other ECF codes. It is in the best interest of the county to ensure they have available balance to prevent delays in auditing the CECs.

Time Study Instructions

Effective with the September 2009 quarter, counties may be able to time study their time associated with subsidized employment ECF activities to any of the following time study codes (TSC):

TSC	8701	ARRA Sub Employ Base – Admin
TSC	7371	ARRA 2009 Earned ECF - Admin
TSC	8721	Sub Emp ECF/County - Admin
TSC	8741	Sub Emp ECF/Single - Admin
TSC	8761	NonFed Sub Emp ECF/Sing - Admin
TSC	8781	Sub Emp ECF/Fraud inc - Admin
TSC	8711	ARRA Sub Employ Base - NonAdmin
TSC	7381	ARRA 2009 Earned ECF - NonAdmin
TSC	8731	Sub Emp ECF/County - NonAdmin
TSC	8751	Sub Emp ECF/SingLE - NonAdmin
TSC	8771	NonFed Sub Emp ECF/Sing - NonAdmin
TSC	8791	Sub Emp ECF/Fraud Inc - NonAdmin

These TSC include, but are not limited to, activities related to a county’s subsidized employment program, such as, work site recruitment and development, placement, case management services, and program oversight.

Support staff performing direct-to-program activities associated with the subsidized employment program, will time study to any of the following direct-to-program codes:

B70	ARRA Sub Employ Base - Admin
B80	ARRA 2009 Earned ECF - Admin
B72	Sub Emp ECF/County - Admin
B74	Sub Emp ECF/Single - Admin
B76	NonFed Sub. Emp ECF/Sing - Admin
B78	Sub Emp ECF/Fraud – Admin
B71	ARRA Sub Employ Base - NonAdmin
B81	ARRA 2009 Earned ECF - NonAdmin
B73	Sub Emp ECF/County - NonAdmin
B75	Sub Emp ECF/Single - NonAdmin
B77	NonFed Sub. Emp ECF/Sing - NonAdmin
B79	Sub Emp ECF/Fraud - NonAdmin

Advances, Reconciliation, and Reimbursements

As indicated in CFL 09/10-03, advances for ECF may only be made once we receive the funds from the federal government, and corresponding Budget authority is available in CDSS accounts. Although we have received federal approval, as of this date, we have not received the corresponding Budget authority. Therefore, due to the delay of the application approval and Budget authority, CDSS was not able to provide advances for the September 2009 quarter. As soon as the budget authority is received, CDSS will either issue the September 2009 quarter advance or reimburse counties with the September 2009 quarter's payment on January 15, 2010, whichever occurs first.

Funding for December 2009, March 2010, and June 2010 quarters' advances will be dependent on federal approval only.

In the event advances are issued, the advances will be reconciled with the corresponding quarter's audited CEC. Any offset, positive or negative, will be adjusted in the next month's advance. As actual expenditures become available, advances will be based on those actual expenditures. Therefore, counties should ensure expenditures are claimed on their original quarter's CEC.

If you have any questions regarding this CFL, please direct them to Fiscal Systems Bureau electronic mailbox at fiscal.systems@dss.ca.gov.

Sincerely,

Original Document Signed By:

ERIC FUJII
Deputy Director
Administration Division

Attachments

**Attachment I
Subsidized Employment Base - County Expenditures¹**

Counties	Oct 06 - Dec 06	Jan 07 - Mar07	Apr 07 - Jun 07	Jul 07 - Sept 07	FFY 2007
ALAMEDA					
ALPINE					
AMADOR					
BUTTE					
CALAVERAS					
COLUSA					
CONTRA COSTA					
DEL NORTE					
EL DORADO					
FRESNO					
GLENN					
HUMBOLDT	110,947	141,432	164,039	186,979	603,397
IMPERIAL					
INYO					
KERN			635,495		635,495
KINGS					
LAKE					
LASSEN					
LOS ANGELES	302,177	458,392	392,892	352,995	1,506,456
MADERA	60,574	72,414	100,827	71,484	305,300
MARIN					
MARIPOSA					
MENDOCINO					
MERCED					
MODOC					
MONO					
MONTEREY					
NAPA					
NEVADA					
ORANGE					
PLACER					
PLUMAS					
RIVERSIDE					
SACRAMENTO					
SAN BENITO					
SAN BERNARDINO	743,163	975,840	921,502	1,101,242	3,741,746
SAN DIEGO					
SAN FRANCISCO				189,647	189,647
SAN JOAQUIN					
SAN LUIS OBISPO					
SAN MATEO					
SANTA BARBARA					
SANTA CLARA					
SANTA CRUZ					
SHASTA					
SIERRA					
SISKIYOU					
SOLANO					
SONOMA					
STANISLAUS					
SUTTER					
TEHAMA					
TRINITY					
TULARE					
TUOLUMNE					
VENTURA					
YOLO					
YUBA					
COMMUNITY COLLEGE	3,608,792	3,608,792	3,608,792	3,608,792	14,435,166
Statewide	4,825,653	5,256,870	5,823,547	5,511,139	21,417,207

SOURCE: County Expense Claim Direct Cost Report dated 3/17/09, LA adj received In 3/2009, and Santa Cruz, Humboldt, and Madera adj received in 4/2009.

¹includes wages, admin costs, and other activities related to subsidized employment program.

Attachment II

Preliminary Subsidized Employment County Distribution of Earned FFY 2009 ECF¹

Counties	Oct 09 - Dec 09	Jan 10 - Mar10	Apr 10 - Jun 10	Jul 10 - Sept 10	FFY 2010
ALAMEDA					
ALPINE					
AMADOR					
BUTTE					
CALAVERAS					
COLUSA					
CONTRA COSTA					
DEL NORTE					
EL DORADO					
FRESNO					
GLENN					
HUMBOLDT	46,705	46,705	46,705	46,705	186,821
IMPERIAL					
INYO					
KERN					
KINGS					
LAKE					
LASSEN					
LOS ANGELES					
MADERA	34,501	34,501	34,501	34,501	138,005
MARIN					
MARIPOSA					
MENDOCINO					
MERCED					
MODOC					
MONO					
MONTEREY					
NAPA					
NEVADA					
ORANGE					
PLACER					
PLUMAS					
RIVERSIDE					
SACRAMENTO					
SAN BENITO					
SAN BERNARDINO	434,276	434,276	434,276	434,276	1,737,106
SAN DIEGO					
SAN FRANCISCO	74,537	74,537	74,537	74,537	298,149
SAN JOAQUIN					
SAN LUIS OBISPO					
SAN MATEO					
SANTA BARBARA					
SANTA CLARA	25,096	25,096	25,096	25,096	100,384
SANTA CRUZ					
SHASTA					
SIERRA					
SISKIYOU					
SOLANO					
SONOMA					
STANISLAUS					
SUTTER					
TEHAMA	77,549	77,549	77,549	77,549	310,195
TRINITY					
TULARE					
TUOLUMNE					
VENTURA					
YOLO					
YUBA					
Statewide	692,665	692,665	692,665	692,665	2,770,660

¹These numbers are subject to change as individual county adjustment claims are submitted.