CDSS
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STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
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ARNOLD SCHWARZENEGGER
GOVERNOR

July 1, 2010

COUNTY FISCAL LETTER (CFL) No. 09/10-66

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

SUBJECT: COUNTY WELFARE DEPARTMENT (CWD) COUNTY EXPENSE CLAIM (CEC) TIME STUDY AND CLAIMING INSTRUCTIONS FOR THE SEPTEMBER 2010 QUARTER

This CFL provides counties time study and claiming instructions for the July through September 2010 quarter, which includes information and reminders regarding the following functions/programs:

	Functions/Programs	Time Study Instructions	Claiming Instructions	General Information	Page Number
I	**Social Services**				
	A. Gomez vs. Saenz	Yes	No	No	2
	B. V.L. v. Wagner	No	Yes	No	3
	C. Increase Relative Search and Engagement	No	Yes	No	4
	D. Increase Family Case Planning Meetings to Improve Child Welfare Outcomes	No	Yes	No	4
	E. Cal Success	No	No	Yes	4
	F. Emergency Assistance (EA) Case Management	No	Yes	No	5
	G. Federal Adoptions Incentive Program	No	Yes	No	7
II	**CalWORKs**	No	No	No	9
III	**Other Public Welfare**	No	No	No	9

IV	**Child Care**	No	No	No	9
V	**Non-Welfare**	No	No	No	9
VI	**General**				
	A. SSTRP & Letter of Intent for 2010/11	No	No	Yes	9
	B. County Cash Claiming	No	No	Yes	10
	C. Annual Single Audit Trends	No	No	Yes	10

The Program Code Descriptions (PCDs) and Support Staff Time Reporting Instructions for county use during the July through September 2010 quarter are as follows:

Section	Revised
Social Services	12/09
CalWORKs	12/09
Other Public Welfare	09/09
Child Care	09/05
Non-Welfare	09/05
Staff Development	09/07
Electronic Data Processing	03/01
Support Staff Time Reporting Instructions	06/06
Direct-to-Program (DTP)/Function Support Staff Codes	06/08
Direct Service Delivery (DSD) Codes	09/04
General Time Study Instructions	03/09

For the latest version of the PCDs manual, please go to the following link:

http://www.dss.cahwnet.gov/lettersnotices/PG959.htm

Please note that any changes to the PCDs and/or Support Staff Time Reporting Instructions may be shown in an underlined, highlighted, or strikeout format.

I. SOCIAL SERVICES

A. Gomez vs. Saenz

CORRECTION OF THE COUNTY WELFARE DEPARTMENT (CWD) COUNTY EXPENSE CLAIM (CEC) TIME STUDY AND CLAIMING INSTRUCTIONS FOR THE JUNE 2010 QUARTER

A correction has been made to the CFL 09/10-59, dated March 29, 2009 to revise the title of TSC 7071 and to delete the State Use Only (SUO) Code previously created to shift nonfederal costs.

Time Study Instruction

Retroactive with the September 2008 Quarter, PC 707,

Previous

TSC	7071	P.L. 110-351 IV-E Training
SUO	744	Gomez v. Saenz Shift to NonFed

Correction

TSC	7071	Gomez v. Saenz Lawsuit
~~SUO~~	~~744~~	~~Gomez v. Saenz Shift to NonFed~~

Upon further review, it has since been determined that the Gomez vs. Saenz adjustments needed for State Fiscal Year (SFY) 2008-09 will not require the usage of SUO Code 744, and will be applied in their entirety using PC 707 in an early “Round” of SFY 2008-09 Closeout.

B. V.L. v. Wagner

The CFL 09/10-53, dated March 29, 2010, instructed counties to use claiming codes (PC 102, 103, 104 and 330) that incorporated a county share when there was no county share budgeted in the premise (Attachment II). The California Department of Social Services (CDSS) has created SUO code 778 to adjust the costs charged to the counties back to the state share. Counties will not incur costs based on V.L. v. Wagner activities. Support Staff activities may be claimed using the Direct-to-Program Support Staff Code A1 for PC 103 and 104. An Errata to CFL 09/10-53 will be released.

Time Study Instruction

None

Claiming Instructions

Adjustment with the June 2010 Quarter:

SUO	**778**	**V.L. v. Wagner Lawsuit**

C. Increase Relative Search and Engagement (IRSAE)

Claiming instructions for PC 733 were previously released in CFL 09/10-19, dated September 30, 2009. Effective with the September 2010 quarter, staff development costs may now be claimed at the normal (50/35/00/15) or enhanced (75/17.5/00/7.5) rate. Support staff activities directly related to PC 733 are to be claimed to the Direct-to-Program Support Staff Code A6.

D. Increase Family Case Planning Meetings to improve Child Welfare Outcomes

Claiming instructions for PC 732 were previously released in CFL 09/10-19, dated September 30, 2009. Effective with the September 2010 quarter, staff development costs may now be claimed at the normal (50/35/00/15) or enhanced (75/17.5/00/7.5) rate. Support staff activities directly related to PC 732 are to be claimed to the Direct-to-Program Support Staff Code A6.

E. Cal Success

On March 17, 2010, the Food and Nutrition Service (FNS) of the United States Department of Agriculture (USDA), informed the CDSS and the Insight Center for Community Economic Development that the cost of classroom instruction is not a viable funding source for the purpose of drawing down federal Food Stamp Employment and Training program reimbursements. The FNS' decision is based on its interpretation of federal employment and training (E&T) regulations in 7 CFR 273.7 (d)(i)(ii)(C), which specify that education expenses are allowable to the extent that E&T component costs exceed the normal cost of services provided to persons not participating in an E&T program. On March 18, 2010, FNS issued a policy memorandum to all Supplemental Nutrition Assistance Programs (SNAP) reiterating that costs not charged to the general public cannot be charged to the SNAP E&T Program. Also these costs cannot be used as the State share toward the 50 percent Federal reimbursement.

The FNS' decision will result in the termination of the Cal Success pilot in San Mateo, Santa Clara, and Santa Cruz counties. On March 22, 2010, CDSS received Administrative Notice 10-23, which stated that the Cal Success pilot program could remain operational only up to June 30, 2010. Beyond that, no federal reimbursements based on the cost of instruction will be allowed. On May 13, 2010, CDSS sent individual letters to all three (3) counties formally informing them of the cessation of the Cal Success program in its current form effective June 30, 2010. Effective with the September 2010 quarter the following codes will be deleted: PC 719, PC 728, PC 729.

F. Emergency Assistance (EA) Case Management (CM)

Background

Prior to EA, all case management activities were reported to PC 148, CWS Case Management. The nonfederal discount rate was applied to the costs to determine the amounts associated with the non Title IV-E caseload. When the EA program was developed, it provided a federal fund source that could be used to fund a portion of the nonfederal case management activities associated with EA cases. The EA CM costs were automatically calculated on the CEC, using a unit cost based on the average cost per case for CWS case management, and multiplying the unit cost by the total EA caseload reported on the DFA 325.1, lines AK - AM. Once calculated, the EA costs were backed out of PC 148 before the nonfederal discount rate was applied and shifted to PC 531, EA CM. Costs were funded at 85 percent Title IV-A, 15 percent county.

After the Temporary Aid for Needy Families (TANF) was established under Welfare Reform, the funding was shifted to 85 percent General Fund (GF) 15 percent county, and was to be counted as TANF Maintenance of Effort (MOE). The state and county share of cost for EA CM was established in Welfare and Institutions Code (WIC) Section 10101(c), which states "….the amount appropriated from the General Fund….that equates to the amount claimed under the Emergency Assistance Program….shall be considered federal funds for purposes of calculating the county's share of cost, provided the expenditure of these funds contributes to the state meeting its federal maintenance of effort requirements."

A subsequent federal TANF policy clarification indicated that EA CM could not be counted as MOE. Because of budget issues regarding the availability of TANF for the EA CM costs, the initial decision was to shift the costs back to code 148, but that would have increased the county share to 30 percent. To keep the county share at 15 percent, the funding was shifted to PC 695, EA CM Title IV-E and the nonfederal discount rate was applied. The EA cases continued to be included in nonfederal cases when calculating the nonfederal discount rate, and the discount rate was also applied to PC 695, which caused the Title IV-E funds to be under claimed.

In SFY 2005-06, there was a federal Cost Allocation Plan (CAP) finding. Because EA CM is a subset of the non Title IV-E foster care administration costs, a federal review of the CAP found that EA CM costs could no longer be reported to PC 695, EA Case Management Title IV-E even though Title IV-E funds were being under-claimed with the use of this code. As outlined in CFL No. 08/09-47, when the federal findings were issued, costs were initially shifted to PC 531 and funded with state and county funds until a claiming solution could be developed that would access the appropriate federal and state funding.

An initial solution was implemented via CFL No. 09/10-19 that would have used PCs 735 and 736 to fund the EA CM costs and address both the federal EA CM cost plan and nonfederal discount rate calculation. However, after implementing the change in the September 2009 quarter, it was determined that due to the way the EA unit cost is calculated on the CEC, some counties were adversely impacted because the claim changes caused too much general fund to be shifted out of the EA Program and into the CWS Basic allocation.

Due to the methodology used to calculate the EA CM costs being hard coded into the FoxPro system, there is no alternative claiming methodology that can be used to separately identify and claim EA CM costs on the CEC without major programming changes. Due to the age and fragile state of the FoxPro claiming system, these types of programming changes can not be made at this time.

Based on this information, and in order to resolve all of the claiming issues, the CDSS eliminated PCs 735 and 736 effective with the September 2009 quarter and reinstituted PC 531, EA Case Management that will be used for the remainder of SFY 2009-10. For SFYs 2008-09 and 2009-10, the CDSS will do a state level shift that will remove the EA CM funding and shift costs back to PC 148, CWS Case Management. This will result in three impacts to the costs claimed: 1) the federal Title IV-E costs will increase because the discount rate is being applied appropriately; 2) there will be a net increase in the county share of cost due to the increased federal funds and the county share increasing from 15 percent to 30 percent for the nonfederal costs. and 3) there will be a net decrease in the state share of cost due to the increased federal funds and the state share decreasing from 85 percent to 70 percent for the nonfederal costs.

In order to give counties time to incorporate the increase into their budgets, the CDSS will offset the increased county share in SFY 2008-09, SFY 2009-10, and SFY 2010-11. Starting in SFY 2011-12, the CDSS will no longer offset the increased county share and the nonfederal costs will be reimbursed at the normal county share of 30 percent under PC 148. The following claim instructions will implement these changes.

<u>Time Study Instructions</u>

<u>No Change.</u>

<u>Claiming Instructions</u>

Effective retroactive to the September 2009 Quarter, PC 735 and 736 will be deleted. Counties will continue claiming EA case management activities to PC 148. The EA CM costs reported to PC148 will be shifted to PC 531, EA CM. EA Case Management counties should continue to report the EA caseload on the DFA 325.1 lines AK-AM on the CEC in accordance with CFL No. 92/93-16.

For SFY 2008-09 and SFY 2009-10, the CDSS will make adjustments during the closeout process. The CDSS will shift the costs reported to PC 531 to code 148, apply the nonfederal discount rate and fund the total nonfederal costs at 70 percent GF, 30 percent county. The net increased county share for both years will be funded with GF so there will be no fiscal impact to the EA CM counties. SUO Code 777 was established to shift county funds to state general funds at closeout.

For SFY 2010-11, effective July 1, 2010, PC 531 will be deleted and counties will no longer report the EA cases on the CEC. The EA CM costs will remain under PC 148. The discount rate will be applied to the total and the EA CM costs will be funded as a nonfederal cost at the 70 percent state, 30 percent county shares. EA CM counties will receive an augment to their CWS Basic GF allocation to cover the net increased county share of cost in Budget Year only. Starting in SFY 2011-12, the CDSS will no longer offset the net increased county share.

G. Federal Adoptions Incentive Program

In October 2008, the Fostering Connections to Success and increasing Adoption Act (Public Law [P.L.] 110-351) reauthorized the Federal Adoption Incentive Program under Title IV-E through Federal Fiscal Year (FFY) 2013. The statute provides for payment of incentive funds to eligible States that increase the number of children adopted in specific circumstances. The amendments in P.L. 110-351 place an emphasis on the adoption of children with special needs and older children.

Only finalized adoptions are counted towards the incentive funds and states must exceed a baseline number of adoptions to qualify. Incentive funds are earned by exceeding the overall foster child, older child, or special needs adoption baselines. States may also earn an additional incentive payment (dependent on the availability of funds) for exceeding the state's highest ever foster child adoption rate.

The law authorizes incentive payments to be earned for every child adopted over the baseline of $4,000 for every foster child, $4,000 for every special needs child, and doubled the incentive funds from $4,000 to $8,000 for every older foster youth. It also set the base year for calculating the incentives as FFY 2007 and will use the Adoptions Foster Care Analysis and Reporting System caseload for the calculation.

Claiming Instructions:

As outlined in the ERRATA to CFL No. 99/00-57 and CFL No. 99/00-53, PC 151, Federal Incentive funds - Post Adoption Services and SUO Code 152, SUO-Federal Incentive Funds - Post Adoption Services were established for the federal adoption incentive program. These codes were deleted in CFL No. 02/03-38 when the federal incentive program expired.

With the reauthorization of the Federal Adoption Incentive Program, California was qualified to receive some incentive funds. Therefore, effective with the September 2010 quarter, PC 151 and 152 have been re-established. As outlined in Assembly Bill 665, any incentive funds earned shall be reinvested into the child welfare system to provide legal permanency outcomes for older children, including but not limited to, adoption, guardianship, and reunification of children whose reunification services were previously terminated.

Eligible costs can include Contracted Services, Direct Service Delivery, Direct Costs, and Direct Support Operating Costs associated with the program activities listed above. These costs should be claimed to the program identifier number (PIN) codes listed below and will be funded with 100 percent federal Title IV-E funds. Overmatch will be shifted to 100 percent county only via SUO 152.

PC	**PIN**	**Federal Adoption Incentive Program**
151	151141	Contracted Services
	151160	Direct Service Delivery
	151168	Direct Costs
	151188-94	Support Operating
152	State Use Only	Federal Adoption Incentive Program Overmatch

Time Study Instructions:

Effective with the September 2010 quarter, county social work staff will time study eligible activities to Time Study Code (TSC) 1511, Federal Adoption Incentive Program. Any eligible direct to program support staff time will be reported to Direct-to-Program Code A47. Allowable activities include but are not limited to:

Providing post adoption services to older children to avert adoption disruptions; family finding to locate relatives willing to make lifelong commitments to youth, including adoption and guardianship; recruitment of adoptive parents who will make homes for entire sibling sets; preparing youth for permanency; resolving barriers to adoption; and may include other services and supports to ensure successful permanency options for older foster youth including reunification of children whose reunification services were previously terminated.

Time Study Code	Direct-to-Program Code	Federal Adoption Incentive Program
1511		Federal Adoption Incentive Program
	A 47	Federal Adoption Incentive Program

II. CalWORKs

No changes.

III. OTHER PUBLIC WELFARE

No changes.

IV. CHILD CARE

No changes.

V. NON-WELFARE

No changes.

VI. GENERAL

A. Support Staff Time Reporting Plan (SSTRP) and Letter of Intent for 2010/11

This notice is to remind counties that their SSTRP for SFY 2010-11, is due to CDSS, August 1, 2010. Please refer to CFL No. 00/01-74, dated April 30, 2001, for instructions on the development and submission of the SSTRP. SSTRPs are required in order to comply with the state's federally approved Cost Allocation Plan (CAP), which requires counties to specify the level to which county clerical and administrative support staff will report their time.

Letters of Intent for Direct Charge are due the 15th of the month prior to the quarter of implementation. Therefore letters for SFY 2010-11 will be due July 15, 2010. For further details on Letters of Intent please refer to CFL 00/01-78 dated May 21, 2010. Please mail SSTRPs and Letters of Intent to the following address:

CDSS
County Systems & Policy Section
Fiscal Systems Bureau
744 P Street, M.S. 20-03
Sacramento, CA 95814

B. County Cash Claiming – Reporting

As a reminder, costs must be claimed in accordance with cash claiming requirements set forth in CFL 06/07-06, dated July 13, 2006. Adjustment claims must be submitted in a timely manner to ensure the two year limit for claiming federal funds is met. Due dates for these claims are provided in advance within quarterly county fiscal letters. Furthermore, counties are to maintain supporting documentation for all adjustments to the claim.

C. Annual Single Audit Trends

In accordance with audit findings from the Bureau of State Audits most recent federal compliance audit, the CDSS is more closely reviewing the annual single audits for all counties. Counties are being advised of a trend that has been noticed for the annual audits completed for the 2007-08 fiscal year.

Of the 58 county annual single audits reviewed, there were fourteen counties with findings that pertained to the quarterly time studies completed for the County Expense Claim. The audit findings identified three audit conditions with the quarterly time studies:

<u>Time Study Reconciliation</u> – several findings were for instances in which the county did not correctly reconcile the summary of time study hours reported with the number of hours recorded on individual employee time study forms.

<u>Certification Signatures</u> – several findings cited the lack of either an employee's signature or that of the employee's supervisor on the time study and/or the payroll time card. Pursuant to long standing regulations, both the employee and supervisor must sign and date the form.

<u>Payroll Time Card Reconciliation</u> – several findings indicated that the county did not correctly reconcile the reported hours for time study purposes to the reported number of hours for payroll.

In all cases, the counties were able to correctly complete the required reconciliations between the time study data and the payroll time card information. All counties were also able to correct audit findings concerning the signature requirements for the time study and payroll time cards.

Please ensure that the correct procedures are followed for the completion and reconciliation of the quarterly time study and employee payroll time cards.

Counties having any questions regarding this CFL should use the fiscal.systems@dss.ca.gov e-mail address to make any related inquiries.

Sincerely,

Original Document Signed By:

DIDI OKAMOTO, Chief
Fiscal Systems and Accounting Branch