

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814



October 15, 1997

COUNTY FISCAL LETTER (CFL) NO. 97/98-26

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

SUBJECT: COUNTY WELFARE DEPARTMENT (CWD) ADMINISTRATIVE
EXPENSE CLAIM (AEC) FOR THE SEPTEMBER 1997 QUARTER

This letter provides claiming instructions for the July-September 1997 quarter. The information contained in this letter includes:

<u>Temporary Assistance for Needy Families (TANF) Probation</u>	Page 2
<u>AB 2129 Foster Parent Training and Recruitment</u>	Page 3
<u>Child Welfare Services/Case Management System (CWS/CMS) Transition Impact</u>	Page 3
<u>Emergency Assistance (EA) CWS</u>	Page 4
<u>Public Assistance Food Stamps (PAFS) Rate for Fiscal Year (FY) 1997/98</u>	Page 5
<u>California Food Assistance Program (CFAP)</u>	Page 5
<u>Project Succeed-Riverside County</u>	Page 7
<u>Electronic Data Processing (EDP) Direct-To-Program Personal Services</u>	Page 7
<u>Indirect Cost Rates (ICRs) for FY 1997/98</u>	Page 9
<u>Discontinuance of Manual Claim Pages</u>	Page 9
<u>Countywide Cost Allocation Plan (CCAP) Costs</u>	Page 10
<u>CWD /CAP</u>	Page 10

The following table contains a listing of the current forms to be issued in the September 1997 quarter. The forms with an asterisk (*) were revised for the September 1997 quarter.

<u>Form</u>	<u>Revision Date</u>	<u>Form</u>	<u>Revision Date</u>	<u>Form</u>	<u>Revision Date</u>
DFA 7A	6/96	DFA 325.1B	9/96	DFA 327.2D*	9/97
DFA 7B	6/97	DFA 325.1C*	9/97	DFA 327.3A*	9/97
DFA 47*	9/97	DFA 325.1E	9/96	DFA 327.3B*	9/97
DFA 53*	9/97	DFA 325.5	6/96	DFA 327.3C*	9/97
DFA 323*	9/97	DFA 327.1A*	9/97	DFA 327.3D*	9/97
DFA 403	6/96	DFA 327.1B*	9/97	DFA 327.4A	6/97
DFA 419	6/96	DFA 327.1C*	9/97	DFA 327.4B*	9/97
DFA 879*	9/97	DFA 327.1D*	9/97	DFA 327.4D	6/97
DFA 325.1*	9/97	DFA 327.2A*	9/97	DFA 327.5A*	9/97
DFA 325.1A*	9/97	DFA 327.2B*	9/97	DFA 327.5B*	9/97
DFA 325.1AA*	9/97	DFA 327.2C*	9/97	DFA 327.5D	6/97

I. SOCIAL SERVICES

A. TANF Probation

CFL No. 97/98-12, dated September 2, 1997, issued time study and claiming instructions for the TANF Probation program (formerly the EA Probation program) and the former California Youth Authority State General Fund camp allocation. The CFL established Programs 219, TANF Probation Eligibility, and 133, TANF Probation with the following Time Study Code and Program Identification Numbers (PIN):

2190	TANF Eligibility
133074	TANF Probation Camps/Services/Foster Care (FC)
133075	TANF Probation Administration

Program 219 is for capturing all CWD costs associated with probation eligibility activities and 100 percent county funded. Program 133 captures costs for services and administration and is 100 percent TANF funded. Counties should be aware that there will be no roll over of funds into the next FY, nor will there be a reallocation of unspent funds at the end of the FY. As a reminder also, any TANF Probation costs claimed that exceed the allocation for the County Probation Department's camps/services/FC, and/or exceed the 15 percent

administration cap will be shifted to Other County Only programs by the County Administrative Claims Unit at the end of the FY. The costs will be shifted to County Only via State Use Only Codes 545, TANF Probation Services, 546, TANF Probation Administration, and 547, TANF Probation.

It is the responsibility of the County Probation Department to comply with the program requirements as outlined in Welfare and Institutions (W&I) Code Sections 18220 through 18226 as well as maintain an adequate audit trail to support all expenditures claimed. Please refer to the CFL 97/98-12 for more details.

B. AB 2129 Foster Parent Training and Recruitment

For the past few months, the CDSS in collaboration with the CWDA FAADS Committee, has been working to obtain a federal policy clarification regarding the allowability of AB 2129 Foster Parent Recruitment "recognition" dinners. The recognition dinners are events coordinated by counties to not only recognize the achievements of current foster parents and help retain their valuable services, but also to help recruit potential foster parents.

The CDSS is pleased to announce that in response to our May 23, 1997 letter requesting a policy clarification, the Department of Health and Human Services, Administration for Children and Families, Region IX has issued a letter clarifying Federal policy regarding Foster Parent Training and Recruitment "recognition" dinners. Recognition events are allowable under 45 CFR 1356.60(c)(2)(vii), and ACYF-CB-PI-95-23, Attachment C. Non-traditional approaches may be utilized in recruitment.

The non-traditional approaches include special events, picnics, ice cream socials, teas, and awards presentations, which are examples of exemplary recruitment practices. If a county wishes to coordinate an event or activity that is not listed here, the county may contact their Fiscal Policy Bureau analyst to discuss approval of the event or activity.

As a result of the above policy clarification, two PIN have been established for claiming these allowable foster parent recruitment costs. Effective September 1997 quarter, counties may claim contracted recruitment costs to PIN 506031, AB 2129 Foster Parent Recruitment - Contracted Services. Or, if a county wishes to provide these activities themselves, costs can be claimed to PIN 506068, AB 2129 Foster Parent Recruitment - Direct Costs.

C. CWS/CMS Transition Impact

CFL No. 97/98-15, dated September 2, 1997 provided counties with the CWS/CMS transition impact final allocation for FY 1997/98. The transition impact allocation is intended to cover one-time costs necessary to administer the

emergency response program components of CWS (during the transition period), under the following programs:

143	CWS-Eligibility Determination
144	CWS-Health Related
147	CWS-Court Related
148	CWS-Case Management

Transition impact costs include caseworker salaries and benefits that will be phased in during a period of three months. After the three month transition period, counties return to their normal CWS basic allocation to claim case processing costs.

D. EA CWS

Effective July 1, 1997, funding for the EA CWS program was shifted from TANF Federal funding to State General Fund (SGF). Budget Trailer Bill (Assembly Bill, AB 67) requires that EA TANF funds be treated as Federal funds when calculating the county share of costs and allows for State participation in EA-Emergency Shelter Care costs over 30 days. As a result, funding for the following Programs will be changed to reflect the decrease of the federal share to 0, and the increase of the State share from 0 (for ESC over 30 days) to 50, percent and from 35 percent to 85 percent for all other components. The County share of costs will remain the same as shown below under Funding Ratios, reflecting Federal, State, Health and County shares:

<u>Program Code</u>	<u>Description</u>	<u>Funding Ratios</u>
106	EA-Co. Oper. ESC (1-30 days)	0/85/0/15
107	EA-Co. Oper. ESC (Over 30 days)	0/50/0/50
134	EA-Contracted ESC (1-30 days)	0/85/0/15
136	EA-Contracted ESC (Over 30 days)	0/50/0/50
513	EA-Emergency Response	0/85/0/15
520	EA-Crisis Resolution	0/85/0/15
531	EA-Case Management	0/85/0/15

Counties are reminded that all other previously issued EA CWS program requirements, guidelines and claiming instructions must be followed in order for EA CWS costs to be eligible for State reimbursement.

II. ELIGIBILITY

A. PAFS

The PAFS rate for FY 1997/98 is 29.95 percent. This rate is used on the DFA 327.5B, Funding-Eligibility and Welfare Fraud, to calculate the portion of Aid to Families with Dependent Children (AFDC)-Family Group/Unemployed and Refugee Resettlement Program-AFDC Program costs to be charged to the Nonassistance Food Stamp (NAFS) Program.

In the past, the PAFS rate was applied to only the 50 percent federal share of AFDC Program costs consistent with the California Work Opportunity and Responsibility to Kids (CalWORKs) and Food Stamp (FS) allocation methodologies. Effective July 1, 1997, it will also be applied to both the State and county shares of 35 and 15 percent, respectively, to shift the costs of PAFS from AFDC to NAFS (Program 210).

As a result, the DFA 327.5B, Funding-Eligibility and Welfare Fraud, has been modified at pages 3 and 4, columns 12 and 14. The shifts will be made on columns 11 and 13.

B. CFAP

All County Letter (ACL) No. 97-50, dated September 3, 1997, and All County Information Notice No. I-52-97, dated August 19, 1997 provided County Welfare Departments (CWDs) with detailed information about CFAP. As indicated in those documents, under the Federal Personal Responsibility and Work Opportunity Act of 1996, certain legal resident non-citizens of the United States (U.S.) are no longer eligible for Federal food stamp benefits as of August 21, 1997. However, AB 1576 (Chapter 287, Statutes of 1997), signed into law by Governor Wilson on August 18, 1997, created CFAP scheduled for statewide implementation on September 1, 1997. Under CFAP, the State will provide food stamps to minor (i.e., individuals less than 18 years old) and aged (i.e., individuals aged 65 or older) legal non-citizens who were legally present in the U.S. prior to August 22, 1996.

CFAP administrative and benefit costs will be borne by the State. Therefore, the CDSS will be required to separately identify related administrative costs associated with the Federal and State programs. Caseworkers will not be required to time study separately when performing CFAP eligibility determinations. In lieu of the normal time study process used for administrative claiming purposes, the Food and Consumer Service (FCS), United States Department of Agriculture (U.S.D.A.), has given the CDSS approval to use an alternative allocation methodology similar to that of the federal/nonfederal persons count methodology currently in use on the AEC for the Adoption Assistance and AFDC-FC Programs.

Counties will track and report the number of CFAP recipients who are minors (i.e., those less than 18 years old) and the number who are aged (i.e., those 65 and older). This data will be reported on a Food Stamp statistical report, which is currently being revised by the CDSS Information Services Bureau (ISB) to capture the necessary data. CFAP administrative costs will be allocated on the AEC using a ratio of CFAP persons to total (CFAP and Federally eligible) food stamp recipients. It is necessary to separately identify the CFAP minor population since these are the only CFAP administrative costs eligible for meeting Federal TANF maintenance of effort (MOE) requirements.

Program 606, CFAP-Minors, and Program 609, CFAP-Aged, have been established for capturing administrative costs for both CFAP populations. Programs 606 and 609 are both funded with 100 percent State General Fund dollars. After performing the PAFS shift, the AEC will shift costs from applicable food stamp codes to Programs 606 and 609.

Beginning with the July-September 1997 quarter, counties should enter the following information on the DFA 325.1 Expenditure Schedule (via the State of California Automated Template, or SOCAT) which has been revised to accept this data.¹ Counties that do not have CFAP cases do not need to input the following data on the DFA 325.1.

1. On Line Y, Column 3, provide the number of federally eligible food stamp recipients for the quarter.

Prior to September 1997, the distinction between federally eligibles and CFAP eligibles was not applicable because CFAP was not yet established. Therefore, for the September 1997 quarter claim, Line Y will be the total number of food stamp recipients for July 1997 and August 1997, plus the number of federally eligible recipients for September 1997. Beginning with the December 1997 quarter claim, Line Y will be the total number of federally eligible food stamp recipients for the quarter.

2. On Line Z, Column 3, provide the number of CFAP minors for the quarter.²
3. On Line AA, Column 3, provide the number of CFAP aged for the quarter.²

¹ This is similar to the entry required on the DFA 325.1, to develop the ratio of "fed/nonfed" children in FC.

² Beginning with the December 1997 quarter, this will be the sum of the three months of the quarter. However, there are no CFAP costs for July or August 1997, consequently, CWDs will not need to sum three months for the September 1997 claim.

The AEC will then develop two ratios from this data (the ratio of CFAP minors to total food stamp recipients, and the ratio of CFAP aged to total food stamp recipients) to shift the administrative costs associated with the CFAP to the applicable programs.

The ISB is currently revising reports to capture this data. Detailed instructions regarding the specific data items to use on the AEC will accompany the release of those reports. CWDs that do not receive these reports in time to include the CFAP data on the September 1997 quarter claim, may submit amended claims for CFAP reimbursements.

III. EMPLOYMENT SERVICES

Project Succeed-Riverside County

The Post Employment Services Demonstration Project, known in Riverside County as Project Succeed, ended on July 29, 1997. Accordingly, Program 489 will be deleted from the Employment Services program code description and claim pages effective with the December 1997 quarter. No costs should be claimed to Code 489 after the current quarter (September 1997).

IV. EDP

Direct-To-Program Personal Services (Now Direct Costs)

CFL No. 93/94-43, dated June 21, 1994, implemented the original direct-to-program methodology for claiming EDP maintenance and operations (M and O) costs directly to the benefiting program level for systems solely developed and operated to benefit a single program.

Effective with the September 1997 quarter, counties have the ability to claim CWD EDP (M and O) and development personal services as direct costs to the function/project/program level for these systems, instead of using an allocation process.

Previous to this revision, all CWD EDP M and O and development personal services costs were allocated to the appropriate function/project/program level based on EDP staff time study ratios, and subsequently allocated to the benefiting program level based on casework time study ratios. This technical revision eliminates the allocation of personal services for county systems developed and operated to benefit a single program only. Counties will continue to allocate costs for systems benefiting more than one program in the normal manner.

To allow this revision, all AEC EDP pages and applicable instructions have been revised. This includes the DFA 325.1, 325.1A, 325.1AA, and DFA 327.2 and DFA 327.3 series of forms for all functions.

DFA 325.1, EDP Cost Pool

In order to claim CWD EDP personal services costs as a direct cost to a single program system, they must first be separately identified on the DFA 325:1 from other personal services costs that must be allocated. Therefore, allocable EDP personal services will continue to be claimed on Line L, which has been retitled to CWD Allocable Personal Services. The SOCAT will continue to allocate these costs to the appropriate level according to EDP staff time study ratios. Direct personal services for single program systems will be claimed to Line M, which has been retitled to CWD Direct Personal Services. Line M was originally developed to facilitate the claiming of personal services costs directly to the SACWIS project. SACWIS personal services will continue to be claimed to Line M in the normal manner. Additional M and O and development project direct personal services costs will now be combined with the SACWIS personal services. This methodology is consistent with the CWD CAP, EDP and SACWIS Methodology sections. Instructions have been revised to accommodate this revision.

DFA 325.1A, EDP Cost Detail Schedule

The Direct-To-Program sections for both M and O and Developmental Projects have been revised to facilitate the claiming of personal services direct costs for those EDP systems developed and operated solely to benefit a single program. Section titles have been revised to M and O-Direct Costs and Development-Direct Costs respectively. Counties will continue to enter the program/project name, program code/project number as indicated, and time study hours in column 2. Column 3, Ratios, has been closed as ratios will no longer be developed for these sections only. Personal services costs will be input directly in column 4 for each applicable project/program that is identified within these sections. Total direct costs, column 9, for these sections only for each project/program will flow to the DFA 327.2, Allocation of EDP Costs, series of forms. Instructions have been revised.

DFA 327.2 Series

M and O direct costs are identified by project/program to column 2, EDP M and O Direct Costs; development direct costs will be identified by project/program to column 3, EDP Development Direct Costs. Instructions have been revised.

DFA 327.3 Series

EDP M and O direct costs are identified in column 3, EDP M and O Direct Costs; EDP development direct costs are identified in column 4, EDP Development Direct Costs. All other EDP development costs are now identified to column 5, EDP Development Costs. EA Costs Title IV-A Eligible, Direct Costs, and Total Costs By Program columns have been renumbered and instructions revised.

V. GENERAL

A. ICRs for FY 1997/98

The CDSS has developed the ICRs for use by counties during FY 1997/98. Please reference the enclosed "FY 97/98 IDCR INFORMATION." The ICRs are used to identify the indirect overhead costs associated with nonwelfare activities. CWDs have the option of using either the predetermined ICR developed by CDSS, or of developing an ICR specific to the staff involved. The ICR is applied to the portion of the staff salary and benefits associated with nonwelfare activities. The salaries, benefits, and the associated indirect overhead costs for nonwelfare activities are reported on the AEC, DFA 325.1, Expenditure Schedule, Line V, Extraneous Costs.

The rates developed by the CDSS' County Cost Analysis Bureau were based on the actual indirect costs (Travel, Space, Space-CCAP, Other Operating, Public Agencies CCAP, and Public/Private Agencies Direct Billed) for each county for the four quarters of FY 1995/1996, divided by the total direct costs (caseworker, administrative/clerical support and EDP staff salaries and benefits). The resulting percentages are each county's individual ICR.

Counties have the option to develop individual ICR Proposals (ICRP) rather than using the predetermined fixed rates. An ICRP developed by a CWD must be in accordance with "The Guide for State and Local Agencies-Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government" (OASC-10) and should be submitted to the Fiscal Policy Bureau for review and approval.

Please refer to CFL No. 90/91-53, dated January 8, 1991, for further details on nonwelfare costs, ICRs, and ICRPs.

B. Discontinuance of Manual Claim Pages

Effective with the July-September 1997 quarter, CDSS will no longer produce and distribute manual claim pages for the AEC. In the past, manual claim pages were produced for counties which had not converted to the SOCAT for preparing/submitting their AECs. Since all counties have now converted and since SOCAT allows counties to print hard copies of the claim, manual pages will no longer be needed. The CDSS County Systems Unit will continue to update SOCAT to coincide with the quarterly time study and claiming instructions and will distribute the updated versions to counties on diskette.

C. CCAP Costs

Effective the July-September 1997 quarter administrative claim, counties claiming CCAP, A-87 costs, must identify in a cover letter the specific county budget units that are listed in the supplemental information checklist Exhibit 1301, which the County submits to the State Controller's Office. The DFA 325.1, County AEC - Expenditure Schedule, has been revised for the September 1997 quarter.

Line I, Public Agencies-CCAP is changed to Public & Public/Private Direct Billed-CCAP. This line will capture the central support services and those costs approved through the CCAP to be direct billed. Line J will now capture the Public/Private Agencies-Direct Billed-Non-CCAP costs. Line N, CWD Operating Costs/Purchase of Services-Non-CCAP will now reflect the non-CCAP costs and Line O is retitled Public Agencies/Purchase of Services CCAP and will now only reflect CCAP costs.

D. CWD CAP

OVERVIEW

CFL No. 97/98-01, dated July 2, 1997, provided an overview of the proposed revisions to the CWD CAP and included time study instructions for implementation. The proposed CAP was submitted to the Federal Department of Health and Human Services, Division of Cost Allocation (DHHS, DCA), for review and approval on May 29, 1997, and formal approval was received July 31, 1997. The revisions are effective July 1, 1997. Information and instructions provided here were developed in collaboration with the County Welfare Directors Association (CWDA)/CDSS CWD CAP Workgroup.

The Fiscal Policy Bureau (FPB) has recently provided regional training for county staff on the CAP revisions/optional direct charge methodologies.

As explained in CFL No. 97/98-01, the CWD CAP revisions will allow enhanced flexibility, equity, and accuracy, in distributing and claiming administrative costs for Federal/State financial participation. In addition to those benefits, counties will have the ability to spend dollars where they are allocated. These changes position counties for the future in relation to welfare reform. With that in mind, to the extent that a CWD has the capability to compile and accurately identify certain administrative costs directly to the benefiting function and/or program level, that CWD now has the option to direct charge specific support operating costs, overtime (OT) costs, and start-up/nonrecurring costs.

The CWD CAP Workgroup and CDSS caution counties to study the implications of implementing a direct charge methodology. Once a direct

charge methodology is chosen, it must remain in effect for the entire FY, or remainder of the FY depending upon the quarter of implementation. Federal direction permits no change until the following FY.

Once a county decides to move toward the use of a direct charge methodology, the Workgroup recommends that for the quarter of proposed implementation, counties test the chosen options/methodologies through the use of a mock claim prior to the final decision to implement. This suggests running parallel methodologies and claims for the quarter which will provide a means for comparison of the resulting impact of the methodology change to FY 1997/98 established allocations. These allocations were based on the original CAP methodology, which could leave counties at risk of overmatch. It may even be to a county's advantage to implement an optional methodology in only one or two line items of cost for the first FY and expand in subsequent FYs.

Counties are reminded that they retain overall responsibility for ensuring that the methodologies employed result in equitable allocation of costs. If inequitable, counties will be required to submit revised claims.

Counties choosing to implement any of the optional direct charge methodologies must submit a DFA 327.9, Direct Charge Methodology Certification, any time during the implementation quarter or with that quarter's AEC. Time study hours/costs must be tracked appropriately from the beginning of the quarter under the new methodology. A county may then claim specific support operating costs, OT costs, and start-up/nonrecurring costs to the function and/or program level where applicable effective with the September 1997 quarter. As a reminder, the DFA 327.9 direct charge methodologies must ensure that each item of cost charged to the function and/or program level is consistent for similar costs across all functions/programs.

Counties that do not choose to implement any of the optional direct charge methodologies will continue to report costs as generic and allocate in the original manner.

Also effective with the September 1997 quarter, all counties must use the total of all allocable plus nonallocable casework hours, or total paid allocable plus nonallocable casework hours, for the quarter to determine function ratios. The option to use either regular casework hours or paid casework hours is available within the SOCAT Template as explained in item 4. below.

CLAIMING INSTRUCTIONS

1. Support Operating Costs

Counties now have the option of identifying and charging certain Travel, Space (non-CCAP), Other Operating, and Purchase of Service (non-

CCAP) costs directly to either the function or program level. Costs that cannot be specifically identified to the function or program level or are generic in nature will continue to be claimed as generic and allocated in the original manner. Instructions for both levels are provided separately below.

Counties must submit a DFA 327.9 Certification to the CDSS confirming the options and specific methodologies to be used. There will be no formal approval process for the Certification, however, it will be reviewed, kept on file, and ultimately used during field monitoring reviews. Should clarification be necessary, the FPB analyst assigned to your county will contact you. The Certification may be submitted directly to the FPB prior to or at any time during the quarter of implementation, or with that quarter's AEC. For subsequent FYs, a new DFA 327.9 must be submitted only if a change is made to the existing options or methodologies. Examples may include but are not limited to: 1.) a return to the original generic only allocation methodology, 2.) the addition of a line item to a direct charge option/methodology, or 3.) a change in the methodology itself such as moving from square footage to personnel counts for space costs. The new Certification would be due in the quarter the addition occurs as instructed above. A new DFA 327.9 is not required each FY if there is no change to the previously selected direct charge options or methodologies. Instructions for completion and submission of the DFA 327.9 were provided in CFL No. 97/98-01.

Recommendations from the CAP Workgroup have provided a new and improved DFA 327.9 (see attached). In completing the Certification, counties are reminded that like costs must be distributed in a like manner, across all functions, for example, space costs could be distributed to either the function or program level within and across all functions based on the same methodology which could be square footage. Any space costs that are truly generic and cannot be identified to the function or program level could be claimed as generic costs and allocated.

a. Allocable Support Operating Costs - Function Level

The DFA 325.1, Allocable Support Operating Costs pool, has been revised to accommodate the charging of Travel, Space (non-CCAP), Other Operating, and Purchase of Service (non-CCAP) costs directly to the function level. Costs will continue to be claimed to lines E, F, H, and J respectively. Columns 1-4 are open for direct input of costs to the function level. Column 6, Lines E, F, H, and J have been opened to identify total costs for the line items. Line K, Total Allocable Support Operating Costs, columns 1-5, now identifies total allocable support operating costs by function. Functional costs, plus the appropriate amount of

generic costs, as determined by the function ratios, are allocated to the program level by the casework time study ratios on the DFA 327.1A-D series of forms. DFA 325.1 and 327.1A-D instructions have been revised to accomplish the above.

(Example: Space costs for a building that houses Social Services and Employment Services staff could be direct charged to the Social Services and Employment Services function based on square footage. Square footage must also be used for the Eligibility and Welfare Fraud functions. Truly generic costs that cannot be identified to a function could be charged to generic.)

b. Direct Support Operating Costs - Program Level

Direct cost program PINs have been developed to claim Travel, Space (non-CCAP), Other Operating, and Purchase of Service (non-CCAP) costs direct to the program level. Costs will be claimed on the DFA 325.1B, Direct Cost Input Schedule, and summarized on the DFA 325.1, Direct Costs pool, by function in the normal manner. CWDs should reference the County Administrative Expense Claim Code Listing (CAECCL). Expense codes will denote the type of cost being direct charged to a particular program. These codes represent the last two digits of the six digit PIN and will be available under most programs to allow CWDs the flexibility for direct charging these costs. The expense codes are as follows:

- 88 - Operating Cost-Travel
- 89 - Operating Cost-Space (Non-CCAP)
- 90 - Operating Cost-Other Operating
- 91 - Operating Cost-Purchase of Service (Non-CCAP)

(Example: Space costs for a building housing only AFDC FG/U staff could be direct charged to Program 201, AFDC FG/U, to PIN 201089, **Operating Cost-Space (Non-CCAP).**)

2. OT Costs

For purposes of this section, the CDSS considers OT costs to be either paid OT or CTO hours that convert to a cost when the hours are used and reported on the individual's time study. The CTO hours pull a portion of the normal salary cost to a program if that program can be identified. If not, the CTO hours are reported as nonallocable.

CWDs may continue to claim OT costs in the original manner or may choose the option to direct charge OT costs to the program level.

Under the direct charge option, however, OT costs must now be charged to the function or program that was the reason/cause for staff to work OT, instead of the program in which the OT was worked. If the program that caused staff to work OT is different than the program staff worked on normally, the OT costs must be charged to the program that caused the OT. Counties implementing the direct charge methodology must ensure the appropriate tracking of hours and costs to comply with this Federal directive. Instructions are provided below for casework and support staff for the reporting of costs to the function or program level for paid OT and CTO. Paid OT and CTO must be treated and reported in the same manner; however, if a county does not have the ability to track CTO to the function or program level that was the reason/cause for the OT, the CTO hours when used may continue to be reported as nonallocable.

Counties still have the option of pooling OT costs and allocating to the function or program level rather than reporting OT costs on an individual staff basis.

a. Caseworkers or Equivalent Staff

Function Level

Paid OT and CTO costs will continue to be claimed on the DFA 325.1, Allocable Casework Cost pool, to the function determined to be the reason/cause of the OT, instead of to the function that the OT was worked (if different from the regularly assigned function). Costs are then allocated to programs based on casework time study hours in the normal manner.

Program Level

Paid OT and CTO costs may now be claimed direct to the program that was determined to be the reason/cause for having to work OT. Costs will be claimed as a direct cost on the DFA 325.1B, to a PIN developed for this purpose. The following expense code will denote the type of cost being direct charged to a particular program:

92 - Casework OT/CTO Costs

b. Support Staff

Time/costs must continue to be identified and reported to the levels approved within the Support Staff Time Reporting Plan (SSTRP), if applicable.

Function Level

Paid OT and CTO costs will continue to be claimed on the DFA 325.1, Allocable Support Staff Costs pool, to the function that caused the OT.

Program Level

Paid OT and CTO costs may now be claimed direct to the program that was determined to be the cause of the OT. Costs will be tracked and claimed as a direct cost on the DFA 325.1B, to a PIN developed for this purpose. The following expense code will denote the type of cost being direct charged to a particular program:

93 - Support Staff OT/CTO Costs

3. Start-Up/Nonrecurring Costs

Start-up and nonrecurring costs may now be claimed to the function or program level. Such costs may occur upon the implementation of a new program, expansion of an existing program, augmentation or one-time receipt of new funds for a program, or a major agency reorganization. Costs identified to the function level will be claimed in the Allocable Support Operating Costs pool to the appropriate line and column on the DFA 325.1. Direct cost PINs will be established for claiming costs to the program level. Costs will be reported on the DFA 325.1B in the original manner and summarized on the DFA 325.1, Direct Cost pool. The direct cost expense code is as follows:

94 - Start Up/Nonrecurring Costs

Examples of start-up or nonrecurring costs may include but are not limited to salaries and benefits, equipment, supplies, purchase of vehicles, furniture, moving costs, and EDP equipment.

4. Allocable Plus Nonallocable Hours

All counties must now use the total of all allocable plus nonallocable casework hours to allocate generic costs to the function. Counties may choose to use either of the following methodologies: 1.) the total allocable plus nonallocable hours as identified on the time study summaries, or 2.) the total paid allocable plus nonallocable casework hours identified from another county (payroll) records source. The combination of allocable plus nonallocable hours will be used to determine function ratios only. The DFA 325.1, Expenditure Schedule, and DFA 47, 323, 879, and 53, Time Study Summaries, have been revised to accommodate these changes as identified below.

a. Time Study Summaries Methodology

Allocable and nonallocable hours are currently identified on the time study summaries to separate lines. These hours will be added together and reported on a new line entitled Grand Total Allocable Plus Nonallocable Hours. The SOCAT has been modified to automatically transfer these hours to the DFA 325.1, line W, Allocable plus Nonallocable Casework (or Total Paid Casework) Hours/Observations. (Counties choosing to use this methodology must not use the paid casework hours input screen, time study input menu item #7. If hours are input to this screen, these hours will be transferred to the DFA 325.1, line W.)

b. Paid Casework Hours Methodology from County Records

Counties having the ability to identify all allocable plus nonallocable hours from other county (payroll) records, will input those combined hours to time study input menu item #7. SOCAT will automatically transfer the paid casework hours, to the Grand Total Paid Casework Allocable Plus Nonallocable Hours line on the time study summaries and the DFA 325.1, line W. Counties must continue to report hours on the time study summaries in the normal manner. SOCAT will total these hours and report them on (1) the Grand Total Allocable Plus Nonallocable Hours line on the summaries, and (2) the DFA 327.1 series of forms, Allocation of Casework Salary Costs and Allocable Support Staff and Operating Costs. They will not be transferred to the DFA 325.1. Counties may report the total number of paid casework hours for each month of the quarter or may total and report the average number of hours for the quarter.

As a side issue related to this revision, a problem was identified regarding the use of Program Code 9000, Nonallocable, which was previously established for counties wishing to identify nonallocable hours by program code. However, the code is the same under all functions making it impossible to identify nonallocable hours by function, which is now the requirement. As a result, all 9000 codes have been deleted and new codes established to identify nonallocable hours by function as follows:

<u>Function</u>	<u>Deleted Code</u>	<u>New Code</u>
Social Services	9000	5500
Eligibility	9000	6500
Welfare Fraud	9000	7500
Employment Services	9000	8500

The new codes may be used by any county that wishes to track nonallocable hours by program code. The codes have also been hard coded on the time study summaries for convenience. The Program Code Descriptions will be revised in the December 1997 quarter to reflect the new codes.

If you have any questions regarding this letter, please contact the Fiscal Policy Bureau at (916) 657-3440.



GEORGE E. PEACHER, JR., CHIEF
Fiscal Systems and Accounting Branch

c: CWDA

Attachments

FY 97/98 IDCR INFORMATION

08/07/97

fn: c:\data...\idcr9798\idcr78

97/98* IDCR Rate

ALAMEDA	0.21
ALPINE	0.52
AMADOR	0.25
BUTTE	0.22
CALAVERAS	0.25
COLUSA	0.18
CONTRA COSTA	0.30
DEL NORTE	0.22
EL DORADO	0.25
FRESNO	0.18
GLENN	0.26
HUMBOLDT	0.22
IMPERIAL	0.35
INYO	0.25
KERN	0.24
KINGS	0.14
LAKE	0.19
LASSEN	0.28
LOS ANGELES DPS	0.17
MADERA	0.20
MARIN	0.17
MARIPOSA	0.30
MENDOCINO	0.30
MERCED	0.23
MODOC	0.21
MONO	0.20
MONTEREY	0.24
NAPA	0.25
NEVADA	0.22
ORANGE	0.32
PLACER	0.28
PLUMAS	0.21
RIVERSIDE	0.30
SACRAMENTO-DHA	0.27
SAN BENITO	0.35
SAN BERNARDINO	0.27
SAN DIEGO	0.23
SAN FRANCISCO	0.24
SAN JOAQUIN	0.26
SAN LUIS OBISPO	0.26
SAN MATEO	0.21
SANTA BARBARA	0.29
SANTA CLARA	0.24
SANTA CRUZ	0.20
SHASTA	0.20
SIERRA	0.19
SISKIYOU	0.24
SOLANO	0.32
SONOMA	0.13
STANISLAUS	0.29
SUTTER	0.20
TEHAMA	0.22
TRINITY	0.28
TULARE	0.31
TUOLUMNE	0.30
VENTURA	0.21
YOLO	0.32
YUBA	0.17
LOS ANGELES DCS	0.22
SAC-DHHS-CHILD	0.15
SAC-DHHS-ADULT	0.21
SMATEO DP AGING	0.14
TOTALS	0.23

*Data provided for FY 1997/98;
FY 95/96 expenditure data used

COUNTY:
FISCAL YEAR:

DIRECT CHARGE METHODOLOGY DETAIL

Please use the space below to provide any additional detail you feel is necessary in explaining how you will be allocating allocable support costs. List the cost category; sub accounts associated with the cost category; the level to be charged (program, function, generic); and the basis for distributing the charges. Keep in mind that costs must be charged consistently.

EXAMPLE: If you choose to direct charge pool cars to the Fraud function, then you must be able to charge ALL pool cars to the function level.

COST CATEGORY	(Sub Accounts)	CHARGE TO:		CHARGE BASIS	Other Charge Basis Explain/Methodology
		Function (F) Program (P) Generic (G)			
TRAVEL					
SPACE					
OTHER OPERATING					
PURCHASE OF SERVICES					