COUNTY OF LOS ANGELES
Child Support Services Department

Philip L. Browning
Director

July 22, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

BUDGET ADJUSTMENT TO MITIGATE WORKFORCE REDUCTION IN THE CHILD SUPPORT SERVICES DEPARTMENT (ALL DISTRICTS) (4-VOTE)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve an Appropriation Adjustment for the Child Support Services Department (CSSD) in the amount of $6,827,000, of which $4,083,000 is offset by federal and State revenue and $2,744,000 is being transferred from services and supplies to salaries and employee benefits to mitigate the planned workforce reduction. This action will serve to restore 174 budgeted positions, of which 168 are represented. There is no net County cost impact.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In adopting the final budget for FY 2003/04 your Board approved the deletion of 207 budgeted positions to partially offset a decrease in State and federal revenue of $10.6 million in the State-designated "administrative" child support allocation, which includes all expenditures other than data processing costs. In the budget process for this fiscal year, we were also required to make adjustments to accommodate a $4.6 million increase in County costs for employee benefits, billing rates of departments providing services to our Department, and the Countywide Cost Allocation Plan pursuant to OMB Circular Letter A-87. The total shortfall was $15.2 million.

In addressing the shortfall we reduced our operational costs by $5.8 million and our salary and employee benefit costs by $9.4 million, which resulted in the elimination of 207 budgeted, filled positions. In addition we have internally frozen 117 budgeted positions in order to accommodate the recovery of costs under the Countywide Cost Allocation Plan, while remaining within our capped State administrative allocation.

On July 1, 2003, your Board was notified of a pending workforce reduction necessitated by the deletion of 207 budgeted positions. An estimated 306 employees would have been affected through layoff or reduction.

Although the State budget has not yet been adopted for FY 2003/04, on July 3, 2003, the State Department of Child Support Services (DCSS) issued a letter containing our "final planning allocation." The allocation in this letter is the same as had been previously addressed in Final Changes. This week we have learned of several developments that will allow further reduction in operating expenses. The major developments are:

- Discontinuance of investigative services purchased from the District Attorney effective 12/31/03, at that Department's request ($505,000).

- Reduction in vehicle gasoline expenses due to discontinuance of the District Attorney investigative services ($9,000).

- Reduction in cost of a contract for service of process pursuant to a competitive process which will save $800,000 per year, and $667,000 for the remainder of this fiscal year after the new vendor assumes operation on August 28, 2003 (pending approval by your Board).

- Elimination of all funding for temporary contract services pursuant to our release of all temporary contract staff on June 30, 2003 ($312,000).

- Reduction of expenses for Treasurer-Tax Collector mailing services due to our purchase of a mailing system, approved by your Board on May 13, 2003, and subsequent delivery of the machine ($500,000).

Due to the above and miscellaneous additional curtailments in postage, travel and cell phone expenses totaling $751,000, we are able to reduce our operating expenses by an additional $2,744,000.

In another development, we have recently received approval from the State DCSS to utilize Health Insurance Incentive funding of $1,361,000, that is now in a trust account, as new revenue to offset salary and employee benefit expenses. In addition the State has stated its intention to request federal matching funds to offset an additional $2,722,000 in expenditures. On July 21, 2003 the Chief Administrative Officer authorized us to include this amount in our request to your Board for mitigation of layoffs. The total revenue available from the trust fund and the anticipated federal match is $4,083,000.

This makes available a total of $6,827,000 to mitigate the impact of the workforce reduction on our employees by restoring 174 budgeted positions of the 207 positions originally slated for elimination. Because $4,083,000 of this funding is only available in this fiscal year we will monitor our departmental attrition to insure that we do not replace departing employees for whose positions there will be no funding in FY 2004/05. In addition, if the State is unsuccessful in obtaining administrative and budgetary approval for the federal matching funds, we will need to proceed with layoffs in January of approximately twice the number of individuals now being retained through that funding source, or 134 employees.

Attached is a summary that provides the detailed breakouts of the operational cost curtailments and budgeted positions to be restored. Due to budget cuts from the State it is necessary for 32 positions to be deleted from the budget with 21 of them being non represented positions.

Implementation of Strategic Plan Goals

Countywide Strategic Plan goal 5 envisions the improvement of the well-being of children and families in Los Angeles County as measured by the achievements in the five outcome areas adopted by the Board: good health; economic well-being; safety and survival; emotional and social well-being and educational/workforce readiness. The restoration of 174 employees in CSSD will directly impact the economic well-being of children and families by providing more human resources to address the financial support of children by their non-custodial parents.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

From fiscal year 1999-00 through 2001-02, the Department received Health Insurance Incentives for identifying non-custodial parents who had access to medical insurance for their child. The Department received $50 per child added, which went into trust. The State DCSS gave the Department discretion on how to spend the funds. The trust balance is currently $1,361,000. Because the funds had not been used for salaries and employee benefits in the past, the Department confirmed with the State that this is an acceptable use of the funds. The Department intends to utilize the entire remaining balance of this trust fund, plus federal financial participation to help mitigate the number of layoffs.

FISCAL IMPACT/FINANCING

This proposal is cost-neutral to the County of Los Angeles. CSSD's net County cost remains at $0.

IMPACT ON CURRENT SERVICES

Although future State budget actions may further impact the child support program the current proposal will provide for maximum program effectiveness under the known budget constraints. I will continue to keep your Board apprised of any new State developments.

Respectfully submitted,

PHILIP L. BROWNING
Director

Attachments

PLB:PVB:crd

c: Chief Administrative Officer
County Counsel

CHILD SUPPORT SERVICES DEPARTMENT
PHILIP L. BROWNING, DIRECTOR

Mitigation Actions 2003-04

	Gross Appropriation	Revenue/IFT	Net County Cost	Budgeted Positions
Program Changes - none				
Other Changes				
1.	$ 0	$ 4,083,000	$ 0	0.0

Revenue: Reflects an increase of $1,361,000 in revenue due to accumulation of principal and interest for health insurance incentive payments received from the State currently held in a trust fund, which will be transferred to current revenue, and federal financial participation (FFP) funding of $2,722,000 as matching funds.

2.	$ -2,744,000	$ 0	$ 0	0.0

Services and Supplies: Reflects a decrease to partially cover the Salaries and Employee Benefits increase in #3 below, from the following Services and Supplies accounts that were further reduced:

- D.A. Investigators (505,000)
- Treasurer-Tax Collector (500,000)
- Postage (700,000)
- Travel (50,000)
- Cell Phones (1,000)
- Voyager gas cards (9,000)
- Service of Process contract (667,000)
- Temp clerical contracts (312,000)

(2,744,000)

3.	$ 6,827,000	$ 0	$ 0	174.0

Salaries and Employee Benefits: Reflects a restoration of 174 budgeted/filled positions using the above increased revenue and decrease in Services and Supplies expenditures as mitigating action to partially reduce existing workforce reduction plan developed due to partially offset the overall reduction in State funding for Fiscal Year 2003/04 Child Support Administrative Initial Planning Allocation.

- 1 Administrative Assistant II
- 1 Head Child Support Officer
- 5 Supervising Child Support Officer
- 41 Child Support Officer III
- 57 Child Support Officer II
- 24 Intermediate Clerk
- 36 Intermediate Typist Clerk
- 4 Legal Office Assistant II
- 1 Supervising Typist Clerk
- 4 Appeals Hearing Specialist

Total $	***4,083,000***	***$ 4,083,000***	***$ 0***	***174.0***

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COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. No. 371

DEPARTMENT OF CHILD SUPPORT SERVICES

July 22, ~~19~~ 2003

AUDITOR-CONTROLLER.
THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

4 VOTES

Fiscal Year 2003/04

SOURCE	USE
Child Support Services Department Fund/Org 14280 Revenue - Federal Other AO1 CD 9001 $2,722,000	Child Support Services Department Fund/Org 14280 Salaries & Employee Benefits AO1 CD 1000 $6,827,000
Child Support Services Department Fund/Org 14280 Revenue - State Other AO1 CD 8831 $1,361,000	
Child Support Services Department Fund/Org 14280 Services & Supplies AO1 CD 2000 $2,744,000	

JUSTIFICATION: This adjustment is required to appropriate State Health Incentive funds and matching Federal funds to the S&EB appropriation. It also transfers existing S&S appropriation to S&EB due to reductions in DA, vehicle gasoline, service of process, temp, and TTC costs.

Barbara Rankin

Barbara Rankin, Fiscal Officer II

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF ADMINISTRATIVE OFFICER FOR— ACTION

✓ RECOMMENDATION

AUDITOR-CONTROLLER BY Connie [illegible] July 22 2003

12

APPROVED AS REQUESTED AS REVISED

July 22, 2003 ~~19~~ Jacqueline White

CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED): BOARD OF SUPERVISORS 19

STATE OF CALIFORNIA - HEALTH AND HUMAN SERVICES AGENCY

GRAY DAVIS, *Governor*

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES
P.O. Box 419064, Rancho Cordova, CA 95741-9064

CSSD
JUL 22 2003
EXECUTIVE OFFICE

July 16, 2003

Mr. Philip Browning, Director
Los Angeles County Department of Child Support Services
5770 South Eastern Avenue
Commerce, California 90040-2924

SUBJECT: USE OF HEALTH INCENTIVES FUNDING IN SFY 2003-04

Dear Mr. ~~Browning~~ Philip:

I am writing to confirm our discussions relative to the use of available health incentive funds and the ability to match these monies with federal funds.

In assisting you in identifying possible areas in which additional funding and/or savings could be generated to lessen the impact of your proposed staff reduction plan, one of the areas identified was the use of available health incentive funds. You confirmed on July 9, that $1,360,677 remains in your Health Incentive Funds Trust Fund as of June 30, 2003. It was agreed that this money can be used in the child support program, including to reimburse salaries and benefits, in the current State Fiscal Year (SFY) 2003-04. This will assist you in reducing the number of potentially impacted staff now facing layoffs.

In addition, we discussed the ability to match these health incentive monies with federal funds. It is the intent of this Department to seek authority to secure federal financial participation (FFP) to match these funds. As we have discussed in a broader context, the Department of Child Support Services (DCSS) must have expenditure authority within its budget for use of all State and federal funds. Thus, it will be necessary to seek authority to capture additional federal funds to provide this match. We intend to do this during the fall budget preparation process. This will require the approval of both the Administration and the Legislature.

As you know, other local agencies are planning similar approaches as well as contributing limited county general funds to the program for which they are requesting a federal funds match. DCSS is in the process of determining from local agencies the

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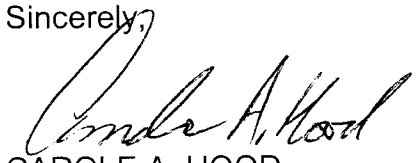
www.childsup.cahwnet.gov

total amount to be contributed. This information will be used to request increased FFP expenditure authority. While DCSS cannot predict the final decision on such a request, we believe that this is a reasonable approach by local agencies to manage the current year budget reduction and lessen the impact to staff and program performance.

The requirements for use of the health incentive funds are stated elsewhere in greater detail; however, essentially they must be reinvested into the local child support program within two fiscal years following receipt. Further, in order to capture the federal fund match, these funds are subject to Title IV-D Program requirements.

I trust that this clarifies our position and will assist you in further planning. Please call me if you have any questions at (916) 464-5207.

Sincerely,



CAROLE A. HOOD
Chief Deputy Director