

M E M O R A N D U M

DATE: April 11, 2000

TO: The Board of Supervisors

FROM: John E. McDonald, Manager of Financial and Management Services

SUBJECT: Social Services Cost Recovery Position

The attached resolution authorizes the creation of a full-time limited-term Program Coordinator position within the Department of Social Services. The position would work to maximize reimbursements from Federal funds. We would hope to have the position filled prior to June 1 using existing Social Services funds but the major budget impact will be in FY 2001. Should you approve the position, an adjustment to the currently proposed Social Services budget will need to be made. The costs of the position should be completely recoverable under Federal grant funds, with no additional local funds needed. If the recovered funds don't totally fund the position costs, we will ask you to withdraw your authorization of the position.

Background

Recently the State Department of Social Services has instituted a program designed to maximize the eligible cost recovery under Federal grant programs of certain expenses relating to services to children. The major grant program is Title IV E relating to children at risk. Pilot programs in Albemarle and Charlotte Counties have resulted in considerable new revenues, over \$500,000 a year for both localities. We do not know the potential revenue recovery in James City, but we do know that it is expected to be more than enough to cover the costs of a position. The Federal government requires that all recovered funds be reinvested in community services devoted to unmet human services needs, not replacing existing dollars, and all costs associated with a grants auditor are partially recoverable.

We are recommending that the position, and the letters of agreement with the State and Federal governments, be implemented this fiscal year. This would make a portion of FY 2000 expenditures recoverable. If we waited to institute this program after July 1, that opportunity would be lost. Also, if the base spending is set in FY 2000, then incremental FY 2001 increases in these programs, such as the expansion of the preschool program at Stonehouse Elementary School, could be partially funded with cost recovery funds. With your approval, we might be able to recruit and fill the position by mid-May and have contracts and agreements with the State and Federal governments completed in June.

The position we are asking you to create is a Program Coordinator, someone with accounting or auditing experience and willing to seek out those areas of opportunities where the County could recover funds. A preliminary discussion with State representatives indicates that portions of current County expenditures in a variety of community services agencies - the schools, court services, CASA, Social Services, Colonial Group Home Commission, Colonial Services Board, and Community Action Agency among them - could be recoverable. The State Department of Social Services is heading up the program.

Right now the costs of direct services, such as teachers' salaries, are not recoverable. However, portions of the training, administrative, case management and rehabilitation costs are recoverable if certain standards and written protocols are observed. As an example, anything spent in probation and parole for youth at risk is eligible for partial cost recovery. Whether or not that could be extended to some partial recovery of the costs

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of services provided by groups like the County Attorney's office, Avalon or school resource officers depends on how costs are accounted for. The success of a cost recovery program depends on creativity and an understanding of the efforts needed to audit a wide range of public programs.

If the Board approves this position, one of the first things the County will do once the position is filled is to send the individual to Richmond. The State has agreed to train this individual in Federal cost recovery procedures and techniques before they begin the audit process locally. Both Diana Hutchens, Director of Social Services, and Tony Conyers, Manager of Community Services, support this initiative. The position will be supervised by Social Services and a broader interdepartmental, interagency team will help define the work plan. That team has tentatively set up a half-day session with the State program directors on May 18 to work on planning details, hopefully that discussion will include a new Program Coordinator.

The expected costs of the position in FY 2001 are approximately \$50,000, including a preliminary estimate of an annual \$35,000 salary. We expect to fully recover the costs of the position through additional cost recovery revenue. If you approve the resolution, we will add the costs and grant revenue to the FY 2001 Social Services budget for your adoption on April 25. There are sufficient funds in the current FY 2000 Social Services budget to fund the position for a six-week period in FY 2000.

Your approval of the attached resolution is requested.

John E. McDonald

JEM/tlc
ssrecvry.mem

Attachment