



Legislation Text

File #: 11-0948, **Version:** 1

Chief Administrative Office recommending the Board:

- 1) Receive information regarding the impacts of the Auditor approved methodology for spreading Public Health Division administrative costs to various Public Health programs; and
- 2) Provide direction to staff on the source of funding for these costs (ie. General Fund, Tobacco Settlement Fund Balance, Public Health Fund Balance).

FUNDING: Various

Fiscal Impact/Change to Net County Cost: These costs currently reside in the Public Health administration program. The fiscal impact will vary depending on Board direction.

Background: On April 25, 2011 (Legistar Item 10-0990, version 9), the Board received information on Health Services and the issues surrounding the allocation of administrative costs across multiple programs. The Board directed the Chief Administrative Office to work with the Auditor-Controller to come up with an agreed upon methodology for spreading these costs. Once this methodology had been agreed upon, staff was requested to bring the information back to the Board with the specific dollar amounts associated with these costs to public health programs, specifically Animal Services and County Service Areas (CSA's) 3 and 7.

Health Services and the Chief Administrative Office prepared five scenarios after researching methodologies used in other County departments and considering the guidance from OMB A-87. In order to prepare entries to meet Year End close deadlines, Public Health Fiscal chose a methodology spreading costs to all indexes primarily based on salaries and benefits. The Auditor-Controller subsequently recommended spreading costs based on salaries only.

The difference between General Fund impact of the two methods is approximately \$40,000 or less than 2% of total administrative costs. In the interest of time and efficiency, the Auditor has agreed to support Public Health's methodology based on salaries and benefits for prior expenses, but recommends a spread based on salaries only going forward for FY 2011-12.

There are two policy questions before the Board.

Policy Question #1 - How do we fund these costs to General Fund Programs?

Using the methodology spreading costs based on total salaries and benefits results in the following costs to these General Fund programs:

FY 2010-11 Animal Control :	\$458,765
FY 2009-10 Animal Control:	\$445,514
FY 2010-11 EMS Program:	\$115,909
FY 2009-10 EMS Program:	\$110,390

Total discretionary General Fund cost: \$574,674 in FY 2010-11 and \$555,904 in FY 2009-10 for a total of \$1,130,578.

There are several options available to the Board to fund these costs.

Option #1 - General Fund

Using General Fund dollars will not have an impact on the Net County Cost for FY 2010-11 as these costs were included in the budget. However, if the Board agrees to fund the FY 2009-10 costs with General Fund, a General Fund Contingency transfer will be required as these costs were not included in the FY 2010-11 Budget. The FY 2009-10 costs were included in the FY 2009-10 budget as General Fund but the expenses were not booked as part of the FY 2009-10 fiscal close, therefore the savings rolled into FY 2010-11 General Fund fund balance.

Option #2 - Utilize one-time Tobacco Settlement Fund Balance

The department currently has one-time Tobacco Settlement Fund Balance that could fund these costs. There will not be sufficient fund balance to cover the FY 2011-12 administrative allocation, so the Board will need to provide direction on funding of future costs.

Option #3 - Utilize Public Health Fund Balance

The Board could direct the Auditor to not spread the costs and require the department to absorb these costs within the public health administrative pool. This will have a significant impact on fund balance and will result in program cuts within Public Health.

The Board could also direct any combination of the above funding sources. For example, utilize Tobacco Settlement fund balance for FY 2009-10 costs and General Fund for FY 2010-11 costs.

Policy Question #2 - How do we allocate costs to programs that do not have salaries and benefits associated with them, specifically CSA's 3 & 7?

The second policy question before the Board is how to allocate administrative costs to the CSA's.

Option #1 - Require detailed time keeping and charge the CSA's based on costs

- Public Health has begun to capture this time beginning in Q4 of FY 2010-11

Option #2 - Negotiate a set cost for annual administrative services

The Chief Administrative Office recommends Option #2 in the interest of time and efficiency.

Action to be taken following Board approval:

- 1) Health will prepare journal entries for submittal to the Auditor-Controller for Year End 2010-2011 processing.
- 2) Over the next several months, the Chief Administrative Office will be working closely with the Auditor and Health Services to review administrative costs and ensure an equitable distribution of costs going forward into FY 2011-12.
- 3) Health will negotiate with the CSA's for a set annual cost for administrative services beginning in FY 2011-12.

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Concurrences: Auditor-Controller