

Budget Allocation

Factors and Methodologies

Alisha Griffin, Director
California Department of Child Support Services

Topics of Discussion

Budget Allocation Methodology (BAM) Committee

Purpose	Objectives
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Analytical Process

Research and Prioritization	Maximus Findings
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Model Factors

Proposed Factors	Rejected Factors
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Sample Models

Model 1 Sample	Model 2 Sample
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Next Steps

EDP Allocation	New Committees
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Purpose

- LCSAs and DCSS to work collaboratively in reviewing options for a budget allocation methodology.
- Ensure strong fiscal stewardship of the child support program.
- Collect the information and suggestions necessary to allow a decision to be made on budget allocations.

Objectives

1. Develop one or more methodologies for consideration by the DCSS Director.
 1. Include Funding for Shared Services
 2. Consider the new Court AB1058 funding methodology.
2. Review the LCSA EDP allocation methodology to determine if changes should be made.
3. Assist with drafting a proposal for increased LCSA funding

Analysis Process

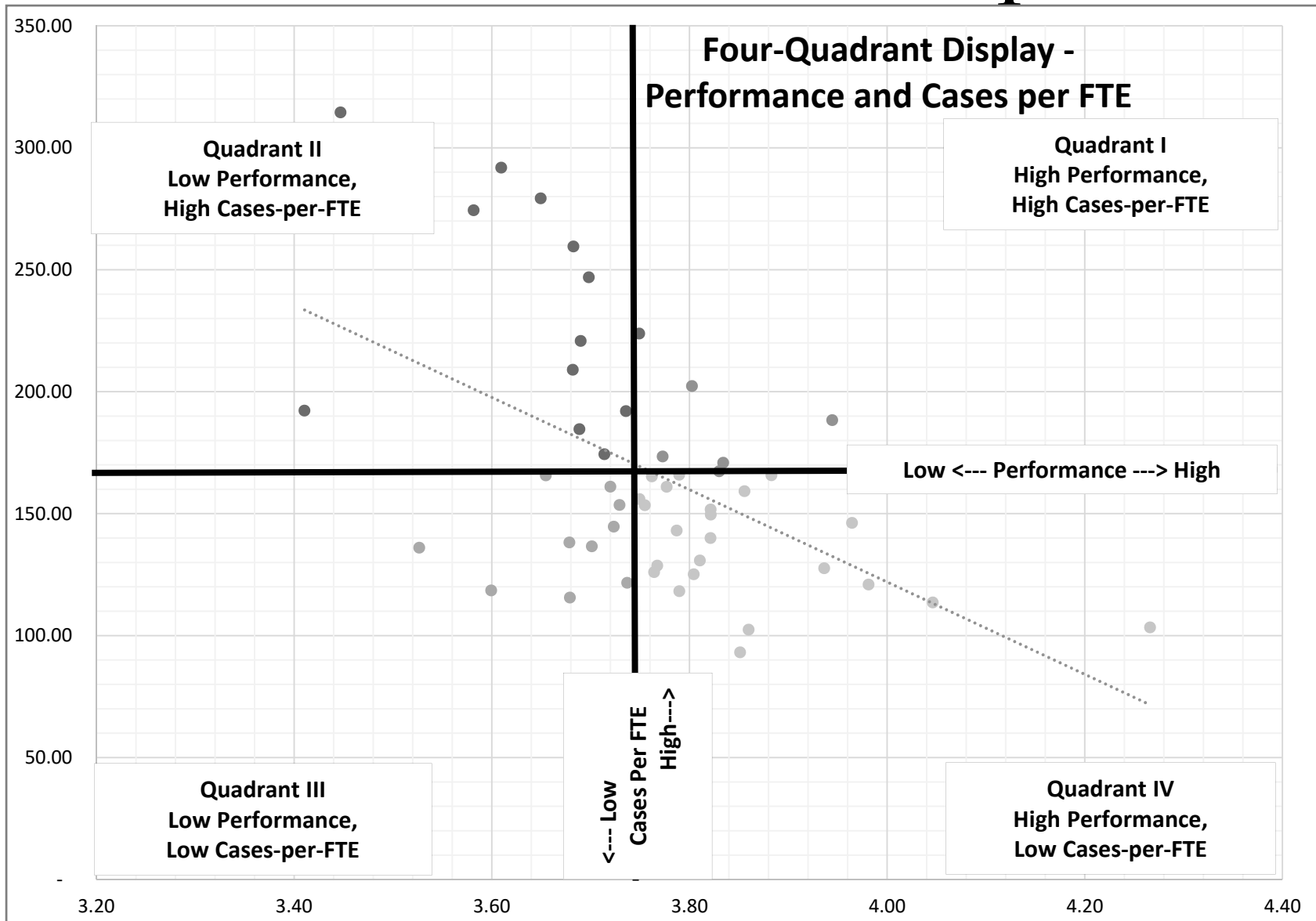
Budget Data

Environmental Data

Performance Data

Maximus Findings

Performance and Cases per FTE



Model Factors

Proposed Factors
Rejected Factors

Proposed Factors

1. **Base allocation** - Established either by FTE to case ratio or by dollars per case.
2. **Performance** – Uses Cost Effectiveness, an averaging of the four FPMs, and/or a weighted total collections measurement.
3. **Disparity in Costs** – Accounts for the difference in salary costs between counties.
4. **Challenging Circumstances** – Uses current and former caseloads as a measurement for caseload difficulty.
5. **Shared Services** – funds shared services specifically
6. **Special Circumstances** – Provides funding for counties with unique circumstances.

Rejected Factors

- **Poverty Rates** – Uses county poverty rates as a way to determine counties with challenging circumstances.
- **Total Collections** – Unweighted total collections was a less accurate county comparison than weighted collection totals.

Caution

Independently, factors may seem unfair to some counties and beneficial to other counties.

Only when joined together do the factors overcome their individual negatives.

Base Allocation – FTEs to Caseload

Positives

- Evidence indicates that lower FTE to caseload ratios result in better performance.
- Equals out the number of staff managing caseloads regardless of the cost for the employees

Negatives

- The number and level of FTEs in a county are determined by the county.
- Economies of scale are not accounted for.
- Could result in artificially inflated caseloads.

Base Allocation – Dollars per Case

Positives

- Ensures every case receives the same amount of funding as every other case in California

Negatives

- Equal funding per case doesn't result in equal levels of service since the average cost per employee isn't equal.
- Could result in artificially inflating caseloads.

Performance – Cost Effectiveness

Positives

- Stresses efficient organizations.
- Easy for stakeholders to support.

Negatives

- Only one performance indicator.
- Counties with higher orders typically have higher cost effectiveness rates.
- Counties differ in service delivery models /innovations that cost effectiveness does not account for.

Performance – 4 Averaged FPMs

Positives

- Stresses good performance in multiple areas of the organization.
- Demonstrate to stakeholders that performance results are important.

Negatives

- Gives equal weight to all the FPMs.

Performance – Weighted Total Collections

Positives

- Levels the playing field for counties with lower average order amounts per case and high current/former caseloads.

Negatives

- The “weights” may not accurately reflect the level of effort or funding necessary to handle current and former cases.

Demographics – Disparity in Costs

Positives

- Ensures LCSAs are not penalized for a county's higher than average cost of living
- Promotes equity in service delivery

Negatives

- Factor only applies to a handful of LCSAs
- A high disparity of costs does not equal above average customer service or performance
- Will increase over time as counties give raises across job categories. This has the outcome of higher increases in allocation for high cost counties at the expense of counties without increasing wages if additional funding is not provided to the program.

Demographics – Challenging Circumstances

Positives

- “Equals the playing field” for historically underfunded LCSAs
- Provides additional funding for more difficult to collect assisted and former assisted cases

Negatives

- Affects less than 1/3 of LCSAs
- Additional funding does not guarantee improved customer service or performance

Demographics – Special Circumstances

Positives

- Provides a mechanism to uniquely fund targeted counties for special situations.

Negatives

- Could be viewed as arbitrary funding.
- Could be perceived as circumventing the model formula.

Moving Forward

Operationalizing a Model



Model Comparison

(Constructing)

Model 1

- Mathematically merges all the factors and then apportions out each counties part of the whole
- Emphasizing Weighted Collections and FTE to caseload ratios
- Stays true to the factors

Model 2

- Mathematically establishes a base, then modifies the base up or down based on additional factors
- Emphasizing Disparity in Costs and Allocation per case
- Gives some flexibility

Final Model

Not yet determined



What isn't In Model 1

- **Shared Services** – The cost for shared services should be accounted for separately.
 - Once done, this model takes the remaining balance allocation and spreads it out equitably based on these factors.
- **Weighted factors** – In this sample, all factors have different weight vs each other.
 - That doesn't have to be the case. BLOS could be weighted less and Disparity in Costs more. Weighted collections most of all or less. This decision depends on which factors we want to emphasize more.
 - This decision is based on the philosophy behind the model

Operationalizing a Model

- Glide path over time towards whatever model is chosen.
 - Percentage change over time
 - Event Horizon – even as you approach your goal, the factors change
- Discussions about shared services and increased funding for the program.
- Finalizing an EDP allocation methodology

Current Status

- Models under review
 - additional research with analysis proposed
- Workgroups established
 - shared services – efficiencies
 - funding framework – strategies & models
- Interim methodology

Questions?