

Date: 2/11/2009

Topic: OFS/BCFTA Information Update

BCFTA Information Update

The following information is intended to address some of the inquiries BCFTA has received from agencies concerning allocation balances, ceiling excess and the closeout process:

ALL AGENCY TYPES

FFY 2008 Federal Funding: Agencies with remaining unspent FFY 2008 federal grant allocation balances will be available to spend in the corresponding FFY 2009 federal grant allocation **only up to the amount** of the unspent FFY 2008 balance.

Any Ceiling excess for FFY 2008 federal grants will be considered a local obligation. Similarly, any ceiling excess for FFY 2009 over and above any unspent corresponding FFY 2008 balances will also be considered a local obligation.

PA AGENCIES

CRIS-e Work Allowance: The CRIS-e work allowance will be deducted directly from the TANF allocation on a quarterly basis.

Prior to SFY 2009, CRIS-e work allowances were recorded as expenditures against TANF. For SFY 2009 and thereafter, BCFTA will reduce an agency's TANF allocation every quarter by the work allowance amount reported in CRIS-e.

CRIS-e Work Allowance reports along with Mandated Share reports are distributed to counties monthly from the Office of Research, Assessment, and Accountability (ORAA).

BCFTA will notify counties of the work allowance adjustment which will also be reflected on final over/under reports for the quarter.

Food Stamp, Employment & Training (FSET): FSET budgets in CFIS consist of both FFY 2008 and FFY 2009 allocations. Current addendums and redistribution letters only lay out the FFY 2008 allocation amount, since the FFY 2009 FSET allocation budget just became available. Therefore, we will issue revised addendums and redistribution letters for the FFY 2009 allocation amounts in the future.

Agencies that are either overdrawn or under-drawn will be reconciled and resolved in the July – December 2008 period closeout and/or manually adjusted by the State.

Income Maintenance (IM): FFY 2009 IM allocations were determined by subtracting the greater of FFY 2008 expenditures or draws from the total state fiscal year allocation.

Based on this methodology, an agency will either be overdrawn or under-drawn for FFY 2008. The following illustrates the impact of each scenario:

- The FFY 2009 IM allocation for agencies that are overdrawn for FFY 2008 (expenditures were less than draws) will appear to initially limit their ability to spend their entire SFY 2009 IM allocation.
- The FFY 2009 IM allocation for agencies that are under-drawn for FFY 2008 (expenditures were greater than draws) appear to initially limit their ability to draw their remaining FFY 2008 IM allocation balance.

Agencies that are either overdrawn or under-drawn will be reconciled and resolved in the July – December 2008 period closeout and/or manually adjusted by the State. Even though CFIS splits the state fiscal years into two federal fiscal year pots, agencies should treat the two pots as one SFY 2009 IM allocation. This means agencies will be able to draw and expend the entire allocation amount during SFY 2009.

Closeout Process: The closeout process for each quarter will work as follows:

- (1) Allocation over-advances will net against under-advances.
- (2) Following the netting of over and under advances, the agency will be:
 - Under-advanced – Cash will be disbursed.
 - Over-advanced – Agencies will receive a notification requesting future draws be adjusted accordingly.

The following are examples of how funding sources will be netted:

Example 1:

Agency is under advanced

Funding Source	Expenditures	Draws	Over/(Under)	Payment
TANF	100.00	110.00	(10.00)	(10.00)
SSO	20.00	10.00	10.00	10.00
Child Care	40.00	45.00	(5.00)	(5.00)
Federal Medicaid	50.00	30.00	20.00	20.00
IM Medicaid	50.00	30.00	20.00	20.00
Total	260.00	225.00	35.00	35.00

An agency will be issued cash totaling the amount of the under advancement.

Example 2:

Agency is over advanced

Funding Source	Expenditures	Draws	Over/(Under)	Redistribution/Letter Sent
TANF	100.00	80.00	20.00	0.00
SSO	20.00	30.00	(10.00)	(5.00)
Child Care	40.00	50.00	(10.00)	(5.00)
Federal Medicaid	50.00	60.00	(10.00)	(5.00)
IM Medicaid	50.00	60.00	(10.00)	(5.00)
Total	260.00	280.00	(20.00)	(20.00)

Under advanced funding source balances will be proportionately redistributed to over advanced funding sources to offset over advanced amounts. After the redistribution, a notification will be mailed to agencies requesting them to reduce future draws to bring them in line with expenditures.

The netting calculation will be reflected on the over/under report in the draw column and affect the over/under calculation. Additionally, receipts will affect the netting process in the same way as any other negative amount shown in the examples.

Furthermore, any cash distributed to agencies resulting from the quarterly close will be part of the cash on hand calculation for the quarter the cash is issued. For example:

After closing the July – December 2008 period in March 2009, an agency is under funded in TANF by \$100. ODJFS sends the underpayment to the agency as part of the last draw in March. This amount will be added to the amount drawn for TANF and will be part of the January – March 2009 quarter close.

Finally, if an agency has drawn down and spent their entire allocation by the time the closeout reconciliation is finalized, there is no affect on the netting process. However, if the agency has under-spent their allocation, the netting process will calculate a negative amount for that funding source and change the draw amount.

NOTE: Once the closeout process occurs, agencies will not have to adjust their records.

CHILD SUPPORT AGENCIES

State Match and OCS Incentive Match Reduction allocations: Draws that occurred through December 19, 2008 constitute the balance of the allocations for the following funding streams: FFY 2008 State Match; FFY 2008 OCS Incentive Match Reduction; and FFY 2009 OCS Incentive Match Reduction. These allocation balances combined with the FFY 2009 State Match balance comprise the recalculated FFY 2009 State Match allocation. The following illustrates the impact on agencies:

- The FFY 2009 State Match allocation for agencies whose FFY 2008 allocations are over-advanced will initially appear to limit their ability to expend their entire SFY 2009 State Match and OCS Incentive Match Reduction allocation.

- Agencies whose FFY 2008 allocations are under-advanced will appear to have a ceiling excess associated with their FFY 2008 allocations.

Agencies that are either overdrawn or under-drawn will be reconciled and resolved in the July – December 2008 period closeout and/or manually adjusted by the State.

For the purposes of over/under reporting and ceiling excess computations, FFY 2008 and 2009 State Match should be considered one SFY 2009 allocation. The same holds true for FFY 2008 and 2009 OCS Incentive Match Reduction allocations. This means agencies will be able to draw and expend the entire allocation amount during SFY 2009.

Also, due to the latest budget reductions, some agencies were over-drawn in state funds. To recover the funds, BCFTA increased federal draws up to the over drawn amount.

Please contact your ODJFS Fiscal Supervisor if you have any questions. Thank you.

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