

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
September 15, 2005
9:30 a.m.

To: Board of Supervisors

From: Department of Human Assistance

Subject: Report Back On Funding For Mather Community Campus Expansion

Contact: Joe Farrelly, Division Manager, 875-3667

BACKGROUND:

At the September 7, 2005, Final Budget Hearing your Board requested a report back regarding funding of the expansion of Mather Community Campus program for homeless families with children.

History of the Renovation of Residential Buildings

On June 4, 2002, your Board approved \$4.3 million in construction and permanent loan commitments for the rehabilitation of two mothballed residential buildings in the Mather Community Campus (MCC) to expand the program. On September 28, 2004, your Board authorized the Director of the Department of Human Assistance to enter into contract agreements with several providers of social services to implement services for the existing program, as well as for an additional 22 families to be served in the expansion. It was expected that the new buildings would be ready for occupancy and that the increased number of families would begin moving in January 2005.

Subsequently, due to delays in finishing the renovations, obtaining certificates of occupancy, and obtaining final approval from the federal Department of Housing and Urban Development (HUD) to incorporate the new buildings into the program, the buildings did not open until July, 2005.

Need for Social Services

As the largest provider of transitional housing in the county and possibly in the country, Mather Community Campus has successfully served a high-risk population with job training, employment, case management, transportation and other ancillary services for nearly 10 years. In 2000, the program was named one of 100 "Best of the Best" programs in the nation by HUD. The addition of 22 more families (75-100 additional persons) significantly increases the complexity of delivering high quality services while maintaining both the current high level of client outcomes and the safety and security of the program needed by participants and expected by neighbors in Rancho Cordova. In September 2004, your Board approved an array of social services contracts to accomplish

those dual goals. At that time, your Board also had an opportunity to review the projected contract amounts through September 2007.

Base Budget

In the proposed budget for FY 05-06, some but not all of the Mather expansion costs were defined as part of MCC's base budget, and other costs were defined as "growth." Therefore, the amounts DHA was able to request in the proposed budget fell short of the total amounts approved for contracts with the winning bidders of the Request for Proposal, and as described in the September 28, 2004, letter to your Board. In July 2005, DHA submitted an Additional Growth Request (AGR) to the County Executive Office, requesting this additional amount. That request was not approved as part of the County Executive's recommended enhancements. Given the significant funding challenges awaiting your Board in FY 06-07 and FY 07-08, DHA decided to try to identify alternative funding sources and to review the MCC funding pattern at mid-year and to request additional funds at that time, if necessary.

Recommendation from MCC Community Advisory Committee

At the final budget hearing on Wednesday September 7, 2005, Patricia Wilcox, the Chair of the Mather Community Campus Community Advisory Committee (CAC) testified in support of the need to increase the budget in order to fully implement the expansion your Board approved last fall. Created by your Board in 1993 in response to public concerns about the proposed Mather Community Campus, the CAC oversees all of the activities and expenditures at MCC and reports directly to your Board with advice and input regarding the operation of this program. The Committee has strongly supported the expansion of the Mather Campus since it was first proposed in 2002.

The CAC has been concerned about the funding level at Mather since they initially requested information about the first drafts of the proposed 2005-06 budget, because the proposed budget was not able to include all of the funding necessary to fully implement the expansion. During its meetings, the Community Advisory Committee articulated that it felt staffing levels at MCC were already bare bones and dangerously close to inadequate, and the CAC was deeply concerned about the impact on program quality and safety if the staffing levels were reduced any further.

DISCUSSION

DHA's intent in February and March of 2005 was to submit as much as possible of the pre-approved expansion costs as part of its base budget, and if necessary, to return to your Board to request the remainder of the funding as a growth request in final budget. The CAC has been supportive of that effort and has been closely monitoring the budget development.

Since the preparation and submission of proposed budget, in recognition of the County Executive's prediction of significant budget shortfalls for the next two fiscal years, DHA has made a concerted effort to maximize its existing revenues and to try to minimize its requests for county General Fund augmentation. When DHA's original submission of a growth request for \$371,000 to the County Executive Office to fully implement the expansion of Mather Community Campus was not prioritized and submitted as part of the

County Executive's proposals, DHA staff sought alternate means of funding the remaining balance. Rather than approach your Board with a disagreed item, DHA hoped that because of the delayed start of the expansion, with full occupancy not expected to be achieved until late October 2005, sufficient savings might be realized to cover the first year's operating costs with the amounts already allocated. DHA also reasoned that if it was unable to achieve the full amount in such savings, the Department, as a backup plan, would return to your Board later in the fiscal year to request your Board's permission to reallocate a portion of available CalWORKS/TANF Incentive funding.

A more recent and detailed analysis of expenditures to date shows an annualized shortfall of \$426,000. The updated enrollment status of new families into the new facilities at Mather indicates that, while the delayed opening may reduce the need by approximately \$55,000 of the cost, the remaining \$371,000 remains unidentified at this time. Furthermore, DHA is requesting to use county General Fund because CalWORKS/TANF Incentive is a non-recurring revenue source, and DHA recognizes that this funding gap at MCC will be a recurring need and requires an ongoing source of funding. If CalWORKS/TANF is used to fill the gap this year, the deficit would recur in subsequent fiscal years. Using CalWORKS money would also potentially affect staffing and caseload sizes for that program.

It has always been the intention of the Department to fully fund the MCC expansion. The key question is the timing of the request for additional funding. In light of the reaction of your Advisory Committee to the lack of funding, and out of respect to the commitments made to the community of Rancho Cordova in 1993 and the need to implement contracts immediately for the federal fiscal year beginning on October 1, DHA is requesting that your Board add the amount of \$371,000 of county General Fund to Mather Community Campus' base budget for FY 2005-06, so the program can expand, retain the quality and quantity of services which have historically led to successful participant outcomes, and maintain the level of safety and security for both program participants and neighbors.

Respectfully submitted,

BRUCE WAGSTAFF, Director
Department of Human Assistance

JR:

cc: County Executive