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TO: Martha Kern, Chair
Ways & Means Committee

THROUGH: Robert E. Guenzel
County Administrator

FROM: Gordon Burger, Budget

DATE: February 21, 2001

SUBJECT: Child Care Fund 2000 Budget Deficit

Board Action Requested:

It is requested that the Board of Commissioners approve the additional appropriation of an amount not to exceed \$350,000 to cover the deficit in the Child Care Fund within fiscal year 2000.

Background:

On November 30, 2000, a presentation was made to the Board of Commissioners concerning the Child Care Fund. The presentation provided a history of and general information about the Child Care Fund, as well as fiscal year 2000 financial information. At that time, it was projected that the Child Care Fund would end with a deficit of \$1,953,622, and that \$976,811 was reimbursable by the State of Michigan (based on September 30th year-to-date actual revenues and expenditures, and projections for the last quarter). The County portion was to be paid using the Child Care Fund balance that has accumulated over the past three years since the lifting of the State capped reimbursements, and also including reserves available within the Child Care Fund. This plan for handling the fiscal problems within the Child Care Fund was approved by the Board of Commissioners on December 6, 2000 by resolution 00-0284.

Discussion:

Now that preliminary year-end financial data is available for fiscal year 2000, it has been calculated that the use of fund balance and reserves is no longer sufficient to cover the Child Care Fund deficit. It is therefore needed for the Board of Commissioners to approve additional appropriation in order for the Child Care Fund to close fiscal year 2000 without a deficit. The reasons for the projections given in November not matching the year-end figures include an increase in Juvenile Court placement expenditures of over \$200,000. This increase in expenditures was somewhat offset by other expenditures ending the year with less than the value that had been projected. The other reason for the increase in the need for County funds is due to the calculation of eligible State reimbursements. The projections in November included a 50% State reimbursement for expenditures that were not eligible for State reimbursement through the Child Care Fund. This resulted in an increase in the County's portion of the deficit from what had been projected. The total estimated need in additional County funding as a result of these changes is approximately \$350,000. The exact figure will not be known until the completion of the year-end audit.

Impact on Human Resources:

There is no impact on Human Resources.

Impact on Budget:

There is a need for additional funding of up to \$350,000 in the Child Care Fund to cover the estimated deficit for fiscal year 2000. It is requested that this funding be allocated from the Delinquent Tax Revolving Fund.

The plan for handling financial matters for fiscal year 2001 that had been approved by the Board of Commissioners in resolution 00-0284 will be maintained. This includes a quarterly update to the Board of Commissioners surrounding financial matters and internal improvements that could affect the Child Care Fund expenditures. If it becomes apparent that additional funding is necessary during 2001, it will be requested during these quarterly updates.

Impact on Indirect Costs:

There is no impact on Indirect Costs.

Impact on Other County Departments or Outside Agencies:

None.

Conformity to County Policies:

A RESOLUTION APPROVING FUNDING IN THE AMOUNT OF \$350,000 TO COVER THE DEFICIT WITHIN THE CHILD CARE FUND FOR FISCAL YEAR 2000

WASHTENAW COUNTY BOARD OF COMMISSIONERS

March 7, 2001

WHEREAS, fiscal year 2000 brought significant changes to the fiscal needs of the Washtenaw County Child Care Fund; and

WHEREAS, these changes center around the increase in the number of youth in out-of-home placements and an increase in the length of time the youth are kept in placement; and

WHEREAS, resolution 00-0284 outlined a plan for handling the projected deficit within the Child Care Fund in fiscal year 2000 that included the use of Child Care Fund balance and reserves; and

WHEREAS, several factors have resulted in the previous projections not matching the year-end estimates including an increase in the Juvenile Court out-of-home placements by \$200,000 and over-estimating the State reimbursements based on eligible expenses; and

WHEREAS, these changes have resulted in the need for additional funding in the amount of approximately \$350,000, in addition to the use of Child Care Fund balance and reserves, in order for the Child Care Fund to not end fiscal year 2000 with a deficit; and

WHEREAS, it is requested that this funding be allocated from the Delinquent Tax Revolving Fund; and

WHEREAS, any signs of fiscal problems during 2001 will be addressed to the Board of Commissioners during quarterly updates; and

WHEREAS, this matter has been reviewed by the County's Administrator's Office, the Finance Office, Human Resources, Corporation Counsel, and the Ways & Means Committee.

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners hereby approves the funding in the amount of \$350,000 to the Child Care Fund for fiscal year 2000 from the Delinquent Tax Revolving Fund.