

TO: Juvenile Welfare Board Members

FROM: James E. Mills, Executive Director
Lisa A. Sahulka, Director, Programs & Finance

Requested Action

The Juvenile Welfare Board is asked to approve parameters by which the FY 03-04 budget will be developed. The establishment of budget parameters at the onset of the process by the Board provides staff with direction and targets for budget preparation.

Options

1. Approve the staff recommended budget parameters.
2. Adopt additional parameters.
3. Adopt no parameters.
4. Any other action the Board deems appropriate.

Recommended Action

- 1.a. Direct that the FY 03-04 budget be developed at the FY 02-03 tax rate -- .8117 mills.
- b. Direct that if additional revenues are generated as a result of an increase in the property valuation, a portion of those funds be allocated as follows:
 1. A Cost of Living Adjustment (COLA) to existing JWB continuation funded providers not to exceed 1.6%.
 2. New and Expanded RFP for Strategic Plan focused strategies to be identified by the Board.
- c. Direct that absent a compelling reason for change, measurable objectives be maintained for three years.
- d. Maintain the Board approved FY 02-03 cash forward amount with a target of no more than \$1.7M in budgeted expenditures.
- e. Reduce the JWB approved administrative cost rate cap to 17%.
- f. Continue the adjusted Administrative Cost Rate parameter for JWB Administration for FY 03-04 at a target of 8.5% with a cap of 9%.
- g. Continue budget categories with simplified presentation.

Source of JWB Funds

All projected revenues and proposed expenditures will be identified in the Proposed

Fiscal Impact

This action will guide the preparation of the Proposed Administrative and Program Budget for the FY 03-04 tax levy.

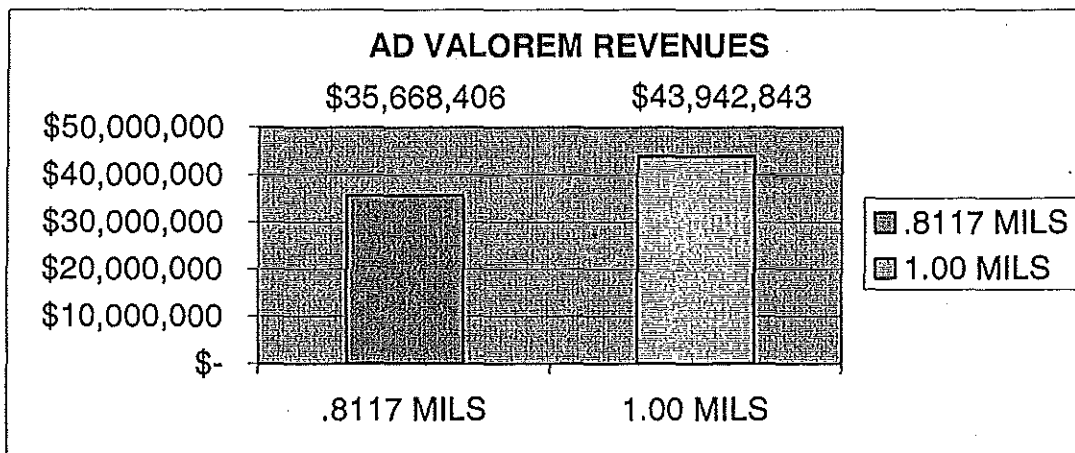
Narrative

Staff will prepare a draft budget, which will be presented to the Board at the June meeting and reviewed at the June 19, 2003 budget workshop (5:30 pm). The Board must adopt a budget at the July 10, 2003 meeting in order to return the proposed millage rate to the Property Appraiser, which has a mandated submission date of July 25, 2003.

A Board Budget Committee has been formed, which met on March 28th and will meet an additional two times prior to the June meeting. The purpose of the Budget Committee is to promote effective stewardship of public funds. The Budget Committee's role is to review the budget document and fiscal practices and in concert with staff, recommend to the Board a budget that addresses the Strategic Plan priorities of JWB.

RECOMMENDATION 1a - TAX RATE

Staff will use the Board's target on the millage rate to construct the ad valorem budget. This decision will impact the scope of funding for cost of living adjustments for the funded agencies and new funding cycles. Staff recommends maintaining the millage rate of .8117, which was established in FY 95-96. Currently, it is anticipated that the property valuation for Pinellas County will increase modestly for FY 03-04. The rate of increase has been approximately 6% over the past six (6) fiscal years. A 6% increase in FY 03-04 would generate approximately \$2M in added resources. The JWB millage rate has a cap of 1.00 mils, increasing to the full rate would generate approximately \$8M in additional revenues based on last year's property valuation.



As a reference, at .8117 mils, a home with an assessed value of \$125,000 and a \$25,000 homestead exemption would pay \$81 in JWB ad valorem revenue.

RECOMMENDATION 1b – BUDGETING REVENUES GENERATED FROM THE STRATEGIC PLAN UPDATE AND THE INCREASE IN AD VALOREM REVENUES

Sources for funding the Strategic Plan's emphasis on young families and middle school at-risk youth

To fund this plan JWB will consider the following funding sources:

1. Re-allocation of funds identified through efficiency and effectiveness reviews.
2. Ad valorem tax base growth.
3. Unutilized ad valorem taxing authority.
4. Differential application of the Cost of Living Adjustment (COLA).
5. Explore potential for revenue maximization efforts.

The Strategic Plan update may generate approximately \$402,811 through elimination of funded continuation programs. These funds in addition to new ad valorem revenues would be available for implementation of Strategies #2 and #3 as identified in the Board's Strategic Plan through a Request For Proposals (RFP) process.

Cost Of Living Adjustment (COLA)

Currently 132 programs receive continuation or capacity building funding in the amount of \$30M. Approval of staff's recommendation on Strategy #2 and #3 in the Strategic Plan update will result in a reduction of funded programs through consolidated, combined and eliminated programs. The Board has traditionally allocated an annual adjustment each year for continuation-funded programs. The cost of this increased allocation was \$570,000 last year. For FY 03-04, if there is available revenue generated as a result of an increase over the projected property valuation, it is recommended that a portion of those funds be identified and allocated to programs as an adjustment for the increased cost of doing business. Specific funding levels will be reviewed on an agency-by-agency basis. The Board Budget Committee recommended that the Cost of Living Adjustment (COLA) percentage not exceed the Consumer Price Index rate for 2002 of 1.6%.

Agencies with a 7% lapse in funding over each of three fiscal years would not receive increases as per Board policy and will be scrutinized as to the appropriateness of their current funding level. Staff may develop parameters for the allocation of COLAs on an agency by agency basis.

RECOMMENDATION 1c - MEASURABLE OBJECTIVES

- ◆ Based on Board direction in the Strategic Plan, staff renegotiated all measurable objectives in FY 01-02 and FY02-03 to reflect identified community goals (responsible sexuality, and decreases in substance abuse and violence) and to assure consistency with the Results Management System.
- ◆ Staff is recommending minimal changes to program measurable objectives, because continuous renegotiation has made outcome measurements highly difficult to evaluate. Former objective statements also resulted in very low numbers of participants being measured and the newly implemented objectives have been revised to correct that concern. This action is binding on both staff and agencies, both of which have contributed to this issue.

It is recommended that measurable objectives not be renegotiated for a period of three years unless they meet one of the following criteria:

1. A substantial change in the program's methodology occurs that makes an existing objective inappropriate;
2. The scale proves inappropriate for the population or is not measuring what it was intended to measure;
3. External data sources used to measure the objective become unavailable or difficult to obtain;
4. Collecting the data as originally planned becomes more time consuming and disruptive to service delivery than anticipated;
5. The program is currently in a planning, capacity building, or pilot phase (i.e., they are not currently receiving continuation funding). The objectives for these programs are designed to change on a continuing basis as the program develops (e.g., Neighborhood Family Centers); or
6. JWB staff and program staff mutually determine that a change is required.

RECOMMENDATION 1d – MAINTAIN CASH FORWARD AT \$1.7M.

- ◆ "Cash forward" dollars are removed from the JWB designated fund balance at the beginning of each fiscal year and their use is projected to balance the budget. This recommendation is premised on the anticipation that the lapse in the contracts will approximately equal cash forward and thus the fund balance would not be depleted. Last year, staff was within \$2,000 of this target. "Cash forward" dollars are used for research projects, out-of-cycle funding requests, the Middle School-Aged Summer Scholarship (partially) and Equipment and Renovation and Technology Implementation which do not incur ongoing obligations. The cash forward amount has ranged from \$1.3M in FY 93-94 to \$1.9M budgeted (plus the \$3.6M in board designated reserve) in FY 02-03.
- ◆ Staff recommend targeting no further reduction in the fund balance for the following reasons:
 1. No ad valorem revenues are received in October and November, and sufficient funds must be available to reimburse the funded agencies during this period.
 2. Maintenance of the Board's Mandatory Reserve as set by Board policy.

RECOMMENDATION 1e – REDUCE THE JWB ADMINISTRATIVE COST RATE CAP

The Board Budget Committee recommended that the cap for the amount agencies may charge JWB for administrative cost be reduced from the current 20% rate to 17%. The majority of agencies have administrative cost under 17%.

RECOMMENDATION 1f - ADJUSTED ADMINISTRATIVE COST RATE

- ◆ Board policy establishes a 9% administrative cost rate for the JWB administrative budget and a cap of no more than 20% for funded agencies. Since FY 94-95 the adjusted Administrative Cost rate for the administration budget has remained below 9% and steadily declined to 7.99% in FY 02-03. This rate is calculated by removing activities not directly related to the administrative functions of JWB (Training Center,

Contracts and Grants and support services provided to the Pinellas County License Board, Coordinated Child Care and Marriage & Family Center). The Administrative Cost history is presented in Attachment B. Staff will target an 8.25 to 8.5% maximum administrative cost rate for FY 03-04. Potential issues that may impact the rate include a larger than average increase in health insurance costs complicated by major claims and a projected increase in the contribution rate to the Florida Retirement System.

RECOMMENDATION 1g- Simplify the budget categories

The Board Budget Committee agreed with the staff recommendation to simplify the FY 02-03 budget categories. The following changes were proposed at the committee meeting:

Simplified Budget Categories

Administration Now	Administration Suggested
	Program
1. Continuation	I. Continuation (Identify non ASSETED programs)
Capacity Building Allocated & Unallocated	II. Capacity Building & Maintenance
Program Contingency	a. Program Contingency
Equipment & Renovation	b. Equipment & Renovation
Merger & Consolidation	c. Merger & Consolidation
Technology	d. Technology
Research Allocated & Unallocated	e. Research & Evaluation
MSASS	f. MSASS
New and Expanded	III. New and Expanded & Additional If Needed
Community Contingency	IV. Community Contingency
Program Accountability	a. Allocated
	b. Unallocated
Non Operating	V. Non Operating
County Fees	a. County Fees
	b. Reserve
Board Emergency	i. Board Emergency
AL/SL (annual/sick leave)	ii. Reserves
Unemployment Compensation	1. AL/SL (annual/sick leave)
	2. Unemployment Compensation
	3. Additional If Needed

BACKGROUND

TRUTH IN MILLAGE (TRIM) PROCESS

- ◆ In 1980, the legislature passed the "Truth-in-Millage" (TRIM) act. This law is designed to inform taxpayers which governmental entity is responsible for the taxes levied and the amount of tax liability owed to each taxing entity. The Notice of Proposed Property Taxes is known as the TRIM notice.
- ◆ TRIM mandates the statutory requirements that all taxing authorities levying a millage must follow, including all notices and budget hearing requirements.
- ◆ The Notice of Proposed Property Taxes (TRIM notice) enables the taxpayer to compare the prior year assessed value and taxes with the present year assessed value and proposed taxes. It also lets taxpayers compare the amount of taxes if there is no budget change for the upcoming year (roll back rate). The notice lists the date, time, and location of all budget hearings at which the taxing authorities will hear from the public. At these hearings, the taxing authorities establish the millage to be levied against the parcel of land shown on the TRIM notice. The notice also shows the deadline for filing a petition to protest the assessment and any denial of exemption.
- ◆ The millage and budget hearing procedures are monitored by the Department of Revenue. This ensures taxpayer awareness of the proposed millage changes, the proposed budget changes, and, if any, the percent of change from the rolled-back rate. Rolled-back rate is defined as that millage rate on the new valuation which would provide the same ad valorem tax revenue for each taxing authority as was levied during the previous year.
- ◆ Non-compliance by the taxing authority could result in the loss of revenue.

The FY 03-04 schedule for the TRIM process is as follows:

March 28, 2003	Budget Committee meeting
May 14, 2003	Budget Committee meeting
May 20, 2003	Estimate of Taxable Values
June 3, 2003	Budget Committee meeting
June 12, 2003	JWB Budget presented to Board
June 19, 2003	JWB Budget Workshop
June 24, 2003	Preliminary Taxable Values
July 10, 2003	Board takes action on Budget
July 25, 2003	Mandatory submission of proposed millage. (The JWB's millage rate has not been increased since FY 95-96. The millage cap or the maximum millage allowed by law for the JWB is 1.00 mil.)
August 15, 2003	TRIM notices mailed
August 28-September 22, 2003	Hold public hearing for tentative millage
Within 5 days of the first hearing	Mandatory Advertisement of intent to adopt a millage rate and budget

September 4 – September 29, 2003 (not less than 2 days or more than 5 days after the ad)	Hold public hearing for final millage
3 days after the final hearing	Mandatory submission of the final millage rate is forwarded to the Property Appraiser and the Tax Collector
Within 30 days of the final hearing	Mandatory certification of compliance with Chapter 200, F.S, to the Dept. of Revenue
November 1	Tax bills mailed

- ◆ A taxonomy of relevant terms is contained in Attachment A.

GENERAL TERMS

FUND BALANCE DOLLARS – Those resources representing unspent dollars from previous years.

CASH FORWARD – Fund balance dollars budgeted for the current fiscal year. These dollars are usually committed only for non-recurring activities.

BOARD DESIGNATED – Fund balance dollars committed for future program funding.

AD VALOREM OR ONGOING DOLLARS – Dollars acquired through the levy of property taxes in accordance with Florida statutes. Those resources generated by the annual tax levy. These dollars are committed to continuing or multi-year activities on a three-year basis pending successful completion of an ASSET review.

REQUEST FOR PROPOSALS – A notification to all service providers of a product or service to bid on the right to supply that product or service to the individual or entity that issued the RFP.

INTERGOVERNMENTAL TRANSFERS – Those resources representing funds received from or transmitted to governmental entities for program services.

MISCELLANEOUS REVENUE – Those resources representing funds received from interest earnings or other funders.

FUNDING CATEGORIES

Ad Valorem – (ONGOING) These resources are committed to continuing or multi-year activities on a three-year basis pending successful completion of an ASSET review.

STRATEGIC PLAN IMPLEMENTATION (Also called New & Expanded Funding) (Established 1984-85) A competitive funding category utilized for the initiation of new programs or expansion of existing programs. These programs receive funding for up to three years and will be recommended to the Board for ongoing funding based on the following criteria:

- a. Meeting negotiated minimum service levels, measurable objectives, and the general conditions of their contract.
- b. Successful completion of ASSET.

CONTINUATION FUNDING – Funding category for ongoing programs funded by the Juvenile Welfare Board. These programs first enter the funding process through the New and Expanded process. Those programs, which meet minimum service levels, measurable objectives, the general conditions of their contract and successfully complete ASSET are recommended to the Board for ongoing funding.

NEIGHBORHOOD FAMILY CENTER - A neighborhood family center is a place in a neighborhood where families come together to meet each other, have fun together, learn together, and support each other. Everyone in the neighborhood is welcome, and the centers make a special effort to involve young families and families with very young children. Governed by members of its community each center is unique, drawing from the strengths and resources that exist in the community and responsive to needs as they arise. Each center offers a variety of outreach; family literacy; child development activities; community meetings and activities; services; employment-related activities; and childcare for parents while they are participating in center activities.

Neighborhood Family Centers were initiated in response to a Pinellas County voter referendum passed in 1990. Eleven Neighborhood Family Centers are currently funded by JWB.

PROGRAM ACCOUNTABILITY - Funds available to assist Continuation Funded programs in SAMIS data collection and preparing for ASSET. This funding will be available through a competitive RFP process for ongoing funding needs such as technical capacity, data entry capability and consultant services.

TIME LIMITED – (Cash Forward) These dollars are usually committed only for non-recurring activities.

EQUIPMENT AND RENOVATION – Annual competitive funding cycle utilized to assist child serving agencies (funded and unfunded) in acquiring equipment or making renovations having a cost of \$500 or more with a useful life of one year or more.

OUT-OF-CYCLE FUNDING – From time to time throughout the year, situations may arise which require consideration outside normal funding cycles. Resources are budgeted in three funds:

- a. Community Contingency
- b. Merger and Consolidation
- c. Program Contingency

COMMUNITY CONTINGENCY FUNDING (Established 1984-85) Funding category utilized to cover expenses related to either termination of existing contracts or initiation of Board approved related activities. (Time limited funding confined to up to three fiscal years.)

MERGER AND CONSOLIDATION FUNDS – to assist child-serving agencies in program consolidation, program transfers, or corporate mergers through the payment of expenses directly related to such activities.

PROGRAM CONTINGENCY: Allocations from Contingency Funds shall be made only to current programs which experience an unforeseen financial emergency which can be expected to seriously impair the effectiveness of the program if not relieved.

RESEARCH ALLOCATED/UNALLOCATED – Allocated funding projects are those that the Board approved during the budgeting process for multi-year projects (i.e., 3-year mentoring demonstration projects, Healthy Families Evaluation). Once Board approved, the vendor remains the same and there is not a competitive bidding process. Unallocated funding is awarded on a competitive basis as part of a funding cycle or an individual need basis.

ADMINISTRATIVE COST (BUDGETED) HISTORY

FY 82-83 - FY 02-03

	TOTAL EXPENDITURE	ADMINISTRATIVE BUDGET	ADJUSTED RATE TOTAL BUDGET
2002-03	\$42,823,852	\$5,131,862	7.99%
2001-02	\$38,920,619	\$4,995,047	8.47%
2000-01	\$36,192,087	\$4,611,796	8.74%
1999-00	\$32,959,465	\$3,936,680	8.78%
1998-99	\$31,683,396	\$3,969,131	8.68%
1997-98	\$30,203,797	\$3,765,460	8.87%
1996-97	\$27,751,640	\$3,500,073	8.95%
1995-96	\$27,304,702	\$3,101,375	8.85%
1994-95	\$25,812,990	\$2,979,509	8.85%
1993-94	\$22,380,517	\$2,650,325	9.56%
1992-93	\$19,757,732	\$2,340,159	9.51%
1991-92	\$18,942,632	\$2,231,794	9.38%
1990-91	\$21,257,520	\$1,969,432	7.26%
1989-90	\$19,528,266	\$1,789,587	7.24%
1988-89	\$15,735,109	\$1,616,744	8.06%
1987-88	\$14,800,746	\$1,519,845	7.79%
1986-87	\$13,170,439	\$1,206,084	7.28%
1985-86	\$11,518,470	\$1,121,752	7.74%
1984-85	\$10,262,626	\$1,049,180	8.16%
1983-84	\$9,368,320	\$982,184	8.72%
1982-83	\$8,244,043	\$911,159	9.17%
JWB ADJUSTED ADMINISTRATIVE COST RATE			
TOTAL ADMINISTRATION BUDGET			\$5,131,862
LESS CONTRACTS AND GRANTS			-\$1,102,090
LESS FINANCE/AST SALARIES			-\$24,533
5%			
LESS TRAINING CENTER			-\$585,474
ADJUSTED ADMINISTRATIVE BUDGET			\$3,419,765
TOTAL BUDGET			\$42,823,852
ADJUSTED RATE TOTAL BUDGET			7.99%