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| LOCAL COMMISSIONERS MEMORANDUM |
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DSS-4037EL (Rev. 9/89)

Transmittal No: 91 LCM-65

Date: April 18, 1991

Division: Administration

TO: Local District Commissioners

SUBJECT: Potential Impact of the Governor's Budget Proposal on
Services Reimbursement

ATTACHMENTS: Attachment I (Available on-line)

This memorandum is to summarize the funding implications of the proposals in the Governor's 1991-2 Budget concerning Services Programs.

Proposed Executive Budget provisions include:

1. The elimination of the State match for Title XX. This means that the various shifts take effect after the last Federal dollar in your local district's allocation is claimed. A local match of 25% would not be required to receive the federal funding. This provision would be effective retroactively to October 1, 1990.
2. Recalculation of each district's maintenance of effort level for Preventive Services at 24% of its Federal Title XX allocation. This provision would be effective October 1, 1990.
3. Limiting State reimbursement for Welfare Reform Transitional Day Care to 50% State share after deducting any Federal Reimbursement. This provision would be effective April 1, 1991.

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4. Maintaining the Low Income Day Care State appropriation at the same level as last year, but requiring this funding to be used to provide the State share of a new Federal program under Title IV-A referred to as "Families At Risk-Day Care." This provision would be effective October 1, 1990 and applies to the SFY 90-91 low income appropriation/allocations as well, to the extent that local districts can identify children in families who meet the IV-A at risk definition. Local match for both programs is 12½%. The federal program match must be CASH.
5. State reimbursement would not be made available for cost of living increases effective after July 15, 1990. This provision would apply to foster care rates, purchase of service contracts for services such as protective and preventive services as well as the district's own salary costs. If, however, the social services district negotiated foster care rate increases after July 15, 1990, but those increases were related to the increases in the Maximum State Aid Rates (MSAR) issued for the period starting July 1, 1990, those increases would be reimbursable. There would be no State reimbursement allowed for a second rate increase for that period, however, even if the first negotiated rate was under the MSAR and the second merely brought the foster care rates up to the State maximum.

If you decide to change your expenditure pattern in Title XX in anticipation of an increase in the Preventive Services M.O.E. and the elimination of the State match, you might consider cutting spending in other Title XX services.

Please be aware that there will be two Federal Day Care initiatives (Title IV-A Families At Risk Day Care and the Child Care and Development Block Grant) that will be implemented this calendar year which have the requirement that these new day care funds cannot be used to supplant existing funding streams. In effect, a day care maintenance of effort would exist to access these Federal funds. More information will be released to you on these Federal programs once the Federal regulations are promulgated.

When deciding to modify your expenditure plans, please keep in mind that certain services are mandatory. The services that are mandatory without regard to the client's income are:

- * Adoption,
- * Information and Referral,
- * Preventive Services for Children,
- * Protective Services for Children, and
- * Protective Services for Adults.

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There are also services which are mandated to all clients whose incomes fall within State specified limits. These are:

- * Foster Care for Children,
- * Residential Placement Services for Adults, and
- * Unmarried Parent Services.

The following services are optional:

- * Educational Services,
- * Employment Services,
- * Preventive Services for Adults,
- * Services to Victims of Domestic Violence, and
- * Transportation Services.

You should analyze your SSRR (RMS in New York City) percentages to ensure that your workers are recording their time accurately. These percentages are used to allocate Services administrative costs on the Schedule D-2 Allocation for Claiming of General Services Expenditures DSS-2347-B, and as a result, could significantly impact your reimbursement if workers are not recording their time properly.

To portray the way the changes in Title XX reimbursement would play out, we have included as Attachment I an example of how the Federal, State, and Local shares would be calculated under the existing funding provisions as well as the proposed changes.

Any fiscal questions you may have concerning this memorandum should be directed to:

Upstate Office at 1-800-342-3715, extension 4-7549, or
Marvin Gold--Metropolitan Office at (212) 804-1108.

Any programmatic questions should be directed to the representative in your Services Regional Office. The representatives are:

Linda Brown--Buffalo Regional Office at (716) 847-3145,
Linda Kurtz--Rochester Regional Office at (716) 238-8201,
Jack Klump--Syracuse Regional Office at (315) 428-3234,
John O'Connor--Albany Regional Office at (518) 432-2763,
Fred Cantlo--Metropolitan Regional Office at (212) 804-1198.

Richard Radzynski
Director
Local Financial Operations
Office of Financial Operations

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The examples portrayed on the next few pages demonstrates the difference in State reimbursement resulting from the funding changes contained in the Governor's Budget proposal. As an aid in understanding the calculations, the following paragraphs briefly summarize the shifts in order of their priority in the year end analysis. A more detailed description is contained in Chapter 8, Vol. I of the Fiscal Reference Manual especially of the various maintenance of effort expenditure levels. Please remember that these shifts are considered only for costs that exceed the Title XX ceiling for that district.

Mandated Preventive Services Shift

If a district meets its Child Protective Maintenance of Effort (MOE) Expenditure level and the district meets its Preventive Maintenance of Effort level, then 75% State reimbursement would be available for the Mandated Preventive Services that exceed the Title XX MOE. If the Child Protective MOE is not met, then mandated preventive services will be used to make up the deficiency and will be reimbursed at the reimbursement rate of 50%.

Adoption Services Administrative Costs

The State reimburses the locals at 75% State share for adoption services administrative costs not reimbursed under Title XX. There is no MOE for this category. For those adoption services that were funded under Title XX under the existing claiming procedures, additional State reimbursement is calculated to bring the State share up to 75% after Federal reimbursement. Under the proposed rules, the costs under the Title XX ceiling would be fully funded out of Federal funds which would eliminate the state share.

Child Protective Pre-Determination and Post Determination

Child Protective Services are categorized into two classifications, Pre-determination and post-determination. A social services district can apply for 75% State reimbursement for either or both classifications if the district complies with certain programmatic requirements. This reimbursement is available if the district exceeds its Pre-Determination MOE and/or its Post-Determination MOE.

Adult and Child Protective at 50% State Share

There is also reimbursement available for Adult Protective and Child Protective Services at the 50% level. There is no MOE requirement for the Adult Services. The 50% State share for the Child Protective costs that are under the Pre-Determination and Post-Determination MOE levels, but in excess of the Title XX Allocation and the calculations Preventive and Adoption shifts.

Non IV-E Foster Care

All foster care administrative costs related to non-IV-E eligible children (not eligible for Federal reimbursement) would be reimbursed at 50% State share.

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Non-Mandated Preventive Services

If there still remains an overclaim balance then there is 50% State reimbursement for non-mandated (optional) preventive services in excess of the Title XX MOE. Please remember that mandated and non-mandated preventive services are added together to determine whether the Title XX MOE has been met.

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County X Example
Funding Under Existing Reimbursement Rules

	Gross Expenditures	Shares		
		Federal	State	Local
Title XX Allocation	\$276,482	\$207,362	\$34,560	\$34,560
Total claimed	<u>(543,297)</u>	<u>(407,473)</u>	<u>(67,912)</u>	<u>(67,912)</u>
Amount overclaimed	(\$266,815)	(\$200,111)	(\$33,352)	(\$33,352)
Reallocation of Un- spent Funds from other districts	<u>541</u>	<u>405</u>	<u>68</u>	<u>68</u>
Net overclaim	(\$266,274)	(\$199,706)	(\$33,284)	(\$33,284)
Adjustment to Local Share for Amount Over- claimed	<u>-0-</u>	<u>199,706</u>	<u>33,284</u>	<u>(232,990)</u>
Local Share of over- claim before any shift involving State reimbursement	<u>(\$266,274)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>(\$266,274)</u>

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County X Example (continued)
Shifts of Overclaim Under Existing Reimbursement Rules

	Comparison of Expenditures To MOE Amount	Total Amount Available for Shift	Adjustments	
			Additional State Share	Local Share
Overclaim from page 1.		\$266,274		\$266,274
Mandated Preventive:				
From Schedule G	\$ 3,152			
From Schedule D-2	<u>16,727</u>			
Total mandated preventive services	\$ 19,879			
Plus:				
Sched. G non-mandated	11,342			
Sched. D-2 non-mandated	<u>48,625</u>			
Total Prev. Svcs.	\$ 79,846			
Less: Preventive MOE	<u>(25,168)</u>			
Prev. Svcs over MOE	<u>\$ 54,678</u>			
Total Preventive Svcs.	\$ 79,846			
Less: Title XX MOE	<u>(18,721)</u>			
Excess over MOE	<u>\$ 61,125</u>			
Adjustment for mandated svcs. (Child Prot. MOE met)		<u>(19,879)</u>	\$ 14,909	<u>(14,909)</u>
Subtotal		\$246,395	\$ 14,909	\$251,365
Adjustment for adoption expenditures @ 75%		<u>(7,391)</u>	5,543	<u>(5,543)</u>
Subtotal		\$239,004	\$ 20,452	\$245,822
Child Protect. Pre-Det.				
From Schedule G	\$ -0-			
From Schedule D-2	<u>97,679</u>			
Total Pre-Deter.	\$ 97,679			
Less: Pre-Det. MOE	<u>(29,652)</u>			
Pre-Det. over MOE	<u>\$ 68,027</u>			
Adj. for Pre-Det. over the MOE @ 75% State		<u>(68,027)</u>	51,020	<u>(51,020)</u>
Subtotal		\$170,977	\$ 71,472	\$194,802

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County X Example (continued)
Shifts of Overclaim Under Existing Reimbursement Rules

	Comparison of Expenditures To MOE Amount	Total Amount Available for Shift	Adjustments	
			Additional State Share	Local Share
Child Protect. Post-Det.				
From Schedule G	\$ 400			
From Schedule D-2	<u>41,386</u>			
Total Post-Det.	\$ 41,786			
Less: Post-Det. MOE	<u>(34,841)</u>			
Post-Det. over MOE	\$ 6,945			
Adj. for Post-Det. @ 75% State share		<u>(6,945)</u>	<u>5,209</u>	<u>(5,209)</u>
Subtotal		<u>\$164,032</u>	<u>\$ 76,681</u>	<u>\$189,593</u>
Total child protect.	\$139,465			
Less: Child prot. MOE	<u>(20,544)</u>			
Child Prot. over MOE	<u>\$118,921</u>			
Adult Prot. Svcs.				
From Sched. G	\$ 715			
From Sched D-2	<u>47,000</u>			
Total Adult Prot.	\$ 47,715			
Total Child Prot.	<u>139,465</u>			
Total Prot. Svcs.	\$187,180			
Less:				
Pre-Det. over MOE	(68,027)			
Post-Det. over MOE	<u>(6,945)</u>			
Prot.Svcs. @ 50% share	<u>\$112,208</u>			
Adjust. for Prot.Svcs		<u>(112,208)</u>	<u>56,104</u>	<u>(56,104)</u>
Subtotal		<u>\$ 51,824</u>	<u>\$132,785</u>	<u>\$133,489</u>
Non IV-E Foster Care				
From Sched. D-2 @ 50% State share		<u>(20,578)</u>	<u>10,289</u>	<u>(10,289)</u>
Subtotal		<u>\$ 31,246</u>	<u>\$143,074</u>	<u>\$123,200</u>
Non-mandated Prev.	59,967			
Title XX MOE	<u>18,721</u>			
Excess over MOE	<u>41,246</u>			
Adjustment for non-mandated @ 50% State sh.		<u>(41,246)</u>	<u>20,623</u>	<u>(20,623)</u>
Total		<u>\$ -0-</u>	<u>\$163,697</u>	<u>\$102,577</u>

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County X Example (continued)
Funding Under Existing Reimbursement Rules
Recap of Shares After Adjustments

	Total Costs	Shares		
		Federal	State	Local
Costs under Title XX	\$276,482	\$207,362	\$ 34,560	\$ 34,560
Additional Title XX from reallocation	541	405	68	68
Costs in excess of ceiling (with shifts)	<u>266,274</u>	<u>-0-</u>	<u>163,697</u>	<u>102,577</u>
Grand Total	<u>\$543,297</u>	<u>\$207,767</u>	<u>\$198,325</u>	<u>\$137,205</u>

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County X Example (continued)
Funding Under Proposed Reimbursement Rules

	Gross Expenditures	Shares		
		Federal	State	Local
Title XX Allocation	\$ 207,362	\$207,362	\$ -0-	\$ -0-
Less:Total Claimed	<u>(543,297)</u>	<u>(543,297)</u>	<u>-0-</u>	<u>-0-</u>
Amount overclaimed	(\$335,935)	(\$335,935)	-0-	-0-
Reallocation of Un- spent Funds from other districts	<u>405</u>	<u>405</u>	<u>-0-</u>	<u>-0-</u>
Net overclaim	(\$335,530)	(\$335,530)	-0-	-0-
Adjustment to Local Share for Amount Over- claimed	<u>-0-</u>	<u>335,530</u>	<u>-0-</u>	<u>(335,530)</u>
Local Share of over- claim before any shift involving State reimbursement.	<u>(\$335,530)</u>	<u>-</u>	<u>-</u>	<u>(\$335,530)</u>

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County X Example (continued)
Shifts of Overclaim Under Proposed Reimbursement Rules

	Comparison of Expenditures To MOE Amount	Total Amount Available for Shift	Adjustments	
			Additional State Share	Local Share
Overclaim from page 5.		\$335,530		\$335,530
Mandated Preventive:				
From Schedule G	\$ 3,152			
From Schedule D-2	<u>16,727</u>			
Total mandated preventive services	\$ 19,879			
Plus:				
Sched. G non-mandated	11,342			
Sched. D-2 non-mandated	<u>48,625</u>			
Total Prev. Svcs.	\$ 79,846			
Less: Title XX MOE	<u>(49,767)</u>			
Prev. Svcs over MOE	<u>\$ 30,079</u>			
Adjustment for mandated svcs. (Child Prot. MOE met)		<u>(19,879)</u>	\$ 14,909	<u>(14,909)</u>
Subtotal		\$315,651	\$ 14,909	\$320,621
Adjustment for adoption expenditures @ 75%		<u>(7,391)</u>	5,543	<u>(5,543)</u>
Subtotal		\$308,260	\$ 20,452	\$315,078
Child Protect. Pre-Det.				
From Schedule G	\$ -0-			
From Schedule D-2	<u>97,679</u>			
Total Pre-Deter.	\$ 97,679			
Less Pre-Deter. MOE	<u>(29,652)</u>			
Pre-Deter. over MOE	<u>\$ 68,027</u>			
Adj. for Pre-Det. over the MOE @ 75% State		<u>(68,027)</u>	51,020	<u>(51,020)</u>
Subtotal		\$240,233	\$ 71,472	\$264,058
Child Protect. Post-Det.				
From Schedule G	\$ 400			
From Schedule D-2	<u>41,386</u>			
Total Post-Determ.	\$ 41,786			
Post-Determ. MOE	<u>(34,841)</u>			
Post-Determ. over MOE	<u>\$ 6,945</u>			
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County X Example (continued)
Shifts of Overclaim Under Proposed Reimbursement Rules

	Comparison of Expenditures To MOE Amount	Total Amount Available for Shift	Adjustments	
			Additional State Share	Local Share
Adj. for Post-Determ. @ 75% State share		<u>(6,945)</u>	<u>5,209</u>	<u>(5,209)</u>
Subtotal		<u>\$233,288</u>	<u>\$ 76,681</u>	<u>\$258,849</u>
Total child protect.	\$139,465			
Less: Child prot. MOE	<u>(20,544)</u>			
Child Prot. over MOE	<u>\$118,921</u>			
Adult Prot. Svcs.				
From Sched. G	\$ 715			
From Sched D-2	<u>47,000</u>			
Total Adult Prot.	<u>\$ 47,715</u>			
Total Child Prot.	<u>139,465</u>			
Total Prot. Svcs.	<u>\$187,180</u>			
Less: Pre-Det. @ 75%	(68,027)			
Post-Det.@ 75%	<u>(6,945)</u>			
Prot.Svcs. @ 50% share	<u>\$112,208</u>			
Adjust. for Prot.Svcs		<u>(112,208)</u>	<u>56,104</u>	<u>(56,104)</u>
Subtotal		<u>\$121,080</u>	<u>\$132,785</u>	<u>\$202,745</u>
Non IV-E Foster Care				
From Sched. D-2 @ 50%				
State share		<u>(20,578)</u>	<u>10,289</u>	<u>(10,289)</u>
Subtotal		<u>\$100,502</u>	<u>\$143,074</u>	<u>\$192,456</u>
Remaining Prev. (after Title XX MOE)	30,079			
Mandated	<u>(19,879)</u>			
Balance	<u>10,200</u>			
Adjustment for non- mandated @ 50% State sh.		(10,200)	<u>5,100</u>	<u>(5,100)</u>
Total		<u>\$ 90,302*</u>	<u>\$148,174</u>	<u>\$187,356</u>

*Amount remaining not shiftable.

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County X Example (continued)
Funding Under Proposed Reimbursement Rules
Recap of Shares After Adjustments

	Total Costs	Shares		
		Federal	State	Local
Costs under Title XX	\$207,362	\$207,362	\$ -0-	\$ -0-
Additional Title XX from reallocation	405	405	-0-	-0-
Costs in excess of ceiling (after shifts)	<u>335,530</u>	<u>-0-</u>	<u>148,174</u>	<u>\$187,356</u>
Grand Total	<u>\$543,297</u>	<u>\$207,767</u>	<u>\$148,174</u>	<u>\$187,356</u>

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Summary of Fiscal Impact Proposed Rules on Shares

	Total Costs	Shares		
		Federal	State	Local
Under Proposed Rules	\$543,297	\$207,767	\$148,174	\$187,356
Less: Under Existing Rules	<u>(\$543,297)</u>	<u>(\$207,767)</u>	<u>(\$198,325)</u>	<u>\$137,205)</u>
Difference	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>(\$ 50,151)</u>	<u>\$ 50,151</u>

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