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 | ADMINISTRATIVE DIRECTIVE |
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TRANSMITTAL: 90 AMD-16

DIVISION: Administration

TO: Commissioners of
 Social Services

DATE: May 15, 1990

SUBJECT: Reimbursement Policy Regarding Lease of Space in County/
 Municipally Owned Buildings by Vendors/Providers Who Serve
 Social Services Clients

SUGGESTED DISTRIBUTION:	Directors of Administrative Services Directors of Income Maintenance Directors of Services Staff Development Coordinators
CONTACT PERSON:	Bureau of Local Financial Operations: Upstate Office - Irid Gordon at 1-800-342-3715 Extension: 4-7549 Metropolitan Office - Marvin Gold (212) 804-1108
ATTACHMENTS:	None

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
		600.3(b)	153		
		600.3(c)			
		609.3			
		609.5			

I. Purpose

To clarify Department policy in situations where vendors/providers lease space in County/municipally (i.e., City, town, county) owned buildings to provide services and/or assistance and care to DSS clients.

II. Background

The Department recently became aware of a circumstance wherein a provider leases space in a governmentally owned building which the governmental entity acquired at no cost. Under the terms of the lease, the provider was responsible for utilities and maintenance of in addition to a monthly rental charge.

Existing law and regulation prohibits State reimbursement for lease payments by a provider to a municipality for amounts in excess of costs actually incurred by a municipal governmental agency in the purchase or maintenance of a building. In the above mentioned situation, since no costs were incurred in acquiring the building, no rental charge can be claimed for reimbursement by either the provider or the governmental entity.

III. Program Implications

Department Regulations Parts 600 and 609 govern reimbursable costs. Under 18 NYCRR 600.3(b) and (c) and 609.3, costs are subject to reimbursement within certain limits. Costs related to space are covered by 609.5. In a situation where no costs are actually incurred by a governmental agency it is clear that reimbursement is not available. Even though a third party may be involved, that by itself does not permit a governmental agency to charge a provider for costs not incurred and then seek State reimbursement. Reimbursement is only available under law and regulations for expenditures actually made for programs and administration in accordance with Department requirements.

IV. Required Action

Social Services districts shall not claim reimbursement for lease payments by a provider to a municipality for amounts in excess of costs actually incurred by a municipal governmental agency in the purchase or maintenance of a building, nor shall social services districts claim reimbursement for any amounts paid to or through a third party for any costs not actually incurred either directly or indirectly by an entity of the same governmental subdivision. The

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costs must be supported by the concepts in Department Regulation 609.5(f)(3). Social Services districts as part of their contracting and/or rate negotiation process, must review third party rental lease agreements to assure that proper claims for reimbursement are submitted to the Department.

V. Systems Implications

None.

VI. Effective Date

The directive is effective June 1, 1990.

Commissioner

Richard Billera Acting Assistant
Office of Financial Management