

ATTACHMENT B

RECOMMENDED COST ALLOCATION PROCEDURES FOR USE WITH THE SEAGR REPORT

The following cost allocation procedures constitute DHS recommended practice. Some discussion of allocation principles is also found in Attachment A of the BRASS Manual, bulletin no. 07-32-17, (December 3, 2007).

STAFF-PROVIDED EXPENDITURES - ALLOCATIONS

The COFARS Program 700 "Social Services Administration" represents staff-provided services (wages and benefits, occupancy, overhead, etc.). It is allocated to the BRASS services on the basis of time-book reporting by line social service staff. The hours involved are shown on the SEAGR Report as Column D, entitled Hours of Staff Service. The allocated dollars are entered in Column C. The recommended steps are as follows:

1. Determine the total eligible amount of agency overhead, administration, and staff provided costs to be allocated. This amount is computed on the Social Service Fund Report, Schedule 2556.1, Line 8.
2. Determine the total number of hours of staff service reported by line social service staff on the county payroll. See the discussion explaining "Hours of Staff Service" in the next section.
3. Calculate the "cost per hour" by dividing the dollar amount from #1 by the hours from #2.
4. Multiply the "cost per hour" (#3) times the hours reported for each service (Column D) to get the expenditures for that service. Enter these amounts in Column C.

A short example using only a few BRASS services follows:

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|-----|---|-------------|
| (1) | Line 8 (Schedule 2556.1) = | \$200,000 |
| (2) | Hours of staff service = | 5,000 hours |
| (3) | Cost per hour: (1)/(2) = | \$40 |
| (4) | On the DHS-2557 Columns C and D would be: | |

<u>BRASS SERVICE</u>	<u>COLUMN C</u>	<u>COLUMN D</u>
xxx	40,000	1,000
xxx	20,000	500
xxx	80,000	2,000
xxx	30,000	750
xxx	<u>30,000</u>	<u>750</u>
Total	\$200,000	5,000 Hours

If a county agency uses multiple cost centers, then the above steps could be repeated for each of the cost centers, as needed.

HOURS OF STAFF SERVICE

A standard definition for hours of staff service (column D on the SEAGR Report, DHS-2557) used to allocate "Social Services Administration" has become very important. Consistency among counties, comparability of average staff costs, and even some program grant earnings depend upon staff hours reported. The definition for reporting hours of staff service is provided in Attachment A: Instructions for Completing the SEAGR Report (DHS-2557), page A4 paragraph D reads:

"Enter the hours of staff-provided service. This is to be compiled from all line social service staff on the county payroll (in effect, the staff who participate in the SSTS), and represents the hours that can be coded to a current valid BRASS code as defined in the 2008-2009 BRASS Manual."

There are two key elements to the above definition for reporting staff service time and the following discussions should clarify these elements and help standardize county reporting:

(1) Who are line social service staff?

Generally, following the guidelines for participation in the Social Service Time Study (SSTS) will answer this question. Line staff are non-supervisory, funded by the county's Social Service Fund, are on the county's social service payroll, and hold professional or paraprofessional positions. This would also apply to part time workers and include case aides and family service aides. In rare cases a county public health worker could report their time in SEAGR. See the instructions for the Social Service Fund Report (DHS-2556) in bulletin no. 07-32-02 (March 1, 2007) page A6. Note the conditions that must be met for the public health worker to be part of the SSTS and record their BRASS service time. Individuals under contract, under purchase of service agreements, or funded by a third party source are excluded. Refer to bulletin no. 07-32-13 (July 27, 2007) for more specific information on SSTS participants.

However, counties should use some discretion in applying these guidelines. Service time could be recorded for a supervisor if that individual is not acting in a supervisory capacity and is actually providing a BRASS service in accordance with the service definition. Another example may be the case where a non-professional worker spends time providing *Information and Referral* (x01x). The main factor in both cases is provision of a BRASS service. In both the above cases, it would be logical to report the service time if it was more than incidental and probably of an ongoing nature.

(2) What constitutes hours of service?

Provision of a BRASS service is the key. Analysis of the BRASS code definitions such as Case Management demonstrates that face-to-face contact with a client is not necessary. On the other hand, perusal of the codes also confirms that there is no BRASS code for lunch, work breaks, training that is not program related, and paperwork outside of the context of services. For

example, paperwork for assessments and case management is service related and this time must be coded to a BRASS code. However, paperwork to requisition more assessment forms or to request a new computer to track cases is not providing a BRASS service and this time must not be coded for SEAGR. Thus, using the definition of staff service for SEAGR should lead to the reporting of more hours of service than just face-to-face client contact, but in most cases lead to reporting less than eight hours of staff time per worker, per work day. With knowledge of the BRASS service code definitions, line social service staff should code their time that fits a BRASS code definition and not report their time that does not fit a BRASS code definition.

For CCM (Client Contact Management) and SSIS counties, do not confuse the use of activity codes and BRASS codes. Specifically, use of an activity code alone does not count for staff time on SEAGR. Time must be reported to a BRASS service in order to be included on SEAGR.

WHAT IF A COUNTY NEEDS A MORE ACCURATE COST ALLOCATION IN SEAGR?

Sometimes a county may not be satisfied with the allocation described above on page B1 (referred to hereafter as the "default" method). Any county can override the default allocation. This could involve using an entire different allocation developed by the county or a county may simply need to adjust the allocation for direct charges to a few BRASS codes. In any case, the county should develop an audit trail to substantiate the different allocation or direct charges.

Examples of a different basis of allocation could reflect an unorthodox division of labor, much lower or higher rate of pay, competitive pricing, or a specific case involving predetermined costs based on the BRASS-based Fiscal Report (DHS-2895).

To actually override the default allocation in SEAGR, run the report (in SSIS or in the excel spreadsheet) with only the overhead dollars and staff hours that are to be allocated by the default method. The overhead dollars and hours left off then need to be adjusted back into the report (direct charged) at the appropriate BRASS service(s).

For example, a more accurate cost allocation in SEAGR may be necessary to report the same costs as reported on the BRASS- based DHS-2895 Report. This paper report divides costs within certain BRASS codes into special grant programs. Since the DHS-2895 is more detailed than SEAGR (it subdivides BRASS code costs and SEAGR does not do this), it supersedes the SEAGR Report and counties must insure that SEAGR reflects the same costs by BRASS code as the DHS-2895. This can be done using the exact same process as described in the preceding paragraph. The DHS-2895 provides the audit trail to override the default allocation. The staff costs and hours on the DHS-2895 need to be withheld from allocation until after SEAGR is run. These costs and hours can then be adjusted back into the SEAGR Report in the affected BRASS codes.

"SERVICES TO BE ALLOCATED" EXPENDITURES

If for some reason a county does accumulate social service costs that cannot be recorded under a valid BRASS code, they will have to use some internal method to put these costs into valid codes when building the SEAGR Report. This can be done by “adjustments” after the normal SEAGR data is run. The allocation of these costs could be based upon history, levels of normal costs, or some other consistent methodology. A county should keep a record of this allocation in order to substantiate the costs.